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State of Online Shopping 2010



Today's discussion

1 What we learned from Holiday 2009

2 What's the same?

3 What's new?

4 Recommendations for Holiday 2010



Holiday 2009

1. Shopping starts early and ends late
2. Coupons still reign
3. Search drives sales



Shopping starts early and ends late

As of August 30, 2009...

As of December 20, 2009...

44%

Had already started holiday shopping.



14%

Had yet to start holiday shopping.

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Source: Google/OTX Consumer Pulse Check, 8/09-12/09. Base: Those who plan to shop/research or purchase this holiday season (Nearly 9 out of 10 plan to shop/research or purchase.) [1] Have you started your 2009 Holiday shopping/researching? [2] Have you started your 2009 Holiday purchasing? Please think of any gifts that you may shop for or purchase during the Holiday Season, as well as those you may shop for or purchase after the holidays.

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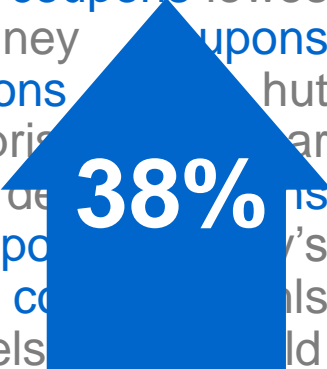
Coupons still reign

Average Monthly Coupon Searches on Google:

coupons bed bath and beyond
coupons best buy coupons victoria's
secret coupons lowes coupon
jcpenny coupons dominos
coupons pizza hut coupons
enterprise rental car coupons home
depot coupons printable coupons
macy's coupons target coupons
kohls coupons michaels coupon

Non-Holiday Months

coupons bed bath and beyond
coupons best buy coupons
victoria's secret coupons lowes
coupon jcpenny coupons
dominos coupons pizza hut
coupons enterprise rental car
coupons home depot coupons
printable coupons macy's
coupons target coupons
coupons michaels coupon

