

Shopatron

**2011 Shopatron Retailer
eCommerce Study**



Executive Summary

In May of 2011 we completed our second survey of retailers participating in Shopatron's retail-integrated eCommerce solution. More than 4,000 of our most active retailers were queried.

The goal of the survey was to determine the effectiveness of retail-integrated eCommerce in helping both brands and their retail partners increase sales. Overall, the survey results indicate Shopatron is a key contributor to retailer growth and success, and also influences product buying decisions.

Key findings include:

- ▶ **Sales are on the rise in 2011 for Shopatron retailers.** 28% report an over 10% increase in retail sales compared to the same period in 2010.
- ▶ **Retailers confirm that Shopatron is important to their business.** 75% of respondents said Shopatron has some importance, with 32% calling it "important" or "very important."
- ▶ **Retailers spend more with brands using Shopatron.** 46% of retailers said they increase purchases from brands that send them online orders through Shopatron.
- ▶ **Increased stocking means additional shelf space and more sales.** 36% of retailers indicated they sell more of a brand when they carry more stock to fulfill online sales.
- ▶ **Shopatron helps brands recruit new dealers.** 52% of Shopatron retailers place an opening order when a brand launches retail-integrated eCommerce, or monitor new brand launches to determine if they should stock the brand
- ▶ **Dealers still refuse to support brands that sell direct.** 64% of retailer respondents said they would reduce or cease buying from brands that decide to sell online direct to consumers.
- ▶ **Retailers want to stay on top of shopping trends.** About half of the retailers believe social shopping and mobile commerce are important to increasing their online sales.

Sales are on the rise for Shopatron retailers.

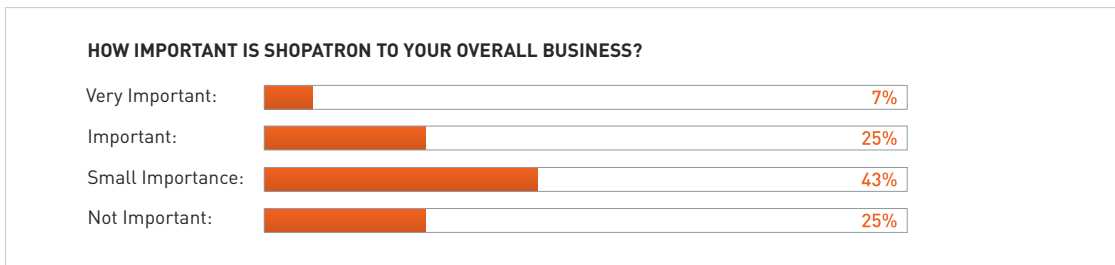
The recession is slowly easing up, and people are spending more in stores and online. 28% of Shopatron retailers surveyed report an over 10% increase in retail sales compared to the same period 2010. 23% saw a similar increase in online sales—both through Shopatron-enabled and other online sources.

BY WHAT PERCENTAGE HAVE THE FOLLOWING SALES CATEGORIES INCREASED/DECREASED FOR 2011 VERSUS THE SAME PERIOD IN 2010?

	Increased over 20%	Increased 10% – 20%	Increased less than 10%	No change	Decreased
In-store sales	10%	18%	19%	43%	10%
Shopatron online sales	11%	12%	20%	42%	15%
Other online sales	12%	11%	12%	59%	6%

Retail-integrated eCommerce is important to participating retailers.

To gain some insight into the broader benefits of participating in Shopatron, we asked retailers how important Shopatron retail-integrated eCommerce is to their overall business. 75% of respondents say Shopatron has some importance to their overall business, with 32% saying it is “Important” or “Very Important.”

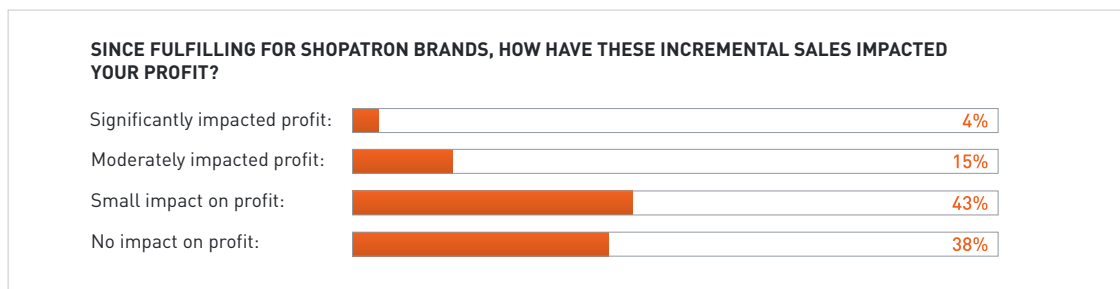


A manufacturer who launches Shopatron and successfully engages just 500 retailers will have done something to help about 375 of those retailers.

