HOW AMERICA SEARCHES: ONLINE RETAIL

SURVEY CONDUCTED BY OPINION RESEARCH CORPORATION

REPORT WRITTEN BY ICROSSING

SEPTEMBER 2007

KEY FINDINGS

- **American consumers shopping online now more than ever:** 39% of online adults reported making a purchase online at least monthly, versus 30% two years ago
- **Social media increasingly relevant to online retailing:** 42% of all consumers consider information about brands and products on sites like Wikipedia to be extremely or very influential on their online purchase decisions, while blog posts, videos on YouTube and brand profiles on social networking sites carry significant weight with 18-to-44 year old shoppers
- **Customer reviews grow in importance:** Use of customer product reviews and evaluations to research online purchases jumped from 40% in 2005 to 49% in 2007; 41% of all online shoppers say they always or often consult consumer reviews before making a purchase decision, and 70% cite them as extremely or very important factors in their decision-making process
- **More shoppers turning to emerging online research tools:** Shopping comparison sites, online image search and blogs now capture a larger share of shoppers during the research phase of the purchase process, with the percentage of those consulting blogs more than doubling in the past two years
- **Search engines get new use:** 65% of online shoppers conduct product research using search engines and the percentage of those searching around actual purchasing – finding on- and offline retailers – rose significantly between 2005 and 2007; they also are the go-to source for shoppers looking for social media content, with Google preferred over Yahoo! by a two-to-one margin
- **Mid-range spenders on the rise:** Although the overall percentage of consumers making purchases online has held steady over the past two years, more people are buying between $501 and $1,000 worth of goods per year, while fewer people are spending less than $100 per year
- **Amazon.com and AOL Shopping lead in search visibility, but where's eBay?:** Amazon.com and AOL Shopping lead in natural and paid search, respectively, for the tested retail-specific keyword set, but eBay, while securing the number 10 spot in natural search, is absent in paid search for broad gift-based and retail terms
- **Major retailers still missing out on search synergy opportunities:** Several large retailers, including Tiffany.com and Target.com, rank in paid search for the tested retail-specific keyword set, but miss out on additional opportunities to connect with interested customers by failing to achieve visibility in natural search for these terms

INTRODUCTION

In August 2005, iCrossing commissioned a survey of U.S. adults to learn about their online shopping habits and specifically the role search played at various stages of the buying process. The study showed shopping online to be a pervasive activity among online adults, with search vital at all stages of the buying process, from conducting product research, to finding a Web site or offline location from which to complete their purchase.

With consumers using a variety of channels, including search engines, to satisfy their product-related research needs, another in-depth look at attitudes and behaviors with respect to online shopping was merited. Accordingly, iCrossing commissioned Opinion Research Corporation (ORC) to conduct a new survey of U.S. adults (ages 18 and above) in August 2007, concentrating on the channels and Web sites they prefer to use to obtain product-related information, the factors driving them to use search engines, and the types of information about products and services for which they are looking.

In addition, iCrossing conducted its own research using data from AdGooroo to find out how visible leading advertisers are when it comes to both natural and paid search. The visibility findings yielded some surprising results: within a tough competitive set, a few major sites were absent while a number of smaller sites were present.

Overall, the research demonstrates that in the past two years, online shopping has become more ingrained with Web-enabled consumers. And while search engines have retained their evergreen popularity as a research tool, social media sites have grown in importance as places where consumers gravitate to obtain information about the products and services they are interested in buying. In particular, for shoppers ages 18 to 44, a range of social media – including blogs, customer reviews, Wikipedia-like online resources, brand and product profiles on social networking sites like MySpace and videos on video-sharing sites like YouTube – have become influential factors in their online purchase decisions.

ONLINE SHOPPING FUELED BY (RE)SEARCH

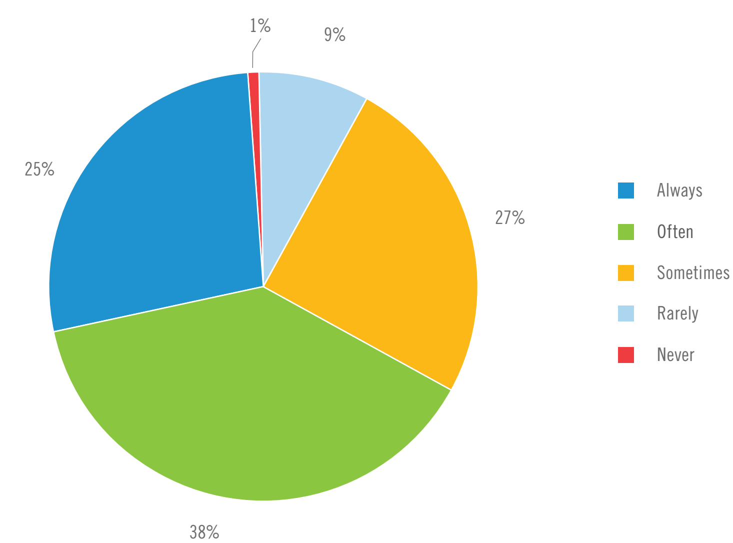
Online shoppers prefer to be well-informed: 90 percent say they conduct online research at least sometimes before completing a purchase. This is comparable to the 88 percent who said they rely on online research in 2005. Nearly two-thirds of online shoppers (63 percent) say they always or often research products and services online before making a purchasing decision, while only 10 percent say they rarely or never do so. The likelihood to carry out online research is highest among those who are younger (particularly those between the ages of 18 and 44), more affluent (those with annual household incomes greater than $75,000) and better educated. Similarly, the incidence of researching online is considerably higher among more frequent shoppers (those making a purchase at least monthly) and bigger spenders (those who bought upwards of $500 worth of goods in the last 12 months).

