



Connecting with Furniture Shoppers Online

Hint: the first step is to understand them!



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Agenda

- **Who we are**
- **What is going on in online retail**
- **What is going on in home furnishings**
- **The “journey of a furniture searcher”**
- **The ROI of online advertising**
- **Take-aways**

comScore Leverages Rich Panel Data to Deliver Unique and Broad Digital Business Analytics

2 Million Person Panel
360° View of Person Behavior



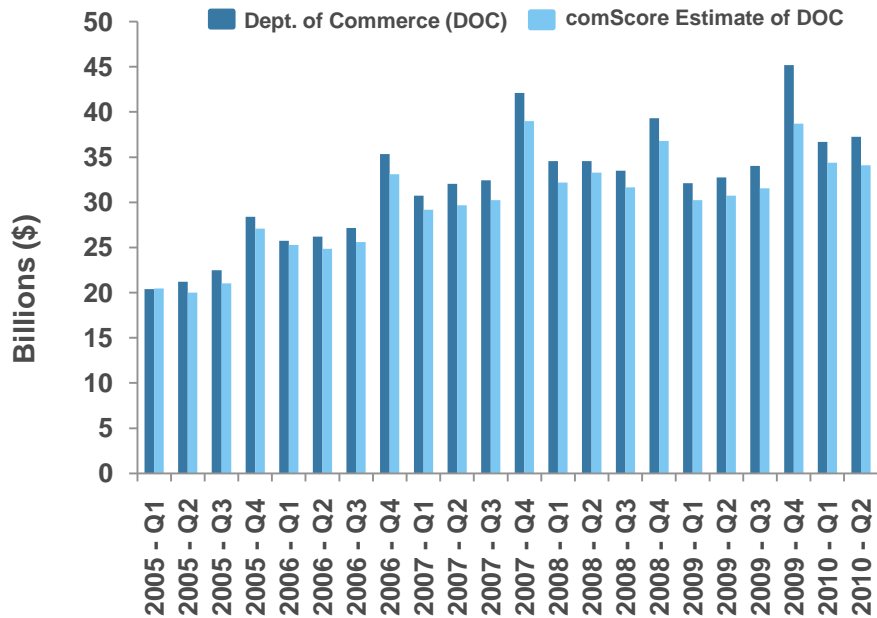
The Only Global Measurement
of Audience and E-commerce



Validation of comScore Sales Data: Comparison of comScore data to U.S. Department of Commerce

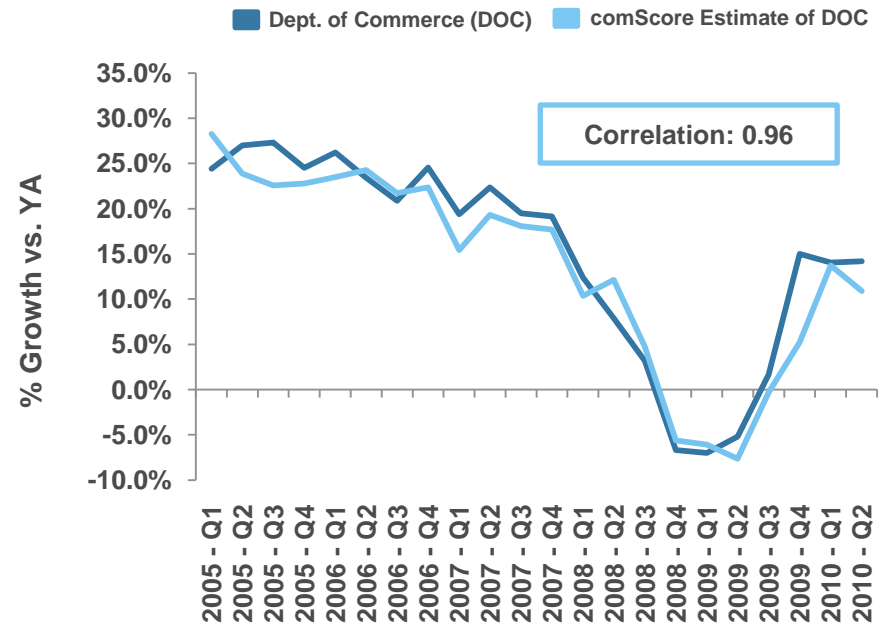
Quarterly U.S. e-Commerce Sales* (\$ Billions)

Source: comScore & U.S. Department of Commerce (DOC)



Quarterly U.S. e-Commerce Growth* vs. YA

Source: comScore & U.S. Department of Commerce (DOC)

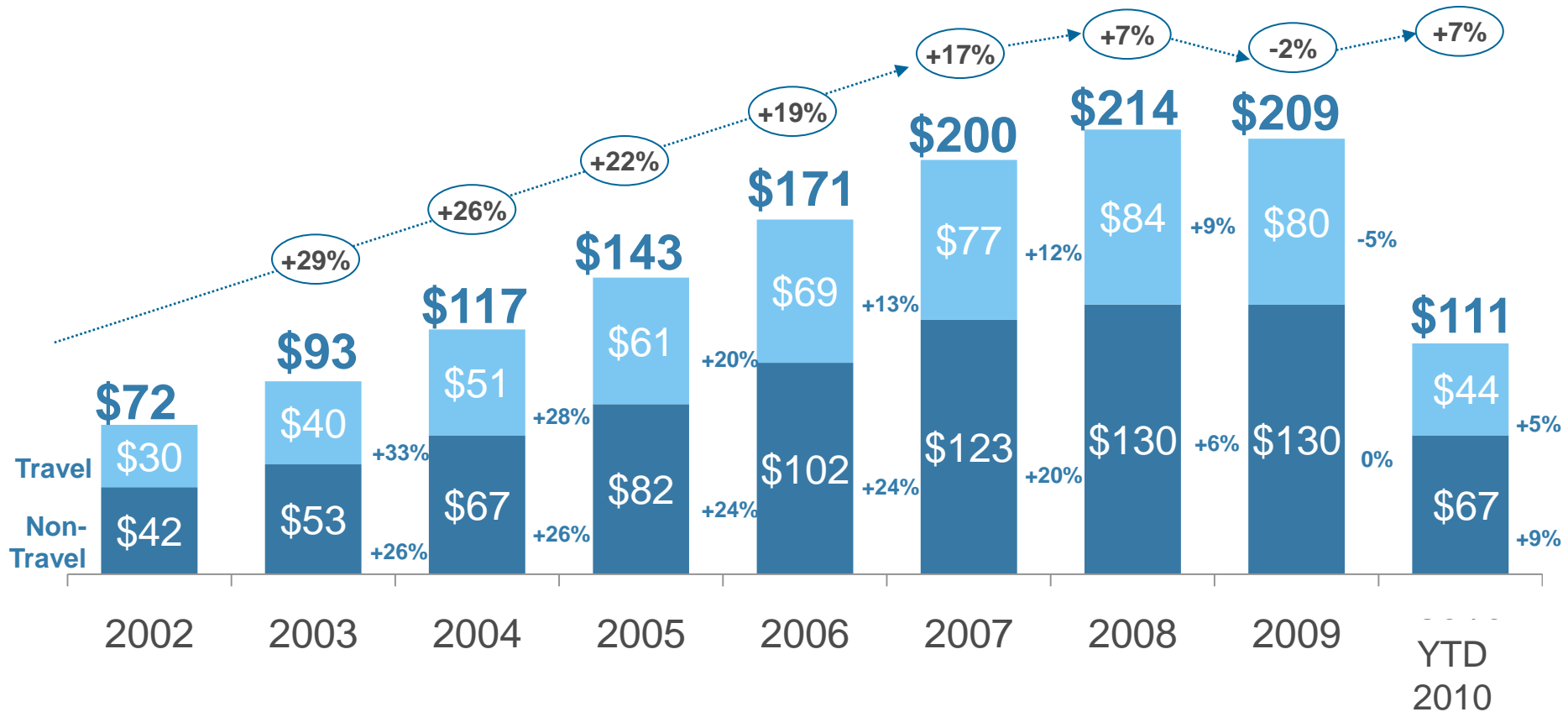


Online Retail Trends

Following a soft 2009, total e-commerce sales through Q2 2010 were up 7% versus year ago. Travel and non-travel up 5% and 9%, respectively.

