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

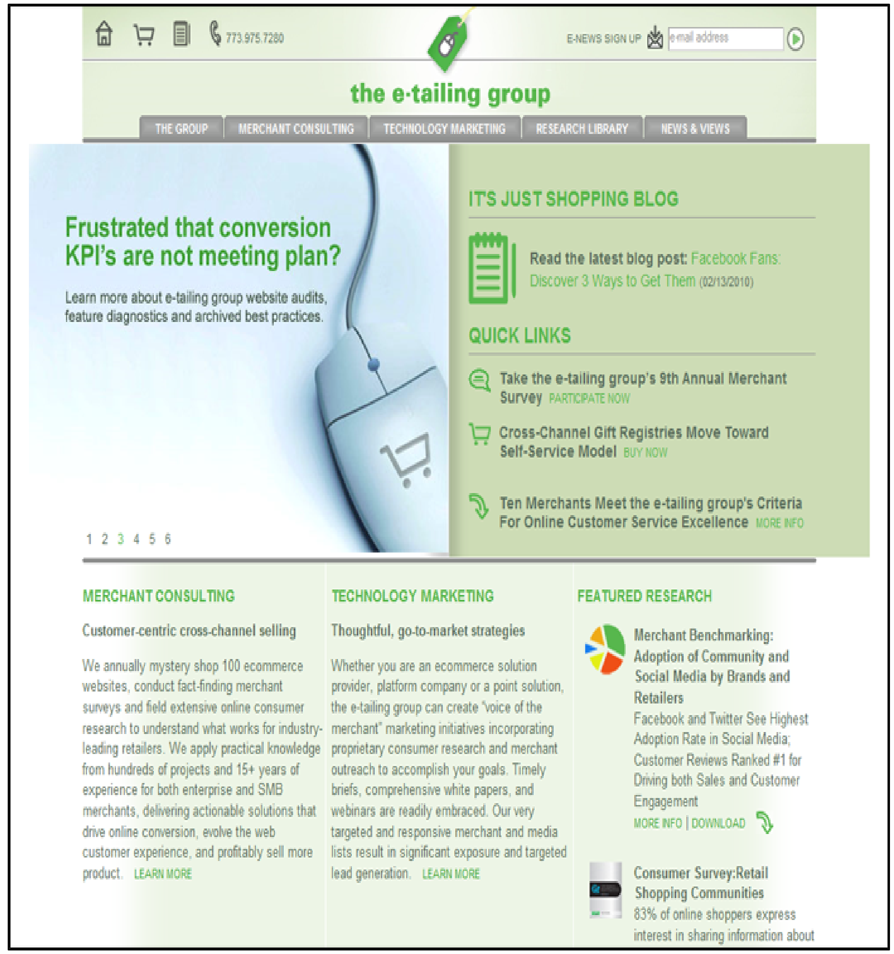
……But

- 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



I. SURVEY METHODOLOGY AND DEMOGRAPHICS

5 Survey Goals

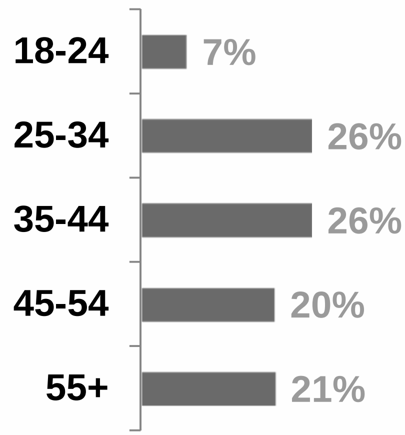
- Trend year/year video consumption (#'s, time spent, locations, categories, etc.)
- Evaluate the evolving role and usage of onsite and offsite video locations
- Explore product page consumption, perceived consumer value and desired elements
- Understand video's viewership across devices and channels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

Survey Methodology

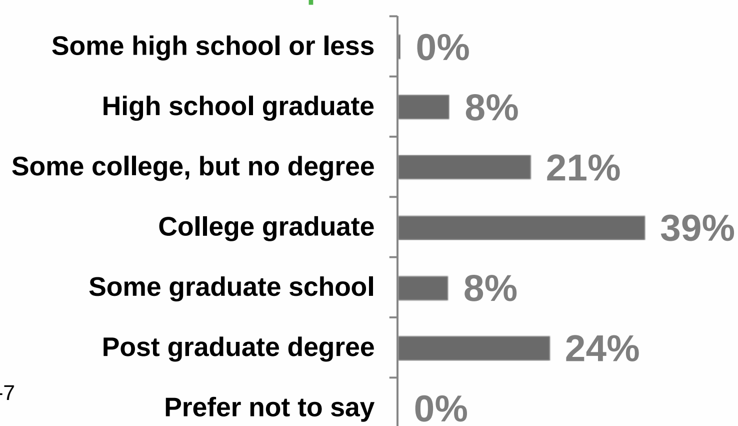
- 1073 consumers completed an online questionnaire in (December, 2012)
- 52% F/48% M
- Shopped online 4+ times in the past year and spent at least $250
- 100% owned a smartphone/56% owned a tablet

The Demographics

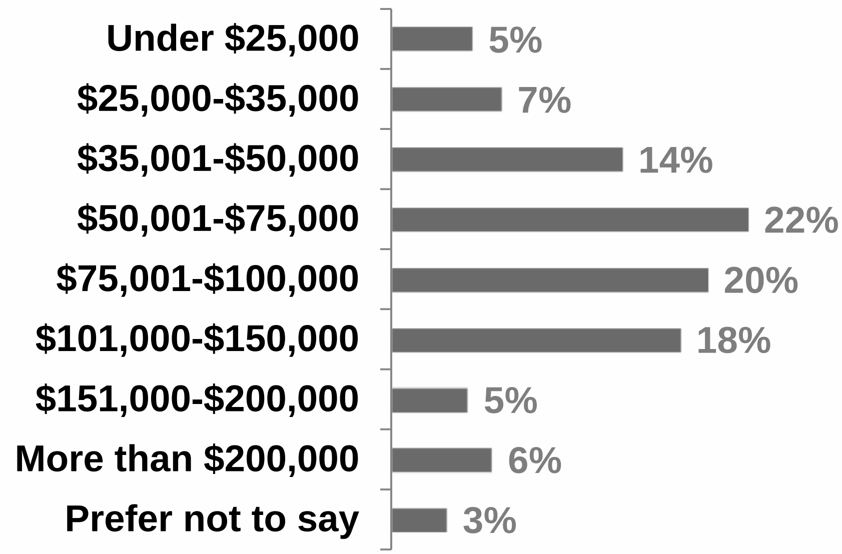
In what age range do you fall?



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



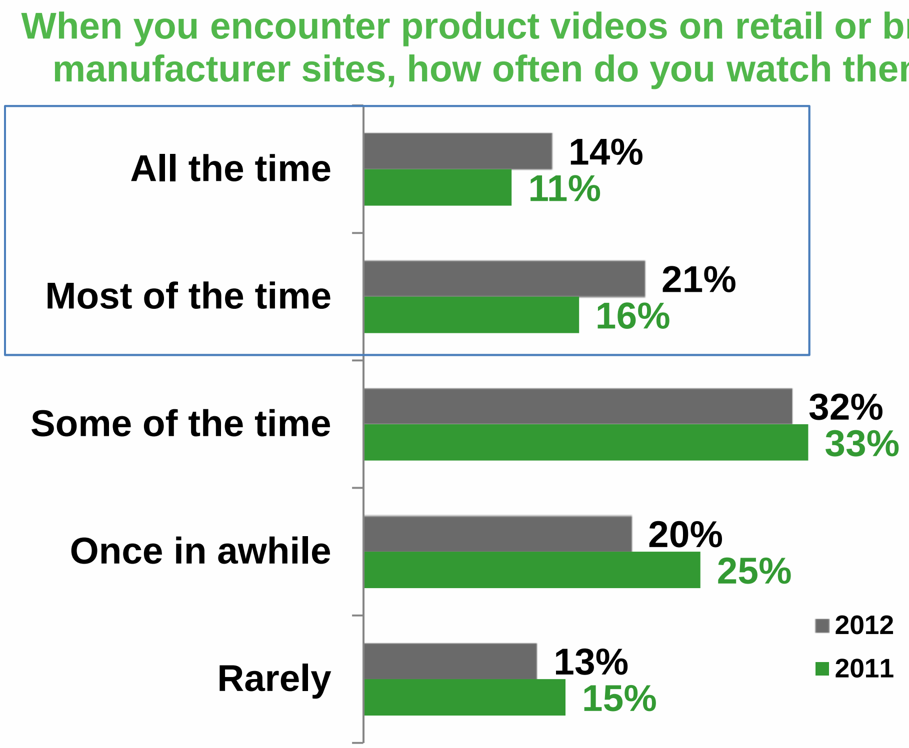
Which of the following best represents your combined annual household income from all sources before taxes?



Q4-7

II. THE TRENDS TELL THE TALE

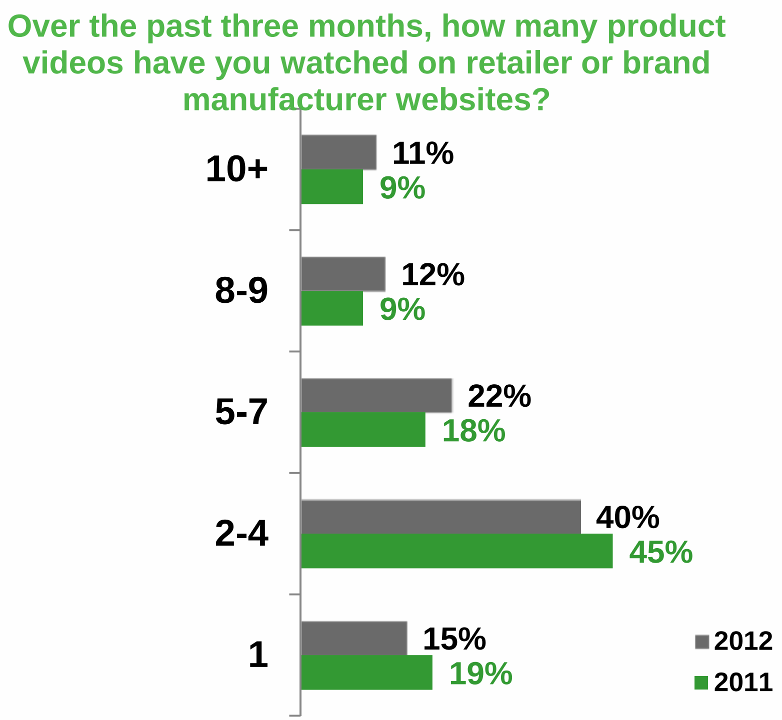
1 in 3 have increased time spent and watch video all/most of the time they are encountered



Answered: 2517
Never watched: 9.1%

Q2/Q1

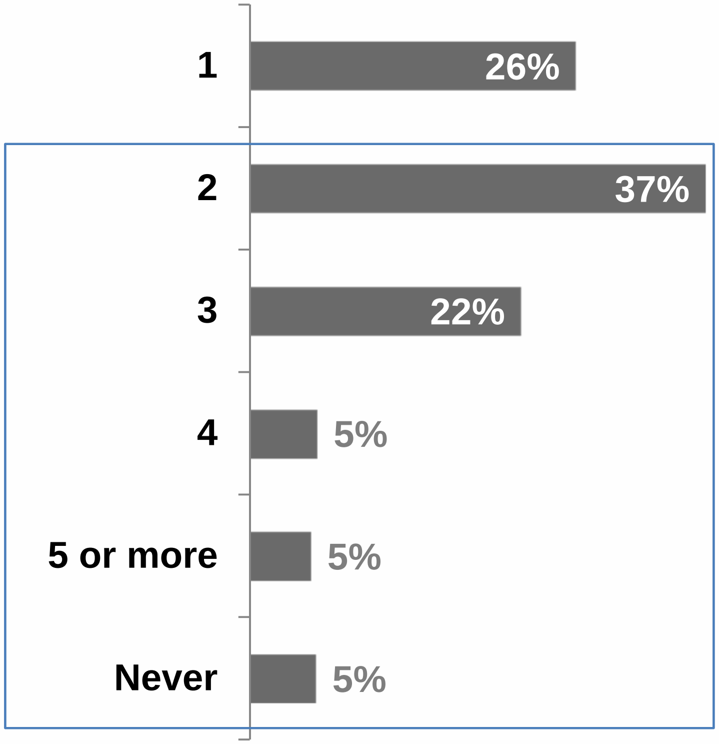
Year-over-year slight increase in video consumption is seen



