



**FROM
INTENT
TO
IN-
STORE**

**Search's
role
in the new
retail
shopper
profile**

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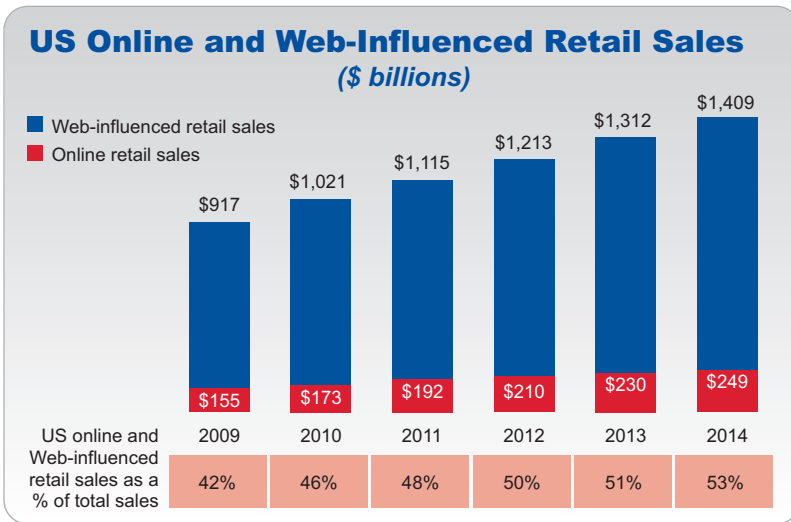
Proprietary research conducted by GroupM Search, together with Kantar Media Compete

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SEARCH

How entwined is the Web in consumers' path-to-purchase for retail goods? Understanding the full impact of online requires looking beyond the obvious metrics. Market analysts Forrester Research projected online retail revenues to be \$173 billion in 2010, growing over 40 percent to reach nearly \$250 billion by 2014. Yet for all the projected growth, the online channel will account for just 8 percent of total retail sales revenue. A deeper look at the numbers confirms that this drastically undervalues the role of the Web in the retail industry.



Source: Forrester Research Web-Influenced Retail Sales, Forecast (12/09)

The same Forrester study found that in 2011 more than \$1.1 trillion in retail sales could be attributed to what they refer to as “Web-influenced” purchases. Web-influenced retail purchases are defined by Forrester as offline retail sales that are influenced by online research. Combined with measured online sales, 48 percent of all retail sales are either online purchases or Web-influenced purchases. This trend will continue; by 2014, this number is forecasted to increase to 53 percent – or \$1.4 trillion. Both directly and indirectly, the online channel is truly an inseparable component of consumers’ path to purchase.

Given the obvious influence that the online channel has on retail purchases, GroupM Search, together with online measurement company Kantar Media Compete, conducted research to understand the exact role search engine marketing plays in in-store sales. Shining new light onto Web-influenced purchases, the research found that already more than half of all buyers analyzed in the study made their purchase in-store, outpacing even the bullish estimates referenced above.

This research, “From Intent to In-Store: Search’s Role in the New Retail Shopper Profile,” focuses on the role search plays in a consumer’s shopping behavior across three categories with distinct retail profiles – Automotive, Consumer Electronics and Entertainment. (See Retail Profiles of Brands Studied.) Participating brands include: consumer electronics retailer RadioShack, luxury automotive brand Audi, and a national entertainment brand. The research was designed to understand:

- What role search plays in driving consumers to make an in-store or online purchase
- Factors that drive the decision to purchase in-store versus online
- The role upper funnel (discovery) searching plays compared to lower funnel (destination) queries

Retail Profiles of Brands Studied

Brands included in the study were selected to represent different profiles across the retail sector:

Brand A represents a brand without brick-and-mortar locations, whose primary channel for their products is other retail outlets.

Brand B represents a brand with brick-and-mortar locations, which primarily sells products of other brands.

Brand C represents a brand with both brick-and-mortar locations and same-name branded products.

Participating Brands

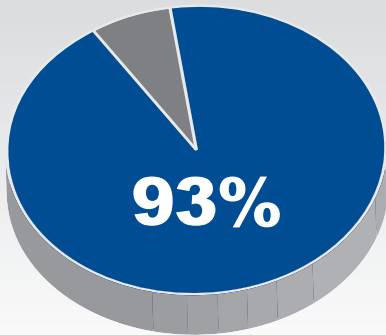


Audi



National Entertainment Brand

Usage of Search Among Buyers In The Shopping Process



Source: GroupM Search and Compete Study: From Intent to In-Store: Search’s Role In the New Retail Shopper Profile, October 2011.

