

THE E-TAILING GROUP

HOW CONSUMERS SHOP WITH VIDEO – AND HOW TO SELL TO THEM





Housekeeping

- If you prefer to use your phone, select "Use Telephone." Call in number:
 - Toll: 1-866-740-1260
 - Access Code: 2794800
 - Audio PIN: Shown after joining the meeting
- Questions will be answered in a brief Q&A session following the presentation.
- A link to the recorded webinar will be sent to you following today's presentation.



Today's Presenters



Lauren Freedman
President, the e-tailing group



• Russ Somers

Vice President Marketing, Invodo





About Invodo

- Video solution for business at Web scale
 - Content to cover the catalog
 - Technology to deliver and measure ROI
 - Expertise to optimize the results





- Video viewership has reached record numbers
- Retailers have integrated videos into shopping experiences
- Video consumption via mobile and social is gaining traction

.....But

• We wanted to explore what really matters, where real impact is being made and why



The Voice of Cross-Channel Merchandising

Straight talk from "in-the-trenches" online merchandising experts

- 16 years e-commerce consulting
- Fortune 500 client projects ranging from strategic planning, customer experience with an emphasis on merchandising to technology marketing and lead generation
- Extensive cross-category expertise with merchants B2C and B2B
- Proprietary research studies on mystery shopping, merchandising, mobile and consumer behavior
- Author, It's Just Shopping
- 50+ years traditional retail and catalog experience





the e-tailing group



I. SURVEY METHODOLOGY AND DEMOGRAPHICS



- PAGE 7 -

7 the e-tailing group

Survey Background

5 Survey Goals

- Trend year/year video consumption (#'s, time spent, locations, categories, etc.)
- Evaluate the evolving role and usage of onsite and offsite video locations
- Explore product page consumption, perceived consumer value and desired elements
- Understand video's viewership across devices and channels along with consumer sharing sentiments
- Review consumption beyond the website

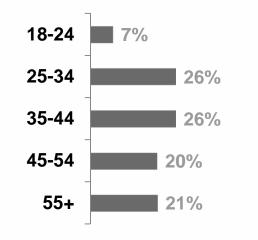
Survey Methodology

- 1073 consumers completed an online questionnaire in (December, 2012)
- 52% F/48% M
- Shopped online 4+ times in the past year and spent at least \$250
- 100% owned a smartphone/56% owned a tablet

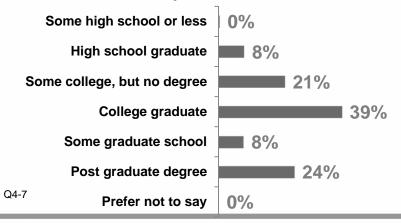


The Demographics

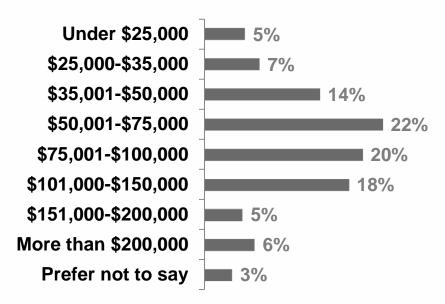
In what age range do you fall?



What is the highest level of education that you have completed to date?



Which of the following best represents your combined annual household income from all sources before taxes?



of the e-tailing group

- PAGE 9 -



II. THE TRENDS TELL THE TALE

invodo

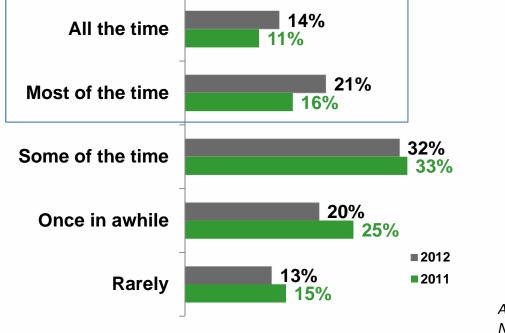
the e-tailing group

- PAGE 10 -

3

1 in 3 have increased time spent and watch video all/most of the time they are encountered

When you encounter product videos on retail or brand manufacturer sites, how often do you watch them?



Answered: 2517 Never watched: 9.1%



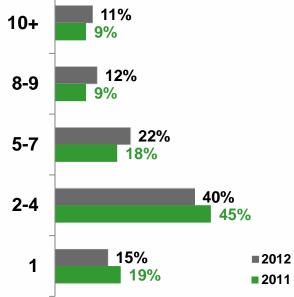
the e-tailing group

Q2/Q1



Year-over-year slight increase in video consumption is seen





Q3/Q2

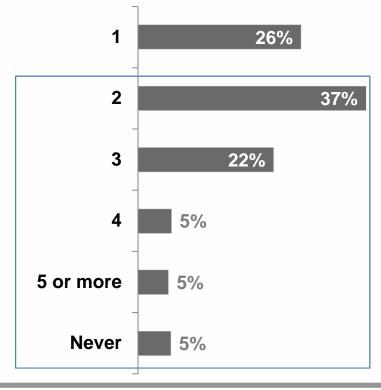


- PAGE 12 -

the e-tailing group

The majority (74%) watch videos on information-intensive products or categories more than once before purchasing

For information-intensive products or those categories where product education is important (TVs, computers, refrigerators, power tools, etc.), how many times would you typically view a product page video prior to making your final purchase?



Q14

the e-tailing group

- PAGE 13 -

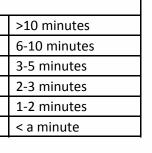


2-3 minutes on average is spent on product/category videos

3

How much time do you typically spend watching the following types of videos on a retail or manufacturer website?