Q3/Q2

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

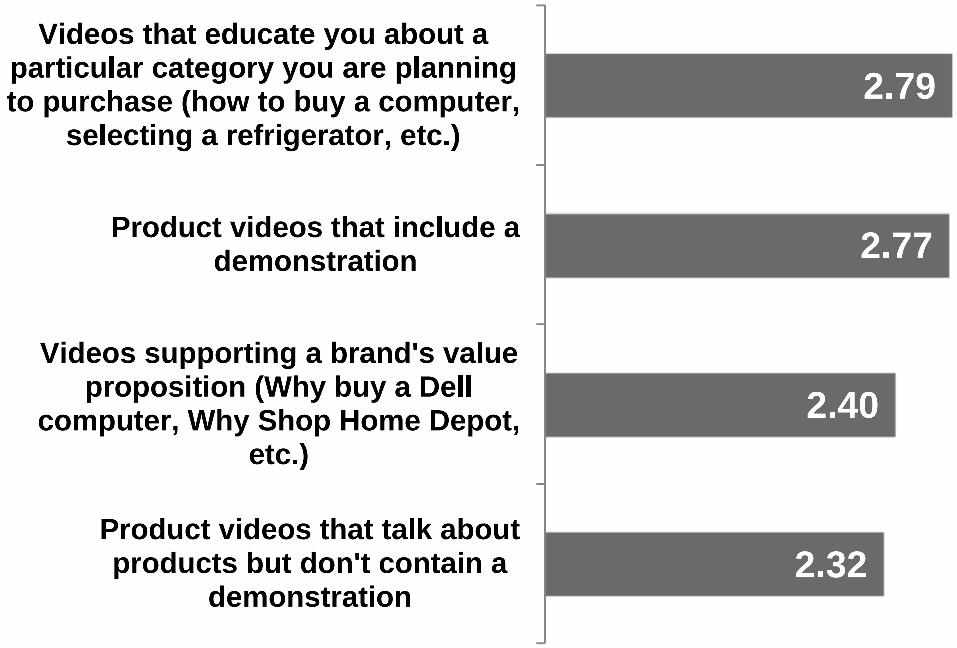
For information-intensive products or those categories where product education is important (TVs, computers, refrigerators, power tools, etc.), how many times would you typically view a product page video prior to making your final purchase?



Q14

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

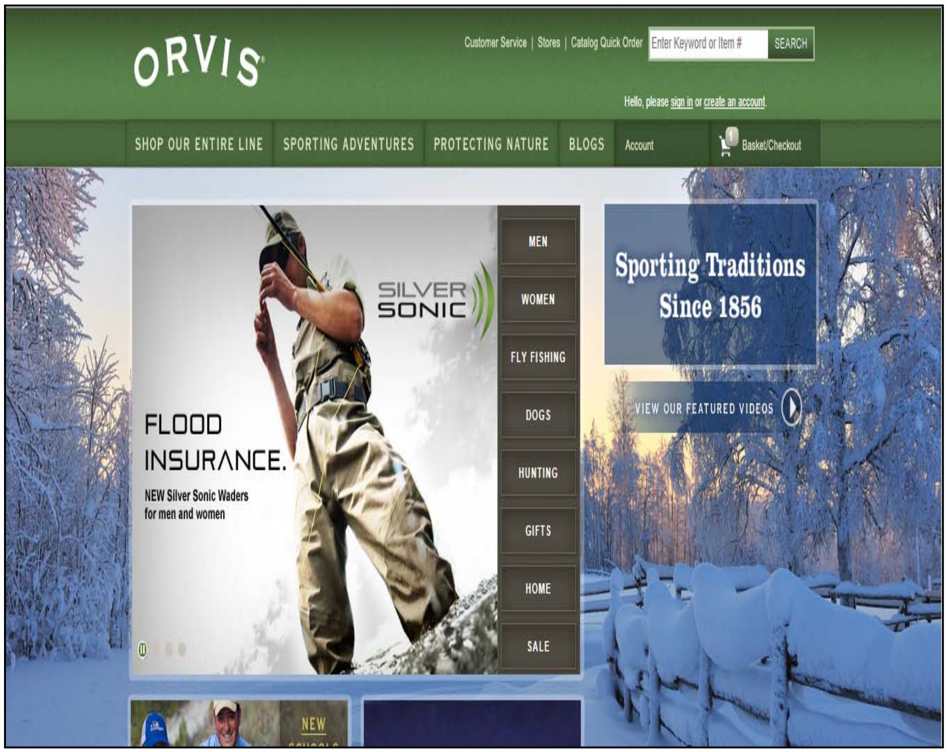
How much time do you typically spend watching the following types of videos on a retail or manufacturer website?

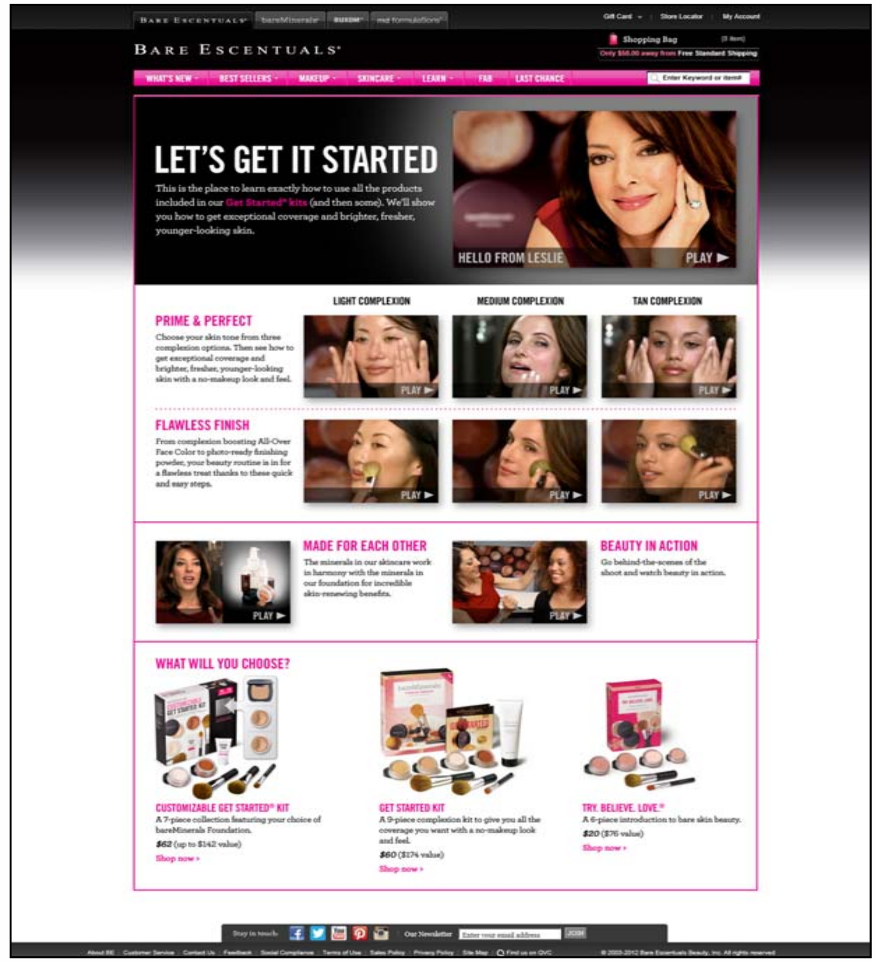


RATING AVERAGE LEGEND 6-POINT SCALE	
6	>10 minutes
5	6-10 minutes
4	3-5 minutes
3	2-3 minutes
2	1-2 minutes
1	< a minute

