Breaking the Glass Ceiling

How to Move Apparel Shoppers from Undecided to Decided in the Path to Purchase

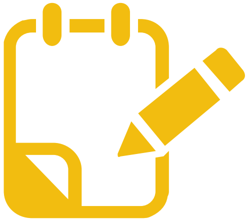
U.S.
July 2012

Methodology

- Better understand how digital drives apparel research and purchases
- Compete conducted an online survey using panelists who researched or shopped for apparel online within the past 6 months. Surveys were fielded between May 1st through May 25th 2012 (n=1,321)
- Clickstream purchase analysis was run for Q2 and Q3 2011 (aggregated)
- See appendix for brands included in the analysis

We **tracked** consumers online shopping activity to understand shopping and searching patterns.

We **analyzed the behavior of apparel purchasers** tracking their behavior backward from the point of purchase.



Surveyed apparel shoppers to understand their shopping behavior.

Source: Google/Compete Apparel Study (Q4 2010-Q4 2011)

Google

Executive summary

1 **Apparel shoppers are undecided on brand:** More than 1 in 3 are unsure of what brand or where to buy

2 **Customers shop around before converting:** People who bought apparel online visited many sites before converting. 31% visited 5+ brand sites before making a purchase.

3 **Search is a key shopping instrument:** In the 30 days leading up to conversion, 9 out of 10 conversions have been search referred

4 **Apparel category terms drive new customers** 73% of purchase paths include category terms.

5 **Category term top ad positions are** 35X more likely to drive new customers than bottom ads

Source: Google/Compete Apparel Study (Q4 2010-Q4 2011

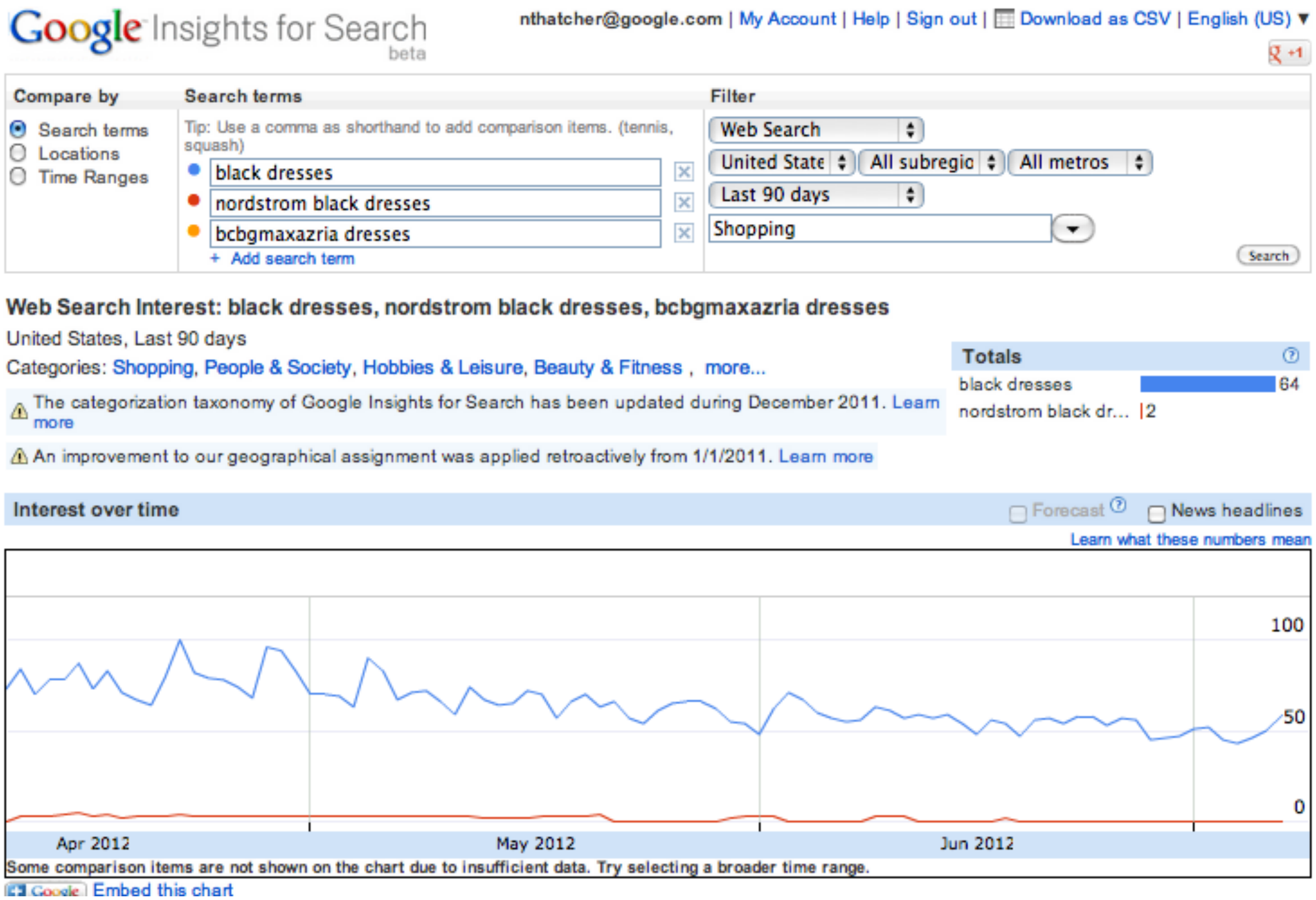
Apparel shoppers are undecided on brand

Consumers search for Apparel in many different ways (136,512 unique paths)

Top 20 paths account for **50.4%** of all paths

Source: Google/Compete Apparel Query Pathing among apparel converters, Q2 and Q3 2011

