



Online to Store Insights from Case Studies: France, Germany and UK

NOVEMBER 2011

OBJECTIVES

Are offline sales driven by websites and online advertising? Can online ads drive incremental offline sales? How does ROPO impact purchase behaviour? Can online advertising deliver greater efficiency than offline media

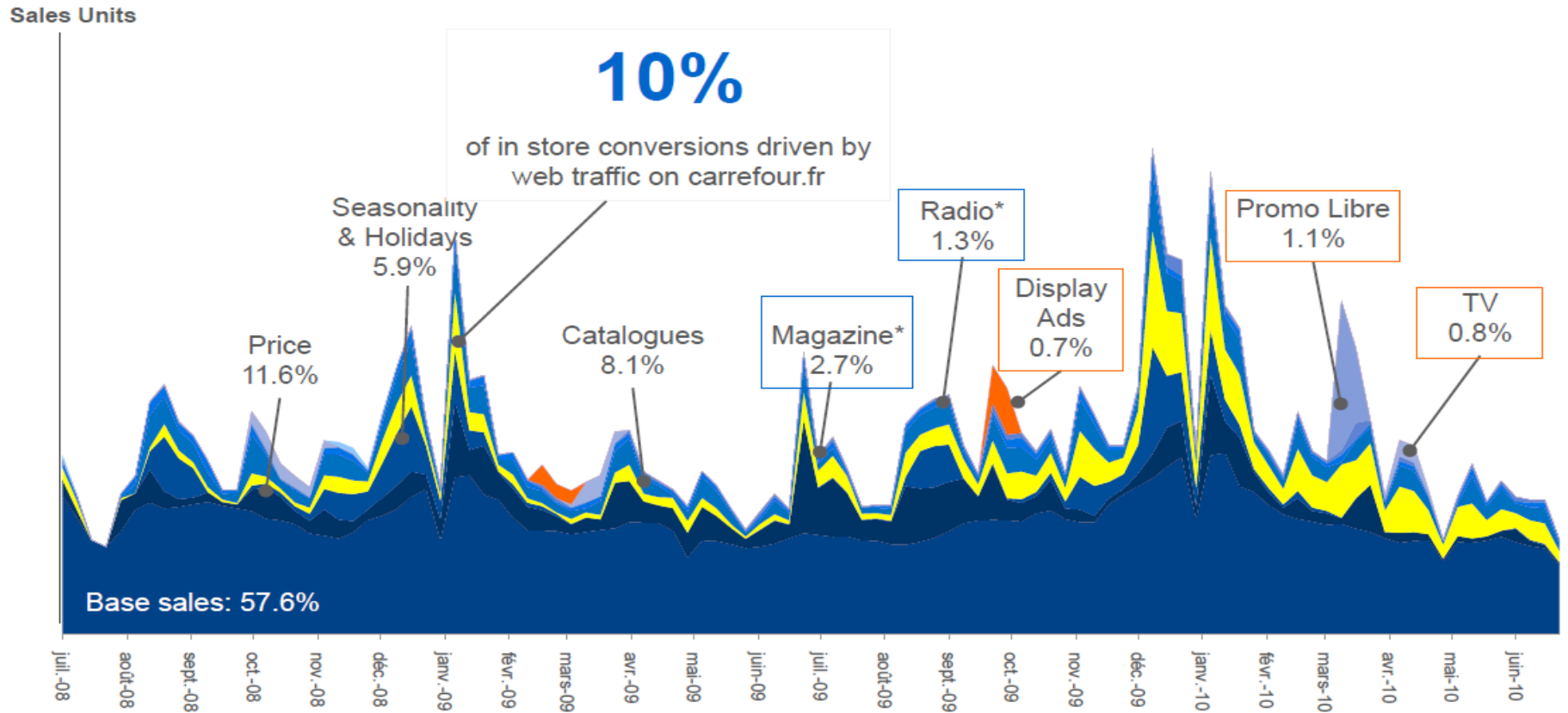
METHODOLOGY

Meta analysis EMEA case studies. Various methodologies applied across the studies

Key findings

- 1 **Clear indication** that offline sales are driven by websites and online advertising
- 2 Also considerable evidence to suggest that **online advertising drives incremental offline sales**
- 3 ROPO clearly impacts purchase behaviour – drives up average spend
- 4 And a number of studies indicate **greater efficiency** associated with online vs. traditional advertising

