Mobile Shopping: The Future is in our Pocket

and iCircular™, a Newspaper Industry Solution

Topics Covered

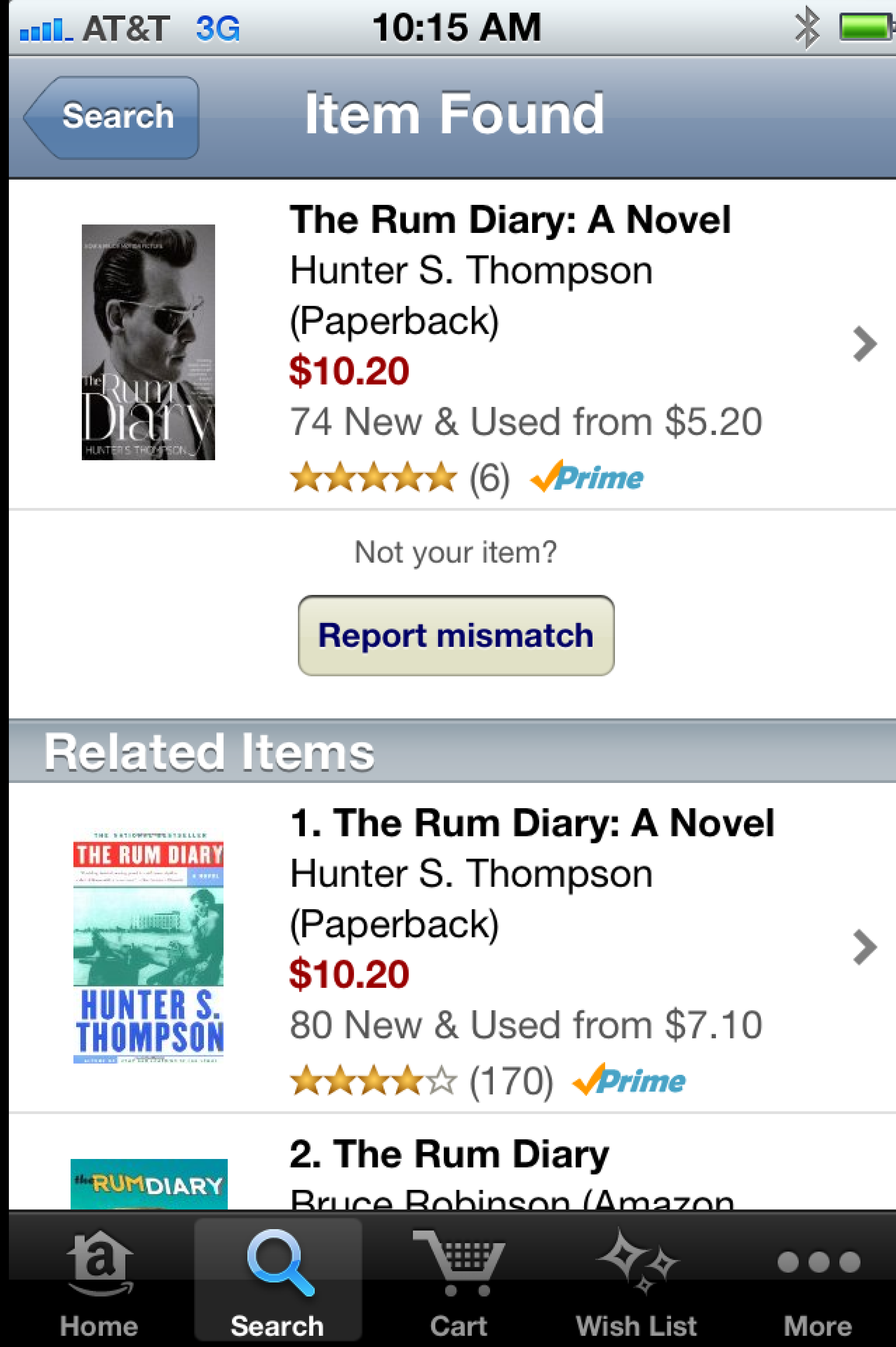
- Who are the mobile shoppers and what impact do they have?
- What are we doing to adapt?
- What have we learned from the iCircular Pilot?
- Data & Analysis
- What is next for iCircular?

Do you remember…

BORDERS®

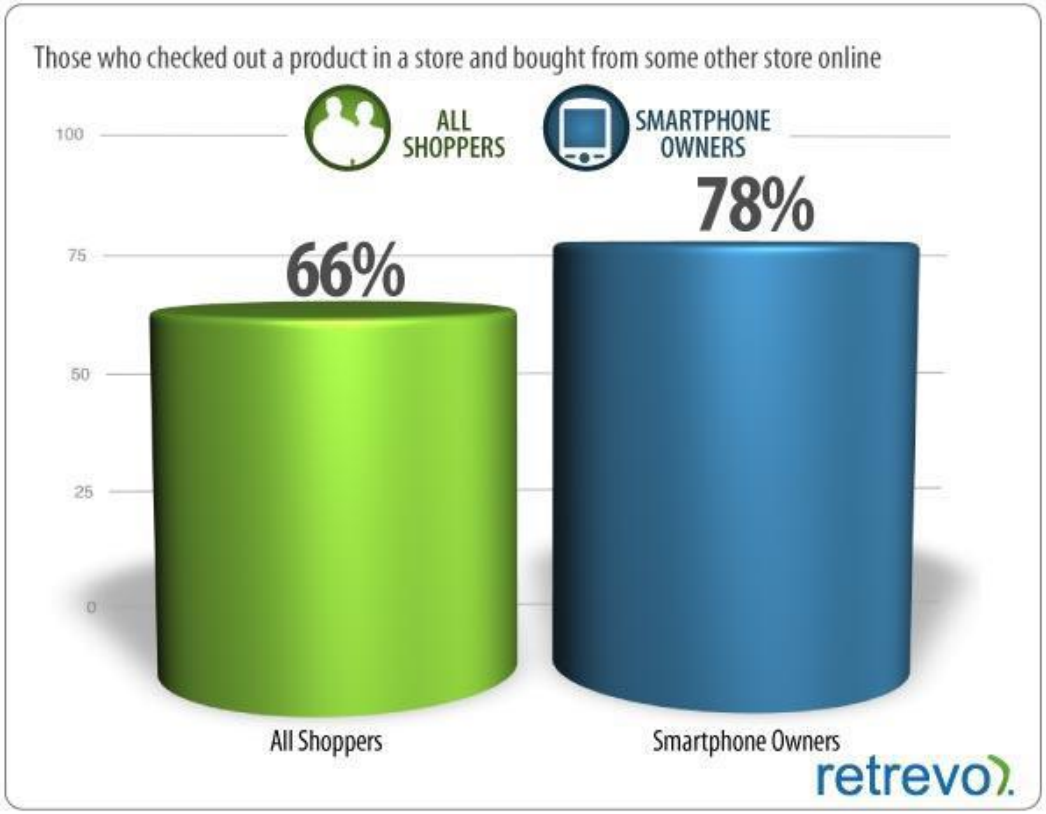
BLOCKBUSTER®

…and have you tried this?