Consumers are undecided: Category terms are pervasive for apparel shoppers



Source: Google Insights for Search

Apparel shoppers unsure of what brand and where to buy

38%

I **wasn't sure** what retailer I would purchase from and I **wasn't sure** what brand/ manufacturer I would purchase

28%

I **knew** what retailer I would purchase from, but **wasn't sure** what brand/ manufacturer I would purchase

18%

I **knew** what retailer I would purchase from and **was sure** what brand/ manufacturer I would purchase

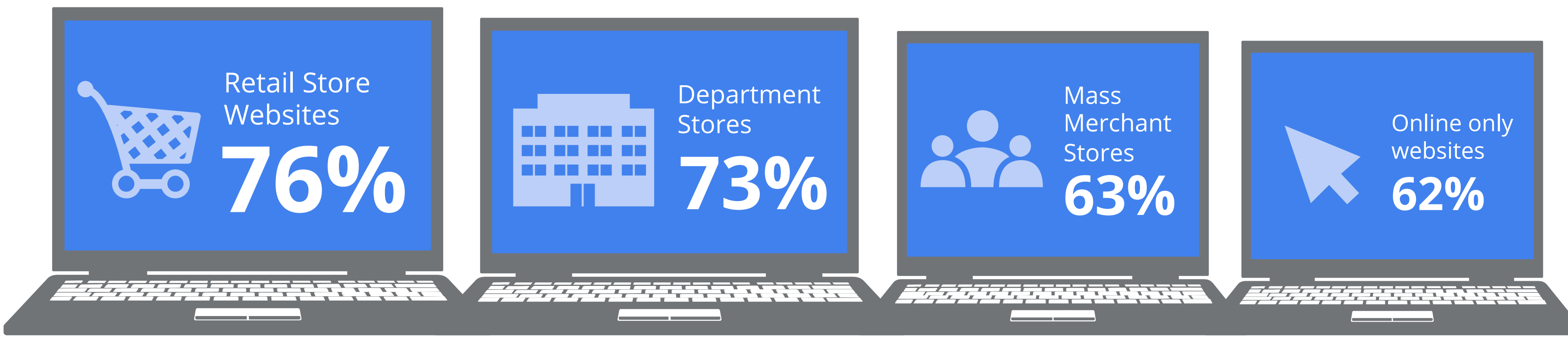
7%

I **wasn't sure** what retailer I would purchase from, but **was sure** what brand/ manufacturer I would purchase

Source: Compete Survey: BI7. Thinking back to when you first started shopping for apparel? which one the following statements best describes your approach regarding selecting a retailer and manufacturer n= 1,321

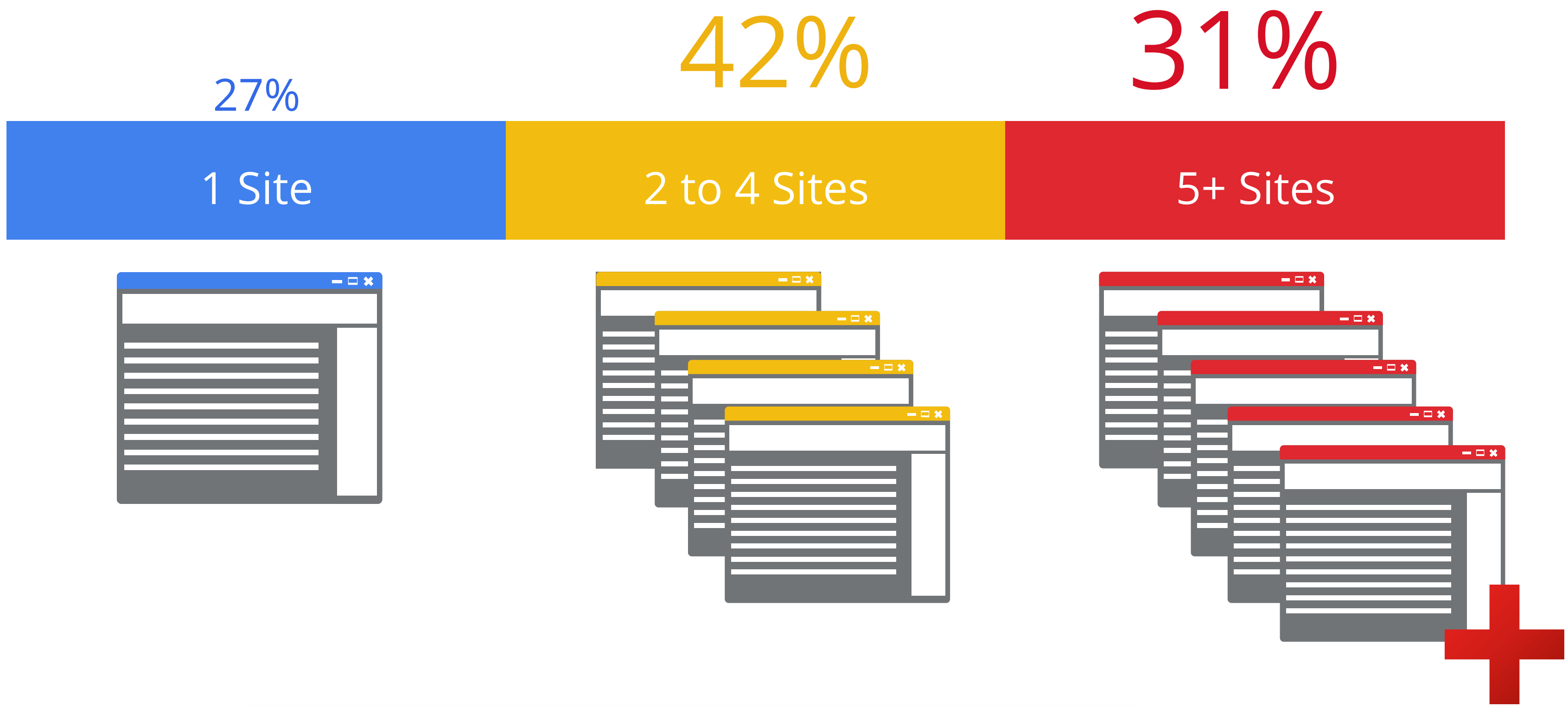
Consumers rely on retail sites when shopping