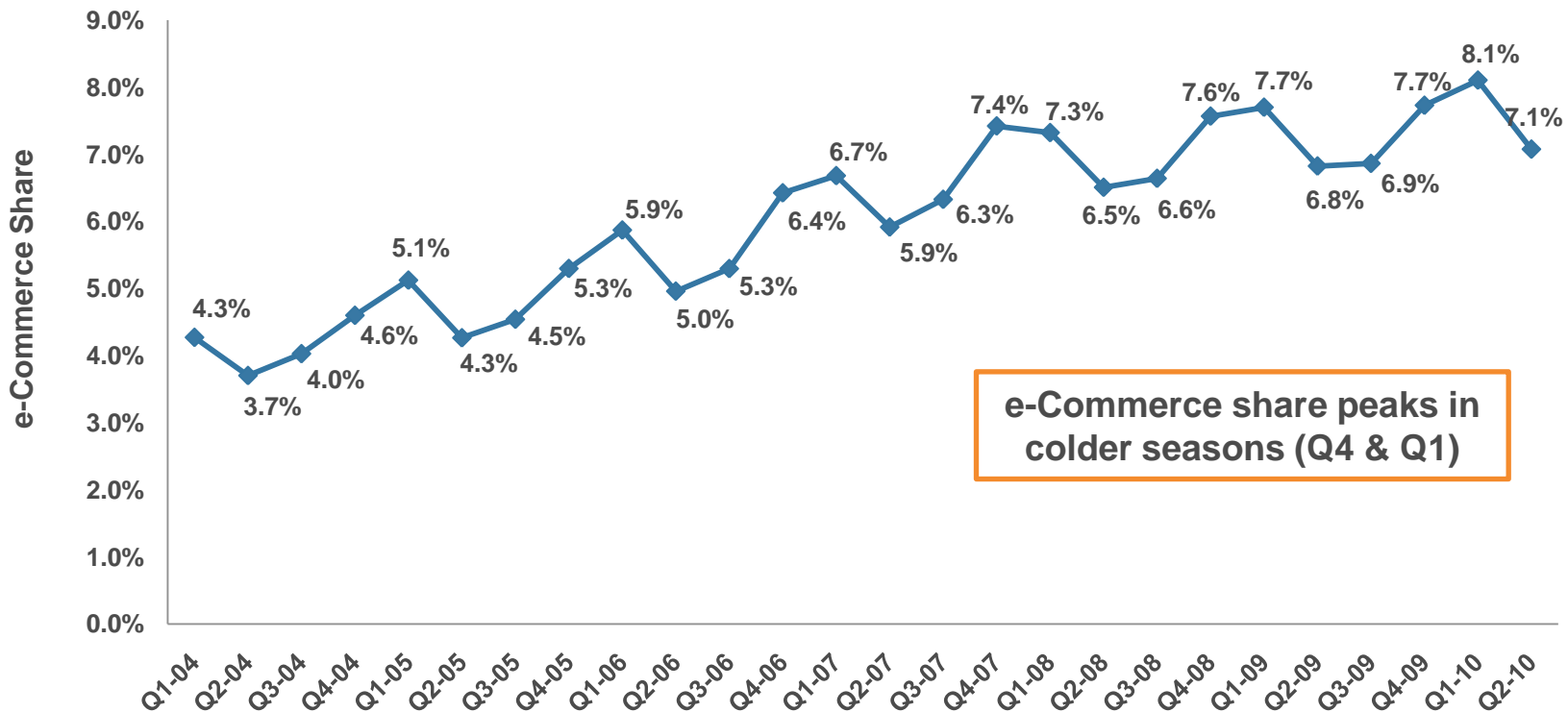
e-Commerce Dollar Sales Growth (\$ Billions)

Source: comScore e-Commerce Measurement



e-Commerce continues to gain share of retail spending on an apples-to-apples basis

e-Commerce Share of Corresponding Retail Spending*
Source: comScore for e-Commerce & U.S. Department of Commerce (DOC) for Retail



e-Commerce share peaks in colder seasons (Q4 & Q1)

*Note: e-Commerce share is shown as a percent of DOC's Total Retail Sales excluding Food Service & Drinking, Food & Bev. Stores, Motor Vehicles & Parts, Gasoline Stations and Health & Personal Care Stores.

The large mid-income segment, which had shown little signs of growth in prior quarters, grew at a rate of 11% in Q3 versus year ago; it contributed 5% of the total e-commerce growth for the quarter

e-Commerce Sales vs. YA by Income Segment

Source: comScore e-Commerce Measurement

Income Segment	Online Retail Spending Growth in Q3 '10 vs. Q3 '08	Online Retail Spending Growth in Q3 '10 vs. YA	Bracket Share of Spending in Q3 '10	Contribution of Total e-Commerce Growth for Q3 '10
Under \$50,000	+3%	+8%	21%	+2%
\$50,000 - \$99,999	+10%	+11%	46%	+5%
\$100,000 or more	+3%	+6%	33%	+2%
Total	+6%	+9%	100%	+9%

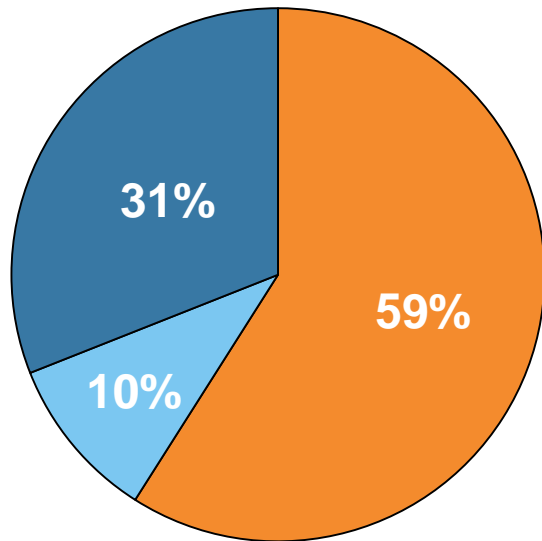
Six in ten consumers say the Internet has become important when making buying decisions and 59% of them say it has increased in the past year

Importance of the Internet in Making Purchasing Decisions

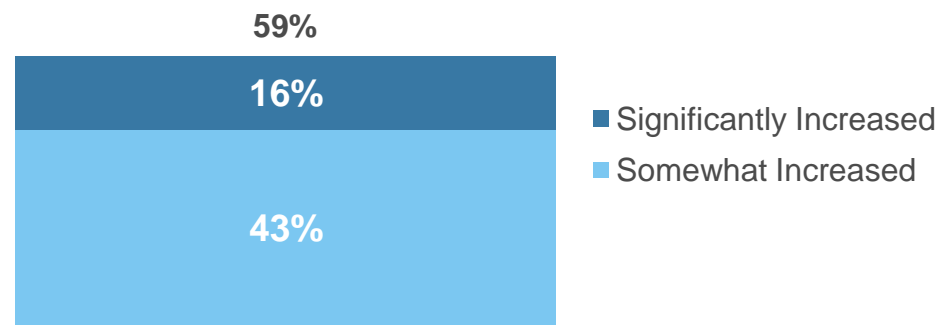
Q. In the past 3 months, how important has the Internet become in providing you with information to help you make buying decisions?

Q. How has this changed versus a year ago?

Source: comScore Survey – July 2010



- Slightly/very important
- Slightly/very unimportant
- Neither important nor unimportant



% of those who found the Internet important

Consumer loyalty to specific retailers and brands has steadily decreased over the past two years, while likelihood to shop online for deals has risen

How Consumers Are Cutting Shopping Expenses

Q. Please indicate how you are cutting your shopping expenses
 Source: comScore Surveys – July & October 2008, April 2009, April & July 2010

	July 2008	Oct 2008	April 2009	April 2010	July 2010	% Chg (07/08 to 07/10)
Reducing gift spending	41%	51%	59%	57%	56%	+15%
Shopping at different retailers	20%	25%	30%	33%	32%	+12%
Buying different brands (including generic brands)	52%	51%	58%	57%	62%	+10%
Shopping online for deals	24%	25%	33%	32%	32%	+8%
Signing up for retail point programs or customer loyalty programs	22%	22%	27%	29%	29%	+7%
Using coupons more often when making purchases	59%	62%	68%	64%	66%	+7%
Shopping only when there are sales (i.e. one day sales)	40%	43%	41%	43%	44%	+4%
Shopping at secondhand stores, garage sales, etc.	30%	33%	30%	31%	33%	+3%
Shopping less frequently	68%	71%	70%	72%	69%	+1%
Buying in bulk at warehouse/discount retailers like Costco, Sam's Club, BJ's etc.	27%	28%	31%	28%	28%	+1%
Shopping at auction sites such as ebay.com	13%	14%	14%	13%	13%	0%
Only shopping for basic necessities	66%	67%	60%	62%	65%	-1%

Most product categories showed sales growth vs year ago. Consumer electronics and computers have shown strength throughout 2010

Q2 2010 e-Commerce Sales Growth vs. YA by Retail Category

Source: comScore e-Commerce Measurement

Category	Change vs. YA
CONSUMER ELECTRONICS (x PC PERIPHERALS)	Strong
COMPUTERS / PERIPHERALS / PDAs	Strong
BOOKS & MAGAZINES	Strong
VIDEO GAMES, CONSOLES & ACCESSORIES	Strong
JEWELRY & WATCHES	Moderate
HOME & GARDEN	Moderate
FURNITURE, APPLIANCES & EQUIPMENT	Moderate
CONSUMER PACKAGED GOODS	Moderate
FLOWERS, GREETINGS & MISC GIFTS	Moderate
OFFICE SUPPLIES	Moderate
EVENT TICKETS	Moderate
APPAREL & ACCESSORIES	Flat
SPORT & FITNESS	Weak

Out-Performing Total Internet
(Growth rates of 9% or higher)

Under-Performing Total Internet
(Growth rates of 1%-8%)

Flat/Negative Growth

Half of consumers say they'll abandon their shopping cart if free shipping isn't offered, a quarter will only buy when free shipping is an option and 90% won't pay more than \$10

51% of consumers are at least 'somewhat likely' to cancel their entire purchase if free shipping is not offered.*