AT&T 3G
10:15 AM
Search
Item Found
The Rum Diary: A Novel
Hunter S. Thompson
(Paperback)
$10.20
74 New & Used from $5.20
(6)
Prime
Not your item?
Report mismatch
Related Items
1. The Rum Diary: A Novel
Hunter S. Thompson
(Paperback)
$10.20
80 New & Used from $7.10
(170)
Prime
2. The Rum Diary
Home
Search
Cart
Wish List
More

Smartphones before wallets

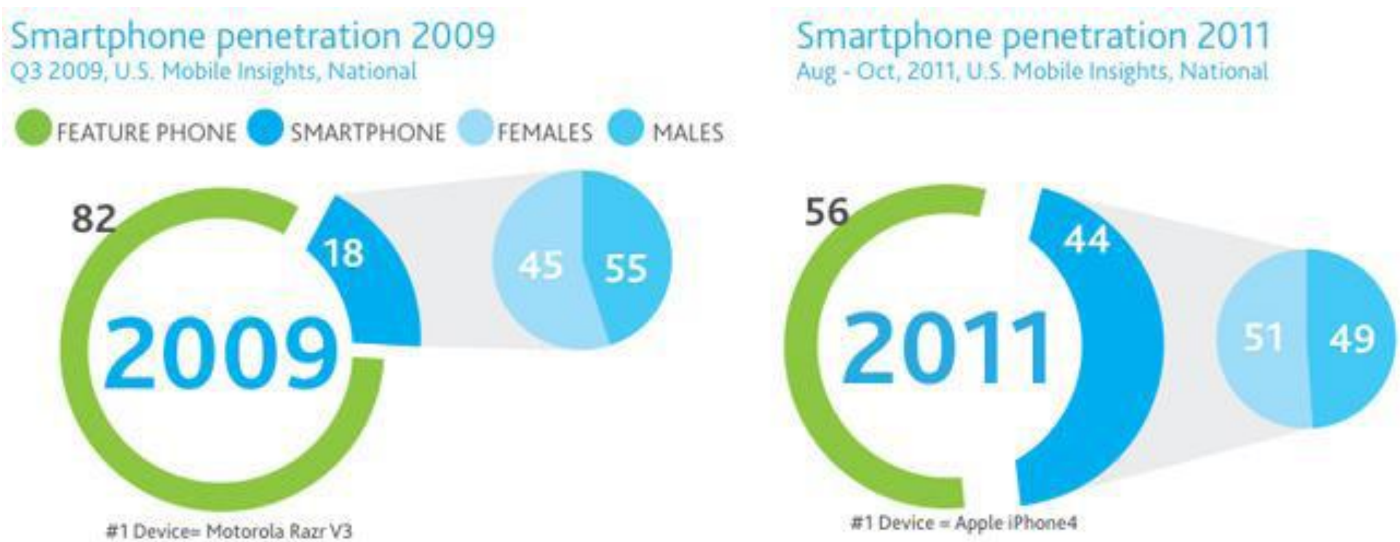
In 2011 more than 60 percent of smartphone owners actively used their phones to help with their shopping.



Smartphone adoption in growing

Mobile shopping will only become more pervasive.

- 44 percent of Americans own a smartphone (over 85 million).



- By 2015 nearly three-quarters of all smartphone owners will be shopping on their devices.

Consumers are better informed

Consumers have better tech & info than retailers.

- Consumers are have better information about product than the retailer’s own sales staff.
- Confronting this issue will be important in ensuring that the brick-and-mortar store doesn’t become merely a showroom for online purchasing.

However it’s not all bad…

Smartphone usage has significant offline revenue implications.

What are we doing about this?

- Preprints in newspapers are a ~$6 billion industry.
- Consumers are moving from analog to digital platforms.
- The Digital shift is underway for newspapers and retailers.
- Competition for this $6 billion pie is attracting new players, both big (Google, MSN, Facebook) and small (app developers), who have real audiences and viable solutions.
- **Retailers strongly want a universal newspaper industry solution; not a paper-by-paper approach.**

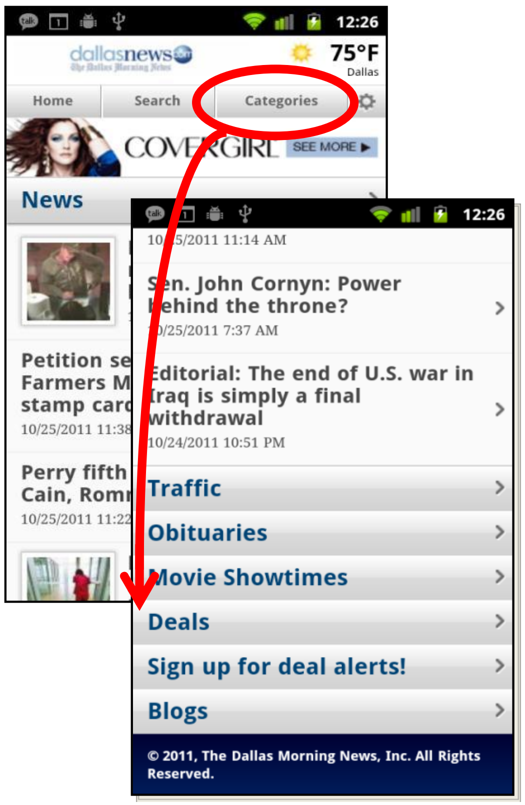
Confronted with this, the AP, backed by its board of directors, is moving to get ahead of the problem and provide a solution.

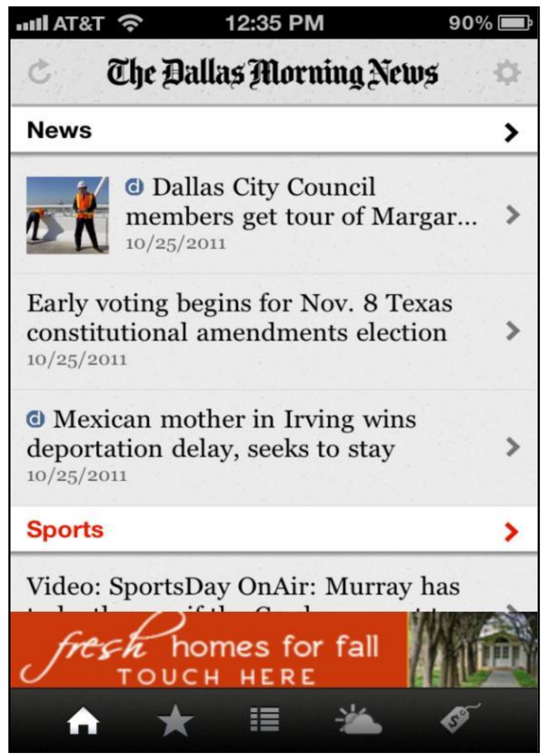
Extending the preprints to mobile?

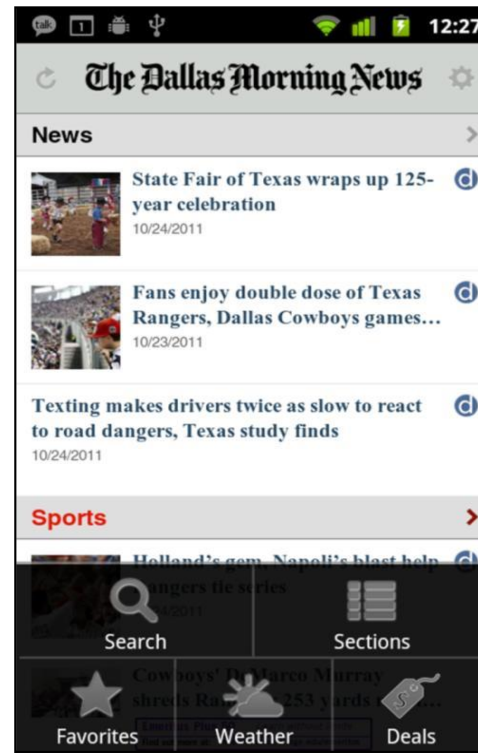
- Providing consumer with local discovery and utility to **driving in-store purchasing.**
- It’s an app within an app
- Pilot began in September 2011 with 40 newspapers and 20 retailers.
- Goals of proving the concept on multiple levels.