Implement digital co-op to influence consumer brand choice



Source: Compete RT6. Which of the following online sources did you use to look for information about apparel on your computer (e.g., desktop, laptop, netbook, etc.)? n=818

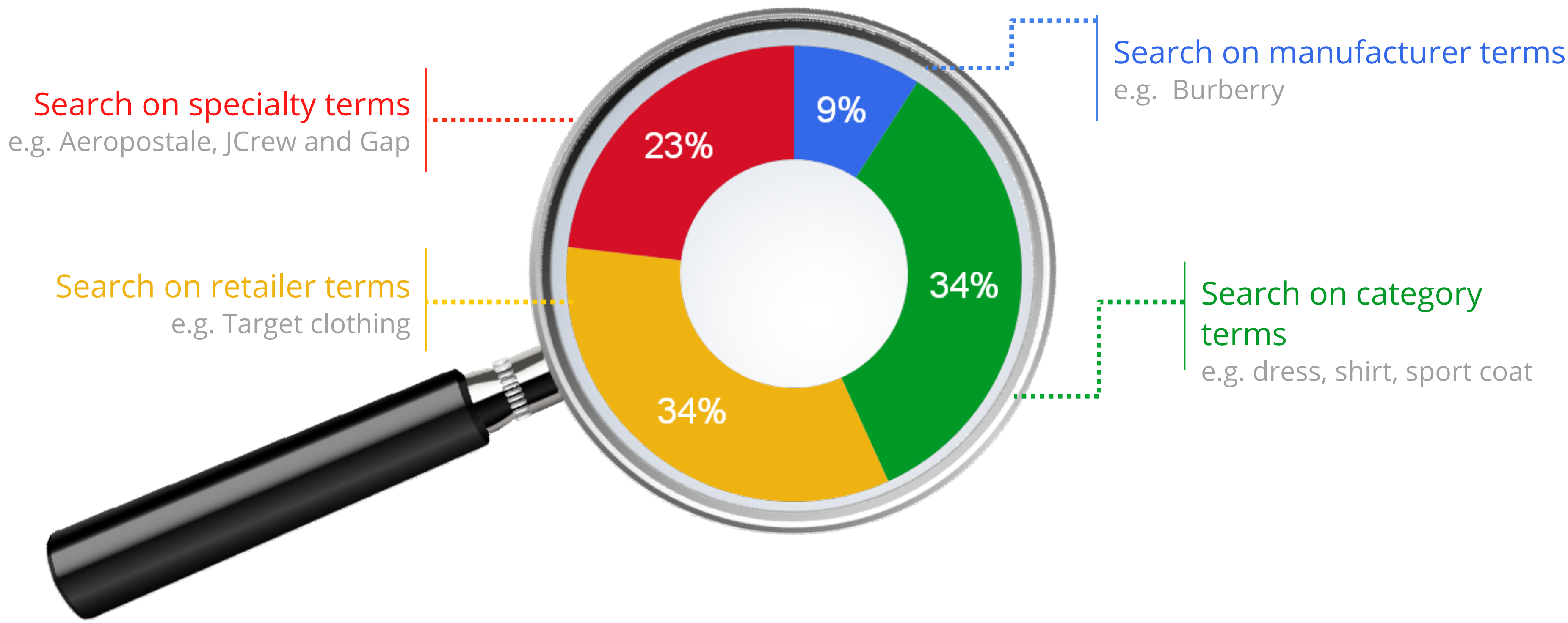
Shoppers have a wide consideration set: Almost 1 in 3 visit 5+ sites prior to conversion



Remarket to potential buyers who are shopping around

Source: Compete Clickstream: BF02, Cut by converters

Apparel shopper searches are distributed across categories



Implement comprehensive search strategy to reach all in-market consumers

Source: Compete Clickstream: VS02, Searchers, Average

9:1

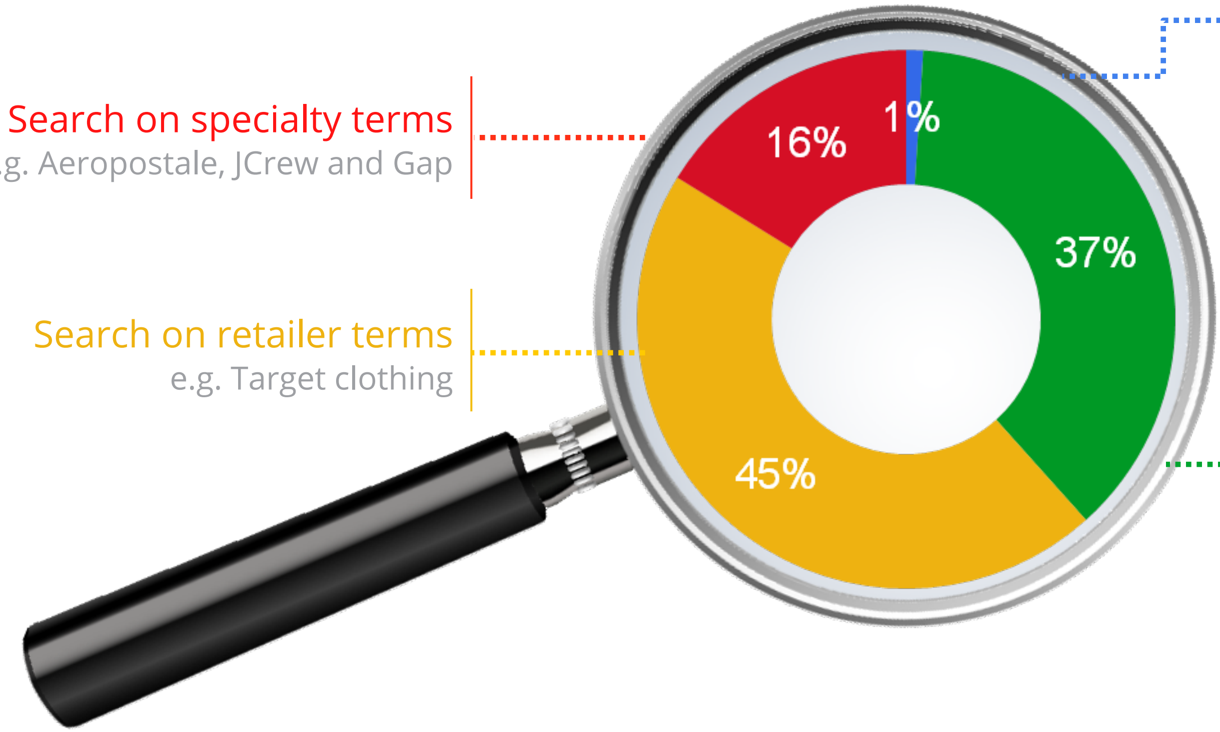
In the 30 days leading up to conversion, 9 out of 10 conversion are search referred

