




2012

GLOBAL ONLINE RETAIL Holiday Shopping Report

Covering Search Advertising
Trends Around the World

FULL EDITION
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TABLE OF CONTENTS

 Click for Global	Global Overview	4
	Calendar Breakdown	5
	U.S. Calendar Recap – Opportunity and Competition	5
	U.K. Calendar Recap – Opportunity and Competition	6
 Click for U.S.	U.S. Insights	7
	2012 revenues driven by paid search were up 23% year-over-year, spurred by big days on Thanksgiving and Cyber Monday	7
	Thanksgiving Day saw the highest average order value, topping \$150, as consumers loaded up their shopping carts	8
	The days after Christmas and Thanksgiving are big spending days for consumers	9
	Cyber Monday delivered the biggest increases in year-over-year clicks and ad spend reflecting heightened consumer interest and search marketing activity	10
	Consumers are marking their calendars for Free Shipping Day as impression volume jumps 75% year-over-year	13
	Overall, U.S. Holiday Season volumes of clicks, sales, and revenues up by double digits	14
	Product Listing Ads	16
 Click for U.K.	U.K. Insights	17
	Paid search competition heats up for U.K. retailers as CPCs rise 30% and ad spend increases 27% year-over-year	17
	Consumers in the U.K. got a late start this year – sales revenues increased 9% year-over-year but 30% following Cyber Monday	18
	Consumers were choosier with clicks as Christmas Season paid search impressions were up 18% but clicks were down 2%	20
	Paid search advertisers made the most of available clicks as Christmas Season conversion rates were up 10%	22
	Cyber Monday in the U.K. marks the kick-off of the online Christmas shopping season	23
	Green Monday proves to be a big online shopping day in the U.K.	24
	Boxing Day becomes a major online shopping day in the U.K.	24
	U.K. shopping season volumes of ad spend, revenue, and conversions up delivering overall £12.95 return on ad spend	25

Mobile Ad Performance	26
Phones generate more than 20% of U.S. paid search clicks but only 2% of revenue.....	26
Tablets emerge as critical device in U.K. with more than 18% of all paid search clicks and more than 21% of revenue	27
2013 Global SEM Imperatives	28
Be Prepared for the Device Revolution	28
Maximize Opportunity with Portfolio Optimization	28
Be in the Vanguard with PLAs and Seize Success	28
Don't Wait for Consumers to Search	28
Glossary	29
Methodology	30
Global	30
U.S.	30
Product Listing Ads	30
U.K.	30
Mobile	30
About Kenshoo	31

GLOBAL OVERVIEW

Despite macroeconomic headwinds, the 2012 shopping season proved strong for online retailers as they earned 36% more revenue from their paid search programs over last year. While return on ad spend (ROAS) increased slightly, online sales transactions and revenues increased by double digits rewarding smart retailers who invested more in their paid search campaigns.

Global consumers continued to use search engines as the key tool for online shopping, generating 34% more paid search impressions on keywords related to retail brands and products. However, searchers were a bit choosier this year regarding which search ads earned their clicks as click volumes increased only by 23% across the globe, reflecting a 9% decrease in year-over-year click-through rates (CTR). Nonetheless, lower CTR had little effect on conversion rates; so when consumers clicked, they remained ready to buy.

Overall, retail paid search advertisers saw more competition this season versus 2011. Cost-per-click (CPC) rose by 11% to \$0.48 and budgets rose by 36%. These volume trends indicate the paid search pie is getting bigger, but each slice is now harder to come by. Ultimately, though, the pie tastes quite sweet as retailers generated \$7.49 for every \$1 invested in paid search during the 2012 shopping season.

Key Global Online Retail Paid Search Metrics for 2012 Shopping Season

Click-through Rate	Cost-per-Click	Conversion Rate	Return on Ad Spend
2.01%	\$ 0.48	3.39%	\$ 7.49

2012 Changes in Key Global Online Retail Paid Search Metrics Year-over-Year

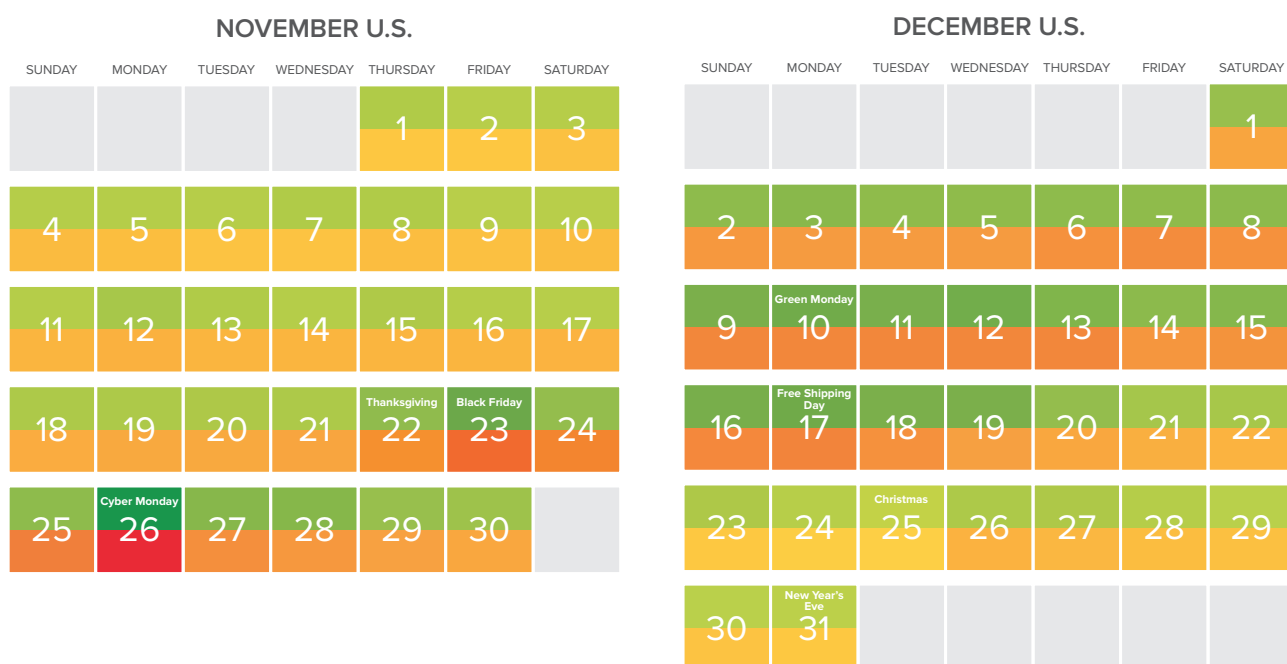
Impressions	Clicks	Ad Spend	Conversions	Revenue	Click-through Rate	Cost-per-Click	Conversion Rate	Return on Ad Spend
↑ 34%	↑ 23%	↑ 36%	↑ 25%	↑ 36%	↓ 9%	↑ 11%	↑ 2%	↑ 0.35%

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo, Inc., 2013

CALENDAR BREAKDOWN

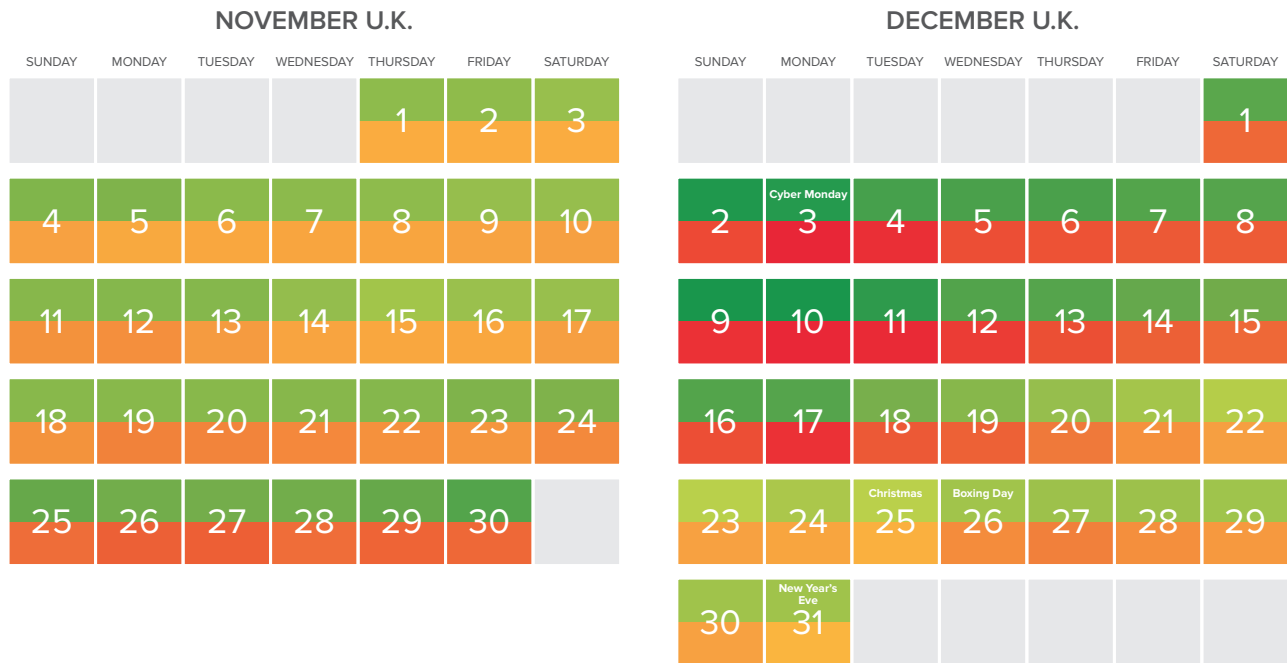
The following calendars break down the opportunity and competition among paid search marketers during the 2012 shopping season in the U.S. and U.K. Opportunity is measured by looking at share of impressions (i.e., available traffic) as well as conversion rate (i.e., consumer willingness to buy from an ad). Competition is scored based on share of ad spend (i.e., how much retailers are investing each day) and CPC (i.e., cost of the average ad on a single day). These tables should be useful for assessing the 2012 season at a glance and making predictions and preparations for next year.

