

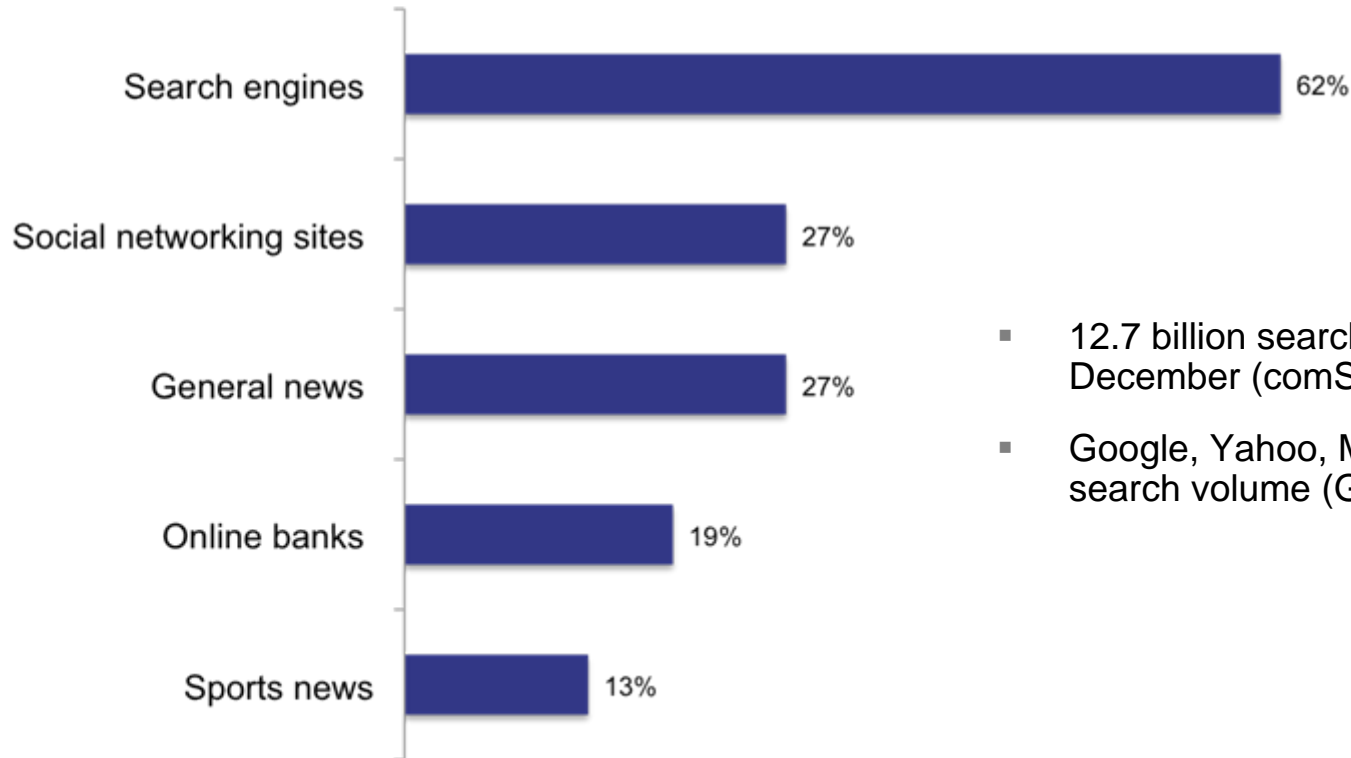
# SmartDelivery Search Webinar

ShopLocal

Greg Sterling  
**Sterling Market Intelligence**  
February 5, 2009

# Search Remains the 'Killer App'

Top Online Categories: Pct. Using Daily



- 12.7 billion searches by US users in December (comScore)
- Google, Yahoo, MSFT own 94% of search volume (Google = 65% - 72%)