Cross-platform integration

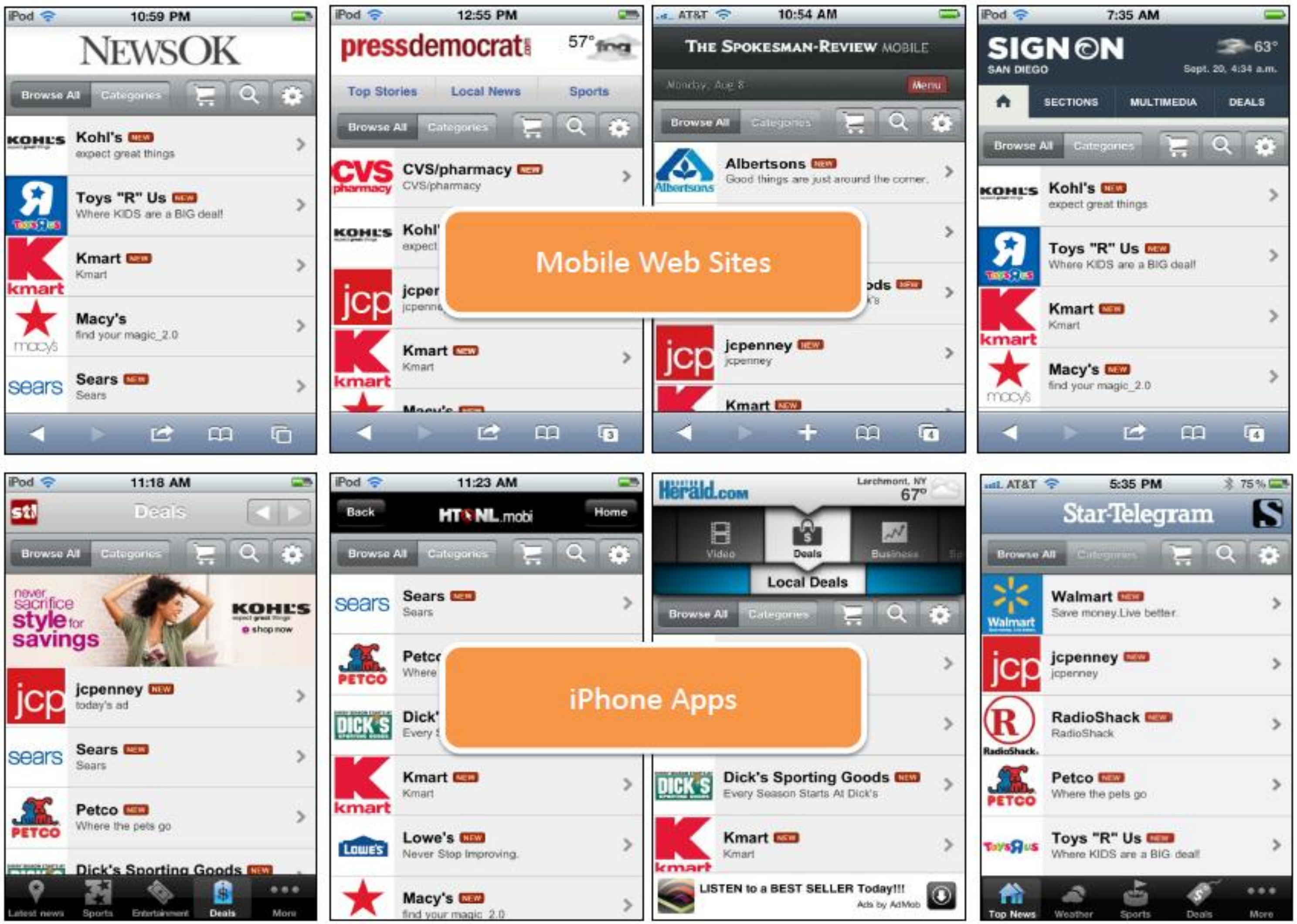
Works across mobile websites, iPhone and Android apps.

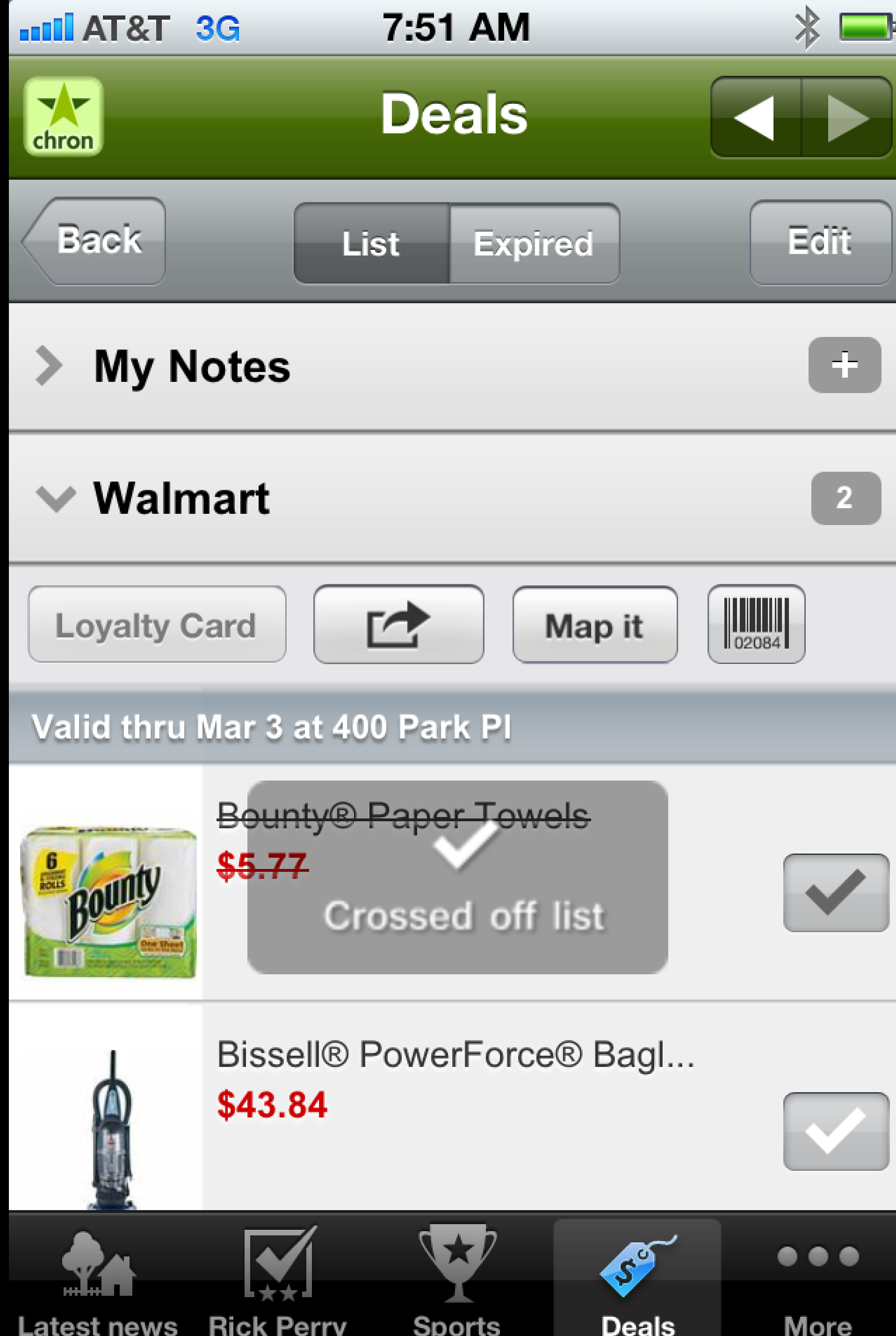






Flexible design




AT&T 3G
7:51 AM
chron
Deals
Back
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Valid thru Mar 3 at 400 Park Pl
~~Bounty® Paper Towels~~
~~$5.77~~
Crossed off list
Bissell® PowerForce® Bagl...
$43.84
Latest news
Rick Perry
Sports
Deals
More

What have we learned?

Substantial market demand and interest:

- Readers can and will engage.
- Consumers want more discovery and less utility (for now).
- Retailers are looking for a marketplace to reach consumers.

iCircular is early to market:

- Retailers are still figuring out their digital strategies.
- Newspapers are still growing their mobile audiences.
- The app UI can be improved.
- We need greater scale.

