Insights

JiWire Mobile Audience Insights Report

Q2 2013

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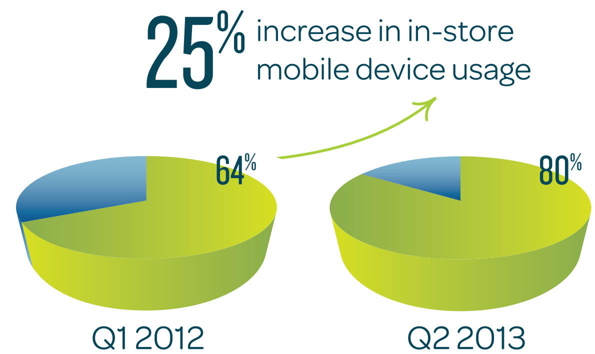


Source: *JiWire, Q2 2013*

Our Q2 report focuses on understanding how mobile is transforming consumer behaviors with respect to the retail industry. We did so by examining consumers' location & mobile adoption and behaviors, as well as connected device adoption and Wi-Fi usage trends.

Our research identified several important industry insights: the first is consumer cross-device behavior when it comes to researching and purchasing retail items. The second area considers the rapid increase of in-store mobile usage, and how consumers engage with brands on their devices while in-store or at a distance. The third area highlights the continued growth of mobile devices for connecting to public Wi-Fi.

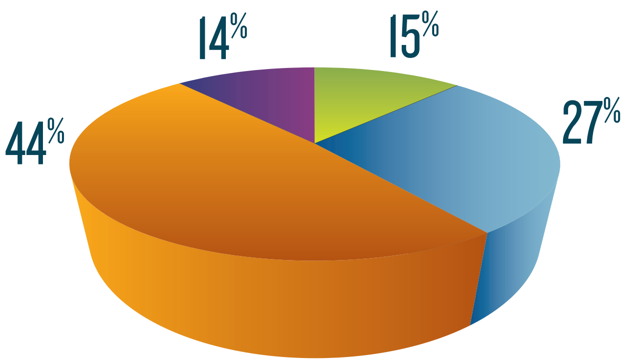
Key findings include:

- 42% of consumers prefer to research retail-related shopping on their smartphones and tablets over other devices, while 45% prefer purchasing in-store.
- Consumer engagement with retail ads increases 42% within a two mile radius of the store's location compared to ads inside the store.
- Of all the commercial venues where people use their mobile devices, retail venues are #1, representing 31% of all mobile usage.
- Smartphones replace laptops as the top device connecting to public Wi-Fi for the first time in history.

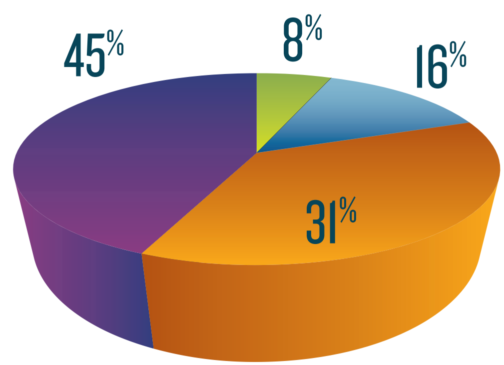
Source: *JiWire, Q2 2013*

How People Use Mobile Devices for Retail Shopping-Related Research & Purchasing

How do you ***prefer*** to research?



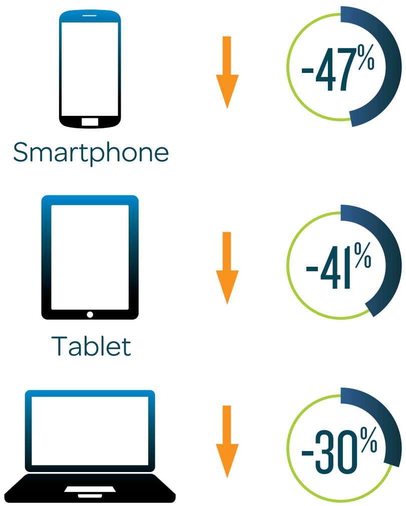
How do you ***prefer*** to purchase?