Source: Compete Clickstream: SR01

Apparel purchasers rely more on retailer and category terms than shoppers (non-purchasers)

Search on specialty terms
e.g. Aeropostale, JCrew and Gap

Search on retailer terms
e.g. Target clothing



Search on manufacturer terms
e.g. Burberry

Search on category terms
e.g. dress, shirt, sport coat

Apparel purchasers use category terms 8% more and retailer terms 33% more than shoppers

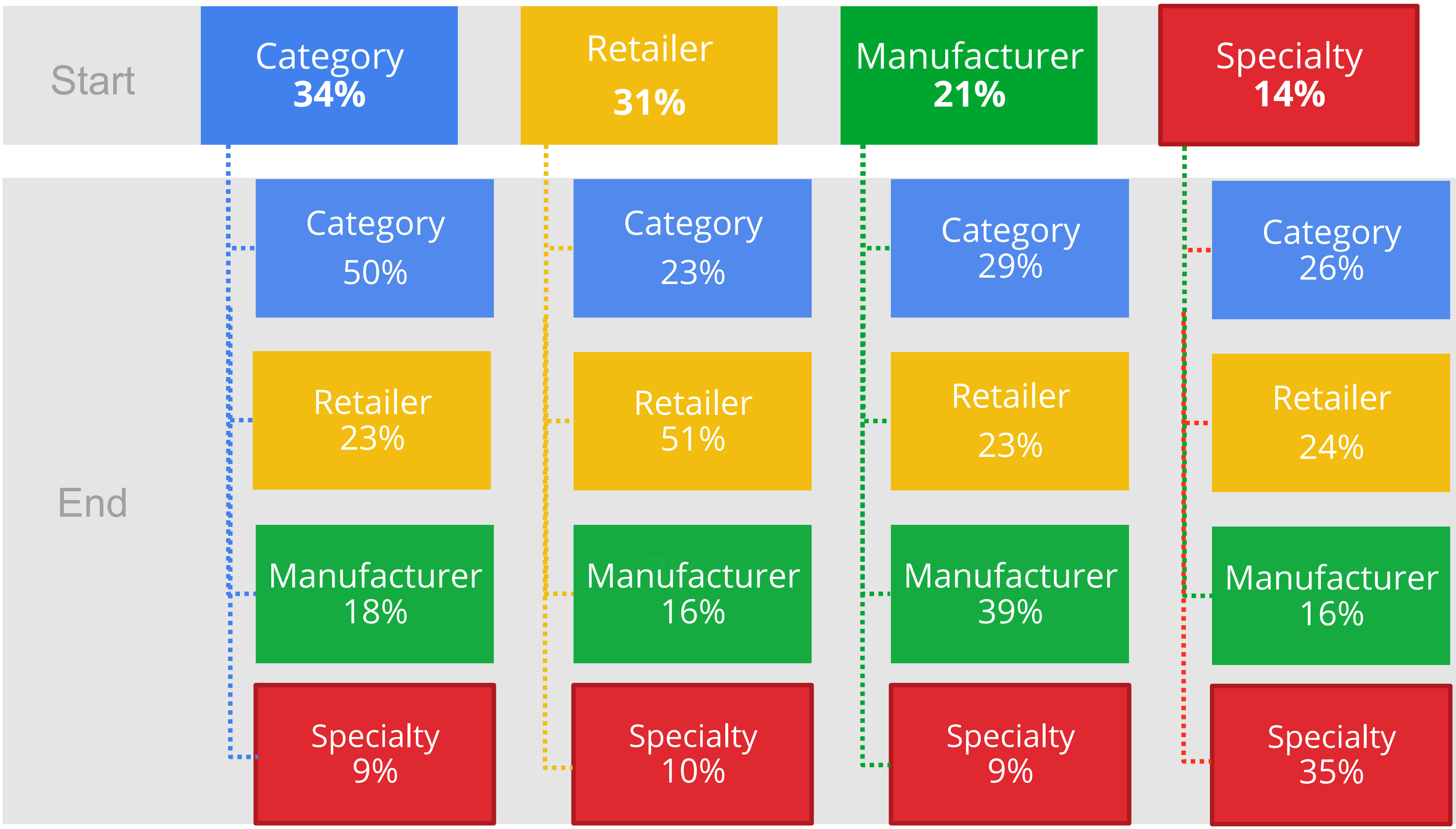
Source: Compete Clickstream: VS02, Converters, Average