Fulfilling Shopatron orders positively affects retailer profits.

For participating retailers, Shopatron is an additional source of revenue. By fulfilling orders taken on manufacturer websites, retailers increase top line sales above what sales would have been without Shopatron.

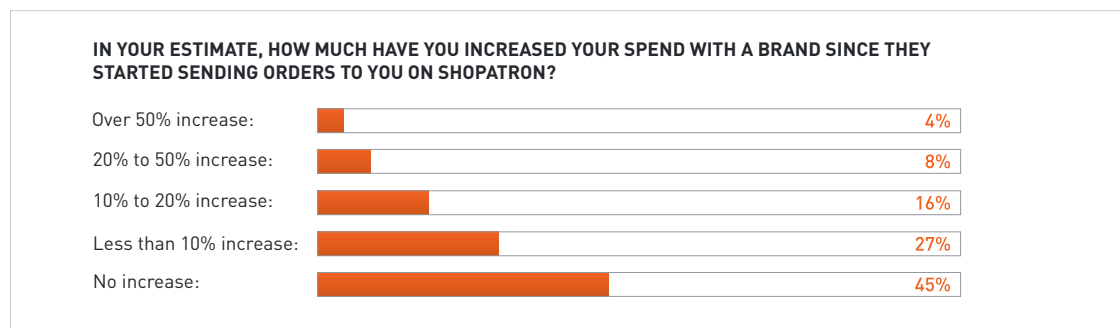
An impressive 62% of retailers say incremental sales from Shopatron impact their profits. While Shopatron is not a primary source of revenue for most participating retailers, the fact remains that these additional sales are being handed to them for products they already stock, requiring minimal added effort for this additional revenue.



Retailers spend more with brands using Shopatron.

When brands funnel online sales to their dealers through retail-integrated eCommerce, retailers are motivated to stock more of that brand. Additional retailer purchases involve increased buying of popular products, which are ordered online in high volumes, plus broader stocking of a manufacturer's product range to win orders containing "niche" products.

For retailers who receive orders from brands via Shopatron, 55% of those surveyed say they have increased spend with those brands, with 28% increasing spend more than 10%.



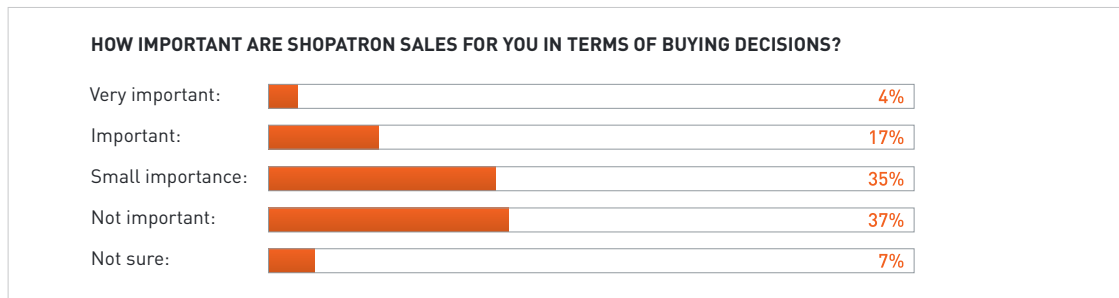
A boost of 10% or more in purchases coming from 28% of participating retailers suggests brands should put more effort into recruiting retailers as order fulfillment partners. Doing so can considerably benefit a brand's bottom line.