10% of offline sales are driven by the retailer's website

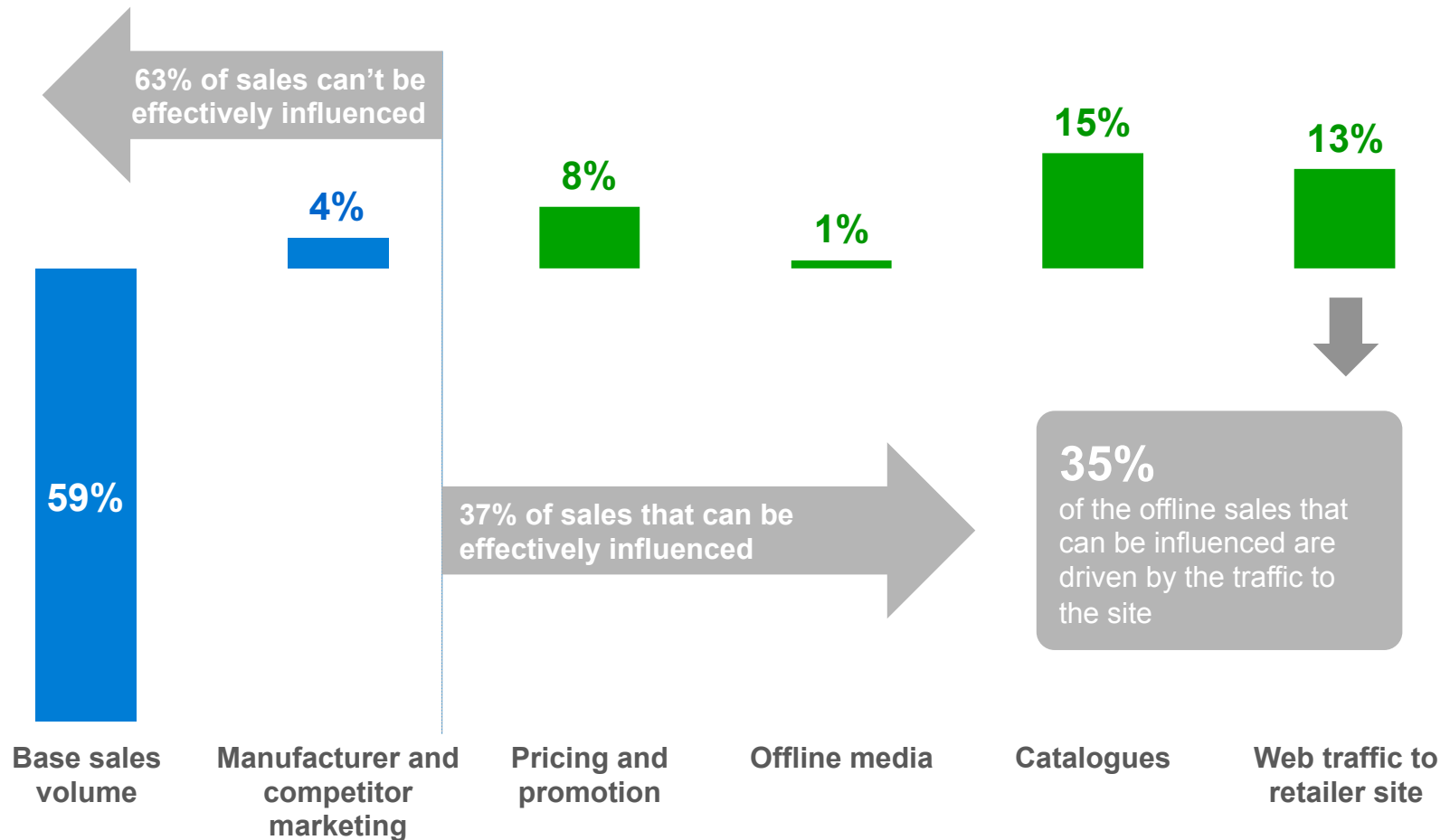


* Non Personal Computer Advertising – Halo effect

** Media Investment during limited periods of time

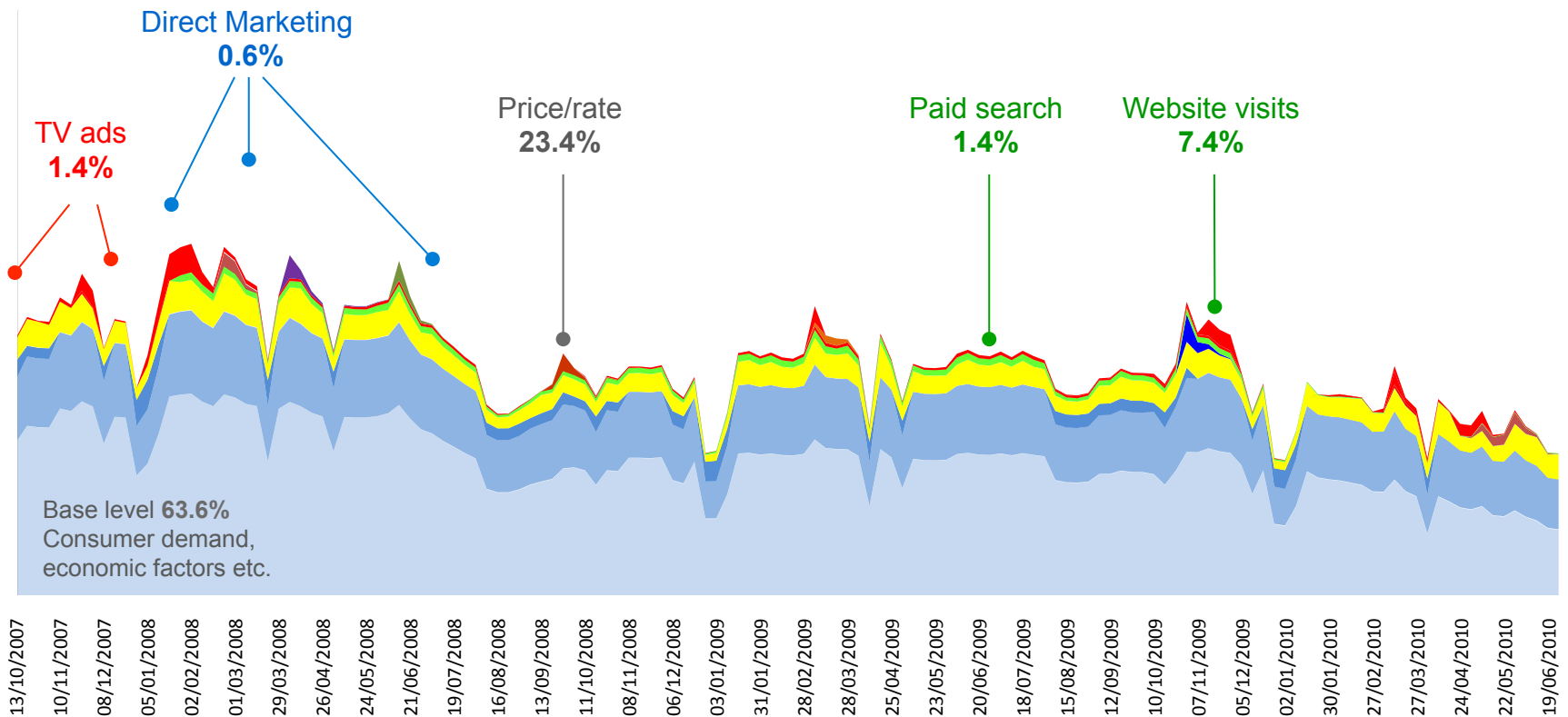
Web traffic drives a third of 'influenceable' offline sales

35% of the offline sales that can be influenced are driven by the retailer's website



