Media Efficiency Panel Project

Research Online, Purchase Offline (ROPO)

The role of the internet in the decision process for mobile & DSL

GfK Panel Services
Agenda

1. Methodology and Objective
2. Results
3. Key Findings
Project Overview & Key Objective

The role of the internet in the decision process for mobile & DSL contracts

Single Source Data

**Clickstream**
- Internet usage behaviour in private households in Germany
- Source: Media Efficiency Panel (MEP)

**Questionnaire**
- Primary research among panelists of MEP
- Source: Media Efficiency Panel (MEP)

→ How does the research process looks like for consumers who sign a mobile or DSL contract online or offline?
Research Elements

Clickstream

- Source: Media Efficiency Panel (MEP) by GfK, representative for online population
- N= 16,022 panelists (with ongoing online measurement from July – Oct 2009)
- Measurement of online behavior:
  - Panelists installed browser plug-in on all home PCs to capture individual traffic: Log-in screen when browser is launched.
  - Plug-in captures visits, page impressions, keywords & ad impressions/ clicks (display & search)

Questionnaire

- Survey (DSL & mobile & contracts) among panelists in cw 48/49 2009 (N= 23,887)
- thereof 275 DSL-buyers and 801 mobile buyers with purchase from July – Oct 2009 and ongoing online measurement up to 12 weeks before purchase
Definition Online Research

- Analysis of online research process is based on **observational data**
- **Definition Online Research**: A consumer visited at least one relevant websites and/or entered at least one relevant keyword at home

**Research online**

- Basis: 3,625 search terms, defined by iProspect, Vodafone, Google and GfK
- Exact, phrase & broad match to keywords that panelists entered
- Manual review by Google team to delete wrong keywords (e.g. eplus: “netzabdeckung eplus” ok., “nikeplus” or “sofortrenteplus” excluded)

**Search**

**Website**

- Basis: 554 websites, defined by project team
- Whitelist included telecommunication only sites (e.g. eplus.de) as well as more general websites (e.g. amazon.de)
- To exclude non-telco sub-domains site title of general websites were scanned with keyword list (e.g. exclude amazon.de/bücher)
Agenda

1. Methodology and Objective
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3. Key Findings
Internet is main source of information in both product categories, mobile and broadband. Approx. 1 offline source is used.
Base: mobile buyer, DSL buyer

Sources for Information

### Mobile Buyer

- **Internet**
  - 59%
- **Shop of the net operator**
  - 28%
- **Friends/relatives**
  - 18%
- **Article in newspaper/magazine**
  - 9%
- **Others in the same household**
  - 8%
- **Requested information from operator**
  - 5%
- **Called a net operator**
  - 5%
- **Ad in newspaper/magazine**
  - 5%
- **Mailing from a net operator**
  - 4%
- **Radio/TV**
  - 3%
- **Company/employer**
  - 2%
- **Sales staff of a net operator**
  - 1%

**Ø 1.5 sources**

### DSL Buyer

- **Internet**
  - 49%
- **Shop of internet provider**
  - 19%
- **Friends/relatives**
  - 26%
- **Article in newspaper/magazine**
  - 11%
- **Others in the same household**
  - 5%
- **Requested information from provider**
  - 12%
- **Called an internet provider**
  - 12%
- **Ad in newspaper/magazine**
  - 7%
- **Mailing from a net operator**
  - 10%
- **Radio/TV**
  - 5%
- **Company/employer**
  - 2%
- **Sales staff of a net operator**
  - 2%

**Ø 1.6 sources**

Base: Mobile buyer, DSL buyer
*“Internet” is based on observational data, other sources based on survey data*
Approx. one third of internet users report that the contract was signed online.
Base: mobile buyer, DSL buyer with internet access
31% of all contracts were made online. For another 37% consumers researched online first before signing the contract offline.

Base: mobile buyer, DSL buyer with internet access

Research Online, Purchase Offline (ROPO)

Mobile Buyer

Research...

