Consumer Electronics: The Leap Year in Online Shopping.
Nearly 200,000 tech enthusiasts flooded the Las Vegas convention halls at this year’s Consumer Electronics Show to gape at driverless cars, phones, high def TVs, refrigerators with internet connectivity, drones and virtual reality goggles.

There is something new in 2016: truly innovative products are more affordable and more widely distributed by a variety of manufacturers. This indeed will be the “Leap” year in which products that were considered sci-fi two years ago will become mainstream. Ecommerce will be the way that an increasing percent of goods like these will sold.
Key Findings

17 **Products**: The number of product detail pages Video Gaming buyers look at before purchase

27% of **Shoppers**: Add more CE items to their cart they hadn’t planned on buying

72% of **Shoppers**: Say ratings and reviews motivate them to click the buy button

4x **Increase**: The highest increase over the norm for conversion: Black Friday Week
Category Trends.
CE: The Most Digital of All Categories

Online shopping and Consumer Electronics are so intertwined that it's impossible to separate the two. So many products facilitate online commerce and in turn, online commerce is fueling the growth of the category. The US Census Bureau announced that second quarter 2016 ecommerce increased 15.8% YOY, while overall growth was just 2%.

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Millennials will invest in VR. The AR phenomenon of Pokémon Go primed the potential audience for these. They bring the gaming experience into new dimensions of interactivity.

Grandma will upgrade to an iPhone 7 with Bluetooth ear buds as her iPhone 5s needs an upgrade.

Teens and Millennials will get their first drone for the holidays with some models costing below $100 and even dedicated retailers.

With the broadening of content shot in 4K and the price dropping well below $1000, it makes sense for people to invest in that 54” ultra high-def TV before the Super Bowl.

Desktops are history and notebooks old news, but combo tablets like the Microsoft Surface will likely be even bigger hits this holiday than they were last.

Smart watches and fitness trackers are now so affordable and ubiquitous they may become stocking stuffers.
It’s only a matter of time before product ordering via voice becomes common and further pushes the shift to online product sales. All of this adds up to double digit growth in the CE category.

When you also consider emerging CE trends like voice activation and AI plus IoT, it adds up to extraordinary potential consumer spending. Already, 5% of Amazon Prime subscribers own Echos and are talking to Alexa while Google attempts to get into the game with Google Home this season. It’s only a matter of time before product ordering via voice becomes common and further pushes the shift to online product sales.

Just wait till Q4. eMarketer believes that overall sales will increase 17% this season over last.”
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Shopping Behaviors.
Consumer Electronics may have the most distinct shopping behavior in ecommerce.

With high relative price points and many product details, CE is the most-researched product category. Twenty-seven percent of shoppers say that they spend from two weeks to six months thinking about the purchase (compared to 18% for the average product) before they even go online. When you compare the category as a whole to other types of products, Electronics takes more days from first browse to purchase and in that time more products are looked at than in any other category.

Overall, an average of 14 product detail pages are viewed in the shopping process for an Electronics product. By subcategory, more product detail pages are looked at in Video Gaming and Mobile Phones than other categories. This likely reflects both the competition in the category and the amount of detail consumers are likely to want. Tablets and Audio equipment are the next most-researched purchases.

Likely reflecting the longer-term investment some of these products require, Video Gaming has the longest purchase cycle (54% longer than the category average) while the purchase cycles of Mobile Phones and Tablets are 37% and 31% longer than average, respectively.

1 Criteo Exchange Data: 7/18 – 8/18/2016
What do consumers say influences conversion in Electronics?

The Criteo Online Shopper Survey delved into consumer attitudes on the subject. The hurdle of actual touching the CE product before it is invested in has become less relevant to the majority of consumers: two years ago 52% said they did not make a specific CE product purchase online because they couldn’t touch and feel it. Now that number has dropped to 44%. What motivates consumers to go from browse to buy?

**Product description is key.** 30% of shoppers browsed another site due to the inadequate product description — 10 points over the average. Sixty-six percent of online shoppers say product description is a top three factor that drove the actual purchase as compared to 57% on average.

**Ratings and reviews have outsized impact.** 72% rated this as very important for making the purchase as compared to the average of 55% of online shoppers.

**Video is important.** 18% rated it very important versus 14% on average. Consumers want to see Consumer Electronics in action.
Top Terms by Sub-Category.
What are They Searching For?