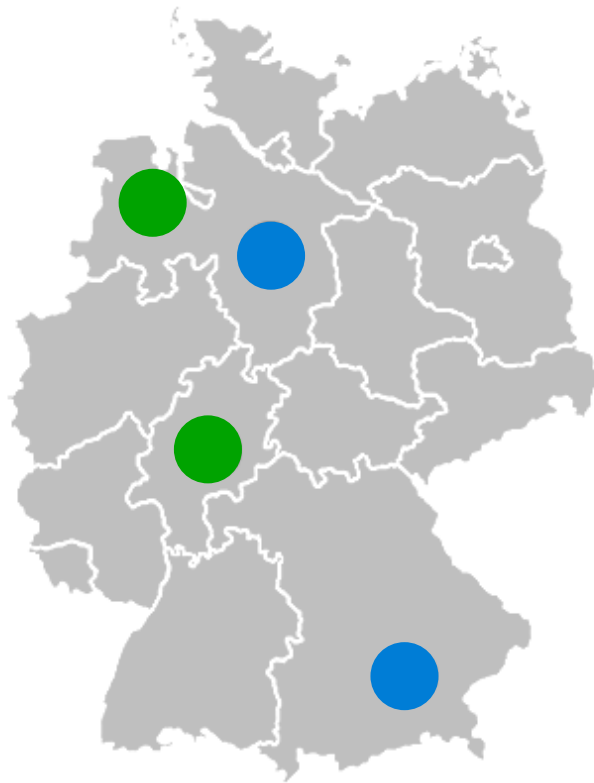
Site visits and SEM drive call centre contacts

9% of all Call Centre contacts come via the website and Paid Search



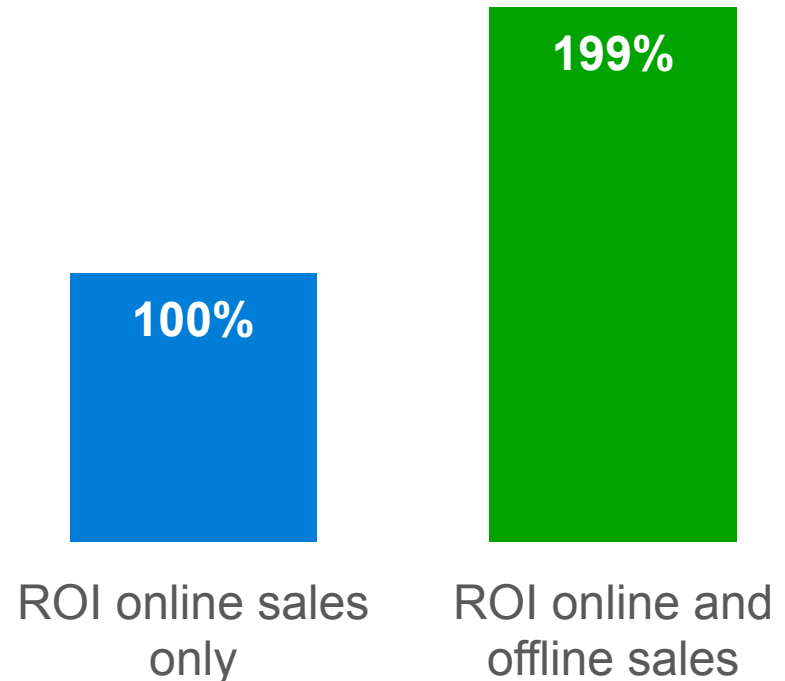
Online advertising delivers incremental sales

Paid search delivers 7% points uplift in offline sales relative to control markets where no AdWords budget was allocated



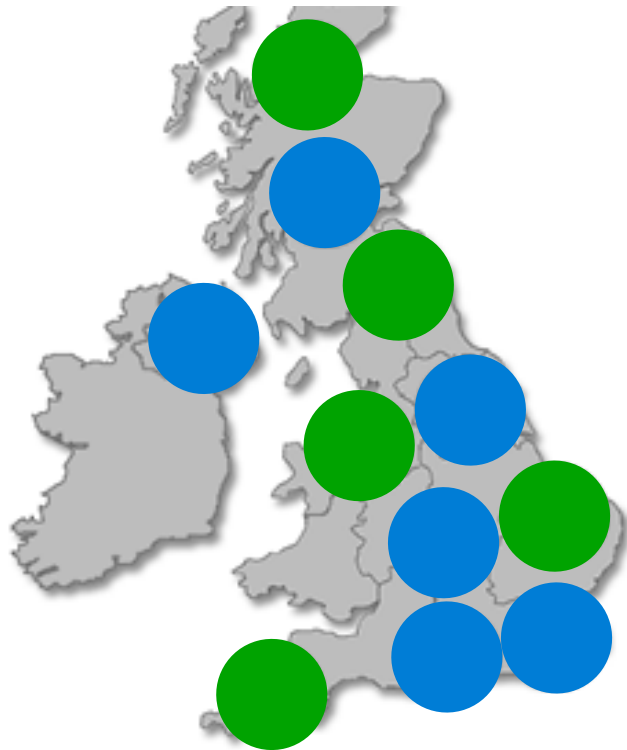
- Test - increased AdWords budget
- Control - no AdWords budget

Bicycle sales return (INDEX)



Online advertising delivers incremental sales

1.5% lift in store sales through up-weighted investment in Paid Search (4:1 ROI)



- Test
- Control

£2



1



£44



1



Online advertising delivers incremental sales

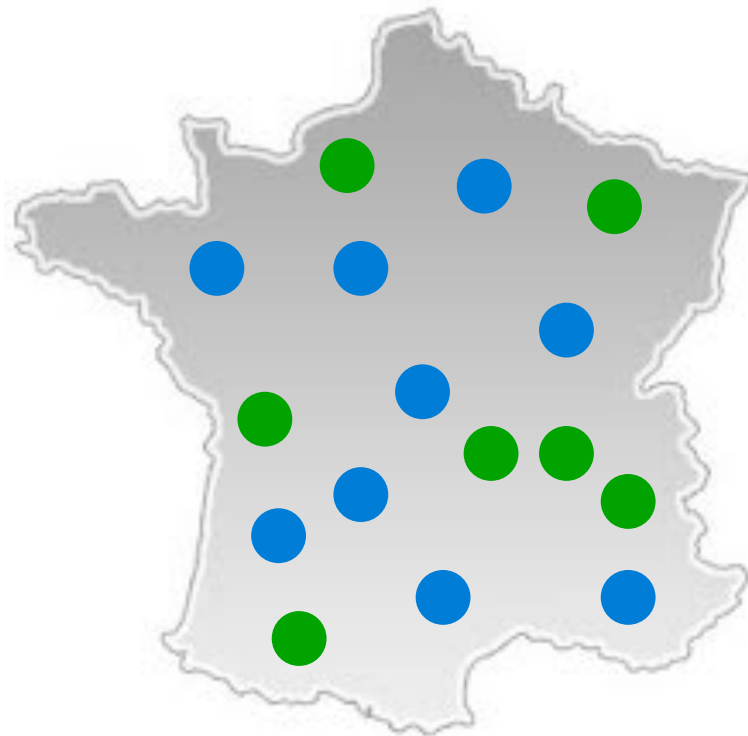
18% Call Centre unit sales on top of the online conversions driven by Paid Search

