



**How Effective  
Was Search  
Advertising in  
Driving  
Valentine's Day  
Sales  
This Year?**

**A NetElixir  
Research Report**  
March 2009

# Research

## **Source:**

Websites of three large retailers of gift items

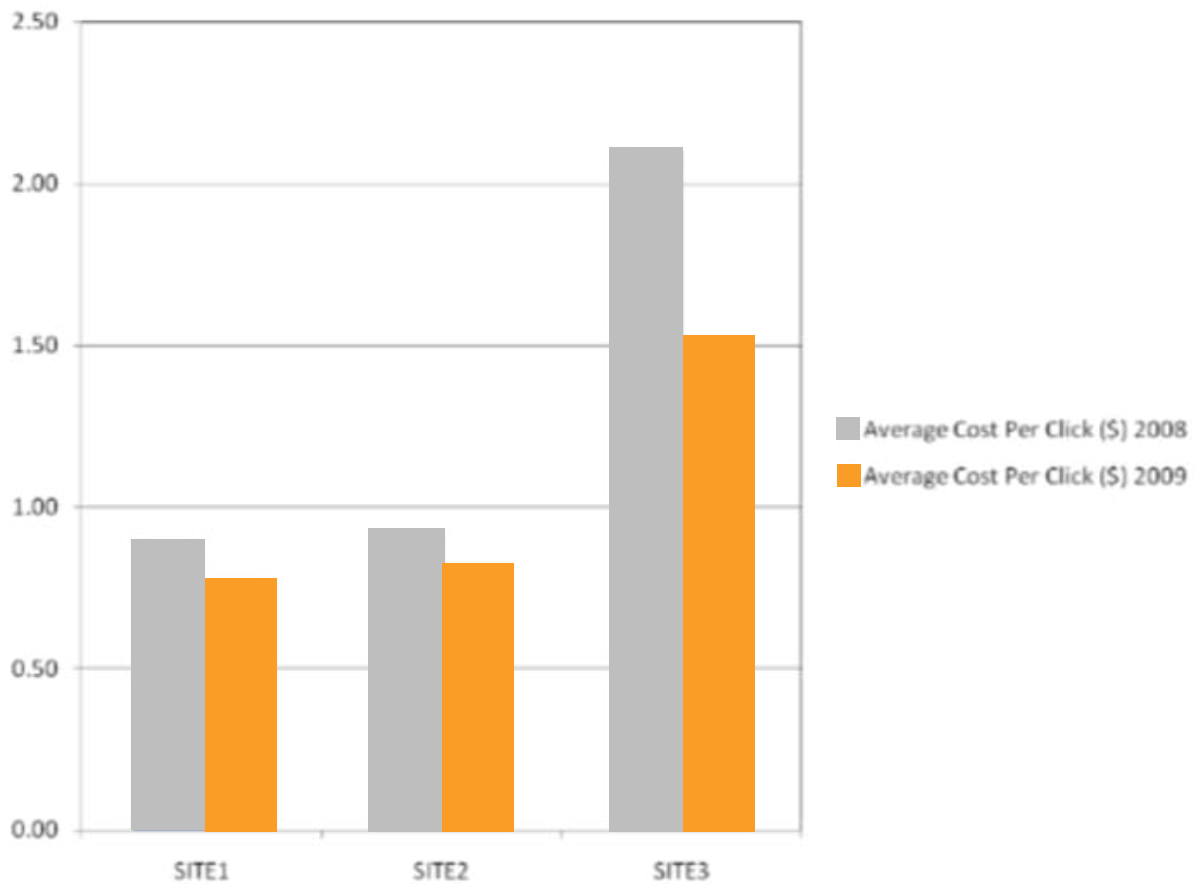
## **Data:**

Year-on-year comparison of real time search advertising performance and sales data captured from 1st February to 15th February