Q. In general, how much are you willing to pay for shipping on a purchase made online?

Source: comScore Survey – July 2010

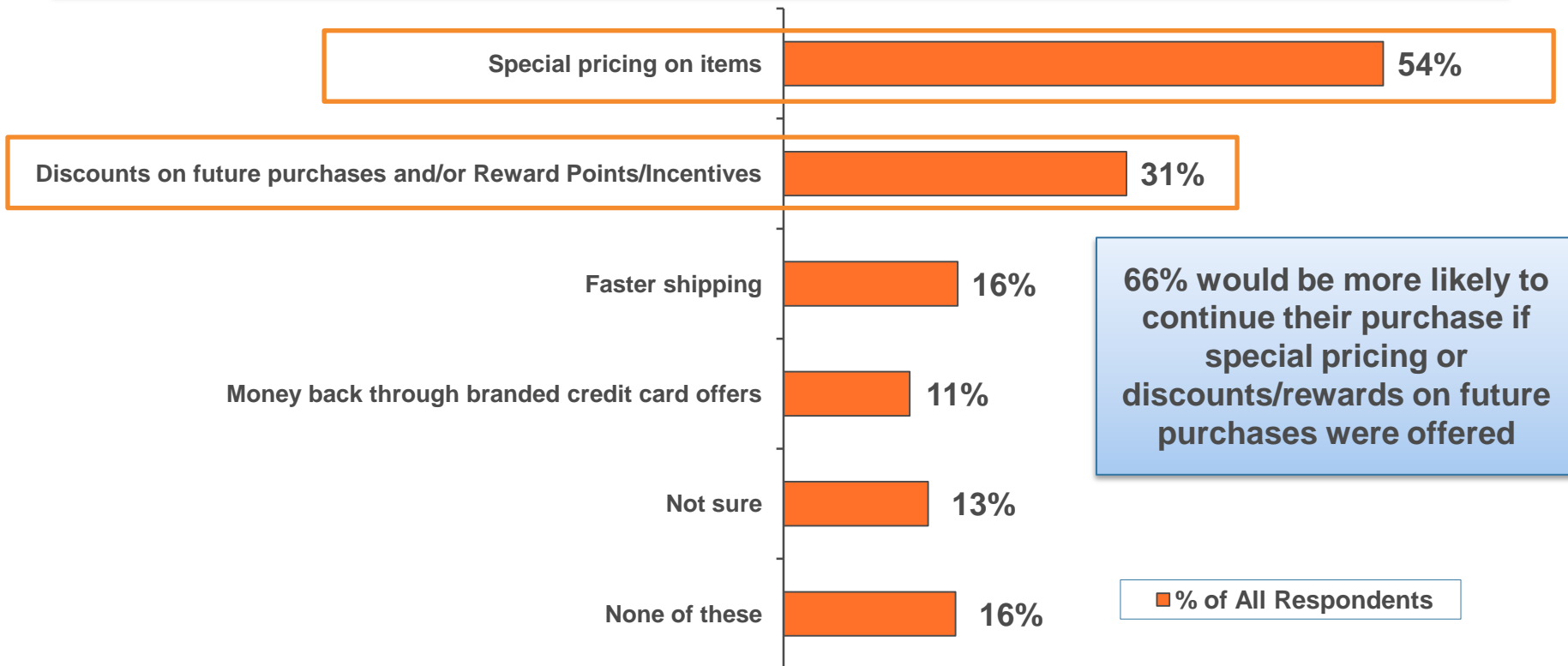


Special pricing, future discounts and rewards/incentives are appealing alternatives to free shipping for consumers

Free Shipping Alternatives

Q. If free shipping was not offered on an order, which of the following would make you more likely to continue with your purchase anyway?

Source: comScore Survey July 2010

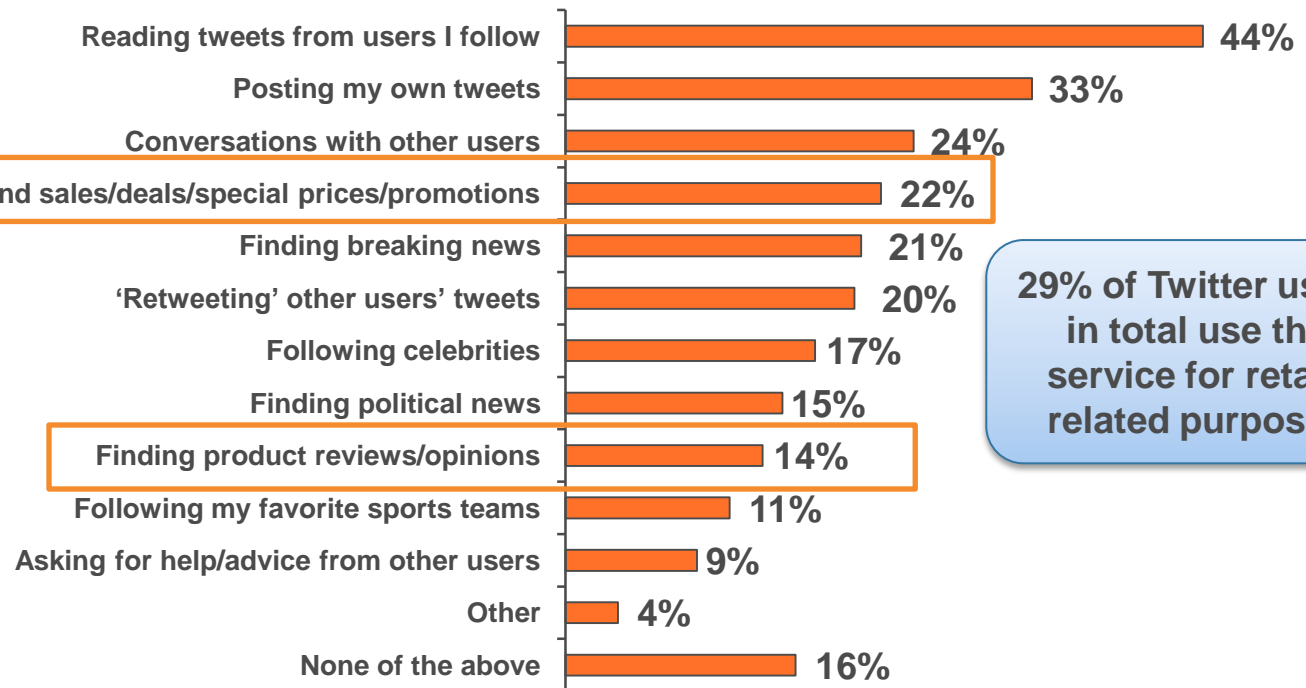


22% of Twitter users follow businesses to find special deals, promotions or sales

Consumer Usage of Twitter

Q. For which have you used Twitter?

Source: comScore Survey July 2010



29% of Twitter users in total use the service for retail-related purposes

■ % of Twitter users

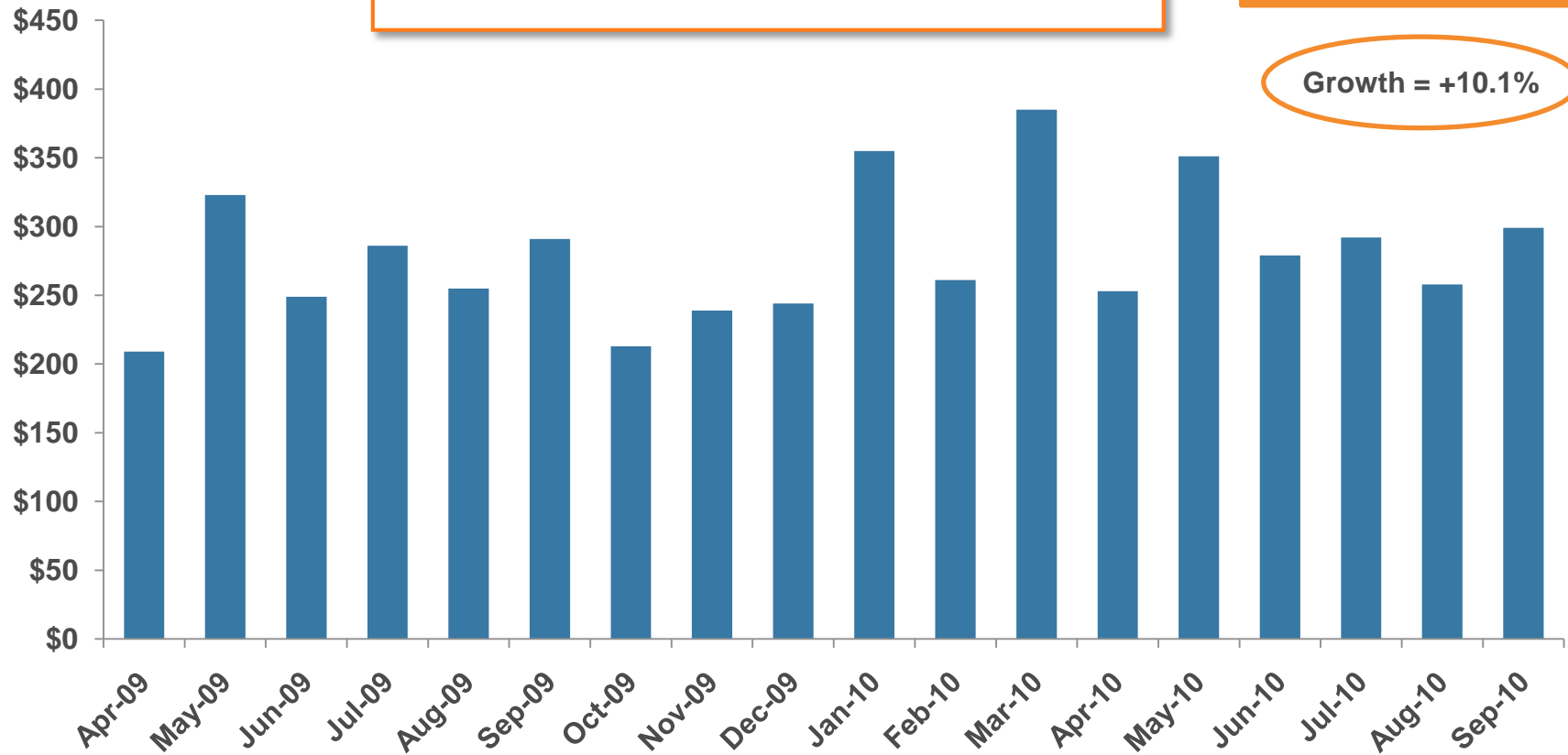
Online Home Furnishings

In the first 8 months of 2010, Online Home Furniture Sales show strong growth over 2009