FREQUENCY OF RESEARCHING PRODUCTS AND SERVICES ONLINE BEFORE MAKING A PURCHASE DECISION, 2007

How frequently do you research products and services online before making a purchase decision? Please select one answer.

Base: Respondents who make purchases online (n=988)

Source: iCrossing



Online shoppers have grown somewhat likelier to conduct online research before making any purchase, with 45 percent now saying they do online research versus 37 percent in the 2005 study. Price sensitivity also remains an important factor that goes into the purchase process, with shoppers actively searching for both general and best price information, as well as data to guide their purchase of expensive products and services.

Interestingly, while conducting general online research earned the highest always/often scores from surveyed consumers, more specific research actions figure much less prominently in their purchase decision process. Online buyers appear more prone to sometimes (rather than always or often) search for consumer-generated and expert product reviews, warranty information and more detailed background about the manufacturer of the product under consideration. As with other factors, wealthier shoppers are more likely than others to seek out these types of more specific information. For customer and expert reviews and product evaluations, the same holds true among shoppers in the 18-to-34 age ranges, again demonstrating the importance of social media and user-generated content to younger consumers.

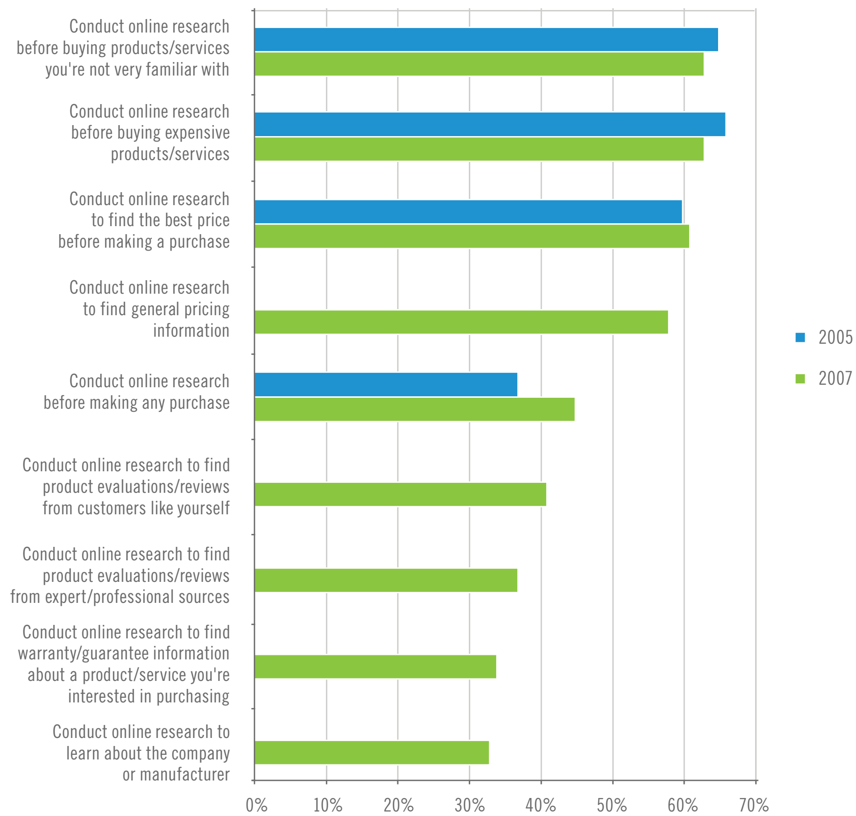
Likewise, prospective buyers of products in most categories (with the notable exception of books, DVDs and music, and clothing and apparel) also appear more likely than average to search for reviews, warranty information and more details about manufacturers. It should come as little surprise that those entertaining the purchase of higher consideration items such as automobiles would be more interested in reviews and warranty information than consumers planning on buying a book or CD.

FREQUENCY OF ALWAYS/OFTEN CONDUCTING ONLINE RESEARCH BEFORE MAKING A PURCHASE DECISION, 2005 AND 2007

How often do you do each of the following? Please select one answer for each.

Base: Respondents who have researched products and services online before making a purchase decision (2005 – n=1,893; 2007 – n=976)

Source: iCrossing



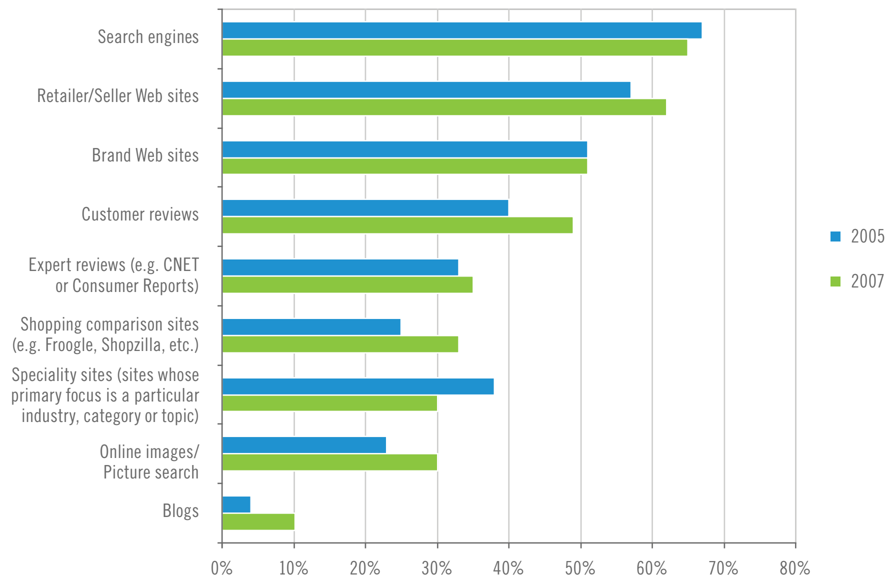
Among the varied range of online research tools available to consumers, search engines continue to be the service of choice for in-market shoppers, followed closely by retailer and seller Web sites. The biggest and most notable changes in the past two years, however, can be seen in the significant increase in use of customer reviews, shopping comparison sites, online image search and blogs, as well as a considerable drop in the use of industry-, category- or product-specific sites. The use of more and varied types of online resources speaks to the growing sophistication of the online population on the one hand, and the growing degree to which consumers are seeking out and listening to opinions of fellow shoppers. In this context, the fact that only 10 percent of shoppers go to blogs is outweighed by the fact that this is more than double the 4 percent of shoppers who consulted blogs in 2005.

