Online for Consumer Electronics:
Online Shopping & Purchasing

Aaron Heffron
Director, Public Sector and Government

The NPD Group, Inc.
November 2011
Who is NPD?

We are a global provider of consumer and retail sales information across 14 industry sectors

- Retail Sales Tracking
- Consumer Tracking
- Topical Reports
- Targeted Consumer Surveys
- Advanced Analytics
- Nearly 3 million consumers
- Over 20 million surveys fielded each year
E-Commerce has consistently grown as a sales channel for consumers in the audio/visual technology category.

E-Commerce Share of Consumer Audio/Visual Sales

- Overall AV sales = $44B in 2010
- 440 million units

Dollars Sales  →  Unit Sales

2006  2007  2008  2009  2010  ?2011?
While not as large of percentage of total sales, e-commerce is important channel in TV sales

- $22 B in total color TV sales in 2010
- Over 40 million units sold
In Q3 of 2011 a greater % of flat panel TV purchases online were Energy Star, compared to sales from traditional Bricks and Mortar stores.

Source: The NPD Group/Market Tracking Service
Overall Energy Star sales through Bricks and Mortar are declining since late 2009.

% Share of Flat Panel/LCD/Plasma Sales that are Energy Star

- Bricks and Mortar
- E-Commerce
Strong regional patterns in Energy Star 5.3 adoption

Energy Star 5.3 Unit Share of Flat Panel TV by Designated Market Area (DMA) - Q3 2011

Source: The NPD Group/Market Tracking Service
If a growing portion of all sales of consumer electronics, like TVs, occur online, it will be increasingly necessary to have a strong presence online.

This doesn’t mean just advertising.

Displays and positioning on e-commerce sites, review sites and shopping portals will play an important role in both the online purchase AND the in-store purchase.

You must be present for the pre-purchase research.
Consumers in the market for CE products are significantly more likely to consult a website than a retail store for necessary product review and background information.

### Sources Consulted for CE Product Information

<table>
<thead>
<tr>
<th>Source</th>
<th>Ever consult</th>
<th>Typically consult first</th>
</tr>
</thead>
<tbody>
<tr>
<td>Go to website (NET)</td>
<td>81%</td>
<td>63%</td>
</tr>
<tr>
<td>Internet search engine</td>
<td>53%</td>
<td>20%</td>
</tr>
<tr>
<td>Retail website to browse products/read information</td>
<td>47%</td>
<td>10%</td>
</tr>
<tr>
<td>Online-only store to browse products/read information</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Online-only store to read customer reviews</td>
<td>44%</td>
<td>8%</td>
</tr>
<tr>
<td>MFTR's website to browse products/read information</td>
<td>42%</td>
<td>7%</td>
</tr>
<tr>
<td>Retail website to read customer reviews</td>
<td>37%</td>
<td>4%</td>
</tr>
<tr>
<td>Expert review website</td>
<td>31%</td>
<td>6%</td>
</tr>
<tr>
<td>Go to retail store (NET)</td>
<td>61%</td>
<td>18%</td>
</tr>
<tr>
<td>Browse products on my own</td>
<td>52%</td>
<td>12%</td>
</tr>
<tr>
<td>Ask questions to sales associates</td>
<td>38%</td>
<td>6%</td>
</tr>
<tr>
<td>Ask questions to friends/family</td>
<td>48%</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>55%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Base = US Rep consumers 18+ (n=1326)

Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011
Overall, approximately four-in-five consumers have shopped for or researched CE online.
Approximately half of the US consumers surveyed have ever purchased a CE product online.

Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011
Computers are the CE product most likely to be research/edshopped online, followed by digital cameras, tablets and televisions.

**Likelihood of Research/Shopping CE Online**
*Top 2 Box = Extremely/Very Likely*

- **Computer**: 66%
- **Digital camera**: 57%
- **Tablet computer**: 56%
- **Television**: 56%
- **eReader**: 52%
- **Smartphone/mobile phone**: 52%
- **Computer software**: 51%
- **GPS/portable navigation device**: 50%
- **Printers**: 50%
- **Apple iPod/any MP3 player**: 49%
- **Camcorder**: 49%
- **Home audio products**: 48%
- **Blu-ray player**: 47%
- **DVD player**: 44%

_base: Ever shopped CE online (n=1079)_

source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011
Computers and software are the items consumers say they would be most likely to purchase online if they were in the market.

Q5. Now, how likely would you be to actually purchase these products on the Internet if you were in the market for each of these devices below?

