



Online Advertising Delivers Offline Sales

Driving incremental sales lifts.

Vic Tortorici, Senior Vice President Sales, Grocery Shopping Network

This white paper discusses the ability of the Grocery Shopping website to deliver sales increases at their brick and mortar retailers. GSN provides CPGs a network of grocery store websites.

Recently many articles have been written on the subject of Online Advertising delivering incremental sales, 'like wow' isn't that what they are intended to do?

Interesting is the varied and divergent methodologies being employed to quantify sales impact in most studies. These include panels, data mining, small subsets measuring purchase behavior etc. What is missing is actual cash register transactions that measures the impact of Online influenced-Offline purchased.

Consumer Behaviors are Changing



This Forrester Research chart shows the industry wide growth in the online influence in both direct online sales and indirect sales at retail locations. The trending is important overall, but the grocery sector differs in key ways. Presently, the online retail sales (home delivery) of groceries is around 2% of the total market; the vast majority of transactions are consummated in the retail store.

Online Advertising Influences Offline Purchases

More to the grocery store issue, a recent study (August 17, 2009) conducted by comScore/dunnhumbyUSA compares those panelists exposed to online advertising for a variety of CPG brands against those who were not exposed to the online advertising. Their findings showed a 9% sales

increase in offline purchases over a 3 month period with 80% of the online campaigns showing statistically significant lift as compared to an 8% sales lift over a 12 month period for TV with 36% of the campaigns showing statistical lift.

(They examined retail purchase behavior on 200,000 panelists who were members of supermarket loyalty card programs and whose retail buying behaviors were measured through point-of-sale UPC scanners.)

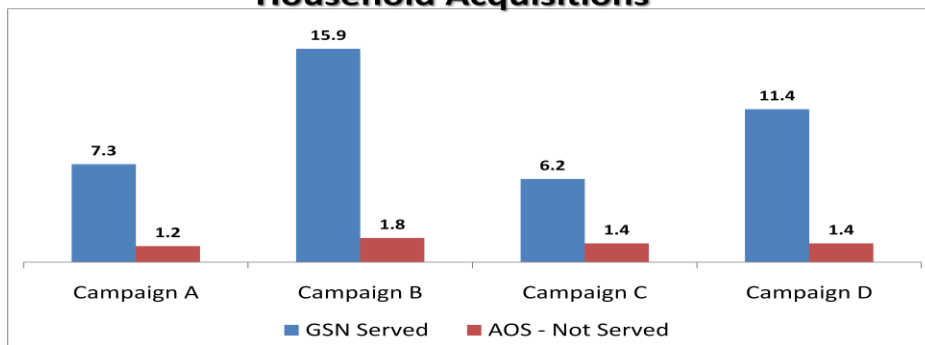
Offline Sales Lift from CPG Brand Advertising Comparison Between TV and Internet Total U.S. Source: Information Resources, Inc. and comScore, Inc.		
	TV (IRI)	Internet (comScore)
Sales Lift	+8% over 12 months	+9% over 3 months
Percent of Campaigns Showing Statistically Significant Lift	36%	80%

Grocery Shopping Network. Reaching offline shoppers online.

The Grocery Shopping Network is a network of over 5,500 grocery store websites that offline shoppers use to plan their shopping trips at their favorite grocers. Advertising to these shoppers, who are intenders, creates the most effective sales lift per dollar spent. Why? GSN is simply an extension of the grocery store, providing all the traditional grocery tools for the consumers, such as the store circular, only with robust digital improvements that make the tools more fun and more powerful.

In preparing our analytic reports GSN compares the results from Households who are active during an ad campaign from our base sales information from over 26 million households, 13 times larger than the reported comScore base of internet users. In doing so we review the point-of-sale (*UPC scanner sales*) item transactions (*in the hundreds of millions*) covering the ‘before and during’ period of a campaign to compile these results. GSN includes data from both consumers who used the website and were exposed to the advertising (*GSN Served Consumers*) during the period as well as consumers who were not exposed to the advertising (*All Other Shoppers*) during the period.