Lessons Learned: Consumer Feedback

First I want to say that I love the option to search local circulars under the deals tab. The fact that I can do this within the app makes it even better! The purpose of this email is to suggest adding more local businesses if possible. Id particularly like to see CVS and possibly some grocery stores like Giant and Shoppers Food Warehouse in my area (zipcode 21114). ...Thank you again for creating this awesome app!

-- Sincerely, Erica [*last name removed*]

Lessons learned: retailer feedback

Retailers are experimenting in a variety of directions.

- Google web-based circular program.
- MSN mobile test.

Retailers say the pilot trial is meeting their expectations.

- Insist upon an industry solution.
- Like safe marketplace approach.
- Demonstrated willingness to pay.
- Want larger audience.

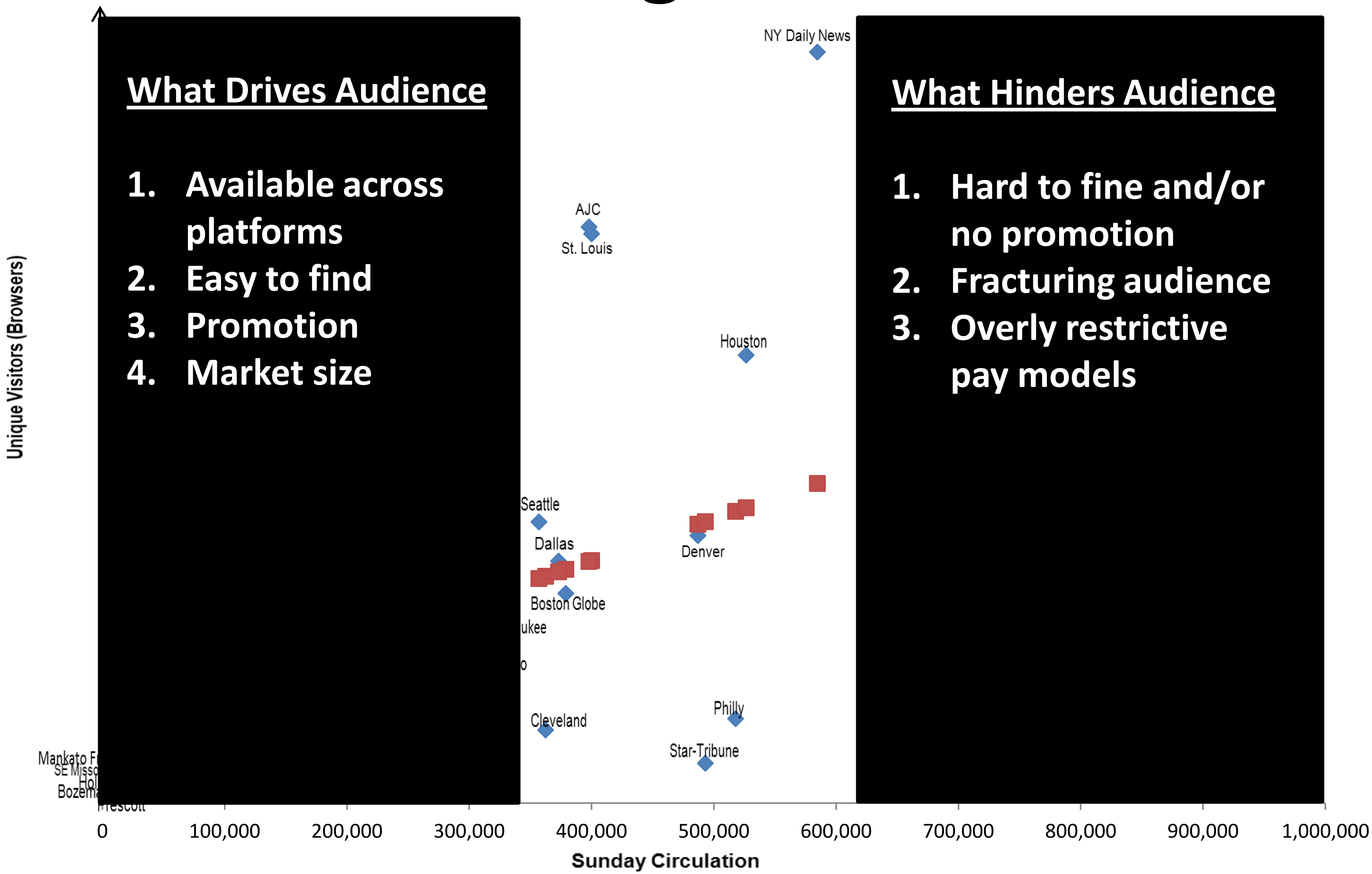
Building audience

What Drives Audience

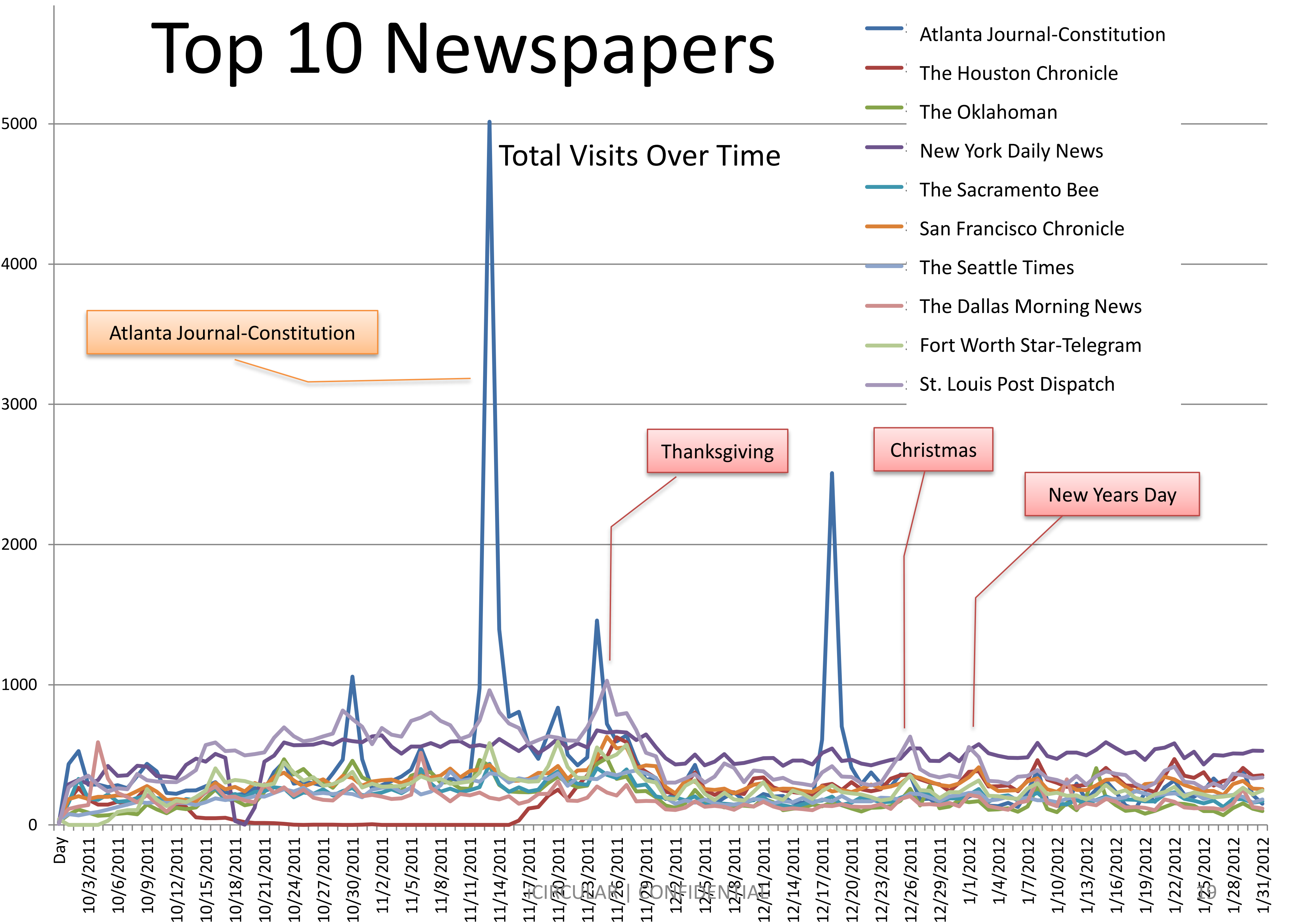
1. Available across platforms
2. Easy to find
3. Promotion
4. Market size

