Impact of Search on Offline Beverage Purchasing

Google/Compete/Kantar Retail
U.S., April 2011
Key Findings

• Search engines drive 1 out of 3 visits to beverage branded sites and these searchers visit more often and spend more time on site than non-searchers

• Searchers spend more than non-searchers across the total beverage universe, driven both by more frequent trips and more spending per trip

• Shoppers who were search referred to a brand property and then purchased any brand in the same category outspend non-searchers by about 5% across 7 out of 8 beverage categories, with beer as the lone exception

• For almost all categories, increased spending and consumption was driven by increased purchase frequency, while spending per trip was relatively consistent across groups
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Objectives

• To quantify the impact of online research, and specifically search, on consumers’ likelihood to purchase beverages in a store

• To quantify the difference in value to beverage manufactures between searchers, non-searchers, and the general population measured by:
  – Annual Spend
  – Purchase Frequency
  – Spend per Trip
  – Unit Consumption
  – Units per Trip
  – Trial
Methodology

• Analysis based on a single-source online/in-store panel established by matching Compete’s online behavioral panel (2M U.S. consumers) with Kantar Retail’s ShoperGenetics® shopper panel (100M U.S. consumers). This match is conducted by a third party to fully protect all panelists’ personal information.

• Timeframe: Site visitation occurred between April 2009 – October 2010 and purchasing occurred up to 52 weeks post first visit

• Identified consumers who visited beverage branded sites via search and other sources and analyzed their subsequent in store beverage purchases

• Beverage categories include: Carbonated, Non-Carbonated, Coffee, Milk, Juice, Beer, Tea, Wine, and Liquor

• * and lower case letter indicates 90% confidence level

• ** and upper case letter indicates 95% confidence level

• ^ indicates small sample
Key Terminology

- **Annual Spend** – Dollar sales per household in the most recent year
- **Annual Unit Consumption** – Unit sales per household in the most recent year
- **Average Spend per Trip** – Annual Spend divided by Purchase Frequency
- **Average Units per Trip** – Annual Unit Consumption divided by Purchase Frequency
- **Gen Pop** – Average person who purchases beverages
- **Non-Searcher** – Consumer whose first visit to a branded site was not search referred
- **Purchase Frequency** – Number of purchases per household in the most recent year
- **Trial Rate** – Percent of households who purchase a product for the first time in a year
- **Searcher** – Consumer whose first visit to a branded site was search referred
Impact of Search to Total Beverage Purchasing
Searchers Account for 1 out of 3 Site Visits

- Searchers are more engaged on beverage sites than non-searchers—they visit more often and spend more time on site per visit

**Share of Brand Site Visits**
(April 2009 – October 2010)

- Searcher: 30%
- Non-Searcher: 70%

**Average Visits and Time**
(April 2009 – October 2010)

- Avg Visits/Visitor:
  - Searcher: 5.1
  - Non-Searcher: 4.0
- Avg Time/Visit (Min):
  - Searcher: 11.9
  - Non-Searcher: 6.4

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Google Display Network Users Perform 2 out of 3 Site Visits

- GDN users are more engaged on site than non-GDN users—they visit 194% more often and spend 77% more time on site per visit.

Share of Brand Site Visits
(April 2009 – October 2010)

<table>
<thead>
<tr>
<th></th>
<th>GDN User</th>
<th>Non-GDN User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Visits/Visitor</td>
<td>7.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Average Time/Visit</td>
<td>9.5</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Heavy GDN Users Drive the Increased Visits

- Heavy GDN account for 45% of beverage visits and they users are more engaged on site than light GDN users and non-GDN users
  - Heavy users spend almost twice as much time on beverage sites compared to non users
- The high volume of visits for heavy GDN users is in part driven by sweepstakes

**Share of Brand Site Visits**
(April 2009 – October 2010)

- Heavy GDN User: 45%
- Light GDN User: 22%
- Non-GDN User: 33%

**Average Visits and Time**
(April 2009 – October 2010)

- Avg Visits/Visitor:
  - Heavy GDN User: 20.2
  - Light GDN User: 3.1
  - Non-GDN User: 2.4

- Avg Time/Visit:
  - Heavy GDN User: 10.0
  - Light GDN User: 8.3
  - Non-GDN User: 5.3

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011

Note: Heavy GDN Users were referred from the GDN to a beverage site 3 times or more during the time period.
Searchers Outspend, Buy More Frequently

- Searchers spend more, purchase more often, and consume more beverages than non-searchers and the general population

