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DoubleClick's Touchpoints III: The Internet's Role in the Modern Purchase Process

Executive Summary

Now in its third year, the DoubleClick Touchpoints study continues to show the influence of, and reliance upon, online media in each stage of the purchasing process for consumers, from initial awareness through product selection and purchase decision.

The Internet plays a vital role in the purchase decision process for virtually all product and service categories, regardless of whether the purchase transaction happens on a website, over the telephone or in a store or other physical location. Official company websites, for example, showed up among the top-four most influential factors in eight out of 10 product/service categories as a source of "further learning" in the decision process. That was more than any other touchpoint for "further learning."

Even relative to TV and print advertising, the Internet shows great strength in influencing purchases. Asked which touchpoints most influenced their purchase decision, respondents cited websites collectively (official company sites plus third-party retailer and other sites) as more important than TV advertisements in seven out of 10 product/service categories. Web marketing programs collectively (web ads plus opt-in email programs) also outranked TV ads in three categories (Travel, Banking and Credit Cards, and Investments and Mortgages).

For more DoubleClick research, go to www.doubleclick.com/knowledge

Objectives

The DoubleClick Touchpoints study series was designed to gain a greater understanding of how consumers make buying decisions for the products and services they purchase, and how the Internet is changing that decision process. DoubleClick first executed this survey in December 2002, and the methodology has remained consistent since then. In a web-based survey recruited from the research panel of Greenfield Online, DoubleClick and ROI Research asked 2,110 U.S. adults (aged 18+) in December 2004 about their purchases over the previous six months within the following 10 categories: Automotive, Consumer Electronics, Credit Cards and Banking, Home Improvement Products, Investments and Mortgages, Movies, Personal/Home Care, Prescription Drugs, Telecom Services and Travel.

The survey focused on three distinct phases of the purchase process: Initial Awareness (“How did you first learn about the product/service...”); Information

Gathering (“How did you further learn about the product/service...”) and Purchase Decision (“Which of the following most influenced your decision...”). (Figure 1)

For each of these phases, the survey asked respondents to choose among 14 (or more, depending on the product category) marketing and information factors (aka “touchpoints”) for those that most impacted their awareness, consideration and ultimate purchase decision.

Additionally, the consumers were asked to evaluate all of the touchpoints relative to each other for their overall impact on the ultimate purchase decision. (For more details on the study structure, refer to the “Methodology” section at the end of this paper.)

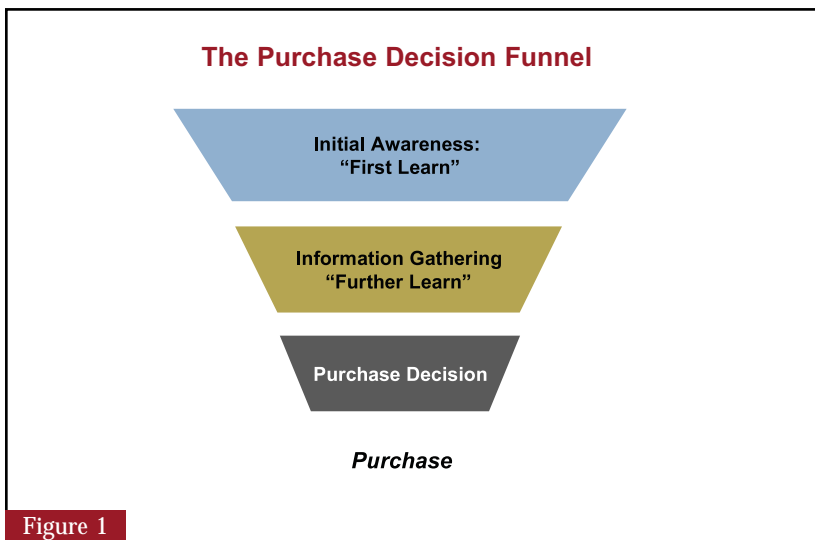
Key Findings

Role of Media in the Purchase Process

Official Company Websites Are Top Stop for “Further Learning”

Although company websites are not often cited as sources of initial awareness (with the exception of the Travel and Credit Card/Banking categories), the websites of manufacturers and service providers are a critical resource when it comes to consumers seeking to learn more about products they have heard about.

In eight out of 10 product/service categories, respondents cited official company websites (those of the manufacturer or primary service provider) as among the top-four most frequently cited resources for “further learning” toward an eventual purchase.



That was the most-cited touchpoint for “further learning” on that shortlist of top-four factors, beating out “salesperson” and “search engines” for trusted informational resources.