What Hinders Audience

1. Hard to fine and/or no promotion
2. Fracturing audience
3. Overly restrictive pay models



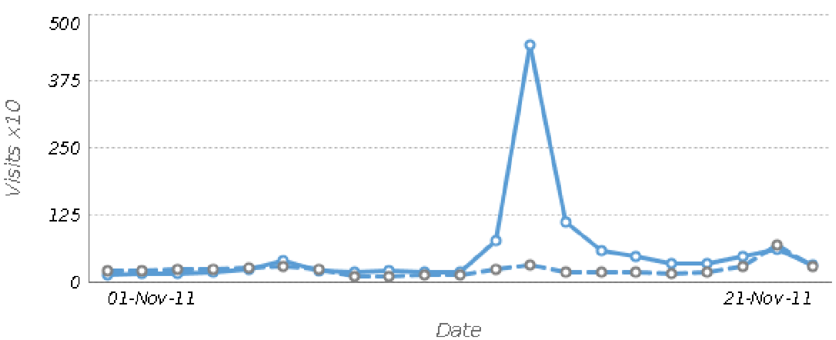
Top 10 Newspapers



AJC Post-it Promotion

Observations

- Post-it note (3”x3”) affixed to page one of the Sunday Atlanta Journal-Constitution on 11/13.
- Great combination positioning (page 1), messaging, use of QR code for instant connection to iCircular, and brilliant use of post-it note for portability/save for later use.
- Visits to AJC’s Weekly Ads section spiked dramatically on the day of the promotion, and visits following the promotion have remained notably higher than the previous month.

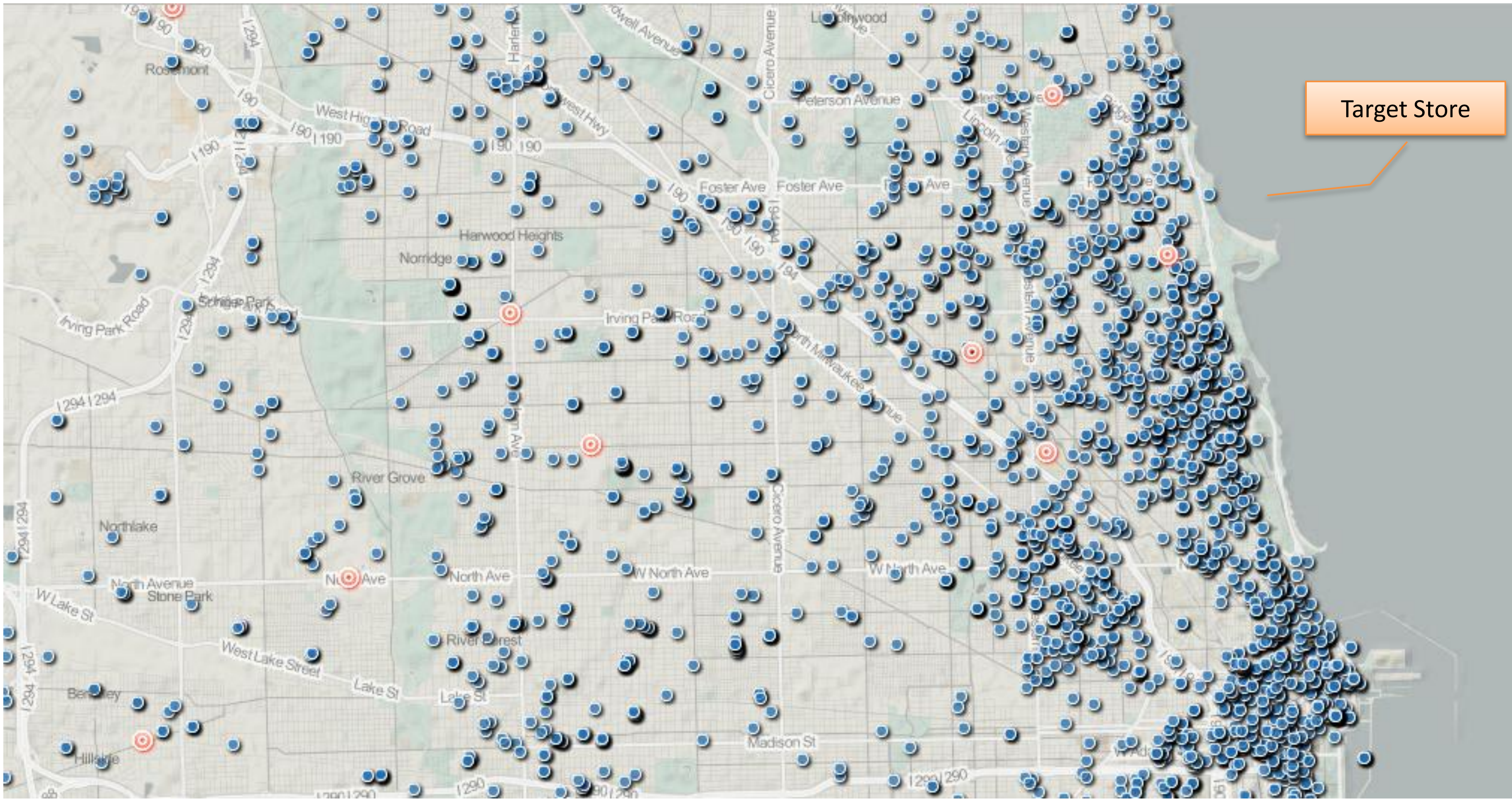


Statistics & Analysis

Where is the Traffic Coming From?