Smartphone Tablet Laptop In a physical store

Source: *JiWire, Q2 2013*

Preferred Path to Purchase Drop-Off



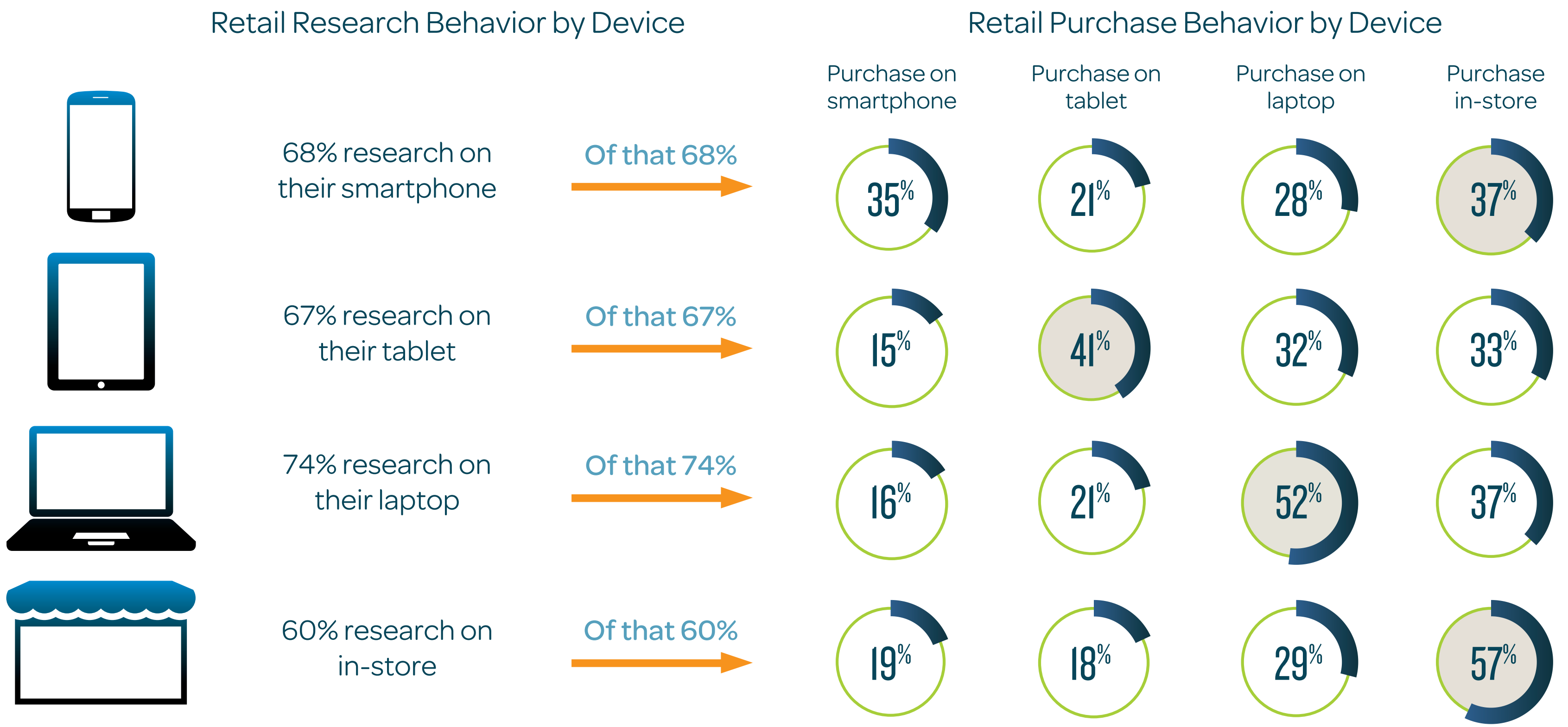
Source: *JiWire, Q2 2013*

Consumers prefer researching on their devices versus in-store, but in-store still remains the preferred purchase method

- 42% prefer researching on their smartphone (15%) or tablet (27%), and 24% prefer purchasing on their smartphone (8%) or tablet (16%).
- When it comes to drop-off, people research on their mobile but half of them actually purchase in a different way.
- Laptops show the strongest continuation between research and purchase compared to smartphones and tablets.

Source: *JiWire, Q2 2013*

Cross-Device Retail Shopping Research & Purchase Behavior



Indicates top purchasing method

Source: *JiWire, Q2 2013*

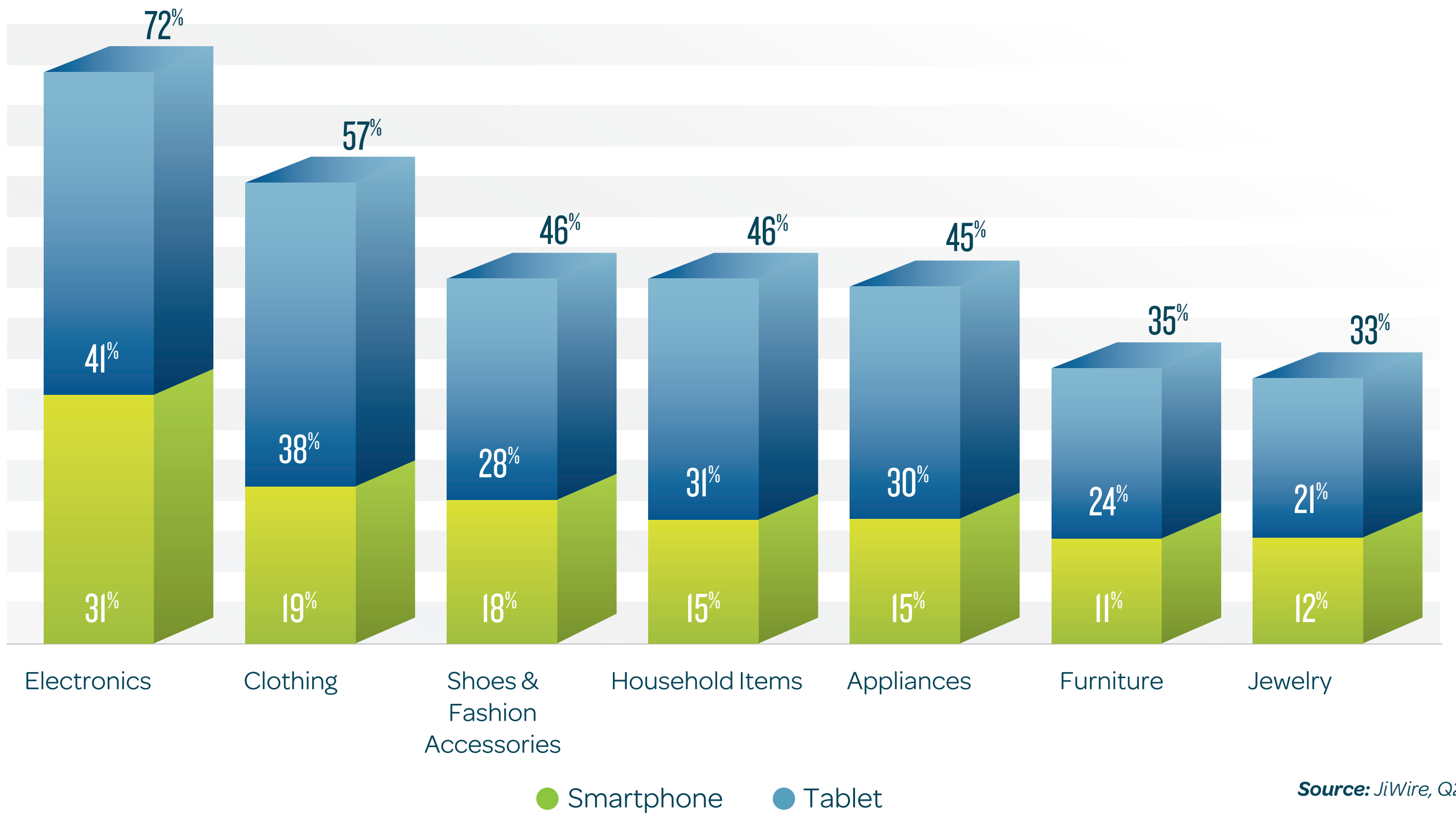
Smartphones are as effective as laptops for driving consumers into store, and both only narrowly ahead of tablets