Shoppers more likely to start and end with same query type

Start	Category **32%**	Retailer **30%**	Manufacturer **27%**	Specialty **11%**
End	Category 61%	Category 17%	Category 16%	Category 18%
	Retailer 17%	Retailer 62%	Retailer 16%	Retailer 17%
	Manufacturer 16%	Manufacturer 15%	Manufacturer 59%	Manufacturer 15%
	Specialty 6%	Specialty 6%	SPecialty 6%	Specialty 50%

Source: Google/Compete Apparel Shopper Query Pathing Analysis, Q2 & Q3 2011

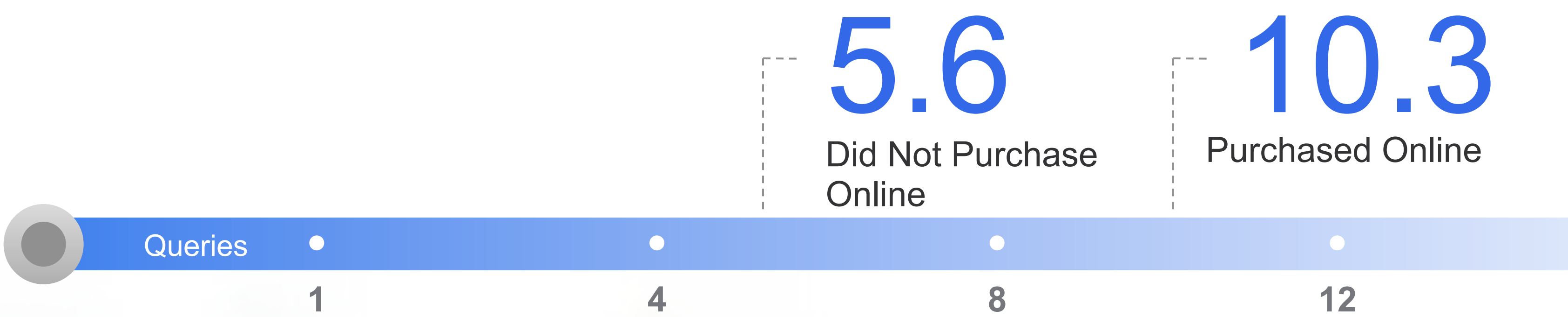
Purchasers are more likely to utilize category terms



Source: Google/Compete Apparel Purchaser Query Pathing Analysis, Q2 & Q3 2011

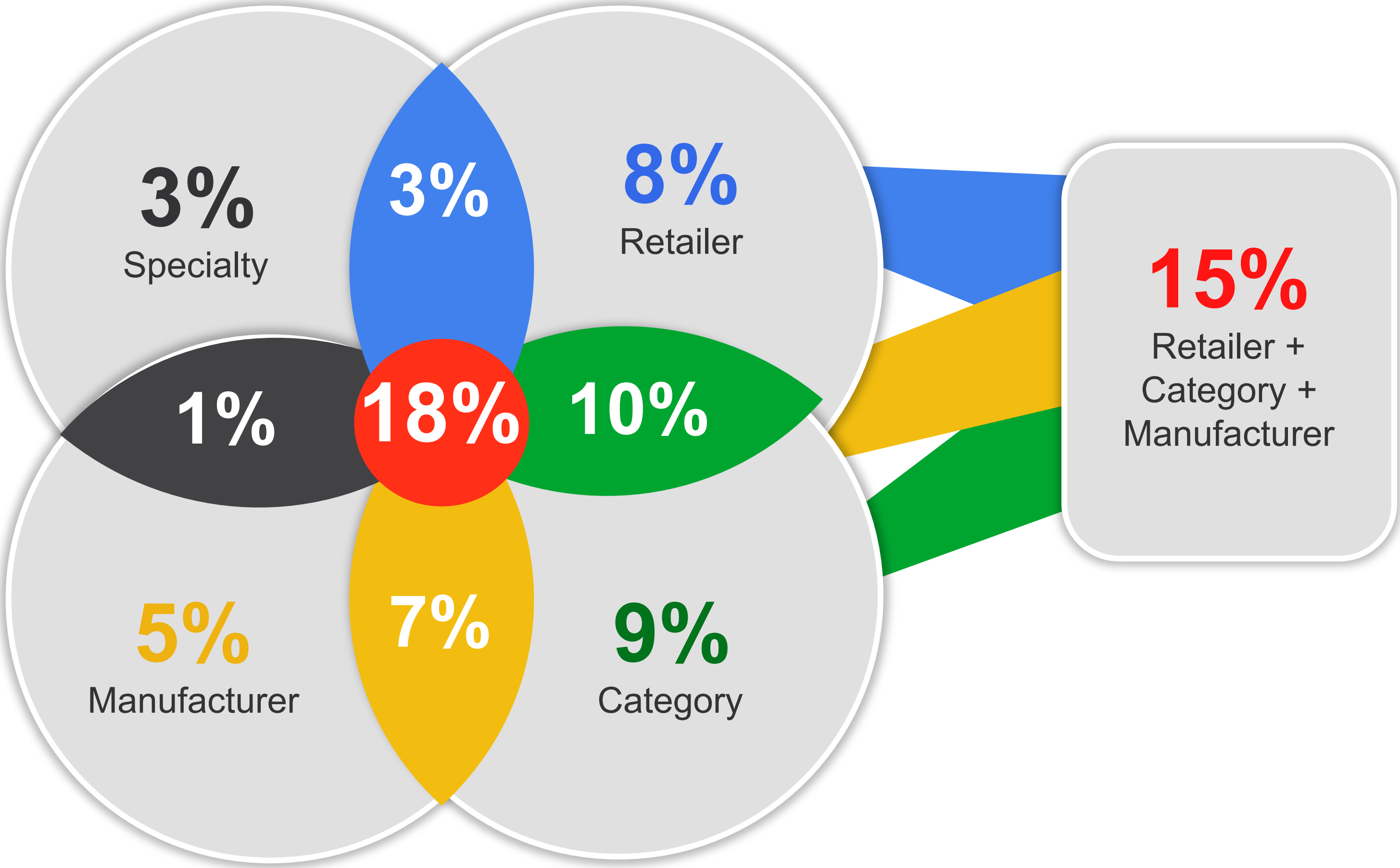
Online Apparel purchasers spend more time with search