# **Paid Search Advertising is the #1 Online Customer Acquisition Channel**



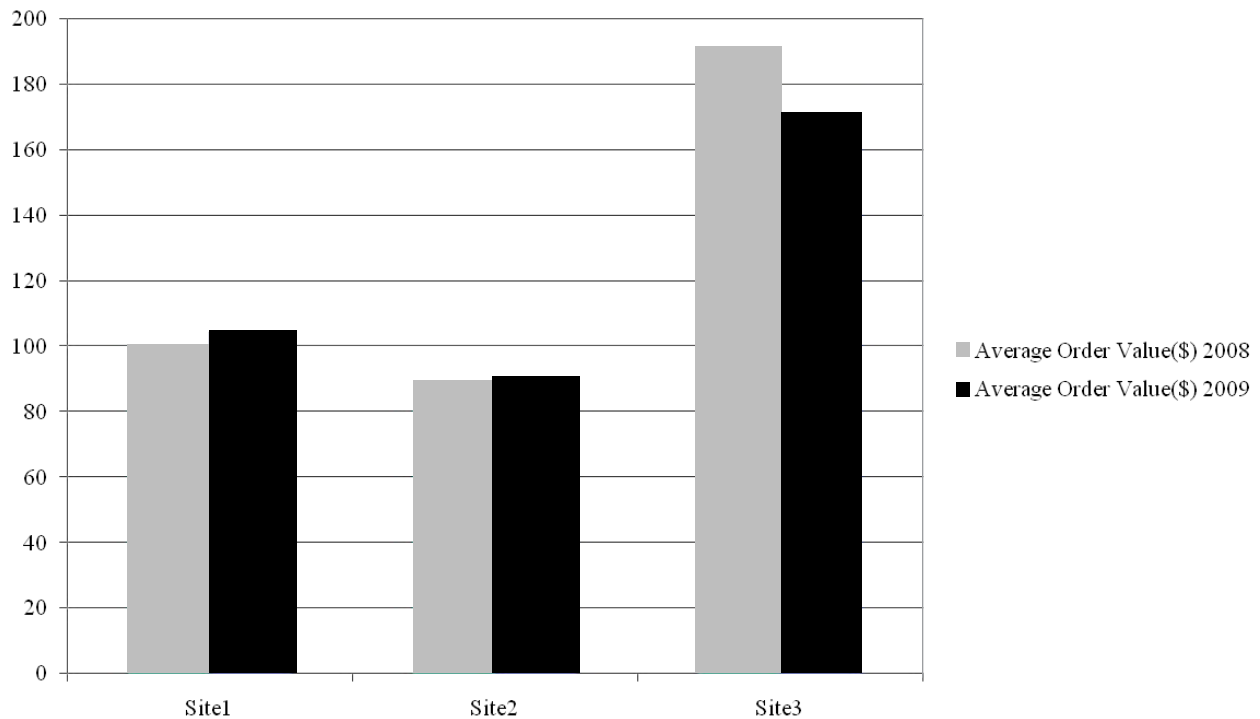
## The average keyword cost per click was actually lower this year!



This was most likely owing to --

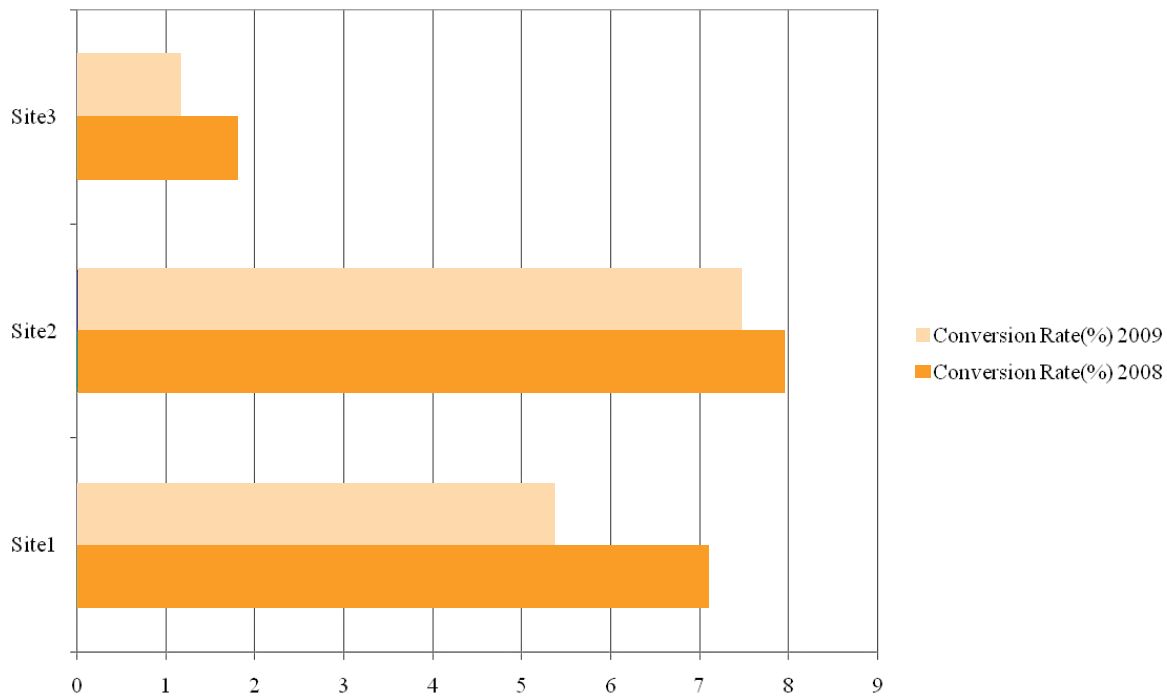
- a) lesser number of competitors bidding on most keywords
- b) our team's ability to create an optimal keyword portfolio

## The average order size for a customer acquired through paid search was higher this year compared to 2008.



Though the average number of orders was marginally lower compared to last year, the average order value was higher. The average order value went up in the last 5 days before Valentine's Day.