U.S. Calendar Recap – Opportunity and Competition



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo, Inc., 2013

U.K. Calendar Recap – Opportunity and Competition

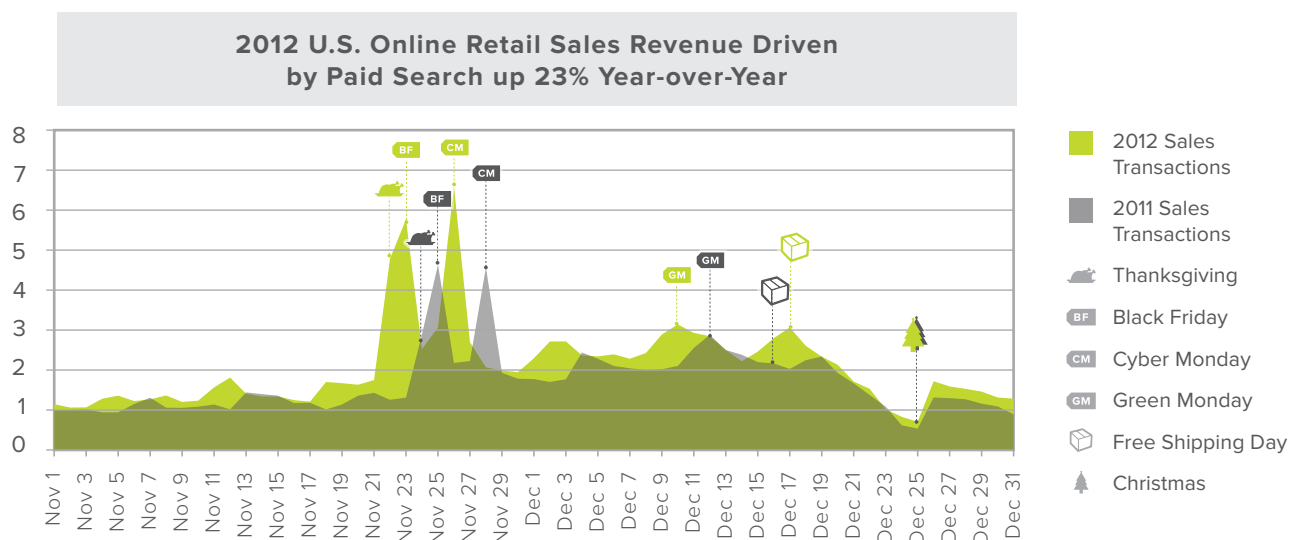


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo, Inc., 2013

U.S. INSIGHTS

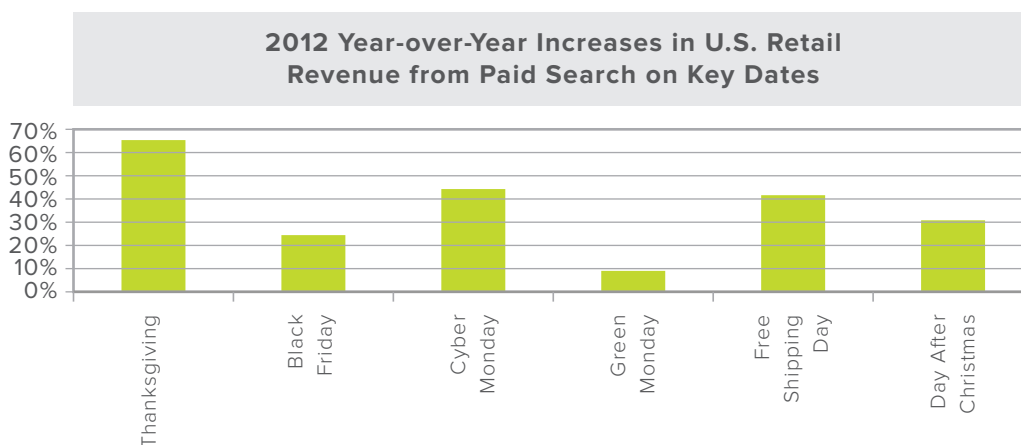
2012 revenues driven by paid search were up 23% year-over-year, spurred by big days on Thanksgiving and Cyber Monday

Total sales revenues driven by paid search for the 2012 holiday season in the U.S. were quite strong. Thanksgiving Day saw increased year-over-year (YoY) revenues of more than 60% to further close the gap with Black Friday, a trend that we have seen for three consecutive years. Cyber Monday is still the biggest online sales day followed by Black Friday and then Thanksgiving, but we expect Thanksgiving to surpass Black Friday for the #2 spot in the next few years if the trend continues.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

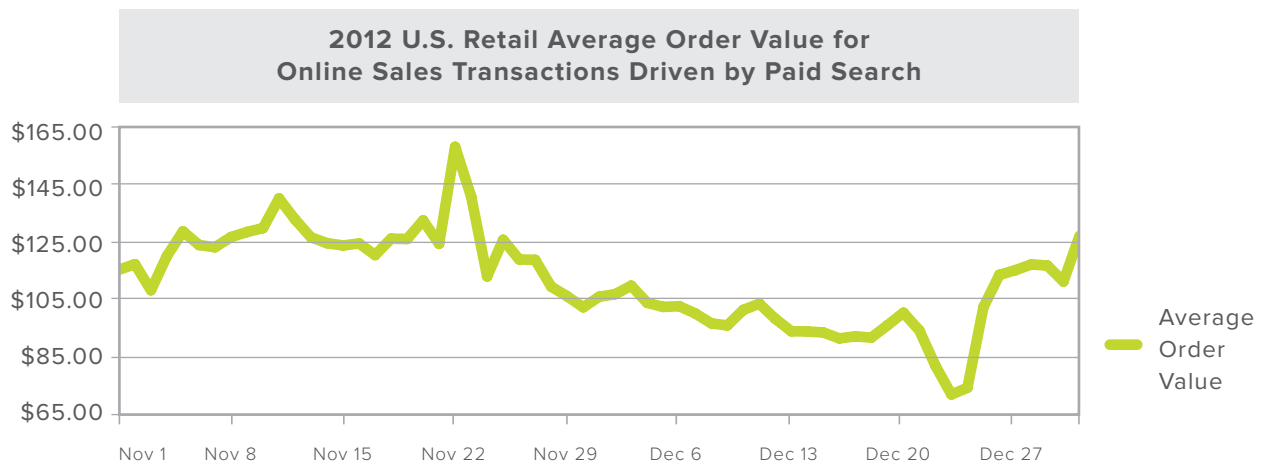
Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 6 means that volume is 500% greater than volume on initial day measured.



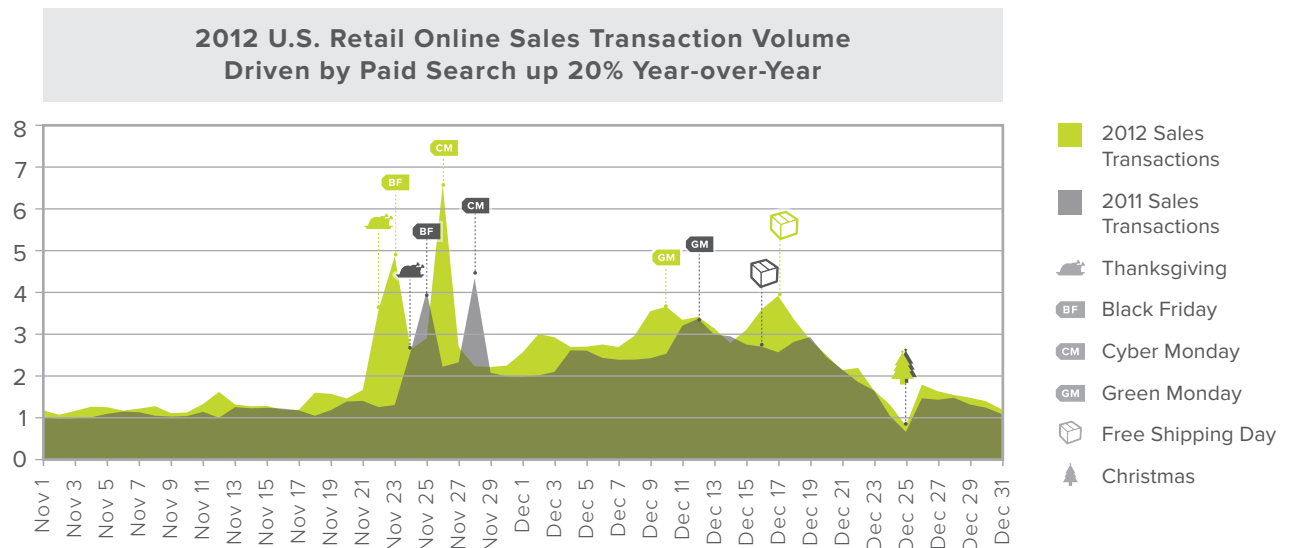
Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Thanksgiving Day saw the highest average order value, topping \$150, as consumers loaded up their shopping carts

Online consumers in the U.S. were most likely shopping before they finished their Thanksgiving dinners. The average order value (AOV) on Thanksgiving Day this year was higher than any other day during the holiday shopping period, up 19% YoY. As the holidays progressed, consumers added less to their baskets and the number of sales transactions increased but order values decreased steadily until Christmas.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

