The Value of Retail Search and Position

Conducted by comScore

Sponsored by Searchandise Commerce and iProspect

Background

Market research professionals, your marketing colleagues and 15 minutes spent at any cocktail party all confirm the notion that shoppers are spending more time on the Web – from brand identification and differentiation to feature and price comparison, and often all the way to purchase. Whether it's the breadth of information, convenience, ease of comparison shopping, or the potential for discounts, the Internet has emerged as a significant point of initiation in the retail shopping continuum.

According for Forrester Research, no activity occupies more of shoppers' time online than search. Search engines play a pivotal role in the shopping process, providing a laundry list of options; and retail websites have emerged as a leading source for a bevy of product details. As site search on retail websites becomes more robust, it plays an increasing and complementary role in the way shoppers make informed product selection decisions.

Internet retailers are forced to be the savviest and most demanding online marketers due to the commoditized nature of their products, the low profit margins their sales produce, the high volume of transactions they must generate to be successful, and the intensity of competition of their marketplace. While this survey looks at shopper behavior for consumer electronics and computer products, the same trends are at play across all segments of the retail marketplace.

As innovators and thought leaders in the search industry, Searchandise Commerce and iProspect wanted to more closely analyze the role of various search influences, and better understand how search engines and retail sites work together to deliver the most complete shopper search experience. We wanted to better understand if the basic tenets of search engine marketing – the value of premium positions within search results – held true for retail site search as well. In March 2010, we commissioned comScore to delve into the role that search and site search position play in the shopping continuum – from research to purchase, online and offline.

The study was built around these specific objectives:

- To identify *which* information sources shoppers employ and *what* needs they satisfy in purchasing
- To better understand *how* search engines and retail site search work together
- To define premium positions within site search results as viewed by two different buying communities: computer and consumer electronics (CE) shoppers
- To gauge the value and perception of premium placement in site search

The research yielded some interesting behavior on the part of shoppers, along with some real lessons for retailers and product marketers on how to not only better capture the interest and attention of those shoppers, but also provide them with a better online shopping experience. We hope the results, observations and recommendations put forth in this study will be useful as you plan your online retail marketing and merchandising strategy.

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The Methodology

Based on the research objectives, comScore administered a dual methodology approach:

- FocusSite Analysis: a dynamic online focus group to understand the path shoppers take to research and buy consumer electronics and computer products, as well as define premium positioning within the site search results of retail websites

- Survey-Based Analysis: a customized survey of comScore's large consumer panel to *quantify* the paths taken to research and buy consumer electronics and computer products and *quantify* the value and perceptions of premium positioning within site search results

The qualitative phase consisted of two online focus groups hosted in April 2010 over a two day period. comScore moderators noted consumer attitudes and perceptions towards the retail research and purchase continuum, retail websites themselves, and premium site search placements in real time.

Results from the qualitative phase informed the development of the quantitative survey. Research was conducted in May 2010 over a sample group comprised of 587 computer and 580 CE shoppers of identical demographics to the first group – shoppers who had browsed, researched or purchased within the previous six months. The quantitative survey focused on:

- Defining the path to purchase and information sought during each stage of the process
- Identifying motivations for online and offline shopping and conversion
- Gauging perceptions of products listed in premium listings on site search and the overall impact on purchase behavior

Of the sample, 50% qualified as computer and related products shoppers; 50% as consumer electronics (CE) shoppers. The aggregate findings of the quantitative survey are reliable +/- 2.9% points at a 95% confidence level. Within those groups, the following products were represented:

Consumer Electronics

- Television
- Blu-ray/DVD players
- Home theater systems
- iPod/MP3 players
- Audio speakers
- Digital cameras
- Camcorders