Contracts through AdWords (Online & Call Centre)



Online advertising delivers incremental sales

+2% uplift in store sales through up-weighted Display advertising on the GDN

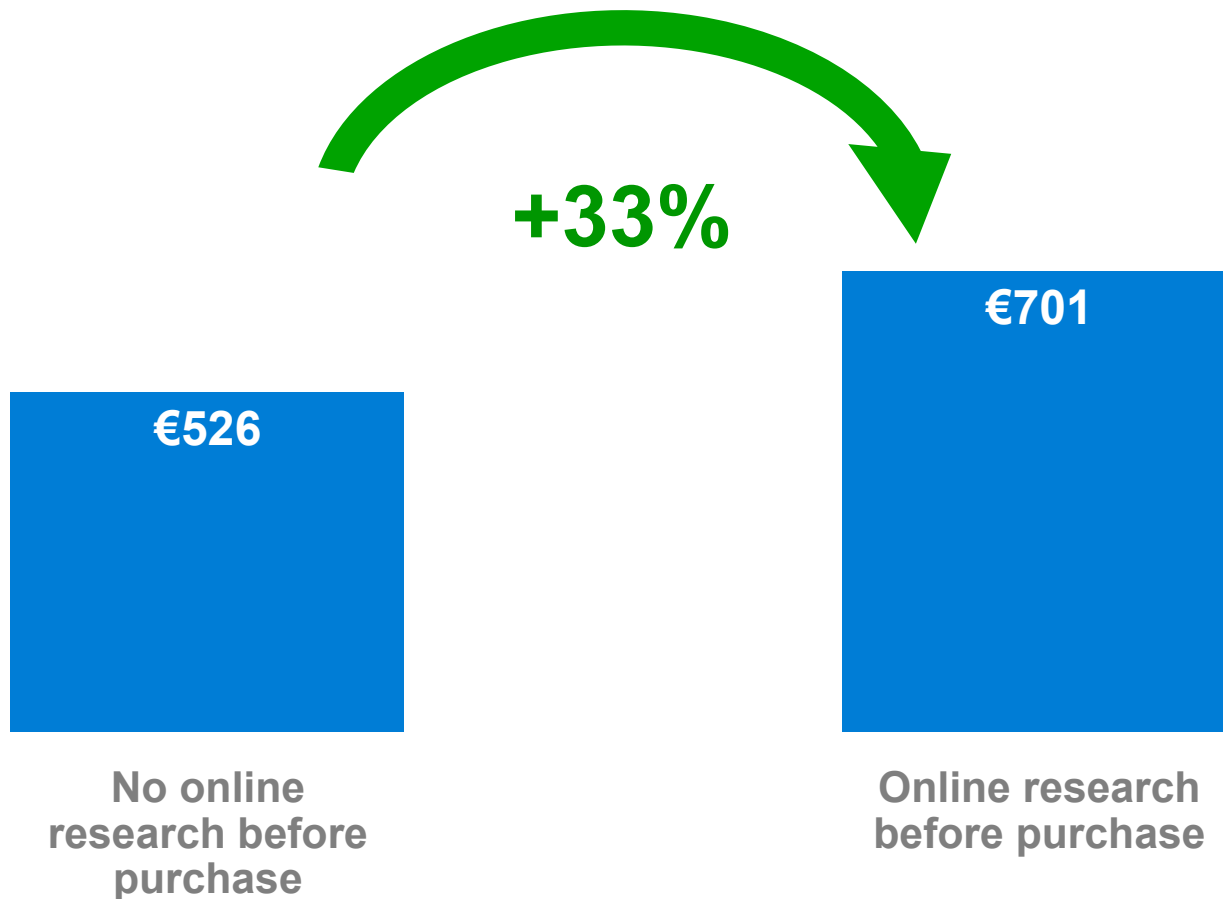


- Test region
- Control region

- 1 Incremental uplift of 2% in test relative to control markets
- 2 Incremental uplift of 3% for post-paid and 5% for hybrid voice offers
- 3 Additional uplift of up to 11% for migrations
- 4 Incremental ROI – every €1 invested in Google Display Network delivered €1.2 of incremental revenue
- 5 Display does not cannibalize search. Non significant impact of display clicks on paid search clicks