Videos that educate you about a particular category you are planning to purchase (how to buy a computer, selecting a refrigerator, etc.)	2.79		
Product videos that include a demonstration	2.77	F	ATING AVERAGE LEGEND 6-POINT SCALE
Videos supporting a brand's value		6	
proposition (Why buy a Dell			>10 minutes
computer, Why Shop Home Depot, etc.)	2.40	5	6-10 minutes
		4	3-5 minutes
		3	2-3 minutes
Product videos that talk about products but don't contain a demonstration		2	1-2 minutes
	2.32	1	< a minute



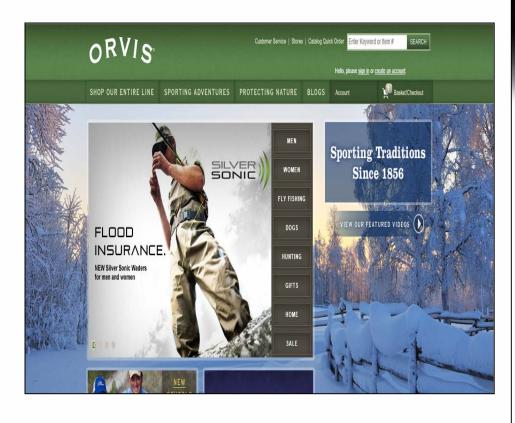
inv

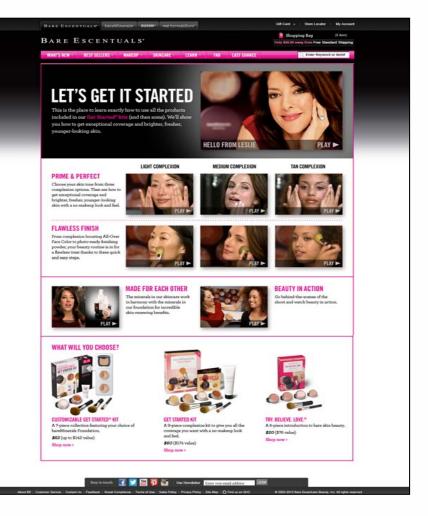
Q13

the e-tailing group

- PAGE 14 -

Video bolsters brands

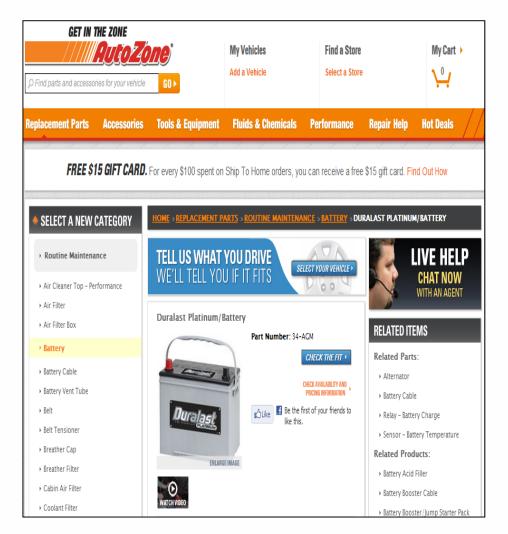


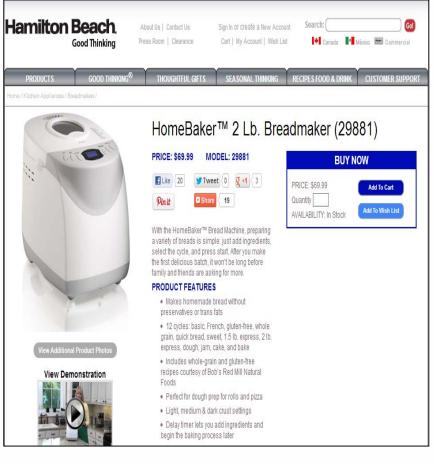




- PAGE 15 -

Demonstrations deserve attention







Video lets you know "how-to" for complex products

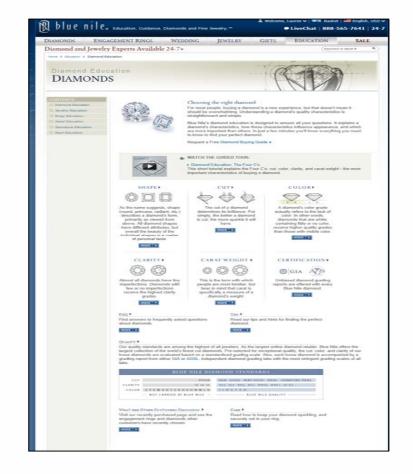






Video's multi-dimensional nature smartly explains a range of purchases







- PAGE 18 -

Category consumption is seen across the board where technology, automotive and clothing dominate

In which of the following categories have you watched a product video online over the past 3 months? Check all

that apply.

	Consumer electronics	40%
	Computer hardware and software	26%
	Automobiles/Automotive	25%
	Music/DVDs/Videos	25%
	Clothing and accessories (men's,.	24%
	Food/Wine	20%
	Toys, Video games	19%
	Health and beauty items	19%
	Crafts/Hobbies/Party	15%
	Sporting goods/Outdoor gear	15%
	Books/Magazines	14%
Fur	niture, home and garden, appliances	14%
	Tickets (movies, concerts, theatre)	13%
	Jewelry/Watches	12%
	Pet supplies	12%
	Don't know/unsure	10%
	Luxury items	9%
	Gift Cards/Certificates	9%
	Gifts and collectibles/Flowers	— 7%
	Other (please specify)	2%



the e-tailing group

Q10

- PAGE 19 -



Coverage expectations start with technology but is expected in all noted categories at least some of the time

When thinking about a retailer's complete product assortment, to what degree do you expect to find product videos for each of the following categories?