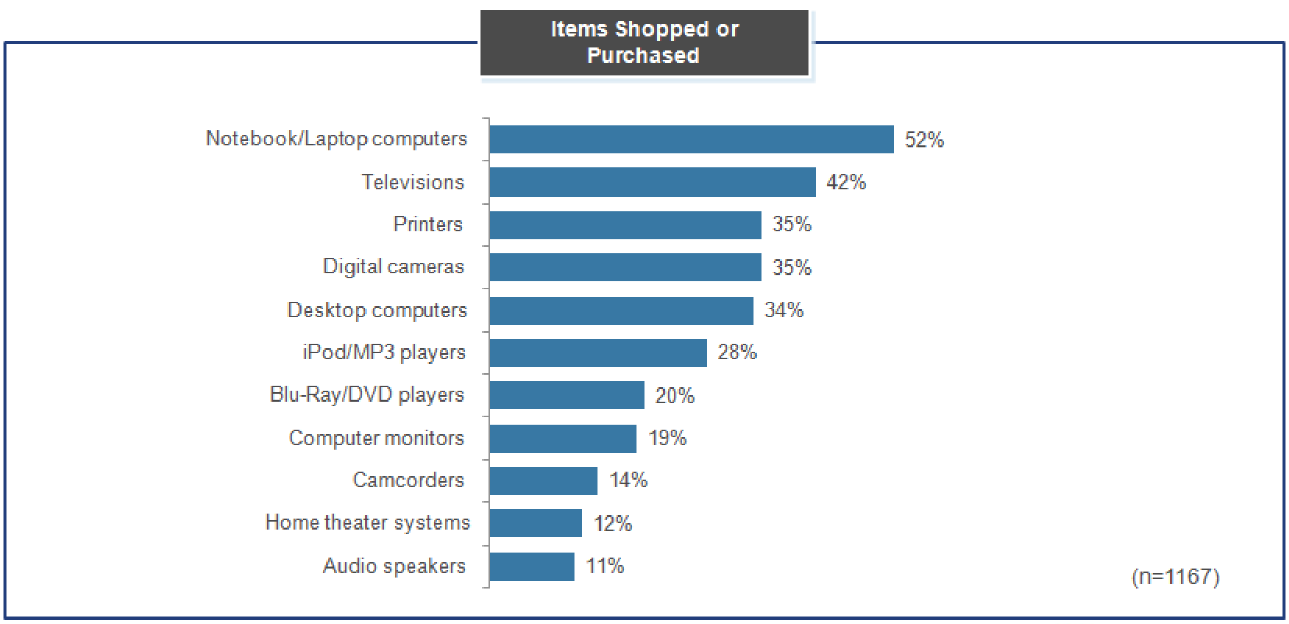
Computers & Related Products

- Desktop computers
- Notebook/laptop computers
- Printers
- Computer monitors

Key Findings: General Purchase Habits

For the purposes of this study, "shopping" refers to the entire purchase process from initial research and evaluation through final purchase or in some cases, decision not to purchase. Of the sample group, shopping took place across a number of product sub-categories, with laptops/notebooks and televisions emerging as the leading items researched or purchased online (see **Figure 1**).

Figure 1: Items Shopped or Purchased



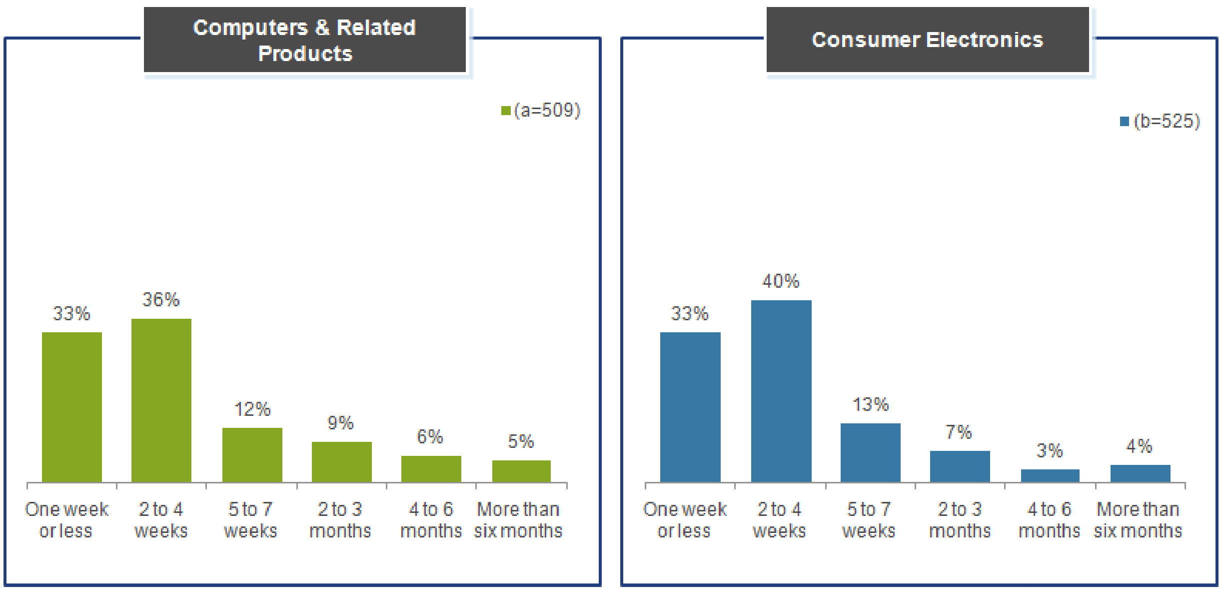
In the past 6 months, have you used the Internet to research, browse or purchase any of the following items?

At least half of the time, the primary motivation for shopping is replacement of an old or broken product. Computer shoppers tend to purchase for the home (43%), CE shoppers are more inclined to purchase a technical or product upgrade (35%).

The other key difference in motivation between the groups is that CE shoppers start the process with a brand in mind 42% of the time compared to computer shoppers at 53%.

Shoppers consult an average of 4.1 information resources during their process which, for the more than half of those that recently purchased, lasts between one and four weeks from onset of research through purchase (see **Figure 2**). Nearly 85% purchase within seven weeks.

Figure 2: Length of Purchase Process



How long was your online and offline research and browsing process before you made your most recent (category) purchase? Base=recently bought (category)

Key Findings: Path to Purchase

Two-thirds of shoppers begin the shopping process online; one in five starting at a retail site (the most frequent starting point among all retail shoppers); one in 10 starting at a physical store. Close behind retail websites as a starting point for shoppers are search engines, which are themselves a significant driver of shoppers to retail websites (as are manufacturer websites). Surprisingly, only a negligible percentage starts its search by consulting a blog or a social networking site (see **Figure 3**).

These various sources fulfill very specific needs for both CE and computer shoppers:

- Retail sites: price options, brands, promotions/sales, customer reviews
- Search engines: customer reviews, expert reviews, recommendations
- Manufacturer websites: product specifications, guarantees/warranties, customer and technical support
- Physical stores: brand options, touch-and-feel

Figure 3: The Shopping Process

At least one in five shoppers visits a retail website during the first or second step of the shopping process.