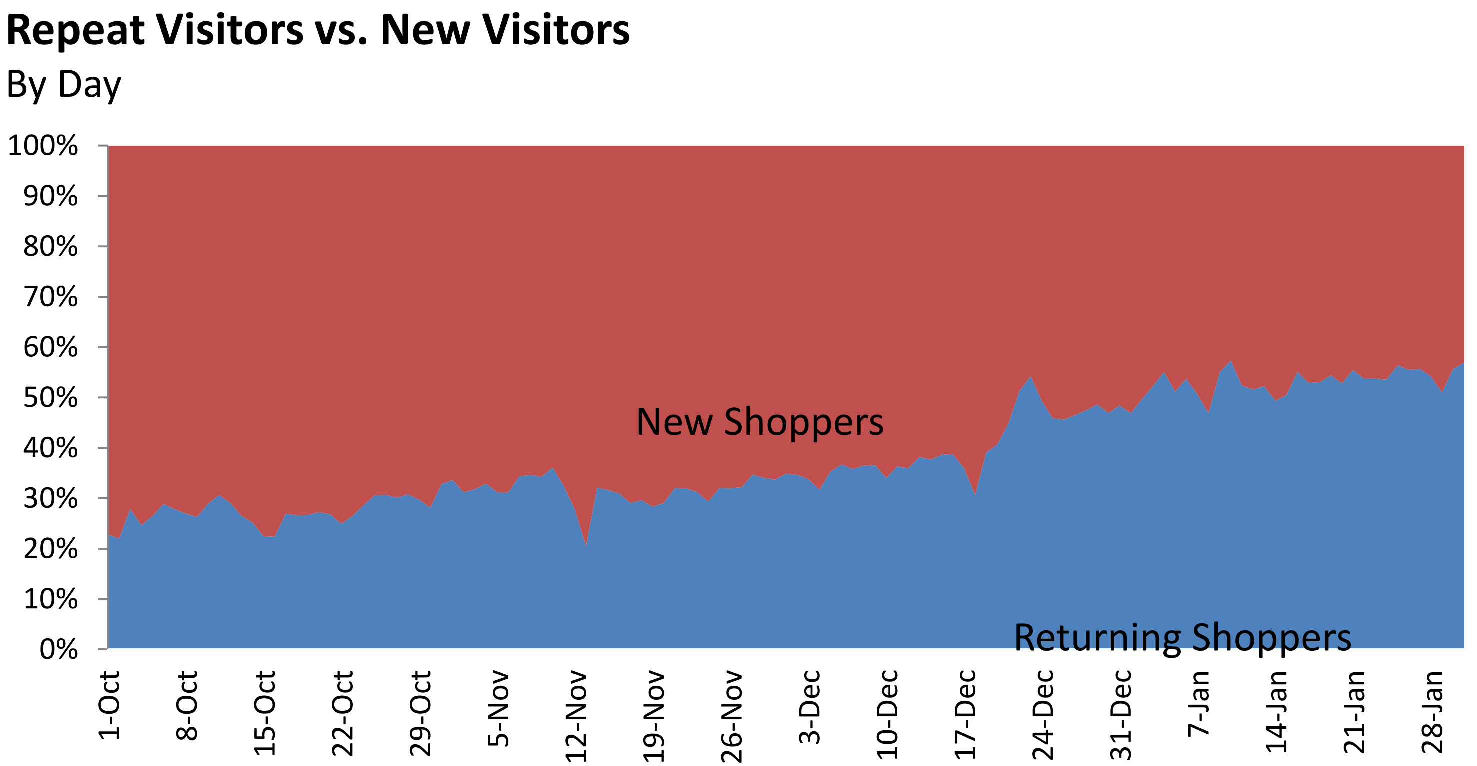
DMA	Nov-11	Dec-11	Jan-12	# Newspapers
Dallas - Fort Worth	10.8%	11.8%	11.9%	2
Atlanta	10.4%	7.9%	5.2%	1
San Francisco - Oakland - San Jose	7.0%	7.7%	8.2%	1
Chicago	6.8%	7.9%	7.7%	1
New York	6.5%	7.3%	7.6%	1
Seattle - Tacoma	7.8%	5.6%	5.1%	1
Los Angeles	5.1%	5.8%	6.2%	1
Houston	3.2%	4.3%	5.0%	1
Boston (Manchester)	3.5%	3.5%	3.6%	3
Saint Louis	3.3%	3.7%	3.4%	1
Sacramento - Stockton - Modesto	3.1%	3.3%	3.1%	1
Denver	2.2%	2.4%	2.4%	1
Washington DC (Hagerstown)	**2.3%**	**1.6%**	**1.8%**	**0**
Philadelphia	2.1%	1.6%	1.9%	1
Miami - Fort Lauderdale	**1.8%**	**1.3%**	**1.1%**	**0**
Oklahoma City	1.6%	1.4%	1.2%	1
Columbus, OH	1.1%	1.6%	1.2%	1
Portland, OR	1.4%	1.3%	1.1%	1
San Diego	1.2%	1.3%	1.2%	1
Omaha	0.6%	0.6%	1.7%	1

Chicago iCircular Usage



Core Audience Growth

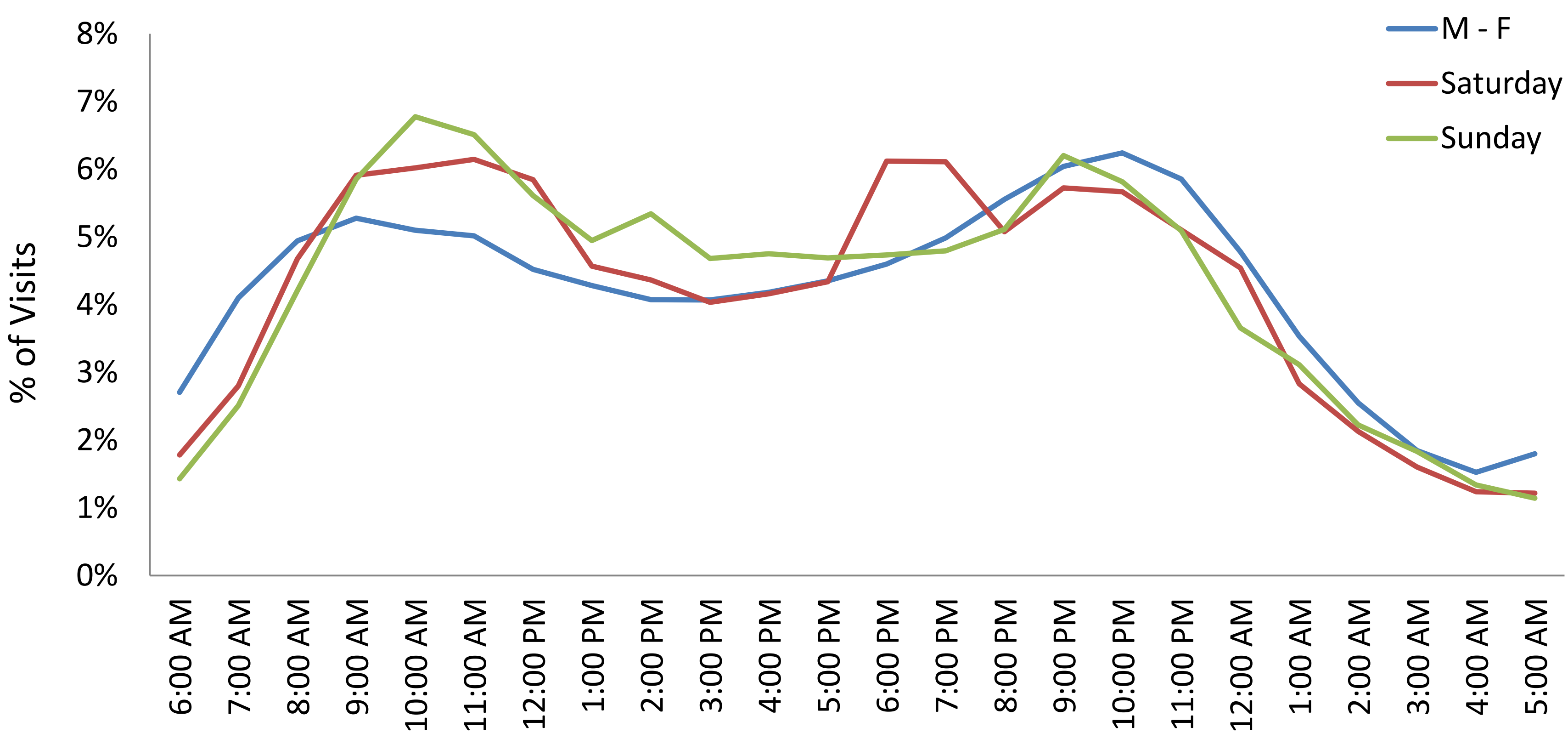
While iCircular is still in its earliest of stages of audience acquisition we saw an significant increase in the number of returning shoppers (from an average of 27% in October to over 50% in January).



* New browsers did their first-ever visit to the site during the reporting period. Returning browsers visited the site a certain day (week or month) during the reporting period and also visited the site before this day (week or month). This might also be outside the reporting period.