ROPO influences in-store behaviour

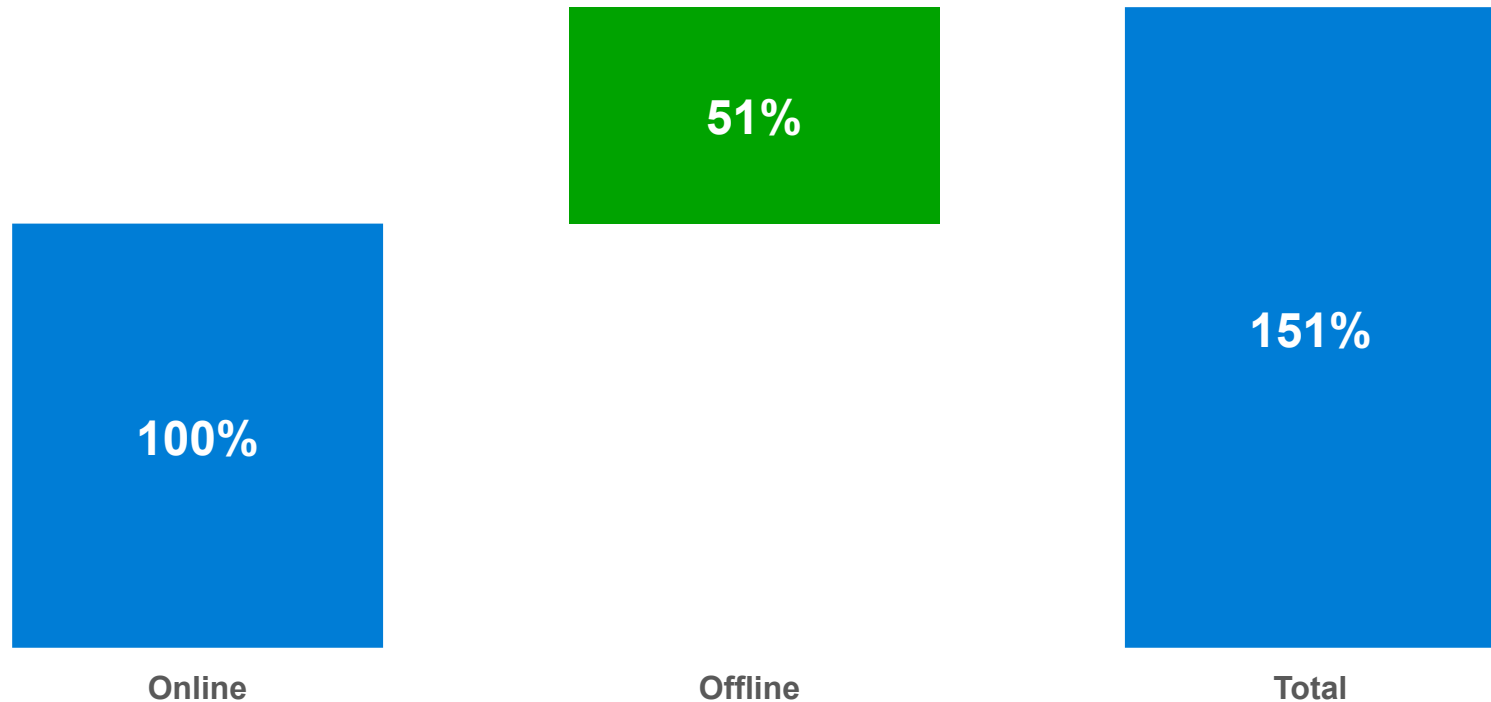
In-store spend 33% higher on average when consumers conduct online research prior to purchase



ROPO influences in-store behaviour

2 x higher basket size from ROPO customers driven by Paid Search

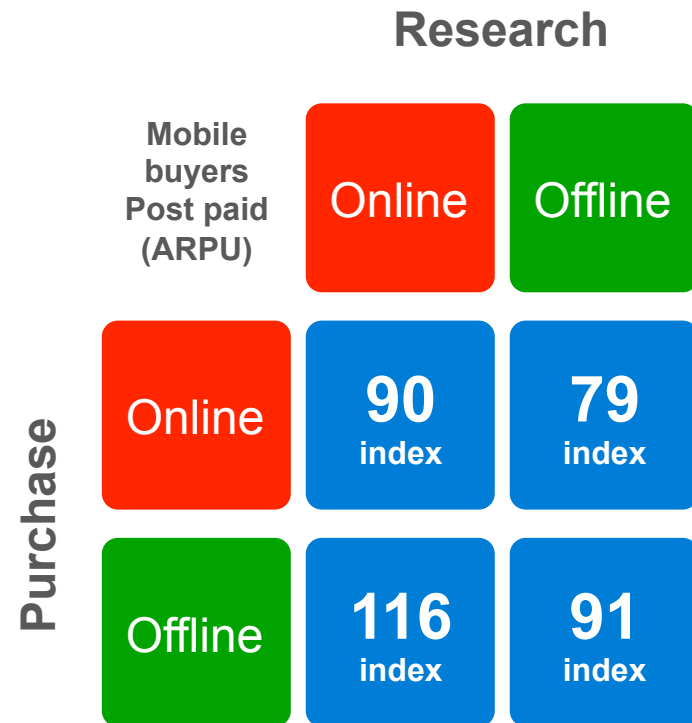
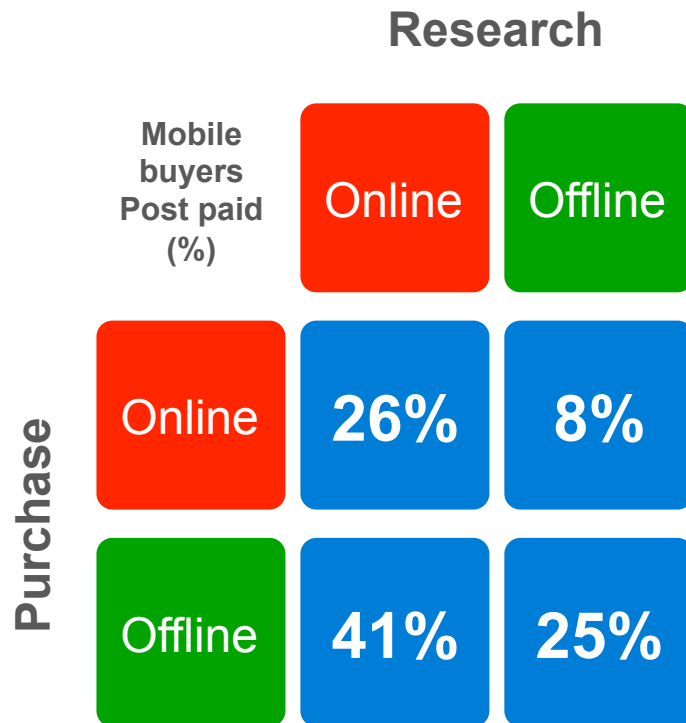
Online and offline redeemed coupons