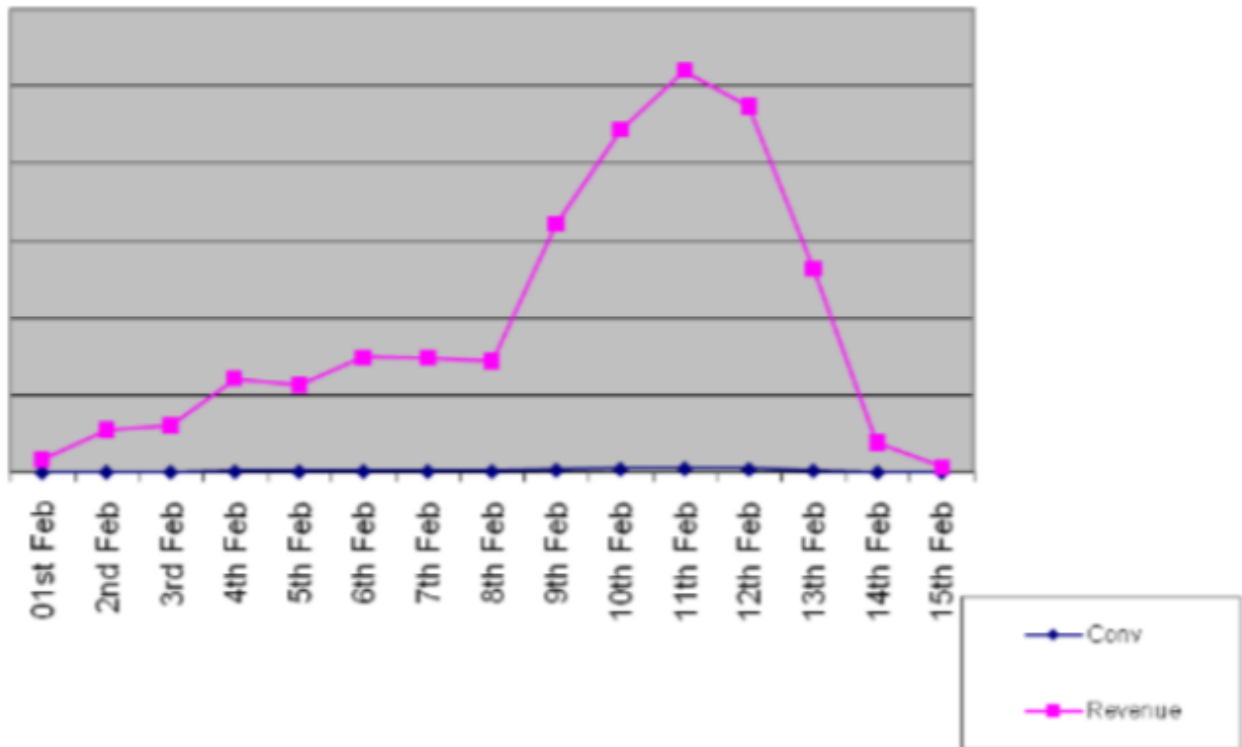
## The click to sales conversion rates were lower this year.



First time conversions were lower this year.