ONLINE TOOLS AND SERVICES USED WHEN CONDUCTING RESEARCH BEFORE MAKING A PURCHASE, 2005 AND 2007

Which of the following types of online tools and services, if any, do you usually use when you conduct research before making a purchase? Please select all that apply.

Base: Respondents who have researched products and services online before making a purchase decision (2005 – n=1,893; 2007 – n=976)

Source: iCrossing



Search engines attract approximately the same percentage of consumers who do product research online, regardless of demographic category. Adults 55 years and older are as likely to seek out expert advice as they are customer reviews, while younger adults are more likely to read customer reviews rather than expert reviews. Generally, those who are younger, more affluent and better educated access more types of sites when researching a purchase. As might be expected, blog usage is considerably higher among consumers ages 18 to 34 than it is with older shoppers. Brand sites, by contrast, appear to hold sway among older users, particularly those ages 55 to 64.

ONLINE TOOLS AND SERVICES USED TO CONDUCT RESEARCH BEFORE MAKING A PURCHASE, BY GENDER, AGE AND INCOME, 2007

Which of the following types of online tools and services, if any, do you usually use when you conduct research before making a purchase? Please select all that apply.

Base: Respondents who have researched products and services online before making a purchase decision (n=976)

Source: iCrossing

	Search engines	Retailer/ Seller sites	Brand sites	Customer reviews	Expert reviews	Shopping comparison sites	Specialty sites	Online image/ Picture search	Blogs
Male	68%	58%	50%	47%	40%	32%	30%	28%	13%
Female	63%	66%	51%	50%	31%	33%	30%	32%	8%
18-24	71%	51%	42%	57%	35%	38%	24%	39%	18%
25-34	69%	65%	55%	61%	46%	44%	43%	39%	23%
35-44	60%	59%	45%	57%	31%	30%	28%	24%	11%
45-54	67%	64%	53%	43%	33%	34%	26%	26%	5%
55-64	64%	69%	59%	42%	39%	28%	32%	32%	3%
65+	61%	63%	47%	31%	28%	21%	27%	20%	2%
HH income < $35K	66%	58%	47%	48%	27%	32%	31%	31%	12%
HH income $35K - $49.9K	67%	63%	54%	42%	28%	26%	27%	31%	12%
HH income $50K - $74.9K	65%	59%	55%	48%	34%	30%	25%	26%	6%
HH income $75K +	66%	69%	52%	55%	47%	41%	34%	30%	8%
High school or less	61%	58%	44%	45%	28%	24%	21%	32%	11%
College incomplete	66%	58%	49%	48%	33%	33%	30%	29%	10%
College graduate+	66%	69%	56%	51%	43%	38%	35%	29%	11%

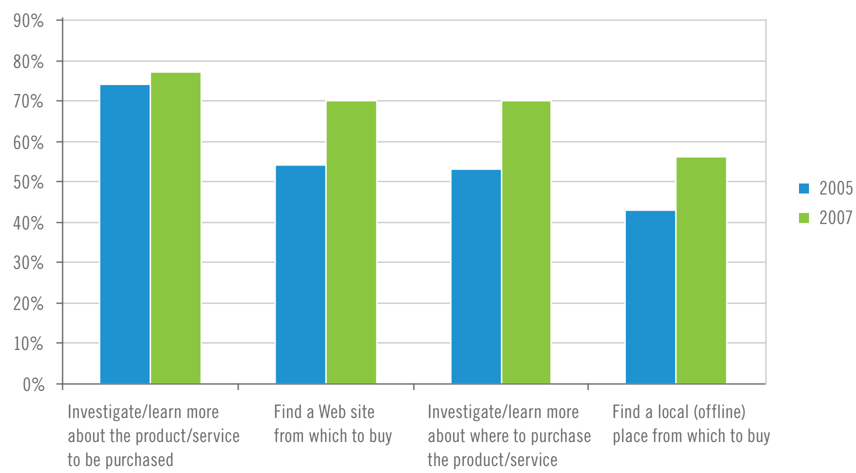
Given consumers' tendency to research before making purchases online, it is not surprising that learning more about products and services ranks as the first use of search engines. What is impressive is the significant jump in searches around actual purchasing, whether online or off, since 2005. Interest in finding an online retailer shot up from 54 percent to 70 percent, while searches for offline stores where the purchase process could be completed rose from 43 percent to 56 percent. Interestingly, while consumers ages 35 to 54 are the most avid about using search engines to find online retailers, searches for offline stores are most intensive among shoppers at opposite ends of the age spectrum, with 58 percent of 18 to 34 year olds and 62 percent of those over the age of 55 citing this as a typical shopping-related activity.

USE OF SEARCH ENGINES FOR SHOPPING ACTIVITIES, 2005 AND 2007

For which of the following shopping activities, if any, do you typically use search engines?
Please select all that apply.

Base: Respondents who use search engines to research products and services online before making a purchase (2005 – n=1,302; 2007 – n=637)

Source: iCrossing



SOCIAL MEDIA EMERGE AS INFLUENCES ON PURCHASE INTENT

Research plays an important role in the purchase process, but consumers also point to a range of other factors that influence their interest in making online purchases. As might be expected, previous experience with a company's products or with an online retailer topped the list, but customer reviews followed behind prior experience, suggesting the continued importance of the human factor in the purchasing cycle on the one hand and the rising influence of social media and consumer-generated content on the other. Expert reviews from online sources such as Consumer Reports and word of mouth garnered slightly lower overall scores, but expert reviews ranked equal to customer reviews among those citing this factor as "extremely important," while word of mouth followed closely behind.