# Search Consistent Across Age Segments

	Gen Y (18-32)	Gen X (33-44)	Younger Boomers (45-54)	Older Boomers (55-63)	Silent Generation (64-72)	G.I. Generation (73+)
<b>Activity Rank</b>	87% online	82% online	79% online	70% online	56% online	31% online
1	Email	Email	Email	Email	Email	Email
2	Search	Search	Search	Search	Search	Search
3	Product research	Product research	Product research	Health information	Product research	Health information
4	Read news	Health information	Health information	Product research	Health information	Travel reservations
5	Watch video	E-commerce purchase	Read news	E-commerce purchase	Travel reservations	Product research
6	E-commerce purchase	Read news	Travel reservations	Read news	Visit gov't site	E-commerce purchase
7	Health information	Travel reservations	E-commerce purchase	Travel reservations	E-commerce purchase	Read news
8	Visit SNS	Banking	Visit gov't site	Visit gov't site	Read news	Visit gov't site
9	Travel reservations	Visit gov't site	Research for work	Banking	Banking	Get religious info
10	Career/job information	Research for work	Banking	Research for work	Research for work	Banking
11	Create soc net profile	Watch video	Watch video	Career/job information	Get religious info	IM
12	IM	Career/job information	Career/job information	Watch video	Review product	Play games
13	Download music	Download music	Get religious info	Review product	Play games	Review product
14	Banking	IM	Review product	Get religious info	IM	Read <u>blog</u>
15	Visit gov't site	Get religious info	IM	Play games	Watch video	Watch video

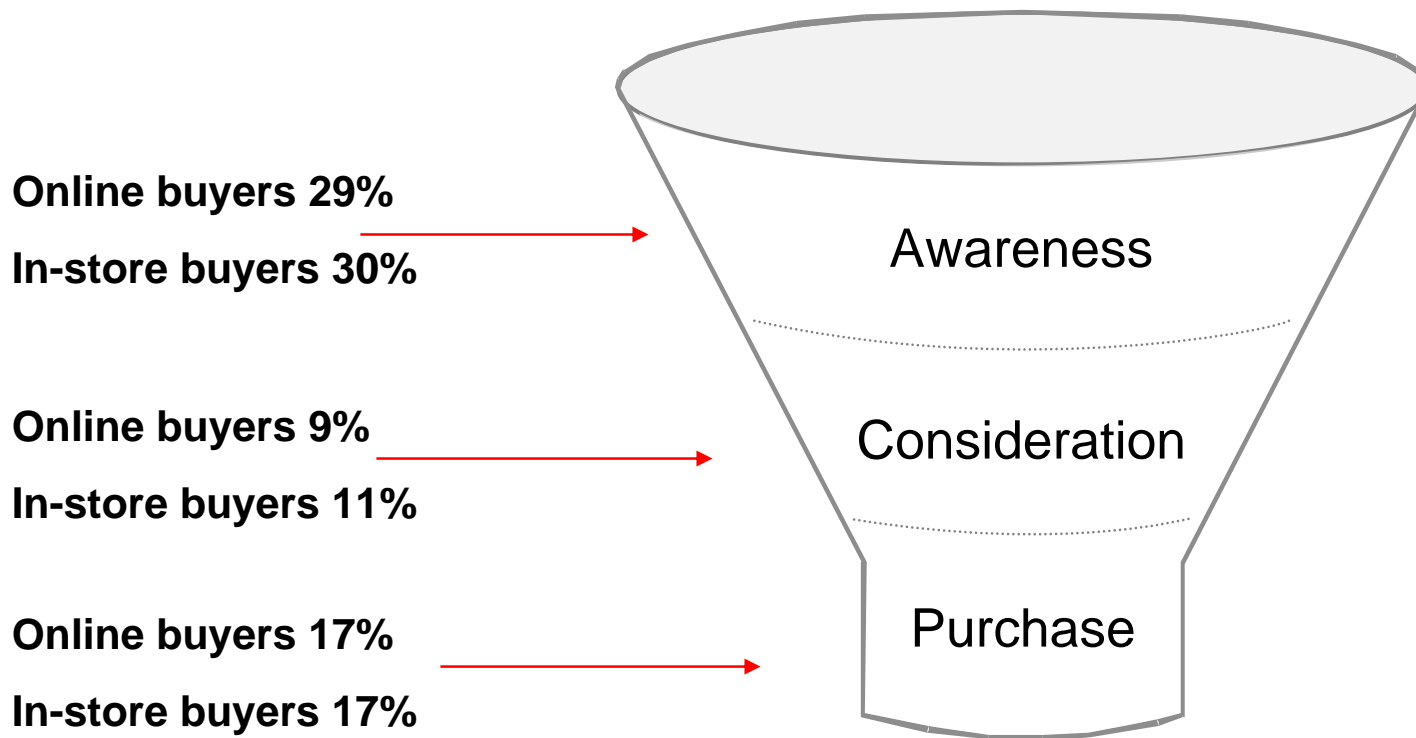
Source: Pew Internet & American Life Project (2009); data based on telephone interviews with thousands of US adults between 8/06 and 12/08