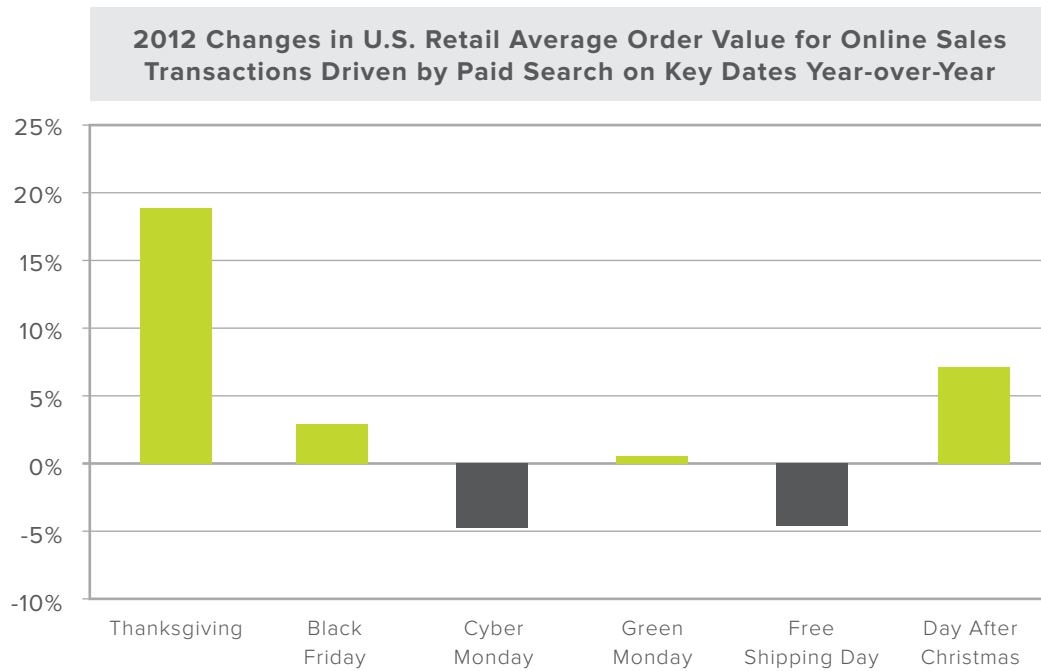


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 6 means that volume is 500% greater than volume on initial day measured.

The days after Christmas and Thanksgiving are big spending days for consumers

U.S. consumers picked two key dates to make bigger purchases in 2012: Thanksgiving Day and the day after Christmas. Revenues were up for the entire period, but average order value (AOV) this year spiked on Thanksgiving Day as consumers got an early jump on their shopping and on the day after Christmas as they began to spend holiday gift money and gift cards.

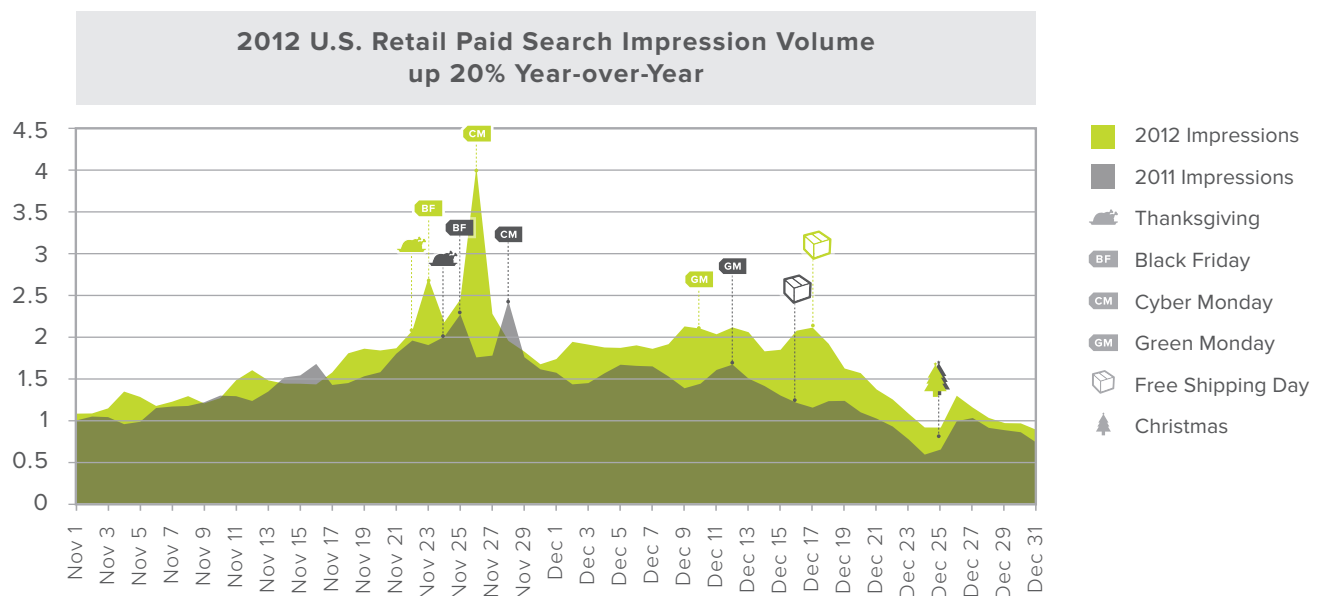


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Cyber Monday delivered the biggest increases in year-over-year clicks and ad spend reflecting heightened consumer interest and search marketing activity

Even while loading up their baskets on Thanksgiving Day, consumers made sure to keep some extra cash on hand for Cyber Monday deals. Meanwhile, search marketers made a big push to reach customers on the biggest online shopping day of the year. In 2012, Cyber Monday drove some of the heaviest search traffic of the holiday period, with a 66% YoY increase in search ad impressions and 57% lift in clicks. This virtuous cycle of supply and demand continued as paid search ad spend was up 51% YoY for Cyber Monday, 2012.

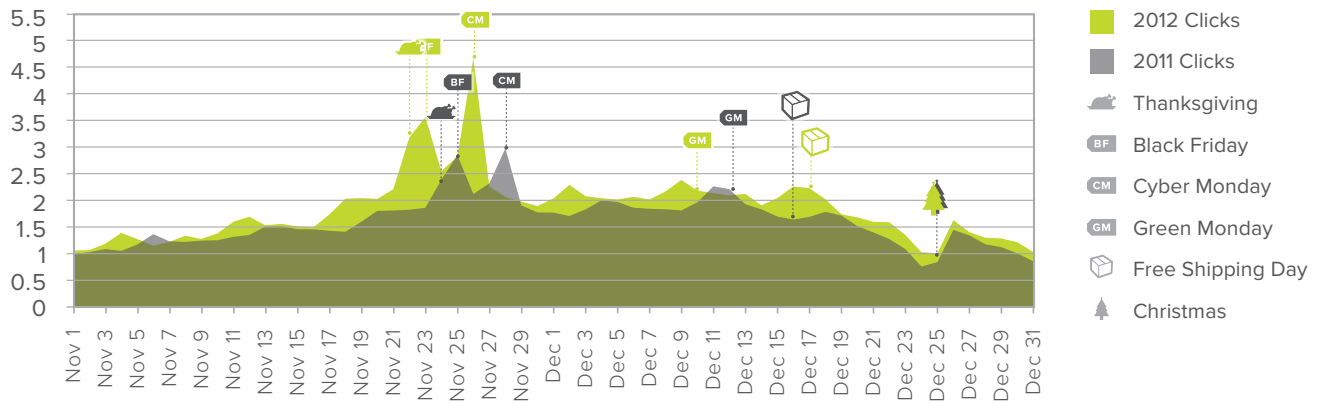
Looking at the entire period, we can see that shopping research started earlier this year and sustained higher levels throughout the season. Click and impression volumes began increasing as early as Nov. 17th, most likely spurred by Thanksgiving Day falling on such an early date (the 22nd in 2012 compared to the 24th in 2011.) Marketers were prepared as overall retail paid search ad spend was up 22% YoY for the 2012 season.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 4 means that volume is 300% greater than volume on initial day measured.

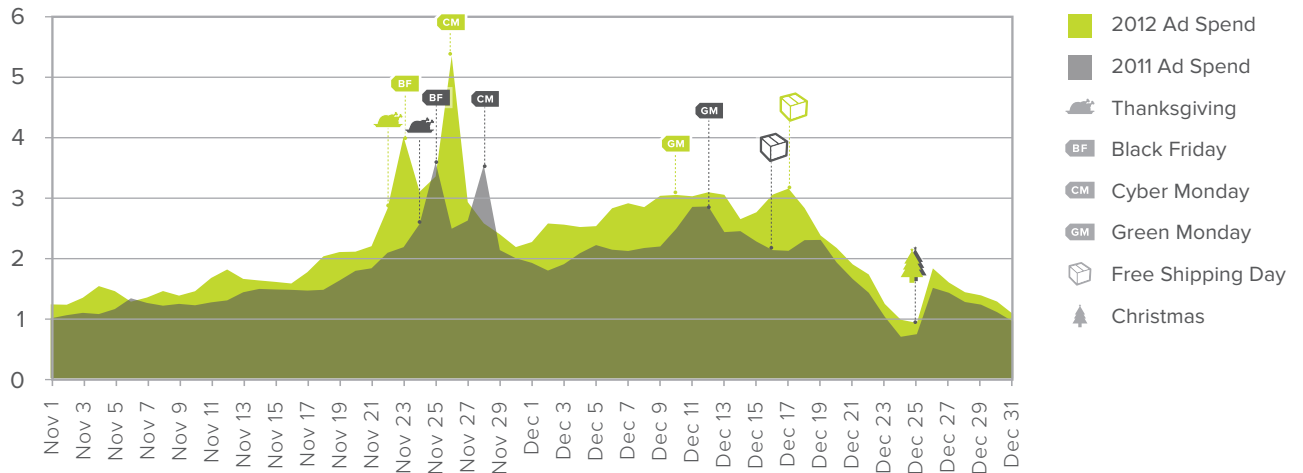
2012 U.S. Retail Paid Search Click Volume up 16% Year-over-Year



