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New Survey Finds Merchants Vested in Pay-Per-Click Marketing but More Dedicated Resources are Needed for Growth and Improved Results

Chicago, IL - November 14, 2006: To understand how merchants manage pay-per-click (PPC) marketing as well as the results attained from these initiatives, the e-tailing group, inc. in conjunction with NetElixir, Inc. queried approximately 100 eCommerce executives this month for their *1st Annual E-tailer PPC Stress Study*.

Those surveyed consider themselves experienced, as 66 percent have been investing in PPC for more than two years. On a scale of 1-10 (with 10 being the most sophisticated), 54 percent rank their teams at 7 or higher when it comes to PPC marketing sophistication. Not surprisingly, they are also spreading their dollars across the major search engines: Google (100%), Yahoo (90%), MSN (76%), and Ask.com (27%).

"With 44 percent of those surveyed currently allocating more than one-fifth of their advertising budgets to PPC campaigns and 40 percent managing over 5000 keywords, it is clear that merchants see value in this marketing method," summarized Lauren Freedman, President of the e-tailing group. "However, resource constraints plus limited time availability and skilled personnel to dedicate to PPC were also frustrations clearly expressed by these merchants."

Survey respondents were asked, "If there was one thing your organization could do to improve your PPC management, what would it be?" Their open-ended replies concur with the need for more robust management to attain better results. Following are a few excerpts:

"Devote more people and more time to managing the campaigns."

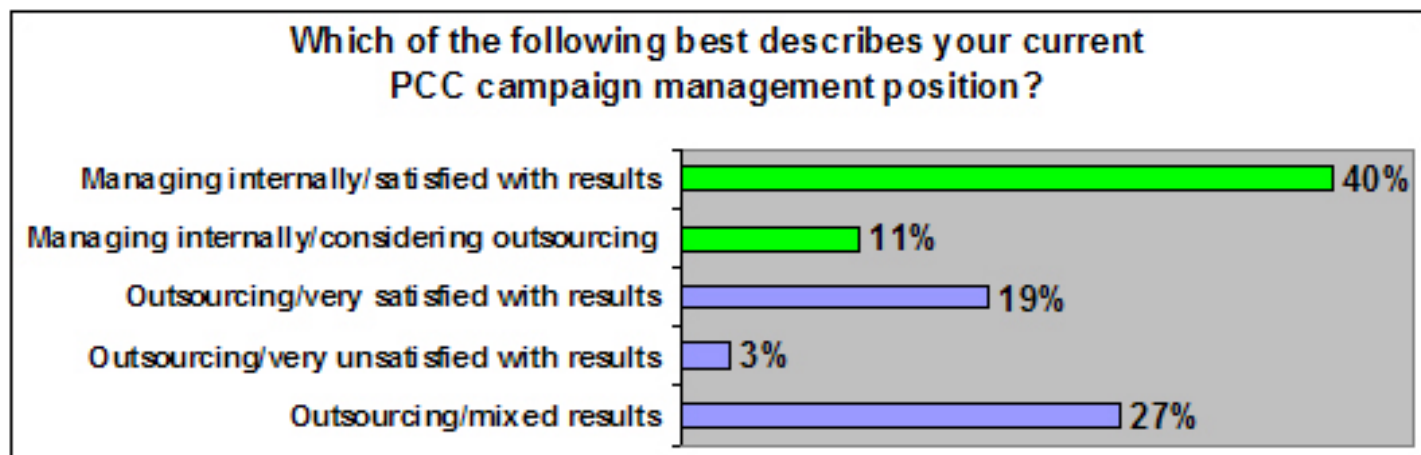
"Dedicate a full-time resource to understanding about PPC; sharing this knowledge with an assistant or a team who can investigate and learn..."

"Invest in an analytics program so more time can be allowed for strategy and development of campaigns."

"Have more resources in place to manage in more depth; have better training in how to best accomplish a successful PPC campaign in-house, and if not able, then look to outsource it."