FACTORS INFLUENCING ONLINE PURCHASING RATED AS EXTREMELY/VERY IMPORTANT, 2007

If you had to determine what factors contribute to your interest in making a purchase online, how important would each of the following factors be to you? Please select one answer for each.

Base: Base: All respondents (n=1,094)

Source: iCrossing

	Extremely/Very Important (Total)	Extremely Important	Very Important
Previous experience with products/services from same company	85%	35%	50%
Previous experience with company selling product/service online (e.g. online retailer)	79%	33%	46%
Customer reviews	70%	23%	47%
Customer/Brand's Web site	67%	19%	48%
Expert reviews (e.g. CINet or Consumer Reports)	66%	23%	43%
Word of mouth	64%	20%	44%
Retail Web site (e.g. Amazon.com)	64%	16%	48%
Coupons	54%	17%	37%
Location of product in search engine results	50%	15%	35%
Location of company/brand in search engine results	49%	14%	35%
Offline media (TV/radio/newspapers/magazines)	46%	11%	35%
Information about brand or product/service on site like Wikipedia	42%	10%	32%
Videos about brand or product/service on sites like YouTube	27%	7%	20%
Blog posts about brand or product/service	25%	7%	18%
Brand or product/service profile on social network sites like MySpace, Facebook, etc.	23%	7%	16%

The sphere of influence grows more complex when looking at factors cited by consumers in specific age segments. Social media and consumer-generated content, in the form of reviews, blog posts and videos about a brand or a product, brand or product profiles on social networking sites and information in Wikipedia (or Wikipedia-like) encyclopedia entries, are more influential among younger consumers (specifically those ages 18 to 44).

Search engines re-emerge here as the information source of choice for finding social media content (with Google preferred over Yahoo! by a margin of two to one), followed by shopping sites (with Amazon the most frequently cited and eBay a distant second) and consumer review sites like C|Net. YouTube, Wikipedia and social network sites like MySpace landed at the bottom of the pack, but tend to be significantly more popular resources for 18 to 24 year olds.

FACTORS INFLUENCING ONLINE PURCHASING RATED AS EXTREMELY/VERY IMPORTANT, BY AGE, 2007

If you had to determine what factors contribute to your interest in making a purchase online, how important would each of the following factors be to you? Please select one answer for each.

Base: Base: All respondents (n=1,094)

Source: iCrossing

	Total	18-24	25-34	35-44	45-54	55-64	65+
Previous experience with products/services from same company	85%	85%	86%	83%	84%	88%	82%
Previous experience with company selling product/service online (e.g. online retailer)	79%	75%	85%	79%	79%	84%	75%
Customer reviews	70%	79%	77%	76%	73%	64%	51%
Customer/Brand's Web site	67%	57%	69%	69%	70%	67%	65%
Expert reviews (e.g. CINet or Consumer Reports)	66%	71%	69%	67%	66%	66%	59%
Word of mouth	64%	71%	78%	72%	57%	52%	50%
Retail Web site (e.g. Amazon.com)	64%	63%	68%	68%	63%	62%	56%
Coupons	54%	56%	57%	59%	54%	53%	45%
Location of product in search engine results	50%	52%	49%	50%	50%	51%	48%
Location of company/brand in search engine results	49%	56%	53%	47%	48%	49%	42%
Offline media (TV/radio/newspapers/magazines)	46%	51%	53%	48%	43%	40%	40%
Information about brand or product/service on site like Wikipedia	42%	49%	52%	45%	40%	35%	30%
Videos about brand or product/service on sites like YouTube	27%	37%	39%	29%	21%	17%	19%
Blog posts about brand or product/service	25%	32%	35%	31%	20%	18%	12%
Brand or product/service profile on social network sites like MySpace, Facebook, etc.	23%	37%	35%	23%	16%	17%	14%

When asked about the most important factor influencing their online purchasing decisions, 30 percent of consumers cited previous experience with products or services from the same company, topping customer reviews (selected by 17 percent). Previous experience is most important to older adults, while customer reviews and word of mouth tend to be more important to younger shoppers.

SHOPPING FREQUENCY HOLDS STEADY

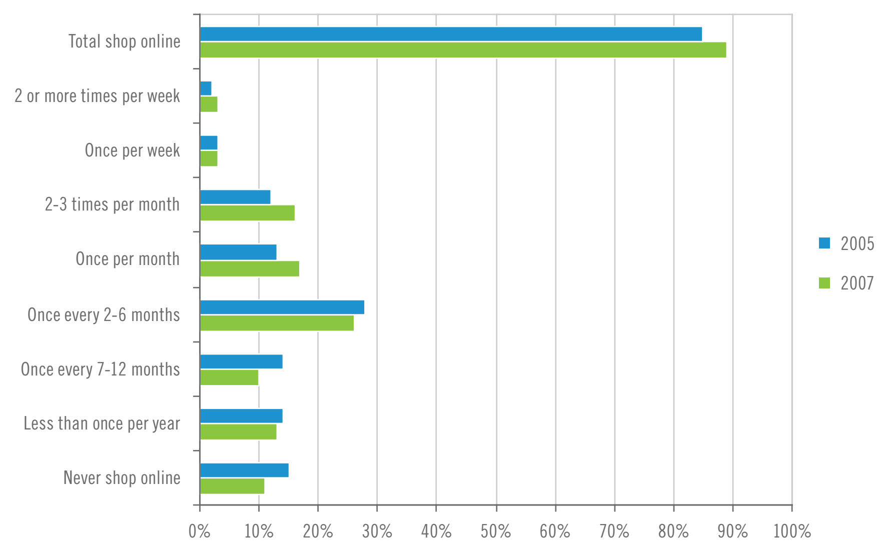
Relative to 2005, the percentage of adults shopping online has stayed consistent. What has changed is that a larger number of consumers are shopping with greater frequency. In 2007, 39 percent of online adults reported making a purchase online at least monthly, versus 30 percent two years ago, providing strong evidence that shopping online has become a more ingrained activity among American consumers.