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

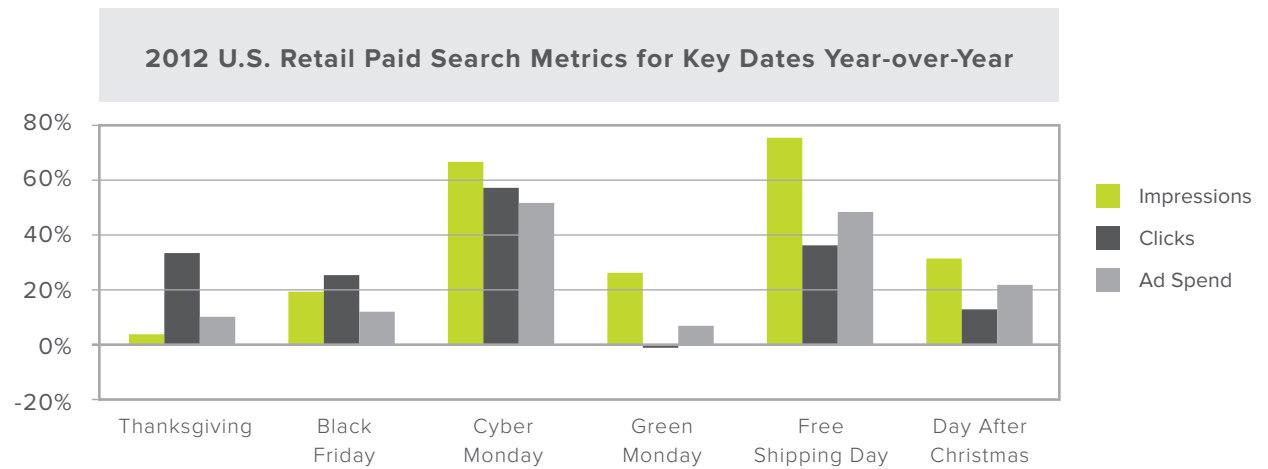
Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 5 means that volume is 400% greater than volume on initial day measured.

2012 U.S. Retail Paid Search Ad Spend up 22% Year-over-Year



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 5 means that volume is 400% greater than volume on initial day measured.

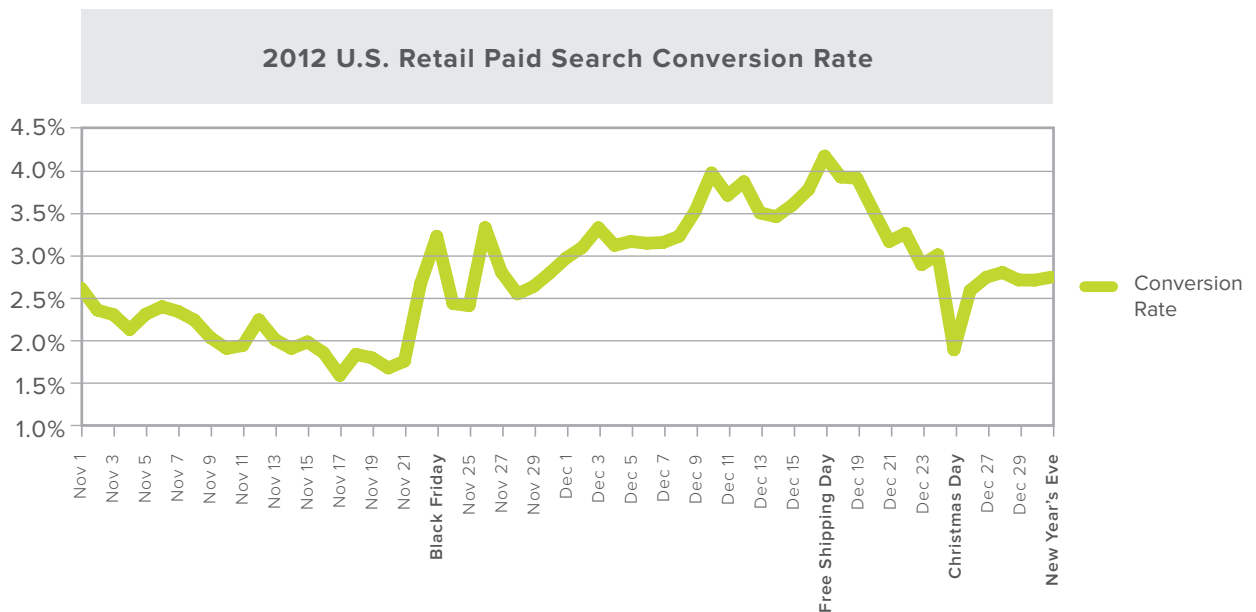


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Consumers are marking their calendars for Free Shipping Day as impression volume jumps 75% year-over-year

Free Shipping Day (defined as the last day consumers can take advantage of standard online retail free shipping promotions prior to Christmas) was a major event this year as U.S. consumers generated 75% more search impressions, clicked on 36% more ads, and converted at rates 45% higher than in 2011. For the entire holiday season period, Free Shipping Day delivered the highest paid search conversion rate, topping 4%. In other words, on this day, more than 4 out of every 100 paid search clicks resulted in an online sales transaction. Retailers stood ready and heavily promoted free shipping options by spending 48% more on paid search ads YoY during this key day.

2012 U.S. Free Shipping Day Key Metrics				
Impressions	Clicks	Conversions	Ad Spend	Revenue
75%	36%	45%	48%	42%



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Overall, U.S. Holiday Season volumes of clicks, sales, and revenues up by double digits

For the entire period, online sales revenues driven by paid search in the U.S. were 23% higher this year over last, with 16% more clicks and 20% more sales transactions YoY.

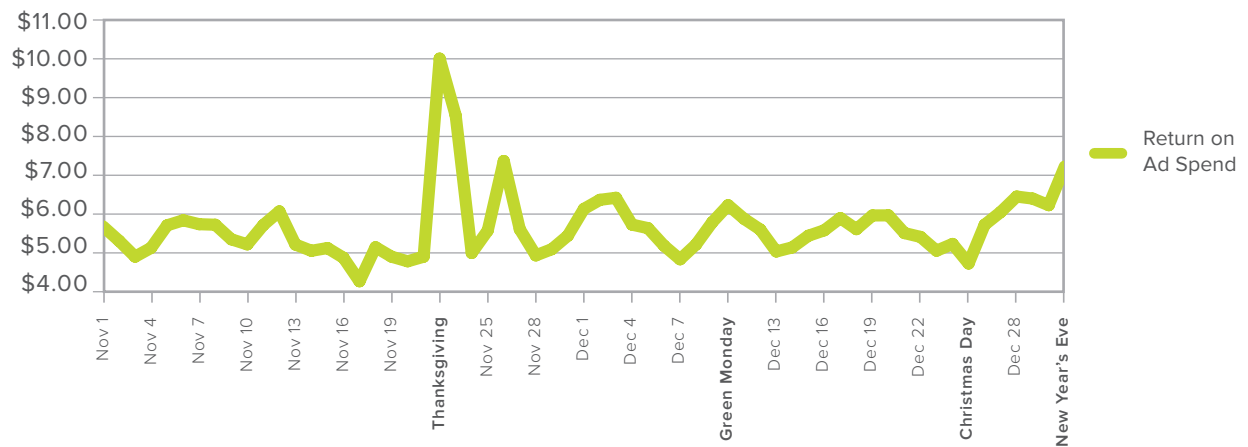
Other key paid search metrics also increased in 2012. ROAS was up 1% YoY, conversion rates increased by 4%, and average order value rose 3%. All told, 2012 was a prosperous holiday season for U.S. retail search advertisers as they generated nearly \$6 for every \$1 spent on paid search marketing.

2012 Holiday Season U.S. Retail Paid Search Key Metrics

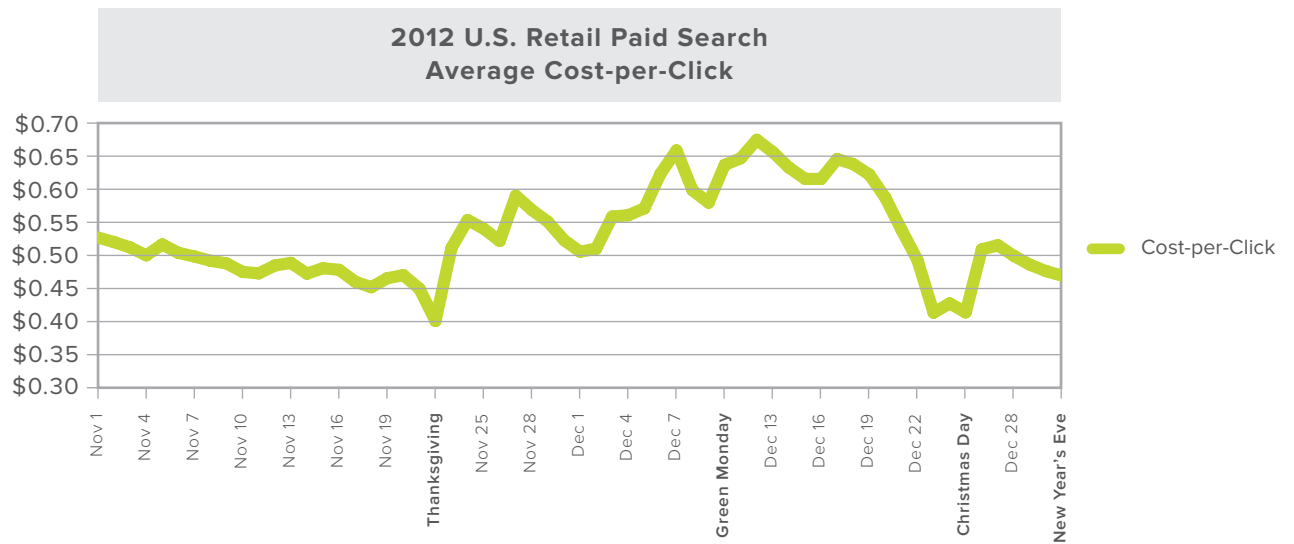
Click-through Rate	Cost-per-Click	Return on Ad Spend	Conversion Rate	Average Order Value
1.94%	\$ 0.54	\$ 5.78	2.84%	\$109.46