U.S. Online Sales – Home Furniture Source: comScore eCommerce Measurement

First 9 Months
2010: \$2.73B
2009: \$2.48B

Growth = +10.1%

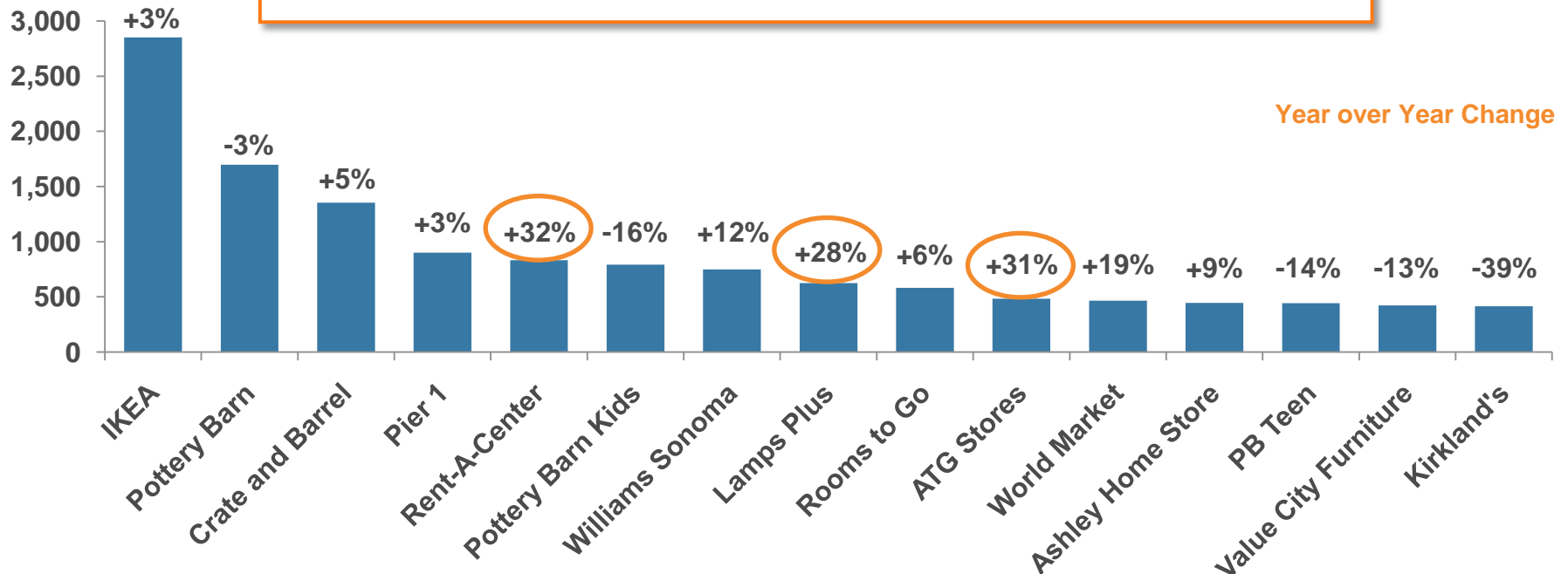


Top 15 Most Visited Home Furniture/Furnishing Sites – Sept 2010

- IKEA.com far and away outpaces other furniture other furniture sites with 2.9MM unique visitors to their website in September 2010
- Rent-A-Center saw the highest Year over Year growth with 32% from September 2009

U.S. Unique Visitors – September 2010

Source: comScore Media Metrix

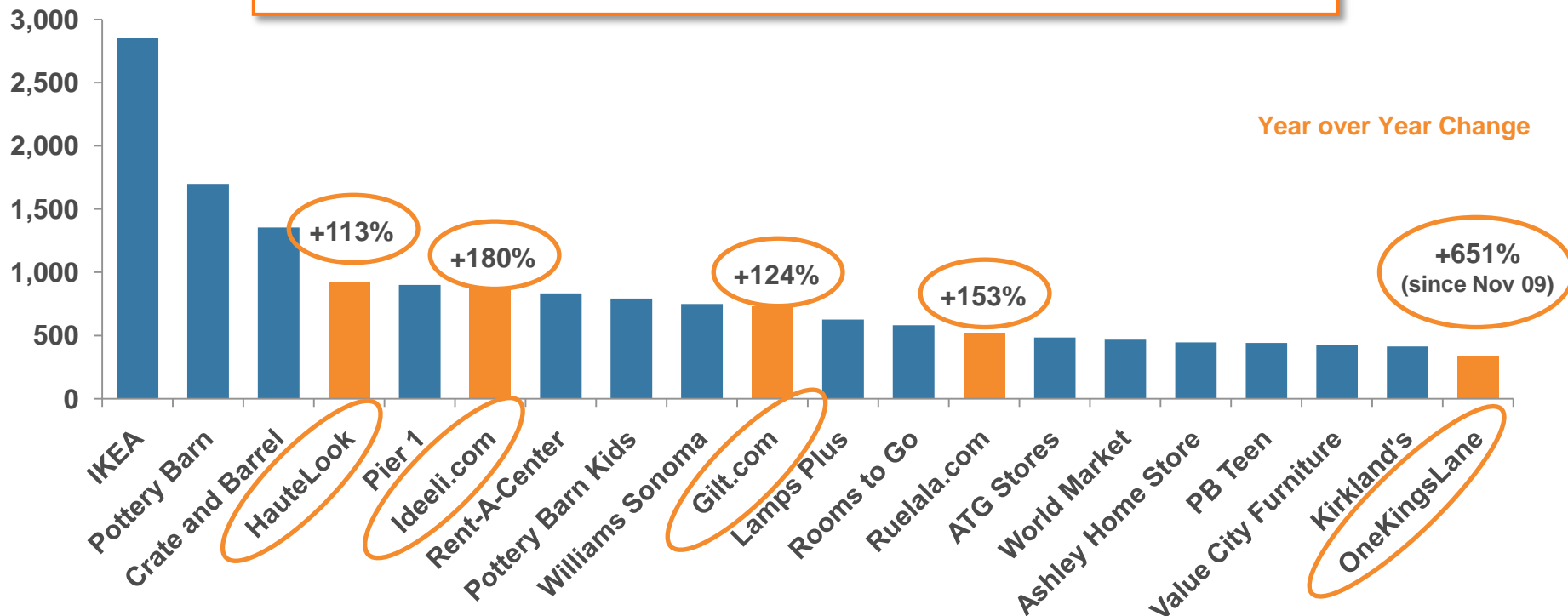


There has been significant growth in the Flash Sale sites, including those that focus specifically on Home Furnishings

- OneKingsLane.com launched in April 2009 pioneered the home goods-focused flash sales
- Gilt.com which initially focused on apparel and accessory flash sales added home sales in May 2010

U.S. Unique Visitors – September 2010

Source: comScore Media Metrix



In addition to the Gilt.com, other Flash Sale sites also have “Home” and “Living” sections

HAUTELOOK


Welcome, Jennifer (Sign Out) Invites Credits Account Help Cart

All Events
Women
Beauty
Living
Kids
Men

Invite a friend, get \$10

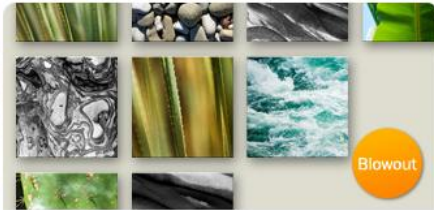
Send

Newest sale events



PANGEA Furniture

Modern side tables, chairs and more



Abstract Inspirations Blowout

Colorful prints and images for the home


Upcoming sale events

Beginning daily at 8:00 AM PT

Fri
10/15


- Fall Boot Event
- Soia & Kyo
- Baby Quasar
- Honeydew Intimates
- Pure & Simple
- L.A.M.B. Watches
- Blush by Us Angels
- Michael Kors Bedding
- Morgan Ashleigh
- Culturata

Sale events ending soon



Horizon Lighting

Ends Fri, 10/15 at 6:00 AM PT



on sale today coming soon the blog

WOMEN'S
MEN'S
KIDS'
HOME
TRAVEL
ideelACCESS
THE SHOP


Ranked in
TripAdvisor's
TOP Ten FOR
NYC.
Check into
The District
Hotel now!