	First (a=1167) %	Second (b=1109) %	Third (c=1011) %
Visited retailer websites	**19**	**22**	14
Searched using a search engine	**18**	11	11
Visited manufacturer websites	13	**16**	15
Visited physical retail stores	**10**	7	7
Read magazines/newspapers in print articles	10	9	**12**
Read Consumer Reports online	5	**7**	7
Discussed with friends/family/colleagues	5	4	4
Visited auction websites or classified websites	4	5	**6**
Read Consumer Reports in print articles	3	3	4
Visited comparison shopping engines	3	**6**	**8**
Visited social networking sites	2	2	1
Read online magazines/newspapers	1	**3**	**3**
Read blogs	1	2	**4**
Other	**5**	3	4

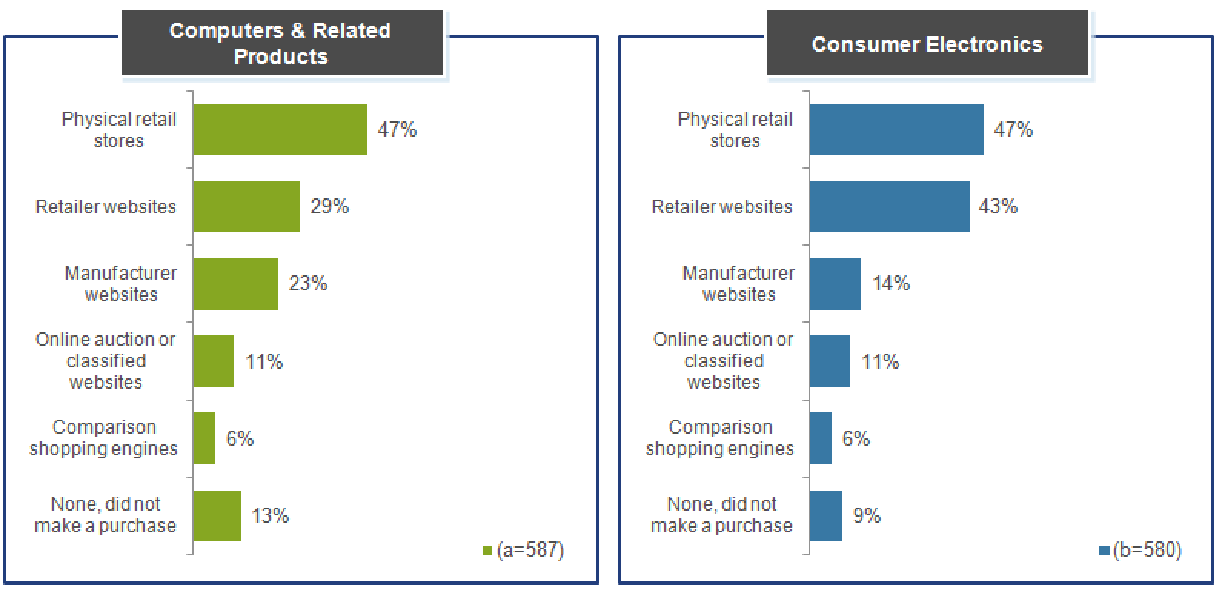
Please select the steps you have taken to research or browse (category) and in the order in which you have completed them.

Of great interest is the chronology of the various steps taken by a shopper during the shopping continuum. Shoppers who begin their search on retail sites (19%) either purchase directly on the retail site (6%) or navigate to a manufacturer site for further details (27%), then either visit a search engine or physical store. Of this group, nearly half buy in the physical store, while 40% transact online.

Of the shoppers who started the process by visiting a search engine (18%), 37% move on to a retail site as their next step. Nearly half of the CE shoppers end up purchasing on the retail site, as do one-third of the computer buyers.

Of the 13% that begin the shopping process on a manufacturer website, 39% move on to the retail site, again with nearly half purchasing at the retail site. Thirty four percent visit either a search engine or a physical store after visiting the retail site.

Figure 4: Places Purchased



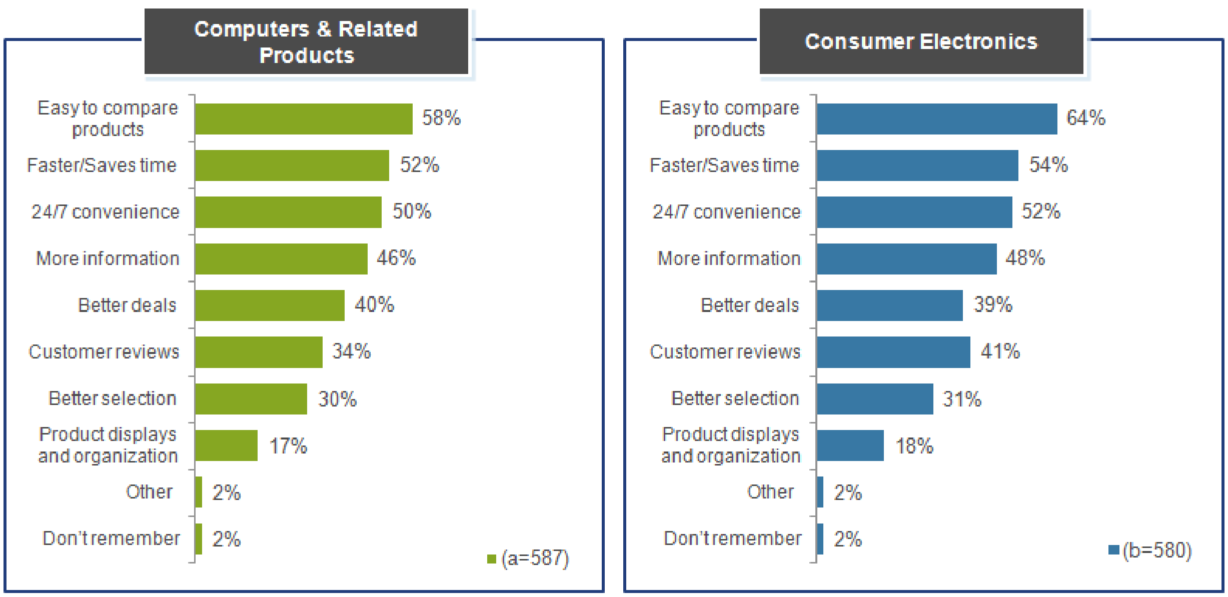
Where did you most recently buy your (category) products? Base= Researched, browsed or purchased (category)

Retail sites and search engines are consistently the first or second stop in the shopping continuum with the end purchase location being split fairly evenly between the online and offline retail channel. While the process starts online, both groups demonstrate a propensity to convert in-store (47%) (see **Figure 4**).