- Tablet and laptop researchers buy on the same device over in-store.
- Smartphone researchers almost equally buy on their smartphone as they do in-store.
- Regardless of how consumers research retail offerings, each category shows at least one third choosing to purchase in-store.
- While purchasing in-store is the most popular for those who research in-store, showrooming may still be an issue for retailers as 37% purchase on a smartphone or tablet after researching in-store.

Source: *JiWire, Q2 2013*

Retail Shopping Research Behavior

What types of products do you use your mobile device to research?



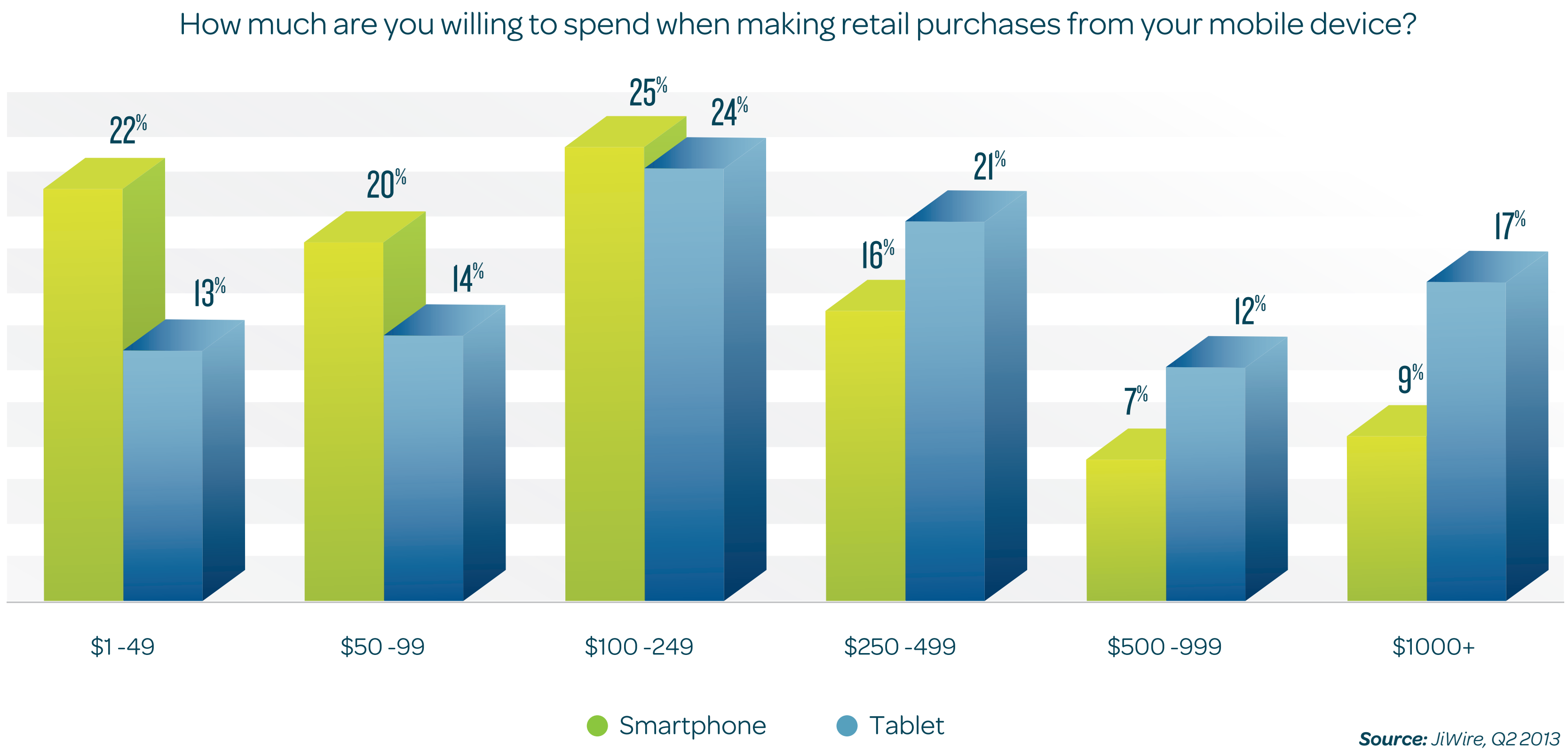
***Source:** JiWire, Q2 2013*

Across all retail categories, consumers prefer researching on their tablets more than smartphones

- Electronics are the most-researched category, with consumers researching it 26% more than clothing, and nearly one third more than shoes & fashion, household items, & appliances.
- One third report researching furniture and jewelry, less than half the amount that research electronics.