**Likelihood of Purchasing CE Online**
*Top 2 Box = Extremely/Very Likely*

- Computer software: 34%
- Computer: 34%
- eReader: 32%
- Digital camera: 30%
- Computer accessories/peripherals: 30%
- DVD/Blu-ray movies: 30%
- Tablet computer: 29%
- Apple iPod/any MP3 player: 29%
- GPS/portable navigation device: 27%
- Printing consumables: 26%
- Storage media: 24%
- Printers: 24%
- Smartphone/mobile phone: 23%
- DVD player: 23%
- Television/home theater cables/accessories: 22%
- Camcorder: 21%
- Gaming console/handheld gaming device: 21%
- Blu-ray player: 21%
- Home audio products: 20%
- Television: 19%

Base: Ever shopped CE online (n=1079)

Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011

**Televisions, despite ranking among the top 3 items consumers would shop for online, rank last in the number of consumers who say they would purchase online.**
19% of respondents who have ever shopped CE products online have utilized a smartphone when in the store to do so.

**Smartphone Usage When Shopping CE Products**

- Any in-store smartphone shopping (NET): 19%
- While in a store shopping for consumer electronics, used a smartphone to research/shop online Websites of other stores: 14%
- While in a store shopping for consumer electronics, used a smartphone to research/shop the online Website of that store: 10%
- Utilized mobile phone applications such as Red Laser or Google Shopper to scan product barcodes in-store to research or compare prices online: 6%
- Purchased electronics products on my phone while in a store: 4%

**Base:** Ever shopped CE products online (n=1079)

Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011
Online-only retailers are more successful than retailer websites and manufacturer websites at converting CE product shoppers/researchers into purchasers.

**Shopping/Researching to Purchasing Conversion**

- Any online-only retailer website (NET): 61%
- Any retailer website (NET): 51%
- Any manufacturer website (NET): 44%

*Base: Ever shopped CE products online (n=1079), Ever purchased CE online (n=655)*

*Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011*
Lower prices are the leading driver for bringing in-store CE shoppers to ultimately make their purchase online.

Reason for Shopping In-Store but Purchasing Online – by Gender

- **Prices were lower on the Internet**: Total 83%, Male 51%, Female 63%
- **I like to see products in person prior to deciding what item/model to purchase**: Total 57%, Male 46%, Female 51%
- **I couldn't find the specific product I wanted in the store**: Total 46%, Male 45%, Female 46%
- **I can choose from a larger selection on the Internet**: Total 41%, Male 43%, Female 45%
- **I used promotions/coupons/discounts for "online only" purchases**: Total 42%, Male 37%, Female 42%
- **I was dissatisfied with the in-store selections where I shopped**: Total 33%, Male 31%, Female 33%
- **I received poor customer service while in-store**: Total 25%, Male 20%, Female 28%
- **I have the ability to easily ship/send an item as a gift**: Total 19%, Male 17%, Female 20%

**Other**: Total 1%, Male 2%, Female 1%

*Base: Shopped in-store/purchased online (n = 336), Male (n=178), Female (n=158)*

*Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011*
The window to close an online sale of a CE product averages nearly 11 days. Males push the “order button” a day earlier than females on average.

**Time Lapse Between Research and Ultimate Purchase**

<table>
<thead>
<tr>
<th>Mean</th>
<th>Total Gender</th>
<th>18-34 Age</th>
<th>45-54 Age</th>
<th>55+ Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.5</td>
<td>Male</td>
<td>Female</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>9.9</td>
<td>Male</td>
<td>Female</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>11.2</td>
<td>Male</td>
<td>Female</td>
<td>23%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>29%</td>
<td>31%</td>
</tr>
<tr>
<td>10.9</td>
<td>Male</td>
<td>Female</td>
<td>29%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>11.4</td>
<td>Male</td>
<td>Female</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>9</td>
<td>Male</td>
<td>Female</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Don’t know/not sure
- More than one month
- 3-4 weeks
- 1-2 weeks
- More than one day but less than one week
- Within the same day

Base: P12M CE purchaser (n = 473), Male (n=252), Female (n=220), 18-34 (n=143), 35-54 (n=182), 55+ (n=147), $<45K (n=145), $45K-$74.9K (n=114), $75K+ (n=214)

Source: The NPD Group / e-Commerce and Consumer Electronics: Online Shopping & Purchasing, June 2011
What does this mean for Energy Star and Consumer Electronics?

• Don’t stop In store/On Product placement of logo and information.

• Messaging needs to communicate the $. Make it part of the economics of the purchase.

• Provide online retailers the materials to connect their online product listings to Energy Star information.

• Continue efforts for greater online presence and reviews.
Contact Information:

Name: Aaron J. Heffron
Phone: 703-376-6287
Email: aaron.heffron@npd.com