Key Findings: Online Versus Offline

With more of the shopping process beginning online, it is interesting to note that shoppers nonetheless want to see, touch and interact with the products in a physical store prior to purchase (see **Figure 6**). The online channel is being leveraged for ease of comparison (61%), breadth of information (47%) and convenience (51%), while physical stores provide the tactile in-person experience (62%) (see **Figure 5**).   *Customer reviews* emerge as a greater driver of online shopping among CE compared to computer shoppers.

Figure 5: Online Shopping Reasons



What were your reasons for researching/browsing online? Base= Researched, browsed or purchased (category)

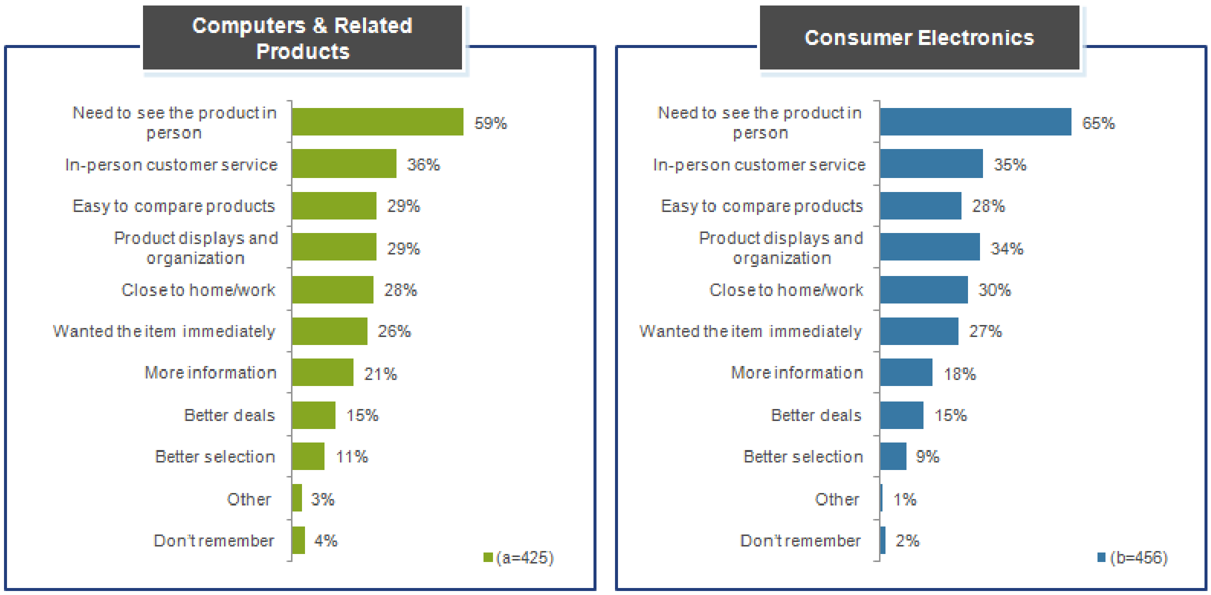
Buyers are very specific on when and why they shop at the various locations and state that they would not own their product if they had not done the online research first:

"I would not make a purchase over $100 without going online and making and informed decision first, just the nature of the beast nowadays. ***We have so much information at our fingertips, why not use it?"***

"Most electronic items are fairly expensive and there are a lot of choices out there. I always ***check things out online before purchasing****."*

"I would have to ***look online first*** *because I believe that's how you get the best deal."*

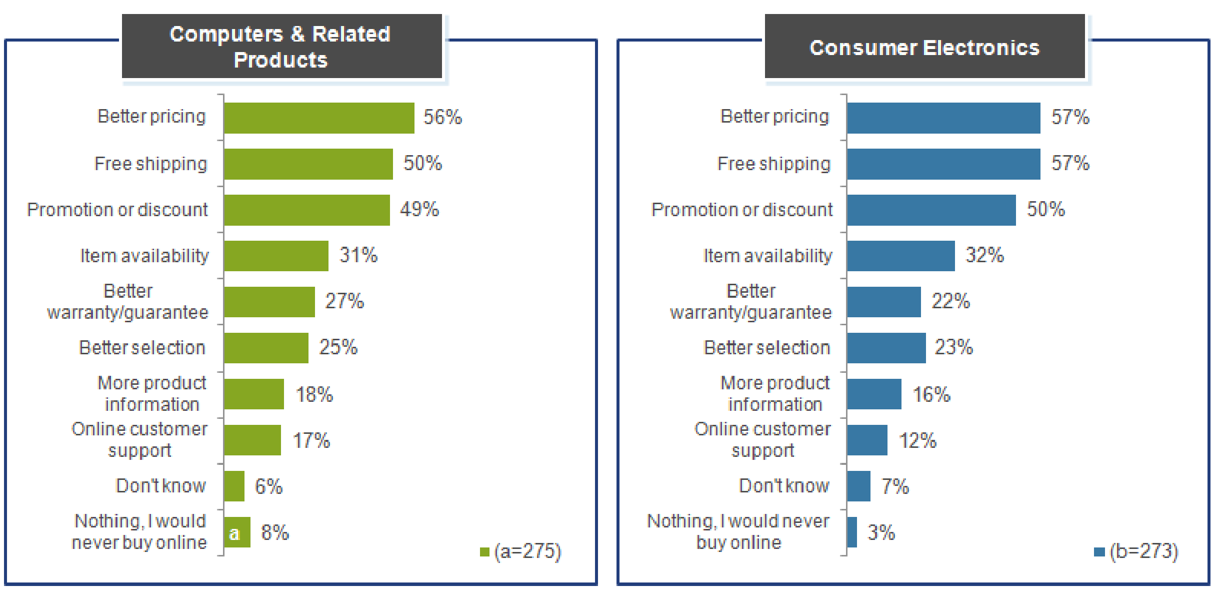
Figure 6: Offline Shopping Reasons



What were your reasons for researching/browsing in physical retail stores? Base= Researched or browsed for (category) offline