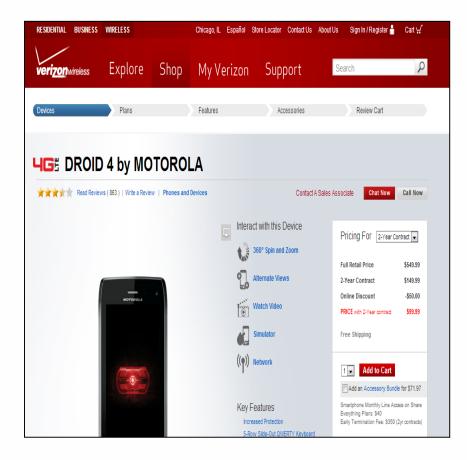
Answer Options	Rating Average
Consumer Electronics/Technology	3.67
Autos	3.43
Sporting Goods	2.82
Toys	2.82
Health/Beauty	2.77
Furniture, home and garden, appliances	2.76
Apparel/Accessories	2.51

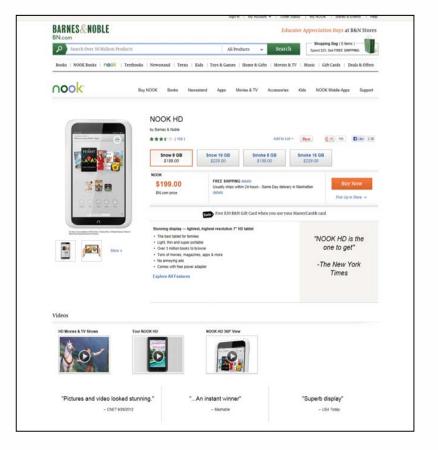
RATING AVERAGE LEGEND 5-POINT SCALE		
5	Majority (>75%)	
4	Most (75-50%)	
3	Sometimes (50-25%)	
2	Limited (25-10%)	
1	<10%	



Q17

Video Thrives in Technology Arena







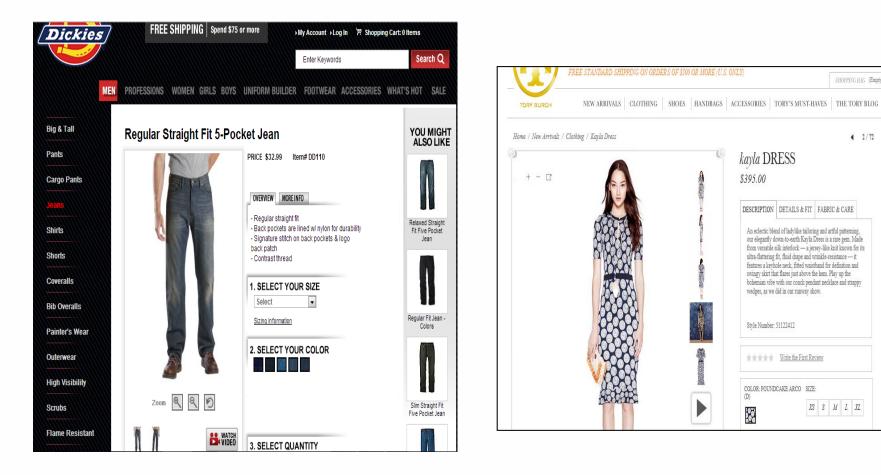
- PAGE 21 -

Apparel Merchants Leverage Video to Augment the Shopping Experience

SHOPPING BAG (Empty)

▲ 2/72 ►

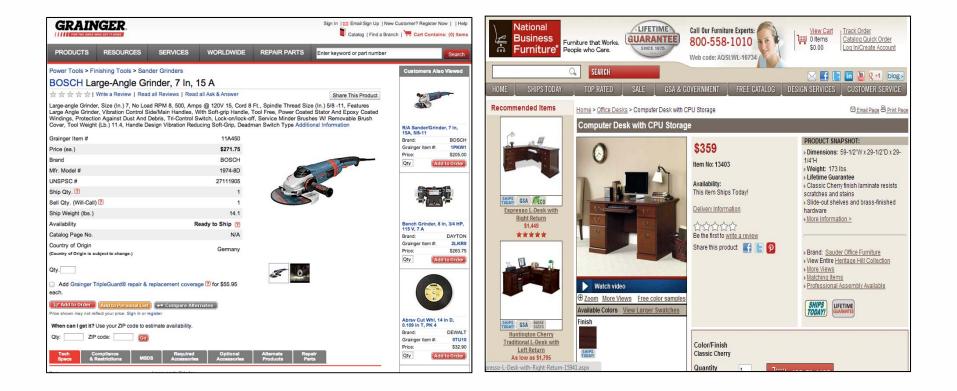
XS S M L XL





- PAGE 22 -

From B2B to B2C Shoppers are More Informed





- PAGE 23 -



III. THE PRODUCT PAGE PREVAILS



- PAGE 24 -

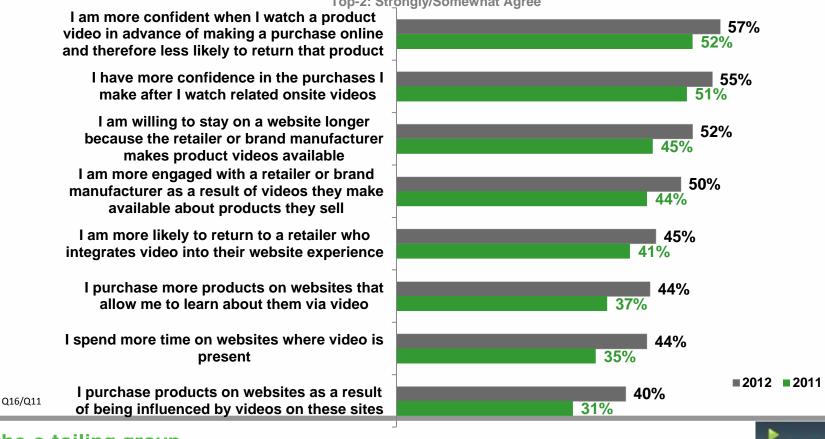
the e-tailing group



Consumer confidence, engagement and purchase likelihood all trend up significantly year-over-year Please note your level of agreement or disagreement with the following

statements relative to videos being shown on retailer or brand manufacturer

websites.