When you look at the list of the top 25 terms searched within CE, they reflect a mix of old and new technologies. With innovations like 4K getting so affordable, consumers are in the middle of a big upgrade cycle and “TV” is the top searched for term. It surpasses the number of searches for the top two and three terms (“Laptops” and “Tablets”), combined. “Desktop,” which typically made the top list up to a year ago, has become a more niche product driven by gaming enthusiasts.

Coming in at number four is “Phone/Smartphone.” But with only a quarter the number of searches as TV, this could reflect the lack of new products introduced over the summer: Apple and Google waited until September and October to launch new handsets.

Branded terms that resonate among consumers that make the list include: the “PS4,” the “iPhone,” “Roku,” “Macbook,” “Wii,” “Chromebook” and new to the list: “Beats.” “Headphones” have clearly become a highly sought after product. The term comes in at number six overall. The whole US does not have a wireless subscription as evidenced by “TracPhone,” the pre-paid wireless option, at number 19.

Plenty of technology dated back to the 19th century shows endurance: “cameras” (#9) and “radios” (#20) make the list. Seems that smartphones, despite their Swiss Army Knife quality have not killed off these products, or even GPS Devices (#17). Despite the push to touchscreens, the “mouse” is still hot even 46 years after its invention, as are DVD players (#13) and “printers” (#5).”

A portent of the season to come, “drone” lands on the list at number 25. Expect Drones to get hotter as the holidays near.
Lessons from Holiday 2015.
Since Q4 is the biggest season for Consumer Electronics sales, it’s important to look at the behaviors gleaned from Criteo’s online purchase data in 2015. It shows that ecommerce sales are not entirely focused around Black Friday and Cyber Monday, though the week of Black Friday is the most trafficked period. Indeed, shoppers start early in this category and continue to purchase through December: the traffic index is above the October baseline from the beginning of November through the end of December.

But in this category, Black Friday and Cyber Monday deals are particularly important: Conversions are more than four times the baseline during the week of Black Friday. The week after Thanksgiving with Cyber Monday leading into it is about two and a half times higher than the October norm.

Average cart value and the number of items per cart actually peak the first week in November: Consumers are likely locking in hot items to ensure availability. Cart size goes back up after Christmas: consumers may be using gift cards and are more impulsive to splurge on things they didn’t get under the tree.
Looking Ahead at Holiday 2016

Online shoppers seem confident that that the season will be merry for those they plan to gift. Eighty-eight percent say they will spend the same or more. Where will they spend it? They project that Electronics is the category they will increase spend on while other categories will stay the same or decline very slightly. Electronics is now 2 points shy of the perennial favorite gift: Clothing & Accessories for the percent of those who plan to purchase online (34%).

"This Holiday Season, I Plan to Spend..."

- 62% "About the same as last year"
- 26% "More"
- 8% "Less"
- 4% "Unsure"

Source: Criteo Online Shopping Survey, 2016
Conclusions.
Electronics is a fully mature category within ecommerce, but due to increasing product innovation and affordability, one that offers extraordinary opportunity for marketers.

Each season consumers make the leap to buy new CE products and competition in key categories like TVs and Tablets is fierce. But with lots of time spent on product research, there is plenty of room for brands to support ecommerce sales. Criteo Sponsored Products can help brands drive consideration along that involved path to purchase. Since we know consumers often use shopping carts as product “holders,” retargeting is an especially effective marketing tactic.

Make sure the campaign extends through the full length of the purchase cycle. Consumers spend considerable amounts of time on the highest price point items. Make sure you are in market to sway them throughout their online journey.

Create the online version of in-store display. Visibility on the site is crucial. Criteo Sponsored Products can increase it.

Put native ads to work on mobile. Consumers are increasingly researching on mobile. Native in-stream is the proven format in mobile and Criteo Sponsored products are relevant to the shopper and the products shopped.

Improve the shopper search. For sub-categories with lower conversion efficiency, retailers should find ways to simplify the searching process, via better navigation and information. Criteo Sponsored Products have the added impact of helping to boost rankings in organic shopper searches.
About Criteo

Criteo (NASDAQ: CRTO) delivers personalized performance marketing at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has 2,000 employees in 31 offices across the Americas, Europe and Asia-Pacific, serving 12,000 advertisers worldwide with direct relationships with 17,000 publishers.

Criteo ads reach over 1.2 billion unique Internet users (comScore, January 2016).

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