Of those shoppers who purchase offline, pricing, free shipping and promotion/discounts are the motivators that might convince them to purchase online instead (see **Figure 7**).

Figure 7: Barriers to Online Purchase



You mentioned buying your (category) from a physical retail store. What if anything, would have prompted you to make your purchases online instead? Base= recently bought (category) at physical retail stores

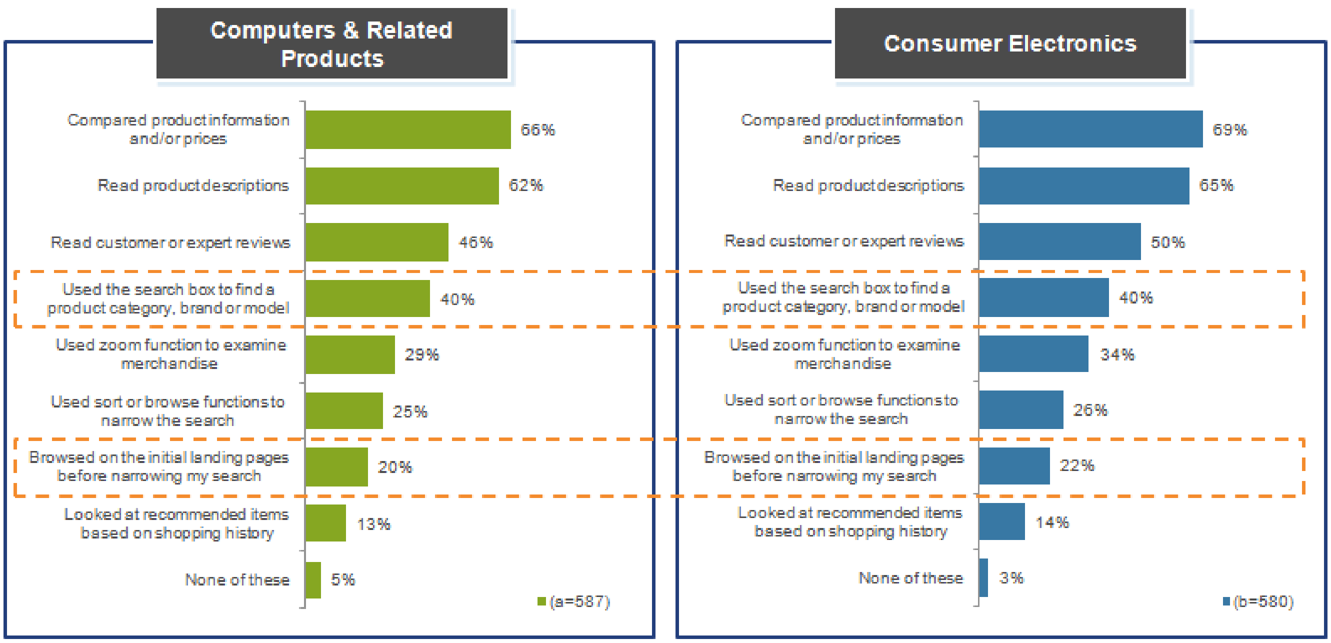
Key Findings: Site Search Position

The study participants were asked a series of questions about their impressions of various retail sites. The findings drawn about retail sites from their responses are clear:

- Pop-ups or advertising should not be displayed
- Pricing and product information should be clearly listed
- Product comparison tools should be provided

Figure 8: Site Search & Shopping Behavior

Twice as many shoppers use the search box feature as browse the initial landing pages.



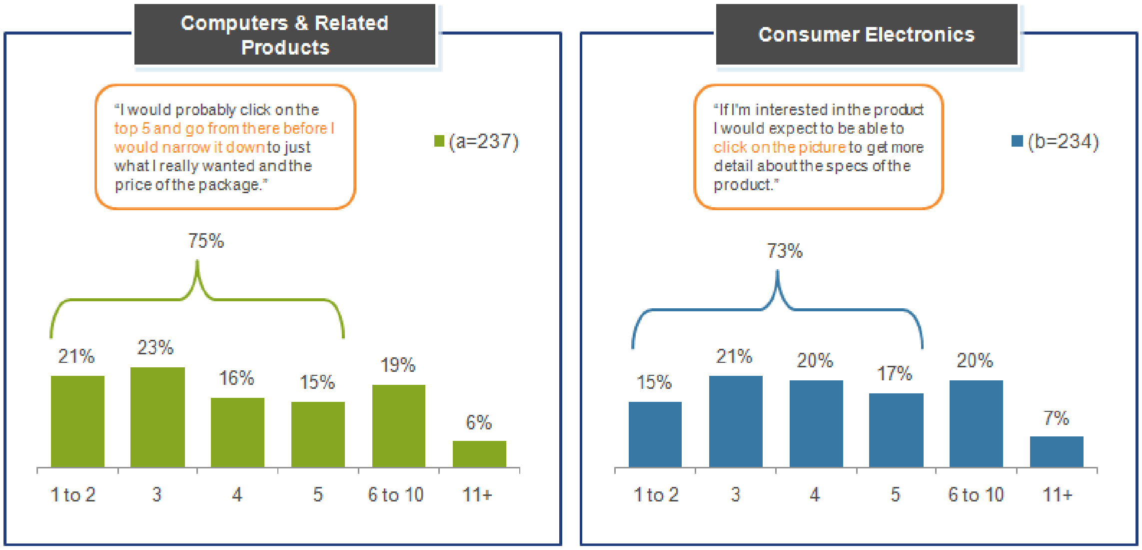
Earlier you mentioned researching or browsing retail websites for (category). Which of the following activities did you engage in while visiting these retail websites? Base= Researched, browsed or purchased (category)