Top-2: Strongly/Somewhat Agree

the e-tailing group

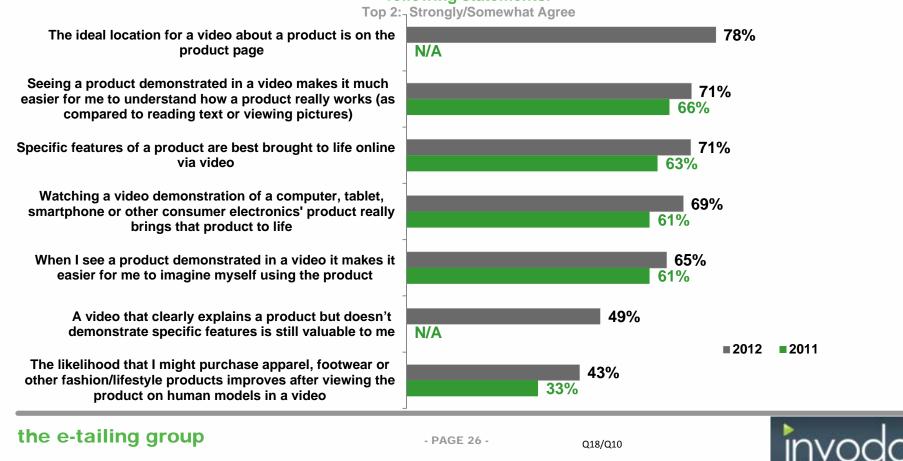
- PAGE 25 -



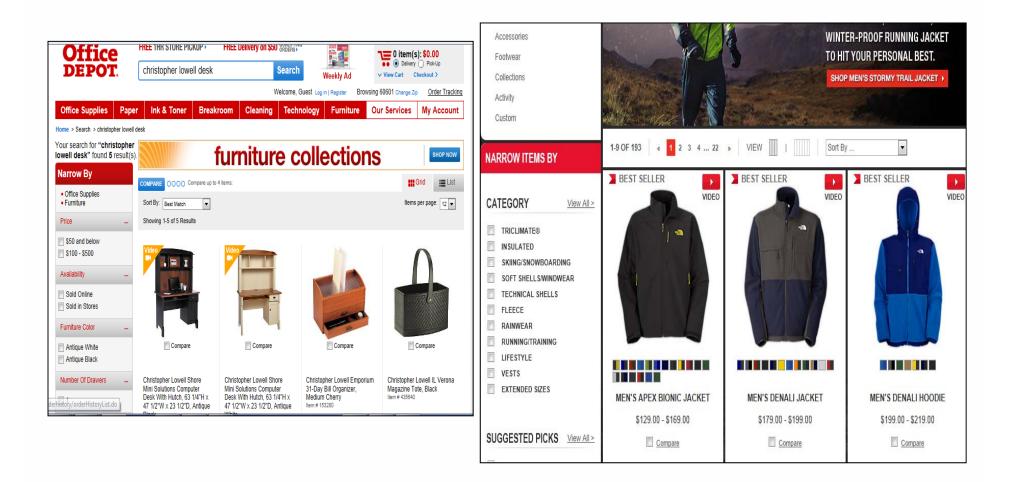


Video's ability to deliver product knowledge and bring products to life grow year/year

Making decisions about products can be complicated, so we'd like to understand your feelings about video's role in aiding product selections. Note level of agreement/disagreement with the following statements.