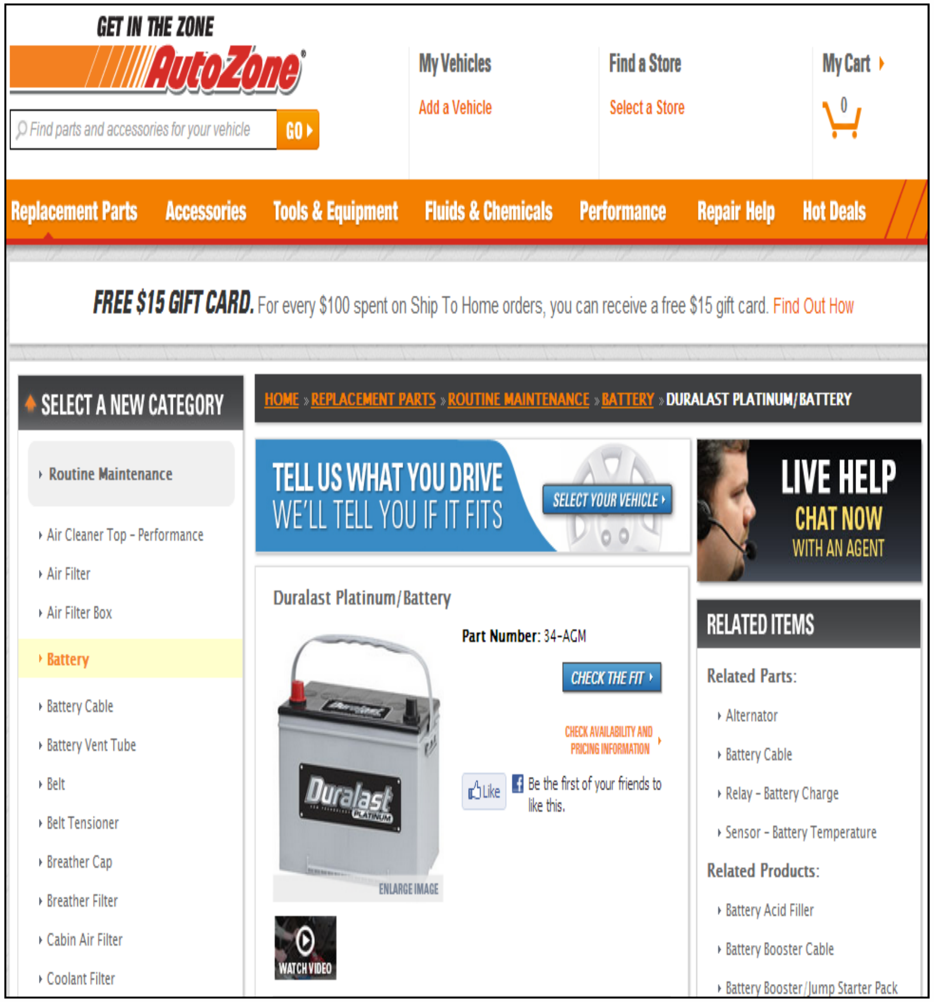
Q13

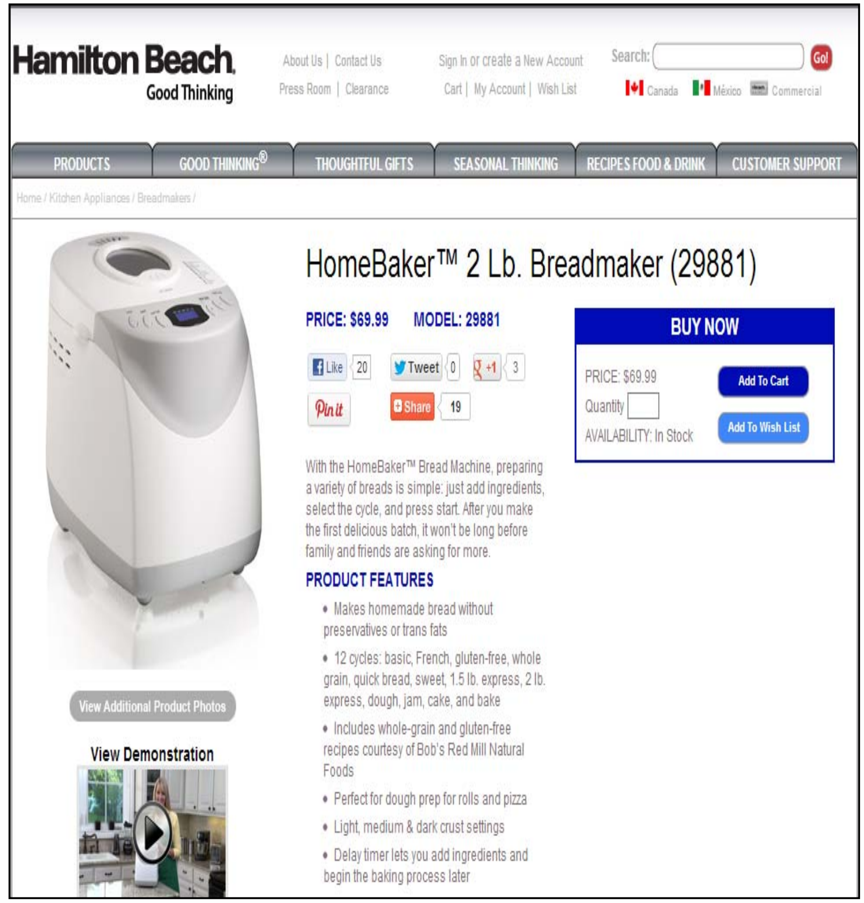
Video bolsters brands





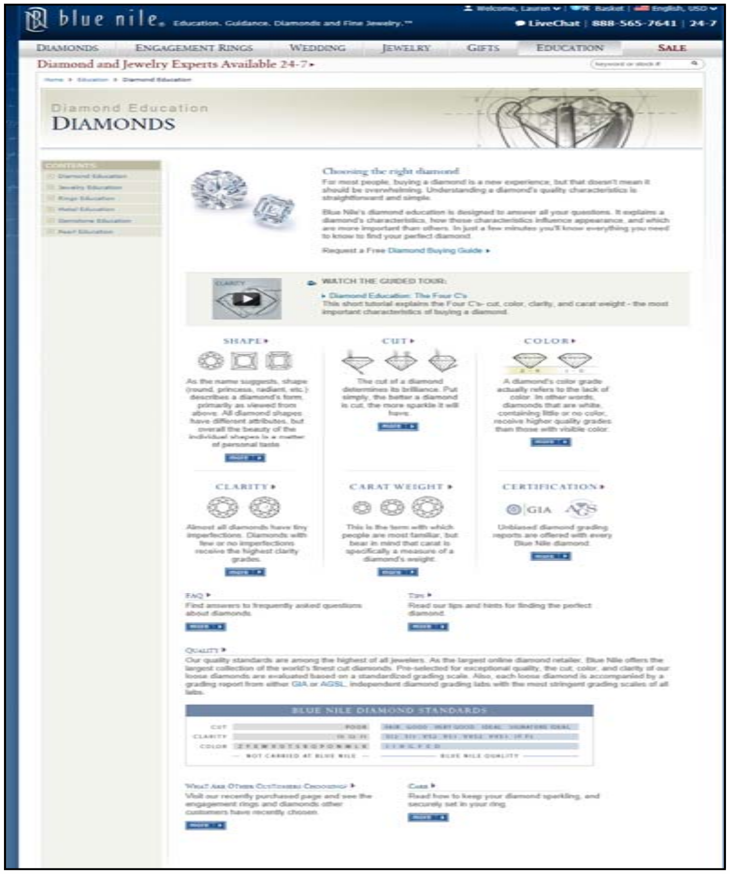
Demonstrations deserve attention





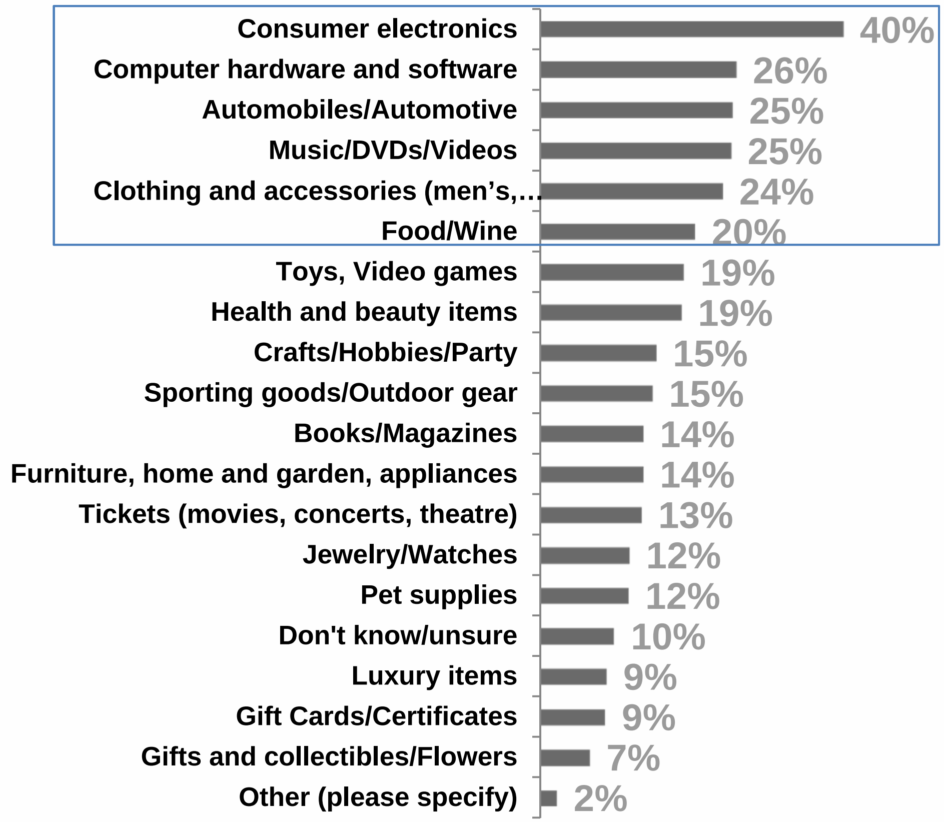
Video lets you know “how-to” for complex products

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



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.



Q10

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

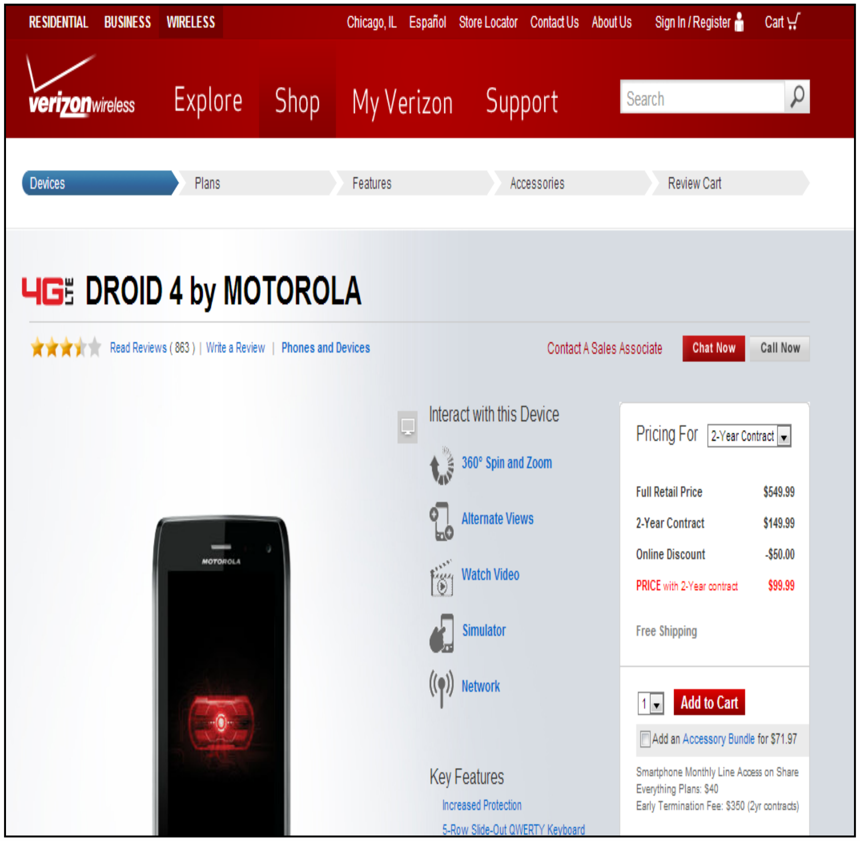
When thinking about a retailer's complete product assortment, to what degree do you expect to find product videos for each of the following categories?

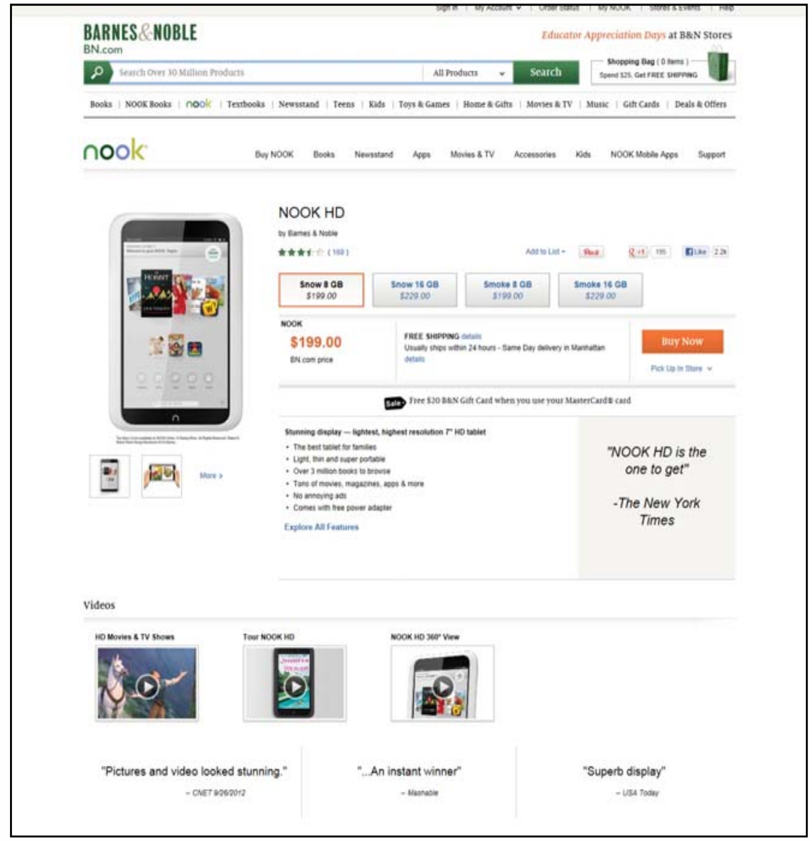
Answer Options	Rating Average
Consumer Electronics/Technology	3.67
Autos	3.43
Sporting Goods	2.82
Toys	2.82
Health/Beauty	2.77
Furniture, home and garden, appliances	2.76
Apparel/Accessories	2.51