ROPO influences in-store behaviour

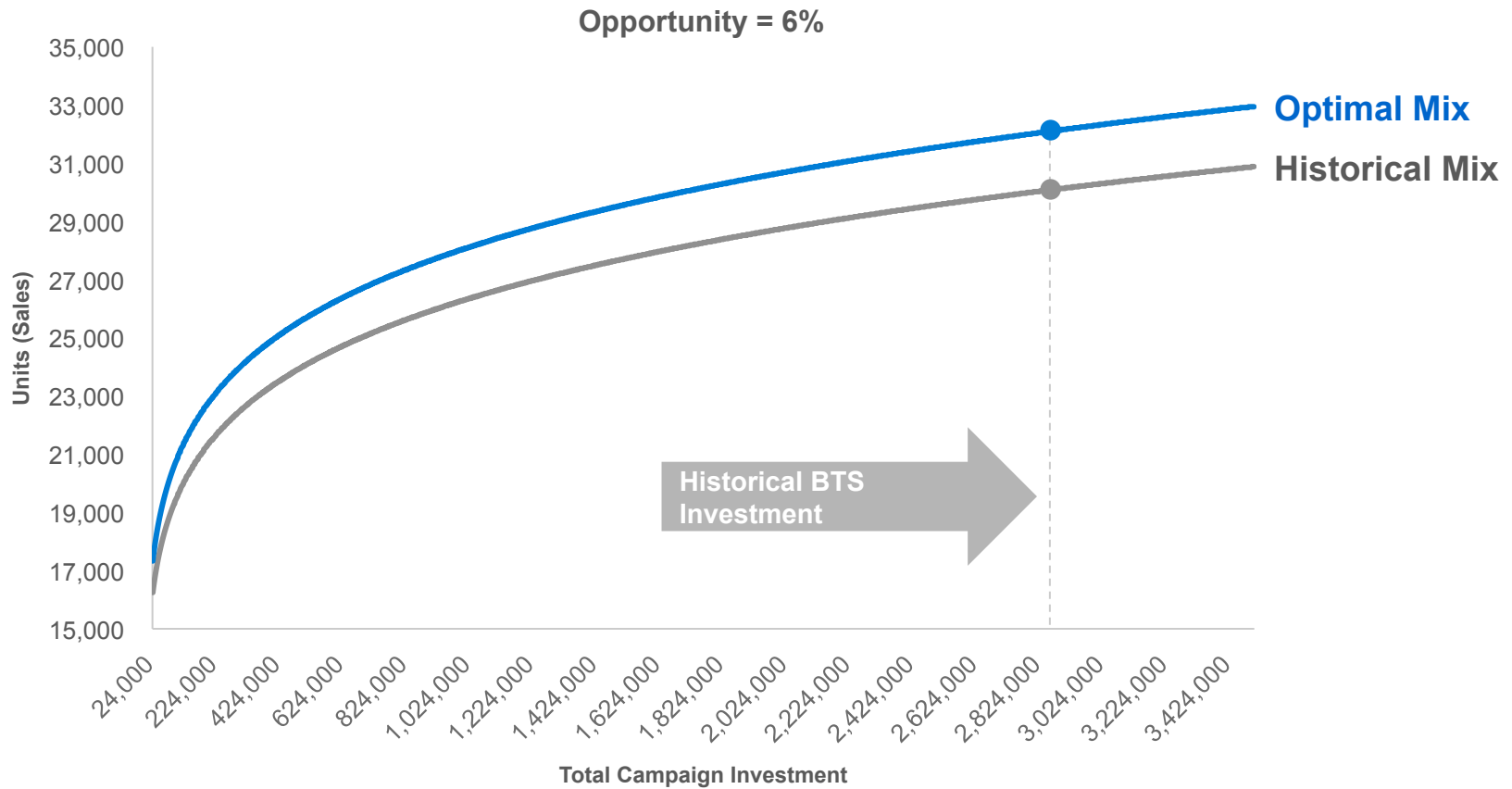
16% higher revenue (ARPU) from ROPO customers vs. indexed average

Research Online, Purchase Offline (ROPO)



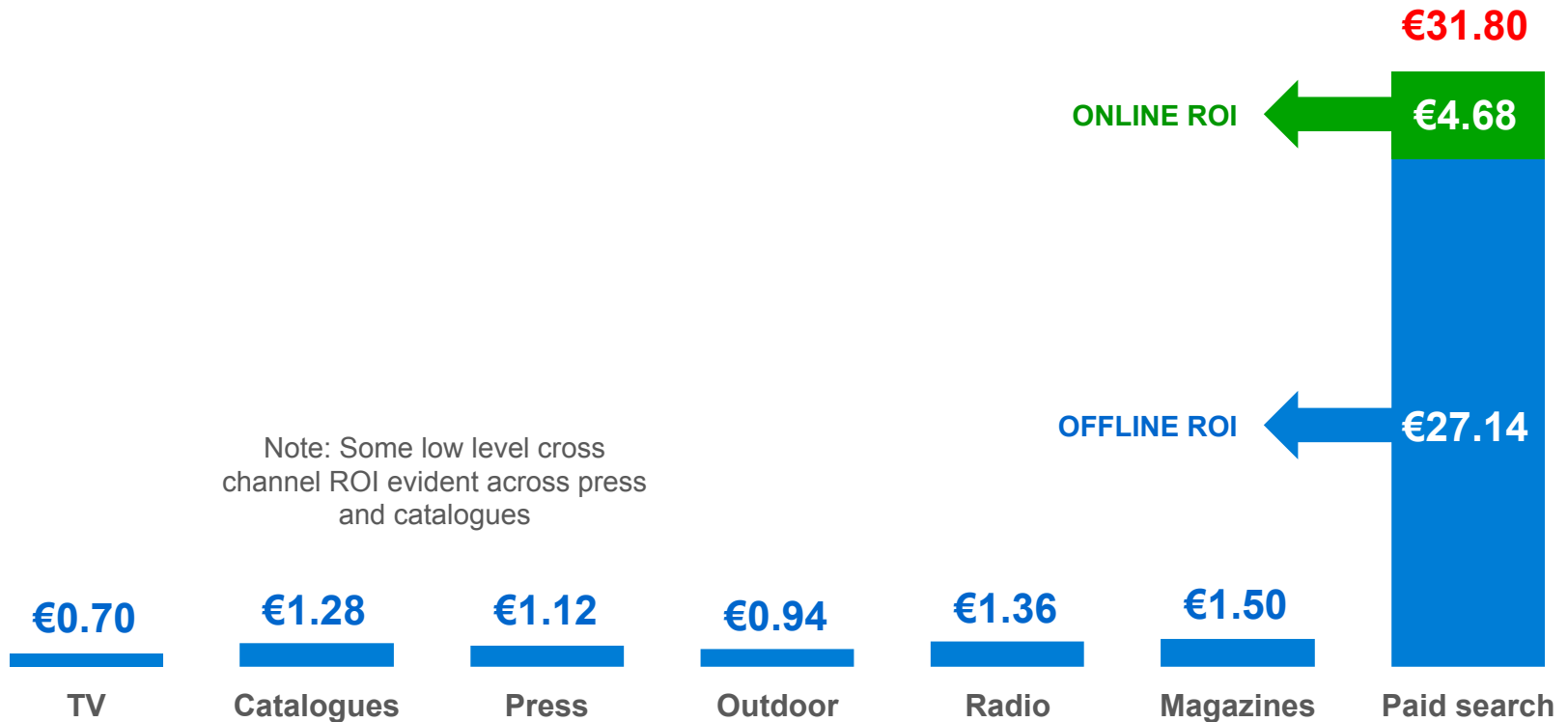
Greater efficiency through online advertising