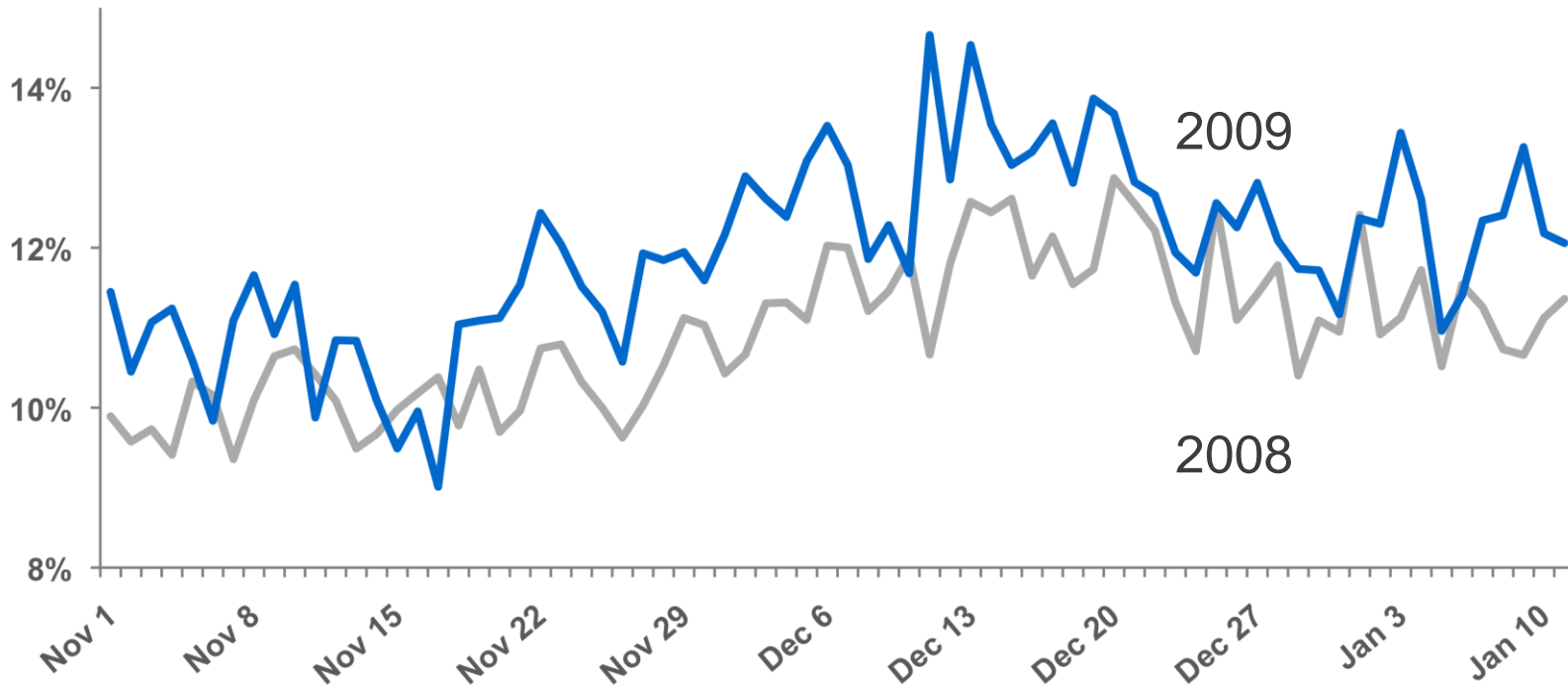


Holiday Months



Search drives holiday sales

Share of all Shopping Conversions from Google Search



What's the same?

1. Shoppers thinking big
2. Holiday in full swing
3. Who knew Tuesday?



Shoppers plan to spend



64%

of shoppers will spend the same or more this holiday season, as compared to 2009

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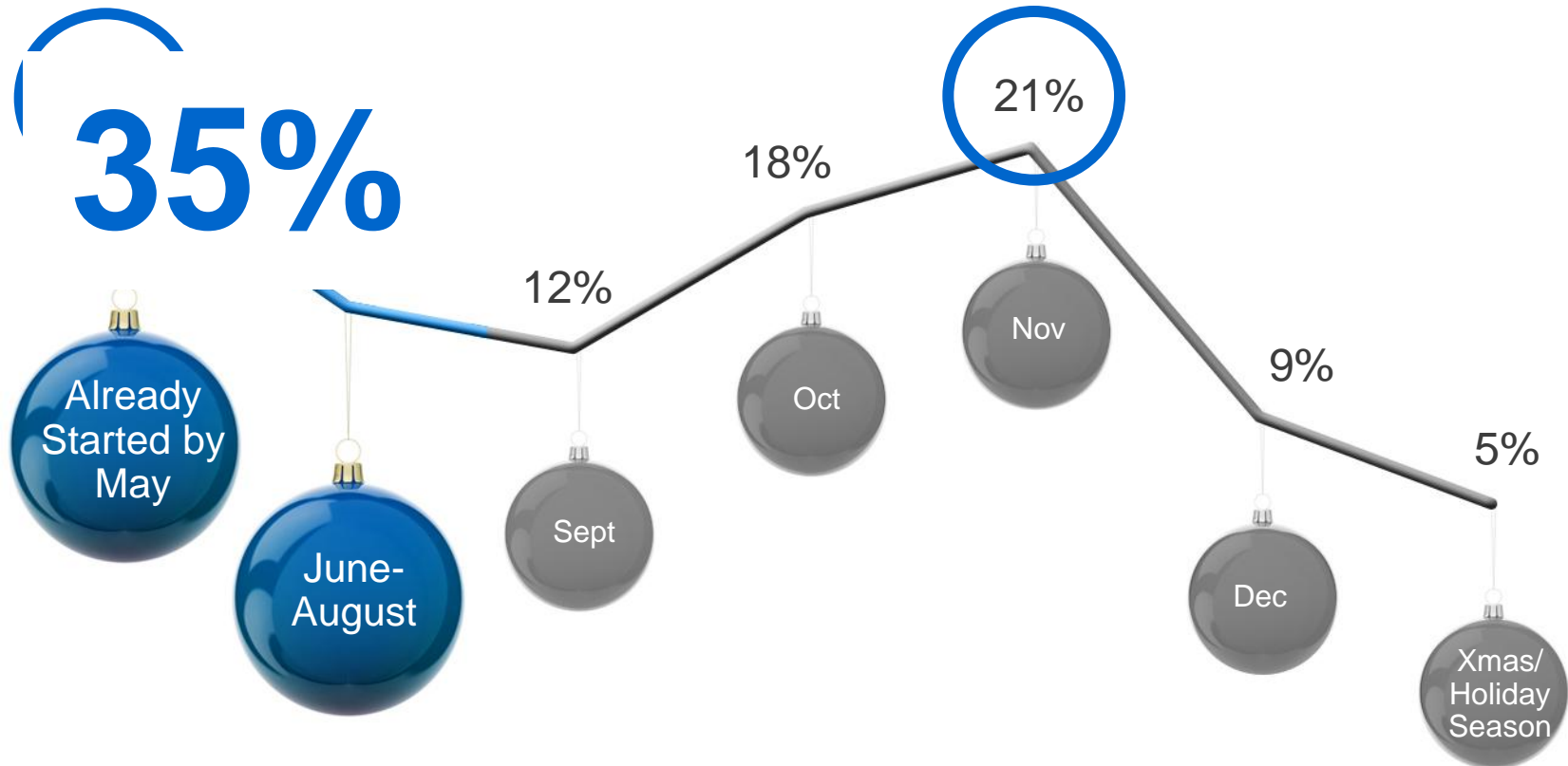
Source: Google/OTX State of Shopping research, May 2010. Q: Compared to the 2009 Holiday Shopping Season, do you plan to spend more, less, or the same amount of money on the following items during the upcoming 2010 Holiday Shopping Season?

