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The Purchase Path Of Online Buyers

by Sucharita Mulpuru
for eBusiness & Channel Strategy Professionals



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A Joint Holiday Shopping Study With GSI Commerce Of 15 Retail Websites

by **Sucharita Mulpuru**

with Shar VanBoskirk, Patti Freeman Evans, and Doug Roberge

EXECUTIVE SUMMARY

Successfully reaching online shoppers during the critical holiday season is crucial to the Q4 success of eCommerce businesses. Forrester collaborated with the eCommerce service provider GSI Commerce to understand how retailers in fact did connect with online buyers. Actual retailer clickstream analysis from 15 online retailers who are GSI Commerce's clients showed that traditional forms of web marketing (e.g., search, marketing) continue to drive online sales while experimental tactics like social continue to be just that, peripheral tactics that have generated buzz but are rarely associated with revenue. This retailer data also showed that some tactics like display advertising may be underrepresented as they are earlier in the purchase funnel. While this data highlights findings from the holiday season of 2010, it is a useful illustration of how retail eBusiness executives can accommodate those findings in their customer acquisition and retention programs throughout the year.

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NOTES & RESOURCES

Forrester collaborated with GSI Commerce to obtain the retailer data in this report. The data in this report came from 15 of GSI Commerce's marketing services clients who represented approximately \$1 billion in gross merchandise sales in 2010.

Related Research Documents

["Postmortem: US Online Holiday Season, 2010"](#)
March 3, 2011

["US Online Retail Forecast, 2010 To 2015"](#)
February 28, 2011

["Five Retail eCommerce Trends To Watch In 2011"](#)
January 31, 2011

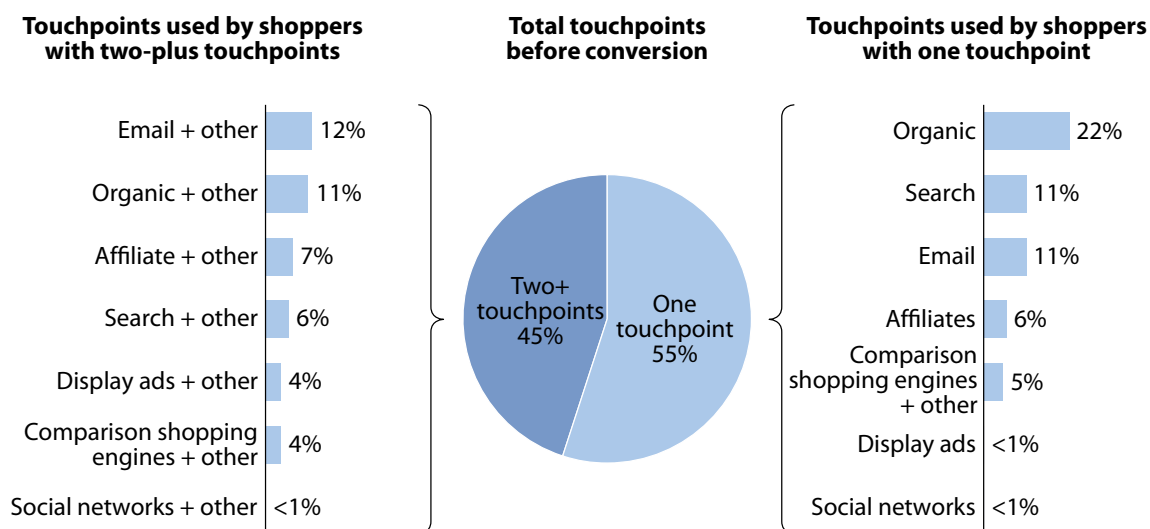
WEB BUYING FOLLOWS “TRADITIONAL” PATHS TO PURCHASE MORE OFTEN THAN NOT

As more dollars shift to the Web during the critical holiday season, retailers are tasked with figuring out the best approaches to attracting web shoppers. What compels shoppers to purchase? How do they discover holiday deals? Is the consumer research process extensive or cursory? What is the role of social tactics in the purchase funnel? Forrester collaborated with the eCommerce company GSI Commerce, in particular, its interactive marketing agency, to answer these questions and create a picture of the purchase journey of online buyers in various categories during key periods of the Q4 2010 holiday season. Actual holiday purchase data from 15 retailers that were GSI Commerce clients showed that:

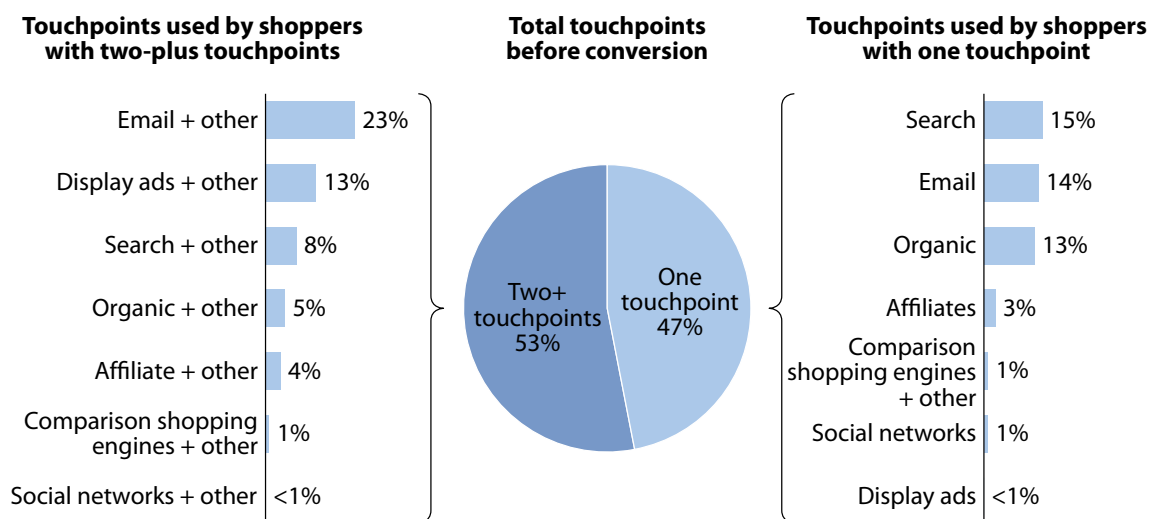
- **Most consumers purchased online following some web marketing influence.** While organic traffic is the most cost-effective way to attract shoppers, it is also difficult to achieve because most buyers simply do not arrive at a site directly. Across the board, the shoppers in this study touched some retail marketing vehicle before completing a transaction. More often than not, these shoppers either searched explicitly for a product on a search engine such as Google or they received the retailer’s promotional email. In fact, 77% of transactions measured in hard goods categories and 82% of transactions in soft goods categories during the holidays engaged some interactive marketing tactic prior to purchase (see Figure 1).
- **Nearly half of purchases followed multiple exposures to web marketing efforts.** While many shoppers in this study were only exposed to one marketing program before completing a purchase, many others were exposed to multiple marketing touchpoints prior to the completion of their transaction. In fact, 45% and 53% of hard and soft goods transactions, respectively, touched at least two marketing touchpoints. This data highlights opportunities for retailers to think beyond the traditional “last-click” measurement they typically attribute to marketing programs.¹
- **Search and email continue to be the most effective tactics in driving sales.** While retail marketers employ a variety of tools, “traditional” tactics continue to be most effective. More consumers who completed transactions during the holiday season touched email and search campaigns in their purchase journey than any other marketing tactic. Forty percent of hard goods transactions and 60% of soft goods buyers came to retail websites from email and search specifically.
- **Display and affiliate marketing also exhibit strong influence in the purchase funnel.** While search and email get the most credit for driving sales, other tactics like display and affiliate marketing may be receiving less credit than they are due. Why? They are typically early in the research funnel and are followed by visits to search engines or to email. Because most retailers employ “last-click” analysis, any tactic that tends to be primarily a “first click” will consequently be undercounted in its contribution to sales. Display ads, for instance, are the first touchpoint for 13% of soft goods buyers, but those shoppers then click on other marketing messages, which ultimately receive “credit” for the sale.