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

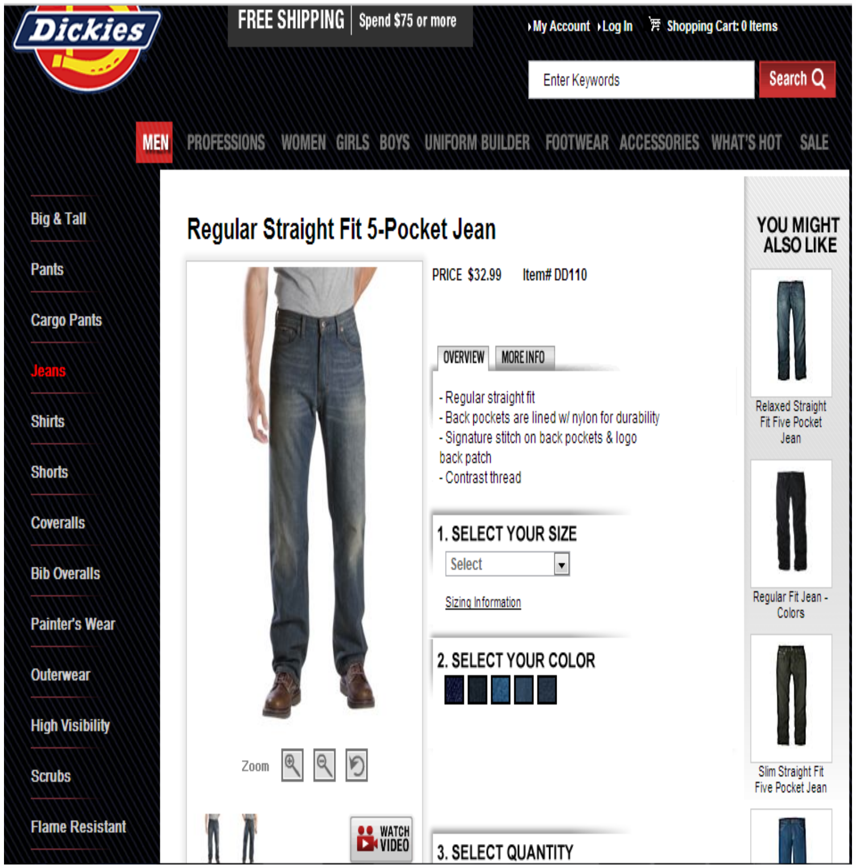
Q17

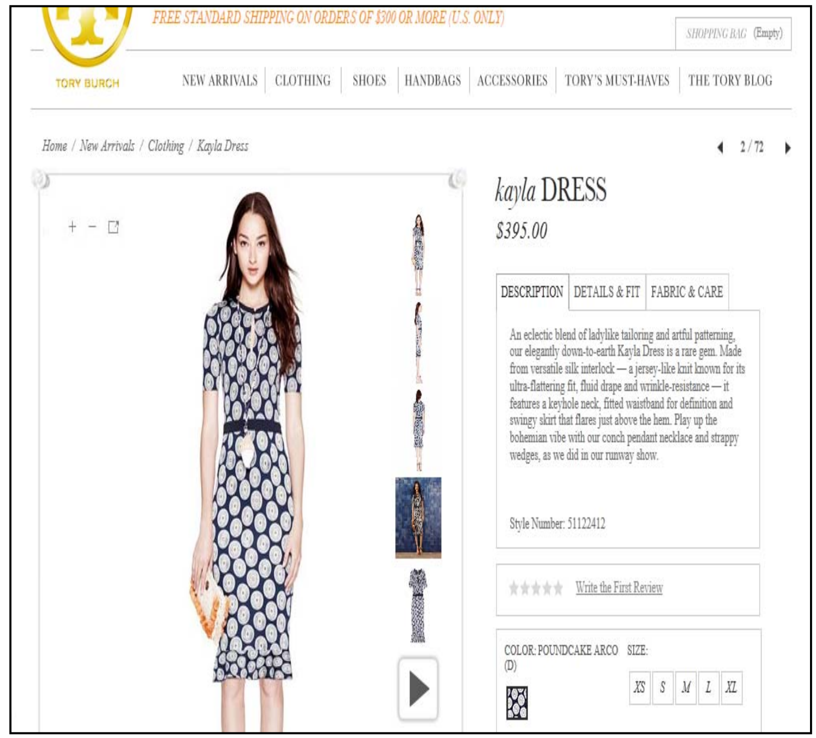
Video Thrives in Technology Arena



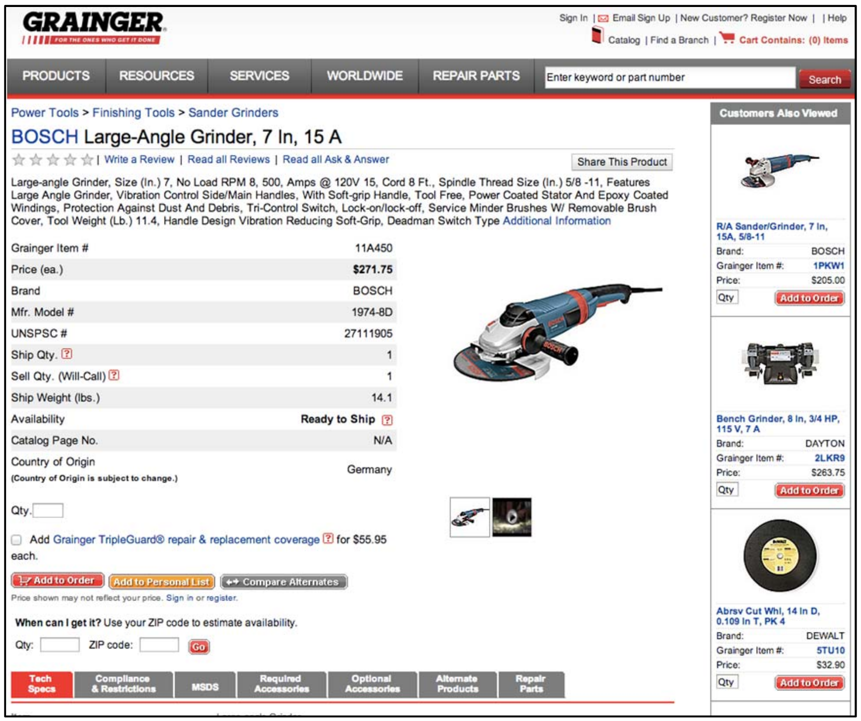


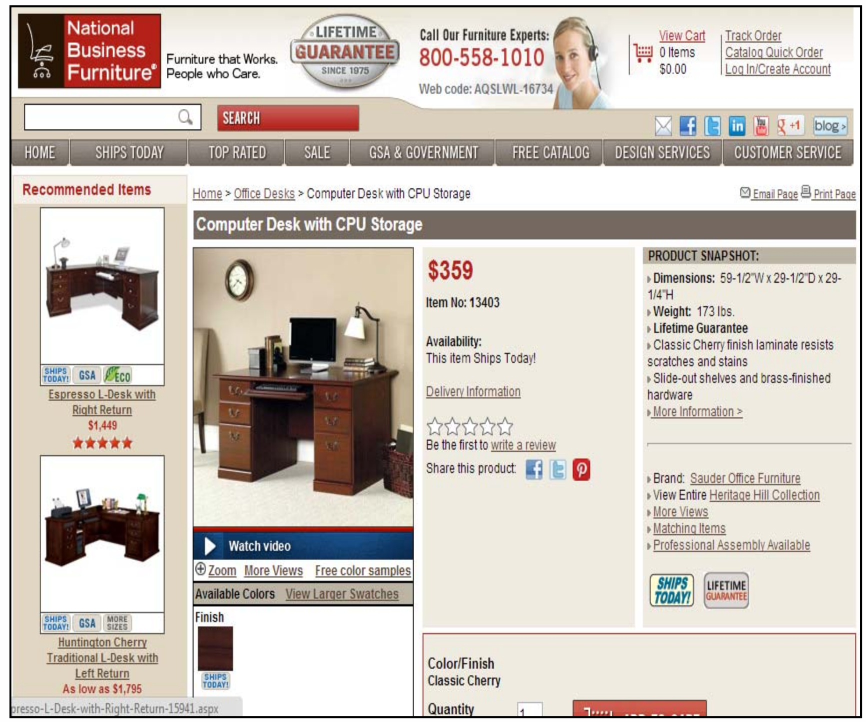
Apparel Merchants Leverage Video to Augment the Shopping Experience