Men out-shop women on a weekly basis – 58 percent to 42 percent – although beyond weekly shopping, men and women make online purchases with nearly equal frequency. On an age basis, consumers in the 25 to 34, 35 to 44, 45 to 54, and 55 to 64 age ranges are the most frequent online purchasers, with nearly half of those groups purchasing online at least once a month. Seniors and, somewhat surprisingly, 18 to 24 year olds, purchase less frequently. However, as might be expected, consumers living in households earning more than $75,000 per year purchase on a weekly and monthly basis with far greater than average frequency. In fact, those making a purchase on a weekly basis have an average household income that is 70 percent higher than the average household earnings of those buying less than once a year.

ONLINE PURCHASE FREQUENCY, 2005 AND 2007

How often do you generally make a purchase online? Please select one answer.

Base: All respondents (2005 – n=2,154; 2007 – n=1,094)
Source: iCrossing



BOOKS, MOVIES AND MUSIC RETAIN EVERGREEN POPULARITY

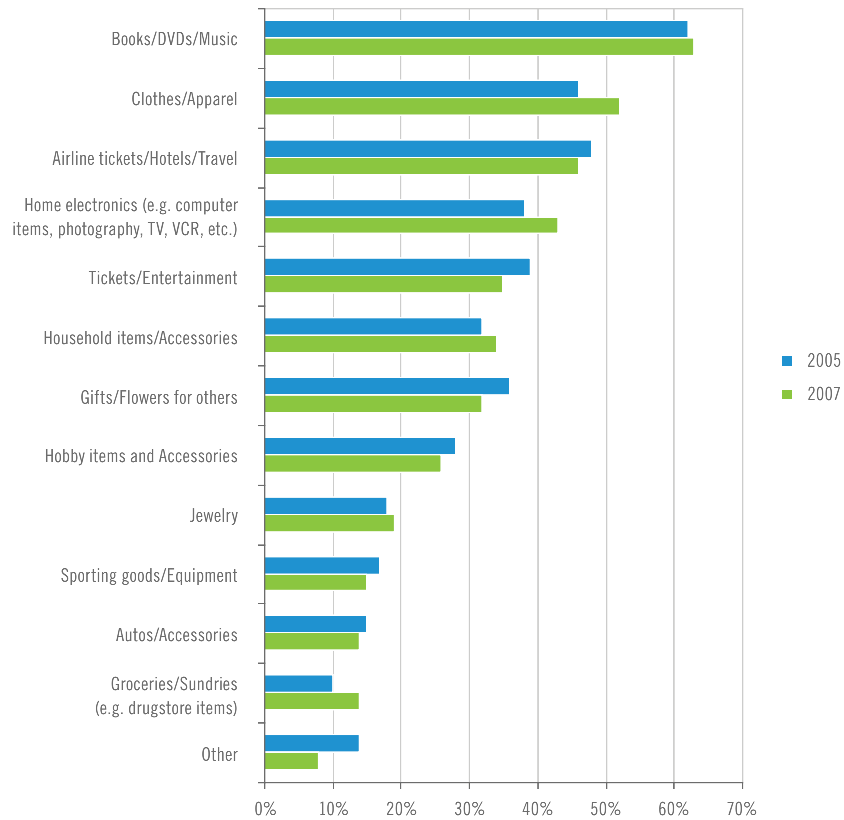
Books, movies and music remain the perennial favorites of online shoppers, regardless of age, gender or income. In the past two years, clothing, home electronics and groceries have grown in popularity, while tickets, and gifts/flowers have declined. Fluctuations in other categories have been minor.

TYPES OF PRODUCTS AND SERVICES PURCHASED ONLINE, 2005 AND 2007

What types of products or services have you ever purchased online? Please select all that apply.

Base: Respondents who make purchases online (2005 – n=1,934; 2007 – n=988)

Source: iCrossing



Gender, age and annual household income all have considerable impact on the likelihood of purchasing online. The only category with no difference in purchasing by age or income is groceries, although women are more likely than men to purchase groceries online. Adults ages 25 to 34 are heavier-than-average purchasers of every category except groceries. Purchasers of all items have higher than average household incomes and they are more likely than average to be college graduates.

Surprisingly, those who purchase sporting goods and equipment and gifts/flowers for others have the highest average household incomes (around $70,000). And even though significant differences exist in how likely men and women are to purchase various categories online, substantial numbers of sporting goods purchasers are women (37 percent), while many jewelry and grocery purchasers are men (37 percent and 38 percent, respectively).

TYPES OF PRODUCTS AND SERVICES PURCHASED ONLINE, BY GENDER, AGE AND INCOME, 2007

What types of products or services have you ever purchased online? Please select all that apply.