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013

2012 U.S. Retail Paid Search Return on Ad Spend



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

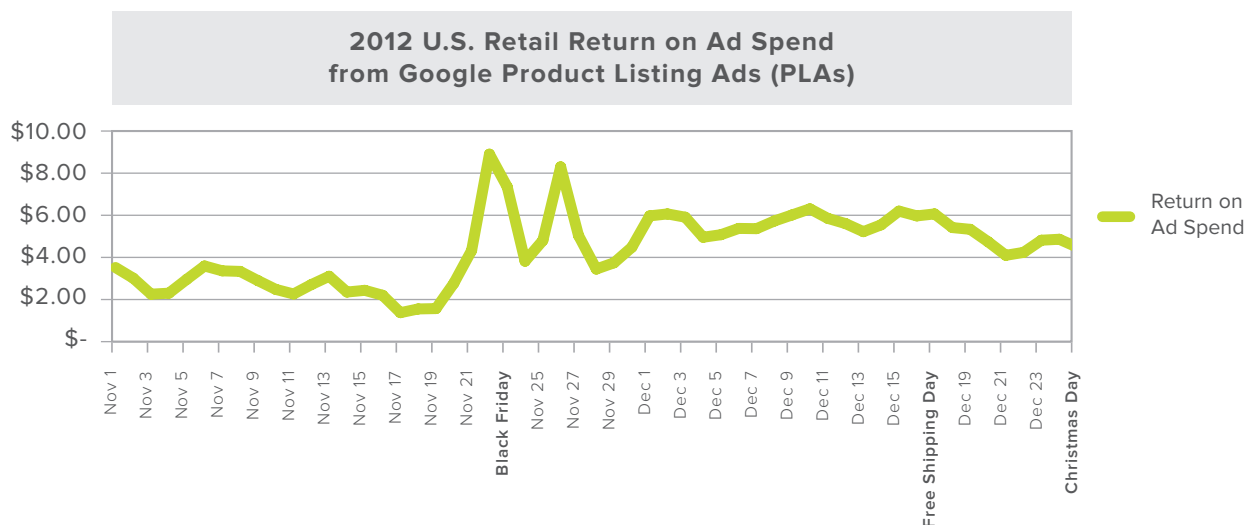
PRODUCT LISTING ADS

Google's Product Listing Ads (PLA) format is now the default in the U.S. for Google Shopping. PLAs provide prime location on the search results page and feature the inclusion of product images. When compared to standard text ads triggered by keywords (excluding seasonal and brand campaigns) we see that PLAs really shine.

The chart below shows aggregate results for PLAs compared to product-related keyword campaigns from the same advertisers. This comparison highlights the benefits of PLAs for product searches on Google. Eye-catching PLAs draw nearly 1.5x the CTR of regular text ads and convert 23% better, resulting in a 31% higher ROAS. It is interesting to note that CPC remains low as competition for PLAs is currently less than other ad formats.

Looking at how PLAs performed in the U.S. during the entire holiday season, we can see that ROAS spikes on Black Friday and Cyber Monday. We also see that PLAs maintained a very high ROAS for the first three weeks of December and the format seemed much less prone to the weekly fluctuations that we saw from the overall holiday numbers including paid search text ads.

2012 U.S. Retail Product Listing Ads vs. Text Ads from Product Campaigns				
	Return on Ad Spend	Cost-per-Click	Click-through Rate	Conversion Rate
Product Listing Ads (PLA)	\$4.82	\$0.47	2.73%	2.49%
Text Ads from Product Campaigns	\$3.68	\$0.59	1.86%	2.03%

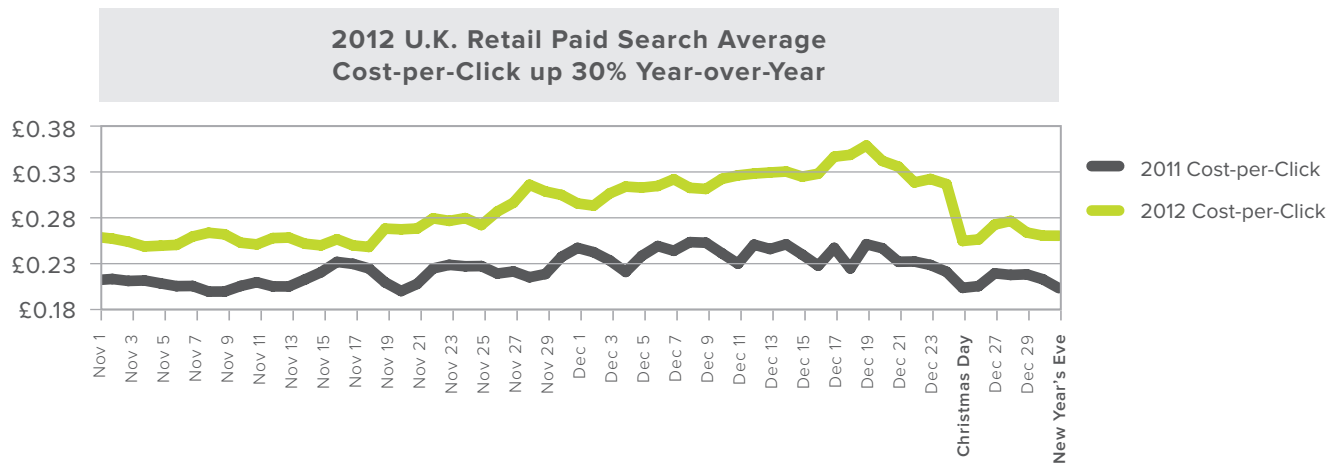


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

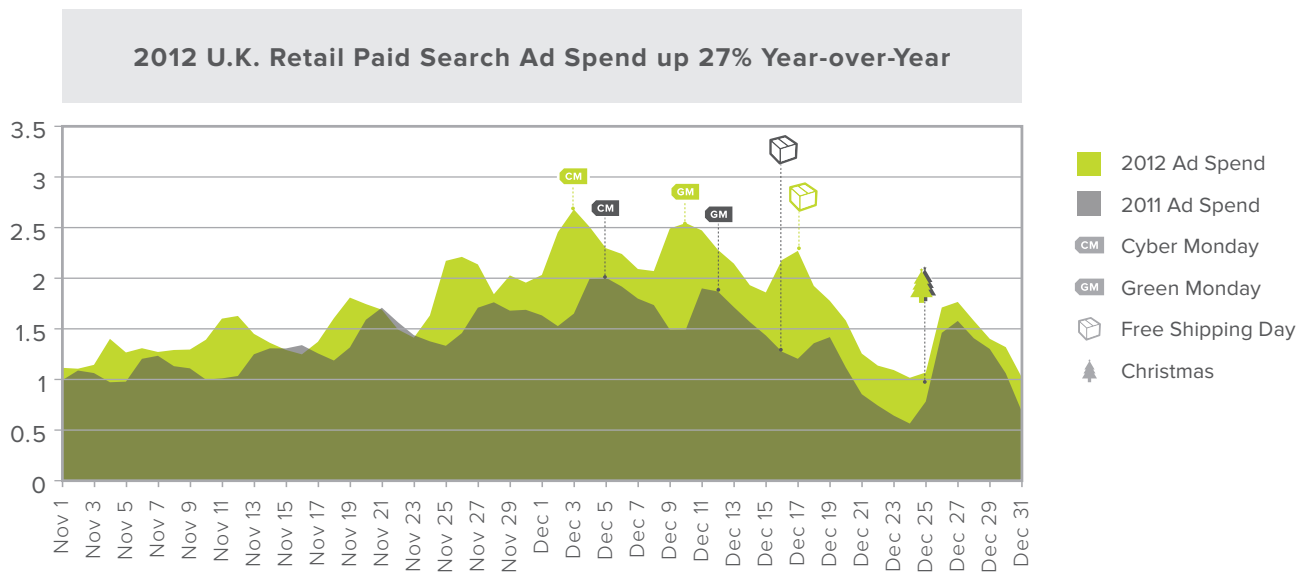
U.K. INSIGHTS

Paid search competition heats up for U.K. retailers as CPCs rise 30% and ad spend increases 27% year-over-year

This year proved to be more expensive for paid search advertisers in the U.K. as average CPCs inflated by 30%. Further fueling costs for advertisers was the increase in ad budgets as retailers invested 27% more this year over last. Efforts to grab last-minute shoppers factored in as ad spend during the final week before Christmas increased by 45% YoY.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