From B2B to B2C Shoppers are More Informed



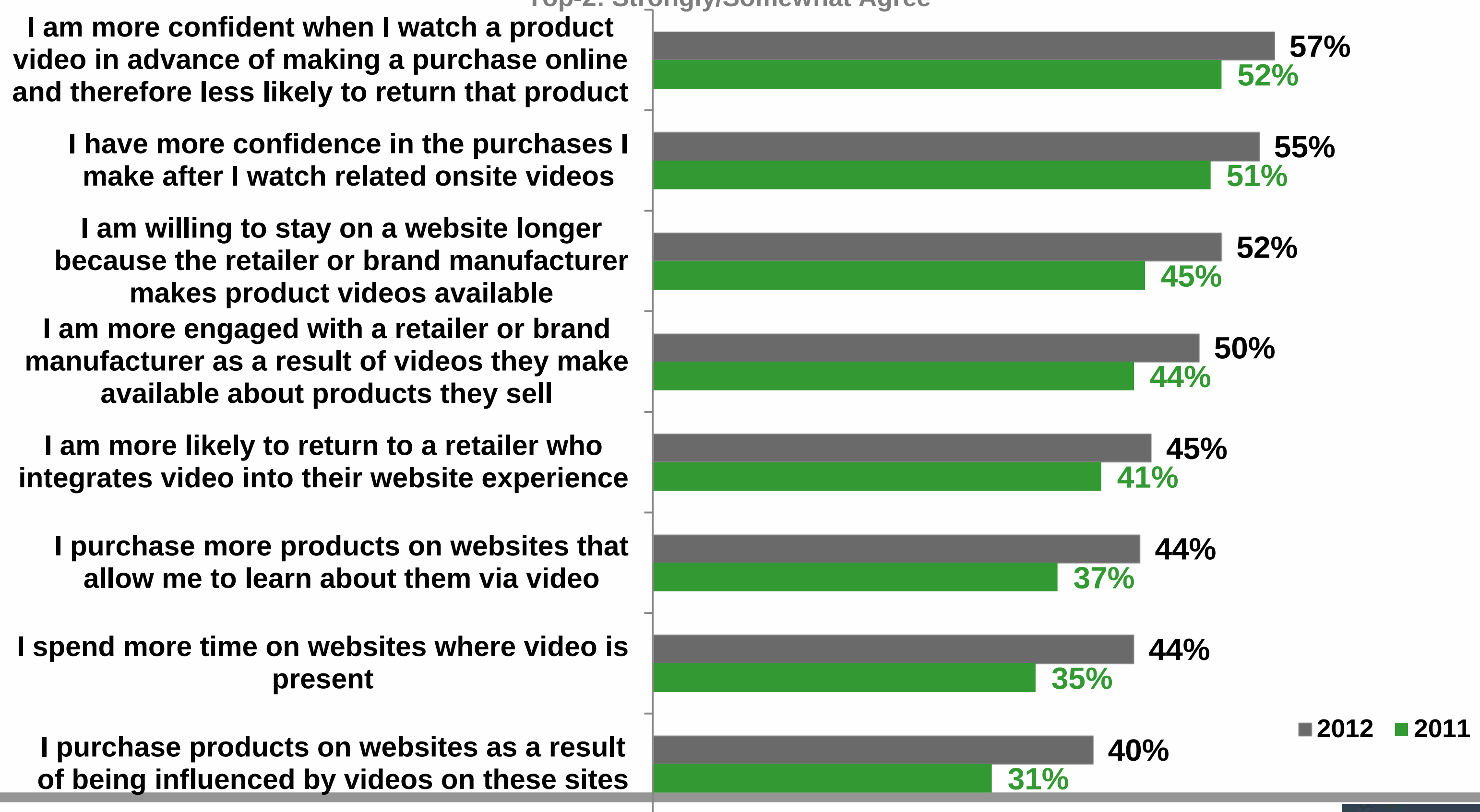


III. THE PRODUCT PAGE PREVAILS

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

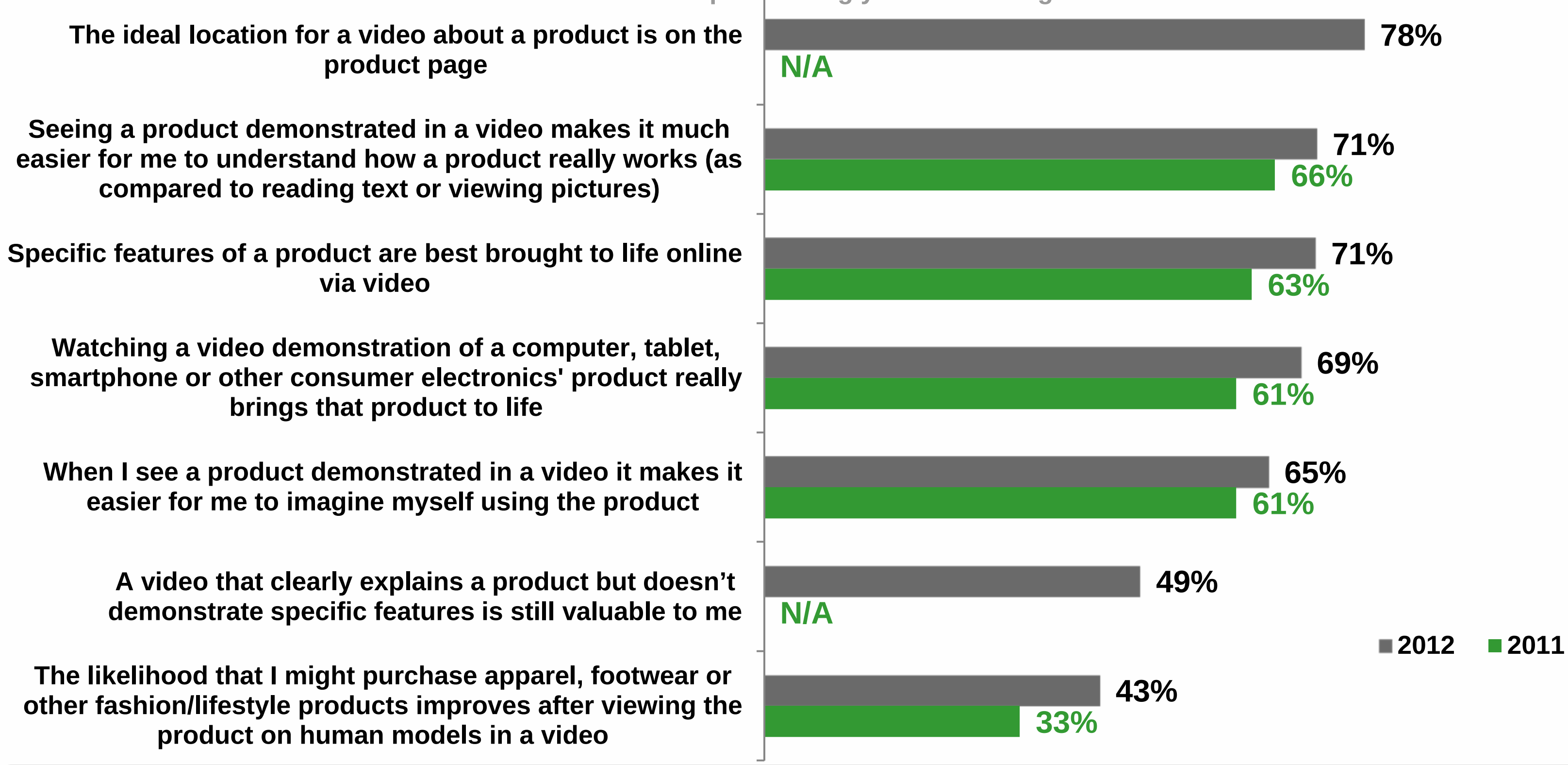


Q16/Q11

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

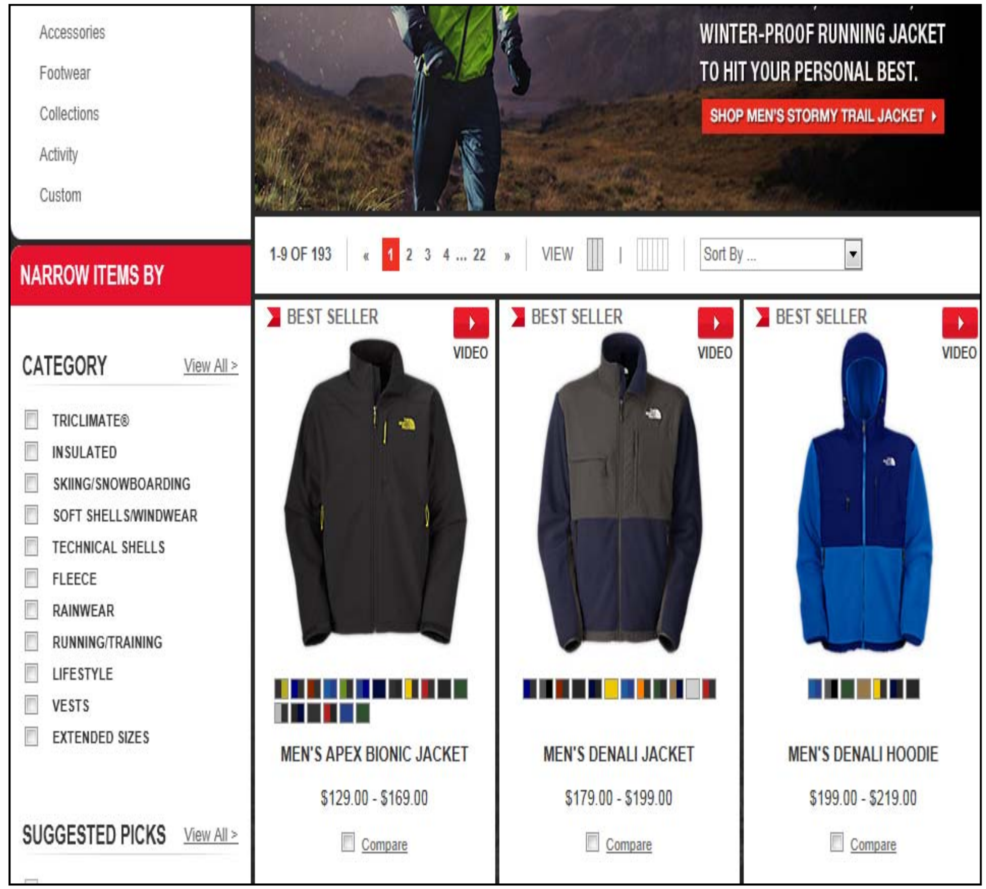
Making decisions about products can be complicated, so we'd like to understand your feelings about video's role in aiding product selections. Note level of agreement/disagreement with the following statements.

Top 2: Strongly/Somewhat Agree

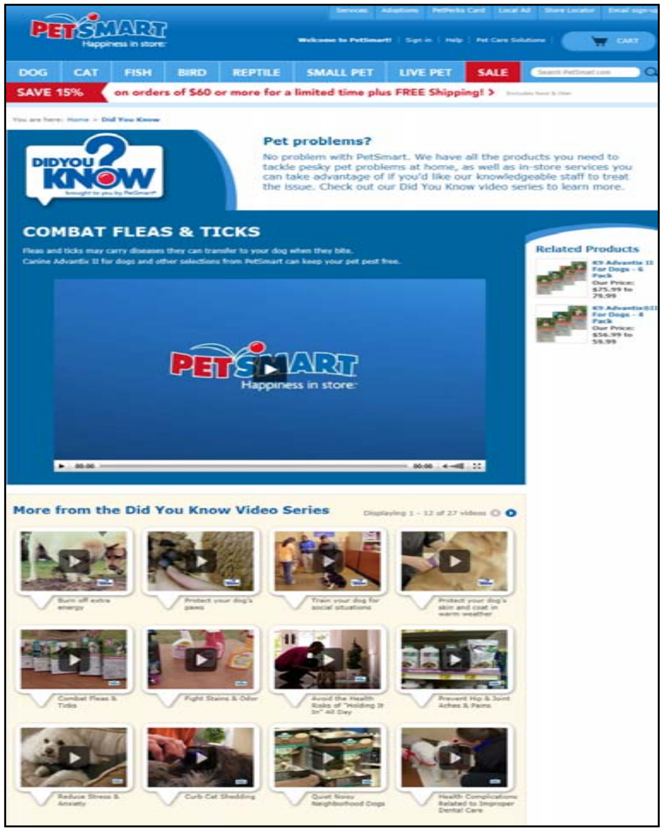


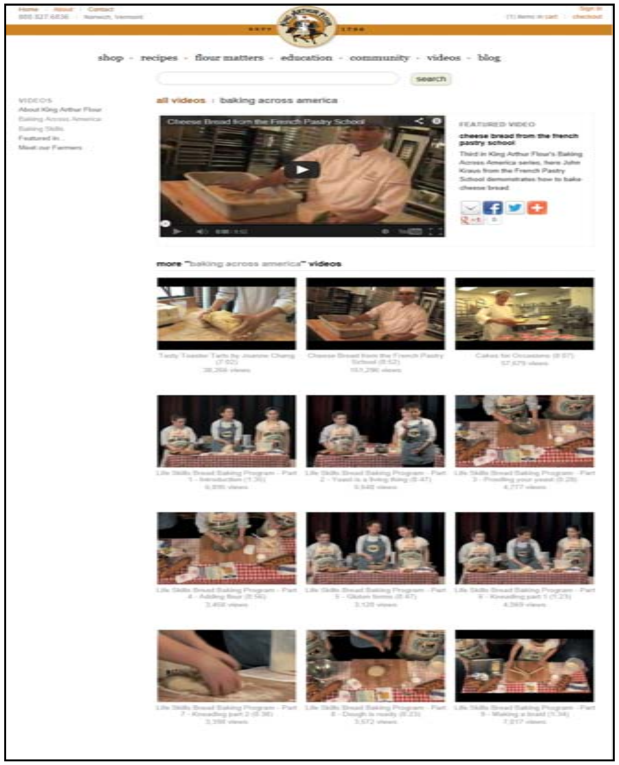
Q18/Q10

Video within Search Differentiates

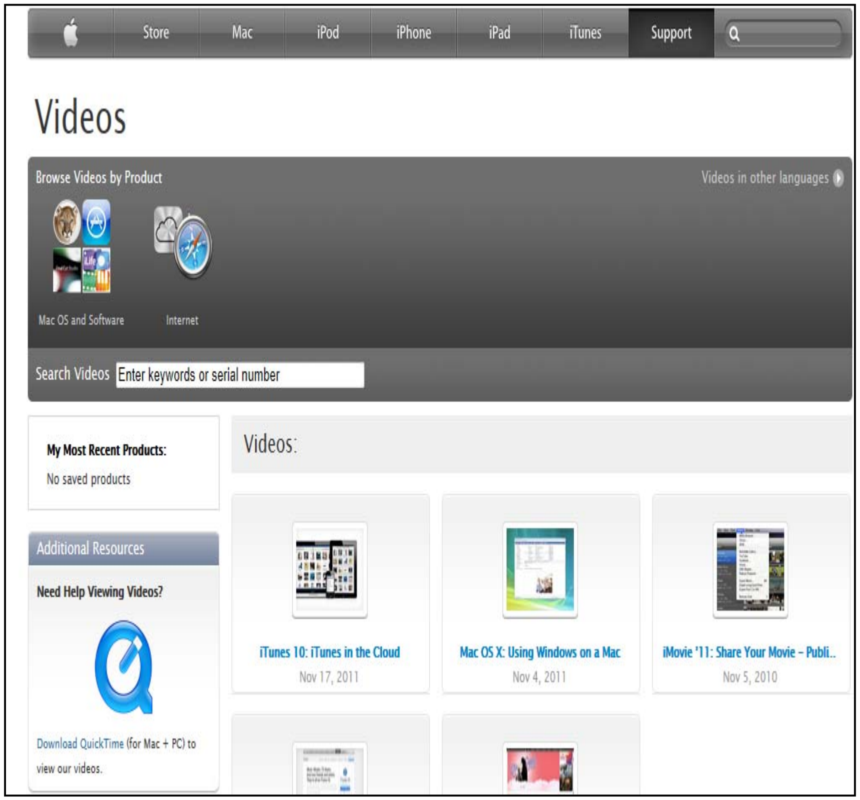


Video Galleries Direct Shoppers





Video enhances Customer Service



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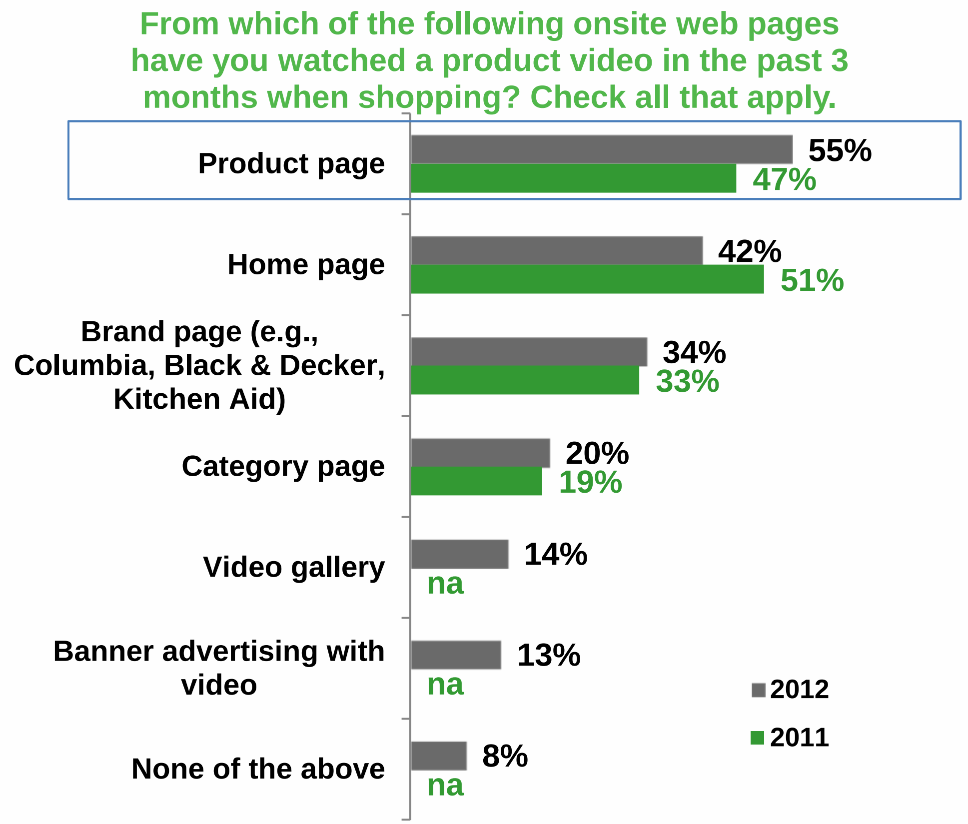
THE PRODUCT PAGE RULES