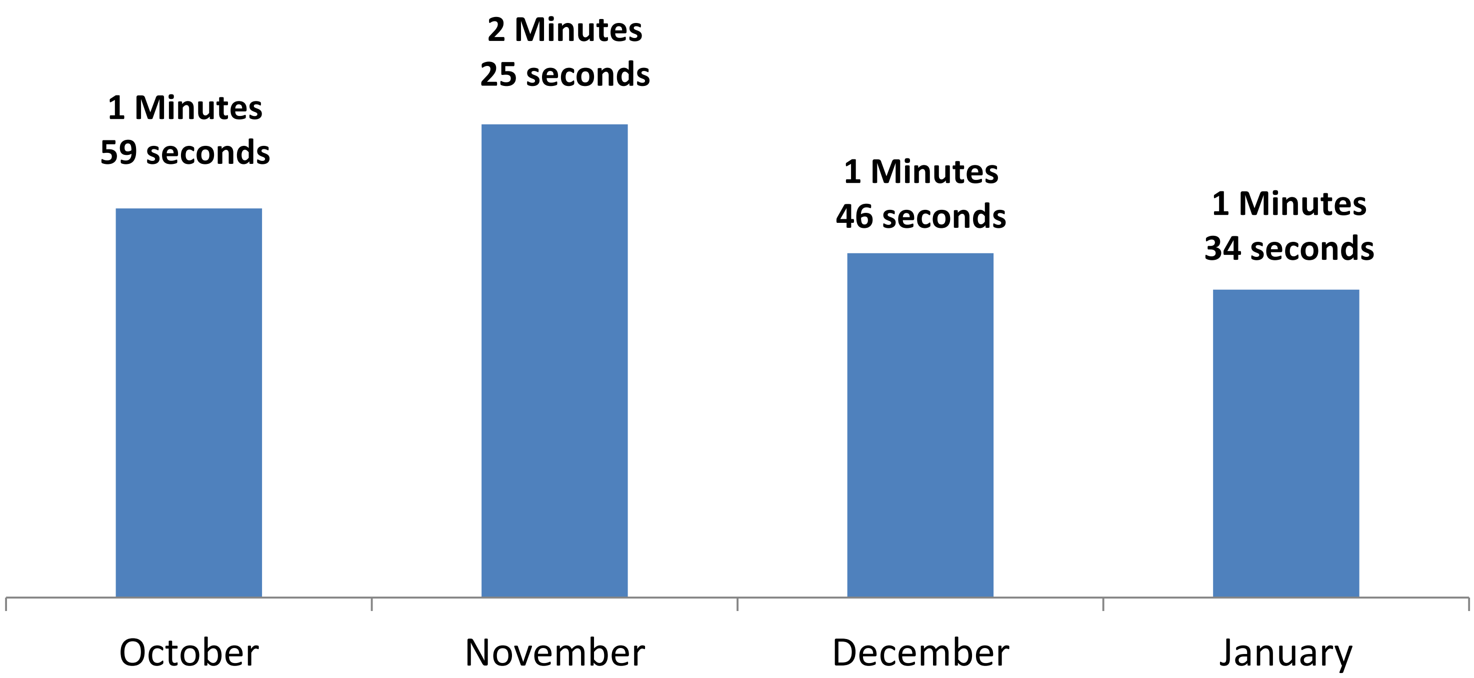
Weekday vs. Weekend Usage

There are distinct usage pattern differences between weekends and weekdays.



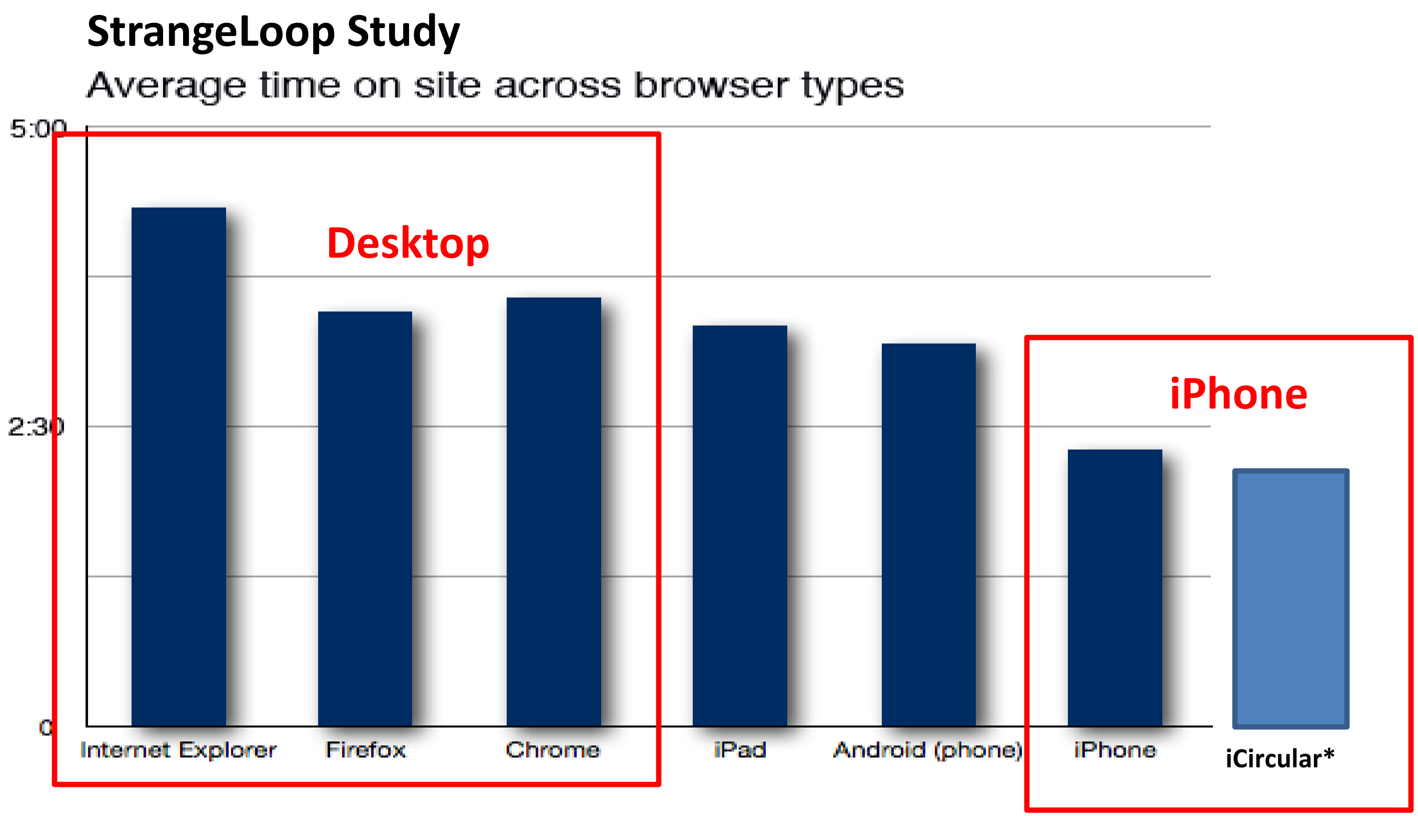
Time Spent

There is a trend with the highest average time per visit occurring during the peak circular season.



Benchmarking Time Spent

A 2012 study of e-commerce sites found that the average time spent on site varied by device with "on-the-go" devices having the lowest time on site.

