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U.S. Retailers Increase Paid Search Spend, Adjust Strategies Amidst Challenging Holiday Season

SearchIgnite issues Q4 report evaluating retail search marketing landscape

ATLANTA, GA – January 7, 2009 – Multi-channel retailers increased their U.S. paid search spend in Q4 08 by 12% compared with Q4 07. In addition, consumers continued to convert online at a steady rate, although they spent 10% less on average per transaction compared with the year prior. The findings come from a report released today by SearchIgnite, a leading provider of search and performance media optimization technology managing more than \$350 million in paid search annually.

While paid search spend by retailers is up on average for all of Q4, a closer look at intra-quarter trends shows marked differences in retailers' allocation of spend throughout the quarter as compared with 2007. Retailers increased their paid search spend by 15% in October and 43% in November compared with the same months in 2007. However, this growth was reversed in December when retailers reduced their search spend by 14% from December 2007.

Consumers also exhibited different spending behavior during Q4 as compared with a year earlier. Online transactions (i.e. "Conversion Rate") increased by 11% in October compared with October 2007. But, despite heavy promotions by retailers around Black Friday/Cyber Monday, Conversion Rates declined slightly in November (-2%) before increasing again in December (4%).

"Retailers were more aggressive with their paid search spend in the first half of the quarter compared with the year earlier in an effort to capture more consumer dollars ahead of the holidays." said Roger Barnette, President of SearchIgnite. "This is evidence that the challenging and changing economic environment is requiring retail marketers to adjust their online marketing strategies accordingly. As such, tools for testing and understanding how both search and other online media are performing together will become increasingly important for retailers as they look to make more nimble, data-driven decisions about where to allocate their media spend."

This report is the latest in a series of SearchIgnite white papers reviewing trends across the search landscape. Previous SearchIgnite reports can be found at: http://www.searchignite.com/about_research.aspx.

About SearchIgnite

SearchIgnite is a leading provider of paid search and performance media optimization solutions that enable large, sophisticated marketers to achieve their online goals faster and smarter. The company's media platform gives advertisers an advanced suite of tools to manage, optimize and report on their paid search campaigns in one central dashboard. In addition to saving time and achieving their paid search goals, marketers who use SearchIgnite have the ability to gather insights into the relationship between media channels, enabling them to spend smarter. Some of the world's leading brands and advertising agencies depend on SearchIgnite technology to power their online marketing campaigns.