Product page consumption escalates



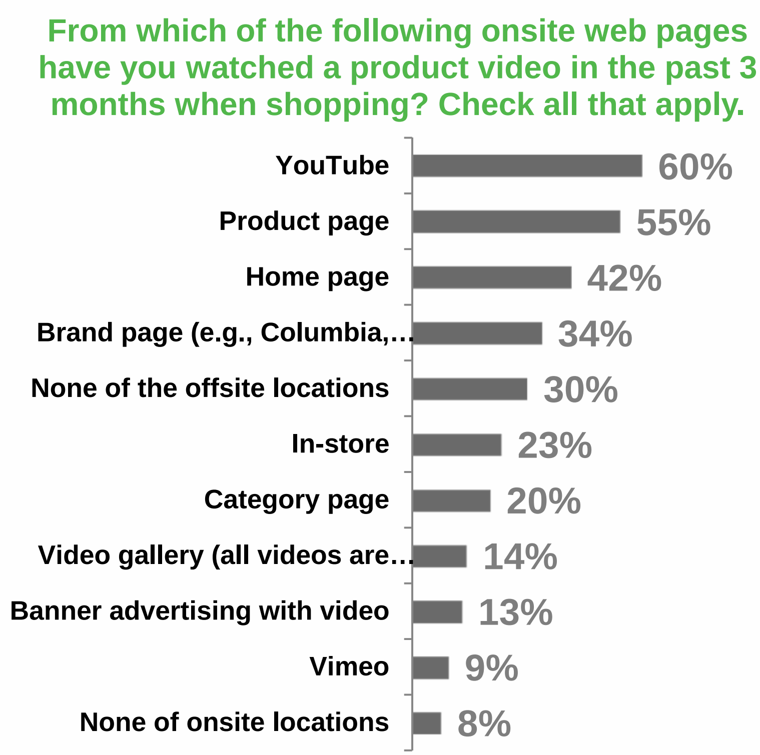
Q11/Q6

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

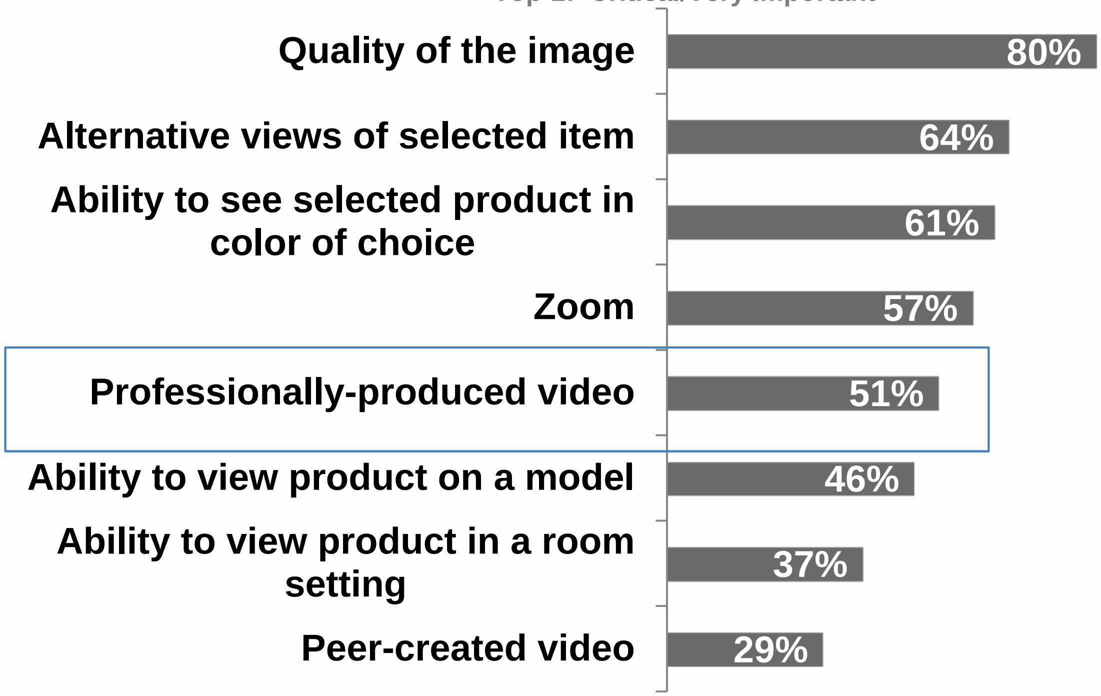


Q11-Q12

Beyond universal standards (image quality, alternative views, color change, zoom) professionally produced video is critical/very important for 1 in 2 shoppers

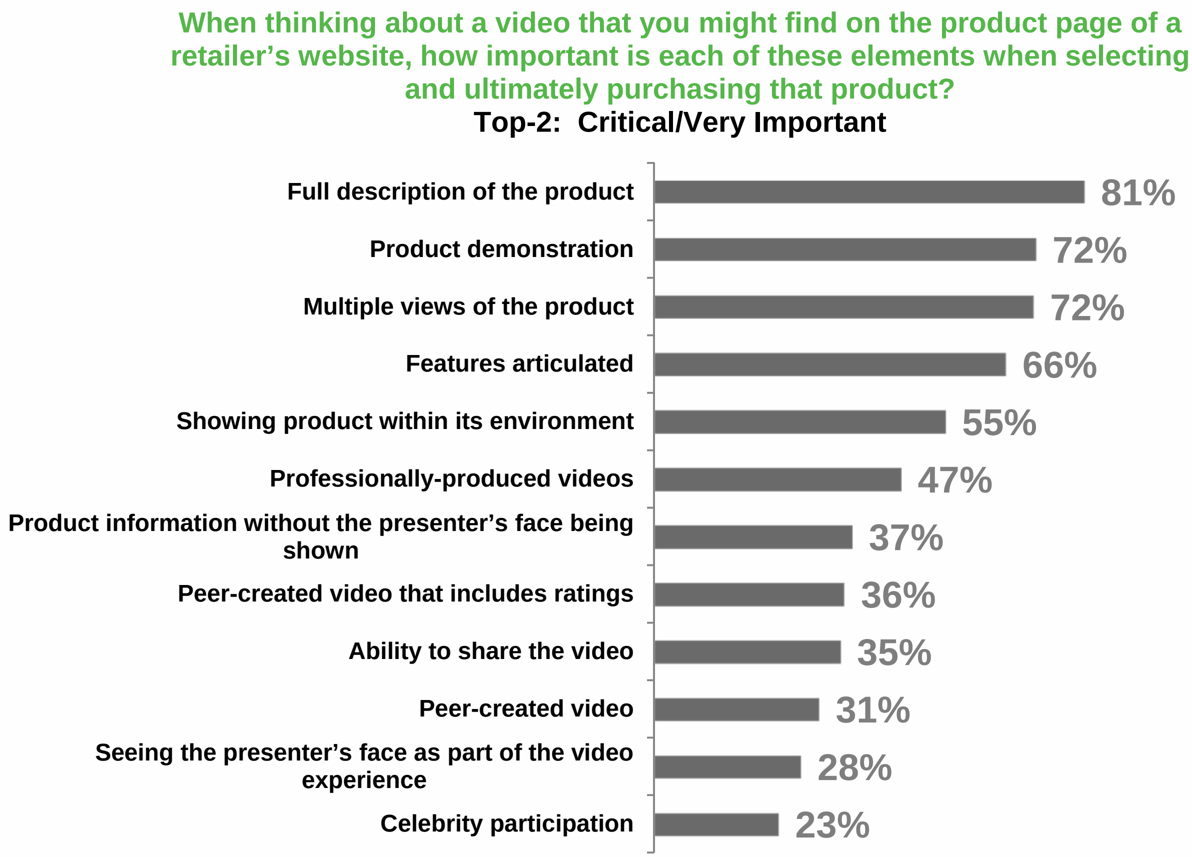
When viewing a merchant's product page online, how important is the following image-related information when selecting and ultimately purchasing a product?

Top-2: Critical/Very Important



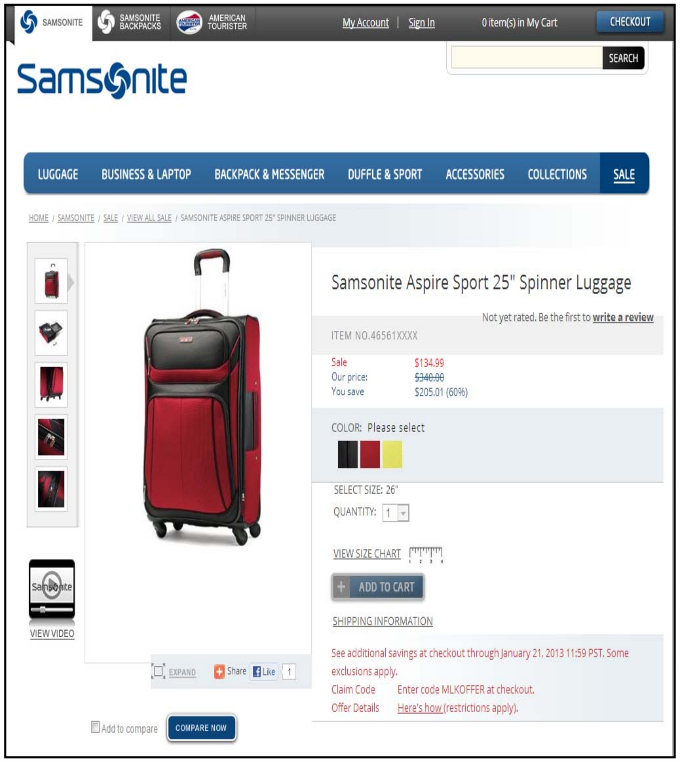
Q22

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



Q23

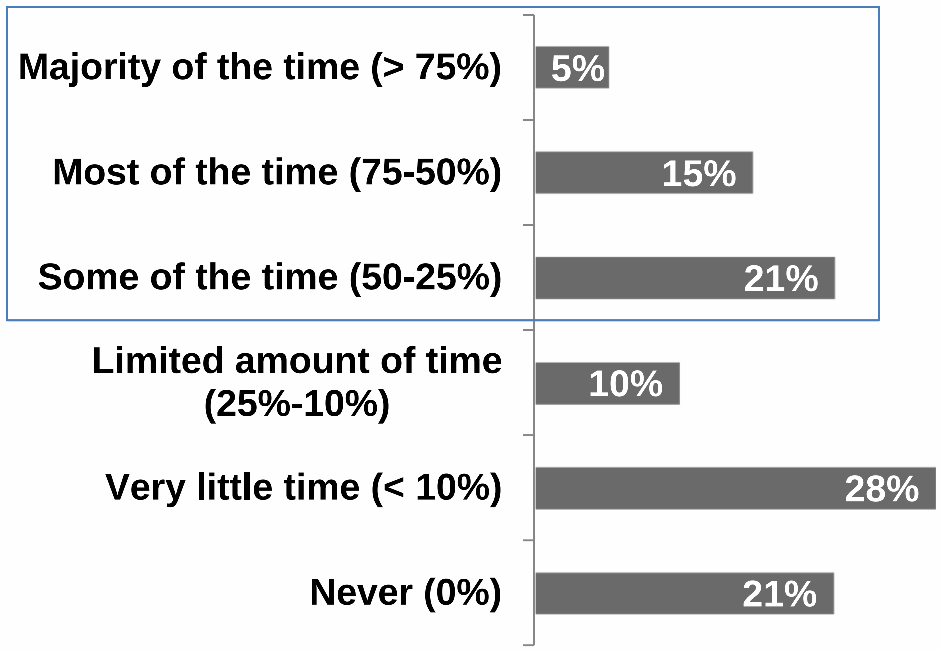
Product feature explanations and usage details aide selection process