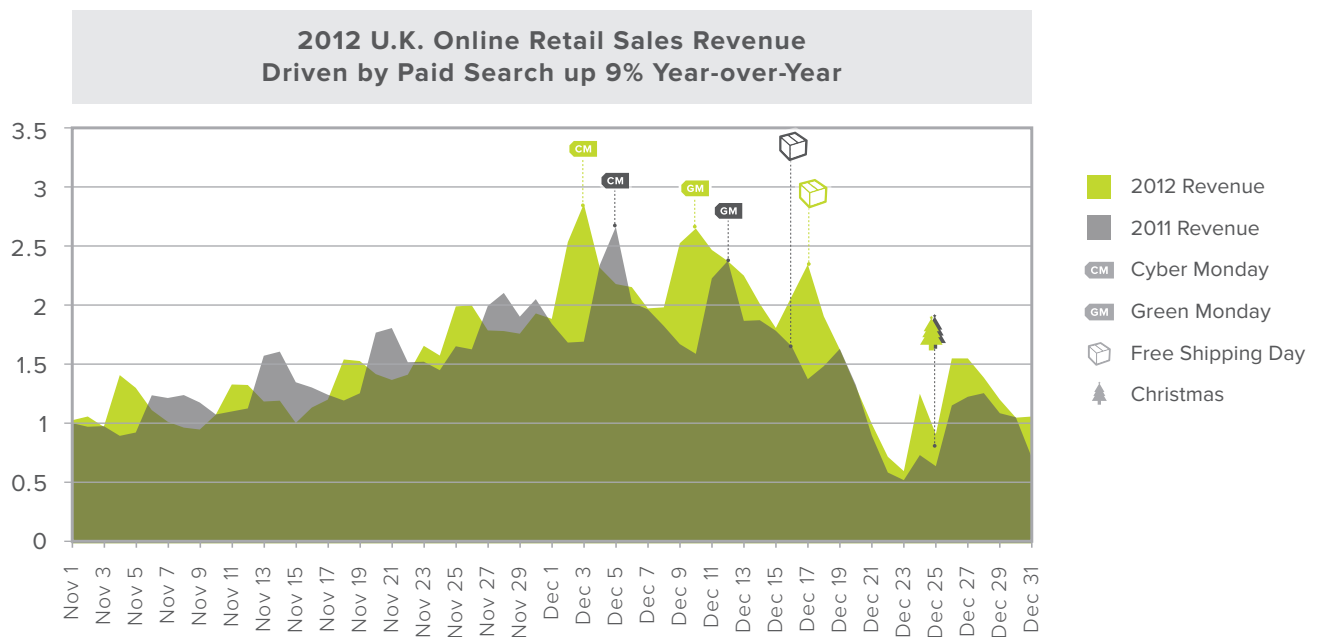


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 2.5 means that volume is 150% greater than volume on initial day measured.

Consumers in the U.K. got a late start this year – sales revenues increased 9% year-over-year but 30% following Cyber Monday

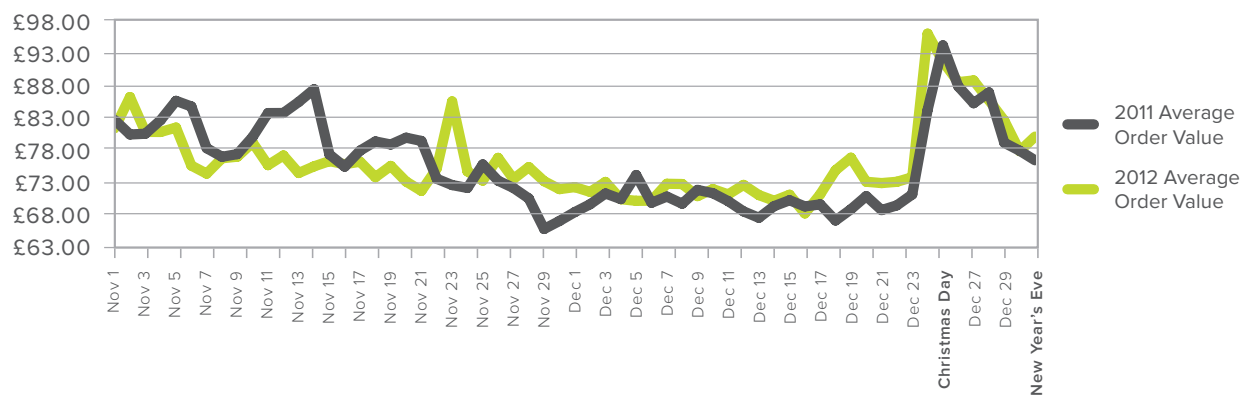
U.K. consumers held onto their pocket books a bit longer this year, as they waited until December to start spending at higher volumes. Consumers began driving more revenue volumes on Cyber Monday. Overall AOV rose just 1% YoY. Christmas and Boxing Day proved again to be the biggest days in terms of average cart sizes as order values spiked above £90.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 2.5 means that volume is 150% greater than volume on initial day measured.

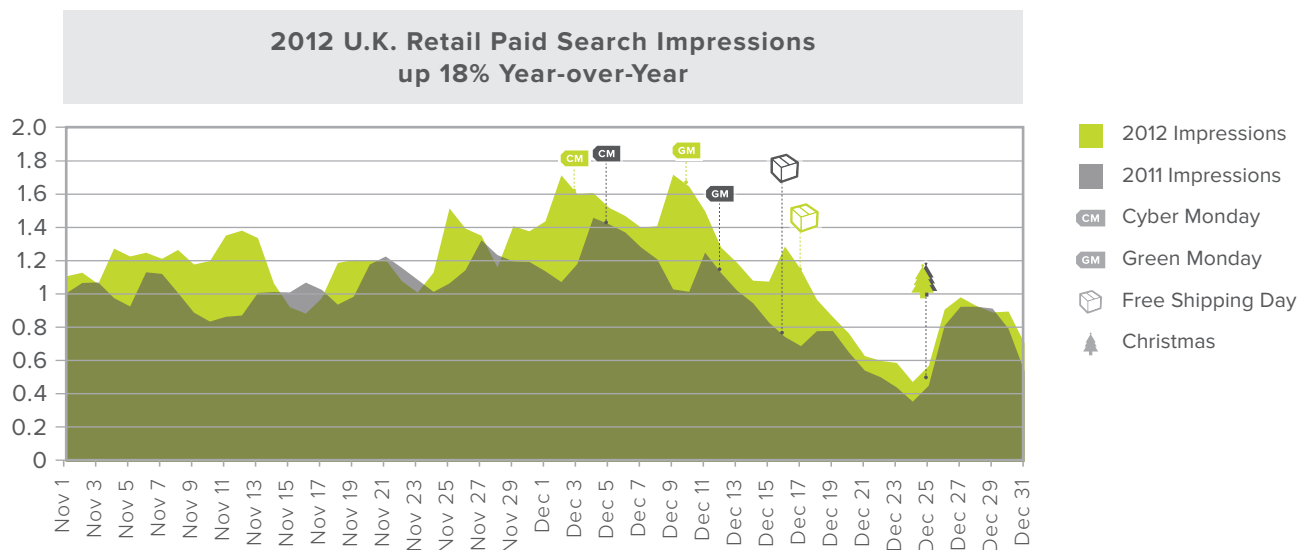
U.K. Retail Average Order Values for Online Sales
Transactions Driven by Paid Search up 1% Year-over-Year



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Consumers were choosier with clicks as Christmas Season paid search impressions were up 18% but clicks were down 2%

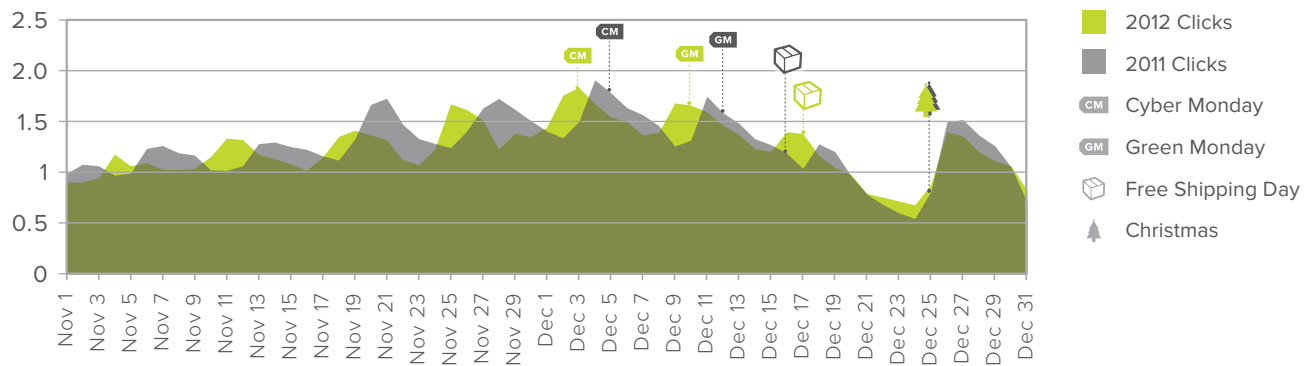
Impression volumes were up in the U.K., likely indicating that consumers were still increasing their search engine usage during the Christmas season. However, consumers clicked on 2% fewer ads which most likely means they were being choosier about which ads they were willing to interact with. After Cyber Monday, click volumes increased by 10%, showing that more consumers were willing to click once the shopping season had kicked into full gear.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 1.6 means that volume is 60% greater than volume on initial day measured.