6% higher revenue opportunity through re-allocating current budget to Paid Search



Greater efficiency through online advertising

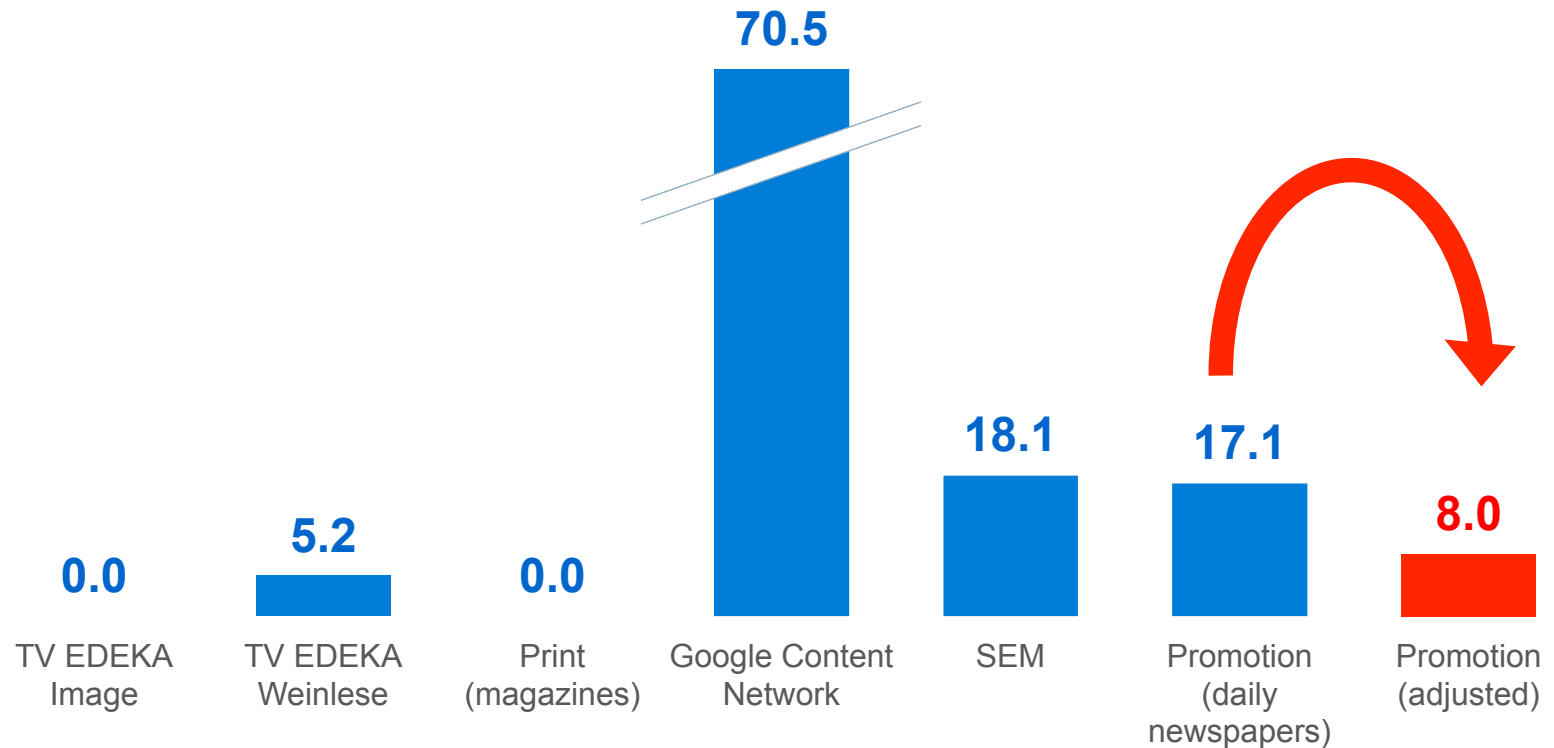
30 x return for every €1 spent on Paid Search. 85% of this is delivered offline



Greater efficiency through online advertising

100%+ higher return through online advertising compared to the next best offline media