Online

Offline

Online

22%

9%

Offline

37%

32%

31% online conversions: Todays basis for online marketing

59% of contracts: pure online conversions plus ROPO contracts are more appropriate basis to reflect the full value of online marketing

Please note. Consumers with at least one relevant website visit and/ or search query are assigned to “research online”

9 Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period
37% of mobile & 29% DSL buyers research online before buying offline; the internet is more impactful than the online sales suggest.

Base: mobile buyer, DSL buyer with internet access

Please note. Consumers with at least one relevant website visit and/ or search query are assigned to “research online”
Among post paid contracts the share of ROPO consumers is even higher. The ROPO segment is also the most valuable one (+16%). Base: mobile buyer, DSL buyer with internet access

<table>
<thead>
<tr>
<th>Research Online, Purchase Offline (ROPO)</th>
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<tbody>
<tr>
<td><strong>Mobile Buyer Post paid - %</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Online</td>
</tr>
<tr>
<td>Research...</td>
</tr>
<tr>
<td>Offline</td>
</tr>
<tr>
<td>Purchase...</td>
</tr>
<tr>
<td>Online</td>
</tr>
<tr>
<td>26%</td>
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<tr>
<td>8%</td>
</tr>
<tr>
<td>Offline</td>
</tr>
<tr>
<td>41%</td>
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<tr>
<td>25%</td>
</tr>
</tbody>
</table>

| Mobile Buyer Post paid - ARPU           |
|                                         |
| Online                                 |
| Index: 90                              |
| Offline                                |
| Index: 79                              |
| Online                                 |
| Index: 116                             |
| Offline                                |
| Index: 91                              |

Please note. Consumers with at least one relevant website visit and/ or search query are assigned to “research online”
The average online research process takes approx. 6 weeks (same for mobile & DSL).
Base: mobile buyer, DSL buyer with internet access

Online Research Process: Duration

Mobile Buyer

- 1-2 weeks: 19%
- 3-4 weeks: 19%
- 5-8 weeks: 22%
- 9-12 weeks: 41%

DSL Buyer

- 1-2 weeks: 24%
- 3-4 weeks: 18%
- 5-8 weeks: 22%
- 9-12 weeks: 35%

Base: mobile buyer, DSL buyer with internet access, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period
Pure online decision process is slightly longer than process of consumers who research online and purchase offline. Base: mobile buyer, DSL buyer with internet access

Online Research Process: Duration

**Mobile - Ø in days**

- All buyers: 44
- ROPO: 42
- Pure online: 48

**DSL - Ø in days**

- All buyers: 40
- ROPO: 38
- Pure online: 43
Approx. ½ of mobile and DSL consumers use a search engine in the decision process.

Base: mobile buyer, DSL buyer with internet access

Online Research Process: Websites & Searches

Mobile Buyer

- Research online: 59%
- Website visit: 57%
- Search engine usage: 31%

DSL Buyer

- Research online: 49%
- Website visit: 48%
- Search engine usage: 23%

Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period

19 October 2010
Mobile buyers visited 4.2 websites, DSL buyers 3.2. Data for mobile confirms that decision is made based on price or hardware.
Base: mobile buyer, DSL buyer with internet access

### Mobile Buyer
- **Total**: 4.2
- **Brand**: 1.3
- **Generic**: 2.6
- **Hardware**: 1.0
- **Price Comparison**: 1.3
- **Tarif**: 1.0

Visit a relevant website up to 12 weeks before purchase: 57.2%

### DSL Buyer
- **Total**: 3.2
- **Brand**: 1.5
- **Generic**: 2.1
- **Hardware**: 0.9
- **Price comparison**: 0.6
- **Tarif**: 0.6

Visit a relevant website up to 12 weeks before purchase: 48.0%

Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period
Differences across segments are rather small concerning usage of (unique) websites.
Base: mobile buyer, DSL buyer with internet access