***Source:** JiWire, Q2 2013*

Consumer Mobile Spending Trends for Retail Purchases



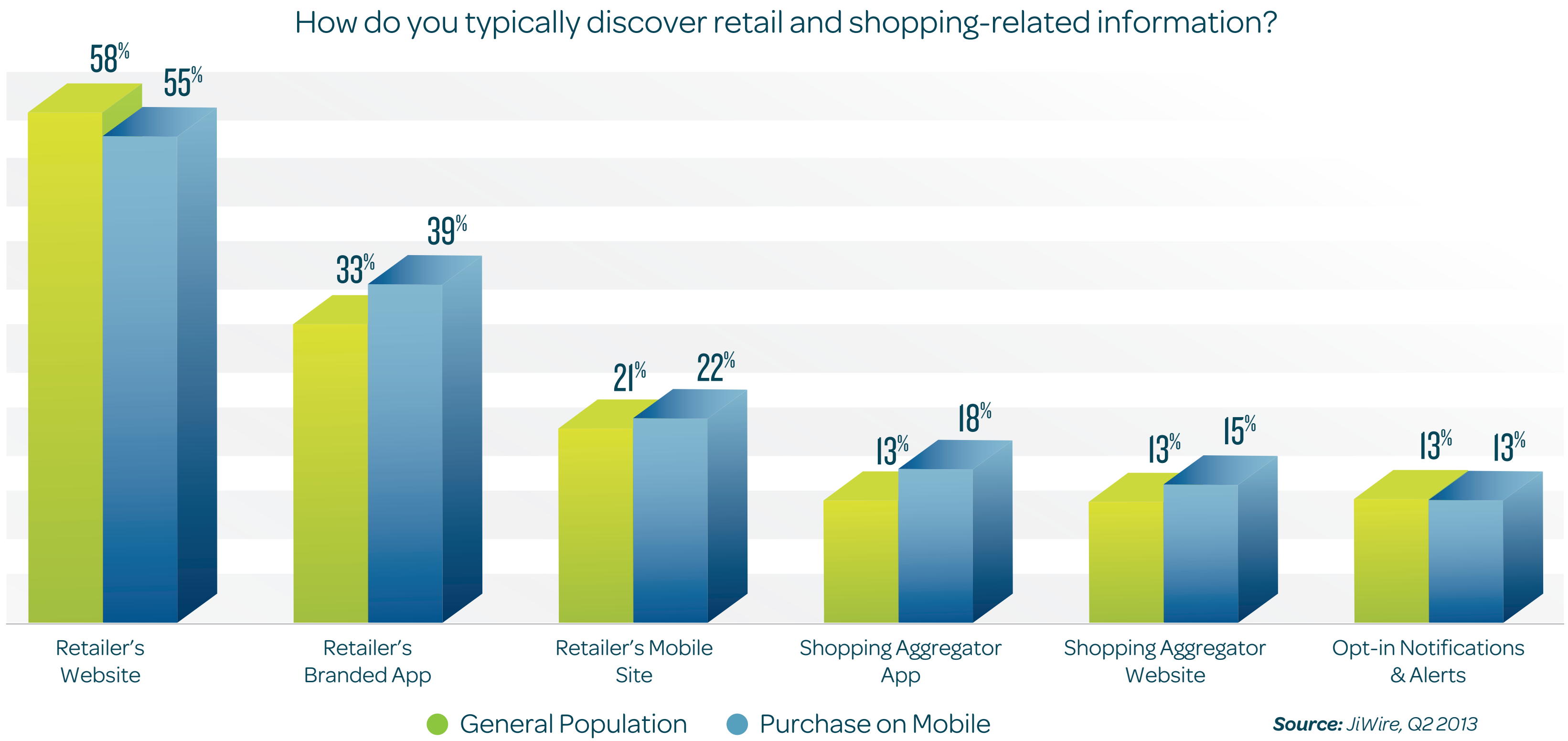
Source: *JiWire, Q2 2013*

Smartphones outpace tablets for purchases under $250, tablets outpace smartphones for purchases over $250

- For both smartphones and tablets, people are most comfortable spending $100-249.
- When purchasing on a tablet, nearly the same amount of people are willing to spend $500+ (29%) as those willing to spend less than $100 (27%).

Source: *JiWire, Q2 2013*

How Consumers Prefer to Discover Retail Content



Source: *JiWire, Q2 2013*

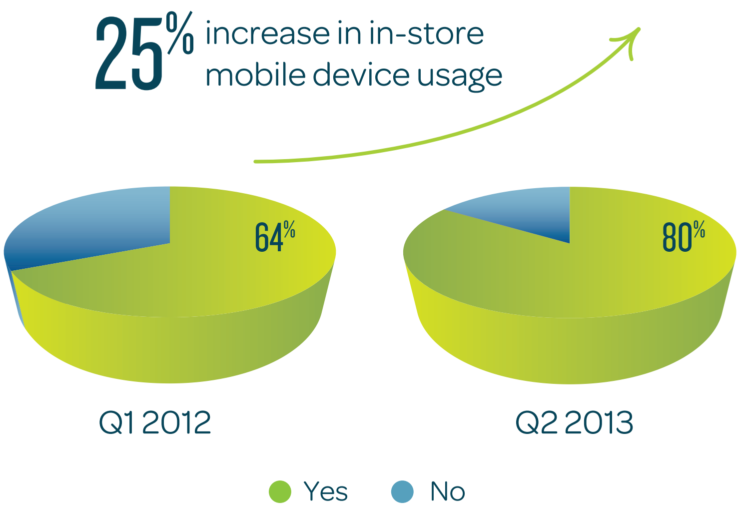
Retail companies' own branded touch points are preferred over shopping aggregator sites and apps

- Consumers prefer the retailer's website, however the retailer's branded app is the 2nd highest preferred method, significantly higher than opt-in notifications and alerts.
- Those who purchase on mobile devices are 18% more likely to use a retail company's branded app than the general population.
- A retail company's branded app is almost 2x as important as its mobile site.
- 33% of the general population prefers a retail company's branded app while 13% prefer a shopping aggregator app.