Clicks from Paid Search Drop 2% Year-over-Year for the Christmas Season

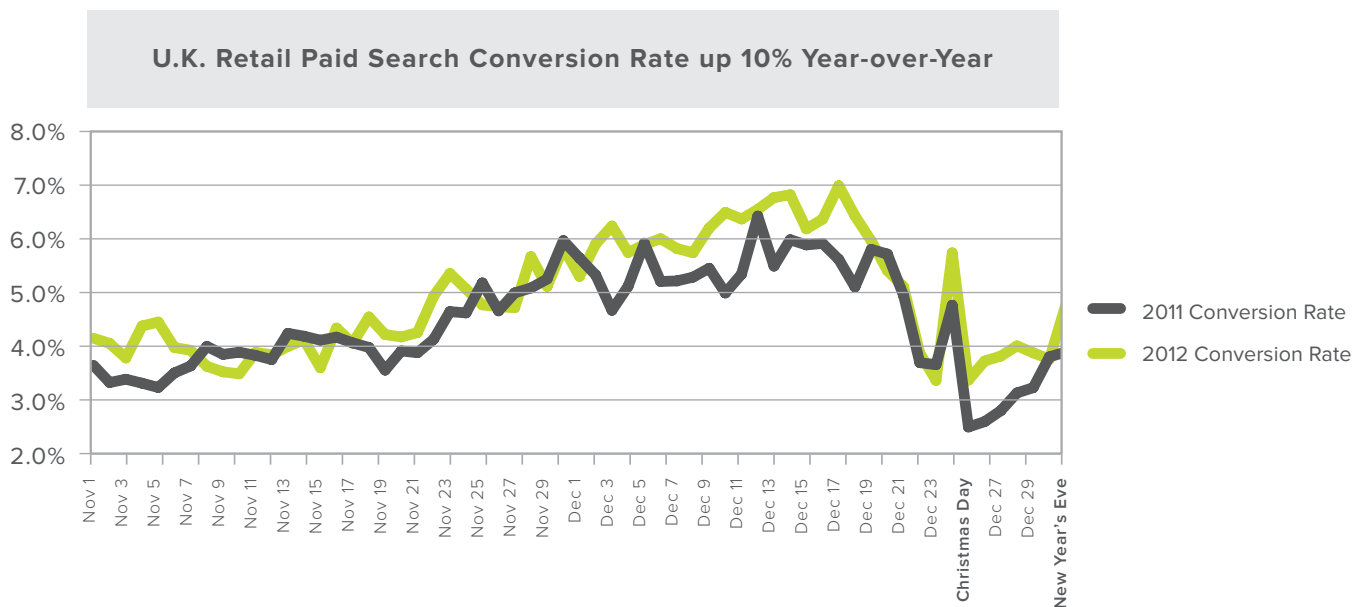


Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent days are based on a multiplier from the first day. For example, 1.5 means that volume is 50% greater than volume on initial day measured.

Paid search advertisers made the most of available clicks as Christmas Season conversion rates were up 10%

Even though they generated fewer paid search clicks this year, retailers in the U.K. did a better job of making each click count as conversion rates were up 10% over last year. As with 2011, we saw conversion rates steadily rise from late November through the first three weeks in December. Conversion rates didn't drop until the final few days before Christmas, indicating that consumers in the U.K. were still shopping late into the season.



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

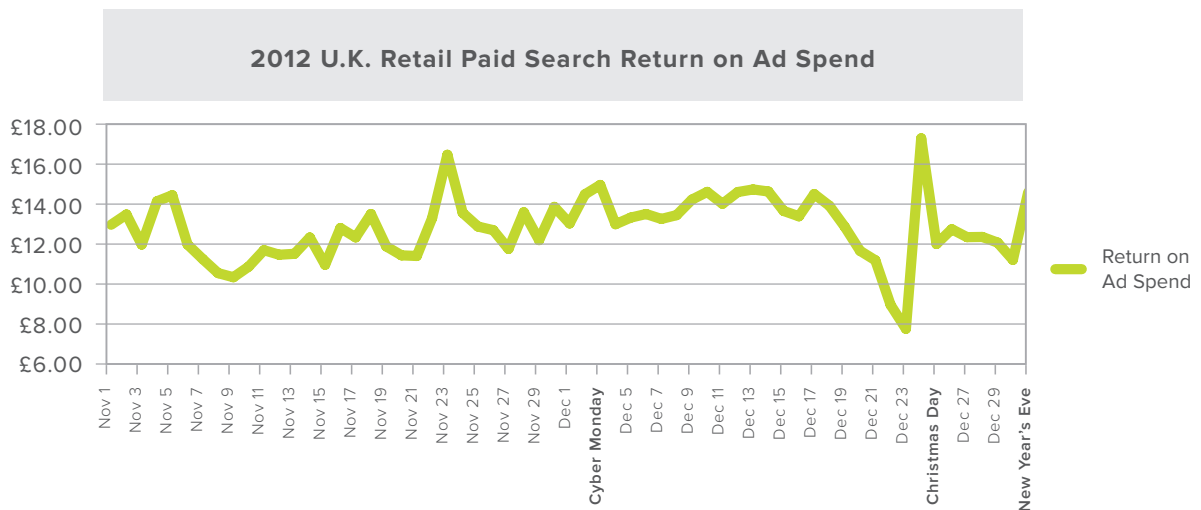
Cyber Monday in the U.K. marks the kick-off of the online Christmas shopping season

In the U.K., Cyber Monday (3 December in 2012) punctuates the beginning of the online shopping season. Both advertisers and consumers kick into high gear with ad spend jumping by 34% and revenues by 7%. From Cyber Monday to Green Monday, Return on Ad Spend increased 14% YoY.

2012 Cyber Monday Increases in Key U.K. Retail Paid Search Metrics Year-over-Year

Impressions	Clicks	Conversions	Ad Spend	Revenue	Conversion Rate
12.80%	3.00%	8.56%	33.51%	7.25%	5.40%

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013



Source: Kenshoo 2012 Global Online Retail Shopping Season Report ©Kenshoo Inc., 2013

Note: Volume metrics have been normalized to a factor of 1 based on the initial volume from the first day of data. Data points from subsequent

Green Monday proves to be a big online shopping day in the U.K.

If Cyber Monday is the start of the online shopping season in the U.K., Green Monday (10 December in 2012) is when the pedal meets the metal. Marketers were prepared with budgets increasing by 36% on Green Monday, driving an 11.5% increase in YoY sales revenue.

2012 Green Monday Increases in Key U.K. Retail Paid Search Metrics Year-over-Year				
Impressions	Clicks	Conversions	Ad Spend	Revenue
45.74%	4.72%	5.85%	35.97%	11.46%

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013

Boxing Day becomes a major online shopping day in the U.K.

Retailers and consumers in the U.K. have turned Boxing Day into one of the most important online shopping days of the Christmas season. This year, retailers spent 17% more on paid search ads on Boxing Day – and consumers responded by spending 34% more on online purchases. Advertisers also increased the effectiveness of their ads with a 43% increase in conversion rates.

2012 Boxing Day Increases in Key U.K. Retail Paid Search Metrics Year-over-Year				
Conversions	Ad Spend	Revenue	Return on Ad Spend	Conversion Rate
33.93%	17.00%	34.16%	14.66%	43.36%

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013

U.K. shopping season volumes of ad spend, revenue, and conversions up delivering overall £12.95 return on ad spend

Overall, for the 2012 U.K. shopping season, we saw YoY increases in all key retail paid search metrics with the exception of clicks. The rise in CPC from £0.22 last year to £0.29 this year meant that each pound of ad spend bought fewer clicks for retail search marketers. Despite the higher CPC, U.K. retailers delivered strong paid search performance with each pound invested yielding 12.95 in online sales revenues.

Changes in Key U.K. Retail Paid Search Volume Metrics for 2012 Shopping Season				
Impressions	Clicks	Conversions	Ad Spend	Revenue
18.36%	-2.24%	7.57%	26.81%	8.81%

2012 Shopping Season U.K. Retail Paid Search Key Metrics				
Click-through Rate	Cost-per-Click	Return on Ad Spend	Conversion Rate	Average Order Value
2.36%	£0.29	£12.95	5.01%	£74.96

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013

MOBILE AD PERFORMANCE

Phones generate more than 20% of U.S. paid search clicks but only 2% of revenue

At this time last year, we saw that mobile phones accounted for roughly 6% of U.S. retail paid search clicks. In 2012, that number more than tripled as phones now generate more than 20% of paid search clicks for U.S. retailers. However, while the volume of clicks from mobile phones is skyrocketing, traffic quality has decreased. Last year, conversion rates for phone devices were at 0.87% which was cut almost by half this year to 0.46%.

Meanwhile, tablet traffic has proven to be high quality with a strong conversion rate and the highest average order value, above \$100. Overall, tablets generated 8% of paid search clicks and ad spend while delivering 6% of the total conversions and nearly 7% of the revenue.

The iPad dominates tablet traffic with more than 97% of all paid search clicks and more than 99% of the conversions and revenue. Conversely, among smartphones, Android phones are on par with iPhones in terms of conversion rates, and deliver a higher AOV, bringing in almost \$4 more per transaction than iPhones. It should be noted that iPhones still maintain the lion's share of smartphone clicks with 54% and revenue with 56%.

2012 U.S. Retail Paid Search Key Metrics - Breakdown by Device and Operating System

Device	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Computer	71.54%	91.59%	91.28%	79.62%	\$0.57	5.20%	\$97.34
Phone	20.26%	2.30%	2.12%	12.30%	\$0.31	0.46%	\$90.11
Tablet	8.20%	6.11%	6.60%	8.08%	\$0.50	3.03%	\$105.50
Tablet	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Android	2.28%	0.83%	0.79%	1.97%	\$0.44	1.10%	\$100.11
BlackBerry	0.24%	0.12%	0.10%	0.22%	\$0.47	1.49%	\$91.16
iOS	97.47%	99.05%	99.11%	97.80%	\$0.51	3.08%	\$105.56
Phone	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Android	44.72%	42.60%	43.67%	45.49%	\$0.32	0.44%	\$92.36
BlackBerry	0.55%	0.25%	0.19%	0.67%	\$0.38	0.21%	\$69.47
iOS	54.46%	57.07%	56.07%	53.52%	\$0.31	0.48%	\$88.53
Windows	0.26%	0.08%	0.07%	0.32%	\$0.38	0.14%	\$83.77

Tablets emerge as critical device in U.K. with more than 18% of all paid search clicks and more than 21% of revenue

In the U.K., tablets generate significantly more paid search clicks, conversions, and revenue than smartphones. Tablet traffic also drives higher average order value (AOV) than computers and an average cost-per-click (CPC) that is 31% less expensive. Among tablets, the iPad captures more than 98% of all clicks and nearly 100% of the revenue. Meanwhile, Blackberry devices deliver more clicks than Android from a tablet perspective.