Like us on Facebook

f Like
+40K


WELCOME JVLAHAVAS
TELL A FRIEND MY ACCOUNT HELP CART (0) LOG OUT

WOMEN'S
MEN'S
KIDS'
HOME
TRAVEL
ideelACCESS
THE SHOP




kassatex

ENDS IN 1 DAY Visit Sale




sugar plum chocolate

ENDS IN 1 DAY Visit Sale



kassatex bambini

ENDS IN 1 DAY Visit Sale



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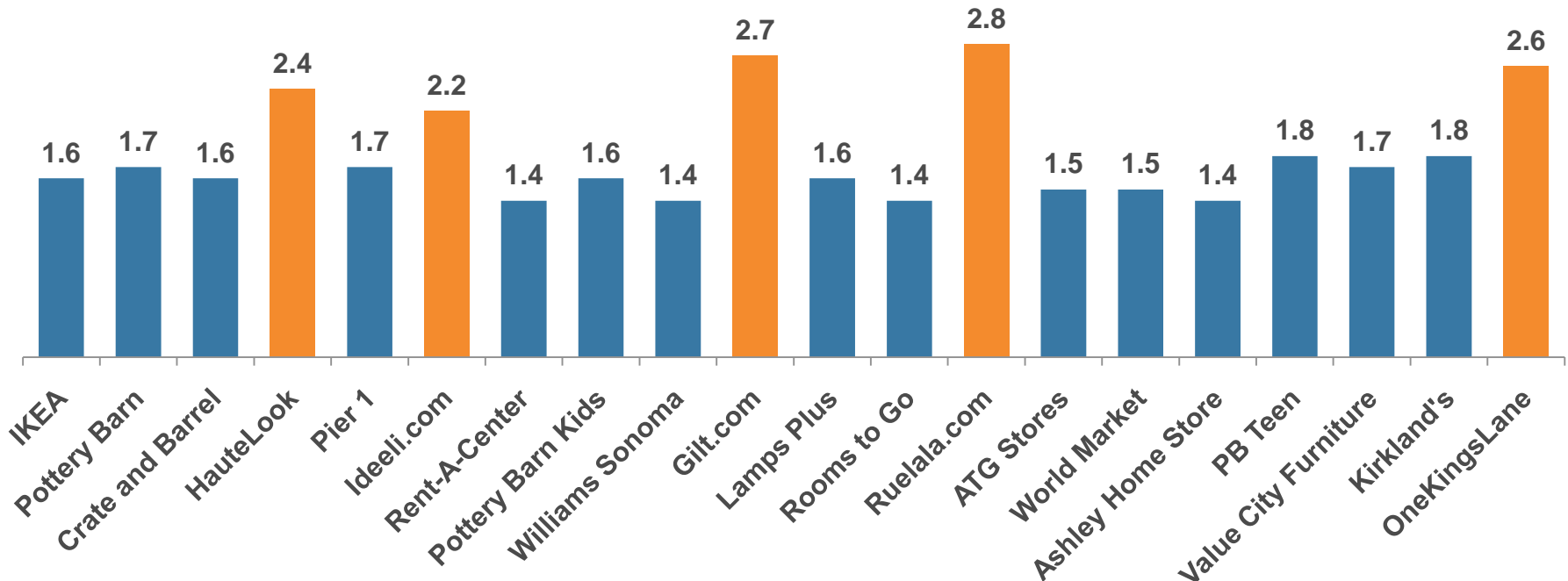
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Repeat Visitation at Home Furnishing and Flash Sale sites

- Not surprisingly, Flash Sale sites are seeing higher return visitors than traditional Home Furnishing sites
- Slightly higher repeat visitation at PB Teens and Kirkland's

U.S. Visits per Visitors – September 2010

Source: comScore Media Metrix



Flash Sale Sites: An Opportunity for Retailers?

- Flash Sale sites have typically been made up of brands rather than retailers
- In August 2010, Target partnered with Gilt.com to promote select items from three new Target designer collections before they hit stores – in the Apparel, Accessories and **Home Décor** categories



What about Group buying?

Groupon Smashes Sales Records with Nationwide Gap Deal

- First National Deal
- 441,000 Groupons sold
- Bringing in approximately \$11MM



Walmart Takes a Page From Groupon in Facebook Promotion

Crowdsaver App Gives Consumers 18% Off of \$500 Plasma TV

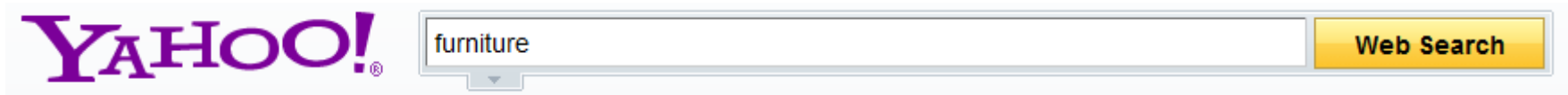
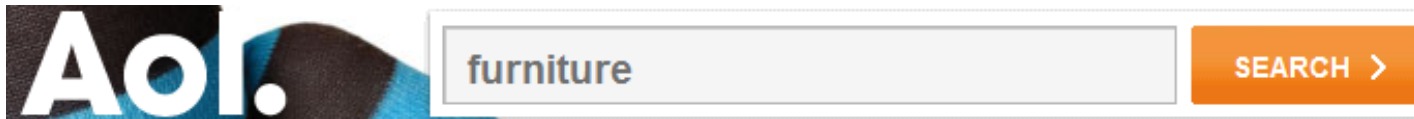
- Launched Crowdsaver App via their Facebook page
- 5,000 “Likes” in less than 24 hours
- Lower discount percentage

The screenshot shows a Facebook post from Walmart. At the top, it says 'Walmart Like'. Below that are navigation tabs: 'Wall', 'Info', 'Fighting Ha...', 'CrowdSaver', 'Photos', 'Video'. The main content is a blue banner for 'Crowd Saver' with the text: 'We're putting you in charge of lower prices. If enough people Like this deal, we'll make it happen.' Below this is a yellow banner that says 'Become a fan of Walmart to take part. Click Like above to get started'. The main promotion features a photo of a plasma TV on a wall mount. To the right of the photo, it says 'This Week's Deal: Element 42" Plasma TV with Wall Mount'. Below the photo, it says 'Discount price: \$398.00 That's 18% off!'. A blue banner below the photo says 'Congratulations! There were enough Likes to make this deal happen.' Below that is a large blue banner with '5,000 Likes' and a star icon, followed by the text 'Come back later this week to purchase this deal.' At the bottom, there is a section 'Share this with your friends' with the text 'Tell them about the great deal you found on CrowdSaver!' and a link to 'Show all 38 comments. Tell us what products you'd like to see here in the future.'

Journey of a Furniture Searcher

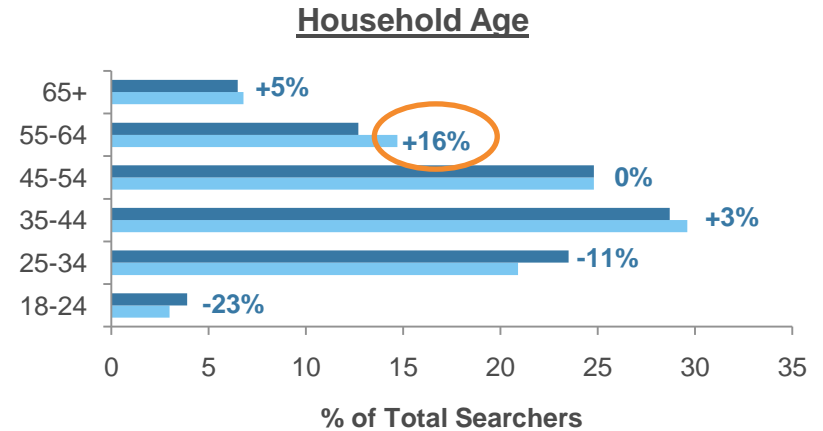
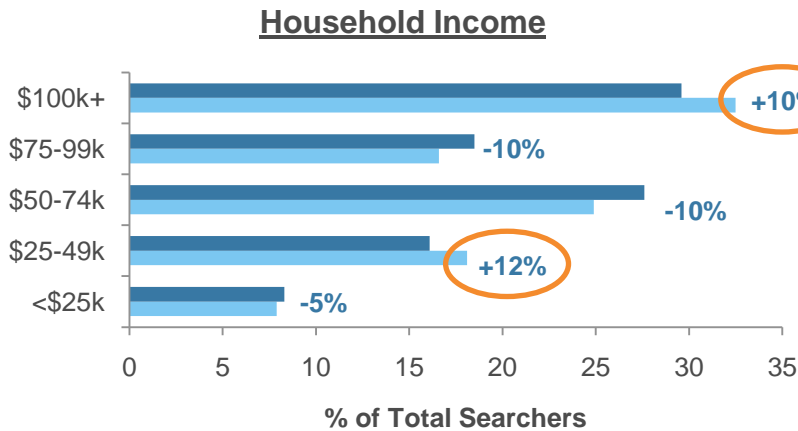
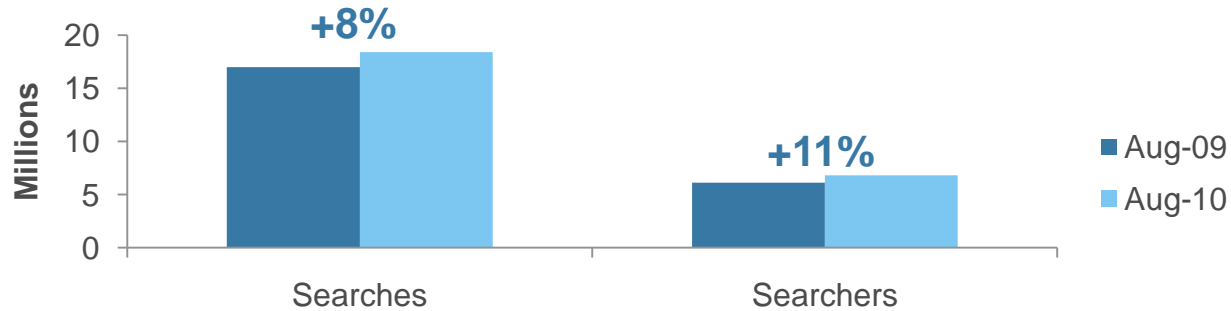
Case Study