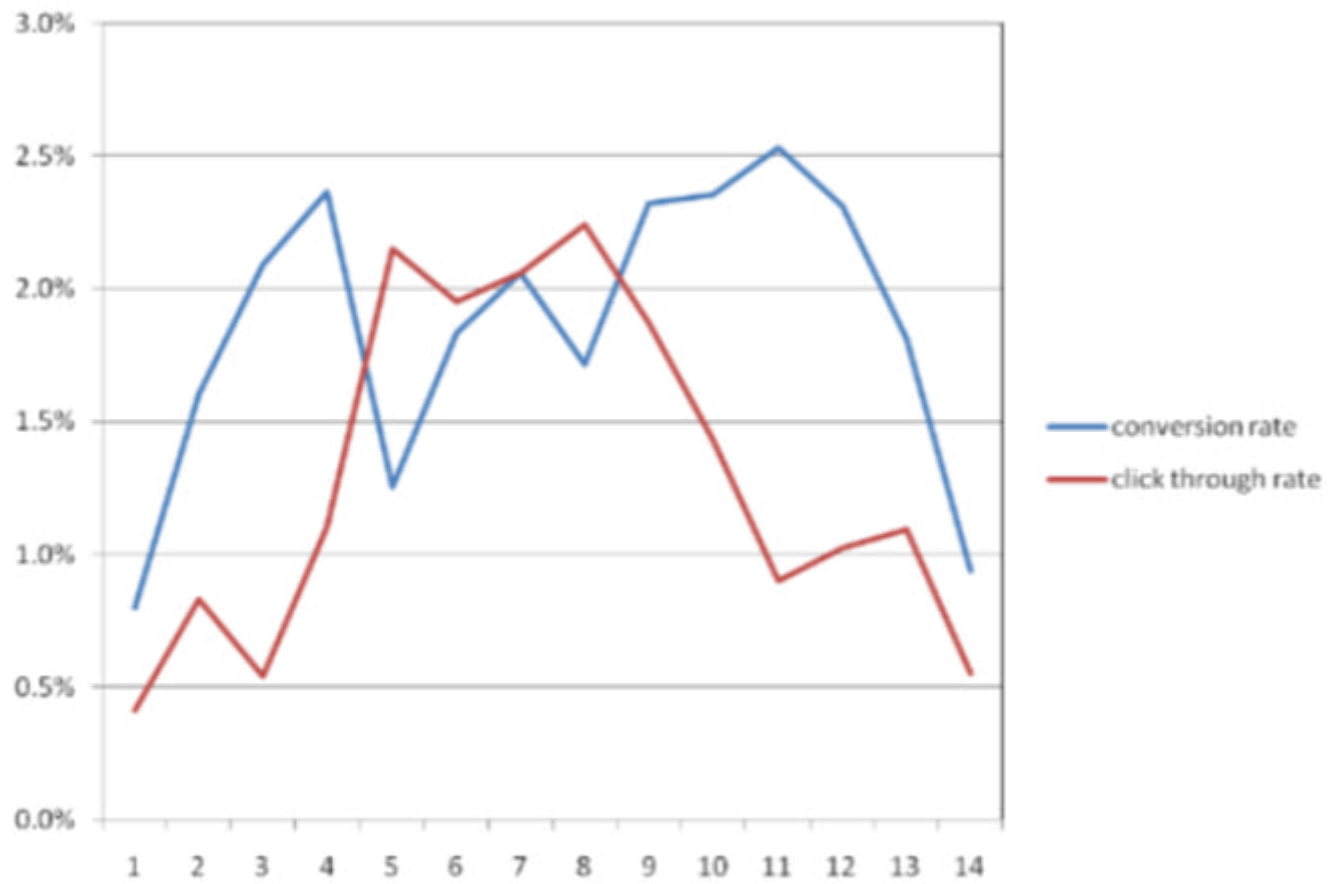
People were searching more before opening their wallets. This behavior is consistent with the trends we observed during holiday season.

## 5 days in February accounted for 72% of Valentine's Day sales.



The last 5 days before Valentine's Day (9th-13th Feb) accounted for **72% of sales** this year versus **69%** in 2008.

## Conversion Rate Follows Click Through Rate



Purchases are preceded by search. Valuable insights can be derived by mapping the visitor engagement cycle.

## Key Conclusions

- Paid Search Advertising is still the most profitable, measurable, and reliable online customer acquisition source.
- Economic pressures have led to a reduction in number of search advertisers. This may be a reason for lower cost per click this year compared to 2008.
- Brand name companies (all three firms in this research are leading brands) are pulling ahead, as online buyers give preference to security over experimentation with lesser known companies.
- 9th - 13th February was the key sales period for Valentine's Day. This year, a larger percentage of online buyers (72% compared to 69% in 2008) waited until the last 5 days before the holiday to make a purchase.
- Number of searches conducted prior to making a purchase has increased. An ability to map the pre-purchase search process and link it with appropriate keywords can yield significant gains for retailers.
- Retailers should consider multiple metrics for measuring their campaign performance rather than a myopic one key metric focus.

## About NetElixir

NetElixir offers online advertisers and agencies powerful search engine marketing technology and service solutions. We recently launched LXR Retail ([www.LXRRetail.com](http://www.LXRRetail.com)) in the US, a premier SEM technology built exclusively for online retailers. LXR Retail effectively addresses the retail search advertiser's needs for greater campaign management efficiency, consistent campaign performance, and flexible reporting.

Our services have helped sophisticated retail search marketers like Omaha Steaks, Vermont Teddy Bear, Oneida, and K-Swiss run consistently profitable paid search advertising campaigns.

We are headquartered in Princeton, NJ, and have global offices in Hyderabad (India), Freiburg (Germany) and Copenhagen (Denmark).



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