How Search Influences Holiday Shopping

WRITTEN BY
Nina Thatcher

PUBLISHED
November 2013

THE **RUNDOWN**

Holiday shopping is already in full swing, and people are increasingly turning to the internet to get advice on what's hot, who they should buy from and where they should purchase gifts. In our study conducted with Millward Brown Digital, we found that people who search are 1.5 times more likely to buy than those who don't use search, making them a particularly valuable audience for marketers. Here's what you need to know about the search habits of 2013's holiday shoppers.

Many consumers have already begun their holiday shopping online. You can see this just by looking at Google Search data. Queries for this year's must-have presents, from Rainbow Looms to smart watches, are all on the rise.[1]

Holiday shoppers use the web — especially search — to figure out what gifts to buy, choose brands and decide where to purchase.[2] In fact, the internet is the top resource for holiday shopping, according to our recent survey, with four out of five shoppers considering it the single most "useful" resource.[3]

If you want to grow sales this holiday season, people who search are a particularly valuable audience. These shoppers are 1.5x more likely to buy than those who don't use search. They know what gifts they are looking for and are primed to buy. With pressure to purchase, people who search during the holidays are also much (140%) more likely to buy than those who search at other times of the year. (Fig 1.)

This is rather intuitive, but some of the other findings from a recent study we did with Millward Brown Digital shed some more light on holiday search users, revealing how they behave, when they buy and why they are so important to marketers.
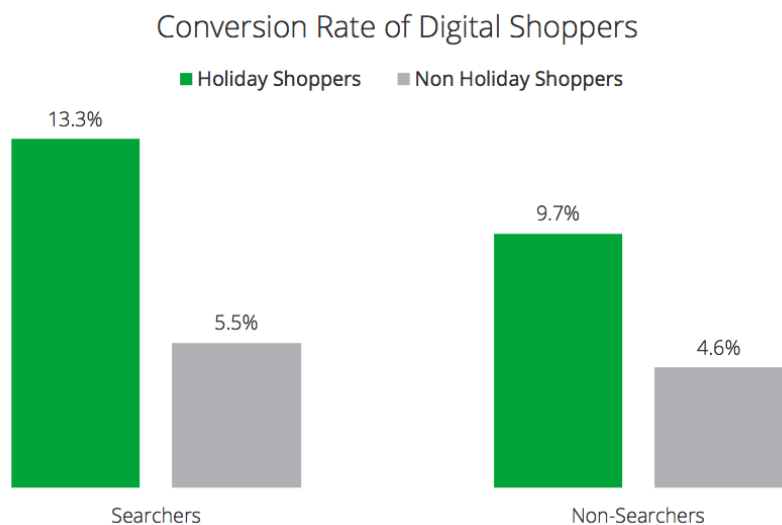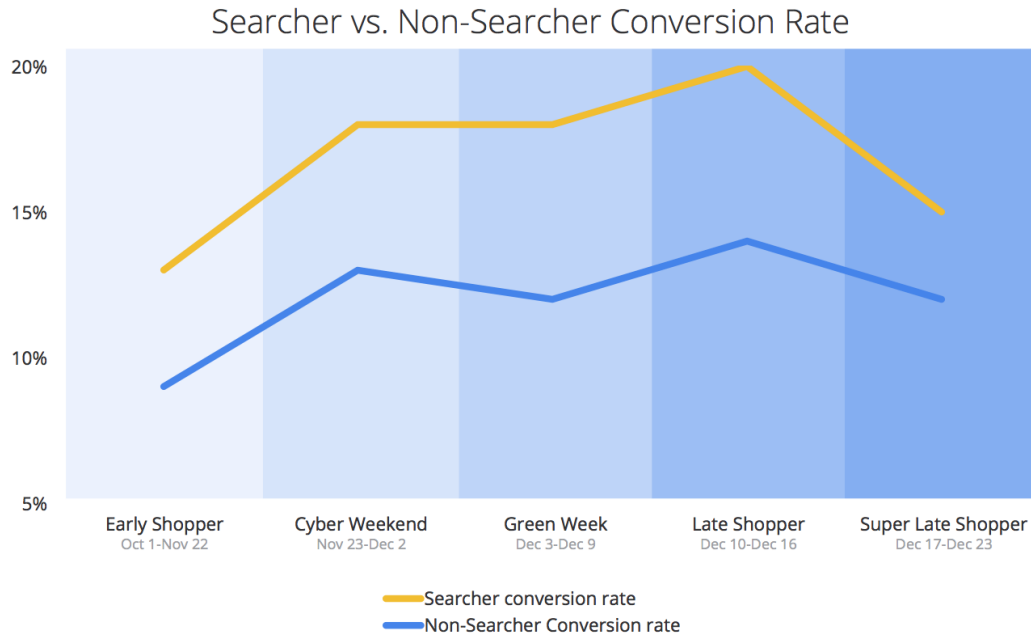
Fig 1.