Figure 1 Touchpoints Prior To Conversion For Hard And Soft Goods Web Shoppers

1-1 Touchpoints prior to conversion for hard goods web shoppers



1-2 Touchpoints prior to conversion for soft goods web shoppers



Source: Forrester eBusiness research in collaboration with GSI Commerce Holiday Season Marketing Attribution Research

Notes: The time period represented in this graphic includes the holiday shopping season (November 12-December 20, 2010) excluding Thanksgiving weekend and Cyber Monday. "Organic" represents shoppers who visited a site directly such as by typing in a URL. For multiple touchpoints data, the first touchpoint mentioned indicates the order of how shoppers interacted (e.g., "email + other" means that consumers visited a site through email first and then subsequently through other tactics).

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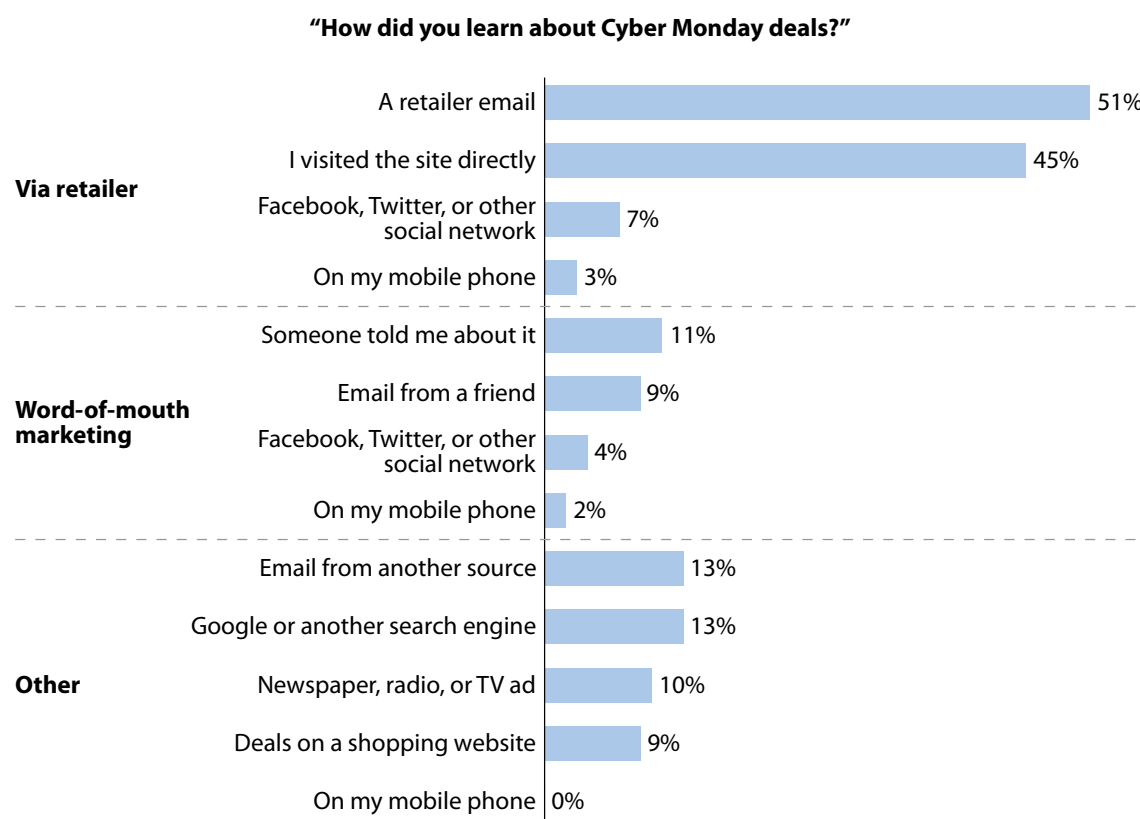
Source: Forrester Research, Inc.