Source: *JiWire, Q2 2013*

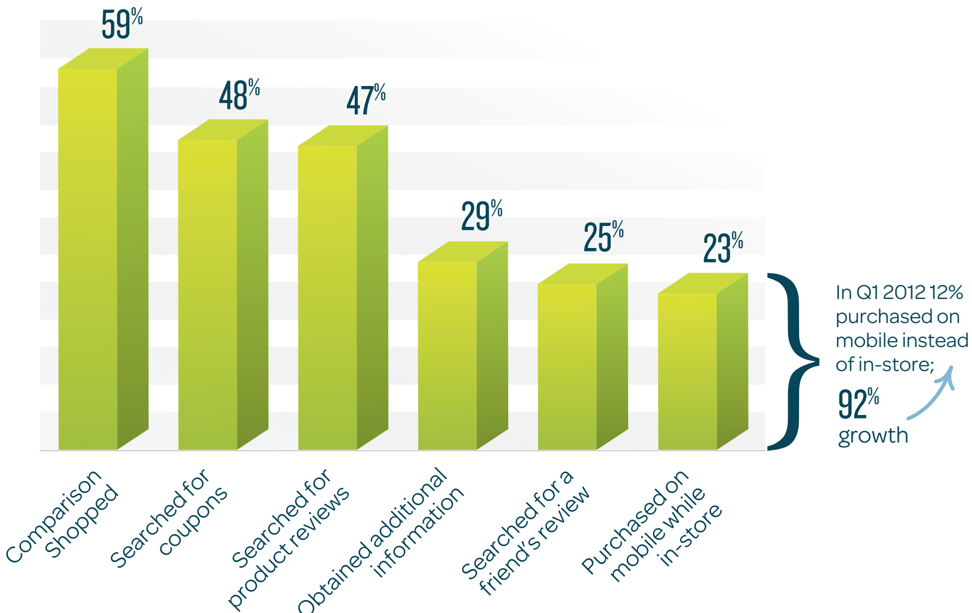
Consumer-Brand Engagement: How Consumers Use Their Mobile In-Store

Do you use your mobile in-store to enhance the shopping experience?



Source: *JiWire, Q2 2013*

How do you use your mobile device to enhance the in-store shopping experience?



Source: *JiWire, Q2 2013*

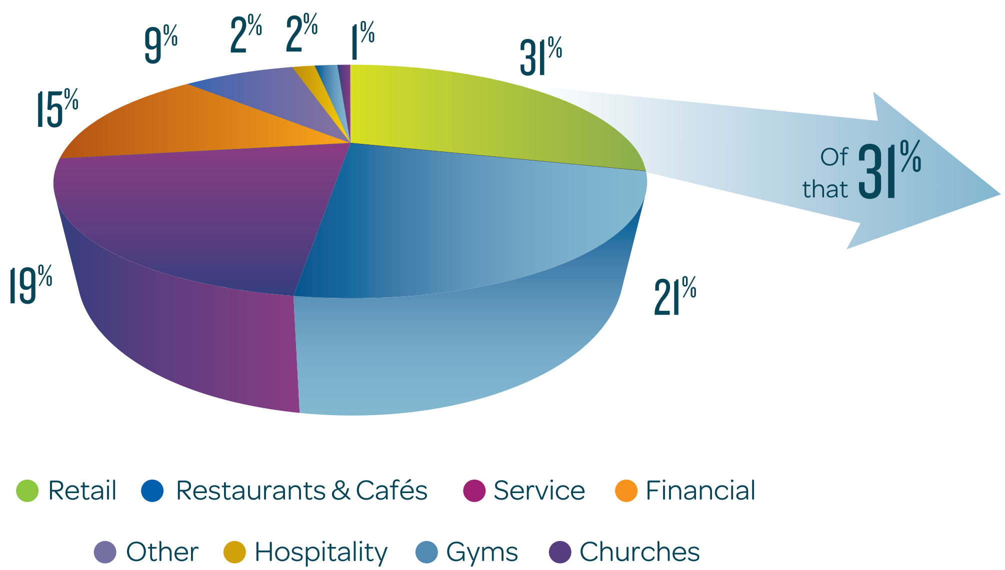
16% more consumers use their mobile device in-store than Q1 2012, representing a 25% growth rate

- 80% of shoppers use their mobile device in-store to enhance their shopping experience, compared to 64% in Q1 2012.
- In addition, the number of people who purchase on a mobile device instead of in-store has nearly doubled since Q1 2012, with 12% reportedly doing so then, and 23% doing so in Q2 2013.
- The most popular use for a mobile device while in-store is to comparison shop (59%) followed by search for coupons (48%) or reviews (47%).

Source: *JiWire, Q2 2013*

Consumer-Brand Engagement: Where Consumers Use Their Mobile Device

Top *commercial* venues where people use their mobile device



Top *retail* venues where people use their mobile device

Source: *JiWire, Q2 2013*

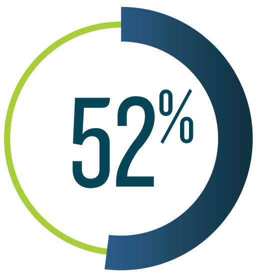
Retail venues are the most popular place where people use their mobile device

- One-third of mobile connections come from retail venues, followed by restaurants and cafes (21%) then service-related venues (19%).
- Of the mobile connections coming from retail venues, 28% come from clothing stores, which is 56% higher than the connections that come convenience stores (18%), and over twice as many connections as those that come from specialty stores.