- Searchers who searched for “Furniture”
- Shopping for furniture online often begins with a general search on one of the big 5 search engines



The Searcher – Who are they?

- **18.5MM Searches on Furniture**
- **8% growth in Searches & 11% Searchers of the term “Furniture” Y/Y**
 - Households with an income of \$25-49K and \$100K+ increased their share Y/Y
 - Searches age 55-64 grew 16% Y/Y



The Searcher – Where are they?

TOP SITES VISITED BY TERM SEARCHERS

Ad-Focus [v] Minimum reach 0 Minimum index 0

Name			% Searchers	Index
▶ M Google			95.0	112
▶ P Yahoo! Sites			92.4	119
▶ P FACEBOOK.COM			85.0	126
▶ M MSN			66.9	139
▶ P AOL, Inc.			64.4	141
▶ M YOUTUBE.COM*			62.5	123
▶ C AMAZON.COM			57.3	183
▶ P Ask Network			56.6	137
▶ M Bing			52.5	136
▶ P Glam Media			46.7	177
▶ M About			42.7	189
▶ M Windows Live			42.5	135
▶ P Demand Media			40.2	197
▶ M WALMART.COM			37.4	241
▶ M MTV Networks Music			30.1	154
▶ P Technorati Media			26.4	168
▶ C MYSPACE.COM*			25.5	138
▶ P Superpages.com Network			25.4	190
▶ M WEATHER.COM			24.7	172
▶ P Gannett Sites			24.3	194
▶ P AT&T Interactive Network			23.9	174
▶ P Shopzilla.com Sites			21.6	264

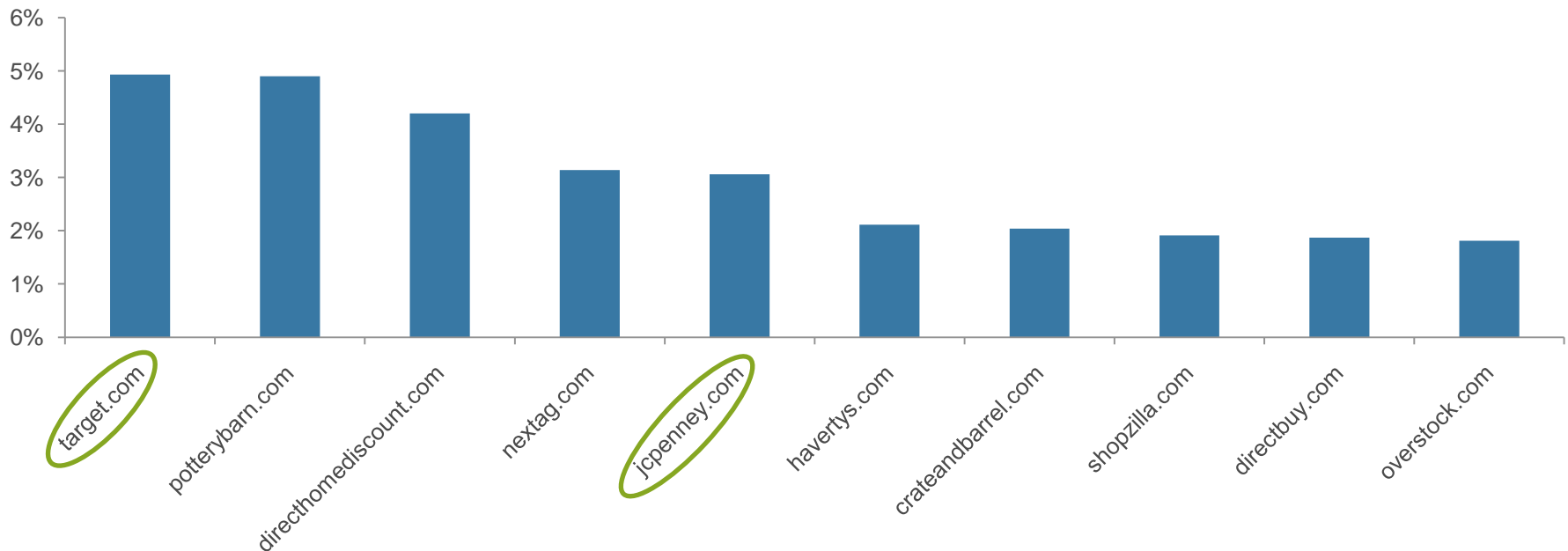
Almost 60% of “furniture” searchers also visit Amazon.com

“Furniture” searchers are 141 times more likely to visit Walmart.com

Who's getting the biggest share of voice for "furniture" searches?

- Target captured nearly 5% of the total Sponsored Link Exposures while JCPenney captured just over 3%
 - That is a difference of almost 2 million exposures

Share of Voice for "Furniture"
Source: comScore Marketer – August 2010



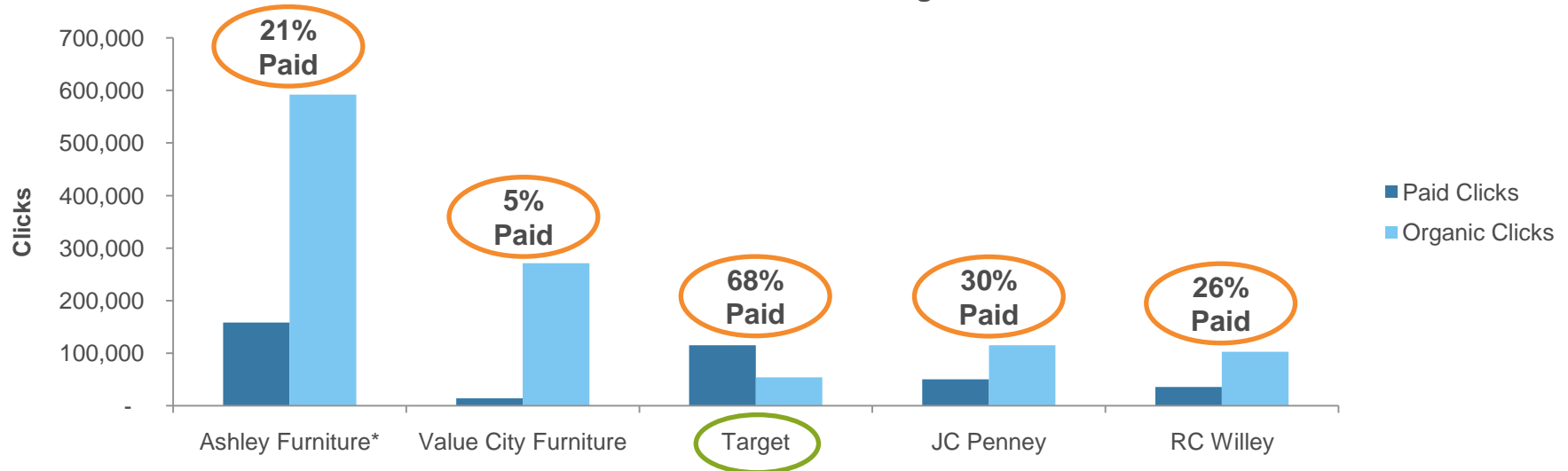
Target is buying most of their click-driven traffic, but the other sites are getting more traffic organically – specifically Ashley

- Paid or Organic? Which strategy pays off for broad non-branded terms?