Conversion Rate of Digital Shoppers

■ Holiday Shoppers   ■ Non Holiday Shoppers

13.3%

9.7%

5.5%

4.6%

Searchers   Non-Searchers

Fig 2.

Searcher vs. Non-Searcher Conversion Rate

| | Early Shopper
Oct 1-Nov 22 | Cyber Weekend
Nov 23-Dec 2 | Green Week
Dec 3-Dec 9 | Late Shopper
Dec 10-Dec 16 | Super Late Shopper
Dec 17-Dec 23 |

Searcher conversion rate
Non-Searcher Conversion rate

Shoppers buy throughout the season

During the holidays, retailers tend to push promotions on key days (Black Friday, Cyber Monday, Green Monday). But our research shows that shoppers are making purchases throughout the entire holiday season. In fact, conversion rates actually spike at the end of the season, between December 10th and 16th. This is true for both shoppers who used search and those who didn't. (Fig 2.) When it comes down to the wire, people are more likely to buy. This doesn't even account for all the consumers who are just "window shopping" online, and then buying in a store. In fact, Forrester estimates more than 50% of annual retail sales will be influenced by digital by 2017.[4]

Interestingly, people who search buy more than those who don't use search, not just during this "late shopper" period but throughout the whole season. This means that people who shop online tend to be more valuable, more qualified shoppers. And since they are searching all season long, there are many chances to reach them with digital deals, beyond the traditional promotion days.
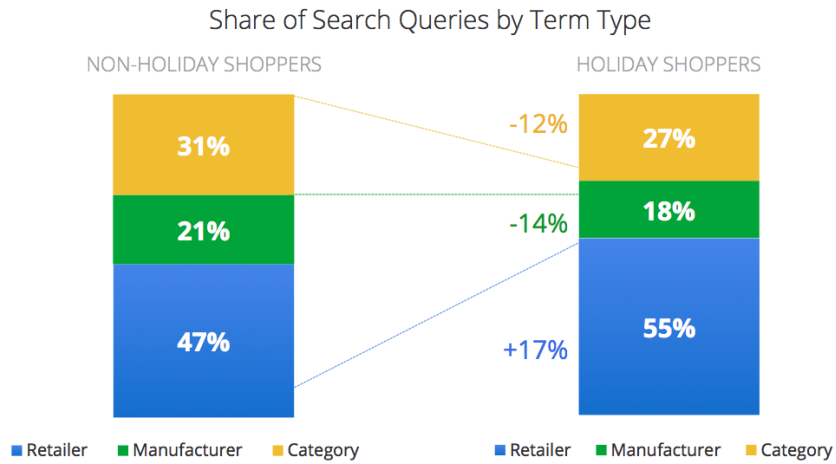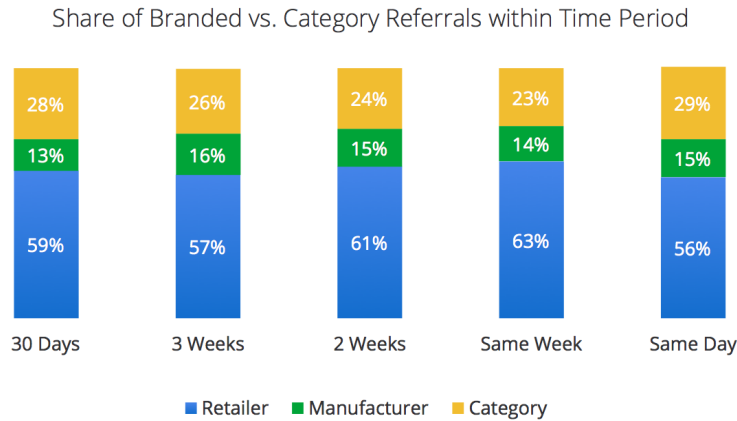
Fig 3.