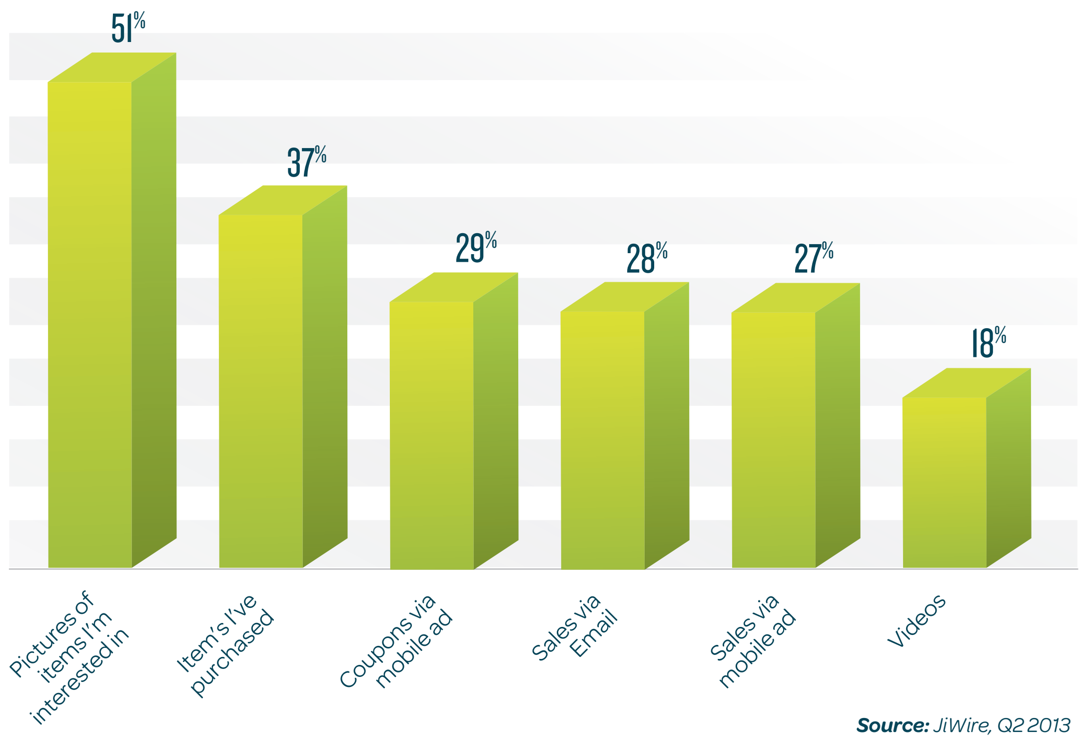
Source: *JiWire, Q2 2013*

Consumer-Brand Engagement: How Consumers Use Social Media for Retail

If you share retail-related posts via social media, which of the following types of posts do you share?



52% share retail-related posts on social media



Source: *JiWire, Q2 2013*

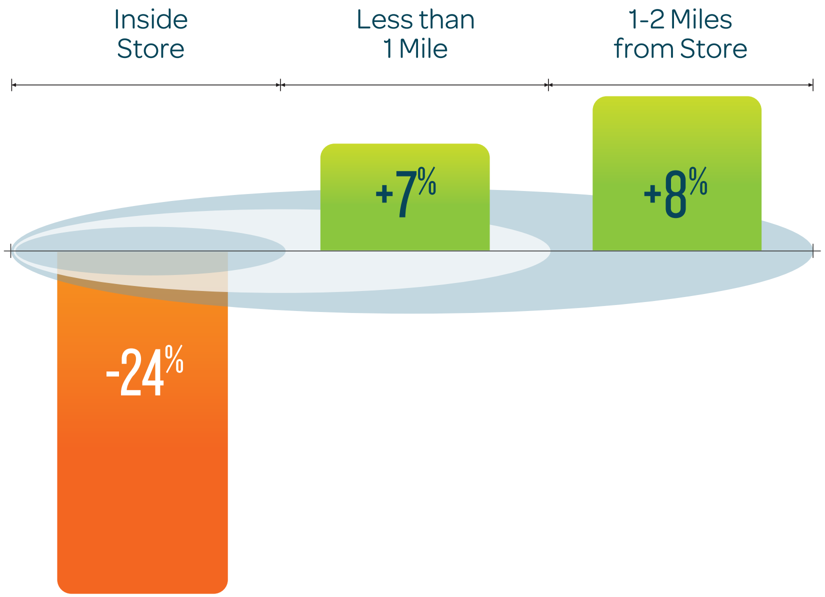
52% of shoppers share retail-related posts via social media

- The most popular thing people share are pictures of items they're interested in purchasing.
- Almost one third are sharing sales/coupons that they've seen or received via mobile ads.
- Sharing retail items significantly outweighs sharing videos, with sharing pictures being 3x as high, and sharing purchases being 2x as high as sharing retail-branded videos.

Source: *JiWire, Q2 2013*

Consumer-Brand Engagement: Ad Performance Based on Proximity

Methodology:
To compare in-store versus near-store ad performance, we took the overall ad performance across a vertical, and looked at whether we saw lift or decline in performance based on proximity to store locations within that vertical.



Vertical	Inside Store	Less than 1 Mile	1-2 Miles from Store
Auto	-25%	0	+6%
CPG	-3%	+16%	+13%
Financial	+14%	+6%	-1%
Telecom	+5%	+23%	+11%
Travel/Hospitality	+10%	-2%	0

***Source:** JiWire, Q2 2013*

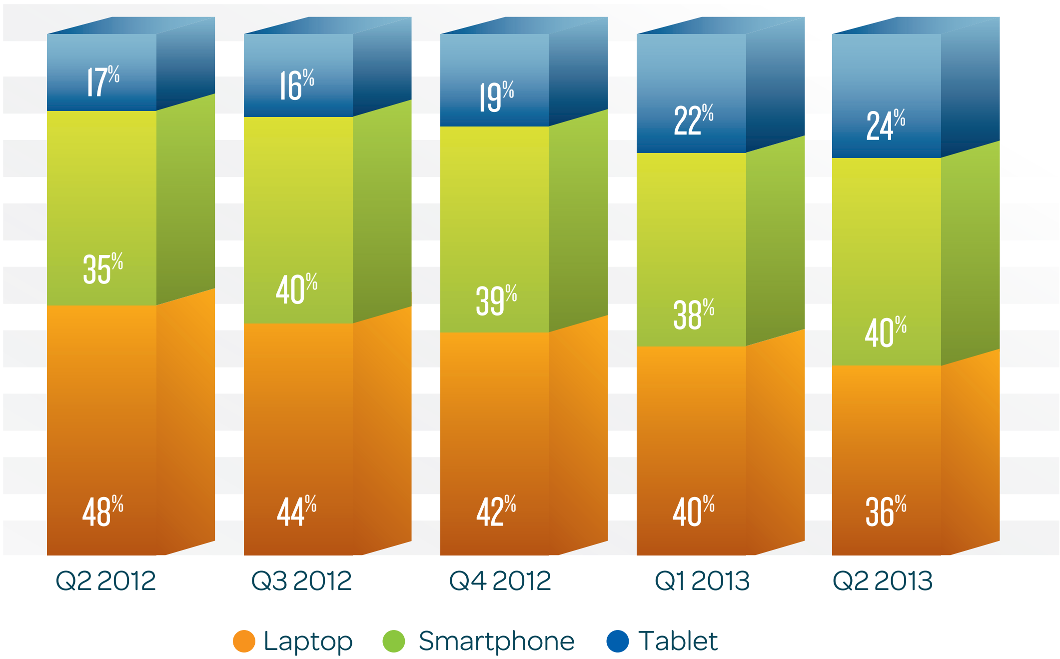
Consumer response to retail ads drops significantly in-store (-24%) versus near a store (8%), which represents a 42% better performance