As to how consumers find the official company websites, in all but one category the answer was search engines, typically by a factor of 2:1 compared to the second most popular choice, “guessed the URL.”

The one category exception was Movies, where TV ads were cited by a slightly higher margin than search engines as how customers found the official movie website.

Compared to Television and Print Advertising, Websites and Online Marketing Programs Are Strong Purchase Influencers

Compared to TV and print advertising, web marketing programs demonstrate considerable influence on consumers' buying decisions, particularly in certain categories, namely Travel, Automotive, Telecom, Credit Cards and Banking, and Investments and Mortgages.

Asked which touchpoints most influenced their purchase decision, respondents cited websites collectively (official company sites plus third-party retailer and other sites) as more important than TV advertisements in seven out of 10 product/service categories. In the case of Travel, 46% of respondents cited websites as the greatest influence in their purchase decision, as did 27% of Auto buyers, 22% of Telecom buyers and 21% of Credit Cards/Banking Account openers. (Figure 2)

Web marketing programs collectively (web ads plus opt-in email programs) outranked TV ads in three categories (Travel, Banking and Credit Cards, and Investments and Mortgages). For buyers of Telecom products, TV and online marketing programs were tied with the same proportion of 3% of respondents citing those two factors as most influencing their purchase decision. (Figure 3)

Television, meanwhile, showed its biggest impact on Movies: 26% of movie-goers

Credit Card and Banking Account Buyers Cite Official Company Website as Top Choice for Further Learning

“How did you further learn about the product/service that you purchased?”

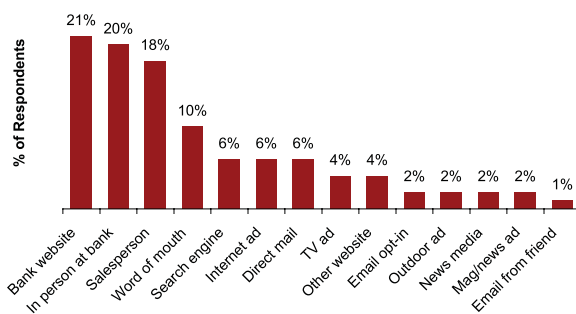
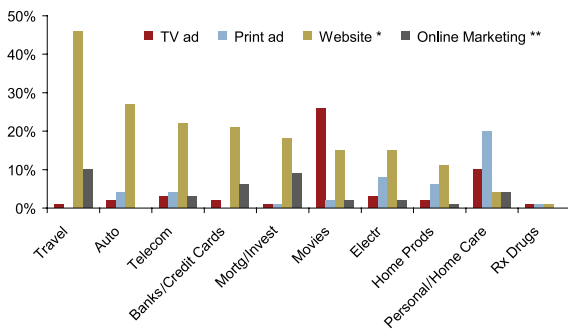


Figure 2

Source: DoubleClick Touchpoints III consumer survey, 2005; Sample size = 200; Base = Opened bank or credit card accounts in past six months

Internet Marketing Vehicles Strongly Influence Buying Compared to TV and Print Ads

“Which of the following most influenced your decision to purchase this product/service?”



* “Website” includes both official company websites and third-party websites
 ** “Online Marketing” includes web advertisements and email programs

Figure 3

Source: DoubleClick Touchpoints III consumer survey, 2005; Sample size = 2110; Base = All respondents

among respondents cited TV ads as the single-biggest influence on their decision to see a particular film. Buyers of Personal/Home Care Products were the next-most affected by TV, with 10% citing TV ads as the biggest influence on their purchase decision.

Print ads had their biggest impact on Personal/Home Care Buyers, 20% of whom cited those types of ads as the biggest influence factor. Consumer Electronics buyers were the segment next-most impacted by print ads, 8% of whom cited their influence as the greatest factor in their decision to buy those products; that compared, however, to 15% of those same buyers who cited websites as the most important decision factor.

As a Cumulative Media Channel, The Internet's Impact on Purchase Decisions Is Obvious

By themselves, individual Internet marketing channels such as web advertising, search engines, email programs

and even websites do outrank the importance of salespeople, word of mouth, in-store promotions and TV advertising in select product categories (notably Travel, Banking and Automotive). But when those various online channels are taken in combination, the composite Internet media outrank the importance of other marketing vehicles in almost every product category.