Gross Return on Investment (GROI) in Euros



thinkinsights

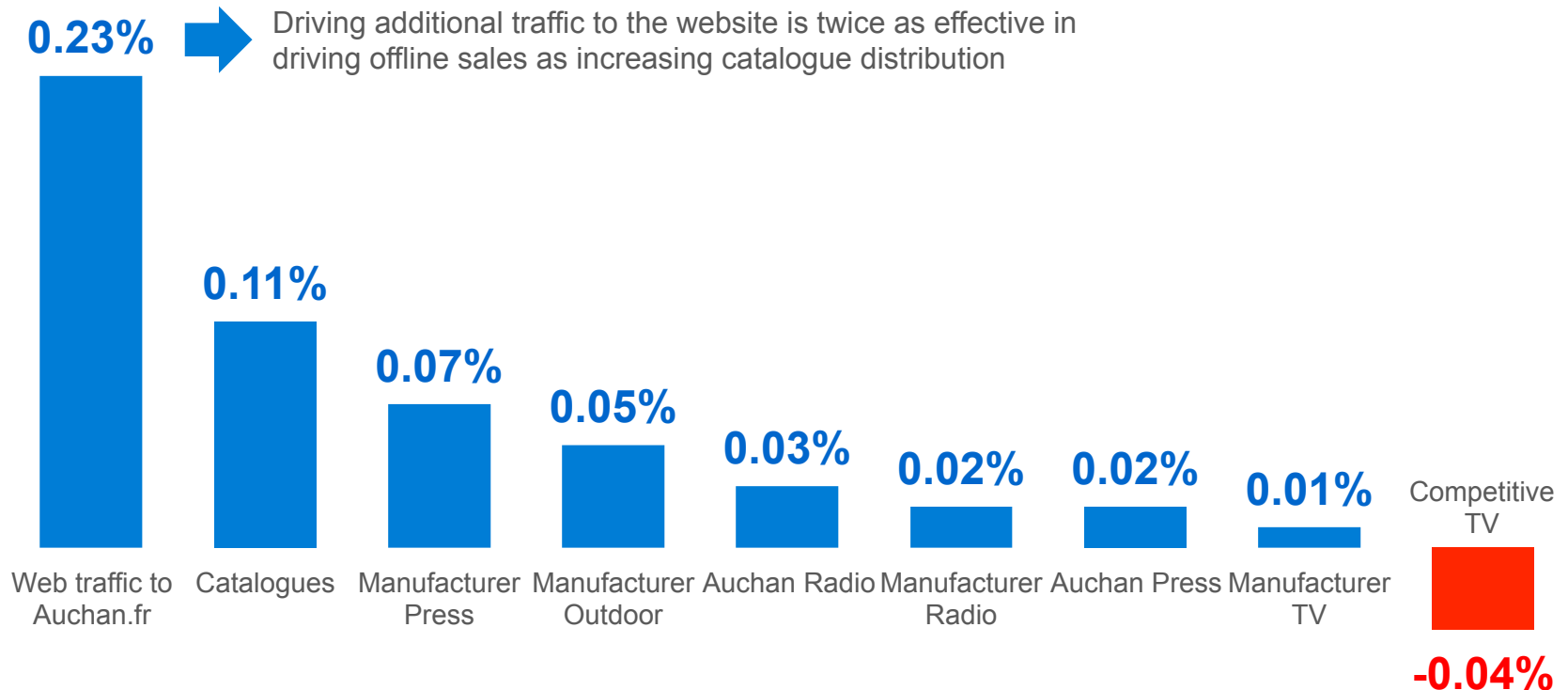
with Google

Source: Google, Online to store (EMEA), November 2011

Greater efficiency through online advertising

+0.23% in-store sales for every 1% more traffic sent to the retailer's website

Efficiency in driving offline TV sales



thinkinsights

with Google

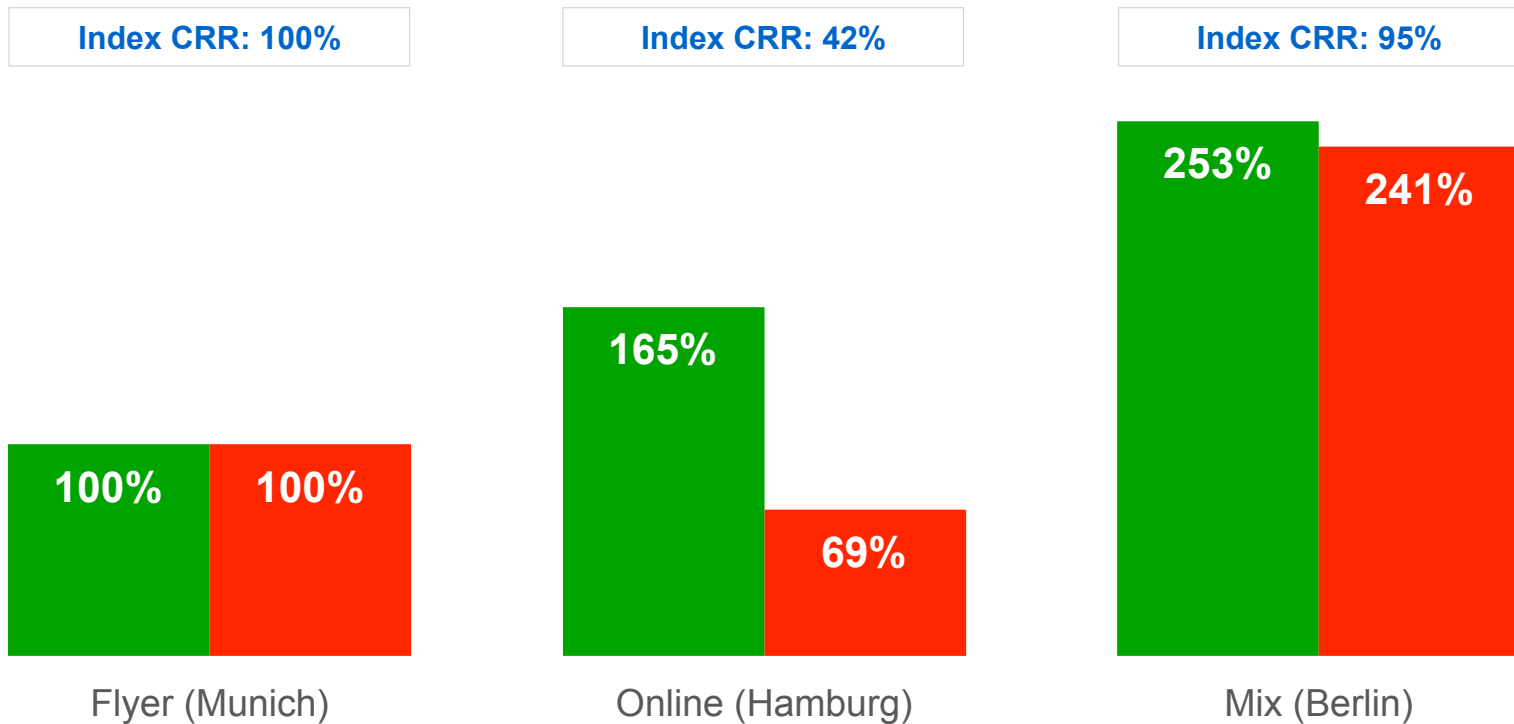
Source: Google, Online to store (EMEA), November 2011

Greater efficiency through online advertising

-58% lower cost-to-revenue ratio (CRR) where only online advertising is used

Relative investment to revenue ratios

■ Revenue ■ Costs



Greater efficiency through online advertising

-13% lower media investment on GDN Display and YouTube to achieve (higher) sales