On average, converters conduct 2X more queries while shopping



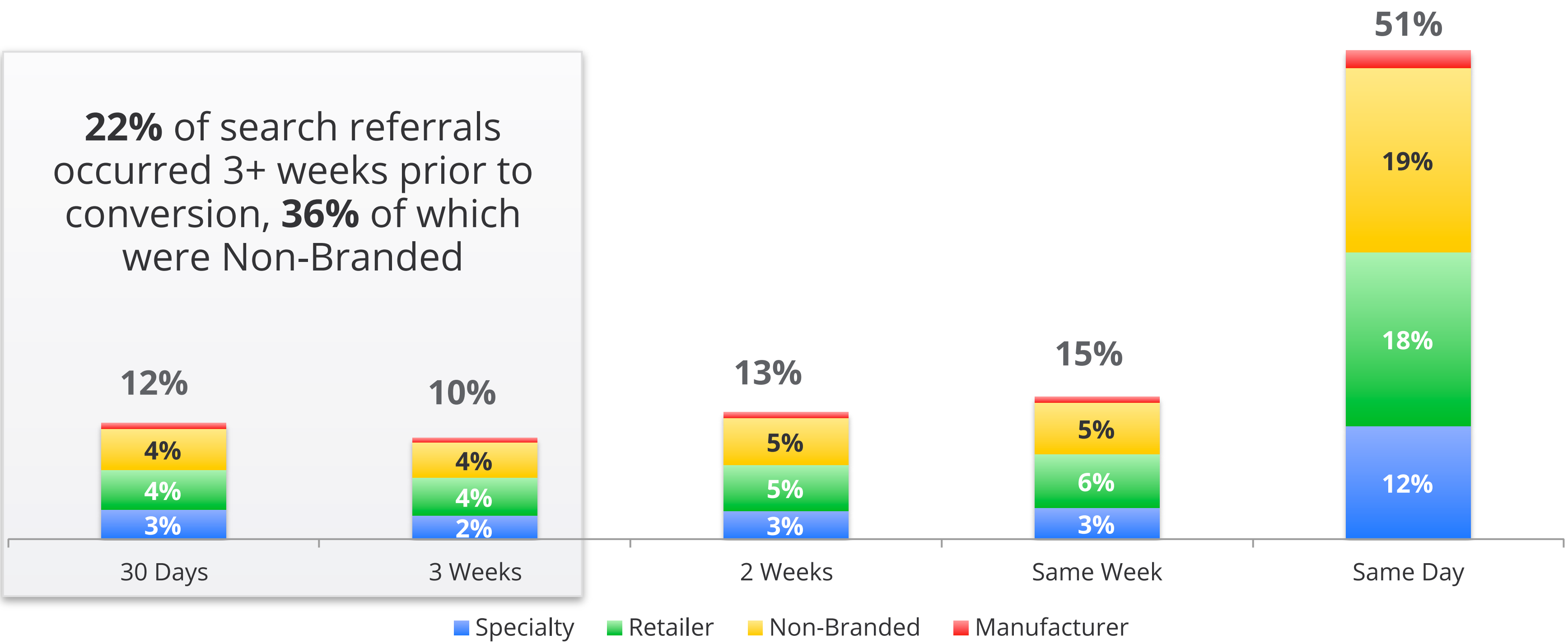
Source: Google/Compete Apparel Query Pathing among apparel converters and queries, Q2 and Q3 2011

Majority of apparel shoppers paths include four types of queries



Source: Google/Compete Apparel Query Pathing among apparel converters, Q2 and Q3 2011

33% of converter search referrals occur 2+ weeks prior to conversion

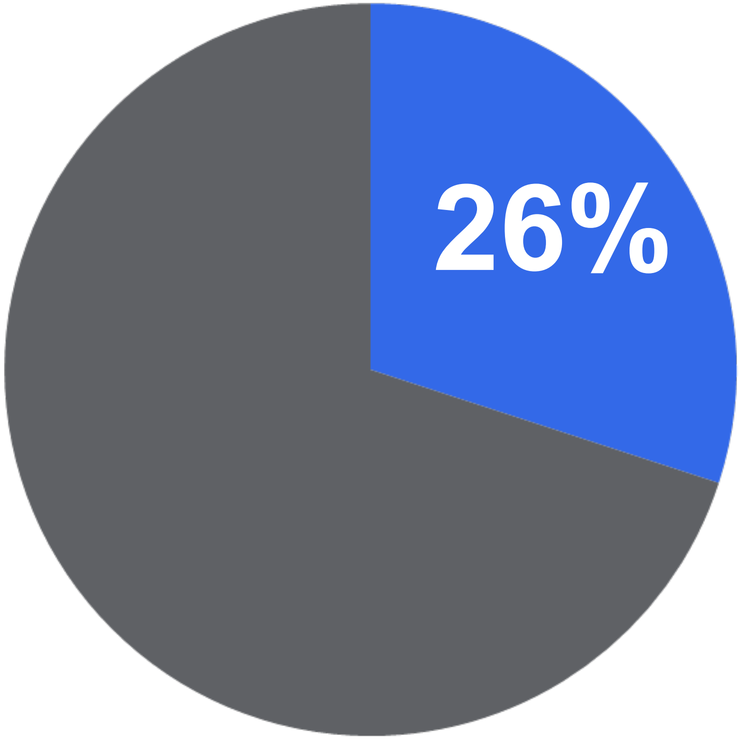


Extend attribution window & keep your brand top of mind through category term investment