Total Clicks (MM)	10.49
Paid Clicks (MM)	2.34
Organic Clicks (MM)	8.15
% Paid	22.28%

Top Retail Site Destinations from “Furniture” Searches

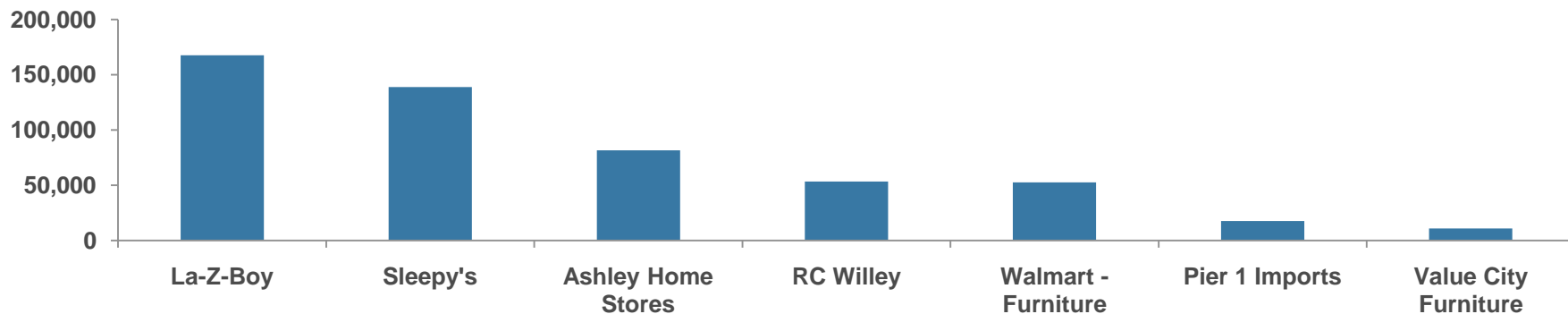
Source: comScore Marketer – August 2010



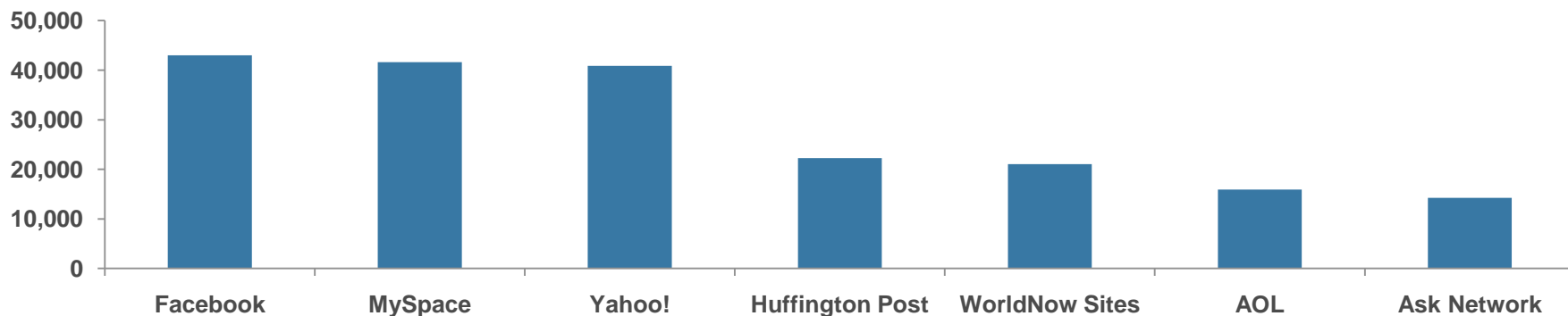
The Impact of Online Advertising on In-Store Sales

La-Z-Boy served over 150MM display ad impressions over the summer months. Most retailers partnered with Social Media sites & Portals

Top Home Furnishing Advertisers by Total Display Impressions (000)



Top Publishers Across all Home Furnishing Advertisers by Total Display Ad Impressions (000)



What is Being Advertised



L A Z B O Y

SAVINGS SELECTION COMFORT

Comfort - It's what we do®

CLICK HERE FOR LOCATIONS AND SPECIALS



BEST OF SUMMER SALE

FREE Shipping purchases above \$99.99

SLEEPY'S.COM

Click Here



It's your crib. Your Cave. Your Cha-Cha Lounge.

Create your dream dorm with gear from Walmart



RCWilley

Panasonic

starting at \$2,300

3D FULL HD

FIND A STORE



Sealy Simmons

DISCLAIMER: TWIN EACH PIECE WHEN SOLD AS SETS.

SEE STORE FOR LABOR DAY SAVINGS

GET DETAILS

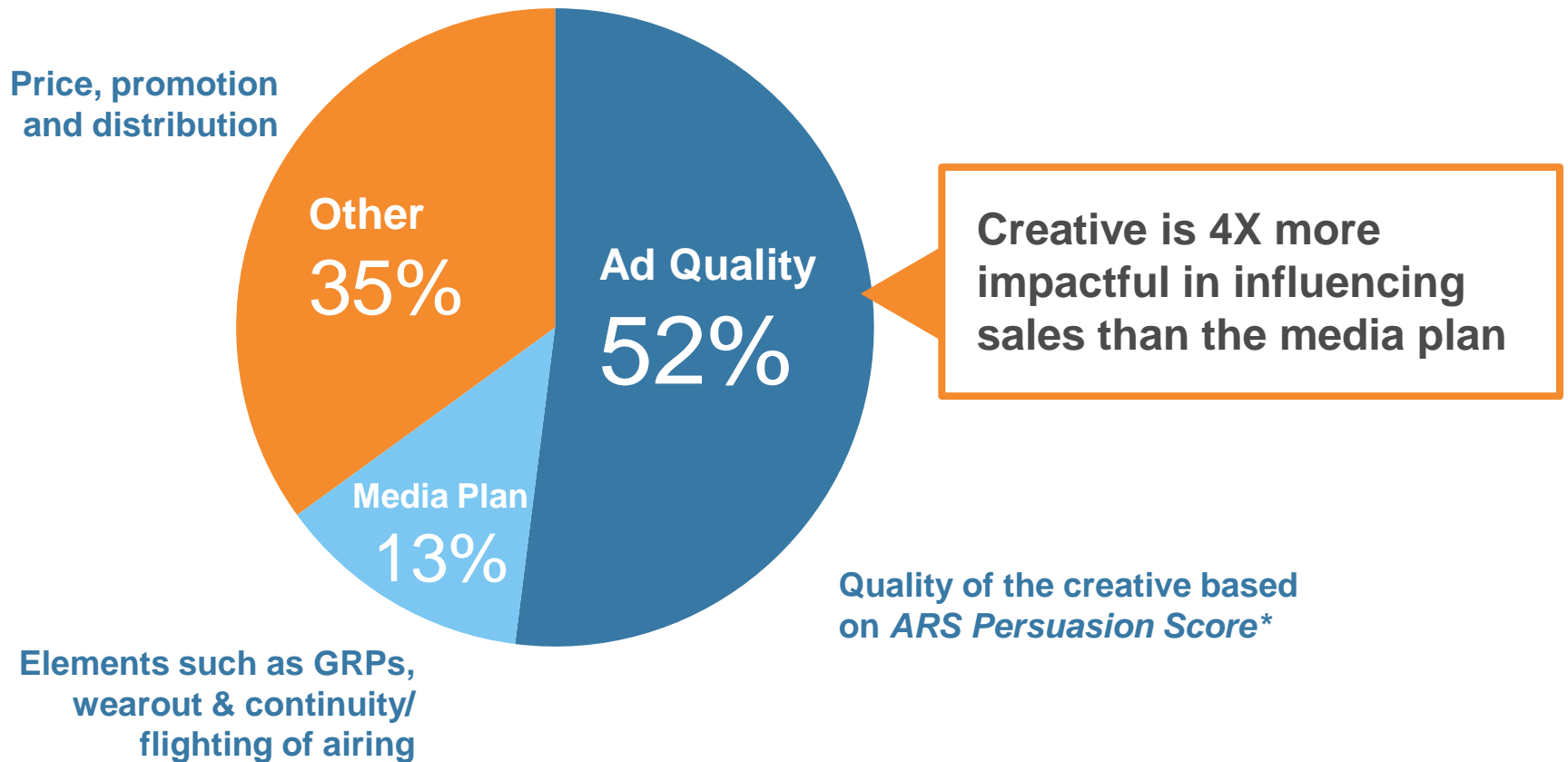
ASHLEY FURNITURE HomeStore

Advertising Development Process



Over Half of the Impact of Advertising is Driven by the Strength of Creative

% Influence on Shifts in Brand Sales
Source: comScore ARS Global Validation Summary