# Search Plays Key Role in Product Research

Please rate each of the following web resources based on how essential they are to your online product research.			
	Most essential	Somewhat essential	Least essential
Manufacturer websites	61%	35%	4%
Retailer websites	54%	42%	4%
Search engines	53%	41%	6%
Shopping comparison sites	39%	43%	18%
Consumer magazines online	37%	43%	20%
Portals and other directories	25%	53%	22%
Blogs	10%	25%	65%

# The 'Consumer Purchase Funnel'

Search engines used at the “top of the funnel” but also throughout the “buying cycle”

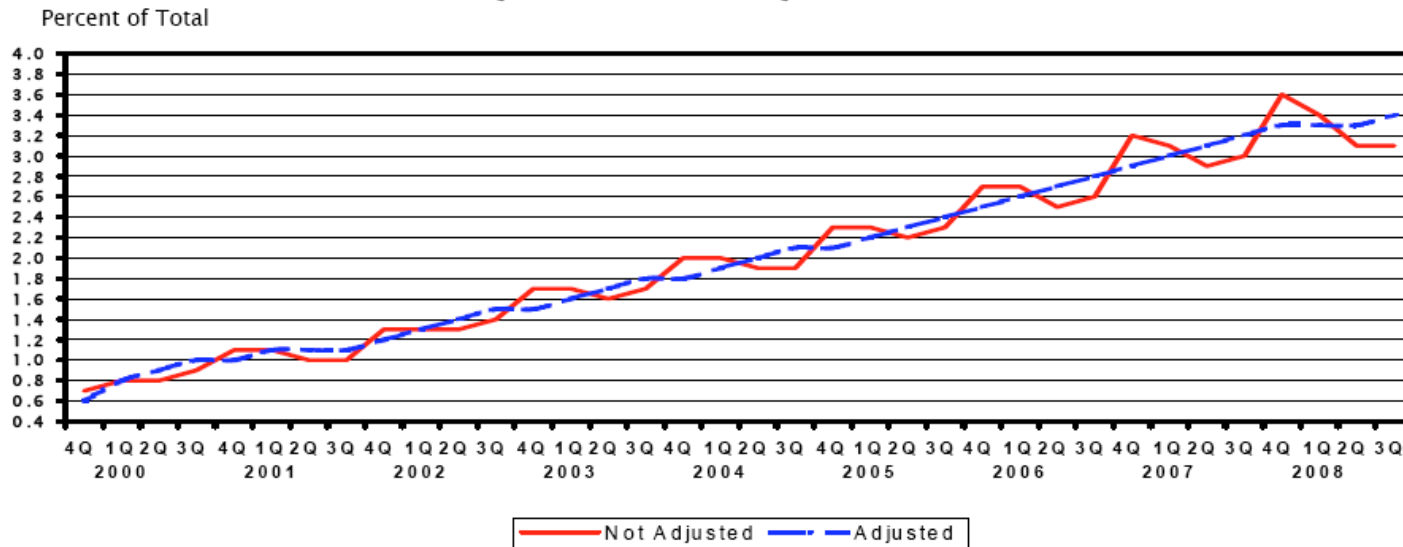


# Majority of Transactions Happen Offline

Even as more people research online, they still buy in stores

E-commerce <4% of US retail

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:  
4th Quarter 1999 – 3rd Quarter 2008



# Disconnect between Consumers & Advertisers

- Consumers use search for product research but it doesn't work (right now) to find products offline
- There's a gap between consumer interest/intent and advertiser capabilities and content (esp. when consumers "ready to buy")
- Tracking offline sales referred by search also a historical problem

The screenshot shows a Google search for "flat panel tvs". The search bar is at the top left, with the Google logo and a search button. Below the search bar, there are navigation links for "Web", "Shopping", and "News". The search results are displayed in two columns. The left column contains sponsored links and shopping results. The right column contains sponsored links for "Flat panel tvs", "Flat panel lcd tv Prices", "LCD Televisions", "Incredible Deals On TVs", "HDTVs - Kmart", and "Flat Panel TVs".