Source: Compete Clickstream: SR10

Advertisers relying solely on organic search miss over 1 in 4 converters

Paid referrals up 41% Y-o-Y



of online conversions from search are referred by paid clicks

Source: Compete Clickstream: VS03, Average, Cut by converters

Google

Competitive analysis

Retailer Considered	Amazon	eBay	JC Penney	Walmart	Target	Nordstrom	Kohls
Converted	69%	84%	62%	50%	34%	25%	48%
Converted elsewhere	31%	16%	38%	50%	66%	75%	42%
Converted elsewhere at	eBay 18%	Old Navy 16%	Kohls 14%	JC Penney 20%	Old Navy 14%	Macys 14%	JC Penney 20%
	Old Navy 10%	Amazon 15%	Old Navy 13%	eBay 14%	JCPenney 12%	Victoria Secret 10%	Old Navy 11%
	JCPenney 9%	Victoria Secret 9%	eBay 11%	Kohls 13%	eBay 11%	Lands End 10%	Lands End 10%
	Lands End 9%	JC Penney 9%	Macys 10%	Old Navy 13%	Kohls 9%	JC Penney 9%	eBay 9%
	Victoria Secret 9%	Kohls 8%	Land End 10%	Target 10%	Amazon 9%	eBay 9%	Amazon 9%

Source: Compete Clickstream: BF10

Google

Competitive analysis

Specialty Retailer	Express	Gap	J. Crew	Banana Republic	Victoria Secret	Old Navy
Considered Converted	38%	30%	37%	19%	68%	51%
Converted elsewhere	62%	70%	63%	81%	32%	49%
Converted elsewhere at	Victoria Secret 22%	Old Navy 26%	Old Navy 12%	Old Navy 17%	eBay 15%	Gap 12%
	eBay 11%	Victoria Secret 9%	Gap 10%	Gap 17%	Old Navy 14%	eBay 11%
	Macys 10%	Lands End 9%	Lands End 9%	J Crew 9%	JC Penney 10%	JCPenney 11%
	Amazon 9%	eBay 8%	Victoria Secret 9%	Lands End 8%	Macys 9%	Lands End 10%
	JC Penney 9%	JC Penney 6%	eBay 7%	Victoria Secret 8%	Amazon 8%	Kohls 9%

Source: Compete Clickstream: BF10

Competitive analysis: Outdoor

Retailer Considered	Backcountry	Cabelas	Lands End	LL Bean	REI
Converted	34%	68%	70%	73%	36%
Converted elsewhere	66%	32%	30%	27%	64%
Converted elsewhere at	LL Bean 18%	LL Bean 18%	LL Bean 24%	Lands End 35%	Lands End 15%
	Lands End 17%	JCPenney 18%	JCPenney 15%	JCPenney 11%	LL Bean 15%
	eBay 7%	Lands End 12%	Old Navy 9%	Old Navy 9%	Amazon 12%
	Old Navy 6%	Kohls 11%	Kohls 8%	eBay 7%	eBay 10%
	JCPenney 6%	eBay 8%	eBay 8%	Kohls 7%	Backcountry 8%

Source: Compete Clickstream: BF10

Key Takeaways:

1 **Over 1 in 3 consumers are undecided on brand and where to buy:** Use digital to influence undecided shoppers and build brand

2 **Almost half of apparel shoppers visit 5+ sites prior to conversion:** Implement digital co-op dollars to remarket to potential buyers

3 **73% of purchase paths include category terms :** Influence open minded researchers via search for branding digital co-op

4 **33% of converter search referrals occur 2+ weeks prior to conversion**: Extend attribution window

Source: Google/Compete Apparel Study (Q2 & Q3 2011)