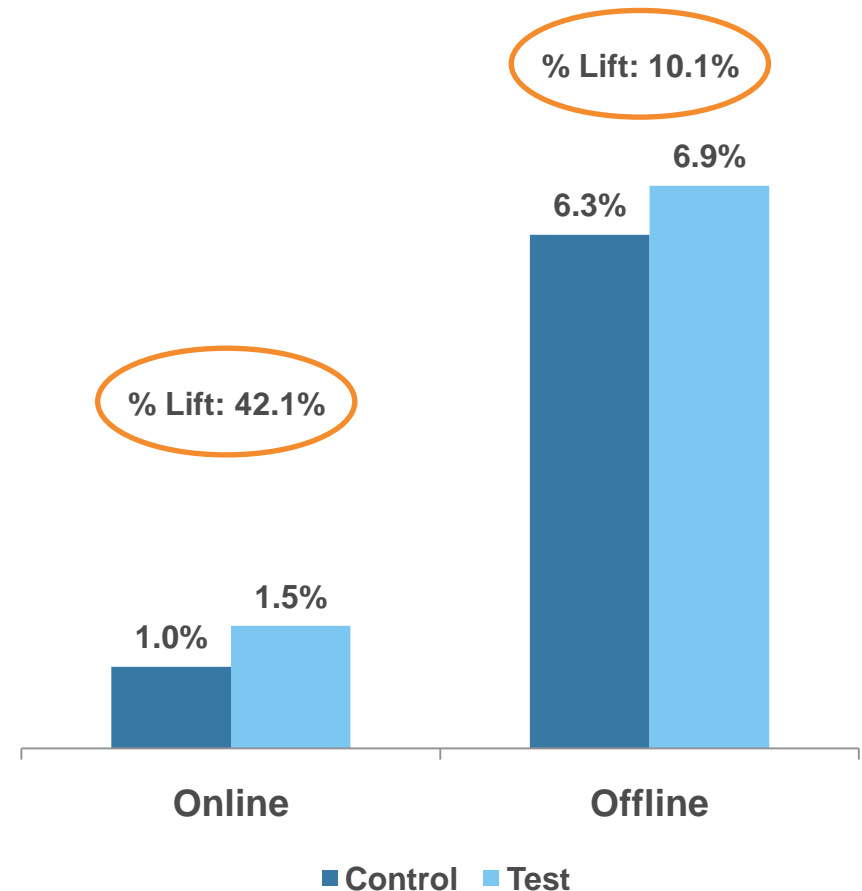
Numbers represent the percent variance in sales shifts explained by the corresponding factors.

comScore ARS Global Validation Summary includes an evaluation of 396 TV ad campaigns, utilizing sales data from R. L. Polk New Vehicle Registration, IMS HEALTH, IRI InfoScan, Markettrack, Nielsen SCANTRACK or Nielsen Retail Index.

Retailer display ads successfully build sales – both online and offline

- **How can retailers quantify the impact of online advertising on online sales?**
 - Purchase rarely takes place during the same session as exposure
 - Even more rarely as a result of a click
- **For Brick & Mortar retailers, how do you measure the impact of online ad exposure on offline sales?**
 - Current lack of visibility into offline purchasing consistently leads to dramatic underestimation of display advertising ROI.

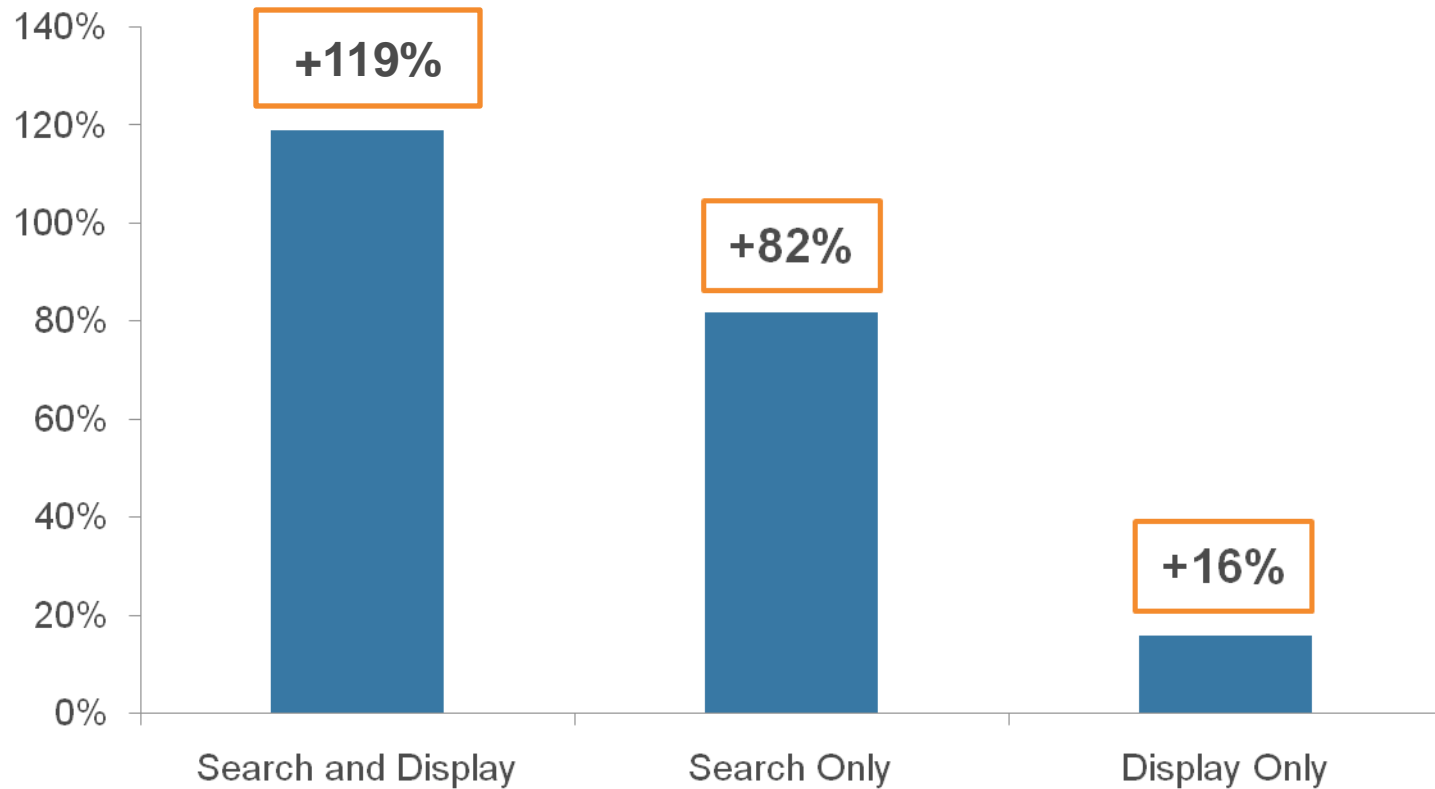
Buyer Penetration
Source: comScore “Whiter the Click”



For multi-channel retailers, higher offline sales lifts are seen from search vs. display advertising, but combined the synergy provides an even greater lift

Incremental Lift in Retailers' Offline Sales per (000) Exposed

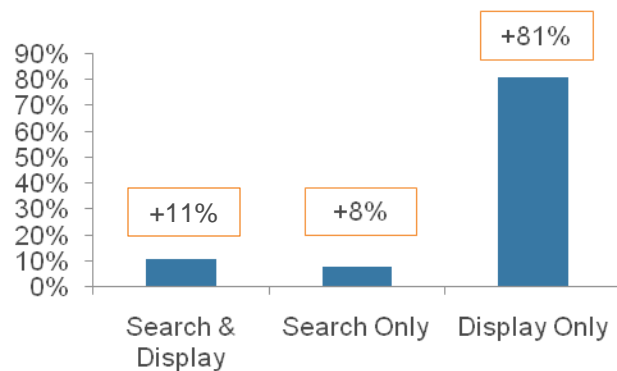
Source: comScore Ad Effectiveness Solutions



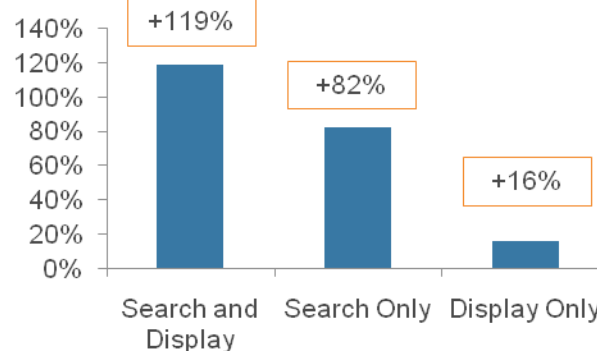
For multi-channel retailers, the higher reach of display ads often helps lift total offline sales more than does search. But, synergy gains can be obtained by using display overlaid on a search campaign

- The overall number of people reached by display ads is typically much higher than search
- As a result, even though the sales lift among those exposed to a search ad is higher, the total dollar sales gained from display ads is often larger than search due to the smaller lift acting on a larger base

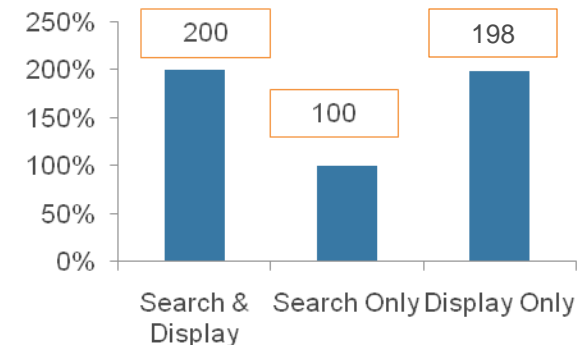
% of Households Reached



Incremental Impact on Offline Sales per (000) Exposed



Total Sales Volume Lift Index



Note: 0 equals par in above chart.

Key Take-Aways

- Over time, **eCommerce** is continuing to become a bigger piece of total retail sales
- Consumers are still buying but they are looking for real or perceived **value** from retailers
- Consumers are leveraging the internet more now than ever in an effort to find the best deals (especially **search**)
- Search and display marketing work hand-in-hand in **boosting In-store sales**
- Just like in traditional marketing channels, the **quality of your creative** plays a significant part in the success of your campaign