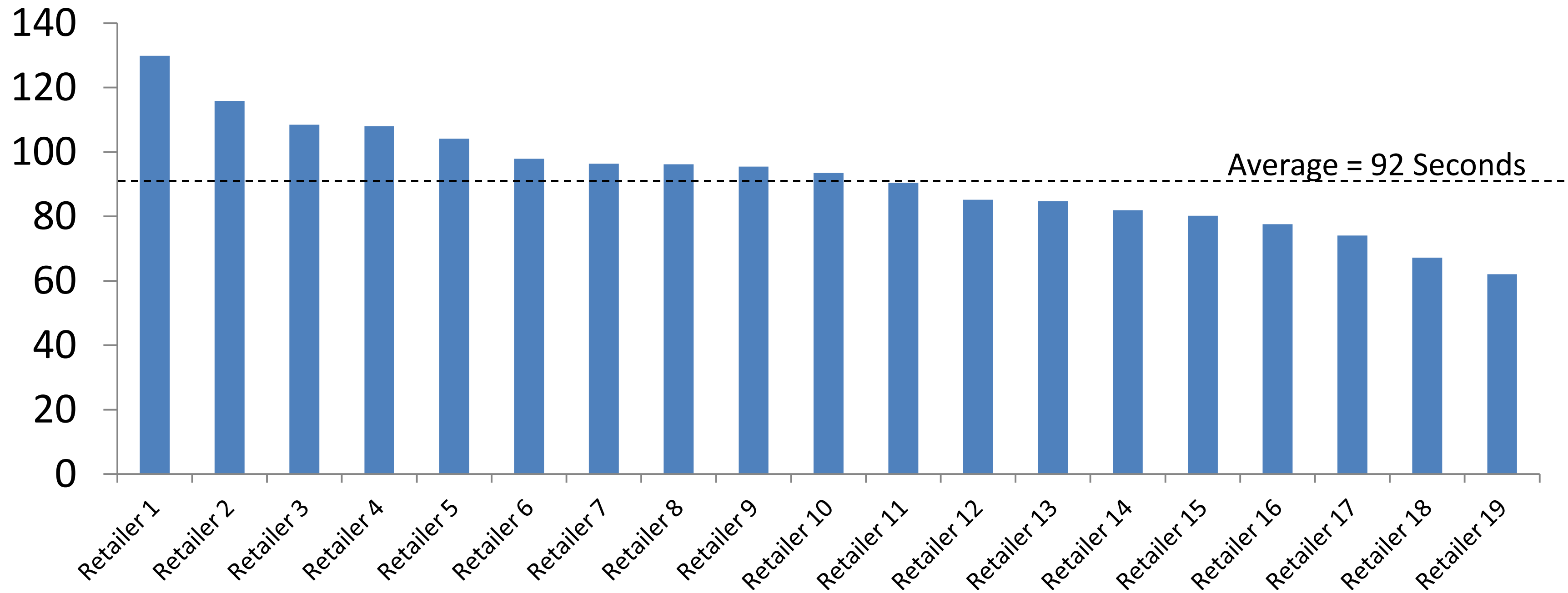


[Source: www.webperformancetoday.com/tag/android/](http://www.webperformancetoday.com/tag/android/)

Avg. Time Spent
Browsing a Retailer's Circular

There is wide variation in the level of engagement by retailer. Early indicators point to a correlation between time spent and category of retailer.

January 2012
Time Spent per Visit (Seconds)

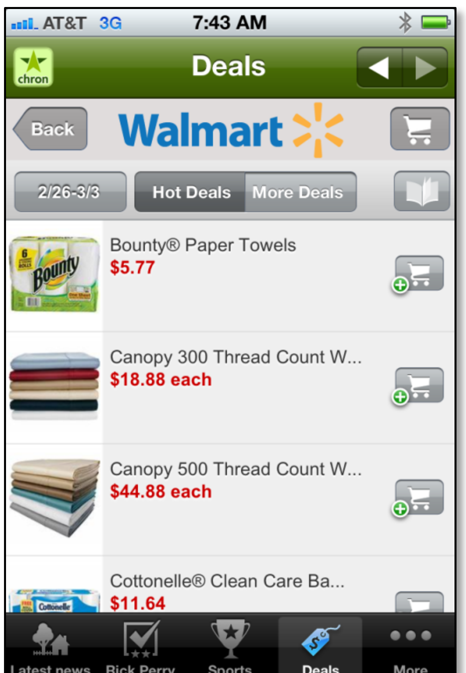


Deep Consumer Engagement

CIRCULAR IMPRESSION → ENGAGEMENT → ACTION

ENGAGEMENT: 16% to 30%

ACTION: 3% to 9%



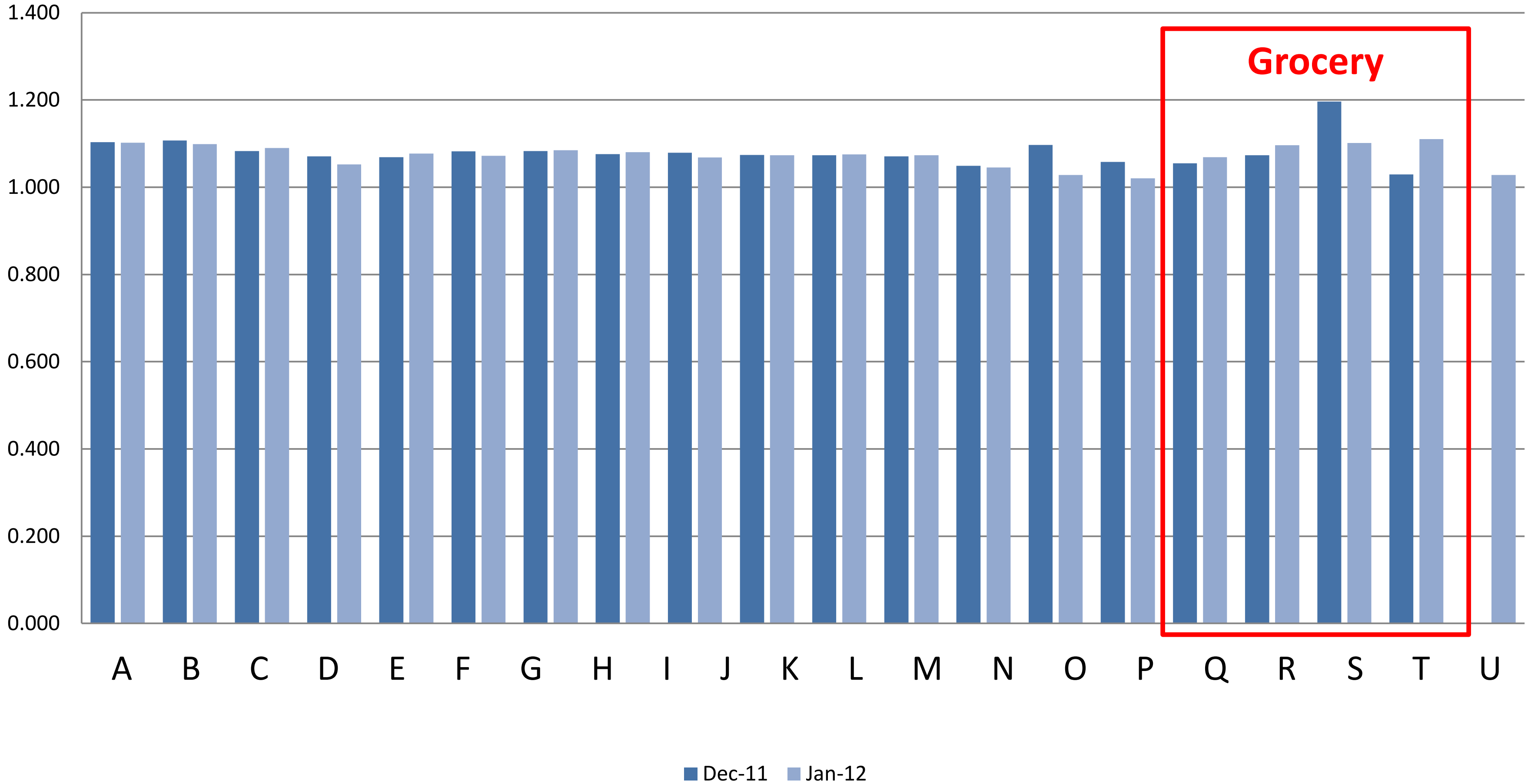
iCircular by Associated Press

Visits by Retailer

** Grocery chains are regional, not national, and thus did not get the same level of exposure across the 40 newspapers in the pilot as the other retail categories.*

Visits per browser

Frequency of visit remains fairly consistent across all retail categories, with Grocery indicating a higher frequency rate.



What's next for iCircular?

Steps to transform the pilot into a multi-tiered business model…

1. **Product:** Improve the phone app; new UI for tablets which will provide deeper user engagement. *Both in June 2012.*
2. **Reach:** Expand reach by expanding to 200 newspapers; increasing retailers with focus on grocery. *Now underway.*
3. **National sales** approach lead by iCircular Steering Committee *starting in June 2012.*
4. **Local sales** with integration facilitated by digital conversion partner beginning *~June 2012.*

Thank you!

info.icircular.com

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