The research paints a clear picture that shows shoppers have established search as their lifeline to the buying decisions they make. Not only is search the most-used online channel in the shopping process, it is often used more than once in that process. Ninety-three percent of all buyers, online or in-store, use search – with nearly 80 percent rating search as very or extremely useful. Search is used throughout the different stages of the process, with the most frequent path being a single, generic query. However, when consumers conduct multiple searches and move down the funnel, searches shift to what and where to buy. In these follow-up queries, shoppers use explicit queries to inform the specific decisions they are looking to make.

Three key findings on consumer usage of search for in-store shopping came to the foreground:

1. For in-store buyers, search is about discovery via generic keywords.
2. In-store buyers click on organic listings.
3. There is increased store locator visitation among buyers who use search and purchase in-store.

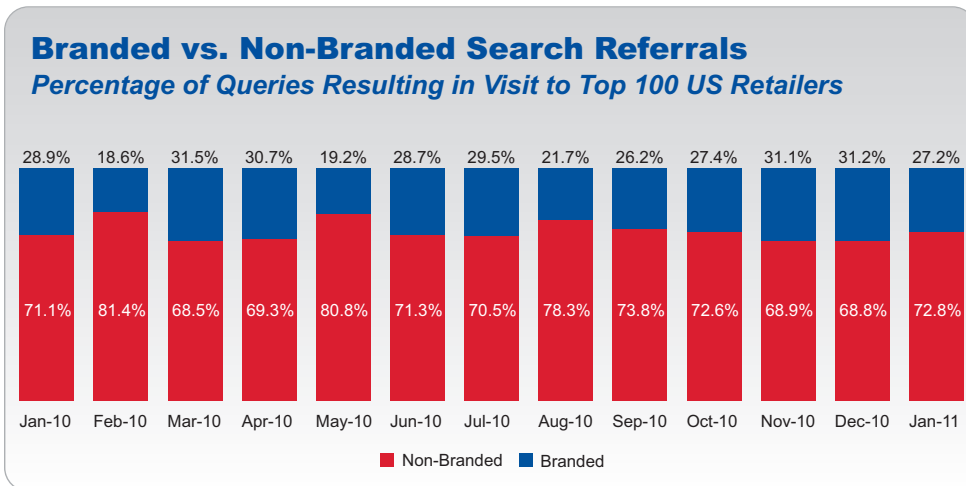
These themes form a profile of the intent-driven shopper that will dramatically challenge preconception of search’s role in retail and may very well usher in a change of strategy for many retail brands.

1. Generic Queries Dominate a Buyer’s Search Behavior

Buyers are much more likely to search on generic terms than branded – 86 percent of buyers conduct generic versus branded queries. In studying the referrals from search engines to brand and third-party sites, the research also shows that more visitors arrive from generic searches, indicating early stage searching at the top of the purchase funnel. Buyers show a greater propensity to click on a generic link, at a rate of 144 percent over the general shopper conducting searches in the related category. This reality becomes important because brands typically invest in generic terms based off of the ability to convert down the funnel. However, this data suggests in-store buyers are active up funnel, and if their activity is not supported by a strategy that delivers relevant brand results, they may not reach the store for purchase.

Understanding this new data forms a crucial point: Generic queries have meaning and value that go beyond the measured online activity. Brands have become accustomed to search providing a direct response return. The findings in this research suggest that generic terms are very important in driving sales, especially sales taking place in-store versus online. It also suggests that when consumers click on generic results, they are more likely to ultimately buy than someone who does not, once again challenging the perception of what a generic click is worth if it is not measured to an online sale.

Compete’s data on the Top 100 Retailers shows that 73 percent of referrals come from

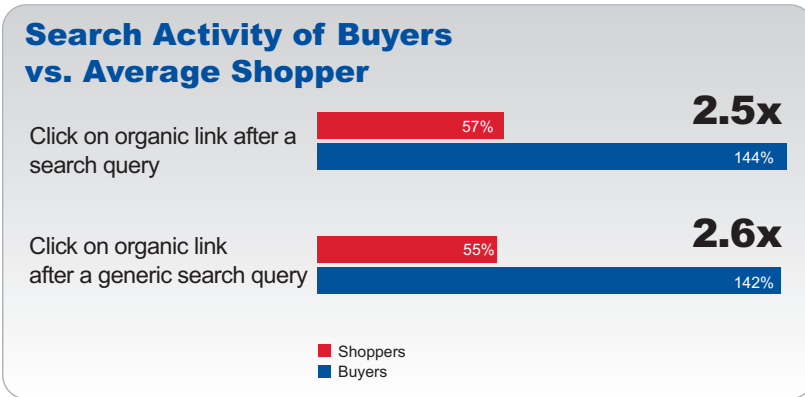


Source: Compete Top 100 US Retailers, January, 2010 – January, 2011.