Consumers Are Most Susceptible To Influence On Big Promotion Days

While most consumers in this study touched some web marketing tactic prior to completing a transaction during the holiday season, these same shoppers were even more heavily influenced by retailer marketing efforts during key dates such as Cyber Monday and Thanksgiving weekend. In fact:

- **Email was most effective during key promotional dates.** In a nod to the thick newspapers that burst with free-standing-inserts from retailers on Thanksgiving weekend, retailer-driven marketing is also extremely effective online. For these retailers, email overall is how shoppers are most often led to purchase during the holidays, but this effect is even more pronounced during Thanksgiving weekend and Cyber Monday when shoppers are more likely to discover deals through email than during the rest of the holiday season. In fact, an email from a retailer was the most popular way that buyers learned of their Cyber Monday deals (see Figure 2).
- **Search was significantly less effective during the same time.** Because key dates like Thanksgiving weekend and Cyber Monday are often scavenger hunts for special deals, consumers are more likely to look for great offers rather than to specifically hunt for products. In fact, with respect to their Thanksgiving weekend shopping, consumers explicitly say that they prefer to shop online because of the opportunity to find deals.² As a result, search engines that are best for shoppers looking for specific products or brands tend to be the least effective as a starting point for web shoppers on these dates. Fewer shoppers who purchased on those key dates started their research with search than during the rest of the holiday season (see Figure 3).
- **Social tactics “came alive” during key dates for soft goods.** The truth is that social tactics were largely ineffective in driving sales. The data from this study indicated that less than 2% of orders were a result of shoppers coming from a social network. That said, to the degree that social networks did have an influence on holiday purchases, it was greatest during the Thanksgiving weekend and the Cyber Monday that followed. While hard goods retailers in this study experienced no change in the number of orders that resulted from links from social sites, soft goods retailers experienced a 45% lift in orders that resulted from those same types of links on Cyber Monday versus during the rest of the holiday season (see Figure 4). The limited time nature of web holiday deals during these key dates likely compelled shoppers to share such messages with their friends. In a separate study with Bizrate Insights, we found that 23% of consumers who shopped online during Cyber Monday said they shared deals they found with others on their social networks.

Figure 2 Email Drives Web Shopping On Key Dates



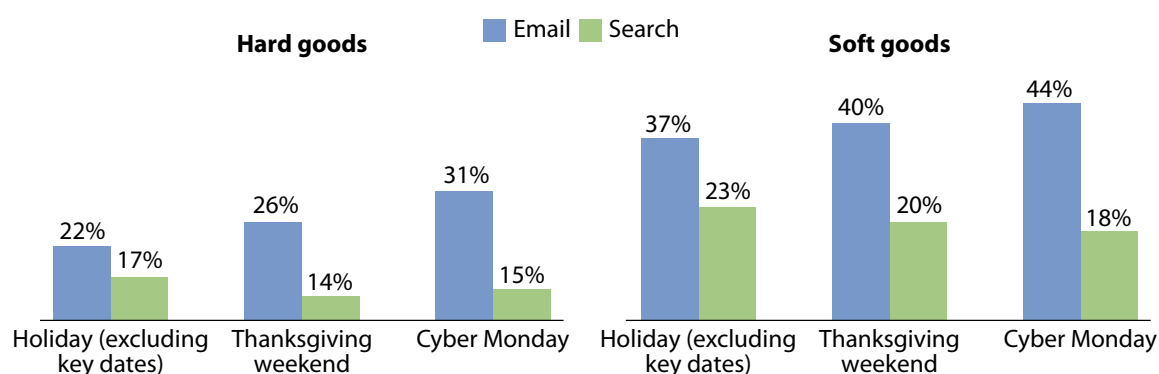
Base: 250 Cyber Monday online buyers

Source: Forrester/Bizrate Q4 2010 US Retail Holiday Online Survey and Shopzilla

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Source: Forrester Research, Inc.