In line with previous citation of price as a key factor, comparing product information and price is the most frequent activity. Shoppers are twice as likely to use the site search box to find additional product category, brand or model information as to browse the initial landing page (see **Figure 8**).

One of the key goals of this research is to track how shoppers are using retail websites with an eye toward defining premium position within the site search results and its relative value. In both the qualitative and quantitative phases of this study, shoppers identified their penchant for clicking on the first results page. Ninety-four percent of the shoppers click between 1 and ten products (see **Figure 9**), and from there, they look for price, key product features and preferred brands as key differentiators.

Figure 9: Number of Clicks

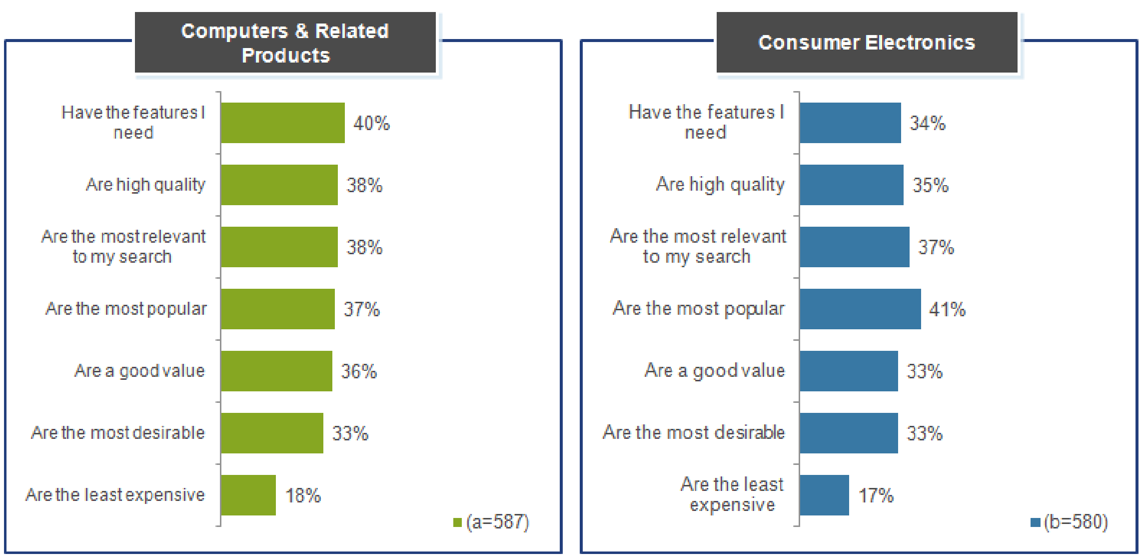
After using the search box, the majority of shoppers click on items within the first page of results.



Thinking about when you used the search box on retail websites, how many items did you typically click on after the first search results were shown = Base = Used search box on retail websites to fined (category)

Products appearing in the top section of site search results, or within the first 10 – 15 results after using the site search box carry additional weight for shoppers. Those products were identified by shoppers as best meeting their needs, being of highest quality, and being those that are most relevant to their search (see **Figure 10**).

Figure 10: Perceptions of the Top Section of the Site Search Page



Based on your experience doing search on retail websites, please indicate how strongly you agree or disagree with the following statements about the products listed within the top section of your initial results page. Base= Researched, browsed or purchased (category)

Conclusions

- The majority of retail purchases takes longer than a week from the start of the research to the final purchase and involves 4.1 different shopping resources.
- While two-thirds of shoppers begin the shopping process online; nearly half purchase offline.
- The specific shopping steps – and the order of those steps – used by shoppers vary, but retail websites and search engines are utilized as the first or second step in the shopping process more than any other resources.
- Retail websites are used as a source of price and brand options, promotions and sales.
- Search engines are employed for customer and expert reviews, price, and recommendations.
- Online shopping provides ease of comparison, information and convenience, while offline is used for the tactile in-store experience.
- Two-thirds of shoppers compare product/price information and/or read product descriptions on retail websites.
- Twice as many shoppers use the site search box/functionality as use browsing functionality.
- After using the site search box 94% click on between one and 10 product listings.
- Shoppers identify the top listings within the site search results with best meeting their needs, quality and relevance.

Implications & Recommendations for Marketers

Shopping Continuum Length

With most retail shopping cycles taking more than a week and over 4 shopping resources to generate a purchase, marketers have significant opportunities to impact the purchase decision. Those retailers who rely solely on processes in place to generate a first visit to their website or a first visit to their store, will be at a disadvantage to those who have a process in place to drive repeat visits to their online and offline shopping resources.

Marketers are advised to develop, test and implement mechanisms to drive shoppers who may have yet to make a purchase back to the retail website or to the physical store so they are not lured away by the marketing messaging of other retailers or product manufacturers. Display ad re-messaging, limited-time electronic couponing, email marketing, and even telemarketing are all real-time techniques that can be utilized to reengage shoppers who have visited the retailer's site at some point in the shopping process, but for some reason have yet to make a purchase.