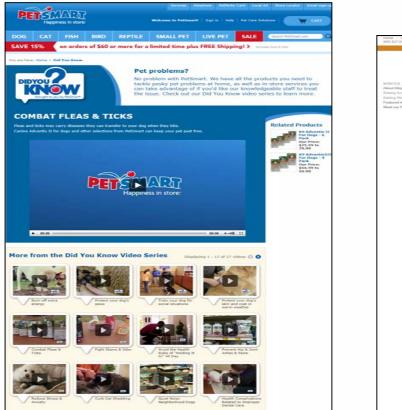


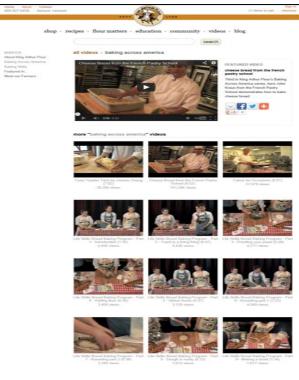
Video within Search Differentiates





Video Galleries Direct Shoppers

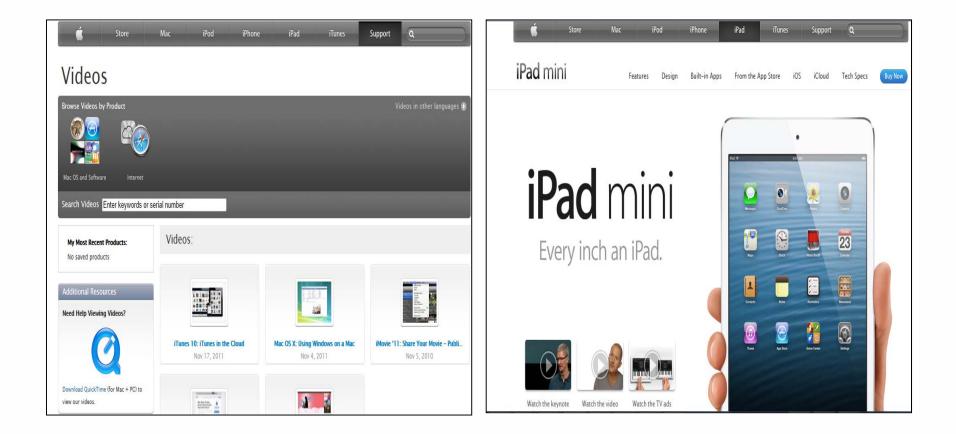






- PAGE 28 -

Video enhances Customer Service





- PAGE 29 -



.....but THE PRODUCT PAGE RULES

the e-tailing group

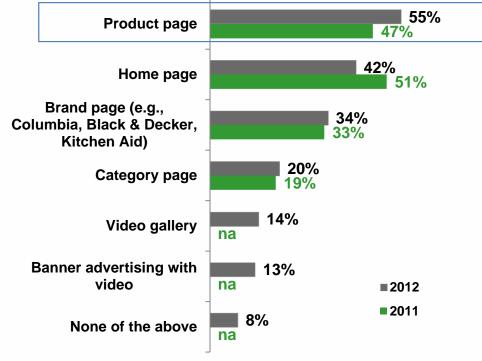
invodo

- PAGE 30 -



Product page consumption escalates

From which of the following onsite web pages have you watched a product video in the past 3 months when shopping? Check all that apply.



Q11/Q6



- PAGE 31 -

the e-tailing group

EG RESEARCH REINFORCES FINDINGS

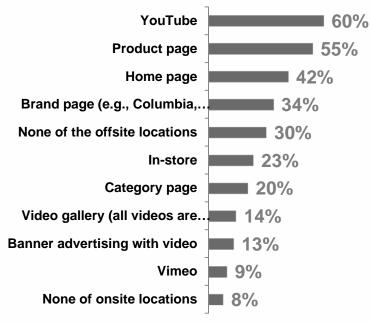
FEATURE	2012	2011
	% Penetration	% Penetration
Guides/How-To	67%	74%
Text/PDF	88%*	95%*
Video	70%*	59%*
Videos/Audio	85%	83%
Shoppable Video	5%*	8%*
Video Location		
Home Page	18%*	19%*
Category Page	40%*	36%*
Brand Boutique	49%*	47%*
Product Page	79%*	69%*
Video Gallery	41%*	43%*
Other (Sub-Category Page, Blog)	58%*	66%*

2012 e-tailing group Mystery Shopping Survey *subset of 100 merchants



YouTube and the product page see comparable video viewership confirming that page's value in consumer's mind

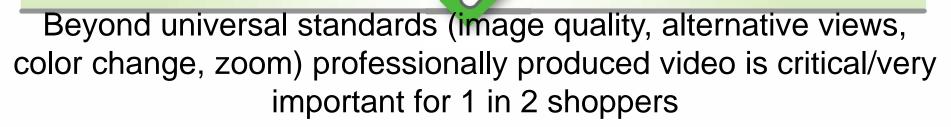
From which of the following onsite web pages have you watched a product video in the past 3 months when shopping? Check all that apply.



Q11-Q12

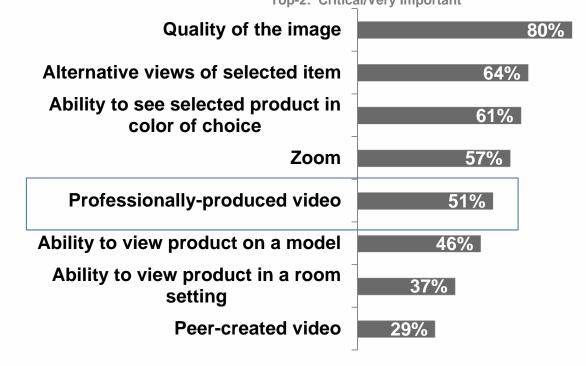
the e-tailing group

- PAGE 33 -



When viewing a merchant's product page online, how important is the following image-related information when selecting and ultimately

purchasing a product? Top-2: Critical/Very Important





Q22

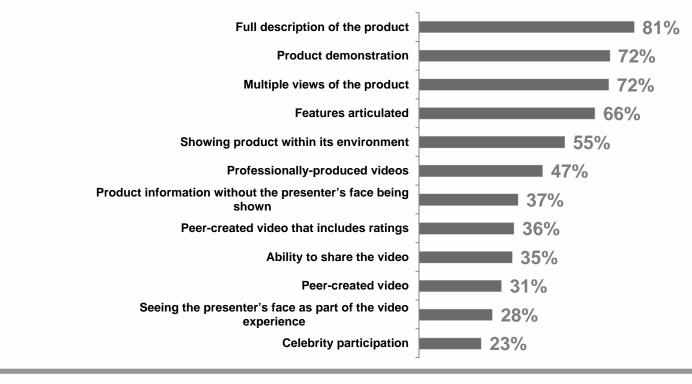
the e-tailing group

- PAGE 34 -



Complete product details including description, multiple views and articulated features are very important along with the all-important demonstration (ideally within its environment)

When thinking about a video that you might find on the product page of a retailer's website, how important is each of these elements when selecting and ultimately purchasing that product? Top-2: Critical/Very Important



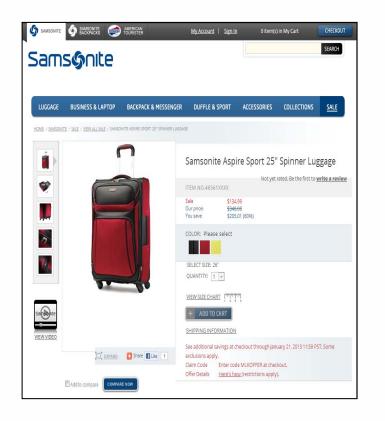


the e-tailing group

Q23

- PAGE 35 -

Product feature explanations and usage details aide selection process





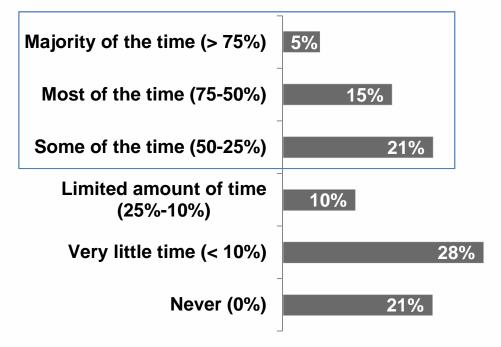


- PAGE 36 -

Half of shoppers watch videos with another person 1 in 5 do it most of the time

How often do you watch videos on retailer websites with another person?