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Holiday shopping is in full swing

Start of holiday shopping/research



Who knew Tuesday?

Holiday 2009 Key E-Commerce Days (\$ Millions), % Growth (YoY)						
Mon	Tue	Wed	Thu	Fri	Sat	Sun
Nov 23	24	25	26 Thanksgiving \$318, +10%	27 Black Friday \$595, +11%	28 Thanksgiving Weekend \$805, +5%	29
30 Cyber Monday \$887, +5%	Dec 1 \$886	2 \$797	3 \$803	4	5	6
7	8 \$828	9	10 \$852	11	12	13
14 Green Monday \$854, -1%	15 Green Tuesday \$913, +21%	16 \$874	17 Free Shipping Day \$809, +6%	18	19 Weekend Before Christmas \$767, +13%	20
21	22	23	24	25	26	27

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Source: comScore Press Release, 2009.

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What's new?

1. Thrill of the hunt
2. Rise of the personal shopper
3. We've made new friends



Thrill of the hunt

Private Sales Sites

+2x site visits YoY
\$900M in 2010 revenue



Group Buying Sites

+72x site visits YoY
\$350M in 2010 revenue




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Source: Assorted company press releases, Google/Compete State of Shopping, May 2010 and Hitwise Blog, April 23, 2010.
Note: Group buying site estimated revenue includes Groupon, Woot, Living Social and Tippr.