Half of shoppers watch videos with another person

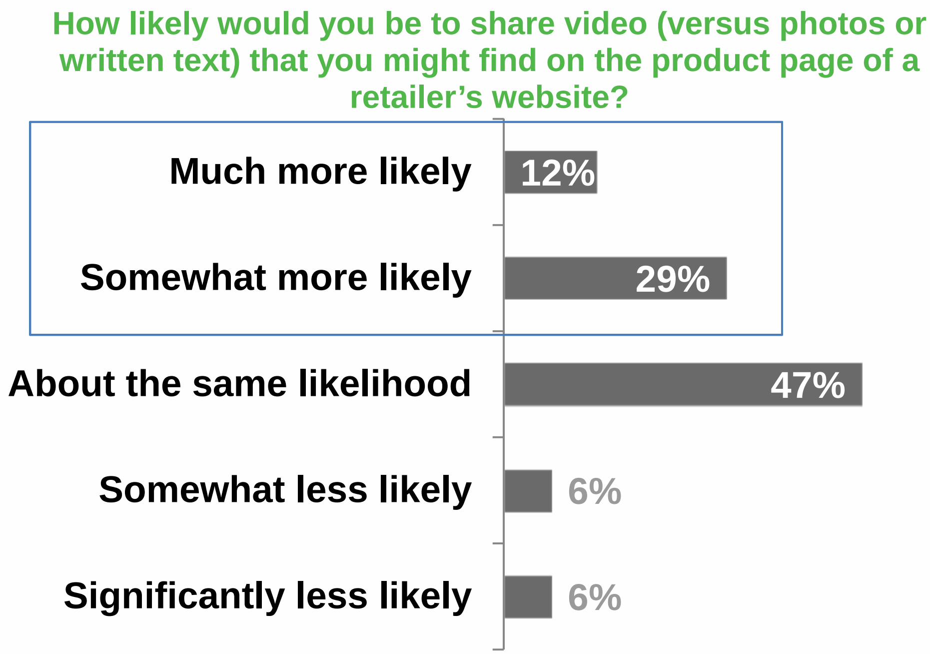
1 in 5 do it most of the time

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



Q15

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

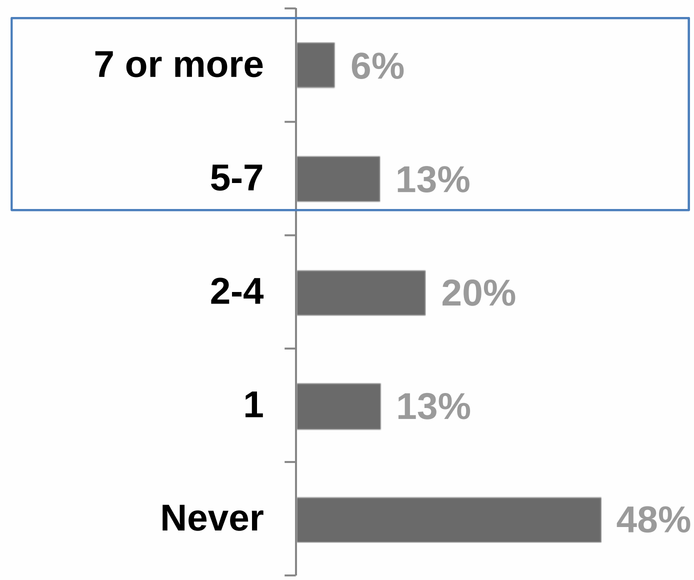


Q19

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

1 in 5 have shared 5+ times

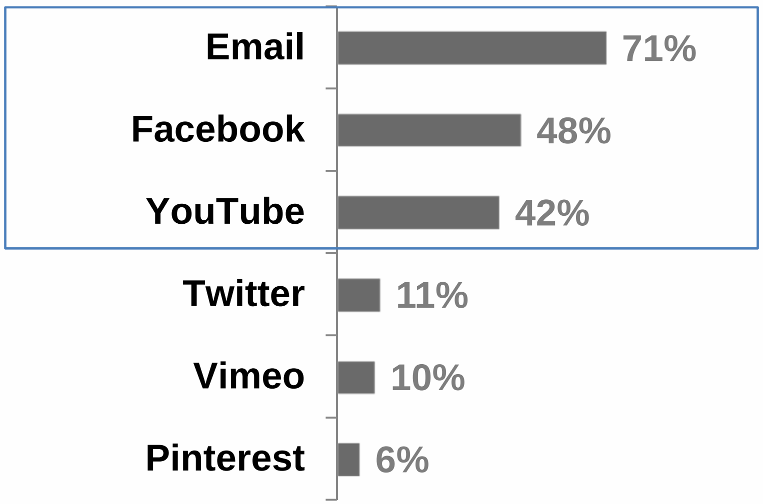
How many times have you shared a product video over the past 3 months?



Q20

Sharing standards include email, Facebook and YouTube

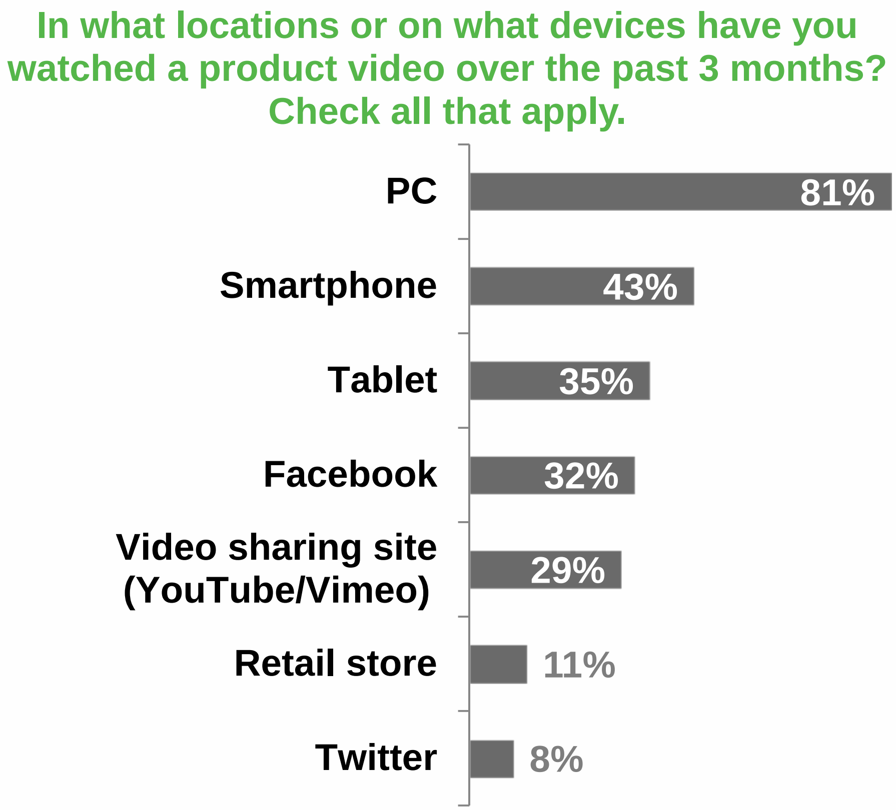
Via what means did you share product video?
Check all that apply.



Q21

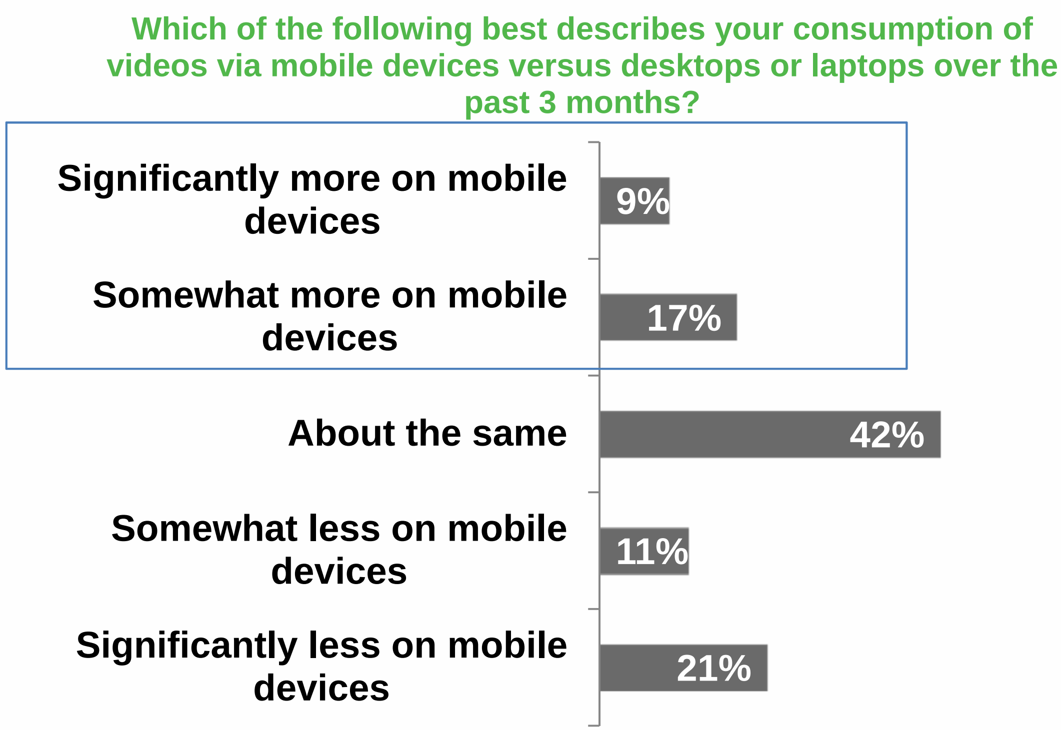
IV. MOBILE AND SOCIAL DYNAMICS

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



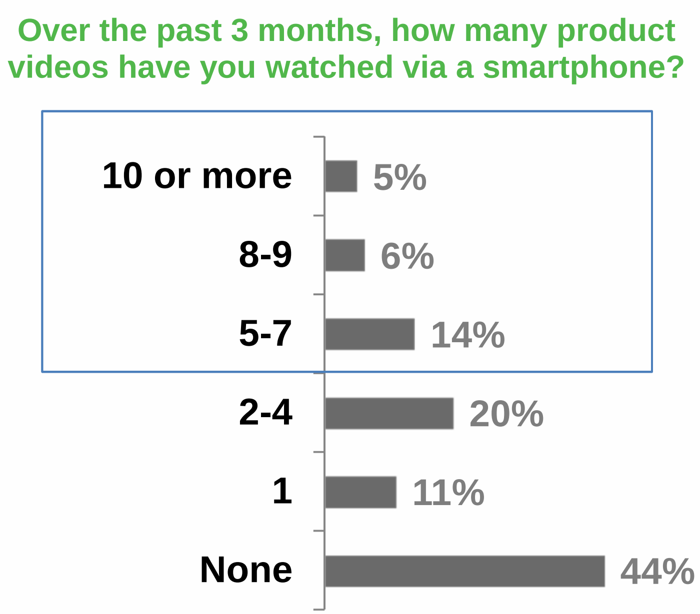
Q9

1 in 4 shoppers are consuming more video via mobile devices



Q24

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

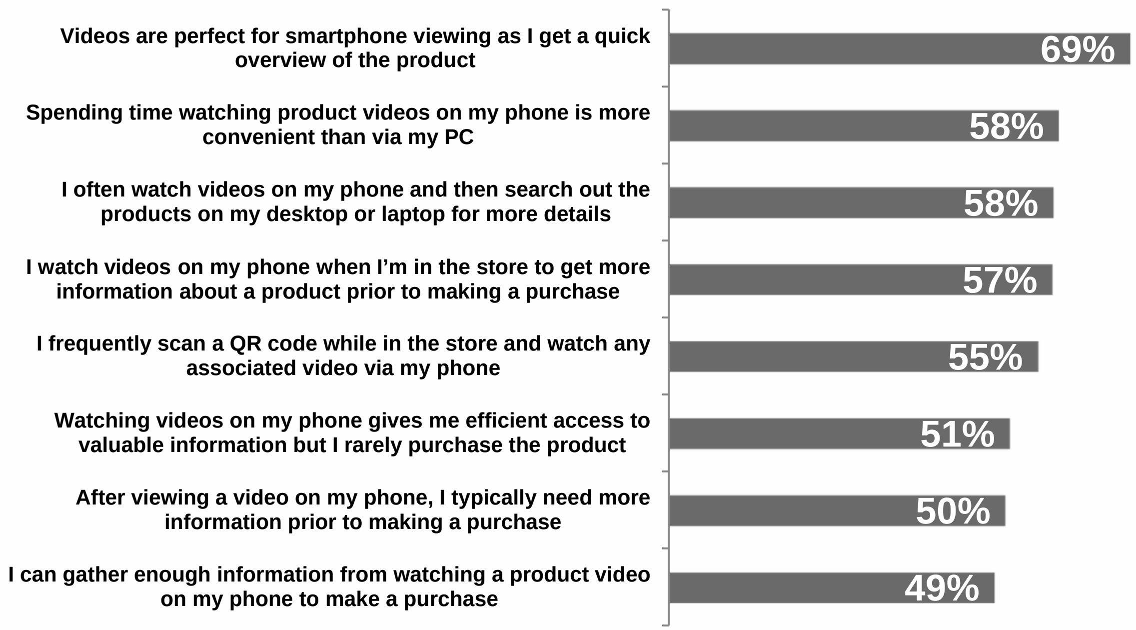


Q25

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

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

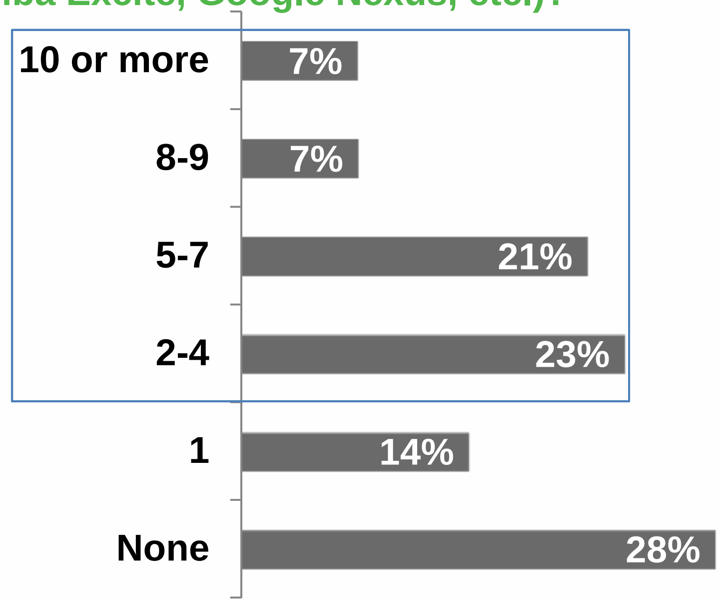
Top-2: Strongly/Somewhat Agree



Q26

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.)?