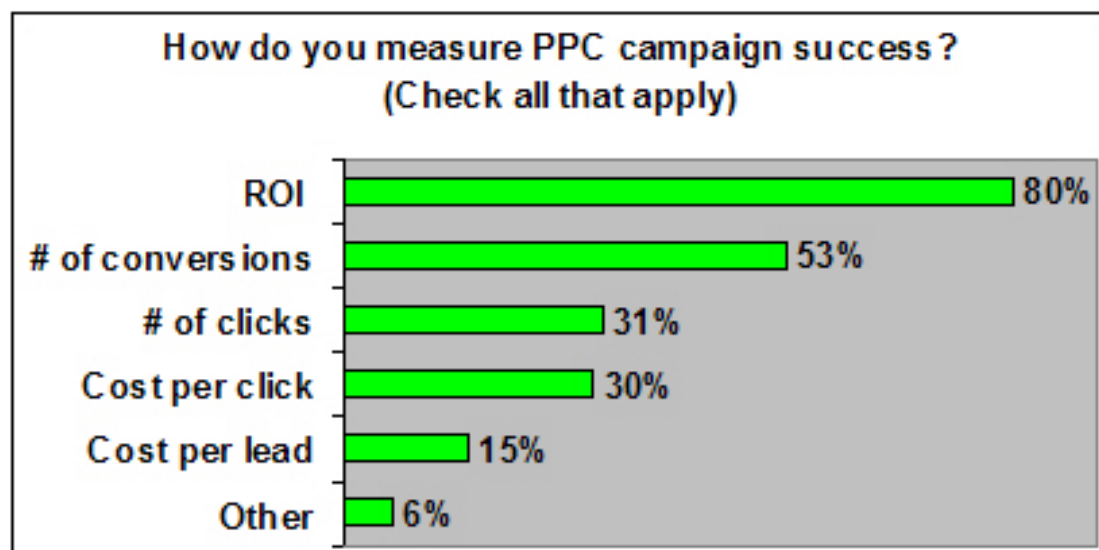
Staffing for PPC management is a mix of 59 percent internal, 18 percent outsourced, and 23 percent a combination of internal/outsourced. The time spent managing PPC ranges from less than 5 hours (32%) to 21 or more hours (33%) per week. Unfortunately, of those surveyed, 99 percent have just three or fewer people working on these campaigns in-house.

When asked about their current position, 40 percent, who are managing PPC in-house, expressed satisfaction while 11 percent are considering outsourcing. As charted, satisfaction levels among the 49 percent outsourcing were split with only 3 percent unsatisfied.



The primary reasons for managing PPC campaigns in-house are cost (71%), easier to do (63%), and control (25%). Additionally, one-third of those surveyed expressed dissatisfaction with prior outsourcing experiences. "Efficiently managing PPC campaigns requires leveraging the full potential of paid search and many merchants underestimate the true job requirements," explains Udayan Bose, Founder and CEO of NetElixir. "Whether resources are internal or outsourced is less the issue than if those charged with the responsibility understand the big picture, are well trained/experienced, and are fully dedicated to the very complex task of maximizing return."

ROI is the primary measurement for success of PPC campaigns for 80 percent of respondents. Yet 27 percent reported that they do not know how their cost of conversion compares with the total dollar value of each sale. This would suggest a need for more exacting measurement and analysis as part of the process.



Other reported metrics of note which should be taken into account and benchmarked on a category by category basis include:

- 47% of merchants report average cost-per-click of less than \$.50
- 46% report cost-per-conversion is 15 percent or less than the total value of each sale
- 49% of sites have 20 percent of visitors or fewer coming to their sites as a result of PPC

The e-tailing group, inc. serves as the multi-channel merchant's eye, bringing a merchant's sensibility to evolving the multi-channel shopping experience and actionable merchandising solutions to merchants selling online as well as to enabling technology firms.

For more background about this research study, including a list of merchants surveyed or for additional information on the e-tailing group, inc. please contact Lauren Freedman at lf@e-tailing.com or visit the e-tailing group website www.e-tailing.com.

NetElixir, Inc (www.NetElixir.com) offers full-service 24x7x365 management of pay-per-click search marketing campaigns, providing online retail marketers with profitable and predictable returns on their search marketing dollars.

For information regarding NetElixir's search engine marketing solutions please contact Udayan Bose at udayan@netelixir.com or call at 978-266-1399.

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