Nowhere is this more evident than in the Travel category. Of those who had bought a travel service in the past six months, 67% of respondents cited one or another Internet vehicle as how they first became aware of the fare or promotion (respectively, online travel websites, travel company websites, search engines, opt-in email, email from a friend, Internet ads and online bidding websites). (Figure 4)

When asked which touchpoint "most influenced" their purchase decision, 62% of Travel buyers cited one of those same Internet vehicles.

In five other categories, more than a quarter of respondents cited at least one type of Internet vehicle as the factor that "most influenced" the purchase decision: Investments and Mortgages: 34%; Automotive: 31%; Credit Cards and Banking: 29%; Telecommunications Services: 27%.

By comparison, few other categories saw such a concentration of influence. For Prescription Drugs, not surprisingly 75% of respondents cited their doctor as the greatest influence in their purchase decision. More than half (56%) of Home Improvement Products buyers, 39% of Consumer Electronics buyers, and 36% of Personal/Home Care buyers cited "saw it

Travel Buyers Cite Internet Channels by a Majority of 67% as Key to Initial Awareness of Travel Fare or Promotion

"Thinking about your most recent travel purchase, how did you first hear about the fare or promotion?"

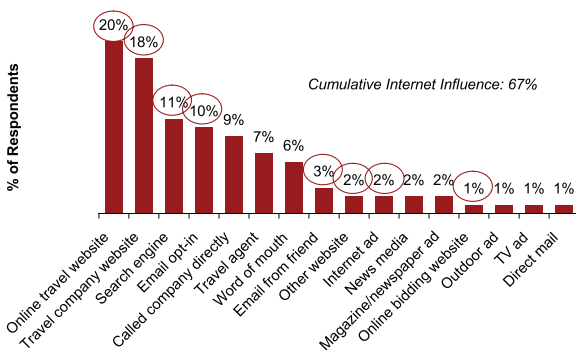


Figure 4

Source: DoubleClick Touchpoints III consumer survey, 2005; Sample size = 200; Base = Made a travel purchase in the past six months

in the store” as the greatest influence. And slightly more than a quarter (26%) of movie buyers cited TV ads having the greatest influence on their choice of films. In all other categories, the collective power of Internet vehicles had the greatest influence on purchase decisions.

Role of Other Information Channels in the Purchase Process

‘Word of Mouth’ Is the Single Greatest Form of Purchase Influence

Direct marketers who believe the only marketing program worth paying for is one that can be tracked explicitly from click to purchase should take note: according to consumers, a critical factor in their making up their minds whether or not to buy a product is what their friends say about it. This makes sense inasmuch as the recommendation of friends has a distinct benefit over even holding a product in one’s own hands, much less relying on the promises of marketers: the experience of ownership. If a friend who has owned a

product for several months endorses it, that is hard for any salesperson or TV ad to beat in terms of credibility.

“Word of mouth” was the single most important decision factor for purchasers of just one type of product, Telecommunications, but “word of mouth” appeared consistently in the shortlist of the top-four most frequently cited factors in nine out of 10 product/service categories, both in terms of initial awareness and overall decision influence. No other touchpoint factor appeared as often on the shortlist of top-four choices for awareness or overall influence as did “word of mouth.” (Figure 5)

Seeing Is Believing

After “word of mouth,” the most frequently cited influence on purchase behavior was seeing an item in a store (or an equivalent service environment, such as in a bank for bank account or a movie trailer in a theater for a film).

In eight out of 10 categories, respondents cited “saw it in the store” (or its service equivalent) among the top-four most frequently cited influences both in terms of initial awareness and overall impact on the purchase decision.

This factor was most prominent in the categories of Consumer Electronics, Home Improvement Products and Personal/Home Care Products, where “saw it in the store” was the top-ranked factor for both initial awareness of the product and ultimate purchase influence. (Figure 6)

No wonder, then, that U.S. marketers spend billions on “slotting fees” to

Telecommunications Product Buyers Cite ‘Word of Mouth’ as the Greatest Influence in Purchase Process

“Which of the following most influenced your decision to purchase this service?”