<table>
<thead>
<tr>
<th>Metric</th>
<th>Searchers vs. Non-Searchers</th>
<th>Searchers vs. Gen Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Spend</td>
<td>+5%</td>
<td>+15%</td>
</tr>
<tr>
<td>Purchase Frequency</td>
<td>+3%</td>
<td>+13%</td>
</tr>
<tr>
<td>Avg. Spend per Trip</td>
<td>+2%</td>
<td>+2%</td>
</tr>
<tr>
<td>Annual Unit Consumption</td>
<td>+5%</td>
<td>+15%</td>
</tr>
<tr>
<td>Avg. Units per Trip</td>
<td>+2%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Spend More than Non-Searchers

- Searchers are valuable to beverage companies—searchers spend 5% more on beverages than non-searchers and 15% more than the general population

Average Annual Spend
(Total Beverage Purchases, n=1950-163,359)

<table>
<thead>
<tr>
<th>Group</th>
<th>Average Annual Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Searchers (n1950)</td>
<td>$185.23</td>
</tr>
<tr>
<td>Non-Searchers (n9367)</td>
<td>$177.26</td>
</tr>
<tr>
<td>Gen Pop (n=163,359)</td>
<td>$161.76</td>
</tr>
</tbody>
</table>

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Spend and Purchase More Often

- Searchers spend more per trip and purchase beverages more often, accounting for the overall higher spend.

**Annual Purchase Frequency**
(Total Beverage Purchases, n=1950-163,359)

- Searchers (n=1950) (A): 20.0
- Non-Searchers (n=9367) (B): 19.5
- Gen Pop (n=163,359) (C): 17.8

**Average Spend Per Trip**
(Total Beverage Purchases, n=1950-163,359)

- Searchers (n=1950) (A): $9.26
- Non-Searchers (n=9367) (B): $9.11
- Gen Pop (n=163,359) (C): $9.11

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Consume More Beverages

When searchers buy beverages, they buy more units per trip, leading to 5% greater consumption than non-searchers.

- Search marketing enables manufactures to target the most engaged consumers

### Average Unit Consumption
(Total Beverage Purchases, n=1950-163,359)

<table>
<thead>
<tr>
<th></th>
<th>Searchers (n1950)(A)</th>
<th>Non-Searchers (n9367)(B)</th>
<th>Gen Pop (n=163,359)(C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Unit</td>
<td>61.4 C</td>
<td>58.6 C</td>
<td>53.3</td>
</tr>
</tbody>
</table>

### Average Unit Per Trip
(Total Beverage Purchases, n=1950-163,359)

<table>
<thead>
<tr>
<th></th>
<th>Searchers (n1950)(A)</th>
<th>Non-Searchers (n9367)(B)</th>
<th>Gen Pop (n=163,359)(C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Unit</td>
<td>3.1</td>
<td>3.0 C</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
The Impact of Search on Beverage Purchasing by Category
(Beer, Carbonated, Coffee, Juice, Liquor, Milk, Wine, Non-Carbonated)
Across Most Categories Searchers Spend More

- Across almost all categories, searchers spend more than non-searchers, with the greatest difference being for wine.

<table>
<thead>
<tr>
<th>Category</th>
<th>Searcher Spend vs. Non-Searchers Spend</th>
<th>Searcher Spend vs. Gen Pop Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>-15%</td>
<td>86%</td>
</tr>
<tr>
<td>Carbonated</td>
<td>4%</td>
<td>31%</td>
</tr>
<tr>
<td>Coffee</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Juice</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>Liquor</td>
<td>35%</td>
<td>55%</td>
</tr>
<tr>
<td>Milk</td>
<td>67%</td>
<td>55%</td>
</tr>
<tr>
<td>Non-Carbonated</td>
<td>66%</td>
<td>112%</td>
</tr>
<tr>
<td>Wine</td>
<td>272%</td>
<td>288%</td>
</tr>
</tbody>
</table>

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Spend More Across Categories

- Searchers outspend non-searchers and the general population in every category, except for beer, making SEM a wise investment for beverage manufacturers.
  - The difference is most dramatic in the wine category, where searchers outspend non-searchers by 272%.

Average Annual Spend

(Category Beverage Purchases, n=38-121,687)

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Purchase More Frequently

- Searchers purchase more frequently than non-searchers and the general population in every category except for beer
  - Reaching searchers with your brand message could translate into increased product purchasing

**Annual Purchase Frequency**
(Category Beverage Purchases, n=38,121,687)

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Searchers Consume More Annually

- Unit consumption mirrors annual spending, with searchers showing the most engagement across every category except for beer

**Average Unit Consumption**
(Category Beverage Purchases, n=38-121,687)

Source: Google/Compete/Kantar Retail, Impact of Search on Offline Beverage Purchasing Study, U.S. Apr 2011
Key Findings

- Search engines drive 1 out of 3 visits to beverage branded sites and these searchers visit more often and spend more time on site than non-searchers.

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