non-branded queries, indicating that while brand queries are essential and convert well online, they are once again in the minority. The only instance where the gap in these numbers starts to close is during the holiday period, when other paid media spends increase enough to push branded searches. Up to 34 percent of branded searches during this time result in consumer action around a brand’s desired KPIs.

When looking at the generic queries, one should expect the bulk of traffic to come from organic listings versus paid search. Of all clicks happening on a search result page, 92 percent come from organic, with only 8 percent from paid referrals. This is the next critical trend from the data – the importance of organic search to offline sales.

2. Organic Listings Drive Buyer Behavior



Source: GroupM Search and Compete Study: From Intent to In-Store: Search's Role In the New Retail Shopper Profile, October 2011.

Across each of the retail profiles included in this study, buyers consistently click on the organic links of a search engine results page (SERP) more often than paid. For branded queries it is just as pronounced, with buyers clicking 64 percent of the time, broken out by 94 percent on organic links versus 6 percent paid. This new data is even more of a tilted reality than the universally stated 80-20 rule of organic versus paid traffic traditionally espoused. In fact, a broader view utilizing Compete's U.S. Top 100 data and eliminating the holiday period, puts the ratio of organic to paid clicks closer to 85-15.

The same buyers who conduct generic searches more than the average online shopper also exhibit a greater propensity to click on organic links, at a rate of 142 percent. This indicates that consumers who intend to purchase are highly dependent on generic queries, with organic listings driving their behavior.

3. The Value of the Store Locator

One of the biggest landing points, when consumers do click, is the store locator page. More than 5 percent of the traffic measured to an advertiser's site was store locator activity. This interest was shown across all three brands studied, with a notable spike for the brand selling its own branded products in its own stores. When comparing to Compete's Top 100 U.S. Retailer data, this pattern proves consistent across the larger retail segment, with nearly 15 million consumers conducting a search that results in a click on the store locator during the December holiday period alone. With new functionality from Google and others that embeds store locator options into a SERP, this activity by buyers proves it is more important than ever for advertisers to take advantage of such features.

Search Behavior of the Shopper

Whether the consumer is a digital window shopper or an eventual buyer of a retail product, consumers surveyed rank pricing and product reviews as the most important features of a SERP. As one might expect, search is used to find the best price, regardless of whether an online or in-store purchase is being considered. Online buyers note better prices and convenience as the reason leading to that decision. In-store buyers also cite better prices, but they state that being able to see the product and immediate gratification are key decision factors for making a purchase in-store. This last point calls into consideration the potential of “Buy online, pick up in store” opportunities for brands to connect and satisfy the best of both worlds. In fact, across the Top 100 retailers, traffic to a site as a result of a search query results in nearly 1 percent of “ship to store” activity, which is significant when looking at overall volume. This further represents the opportunity for retailers to capture a consumer who searches and drive them into a store.

In analyzing the behaviors of shoppers, it is meaningful to dig deeper into how they use search. Using the keyword lists for the three retail brands included in the study, the research shows that a click to a website happens 60.1 percent of the time as a result of the search results given. Only a fraction of all people that clicked – just 5 percent – visited a brand site at any time, showing a greater propensity to visit high cross-shopping and third-party research sites (informational, review, and non-competitive sites about the retail category/products), especially in the early funnel stage of awareness. This cross-shopping behavior was strong across all three brands studied, but less so for the retailer with both branded products and brick-and-mortar locations available.

The research found there is a growing usage of search taking place year-over-year from shoppers across all retail sectors studied. On average, there are seven search queries in a given month per user, with 5.2 of those resulting in a click to a site (not necessarily that of a brand).

Of note is the surprisingly small difference between clicks occurring as a result of a branded search and a generic search. It would stand to reason that when someone does a brand search, the likelihood they would click on a search result would be significantly higher than someone doing a generic search; but the data shows that 60 percent of branded queries led to any click, while 57 percent of generic searches led to a click. It could be that because Google and Bing have added features which show more information on the results page from a site or about a product, a click is unnecessary. Yet, at just a 3 percent difference in clicks, the numbers are closer than one might expect. This data and this behavior are important for brands to consider when they assume that a branded search buy is going to capture all traffic. It appears that more and more consumers, even on branded searches, seek the third-party content. Brands must determine how to capture that intent, via social media or partnerships, for example, when buyers do not come directly to their brand site.