Google flat panel tvs Search Advanced Search Preferences

Customized based on recent search acti

Web Shopping News Results 1 - 10 of about 18,600,000 for flat panel tvs.

**Plasma Tv** Sponsored Links  
www.SEARS.com Save on Plasma Televisions and More Online Now at SEARS.com!

**Lcd Flat Panel Tv**  
www.Dell.com Find Sleek And Stylish Designs Shop For HD TVs At Dell Today!

**TV Repair 407 513 4651**  
www.OrlandoLcd.com free estimates if you bring the tv into our warehouse any brand.

**Shopping results for flat panel tvs**

panasonic TH - 50" plasma TV - Widescreen	\$849 to \$1,869 - 179 stores
samsung - 46" LCD TV - Widescreen	\$885 to \$1,862 - 41 stores
toshiba - 42" LCD TV - Widescreen	\$749 to \$1,299 - 38 stores

**Amazon.com: Flat-Panel TVs: Flat Panel Televisions & More**  
Online shopping for Flat-Panel TVs from a great selection of Audio & Video; Televisions & more at everyday low prices.  
www.amazon.com/Flat-Panel-TVs-HDTVs-Audio-Video/?ie=UTF8&node=1203578 - 192k - Cached - Similar pages -

**\_CD vs. Plasma**  
Plasma Everyone wants a flat-panel TV — which type is right for you? ... Flat-panel TVs create beautifully bright, crisp images using either LCD or plasma ...  
www.crutchfield.com/ISEO-rgbtcspl/learn/learningcenter/home/tv\_flatpanel.html - 42k - Cached - Similar pages -

**Flat Panel Televisions - Save time and find great deals on Flat ...**  
Before You Buy an LCD Flat Panel Television. at About.com ... Flat-Panel TVs & HDTVs Buying Guide. at How Stuff Works ...  
www.dealtime.com/xPP-Flat\_Panel\_Televisions - 98k - Cached - Similar pages -

**Flat panel tvs** Sponsored Links  
Great Bargains on Flat Screen TVs. 3 Day Shipping Offer. Buy Now!  
www.Newegg.com  
Show products from Newegg.com

**Flat panel lcd tv Prices**  
Shop the Flat panel lcd tv Real-Time! Price History & Price Drops  
PriceSpider.com

**LCD Televisions**  
15" to 65" LCD Televisions. 50,000+ items; Ready to Ship Today!  
CompUSA.com

**Incredible Deals On TVs**  
LCD, Plasma, HDTV and Projection! Many Sizes for Sale, Reviews, Too.  
www.NexTag.com/TVs

**HDTVs - Kmart**  
High Definition Entertainment From Kmart - Find Great Deals on TVs!  
www.Kmart.com

**Flat Panel TVs**  
Get the Right TV for You. Expert Advice and Free Shipping on All TVs  
www.Crutchfield.com

# Search Geotargeting Delivers Highest Value

## GEOTARGETING YIELDS HIGHEST RETURN

Return on investment (ROI) for select search targeting tactics, according to U.S. search marketers, May 2008 (percent of respondents):

	High ROI	Medium ROI	Low ROI
Geotargeting	49%	40%	11%
Contextual targeting	38%	48%	14%
Behavioral targeting	35%	52%	13%
Demographic targeting	30%	55%	15%
Testing different search engines	27%	46%	27%
Dayparting	17%	57%	25%
Weekparting	16%	53%	31%

Note: n=1,928; numbers may not add up to 100% due to rounding

Source: MarketingSherpa survey, 2008

# Closing the Gap

- Aligning online research with offline purchase intent
- Finding a way to show consumers what's on sale and where – in search ads
- Doing this in automated, scalable way
- SmartDelivery offers new opportunity

# Reaching Me

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## **Blogs:**

Screenwerk.com

Searchengineland.com

LocalMobileSearch.net