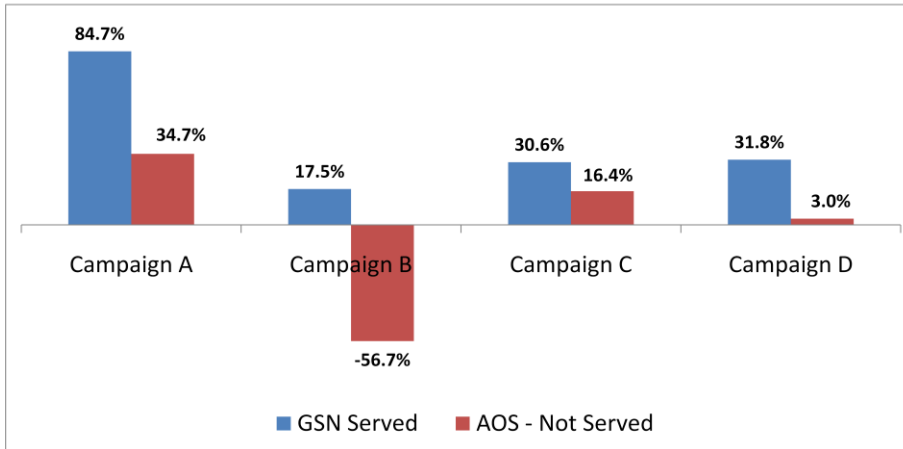
GSN Results that Matter Household Acquisitions



Here you see a series of reports of campaigns where the household acquisition rate is analyzed. The results are expressed in household acquisitions per thousand households exposed.

You can see that most campaigns work well to improve household acquisitions, but that when the household is exposed to the campaign when they are at the grocery store website planning their trip to the store, the acquisition rate is many times higher.

GSN Results That Matter Unit Sales Increases



This chart shows several campaigns where we measure unit sales increases. In every case, advertising on GSN websites to shoppers who are planning their trip to the store helps increase unit sales. In one campaign, the unit sales actually decreased among the segment of shoppers not exposed to GSN advertising when planning their trips to the stores.

Supporting Detail

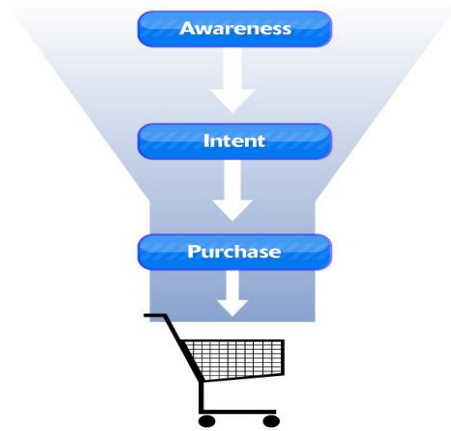
This is the detail we are able to provide for campaigns, which is used to calculate the results.

Results Detail

The segment size of each group is 2,442,461. This number is equal to the GSN Unique Visitors, and that count is the largest segment that we can use to show the unit and sales dollar results from the GSN Ad Campaign. For comparison purposes we adjusted the segment size of the All Other Shoppers (AOS) to the same count. Performance of the AOS group was based on the average performance of all 5,384,176 households measured.

GSN Served	Before	During	Variance	Percent Change
Total Households	56,849	70,524	13,674	24.05%
Total Units	102,624	135,233	32,609	31.78%
Total Dollars	\$507,340	\$671,365	\$164,025	32.33%
Brand Rate of Buy	1.81	1.92	0.11	6.22%
Category Rate of Buy	15.46	16.07	0.61	3.94%
Average Unit Cost	\$4.94	\$4.96		
All Other Shoppers	Before	During	Variance	Percent Change
Total Households	20,915	21,586	670	3.21%
Total Units	40,174	41,362	1,188	2.96%
Total Dollars	\$208,512	\$214,777	\$6,265	3.00%
Brand Rate of Buy	1.92	1.90	-0.02	-0.88%
Category Rate of Buy	9.35	11.06	1.72	18.37%
Average Unit Cost	\$5.19	\$5.20		

The Purchase Funnel



Grocery Shopping Network is all about moving the shopper from awareness, past intent to purchase. The ‘environment’ is an extension of the grocery store, the ‘behavior’ is ideal, ‘people visit their grocery store website to be more effective planning what brands to buy on their upcoming trip to the store’ and the outcome is driving more products through the point-of-sale UPC scanners.

This ‘double hit’ of contextual and behavior (Contextuhavioral) makes GSN websites like search websites – delivering consumers with high intent who are looking for what to buy, and is why the ‘lift’ of campaigns that run on grocery store websites exceeds the list of other advertising, often substantially.