**Online Research Process: Websites**

**Mobile - Ø Websites**
- All buyers: 4,2
- ROPO: 3,6
- Pure online: 5,2

**DSL - Ø Websites**
- All buyers: 3,2
- ROPO: 2,5
- Pure online: 4,2

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Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period

19 October 2010
On average mobile buyers made 15.5 search queries while DSL buyers enter 7.8 search queries.

Base: mobile buyer, DSL buyer with internet access

### Mobile Buyer
- **Total**: 15.5
- **Brand**: 2.1
- **Generic**: 8.0
- **Hardware**: 6.8
- **Price comparison**: 0.5
- **Tarif**: 0.4

**Search for relevant keywords up to 12 weeks before purchase**

### DSL Buyer
- **Total**: 7.8
- **Brand**: 3.0
- **Generic**: 3.8
- **Hardware**: 1.2
- **Price comparison**: 0.3
- **Tarif**: 0.2

**Search for relevant keywords up to 12 weeks before purchase**

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Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period
Almost 50% of those who research online and purchase offline (ROPO) use a search engine during the decision process.

Base: mobile buyer, DSL buyer with internet access

Online Research Process: Search Engine Usage

Mobile – Search Engine Usage

- ROPO: 47%
- Pure online: 60%

DSL – Search Engine Usage

- ROPO: 45%
- Pure online: 48%

Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period

19 October 2010
Users who research online & purchase offline enter a high number of queries during the process, esp. when researching for mobile.

Base: mobile buyer, DSL buyer with search engine usage

Online Research Process: Search Queries

**Mobile - Ø Queries**

- ROPO: 12.1
- pure online: 19.9

**DSL - Ø Queries**

- ROPO: 4.9
- pure online: 11.5
Generic search terms dominate the research process. As DSL is less complex users start with generic search before entering brands. Base: mobile buyer, DSL buyer with search engine usage.

Online Research Process: Search Queries

Mobile Buyer

<table>
<thead>
<tr>
<th></th>
<th>1st third of process</th>
<th>2nd third of process</th>
<th>3rd third of process</th>
</tr>
</thead>
<tbody>
<tr>
<td>brand</td>
<td>14%</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>hardware</td>
<td>36%</td>
<td>39%</td>
<td>45%</td>
</tr>
<tr>
<td>generic</td>
<td>50%</td>
<td>52%</td>
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DSL Buyer

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<td>14%</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>generic</td>
<td>67%</td>
<td>15%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Mobile Buyers/DSL buyers, internet population, research up to 12 weeks before purchase, considering a 30-day-Black-out-Period
For both products, mobile and DSL, online touchpoints dominate the research process - but media mix often is focused on offline media.

**Touchpoints* Mobile Decision Process**
(1.5 contacts per offline source, 4.2 online (=number of unique websites))

**Touchpoints* DSL Decision Process**
(1.5 contacts per offline source, 3.2 online (=number of unique websites))

* assumption: 1.5 contacts per offline touchpoints. Online. 4.2 (= # of unique websites)
Agenda

1. Methodology and Objective
2. Results
3. Key Findings
Key question for today’s marketing mix: Is the media mix following the touchpoints in the consumer decision making process?
Key Results

While CPO for online marketing focuses on online conversions only, the ROPO effect suggests that offline effects of online media need to be considered as well: 37% of consumers who sign a mobile contract and 29% of DSL sign-ups have research online, before signing the contract offline.

The online research process of the ROPO segment and the consumers who convert online is similar. The intensity of the research process (duration, websites visited, search queries) is higher for online buyers - but the internet is the most important information source for ROPO consumers as well.

With a net reach of 31% resp. 23% search engines are among the leading websites within the decision process for telecommunication products. For both products, mobile and DSL, generic keywords play an important role. During the research process for broadband access users are starting with a generic term and enter branded queries rather at the end.

Due to the intense online research process by online and offline (ROPO) buyers the majority of brand touchpoints are online. In order to follow the consumer journey advertisers should therefore carefully review their media strategy which is often very offline centric.
Thank You!
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