Research Online – Buy Offline

With two-thirds of retail shoppers beginning their process online, and half still making their purchases in a physical store, online and offline marketers are most assuredly under-valuing the contribution of channels such as search engines, or overlooking the opportunity represented by site search on retail websites in particular to the volume of sales taking place in-store. The amount of human and capital resources being devoted to driving the performance of these online channels may not be based on the totality of their contribution to the bottom line, but solely on the revenue that is being generated through online purchases. As a result, many online and offline marketers are leaving significant revenue on the table – revenue that could be maximized by obtaining a better understanding of online marketing's contribution to offline sales, and a realignment of online budgets to reflect that actual contribution.

Retailers should create, test and implement processes for identifying the contribution of their online channels to in-store purchases. Whether it is through electronic couponing, point-of-sale surveys, post-sales surveys, product registration, special offers, discount codes, or any number of creative ways to connect online research with an eventual offline sales, implementation of such programs can shed significant light on the relative impact of online channels. Those channels are likely under-valued and under-funded – and deeper analysis will enable marketing organizations to optimize specific channel budgets within the overall marketing mix.

Advertising Offline – Driving Traffic Online

It should be noted that many Internet retailers, particularly those within the consumer electronics and computer products space, have significant offline marketing budgets – not to mention local brick and mortar locations – that have helped build their brands into household names, and which help drive significant numbers of prospective customers to research, and often buy, their products online every day. So it is not surprising that this study found that the two most frequent first and second stops for shoppers who are in the market for consumer electronics or computer products are the retailer's website or a search engine. As such, the importance of the performance of these two channels in driving shoppers toward a purchase action cannot be overstated.

Marketers are advised to ensure that the messaging (keywords) used in their offline marketing and advertising is echoed in the optimized content of their website – particularly their own brand name, taglines, and content from any special promotions; as well as the brands, makes and models of the products they sell – and that these keywords are targeted through their search marketing campaigns. By doing this, marketers will ensure that shoppers who are driven to perform searches will find the products they are seeking on the retailer's website and not on the website of another retailer or a product manufacturer. Utilizing compelling calls to action regarding price, convenience and product quality within the content of the search results can increase the likelihood of generating a click to the website of the retail brand that already has some "top of mind" advantage.

Use of Site Search Versus Browsing

With twice as many shoppers using retailers' site search rather than browsing the initial landing page for the products they seek, online marketers may at times be forcing shoppers to take more steps to achieve the intent of their website visit than necessary or desirable. This is particularly true if the shopper is arriving from a search engine where a search was launched for a particular make, model, or brand – and yet, the landing page to which the shopper is delivered on the retail website does not provide product information at that degree of specificity. And it goes without saying that with online marketing, the more steps or clicks required of a shopper to achieve their desired goal – the less likely that goal (purchase) will be achieved.

Marketers are advised to either carefully craft landing pages, or use their content management systems to dynamically build and serve landing pages, that provide the most relevant and specific group of products that can be discerned by the nature of the keyword search. If a particular brand is sought, deliver the shopper a page containing that brand. If a particular model is sought, deliver a landing page that contains that model. Despite the power of site search for delivering relevant results, there will still be a percentage of shoppers that will never take the additional step of performing a site search because of the failure of the search that lead them to the retailer site to deliver a relevant landing page.

Another method of keeping shoppers engaged, in addition to delivering accurate and informative landing pages, is to present them with the most relevant results on the first page of site search results. With the majority of shoppers clicking between one and 10 products from the first page, search position becomes more important as marketers look to engage the most active buyers and leverage their perception that products on the first page are most relevant. Much like the in-store merchandising practice of securing shelf space at eye-level or on an end-cap display, marketers should strive to obtain first page, ideally in the top section in site search. The better the position, the better the results.

Barriers to Online Purchasing

With "pricing factors" being the most frequent obstacles to making purchases online – and with the ability to see, touch, and feel the product being the more frequent reason that shoppers buy offline – marketers and product merchandisers are faced with a number of decisions. Despite low profit margins on many retail product categories, one can assume that the cost per transaction (including shipping) of an online purchase is lower than the cost of an in-store transaction, and that decreasing online pricing to match or beat on-store pricing would still generate sufficient profit. There may be retailers who truly recognize the power of their websites to drive in-store purchases and/or may have performed cost-benefit analyses of their customers' practice of researching online and purchasing offline – and found that profits are best served by using their websites to drive in-store traffic. The other factors at play here involve the ability of the retail website to provide the shopper with all the information and all the tools necessary to feel comfortable making a product selection decision – and then completing a purchase transaction – online. So with "convenience" being the most frequent reason for buying online, and the possibility that pricing barriers cannot be lifted, marketers may need to decide which additional barriers to remove to ensure that the online channel reaches a tipping point where convenience outweighs price.

Retailers are advised to consider, test and potentially offer more competitive pricing for online purchases of the same products that can be bought in- store, free shipping to remove it as an additional cost barrier, a "buy-online-pick-up-in-store" option, or other financial incentives to buy online. Performing scientifically viable testing of these options and measuring the impact on profit should help validate which might be appropriate for wide-spread implementation. But in addition to pricing, marketers and merchandisers are advised to maximize the amount and clarity of product information that is provided online. From including multiple product videos or images (with enlargement options) to highly detailed and clear product descriptions, to thorough and easy-to-use product comparison tools, to user reviews and expert product ratings – any enhancements that help answer the "tough questions" that shoppers may typically seek to have answered in-store – would all help tip the scales toward the online purchase.