Base: Respondents who make purchases online (n=988)

Source: iCrossing

	Books/ DVDs/ Music	Clothing/ Apparel	Gifts/ Flowers	Household items/ Accessories	Home electronics	Hobby items and accessories	Sporting goods/ Equipment	Tickets/ Entertainment	Airline tickets/ Hotels/ Travel	Jewelry	Autos/ Accessories	Groceries
Male	58%	41%	28%	30%	50%	29%	19%	33%	45%	14%	17%	11%
Female	67%	62%	37%	39%	35%	24%	10%	36%	46%	23%	11%	17%
18-24	61%	52%	28%	18%	41%	23%	14%	37%	44%	14%	12%	8%
25-34	72%	59%	41%	34%	52%	41%	20%	53%	57%	24%	21%	14%
35-44	67%	46%	35%	35%	44%	27%	17%	39%	43%	17%	12%	14%
45-54	65%	52%	31%	44%	43%	28%	15%	37%	43%	18%	18%	16%
55-64	58%	54%	31%	38%	44%	18%	11%	24%	46%	23%	8%	16%
65+	52%	48%	26%	32%	28%	16%	9%	13%	40%	17%	10%	15%
HH income < $35K	60%	44%	22%	25%	42%	21%	7%	22%	30%	14%	8%	13%
HH income $35K - $49.9K	57%	55%	23%	33%	34%	27%	14%	33%	40%	16%	14%	13%
HH income $50K - $74.9K	64%	55%	39%	39%	47%	30%	18%	41%	52%	18%	14%	16%
HH income $75K +	71%	57%	50%	47%	47%	29%	21%	46%	66%	27%	20%	16%

MID-RANGE SPENDING GROWS

The relative percentage of consumers making purchases online has held steady over the past two years, as has the share of big spenders – those spending upwards of $1,001 on goods and services. The most significant change has come in the mid-range, where the percentage of consumers spending $501 to $1,000 jumped from 16 percent in 2005 to 21 percent in 2007.

AMOUNT SPENT ONLINE IN THE PAST 12 MONTHS, 2005 AND 2007

Approximately how much did you spend in online purchases in the past 12 months? If you are not sure, please make your best estimate. Please select one answer.

Base: Respondents who make purchases online (2005 – n=1,934; 2007 – n=988)

Source: iCrossing

As before, men tend to spend more heavily than women on online purchases. Similarly, more affluent households and more frequent shoppers also tend to be bigger spenders. In terms of age, most 18 to 24 year olds spend in the $100-$1,000 range, while most seniors spend less than $500. Consumers between the ages of 25 and 64 are more likely than average to spend more than $1,000 online, although within that broad demographic, most spend less than that. In the main, those spending more than $1,000 online in a year are likely to be male, white, 46 years old, married, have better than a college degree and an annual household income of nearly $76,000.

DEMOGRAPHIC PROFILE OF ONLINE PURCHASERS BY AMOUNT SPENT ONLINE IN PAST 12 MONTHS, 2007

Approximately how much did you spend in online purchases in the past 12 months? If you are not sure, please make your best estimate. Please select one answer.

Base: Respondents who make purchases online (n=988)

Source: iCrossing

	Total	< $100	$100 - $500	$501 - $1,000	$1,001 +
Male	49%	50%	42%	52%	58%
Female	51%	50%	58%	48%	42%
Average age	44 years	46 years	44 years	42 years	46 years
Married	52%	49%	48%	57%	63%
Children under 18 at home	37%	33%	37%	42%	37%
High school or less	19%	26%	22%	13%	11%
College incomplete	45%	49%	47%	42%	34%
College graduate+	36%	25%	31%	45%	55%
Employed	57%	51%	57%	59%	76%
Average household income	$54,300	$43,200	$52,500	$62,100	$75,600
White	72%	69%	72%	72%	77%
African-American	11%	13%	10%	10%	11%
Hispanic (any ethnicity)	12%	12%	11%	13%	9%

VISIBILITY ANALYSIS SHOWS EVEN THE SMALL CAN SURVIVE

The survey questions provide insight into how and where online consumers are searching for retail products and services and the factors that influence their purchasing habits. To gain a more detailed picture of the advertisers that online shoppers actually find when they search, iCrossing analyzed AdGooroo data for a broad set of 249 retail-related keywords for a two-week period, looking specifically at advertiser visibility in paid search or natural search alone, in addition to looking at those advertisers that had visibility across both channels. (The full keyword list can be found in the appendix.)

Advertisers that achieve visibility in both natural and paid search for the same terms show the most promise, followed by those who dominate natural search alone, with those ranking only in paid search falling at the back of the pack. Several studies, including iCrossing's own "Search Synergy Report," have demonstrated repeatedly that while more searchers may click on the natural results in general, advertisers' overall click-through rates and online performance metrics increase when they are visible in both natural and paid search.

WEB SITES VISIBLE IN BOTH NATURAL AND PAID SEARCH FOR RETAIL KEYWORDS, AUGUST-SEPTEMBER 2007

Advertiser	Natural ranking	Paid ranking
amazon.com	1	22
gifts.com	2	8
findgift.com	3	11
gourmetgiftbaskets.com	4	17
redenvelope.com	9	3, 5
1800flowers.com	14	20
gifttree.com	20	15
proflowers.com	24	10
winecountrygiftbaskets.com	25	7

The list of the top 25 most visible Web sites for the tested retail keyword set contains a few surprises, including some advertisers that are highly (or not at all) visible in natural search, and some that do not appear in paid search results. Notably, some larger stores lack visibility in natural search for this core retail keyword set even though they chose to purchase these terms in paid search. These include Tiffany.com, HarryandDavid.com, Target.com, FTD.com, and Delightfuldeliveries.com. Aggressive natural search engine optimization efforts prior to the fourth quarter holiday shopping season can help to remedy these types of missed opportunities to connect with potential customers.

The set of sites visible in natural search for the core set of terms include an interesting mix of large advertisers, general content and article sites and some surprise smaller players such as gift-ideas. iloveindia.com, wisconsinmade.com, and indiangiftsportal.com. These sites have clearly taken site optimization seriously; they appear relatively prominently within a group of very large retailers as significant competition for this keyword set's audience.