The Role of Mobile in Retail Purchases

While the data shows a clear trend of buyers using search on the desktop to inform their decision-making process, it only hints at the mobile future to come. Mobile phones are used by nearly one of every five shoppers, with the majority favoring mobile browsers over mobile apps. Reading consumer reviews via mobile is one of the top three activities by the shopper, and is consistent among the three brands studied. Also important is finding information about a local store.

Among insights gathered from shoppers about their mobile behavior, most worrying for brands that rely on paid media to capture the attention and imagination of shoppers is learning that the majority of shoppers do not recall seeing a paid search advertisement.

Intent and In-Store: Capturing the New Retail Shopper

There is little question that the profile of a retail shopper has changed as a result of technological evolution and the Internet. This “in-charge” consumer is able to use search engines as a primary source of information from nearly anywhere at any time. They are seeking and finding other customer reviews, locating stores and validating their perceptions of price and value, all through Google and others.

The new profile of an in-store shopper illustrates the importance of using generic keyword placement for an increased influence opportunity to drive consumers offline and into brick-and-mortar locations.

Important to brands now are the ways that this shopper is finding information and subsequently consuming it. The in-store buyer relies heavily on search throughout their shopping process and uses generic keywords to inform their decision. This is an important reality for brand marketers to understand because of how they historically have approached the value of a generic term. If generic keywords were once considered valuable only if they pushed people down the funnel to a branded term and an online ROI, then that notion has passed. The new profile of an in-store shopper illustrates the importance of using generic keyword placement for an increased influence opportunity to drive consumers offline and into brick-and-mortar locations.

While the shopper is overly conditioned to use generic terms, they are even more disposed to click on organic links. More than 90 percent of the clicks registered were found to come off organic listings. A typical retail brand is apt to see a 70 to 80 percent click-through on organic listings, but this data highlights the importance of thinking beyond a brand experience. Consumers are spending more time at non-brand site destinations. The way a brand thinks about the digital shelf continues to be essential. Giving consumers access to reviews, social experiences, video and content on aggregation, and endemic sites are all keys to connecting after the click when the destination is not brand-owned.

For the better part of the past decade, search has been seen as the number one external means to drive online revenue. Brands invest in down funnel search, often buying ad space associated with brand terms and measuring success using standard online CVR and ROI metrics. There is nothing in this research to suggest brands should abandon that line of thinking. Instead, the research paints a picture of this new in-store shopper. This shopper wants information that will not translate to online sales, but will have a potentially significant impact on overall retail revenues for brands.

This new understanding of the shopper will create challenges for brands which they'll need to consider, as better metrics will be needed to close the loop of online influence on in-store sales. Online and mobile information accessible via search enables buyers to think with their head before buying with their heart. In this behavioral shift, it is apparent that the intent shown in search provides brands an opportunity to maximize both their online revenues and encourage and cultivate greater in-store sales.

Search Is a Shopper's Lifeline

From Intent to In-Store Research Methodology

Clickstream Analysis:

Clickstream data was collected over a period of 13 months for each of the three brands studied based upon the brand's paid search marketing campaign data, as well as data for identified key competitor, retail and third-party

sites. (Third-party sites are defined as any site that has information, reviews, etc. about the retail category/products, but is not a direct competitor.)

Behavioral Analysis:

Questionnaires were developed specific to each brand to assess multiple factors, including how and when search was utilized during the shopping and decision-making process, aspects of search that

were most important, factors that drove online versus in-store purchase, use of mobile, and behavioral differences between the holiday and non-holiday seasons. Behavioral analysis of total shoppers, survey respondents and offline buyers was conducted.

Study Period:

January 2010 to January 2011 (13 months)

About GroupM Search

GroupM Search is the search marketing specialist division of GroupM, the media buying and planning arm of WPP responsible for more than one-third of the world's media buying. GroupM Search provides industry-leading search marketing strategies, technology development, research, staffing and training to GroupM communications planning agencies, including Maxus, MEC, MediaCom and MindShare, as well as the direct-to-client search marketing agencies Outrider, Catalyst online and Quisma. More than 800 search marketing strategists comprise GroupM Search's global network spanning 40 countries. In 2008, GroupM Search was named the 2008 Search Marketing Agency of the Year by *OMMA* Magazine and MediaPost.

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