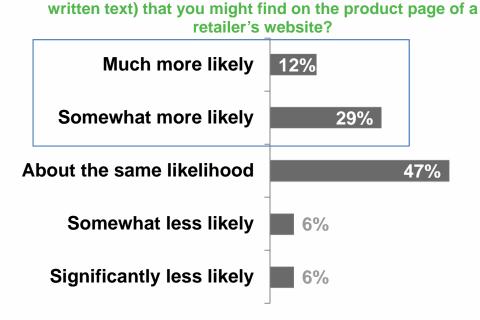
the e-tailing group

Q15

- PAGE 37 -

41% of shoppers are more likely to share video found (vs. photos or written text) on a retailer's product page

How likely would you be to share video (versus photos or





the e-tailing group

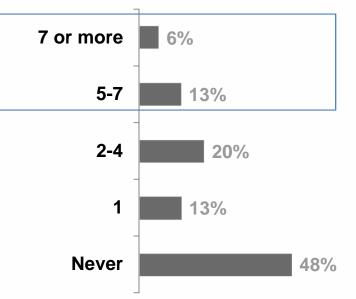
Q19

- PAGE 38 -

Over 1 in 2 (52%) have shared a product video over the last 3 months

1 in 5 have shared 5+ times

How many times have you shared a product video over the past 3 months?





Q20

the e-tailing group

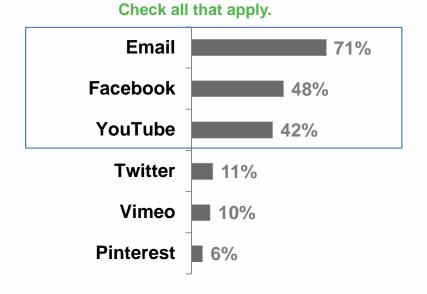
- PAGE 39 -



Sharing standards include email, Facebook and YouTube

Via what means did you share product video?

~





Q21

the e-tailing group

- PAGE 40 -



IV. MOBILE AND SOCIAL DYNAMICS

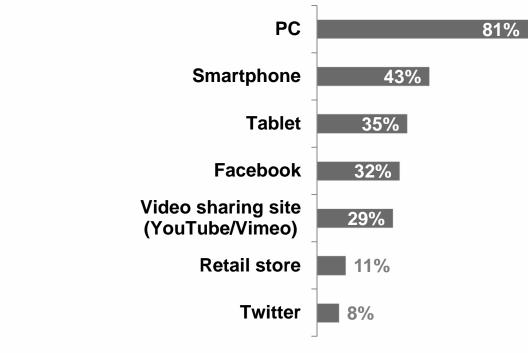


- PAGE 41 -

the e-tailing group

PC reigns regarding video viewership though mobile including smartphones (43%) and tablets (35%) follow its lead

In what locations or on what devices have you watched a product video over the past 3 months? Check all that apply.





the e-tailing group

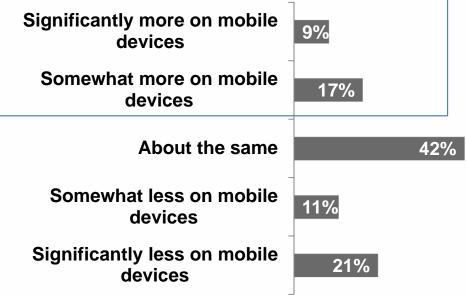
Q9

- PAGE 42 -

1 in 4 shoppers are consuming more video via mobile devices



Which of the following best describes your consumption of videos via mobile devices versus desktops or laptops over the past 3 months?





the e-tailing group

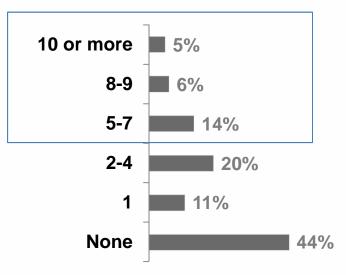
Q24

- PAGE 43 -



1 in 2 shoppers have watched at least 1 video on their smartphones while 1 in 4 have watched 5 or more over the past 3 months

Over the past 3 months, how many product videos have you watched via a smartphone?





Q25

the e-tailing group

- PAGE 44 -



Smartphone video viewership provides a quick, valuable product overview; Associated convenience means in-store viewing, multichannel looks where subsequent behavior varies

> Please share your agreement or disagreement with the following statements regarding watching videos on your smartphone. Top-2: Strongly/Somewhat Agree

Videos are perfect for smartphone viewing as I get a quick overview of the product	69%
Spending time watching product videos on my phone is more convenient than via my PC	58%
I often watch videos on my phone and then search out the products on my desktop or laptop for more details	58%
I watch videos on my phone when I'm in the store to get more information about a product prior to making a purchase	57%
I frequently scan a QR code while in the store and watch any associated video via my phone	55%
Watching videos on my phone gives me efficient access to valuable information but I rarely purchase the product	51%
After viewing a video on my phone, I typically need more information prior to making a purchase	50%
I can gather enough information from watching a product video on my phone to make a purchase	49%



the e-tailing group

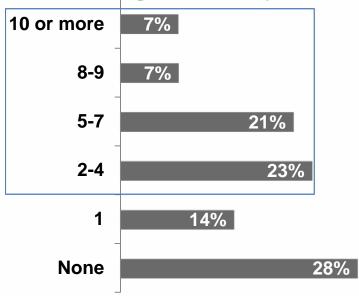
Q26

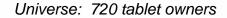
- PAGE 45 -

58% have watched 2 or more videos via their tablets



Over the past 3 months, how many product videos have you watched via a tablet device (iPad, Samsung Galaxy, Toshiba Excite, Google Nexus, etc.)?