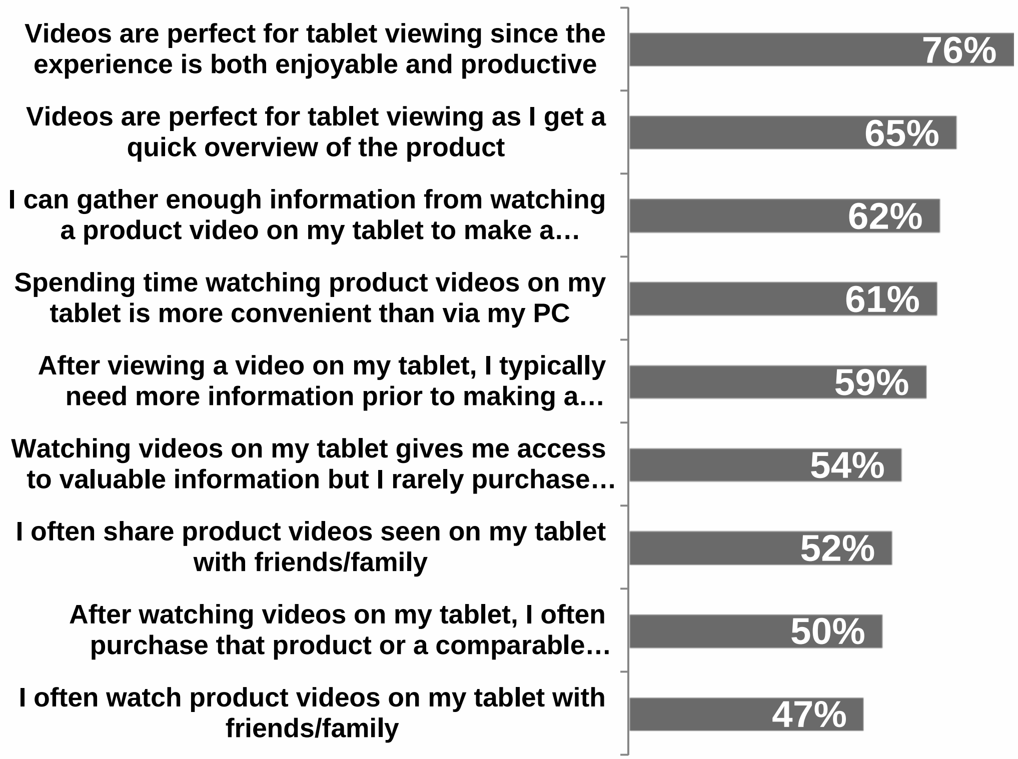
Universe: 720 tablet owners

Q27

Tablet user experience is positive and productive

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

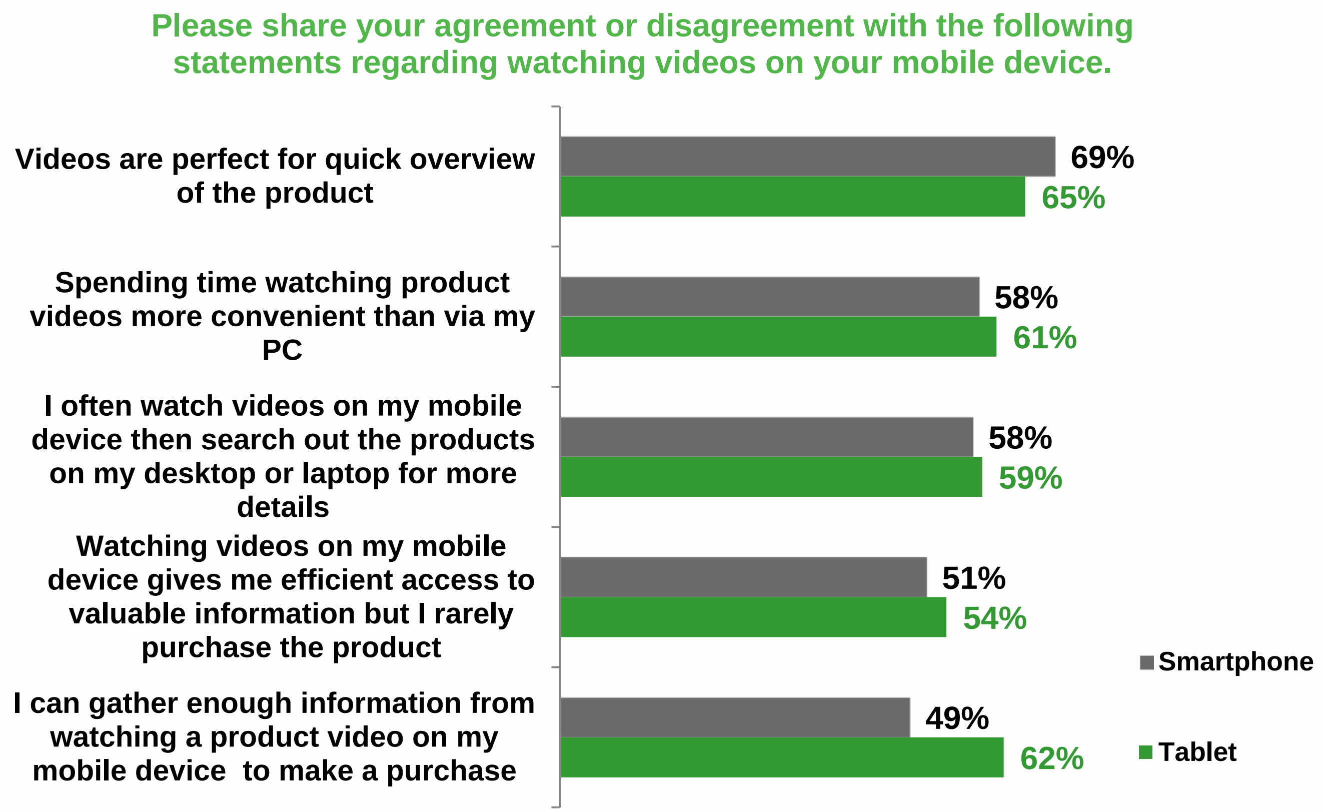
Top-2: Strongly/Somewhat Agree



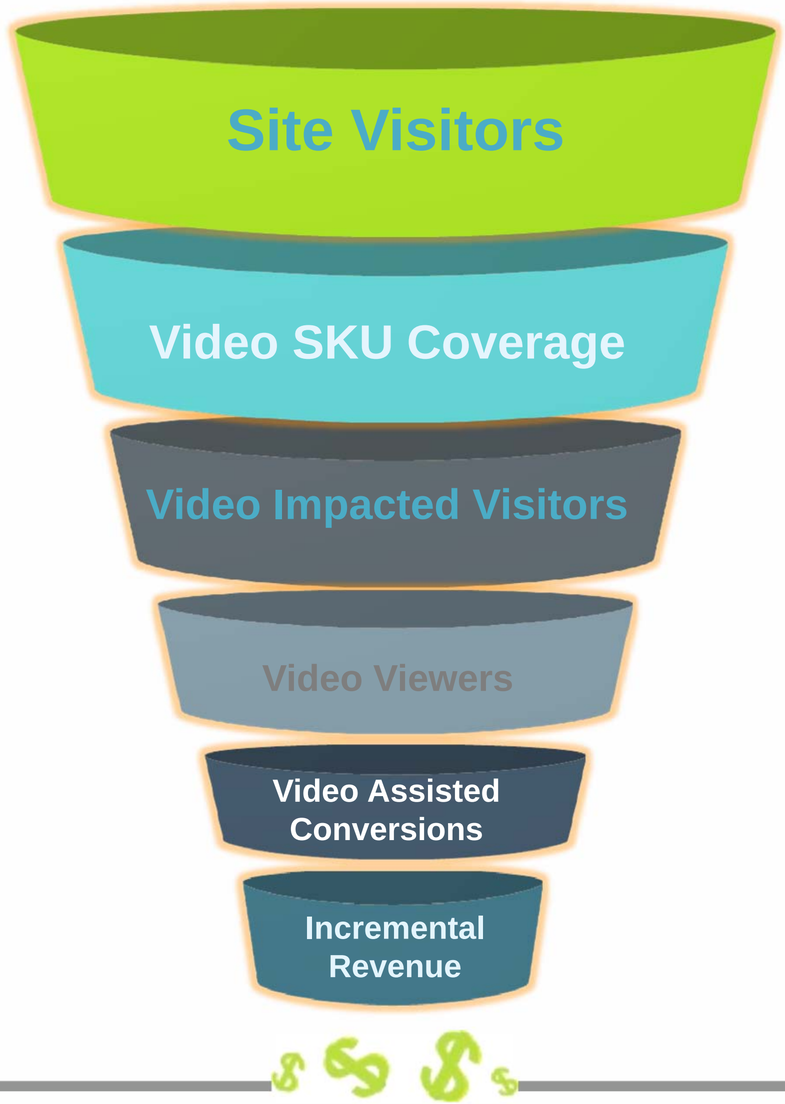
Tablet Universe: 516

Q28

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



VIDEO AS A REVENUE-GENERATING PROGRAM



ROI - PROGRAMMATIC MEASUREMENT

A	B	
Product Page No Video	Product Page With Video CTA	
Control Group Conversion Rate **2.0%**	Viewer Conversion Rate **12%**	Non-Viewer Conversion Rate **2.0%**

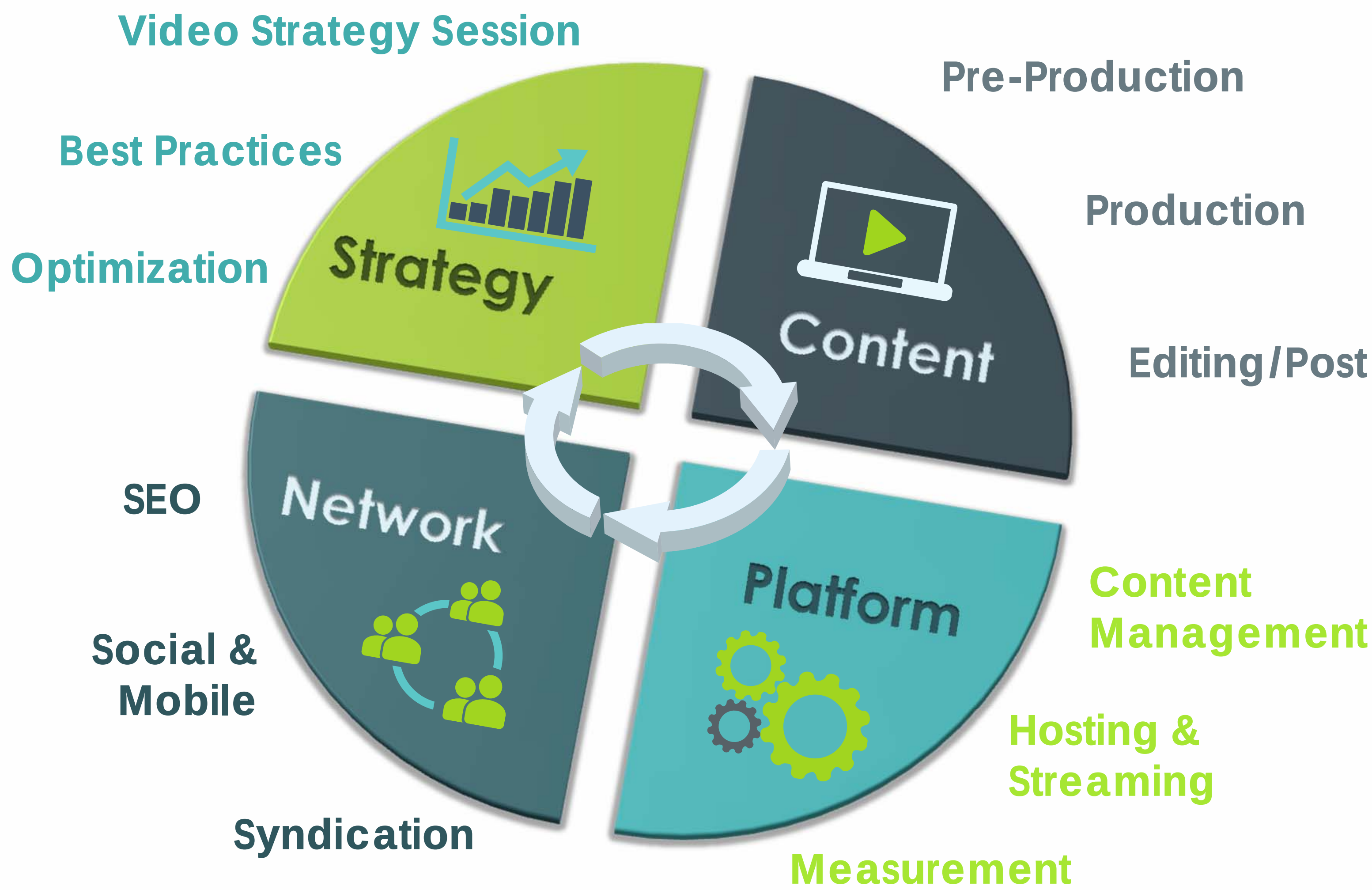
Total Experiment Conversion Rate: 3.0%

WHAT IS "RETURN ON PRODUCTION?"

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

FOUR SEPARATE ARENAS

INVODO: EXPERTISE IN FOUR ARENAS



Q&A

THANK YOU

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