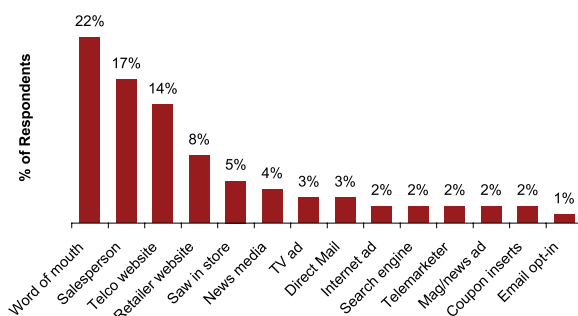


Figure 5

Source: DoubleClick Touchpoints III consumer survey, 2005; Sample size = 200; Base = Have bought a telecommunications product in past six months

guarantee premier positioning on retail shelves. Although “slotting fee” spending figures are hard to nail down, because they are typically not reported officially by either merchants or marketers, government estimates for the practice in 2003 ranged from \$9 billion to \$16 billion. That compares to \$7.3 billion for online marketing that same year (according to estimates from the Interactive Advertising Bureau), \$11.8 billion for magazines and \$15.5 billion for the four broadcast TV networks (according to estimates from Universal McCann).

consumers may have in evaluating their purchase decision. At the same time, a good corporate site cannot be an island in a marketing program. The Touchpoints research shows that consumers depend on a range of vehicles to discover those corporate websites in the first place, including search engines, opt-in email programs, web advertisements, as well as traditional marketing programs.

- Touchpoints also demonstrates that consumers recognize the power of Internet advertising. Ten percent of travel buyers cited Internet ads or email programs as the factors that had the greatest influence in their purchase decision; 9% said the same among Investment and Mortgage buyers; so did 6% of those opening new Banking or Credit Card Accounts, and even 4% of buyers of Personal/Home Care products, so-called consumer packaged goods (CPG), the bread-and-butter sector of TV advertising. In the cases of Travel, Investments and Mortgages and Credit Cards and Banking, those were larger segments of the respondents than those who cited TV ads as a major influence. It is worth noting that these same sectors – Travel, Financial Services and CPG – were also among the biggest sectors for total online advertising volume in 2004, according to online media research company Nielsen/NetRatings. Thus, it is likely that consumers in the other sectors that were less inclined to cite the influence of Internet ads did so not because Internet ads do not work as well in those sectors, but because those sectors

Personal/Home Care Product Buyers Cite ‘Saw It in the Store’ as the Greatest Influence in Purchase Process

“Which of the following most influenced your decision to purchase this product?”

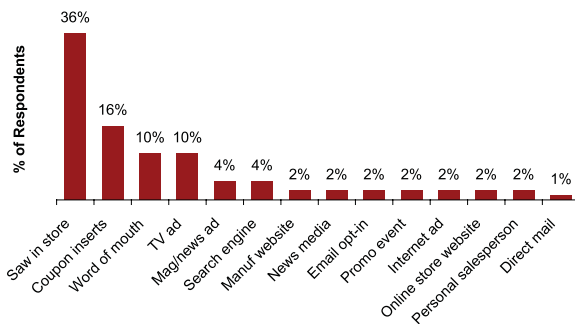


Figure 6

Source: DoubleClick Touchpoints III consumer survey, 2005; Sample size = 392; Base = Primary grocery shopper in household

Conclusions

- The Touchpoints research demonstrates that consumers take official company websites very seriously in their desire to learn more about products they are considering buying. To that end, companies should invest in making those sites as information rich as possible to anticipate all the types of questions

simply do not advertise as much online, so those consumers had less chance of being so influenced.

- Touchpoints also clearly illustrates that all of the buzz about “buzz marketing” is justified: according to consumers, they depend more often on “word of mouth” to make up their minds about buying decisions than any other touchpoint factor. There is much research (notably the ongoing “Influentials” research initiative from Roper Public Affairs, a

part of GfK NOP) that demonstrates that a small segment of the overall population disproportionately affects the attitudes and behaviors of the rest of us, with regard to purchase decisions and other actions. The challenge for marketers, therefore, is to influence those “influencers.” These hyper-influencers share certain characteristics that marketers can try to exploit, such as a much higher than average consumption of all types of media, including websites, email and weblogs.

Methodology

This third version of the study was fielded in December of 2004. ROI Research helped DoubleClick manage this research project. Survey respondents were solicited from Greenfield Online's opt-in panel of research participants, weighted to reflect norms of the U.S. population. A total of 2,110 U.S. adult (18+) Internet users completed the survey.

Two hundred respondents completed the questions for each of the product categories, with the exception of Investments/Mortgages, which 110 completed, and Personal/Home Care Products, which 392 completed.

Because Personal/Home Care products are purchased on a daily basis, respondents for these categories were screened by designating themselves as primary household grocery shoppers.

At sample sizes of 200 respondents for each vertical industry, responses should reflect those of norms for U.S. Internet users at large within a margin of error of 7% at a confidence level of 95%; for questions reporting on the complete sample of 2,110 respondents, the margin of error is 2% at a 95% confidence level.