- However, that performance doesn't hold true for all verticals: financial, telecom, and travel/hospitality all saw positive performances inside the venue while auto and CPG saw similar decreases inside the venue and stronger performance in the 1-2 mile range.

***Source:** JiWire, Q2 2013*

Connected Device Trends: Public Wi-Fi Usage

How are consumers connecting to Wi-Fi?



23%

Growth in the percentage of mobile connections, year over year

25%

Decline in the percentage of laptop connections, year over year

Source: *JiWire, Q2 2013*

In Q2 2013 smartphones were the #1 Wi-Fi device, replacing laptops for the first time in history

- 64% of all public Wi-Fi usage was represented by mobile devices, with smartphones at 40% & tablets at 24%.
- Laptop usage decreased to 36% of usage, a relative decrease of 25% year over year.

Source: *JiWire, Q2 2013*

Connected Device Adoption: U.S. Highlights

Top 10 Wi-Fi Mobile Devices: Q2 2013

Q2 Rank	Mobile Device Top 10	Q2 2013 % of Ad Requests	Q1 2013 Rank	% Change in Market Share
1	Apple iPhone	32.3%	1	- 0.3%
2	Apple iPad	30.8%	2	- 0.96%
3	Samsung Galaxy S III	6.9%	4	+ 21.05%
4	Apple iPod Touch	6.2%	3	+ 8.77%
5	Samsung Galaxy S II	3.1%	6	+ 24.0%
6	Kindle Fire	1.9%	5	- 26.9%
7	Samsung Galaxy Tab II	1.6%	7	+ 23.1%
8	Samsung Galaxy Note II	1.5%	8	+ 50.0%
9	Nexus 7	0.8%	10	+ 33.3%
10	Droid Razr 4G	0.6%	0	- 25.0%

***Source:** JiWire, Q2 2013*

Top Wi-Fi Mobile OS: Q2 2013

Q2 Rank	Mobile Device OS	Q2 2013 % of Ad Requests	Q1 2013 Rank	% Change in Market Share
1	iOS	66.1%	1	+ 0.04%
2	Android OS	31.6%	2	+ 0.1%
3	RIM OS	1.5%	3	- 0.06%
4	Windows OS	0.6%	4	0.0%
5	Other	0.2%	5	- 33.3%

***Source:** JiWire, Q2 2013*

A Samsung device makes it into the top 3 above an Apple device for the first time

- While the iPhone and iPad remain in the top 2 spots, the iPod Touch has been surpassed by the Galaxy S III for spot number 3.
- Samsung accounts for 4 of the top 10 devices connecting to public Wi-Fi for the second quarter in a row.

The Kindle Fire continues to remain the strongest challenger to the iPad in the tablet market segment, but the Samsung Galaxy Tab II is not far behind

iOS and Android continue to dominate the market as the top Wi-Fi mobile operating systems

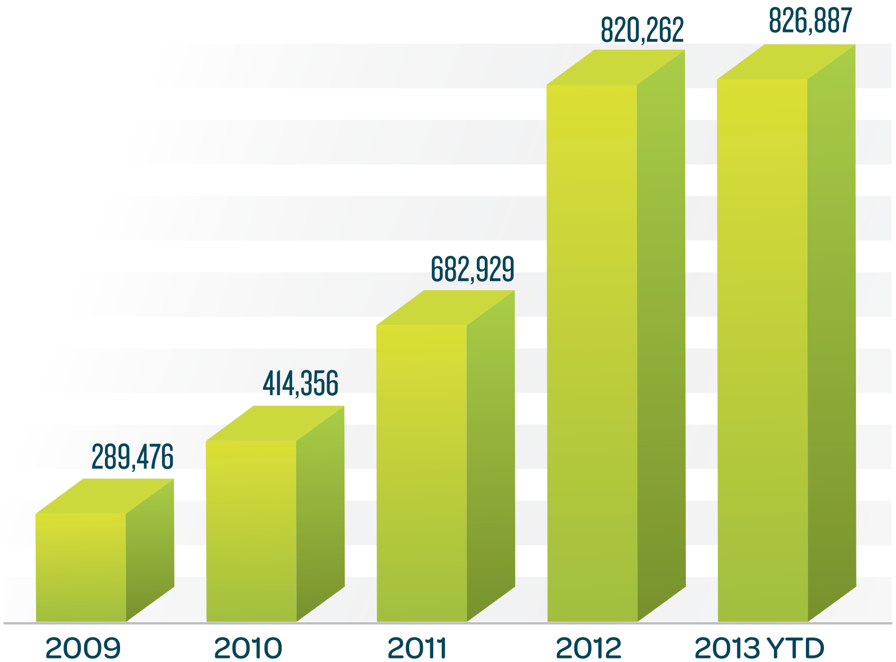
- Furthermore, Android is consistently increasing market share for the third quarter in a row.
- RIM continued to decline, and there was no change in Windows OS, quarter over quarter.
- No device running RIM or Windows make the top 10.