Looking at various phone operating systems, we see that Apple's iOS (iPhone) devices are dominant, leaving Android behind with lower conversion rates and smaller average order sizes. Blackberry has the highest AOV but delivers just more than 2% of all paid search clicks from phones. Meanwhile, Windows phones lag with less than 1% of all U.K. smartphone clicks.

2012 U.K. Retail Paid Search Key Metrics — Breakdown by Device and Operating System							
Device	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Computer	68.88%	78.07%	75.32%	78.74%	£0.36	6.53%	£73.78
Phone	13.09%	3.62%	3.40%	7.09%	£0.17	1.59%	£71.98
Tablet	18.02%	18.31%	21.27%	14.17%	£0.25	5.85%	£88.84
Tablet	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Android	0.62%	0.19%	0.13%	0.64%	£0.26	1.80%	£59.68
iPad	98.30%	99.09%	99.35%	98.17%	£0.25	5.90%	£89.08
BlackBerry	1.07%	0.72%	0.52%	1.18%	£0.27	3.94%	£63.91
Phone	Clicks	Conversions	Revenue	Ad Spend	Cost-per-Click	Conversion Rate	Average Order Value
Android	34.55%	27.47%	25.57%	38.10%	£0.19	1.26%	£67.01
iPhones	62.40%	70.98%	72.91%	58.81%	£0.16	1.81%	£73.93
Blackberry	2.18%	1.10%	1.22%	2.10%	£0.17	0.80%	£79.91
Windows	0.82%	0.43%	0.29%	0.94%	£0.20	0.84%	£48.44

Source: Kenshoo 2012 Global Online Retail Shopping Season Report © Kenshoo Inc., 2013

2013 GLOBAL SEM IMPERATIVES

Be Prepared for the Device Revolution

Marketers and consumers alike recognize the opportunity presented by worldwide penetration of smartphones and tablets. Across all regions, mobile devices now generate roughly 30% of all retail paid search click shares. To best engage consumers at the right time in the right place and in the right mindset, marketers must use platforms like Kenshoo to break out separate campaigns for mobile versus desktop and target specific devices. Tailoring keyword selection, ad copy, landing pages, and bids to each particular device will improve quality score metrics as well as conversions. Marketers can take advantage of Kenshoo Editor, the only cross-channel desktop application on the market that can replicate paid search campaigns to support all device types. Visit www.Kenshoo.com/Editor to learn more.

Maximize Opportunity with Portfolio Optimization

As consumer demand increases, marketers can capture incremental sales volume from paid search but it is becoming more difficult to do so while increasing, or even maintaining, ROAS. With competition reaching never-before-seen levels, the best way for retailers to gain an edge is by running thousands of targeted campaigns across millions of keywords. To do this effectively requires making millions of interdependent models and calculations every minute of the day to determine where the next dollar is best spent. Only the advanced algorithms that power the Kenshoo Portfolio Optimizer (KPO) are proven to meet this level of scale with Kenshoo's conditional bid optimization receiving the highest marks in the Forrester Wave evaluation of Bid Management Software providers in Q4 2012. In this report, available at www.Kenshoo.com/ForresterWave, Kenshoo was named the "Sole Leader" in the segment.

Be in the Vanguard with PLAs and Seize Success

Google's Product Listing Ads (PLAs) are an efficient way to drive better results from your long-tail keywords. Adopting this compelling ad format with its embedded images and product-rich information will deliver higher conversion rates at lower costs. Through Kenshoo, retailers can manage Product Ads and Product targets within the same UI as keyword text ads for more control and efficiency. Furthermore, Kenshoo's custom bid policy for PLAs and algorithms for negative keyword suggestions drive stronger results, increasing return on ad spend by as much as 89%. Please see www.Kenshoo.com/PLA for more information and performance stats.

Don't Wait for Consumers to Search

Driving consumer awareness drives revenue. Social networks like Facebook are key apertures to influence consumers toward specific brands and products. Greet them at the top of the funnel, build awareness through social media, and reap the rewards by capturing intent on search engines. Through Kenshoo Social, marketers can identify the most relevant and lucrative audience segments and create targeted campaigns to drive engagement. With attribution models spanning paid, owned, and earned media, inclusive of social and search, Kenshoo illuminates the full value of digital marketing and each consumer touchpoint. Visit www.KenshooSocial.com for a full overview of this solution.

GLOSSARY

$$\text{Click Through Rate: CTR} = \frac{\text{Clicks}}{\text{Impressions}}$$

$$\text{Cost-per-Click: CPC} = \frac{\text{Cost}}{\text{Clicks}}$$

$$\text{Return on Ad Spend: ROAS} = \frac{\text{Revenue}}{\text{Ad Spend}}$$

$$\text{Conversion Rate: CVR} = \frac{\text{Conversions}}{\text{Clicks}}$$

$$\text{Average Order Value: AOV} = \frac{\text{Revenue}}{\text{Conversions}}$$

Ad Spend	The amount of money an advertiser spends on their ads. See also “cost.”
Black Friday	The Friday after U.S. Thanksgiving Day.
Click	When a potential customer clicks on an ad.
Conversion	An action taken by a customer to make a purchase or complete a retailer-defined goal after having been brought to the website by a paid search ad.
Cost and/or Cost-per-Click	The amount of money marketers are charged when a potential customer clicks on an ad. The total cost of all clicks equals the ad spend.
Cyber Monday	In the U.S., the Monday following Thanksgiving. In the U.K., the first Monday in December.
Christmas Season	For this report, the period beginning Nov. 1 and ending Dec. 31. Used interchangeably with “Shopping Season.” See also “Holiday Season.”
Free Shipping Day	The last day consumers can order goods online in time to be delivered via standard retailer free shipping options (December 17th in 2012).
Green Monday	The last Monday in December at least 10 days prior to Christmas (December 10th in 2012).
Holiday Season	For this report, the period beginning Nov. 1 and ending Dec. 31. Used interchangeably with “Shopping Season.” See also “Christmas Season.”
PLA	Product Listing Ads, a Google ad format that is linked to a product feed and contains an image.
Impressions	The number of times an ad is shown or the number of times a keyword triggers an ad to be shown.
Keyword	The word or words entered on a search engine that trigger an ad to be shown.
Revenue	Money earned by a retailer for their online sales driven by paid search.
Shopping Season	For this report, the period beginning Nov. 1 and ending Dec. 31. Used interchangeably with “Holiday Season.” See also “Christmas Season.”

METHODOLOGY

Global

The data analyzed in the Global section of this report reflects a representative cross-section of Kenshoo clients (advertisers and agencies) managing paid search programs for the retail vertical across all major markets (including Australia, China, France, Germany, Japan, U.S. and U.K.) with active campaigns tracking impressions, clicks, conversions and revenue over the 12+ month period from November 1, 2011 through December 31, 2012. This index includes all major retail categories such as, but not limited to, electronics, books, apparel, appliances, shoes, sporting goods and more. The data set covers 24+ billion paid impressions and clicks on search engines including Google, Yahoo!, Bing, AOL and Baidu that delivered more than \$1.7 billion dollars in online sales revenue. All data is accurate as of January 2, 2013.

U.S.

The data analyzed in the U.S. section of this report reflects a representative sample of Kenshoo clients (advertisers and agencies) managing paid search programs for the retail vertical in the U.S. with active campaigns tracking impressions, clicks, conversions and revenue over the 12+ month period from November 1, 2011 through December 31, 2012. This index includes all major retail categories such as, but not limited to, electronics, books, apparel, appliances, shoes, sporting goods and more.

Product Listing Ads

Product Listing Ads (PLAs) data are taken from all advertisers in the U.S. retail index who ran PLA campaigns through Kenshoo during the period. Comparisons of PLAs to text ads come from product-related campaigns from the same advertisers in this sample but exclude seasonal, special promotion, and brand campaigns.

U.K.

The data analyzed for the U.K. section of this report reflects a representative sample of Kenshoo clients (advertisers and agencies) managing paid search programs for the retail vertical in the U.K. with active campaigns tracking impressions, clicks, conversions and revenue over the 12+ month period from 1 November, 2011, through 31 December, 2012. This index includes all major retail categories such as, but not limited to, electronics, books, apparel, appliances, shoes, sporting goods and more.

Mobile

Mobile data presented in this report are taken from a representative sample of campaigns in the overall Kenshoo U.S. and U.K. retail indexes across the same date ranges (November 1, 2012 through December 31, 2012). Device operating system data is taken from the same sample but only for the time period from November 27, 2012 through December 31, 2012.

ABOUT KENSHOO

Kenshoo is a digital marketing technology company that engineers premium solutions for search marketing, social media and online advertising. Brands, agencies and developers use Kenshoo Enterprise, Kenshoo Local and Kenshoo Social to direct more than \$25 billion in annual client sales revenue. The Kenshoo Universal Platform delivers automation, intelligence, integration and scale to make better marketing investments. With campaigns running in more than 190 countries for nearly half of the Fortune 50 and all 10 top global ad agency networks, Kenshoo clients include CareerBuilder, Expedia, Facebook, KAYAK, Havas Digital, Hitwise, iREP, John Lewis, LendingTree, Resolution Media, Sears, Starcom MediaVest Group, Tesco, Travelocity, Walgreens, and Zappos. Kenshoo has 16 international locations and is backed by Sequoia Capital, Arts Alliance and Tenaya Capital. Please visit www.Kenshoo.com for more information.

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