Q27

the e-tailing group

- PAGE 46 -





Tablet user experience is positive and productive

Please share your agreement or disagreement with the following statements regarding watching videos on your tablet. Top-2: Strongly/Somewhat Agree

-	
Videos are perfect for tablet viewing since the experience is both enjoyable and productive	76%
Videos are perfect for tablet viewing as I get a quick overview of the product	65%
I can gather enough information from watching a product video on my tablet to make a…	62%
Spending time watching product videos on my tablet is more convenient than via my PC	61%
After viewing a video on my tablet, I typically need more information prior to making a	59%
Watching videos on my tablet gives me access to valuable information but I rarely purchase	54%
l often share product videos seen on my tablet with friends/family	52%
After watching videos on my tablet, I often purchase that product or a comparable…	50% Tablet Universe: 516
I often watch product videos on my tablet with friends/family	47%
-	



Q28

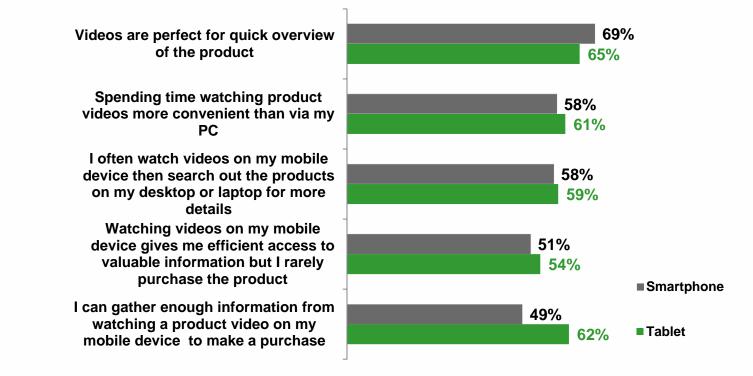
the e-tailing group

- PAGE 47 -



Similar tablet/smartphone sentiments are seen except that tablet viewers are more poised to purchase

Please share your agreement or disagreement with the following statements regarding watching videos on your mobile device.