*__Note:__ JiWire measurement includes all mobile device types in order to provide a complete view of how the on-the-go audience is connecting. * OS: Operating System.*

***Source:** JiWire, Q2 2013*

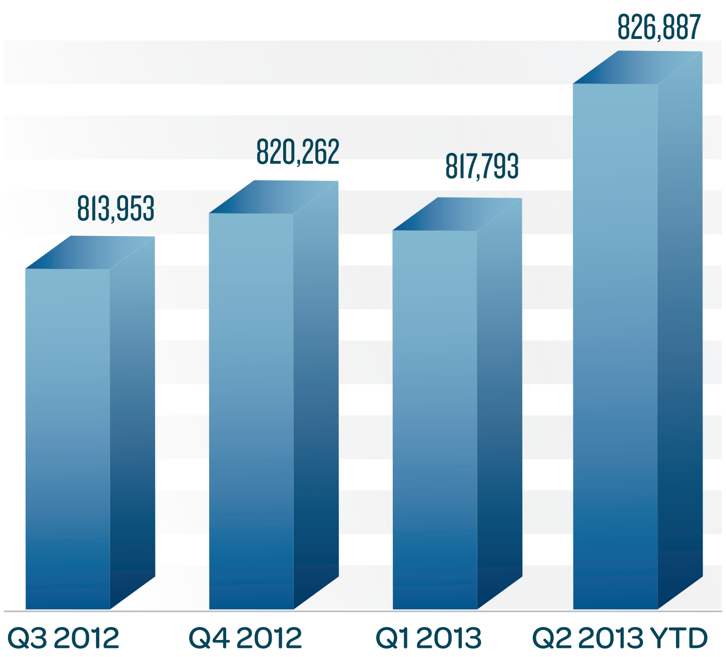
Worldwide Location Highlights: Public Wi-Fi Locations

Worldwide public Wi-Fi locations:
2009 – 2013



Source: *JiWire, Q2 2013*

Worldwide quarterly growth in
public Wi-Fi locations:



Source: *JiWire, Q2 2013*

Worldwide public Wi-Fi locations increased in Q2 2013

- Quarterly growth of 1.1% from Q1 2013 to Q2 2013.
- Annual growth of 6.5% from Q2 2012 to Q2 2013.

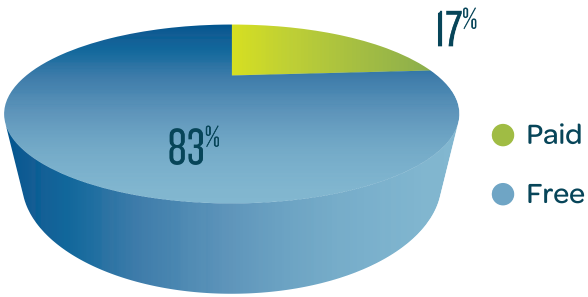
Source: *JiWire, Q2 2013*

Worldwide Location Highlights: Public Wi-Fi Locations

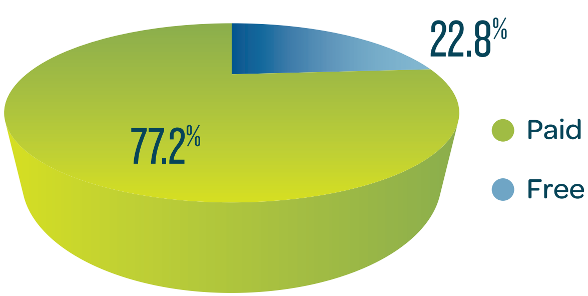
Q2 Rank	Country	Q2 2013 Number of Locations	Q1 2013 Rank	% Change
1	South Korea	186,759	1	0.0%
2	United Kingdom	182,603	2	- 0.02%
3	United States	138,616	3	+ 6.12%
4	China	104,107	4	0.0%
5	France	35,434	5	0.0%
6	Taiwan	24,148	6	0.0%
7	Russian Fed.	16,829	7	0.0%
8	Japan	15,735	8	0.0%
9	Germany	15,108	9	+ 0.02%
10	Sweden	9,546	10	0.0%

Source: *JiWire, Q2 2013*

Public Wi-Fi business models: U.S. Q2 2013



Public Wi-Fi business models: Worldwide Q2 2013



Source: *JiWire, Q2 2013*

Free locations continues to see growth in the U.S.

- The U.S. has shown significant growth in free Wi-Fi hotspots over the course of 1 year, growing from 76% to 83%, a 9% increase since Q2 2012.

South Korea remained in the #1 spot for the third quarter in a row, but did not add any new hotspots this quarter

- The US saw the largest increase in Wi-Fi hotspots, going up 6% to 138,616.

Source: *JiWire, Q2 2013*

Insights

JiWire Mobile Audience Insights Report **Q2 2013**

The Q2 Insights Report highlights recent mobile market audience usage trends offering advertisers insights they can apply to their mobile strategies and campaigns. This quarter focused on the travel & hospitality market.

JiWire is the pioneer of and leading location-powered mobile advertising and data platform, leveraging proprietary historical and present data enabling advertisers to effectively engage their desired audience across all mobile devices at scale. JiWire has been an innovative leader in evolving mobile advertising and delivering mobile audiences since 2003. Our data platform creates unique audience profiles from 14 billion location tags across 700 million devices including smartphones, tablets and laptops.

For questions, interview requests, additional info or to make recommendations for future reports, please contact us at **Insights@jiwire.com**.

Methodology:

JiWire's Mobile Audience Insights Report is based on data compiled from multiple proprietary sources; a survey of more than 1,300 randomly selected customers from across JiWire's combined Wi-Fi and mobile advertising platform. The report is based on data collected in June '13. Quarterly public Wi-Fi location rankings and business model distributions are based on the final day of the quarter.