Premium Placement

Premium placement is defined as those areas where the shopper looks first, in this case, the first page of site search results. Shoppers perceive those premium positions as best meeting their needs, offering high quality and being most relevant to their search. This result is consistent with previous research by Jupiter Research (now part of Forrester Research) that shows 70% of shoppers click on at least one of the top 10 products in a site search listing. As such, marketers and merchandisers should fully capitalize on that perception.

Retailers can control all of the elements, or relevancy factors, that designate how each site search or browse result is resolved, and it's often a complex algorithm of margin, price, inventory, popularity or velocity. Defining and refining that algorithm will deliver the most relevant results that will keep shoppers engaged on your site. Previous research performed by iProspect, netted a similar result on the search engines – nearly 40% of Internet users believe the companies appearing at the top of the search results are the leading brands in their respective industry categories. So in this regard, users' perceptions of site search results are very much in line with their perceptions of search engine results. Retail marketers and merchandisers are advised to tweak each lever within their site search platform to test various combinations of relevancy factors and criteria that determine the sort order of their search results.

It's as if you've been handed the mysterious search engine algorithm and can modify it as you like. But, as with the search engines, the relevancy of site search to the shopper's query is paramount, as it is still the most important criteria in meeting users' needs. Retail marketers and merchandisers should take great care to maintain the high degree of relevancy of the top 3-5 products on the site search results page, while other criteria used to maximize profits, reduce inventory, or achieve manufacturer incentives be worked into the mix of site search results.

Search Engines and Retail Websites: The One-Two Punch

This study confirms that search engines and retail websites are the first or second stop in over half of the shopping processes evaluated. Search engines are the most frequent driver of traffic to retail websites, as well as to manufacturer websites and are the most frequently used tool for finding customer reviews, expert reviews/ratings, and third party product recommendations. Search engines also serve a mission critical role at a macro level that site search performs at a micro level – to return the search results that are most relevant to the shopper's intent, and to display information within the content of the search listing that reflects not only relevancy, but also compels the shopper to click and seek more information. Not to overstate its importance, but this relevancy can easily be the difference between not only online sales success or failure, but in-store success or failure as well.

Retail marketers are advised to work diligently to ensure that their websites appear in the organic and paid search results for all the specific brands, makes, models, features and functionalities associated with the products they sell. Search marketers should craft landing pages to meet the degree of specificity about brands, makes, models, features and functionalities used in the shopper's search. Previous iProspect research found that 67% of searchers performed a search as a result of exposure to some form of offline marketing. So search marketers should also be sure that they coordinate their efforts with those of their demand-generation channels (TV, radio, print, direct mail, email, online display, etc.) so shoppers who are driven to search on a keyword found within the messaging of those channels will find their website and not those of their competitors.

Finally, marketers must remember the first rule of search marketing – that "content is king." As stated in the *Barriers to Online Purchasing* section earlier, including multiple and enlargeable product images or videos, to highly detailed and clear product descriptions, to thorough and easy-to-use product comparison tools, to user reviews and expert product ratings – any enhancements to website content will help the website rank highly in the search results, help answer the "tough questions" that shoppers seek to have answered prior to making a purchase, maximize the time spent on their website, and maximize the likelihood that the online shopper will buy – be it online or offline.

While search engines are a key driver to retail websites, the key for retailers and product marketers is to ensure continued engagement by active shoppers. For retail marketers, providing detailed product pages, clear price, feature and function details, and providing the most relevant results on the first page of search results will yield optimal results. Shoppers prefer to see minimal advertising or pop-ups during these initial searches, looking only for the most relevant results. For product marketers, the implications are equally clear: engaging active shoppers is contingent on securing premium placement within that first page or top section. Innovative solutions that make this never-before-available real estate open to them can be integral to a successful channel relationship.

About comScore

comScore, Inc. (NASDAQ: SCOR) is a global leader in measuring the digital world and preferred source of digital marketing intelligence. comScore helps its clients better understand, leverage and profit from the rapidly evolving digital marketing landscape by providing solutions in the measurement and evaluation of online audiences, advertising effectiveness, social media, search, video, mobile, e-commerce , and a broad variety of other emerging forms of digital behavior. comScore's capabilities are based on a global panel of approximately 2 million Internet users who have given comScore explicit permission to confidentially capture their browsing and purchase behavior. These data can also be combined with census-level Web site or telecom carrier data to provide the most comprehensive and unified measurement of digital activity. comScore's recent acquisition of ARSgroup adds one of the industry's most validated measurement of the persuasive power of advertising in TV and multi-media campaigns. comScore services are used by more than 1,300 clients around the world. For more information, please visit www.comScore.com.

About Searchandise Commerce

Searchandise Commerce provides the first online media network for product manufacturers and their retail channel partners. The company offers an innovative service combining paid online search tactics with in-store merchandising practices for ecommerce. CommerceNet, the company's network of retail and comparison shopping sites, offers manufacturers the opportunity to use CPC bids to heighten their position within search results and product listings across the network, and provides retailers the opportunity to merchandise and monetize their online retail efforts through HitList. At both ends of the spectrum, Searchandise Commerce's services are designed to engage prospects at the point of purchase to increase revenue and sales. For more information on the company and its services, please visit us online at searchandise.net or call 978.712.4554.

About iProspect

iProspect is the Original Search Engine Marketing Firm. The company helps many of the world's most successful brands maximize their online marketing ROI through natural search engine optimization, paid search advertising management, online display advertising management, shopping feed management, global search engine marketing, Web analytics/attribution modeling, reputation management, and other related services. By dramatically increasing business results for clients, iProspect helps to create search marketing heroes every day.

With U.S. offices in Boston, San Francisco, Chicago and Dallas-Ft. Worth, as well as global search engine marketing offices, iProspect can be contacted at 1-800-522-1152, interest@iprospect.com, or by visiting www.iprospect.com.

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