TOP 25 MOST VISIBLE WEB SITES IN NATURAL SEARCH FOR RETAIL KEYWORDS, AUGUST-SEPTEMBER 2007

Advertiser	Ranking	Coverage (%)*	Avg. rank**
amazon.com	1	79.5	31
gifts.com	2	43.8	19
findgift.com	3	40.2	13
gourmetgiftbaskets.com	4	27.3	19
designityourselfgiftbaskets.com	5	27.7	24
bizrate.com	6	33.3	37
en.wikipedia.org	7	23.3	19
shopping.yahoo.com	8	31.7	40
redenvelope.com	9	24.5	30
cgi.ebay.com	10	36.1	52
shopping.msn.com	11	30.9	50
adorablegiftbaskets.com	12	21.7	36
gift-ideas.iloveindia.com	13	22.1	40
1800flowers.com	14	18.5	34
associatedcontent.com	15	28.9	53
familycrafts.about.com	16	18.1	34
wisconsinmade.com	17	22.9	44
google.com	18	18.1	36
giftbaskets.com	19	15.3	29
gifttree.com	20	11.2	15
indiangiftsportal.com	21	15.7	34
ezinearticles.com	22	25.3	52
find-me-a-gift.co.uk	23	18.9	42
proflowers.com	24	12	26
winecountrygiftbaskets.com	25	10	20

** Coverage represents the number of keywords for which organic listings are shown divided by the total number of keywords monitored within the chosen keyword set.*

*** Average rank represents the average position of keywords on the first 10 pages of natural search listings.*

The paid search landscape is less surprising for the pre-holiday season stage in the year. However, iCrossing expects to see major changes in this landscape through the end of Q3 and Q4. For example, one advertiser notable for its absence is eBay. Typically dominant across almost all categories, it does not seem to be highly visible for broad gift-based and retail terms, although no advertiser is truly dominating the paid search landscape at this point in terms of consistent coverage, perhaps due to the costs associated with this effort (on average the examined terms cost $2.05 per click for the highest positions and $1.62 for the lower positions – a significant investment at both ends of the spectrum).

TOP 25 MOST VISIBLE WEB SITES IN PAID SEARCH FOR RETAIL KEYWORDS, AUGUST-SEPTEMBER 2007

Advertiser	Ranking	Coverage (%)*	Avg. rank**
shopping.aol.com	1	22.8	2.9
oxfamamericaunwrapped.com	2	23.1	3.2
redenvelope.com	3	21.4	3
ftd.com	4	20.3	2.6
www1.redenvelope.com	5	13.5	1.5
OurVoicesTogether.org	6	15.3	3.4
winecountrygiftbaskets.com	7	14	2.5
gifts.com	8	13.4	3.4
tiffany.com	9	11.9	3.1
proflowers.com	10	8.1	3.3
findgift.com	11	8.1	3.8
greatarrivals.com	12	6.8	2.8
therememberingsite.org	13	7.3	3.2
harryanddavid.com	14	7.2	3.3
gifttree.com	15	5.2	1.7
target.com	16	8.8	4.6
gourmetgiftbaskets.com	17	4.9	2
papermart.com	18	4	0.3
business.com	19	5.8	3.1
1800flowers.com	20	4.8	2.3
xperiencedays.com	21	6.8	3.9
amazon.com	22	6.2	3.6
giftcertificates.com	23	3.8	1.9
uline.com	24	2.8	0.2
delightfuldeliveries.com	25	4.1	2.6

** Coverage represents the percent of time ads are shown on the first page of paid listings for a given advertiser.*
*** Average rank represents the average position of keywords on the first page of paid search listings.*

CONCLUSION

The fourth quarter holiday shopping season represents the busiest and most important time of the year for retailers online and offline. By all signs, holiday shopping seems to ramp up earlier each year, putting increased pressure on retailers to be ready for the onslaught of customers. Beyond the obvious requirement of having the right goods on hand and being able to deliver them in a timely fashion, this means being prepared for how, where and when consumers conduct their research and make their purchase decisions. Search engine optimization and paid media efforts must begin well in advance of this shopping activity if brands and retailers want to take full advantage of opportunities to connect with in-market shoppers.

Moreover, with the rise in importance of social media and consumer-generated content in general and customer reviews in particular, brands and retailers face new challenges in not only managing their reputations, but also maintaining the attention of their customers. For example, online retailers that add a customer review module may help to drive engagement and site stickiness.

At the same time, emerging media offer growing opportunities to brands looking to connect with customers, especially the younger shoppers who find brand and product presence on social networking sites and video sharing sites like YouTube to carry weight in the decision-making process. Similarly, with more shoppers turning to emerging online research tools like shopping comparison sites, online image search and blogs, the importance of optimizing sites for a range of content – from product feeds to news, images, videos, local search and blogs – is now paramount to achieving online visibility and grabbing wallet-share.

ENDNOTES

METHODOLOGY

Survey

This report presents the findings of a survey conducted among a sample of 1,094 adults comprising 522 men and 572 women 18 years of age and older. The online omnibus study is conducted twice a week among a demographically representative U.S. sample of 1,000 adults 18 years of age and older using the Greenfield Online panel. Interviewing for this survey was completed on August 13-14, 2007.

Completed interviews are weighted by four variables: age, sex, geographic region and race, to ensure reliable and accurate representation of the total U.S. population, 18 years of age and older. The raw data are weighted by a custom designed program that automatically develops a weighting factor for each respondent. Each respondent is assigned a single weight derived from the relationship between the actual proportion of the population based on U.S. Census data with its specific combination of age, sex, geographic characteristics and race and the proportion in the sample. Tabular results show both weighted and unweighted bases.

Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. The data have been weighted to reflect the demographic composition of the population 18 years of age and older. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error, error associated with non-response, error associated with question wording and response options, and post-survey weighting and adjustments.