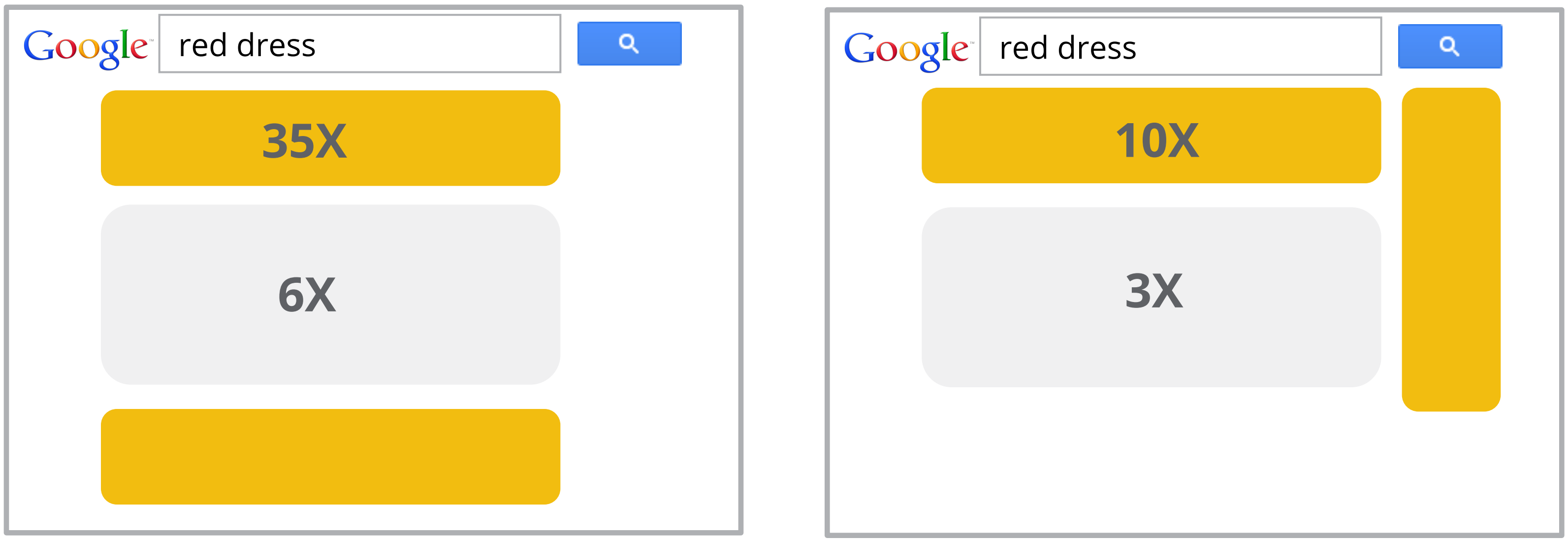
Category terms drive new customers

To acquire new customers you must pay for the top position

87%

of all clicks from new customers are paid when an advertiser appears in a top ad

Position Matters: Category term top ad positions are 35X more likely to drive new customers than bottom ads



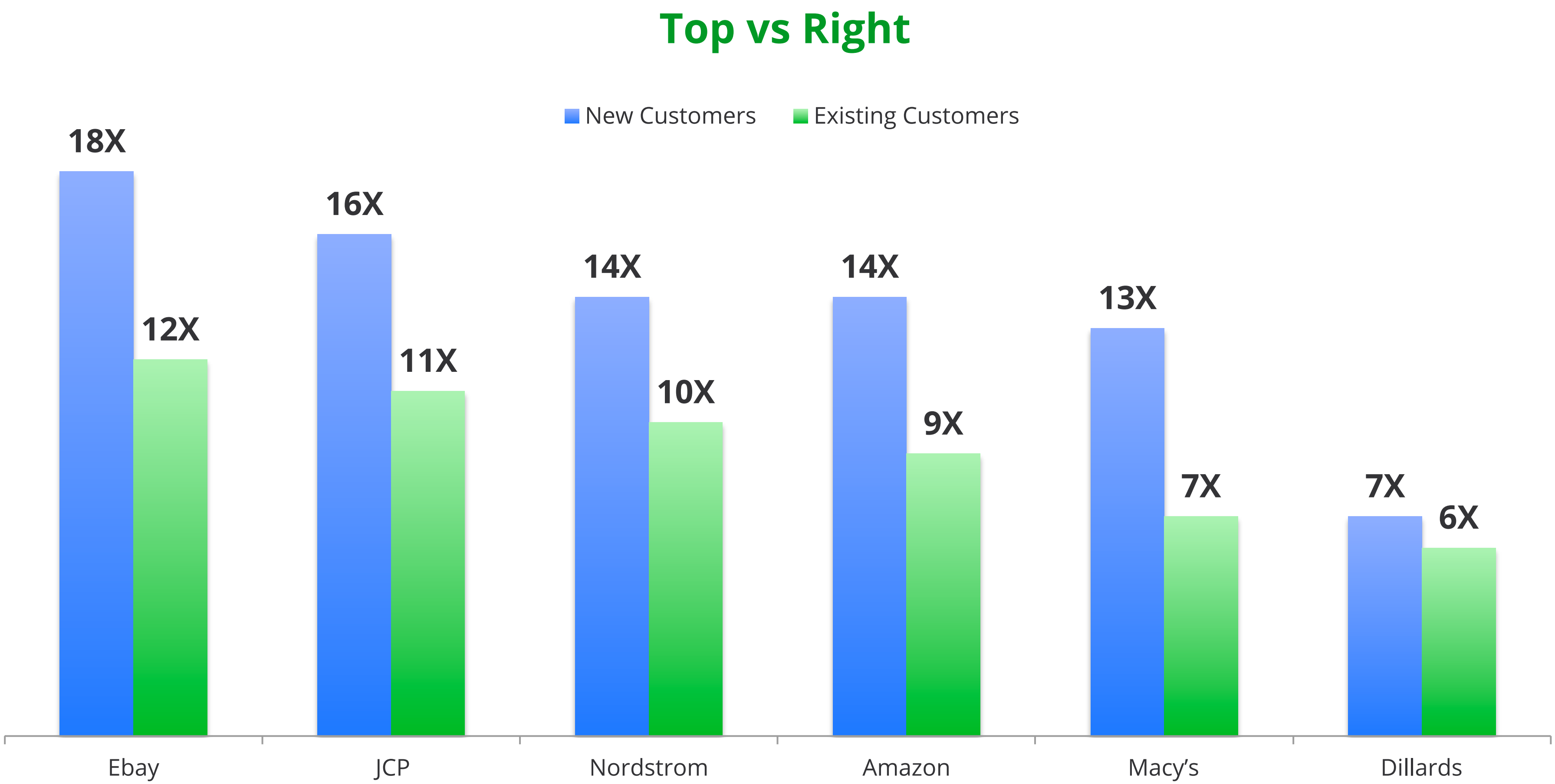
Top vs Bottom

Top vs Right

An apparel advertiser is **6x more likely** to win a new customer through a natural click when in the top versus bottom position

Google/Compete Breaking the Glass Ceiling Study Q411-Q112

New customers respond to top position category ads even more so than existing



Google/Compete Breaking the Glass Ceiling Study Q411-Q112

Key Takeaways:

1 **Category term top ad positions are 35X more likely to drive new customers than bottom ads:** Loosen efficiency metrics to drive new customers

2 **87% of all clicks from new customers are paid when an advertiser appears in a top ad:** Leverage paid listings to drive new customers

3 **New customers respond to top position ads even more so than existing:** Strongly consider top positions to drive new customers