Share of Search Queries by Term Type

NON-HOLIDAY SHOPPERS   HOLIDAY SHOPPERS

31% (Category)	-12% → **27%** (Category)
21% (Manufacturer)	-14% → **18%** (Manufacturer)
47% (Retailer)	+17% → **55%** (Retailer)

■ Retailer ■ Manufacturer ■ Category   ■ Retailer ■ Manufacturer ■ Category

Fig 4.

Share of Branded vs. Category Referrals within Time Period

	30 Days	3 Weeks	2 Weeks	Same Week	Same Day
Category	28%	26%	24%	23%	29%
Manufacturer	13%	16%	15%	14%	15%
Retailer	59%	57%	61%	63%	56%

■ Retailer ■ Manufacturer ■ Category

Shoppers use category terms, regardless of when they buy

People who searched during the holiday are more likely to seek out specific retailers than they are at other times of the year (Fig 3.) — they often know exactly what they want. But sometimes they don't, and that's when they search on category, or non-branded, terms, such as "tablet" or "pink sweater." Over the course of one month, we saw roughly one-quarter of those who search use category terms to find products. That represents a sizeable opportunity that shouldn't be ignored, especially if you don't have retail stores.

Let's say you are a handset manufacturer and your products are sold in electronics stores. You'd want to grow brand awareness among these undecided shoppers by advertising on category terms, so when they are ready to buy from a retailer, they ask for you by name.

The fact that they are using category terms consistently means that marketers should widen their attribution windows. You'll want to see exactly what kinds of initial searches are leading to final sales.

When searching on category terms, holiday shoppers buy three times as often

The opportunity gets even bigger when we look closer at category terms. Our study shows that when an undecided shopper searches with a category term, that person is three times more likely to convert during the holidays — when people are buying gifts for others. For example, they might know that their son wants a skateboard, but have no idea what brand to buy. So they begin by searching for "popular skateboards" or something similar. That's a marketer's moment to win them over.

How to reach holiday shoppers

People that use search, especially those who are undecided, are a valuable audience, open to influence throughout the season. Knowing this, retailers and brands need to ensure consumers can find their product online, among the multitudes of others they see on the "digital shelf." They need to actively manage their digital displays in the same way they manage their in-store displays. If they don't have physical stores, then it's all the more important to create a strong presence online — for branding as much as sales.

Here are four ways to go about it:

1) Shoppers are starting early and ending late. Implement an "always-on" paid search strategy to reach them whenever they are looking.

2) Think beyond traditional key shopping days and push promotions all season long, especially towards the end.

3) Advertise on category terms to capture the attention of those sought-after undecided shoppers. Keep their attention through remarketing.

4) Shoppers are searching on category terms consistently — whether it's one month or

one day before they buy. Widen your attribution window to account for this. Knowing the whole path to purchase will help you improve your marketing throughout the holiday season — and throughout the year.

Nina Thatcher

National Sales Development Manager, Retail & Technology, Google

Methodology

Our goal was to better understand how online consumers shop for retail goods during the holiday season. Using Millward Brown's digital panel of two million U.S. consumers, we measured online consumer behavior with a focus on shopper query paths and conversion during the fourth quarter of 2012. We focused on portable PCs and tablets, cell phones and apparel.

A conversion in the study was defined as making an online purchase in any one of the three categories. Conversion rates were determined based on a unique user basis as opposed to visit-based. This approach enables a look-back window of 30 days from the purchase to understand which online resources were used and how.

We compared these findings to similar shopping query paths during the non-holiday season in 2012. Then we segmented the holiday season into five key shopping periods and compared the differences.

Sources

1 Google Internal Data

2 Google Think Insights, "Beat the Holiday Rush: Three Strategies for Getting Ahead"

3 Google Think Insights, "Getting to Know Your 2013 Holiday Customers"

4 Forrester Research, Online Retail Forecast 2012 to 2017, February 2013