Rise of the personal shopper



4 of 5 ≠ mobile presence



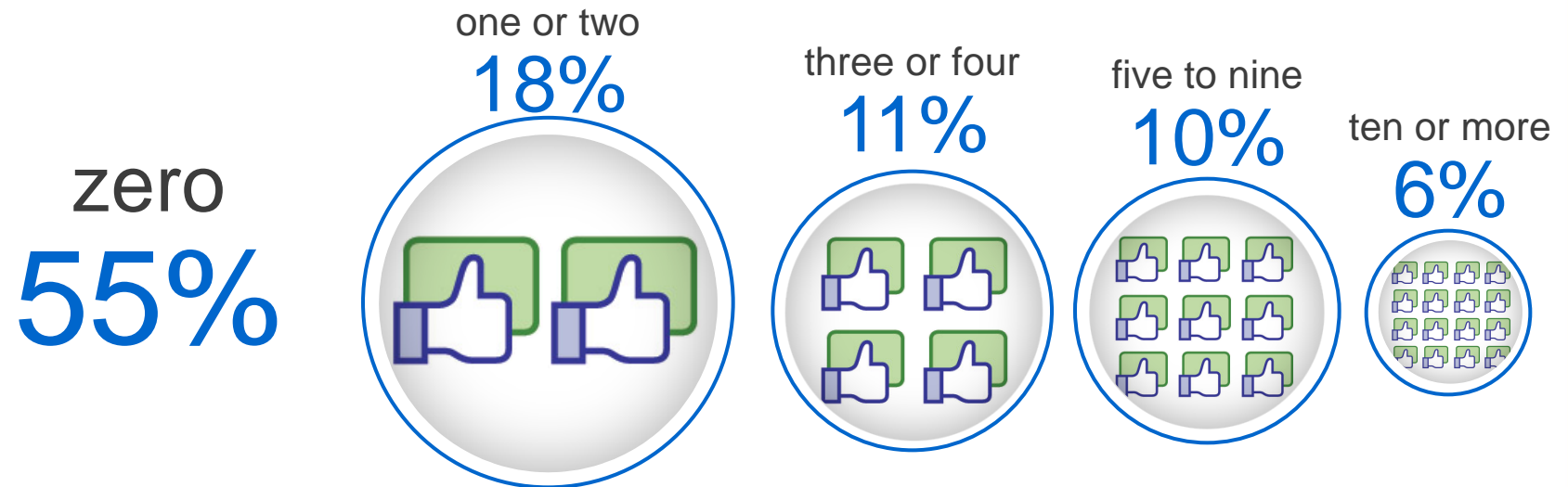
We've made new friends

Most Popular Brands:



Friends: Half become pals

Average number of brands US users are fans of on Facebook



Friends with benefits

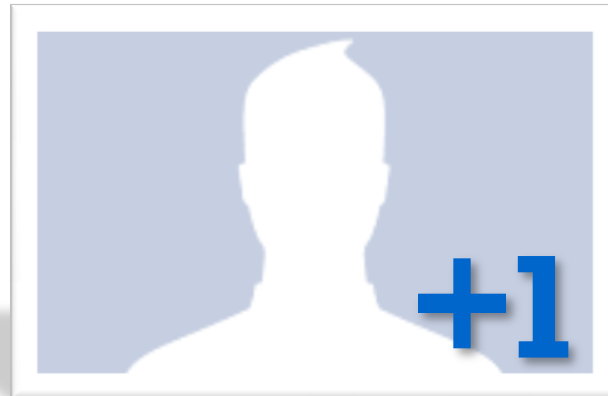
Why I “friended” a brand on Facebook:

25%

To receive
discounts
and promotions

10%

It's fun & entertaining



18%

To show others I
support the brand

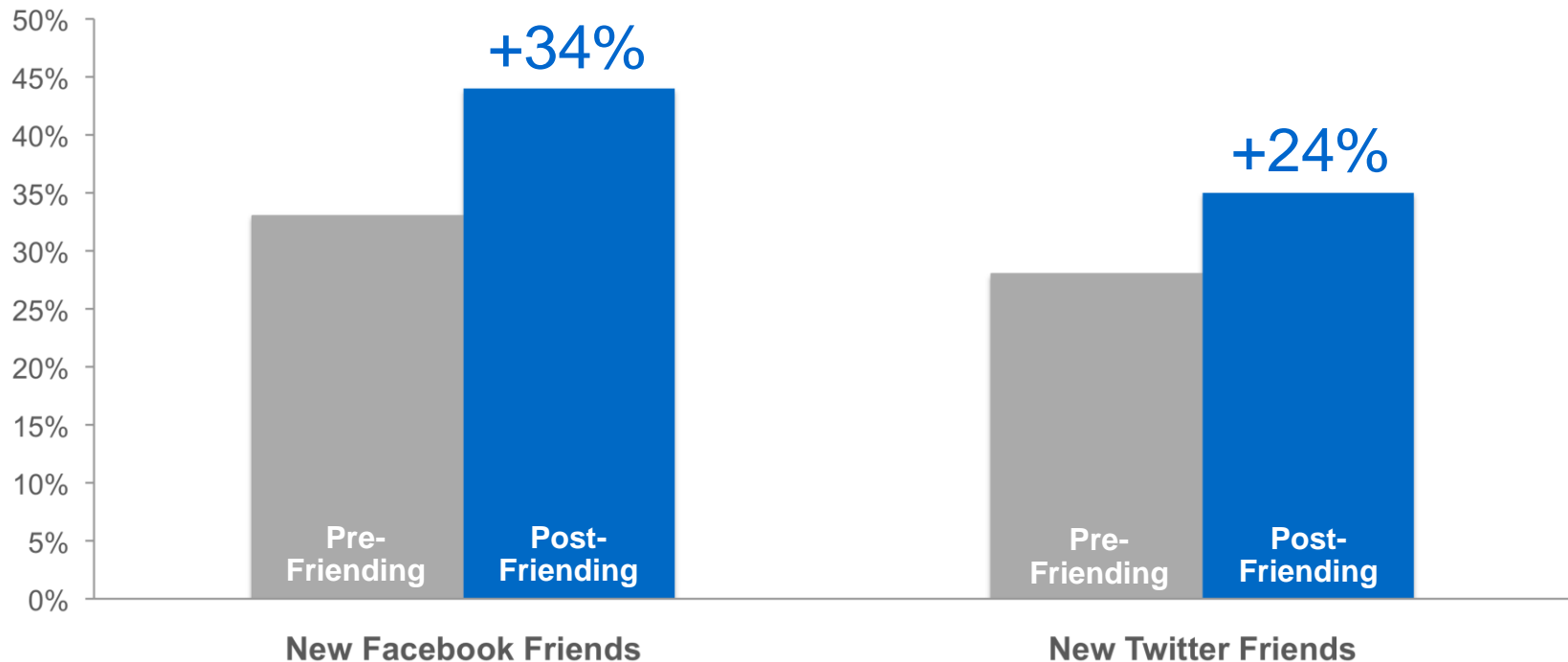
8%

To hear new info first



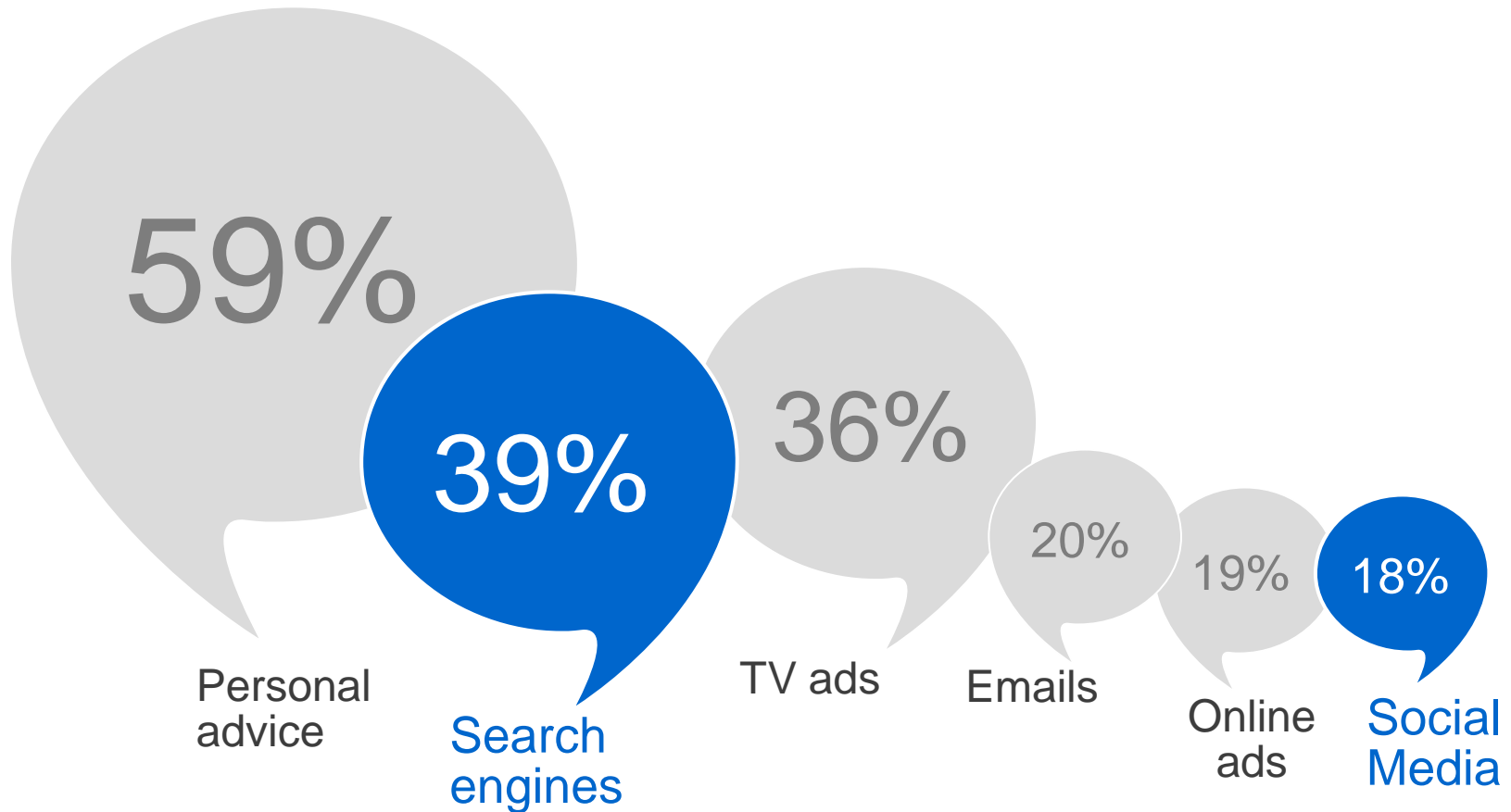
Friends are engaging

% of new brand followers to visit brand site

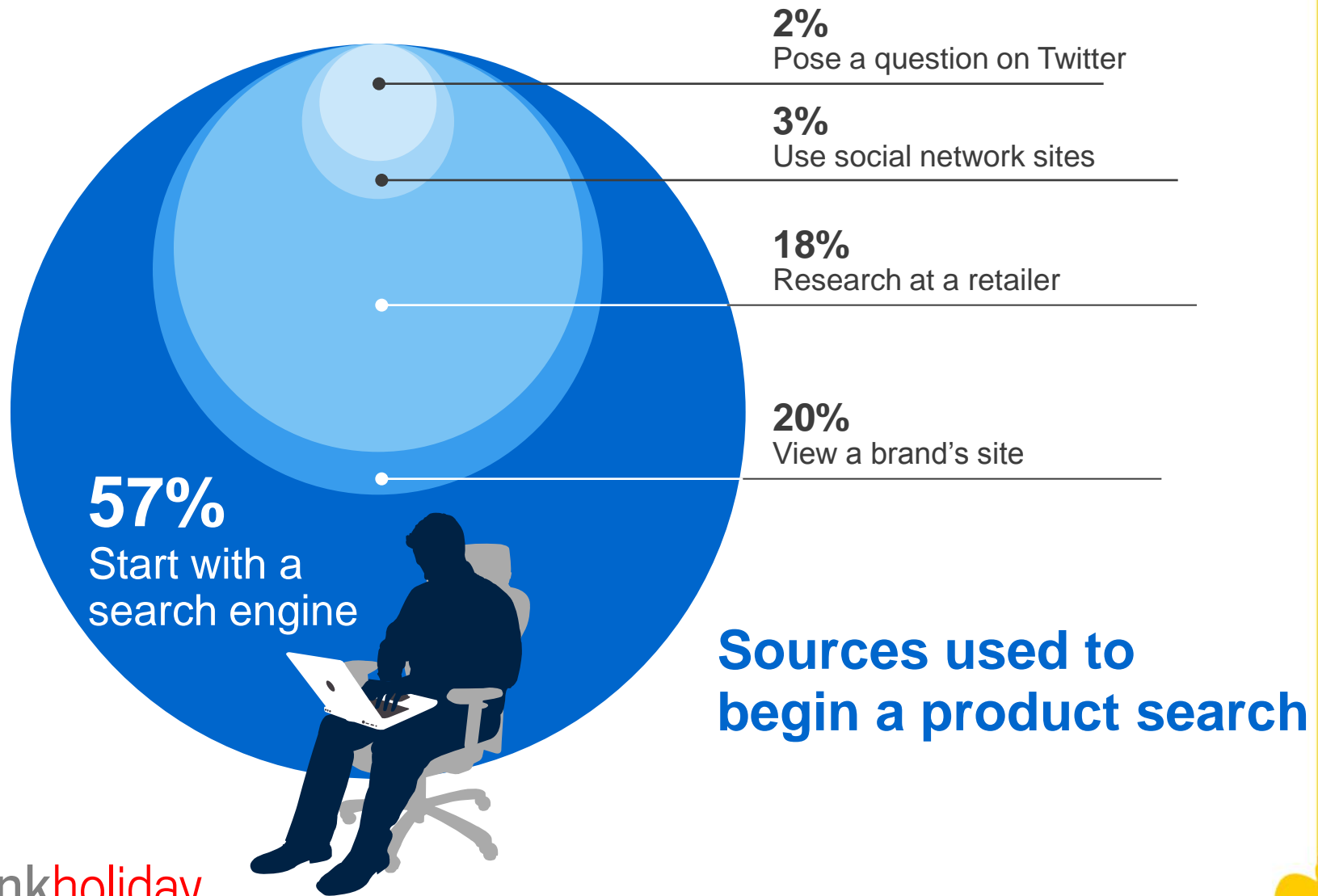


Friends: Mere acquaintances

Very influential information sources used for purchase decisions

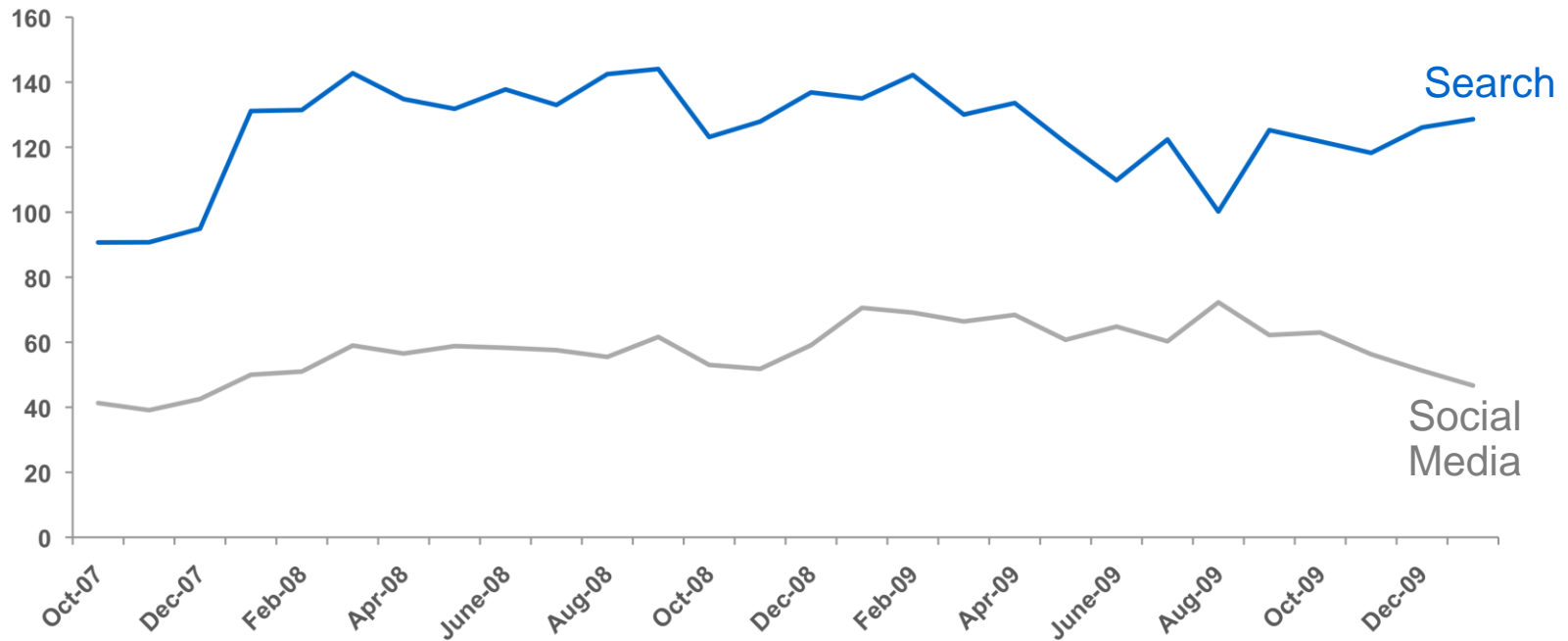


Still searching



Search: stocking stuffer

% of all shopping conversions indexed to % of total site traffic



Recommendations

1. **Game on! Start early, end late**
2. **Pavlov's dog. Trained for coupons**
3. **Surround sound: Search**

Game on! Start early, end late

150

days until



Pavlov's dog. Trained for coupons

Offers/Promotions that are Effective in Encouraging Purchase



Recommendations for Holiday 2010

1

Start early, end late

Holiday starts now. Capture procrastinators. Target key dates.



2

Offer value

Consumers are trained. Do what's expected.



3

Make it fun!

Squelch lingering economic concerns. Play to suspense. Make it social.



4

Integrate marketing channels

Use Search to boost other promotions. Pay attention and be nimble.



5

Focus on proven channels

Shopping starts and ends with Search.



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