Search Visibility

The core advertising intelligence of the AdGooroo service is collected through servers that are hosted throughout the world. These servers continually gather ads directly from the search engines and send this information back to AdGooroo's data center. Each keyword is monitored, on average, over 40 times per day in the pay-per-click (PPC) arena. Ads appearing on the first page of search engine results are included in the AdGooroo reports. In addition, AdGooroo also gathers the top 100 natural results for all keywords monitored. Additional identifying information for many resultant URLs (from both PPC and organic results) has been incorporated from over 37 databases and is available through specialized reports. AdGooroo utilizes a panel of over 2,500,000 internet searchers located throughout the world. Panel data is used to generate keyword suggestions, first by generating a competitive set consisting of the most active advertisers in any given space, next by monitoring pay-per-click (PPC) traffic to these sites, and then by recording the Google/Yahoo! search phrases that resulted in this traffic. As a final stage, this data is aggregated and sorted by estimated traffic to produce weekly keyword expansion lists.

CITATION POLICY

The content and statistics contained in the body of this report may be used in publications and presentations provided there is attribution to: "iCrossing, a digital marketing company."

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ABOUT ICROSSING

iCrossing Inc. is the largest independent global digital marketing company. Through its operating units – flagship digital marketing agency iCrossing, user and brand experience agency Proxicom, U.K.-based search and social marketing agency Spannerworks, and marketing technology provider Sharp Analytics – the company combines world class digital marketing services with innovative digital marketing technologies to connect global brands with their customers. iCrossing Inc.'s clients include Travelocity, Toyota and 40 of the Fortune 500 including The Coca-Cola Company, General Motors, Chevron and DuPont. Headquartered in Scottsdale, the company has 550 employees in 12 offices across the U.S. and U.K. Find out more at www.icrossing.com.

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Opinion Research Corporation, founded in 1938, is a research and consulting firm that helps organizations worldwide – in both private and public sectors – make a definitive difference in their performance. By providing objective, fact-based decision support and implementation, grounded in rigorous research, we earn our clients' confidence with our fresh ideas and perspective. More information about Opinion Research Corporation may be obtained at www.opinionresearch.com.

APPENDIX

APPENDIX – RETAIL KEYWORD PHRASES CONSIDERED (249)

50th birthday gift ideas	food gift baskets	jewelry
animal lover gift	food shopping	jewelry gift
anniversary gift	free gift cards	jewelry gift boxes
anniversary gift ideas	fruit gift basket	jewelry shopping
apparel shopping	fun gift	kid gift
automobiles	furniture shopping	lcd tv
autos	gadget gifts	lingerie shopping
baby gift	gag gift	mall shopping
baby gift basket	gift	man gift
baby gift baskets	gift anniversary	man shopping
baby gift ideas	gift baby	mother day gift
baby gift registry	gift bag	mothers day gift
baby shopping	gift bags	mothers day gift ideas
baby shower gift	gift basket	movie tickets
baby shower gift ideas	gift basket business	mp3
baptism gift	gift basket ideas	mp3 player
bargain shopping	gift basket supplies	music
best shopping	gift baskets	music gift
birthday gift	gift birthday	nautical gift
birthday gift basket	gift box	novelty gift
birthday gift baskets	gift boxes	online gift
birthday gift idea	gift card	online gift shopping
birthday gift ideas	gift cards	online retail
book gift	gift catalog	online shopping
books	gift catalogs	online shopping deals
bridal shower gift	gift center	paperback
bridal shower gift ideas	gift certificate	paperback book
bridesmaid gift	gift certificate template	perfume gift sets
business gift	gift certificate templates	personalised gift
buy gift	gift certificates	personalized gift
candy gift	gift corporate	personalized wedding gift
candy gift baskets	gift delivery	pet gifts
car accessories	gift finder	plant gifts
car parts	gift flowers	plasma tv
cars	gift for her	printable gift tags
cat gift	gift for him	romantic gift
catalog shopping	gift for man	romantic gift ideas
cds	gift for men	shoe shopping
cheap gift	gift for mom	shopping
cheap shopping	gift giving	shopping center
chocolate gift	gift idea	shopping coupons
chocolate gift baskets	gift ideas	shopping deals
christmas gift	gift ideas for him	shopping directory
christmas gift bags	gift ideas for men	shopping guide
christmas gift basket	gift items	shopping site
christmas gift baskets	gift online	show tickets
christmas gift idea	gift personalized	spa gift basket

christmas gift ideas	gift set	special gift
christmas present	gift sets	sporting event tickets
christmas shopping	gift shop	sports equipment
christmas stockings	gift shopping	sports gifts
cigar gift	gift shops	sympathy gift
clothes shopping	gift store	teacher gift
clothing shopping	gift stores	the ultimate gift
coffee gift basket	gift wrap	travel gift
coffee gift baskets	gift wrapping	tv shopping
comparison shopping	golf gift	unique baby gift
concert tickets	gourmet food gift baskets	unique gift
cookie gift baskets	gourmet gift	unique gift idea
corporate gift	gourmet gift basket	unique gift ideas
corporate gift basket	gourmet gift baskets	unusual gift
corporate gift baskets	graduation gift	valentine gift
creative gift	graduation gift ideas	valentine gift ideas
department store	great gift	valentines day gift
department store shopping	groceries	valentines day gift ideas
discount shopping	hanukkah gifts	valentines gift
dog gift	hard cover	web shopping
dog lover gift	hard cover book	wedding anniversary gift
dvd gift	holiday decor	wedding gift
dvds	holiday decorations	wedding gift baskets
electronic gifts	holiday gift	wedding gift ideas
electronics	holiday gift basket	wedding gift registry
event tickets	holiday gift baskets	wedding present
fashion shopping	holiday gift ideas	wedding shopping
fathers day gift	holiday gifts	wholesale gift
fathers day gift ideas	homemade gift ideas	wholesale gift baskets
flat-panel tv	housewarming gift	wholesale gift boxes
flower gift	how to make gift boxes	wholesale gift items
flower shopping	idea gift	wine country gift baskets
flowers	ideas gift	wine gift
food	inexpensive gift	wine gift basket
food gift	internet shopping	wine gift baskets
food gift basket	ipod	wine shopping