Figure 3 Percent Of Transactions By Category That Started With Search Or Email During Key Dates



Source: Forrester eBusiness research in collaboration with GSI Commerce Holiday Season Marketing Attribution Research

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Source: Forrester Research, Inc.

Figure 4 Shoppers Are More Likely To Discover Deals Via Email During Key Holiday Dates

4-1 Thanksgiving weekend purchase path for hard and soft goods buyers

	Hard goods		Soft goods	
	Touchpoint(s)	Percent of transactions	Touchpoint(s)	Percent of transactions
1	Organic alone	19%	Email + other	22%
2	Email alone	13%	Email alone	18%
3	Email + other	13%	Search alone	13%
4	Affiliate + other	10%	Organic alone	10%
5	Organic + other	10%	Display + other	10%
6	Affiliate alone	10%	Search + other	7%
7	Search alone	9%	Organic + other	6%
8	Search + other	5%	Affiliate alone	5%
9	Display + other	4%	Affiliate + other	4%
10	Comparison shopping engines alone	4%	Comparison shopping engines alone	3%
11	Comparison shopping engines + others	2%	Comparison shopping engines + others	2%
12	Display alone	<1%	Social networks alone	<1%
13	Social networks alone	<1%	Social networks + others	<1%
14	Social networks + other	<1%	Display alone	<1%
		100%		100%

Source: Forrester eBusiness research in collaboration with GSI Commerce Holiday Season Marketing Attribution Research

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Source: Forrester Research, Inc.

Figure 4 Shoppers Are More Likely To Discover Deals Via Email During Key Holiday Dates (Cont.)

4-2 Cyber Monday purchase path for hard and soft goods buyers

	Hard goods		Soft goods	
	Touchpoint(s)	Percent of transactions	Touchpoint(s)	Percent of transactions
1	Email alone	16%	Email + others	26%
2	Email + others	15%	Email alone	18%
3	Organic alone	14%	Display + others	12%
4	Search alone	10%	Search alone	11%
5	Affiliate alone	10%	Organic alone	9%
6	Affiliate + others	10%	Search + others	7%
7	Organic + others	8%	Organic + others	5%
8	Search + others	5%	Affiliate alone	3%
9	Comparison shopping engines alone	4%	Affiliate + others	3%
10	Display + others	4%	Comparison shopping engines alone	3%
11	Comparison shopping engines + others	3%	Comparison shopping engines + others	2%
12	Display alone	<1%	Social networks alone	1%
13	Social networks alone	<1%	Display alone	<1%
14	Social networks + others	<1%	Social networks + others	<1%
		100%		100%

Source: Forrester eBusiness research in collaboration with GSI Commerce Holiday Season Marketing Attribution Research

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Source: Forrester Research, Inc

RECOMMENDATIONS

TRIED AND TRUE WORKS BEST DURING THE ONLINE HOLIDAY SHOPPING SEASON

The most significant finding from this retailer data was that email marketing not only continues to stay alive but is in fact the strongest tool for reaching busy shoppers. That said, retailers should also consider several other key opportunities that surfaced in the data:

- **Attribution modeling is critical.** While “last click” is typically the most commonly accepted standard for how retailers look at the effectiveness of their marketing programs, it is an inadequate measure of a marketing tool’s success. The fact that so many customers in this study touched multiple marketing messages prior to purchase means that some tactics get too much credit for sales and others do not receive enough. By looking at different approaches, marketers may have a better picture of the value of their various efforts. ClearSaleing (recently acquired by GSI Commerce), Visual IQ, and Atlas were three vendors that led the Forrester Wave™ evaluation of interactive attribution vendors when this topic was last evaluated in Q4 2009.
- **Ensure agility around key dates.** Because shopping behavior around key dates such as Thanksgiving weekend and Cyber Monday is different from the rest of the holiday season, retailers need to plan accordingly. Promotional dates tend to attract more deal-hunters who are more open to email messages and discovering deals while other dates are more likely to engage “spearfishers,” consumers who are more likely to be looking for specific products by using tools such as search.
- **Hope for the best, but expect the worst with social.** While the usage of social networks continues to grow, there continues to be the hope that they will one day provide a viable marketing vehicle for connecting with shoppers. This past holiday season demonstrated that while we are not yet there, social networks continue to be inexpensive ways to promote messages and are therefore relatively low-risk and for that reason alone should not be ignored.

SUPPLEMENTAL MATERIAL

Methodology

Forrester collaborated with GSI Commerce to obtain the retailer data in this report. The data in this report came from 15 of GSI Commerce’s marketing services clients who represented approximately \$1 billion in gross merchandise sales in 2010. Five of those clients were aggregated into the data representing “soft goods.” These clients were in the apparel and accessories categories. The remaining 10 clients were aggregated into the “hard goods” categories and were primarily sellers of sporting goods, toys/games, and health/beauty products. This report evaluates which digital channels influenced and closed eCommerce sales during the holiday; it is not a comprehensive valuation of all digital marketing channels. Forrester/GSI Commerce defined “purchase path” as a string of touchpoints that lead the consumer to a site one or many times and ultimately ends in

a purchase on the site. “Attribution” was defined as proper credit to all advertising and pre-visit actions that resulted in (introduced or influenced) a sale or conversion.

Data was captured from November 12, 2010 to December 20, 2010. Thanksgiving weekend data was captured from 12 a.m. on November 25, 2010, through 11:59 p.m. on November 28, 2010. Cyber Monday data was captured on November 29, 2010. The data captured in this report represents transactions completed on the sites of the 15 GSI Commerce clients mentioned above. If consumers “touched” any of the retailers’ marketing programs prior to purchase, those touchpoints were captured in the data above. If a buyer touched multiple marketing programs (e.g., email and search), the first touchpoint captured is indicated in the data above. Advertising analytics and attribution modeling were provided by ClearSaleing. ClearSaleing tracks and records all inbound referring URLs, tying multiple inbound links to a single computer by use of first-party cookies and identifying the user with a unique ID that persists for six months. For the purposes of this test, we used equally distributed attribution across all touchpoints in a 30-day window. GSI Commerce acquired ClearSaleing in January 2011.

While all 15 sites are engaged in social in some fashion, the different retailers engaged in social tactics ranging from light/sporadic to heavy with a defined content/promotion mix strategy. As one measure of engagement, fans range for these sites from a few hundred thousand to almost 10 million, with activity rates between 10% and 70%. Despite the range of activity, the influence and final click activity of social was low. The range of results showed no correlation to sophistication or volume of social activity, meaning the most active sites did not see the most influence of social on orders.

Forrester also collaborated with Bizrate Insights to gather information from online shoppers who recently completed transactions through the Bizrate Insights retailer network about their experiences during the Thanksgiving weekend and on Cyber Monday. Bizrate Insights administered the survey and was a joint effort by both Forrester and Bizrate Insights. More information on Bizrate Insights is available at www.bizrateinsights.com.

ENDNOTES

- ¹ Forrester last executed a Forrester Wave™ evaluation on marketing services providers who also are engaged in interactive attribution in 2009. ClearSaleing (recently acquired by GSI Commerce), Visual IQ, and Atlas were the Leaders in this space. See the October 20, 2009, “[The Forrester Wave™: Interactive Attribution, Q4 2009](#)” report.
- ² Forty-five percent of online shoppers during Thanksgiving weekend agreed with the statement “I shopped online instead of in stores because the deals were better online.” Source: Forrester/Bizrate Q4 2010 US Retail Holiday Online Survey.

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Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617.613.6000
Fax: +1 617.613.5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
www.forrester.com

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