the e-tailing group

- PAGE 48 -

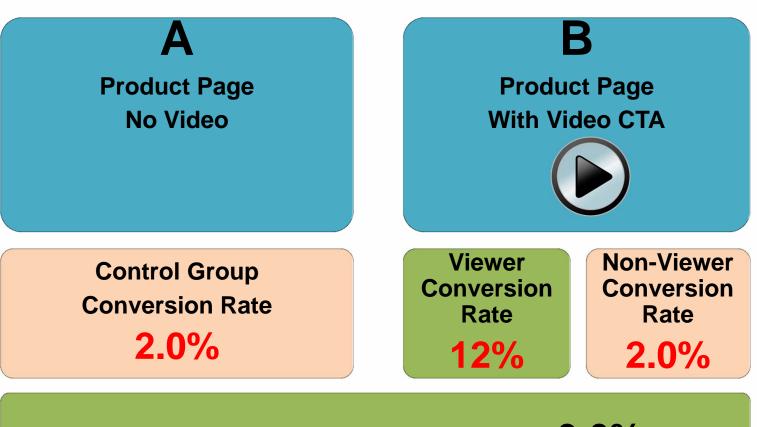
VIDEO AS A REVENUE-GENERATING PROGRAM



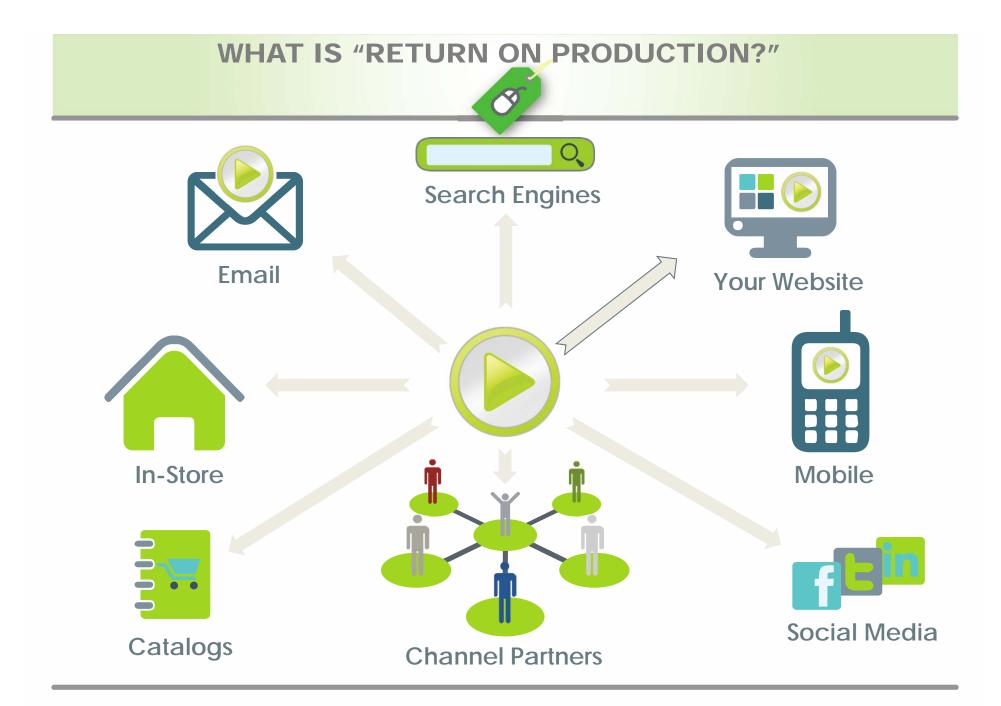


ROI - PROGRAMMATIC MEASUREMENT

2



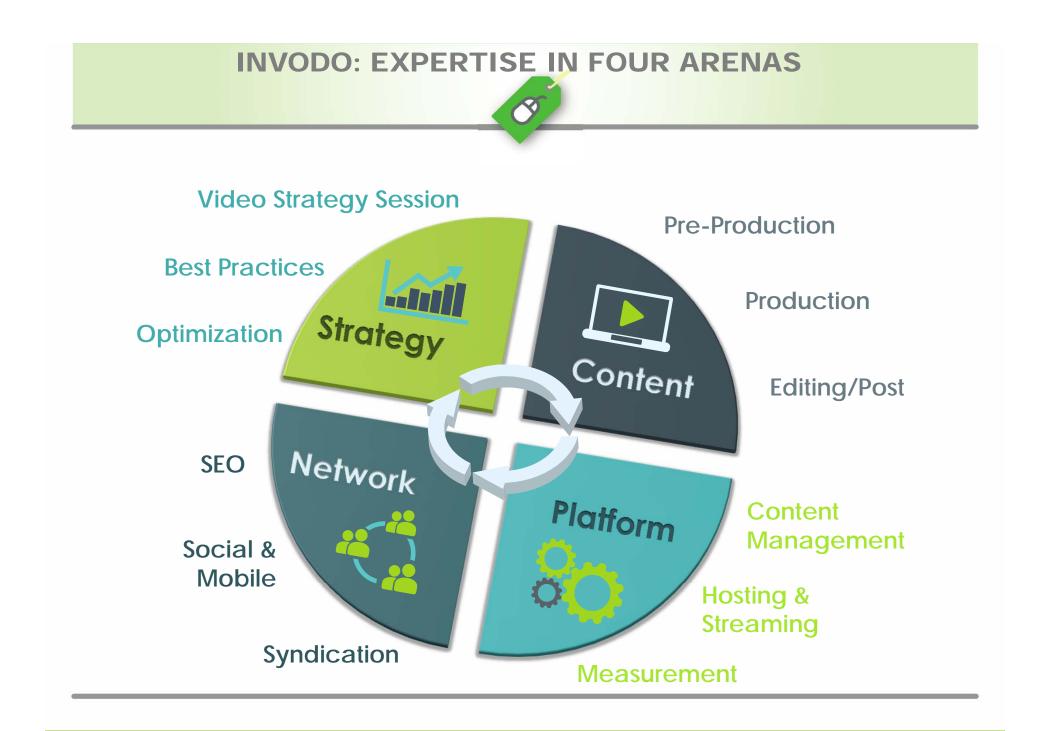
Total Experiment Conversion Rate: 3.0%

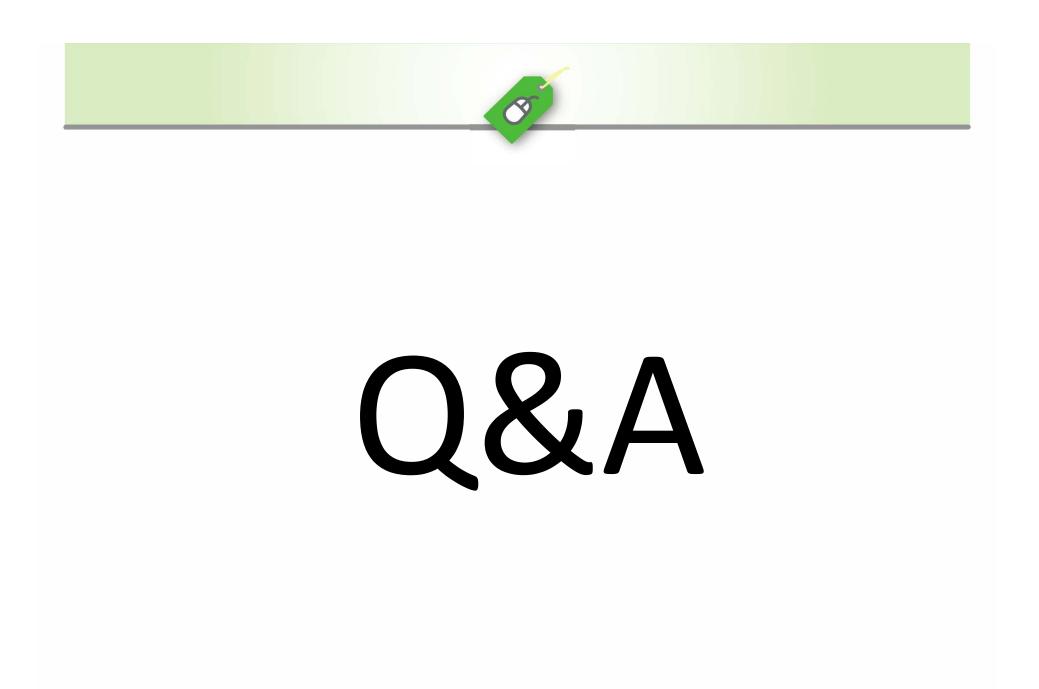


*Coined by Creighton Yost, Senior Global Program Manager for video at Dell









THANK YOU

3

Lauren Freedman LF@e-tailing.com 773-975-7280 www.e-tailing.com Russ Somers russ@invodo.com @rsomers 512-279-4800 www.invodo.com