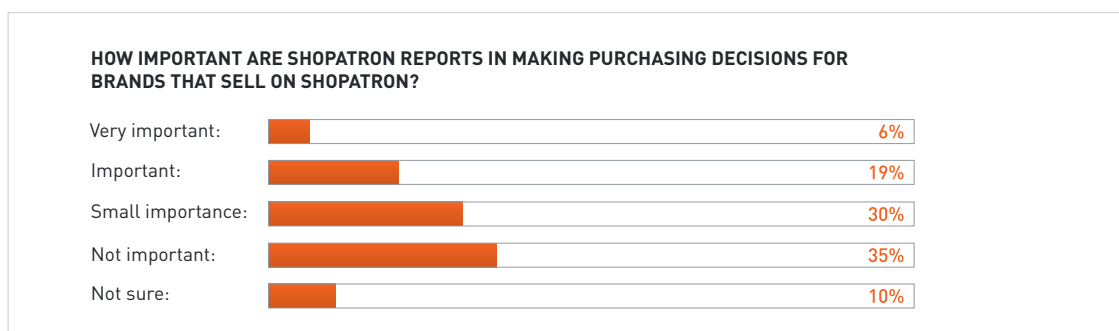
For a brand participating in Shopatron that has 500 retailers buying an average of \$20,000 per year, a sales increase of just 10% to roughly one-third of the participants would translate into \$333,000 annually.

Retailers reference Shopatron sales to make important buying decisions.

For retailers, Shopatron sales increasingly influence their buying decisions. 56% of Shopatron retailers now claim Shopatron sales are important to their buying decisions. This is up 15% from a similar retailer survey conducted in 2009.

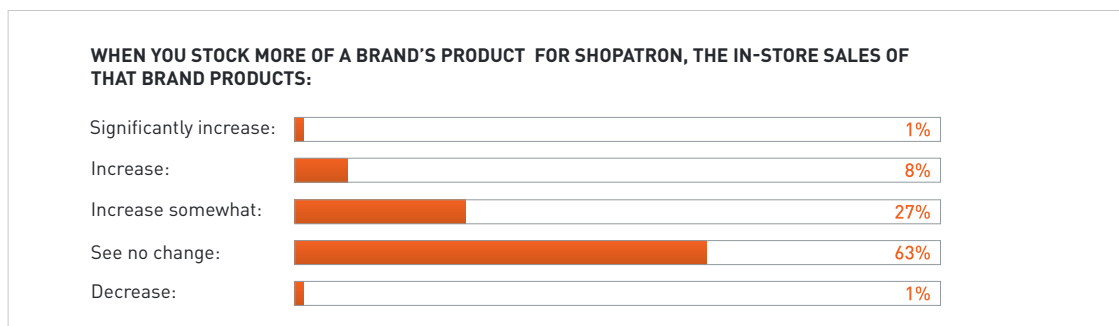


Another benefit of Shopatron, frequently noted by retailers, is that it helps them learn what is selling both locally and across the country. Information on what is selling is used by retailers to make smarter purchasing decisions, thereby reducing capital tied up in bad inventory. Over 55% of responding retailers stated that Shopatron reports had some importance in purchasing decisions, with 25% contending it was important or very important.



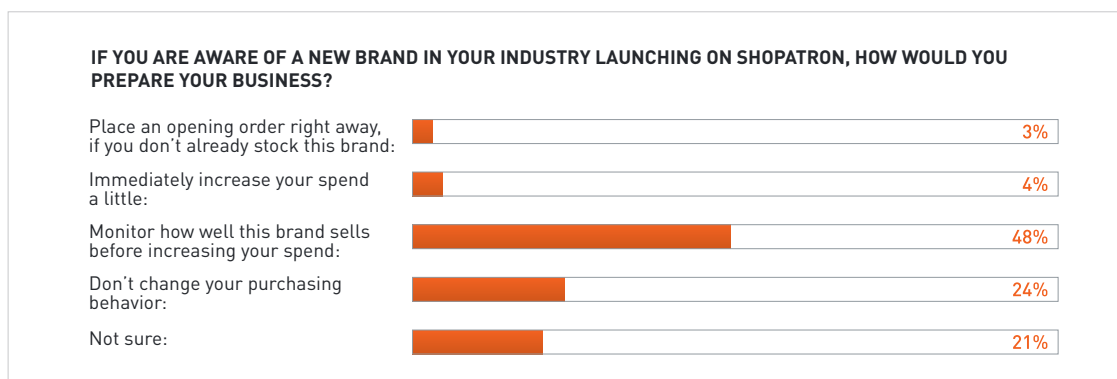
Sales over the counter increase from heavier stocking of Shopatron-enabled brands.

As a result of the above-referenced change in stocking behavior, 36% of responding retailers agreed that over-the-counter sales of Shopatron-enabled brands increased because they stock more of those brands' products to fulfill eCommerce orders.

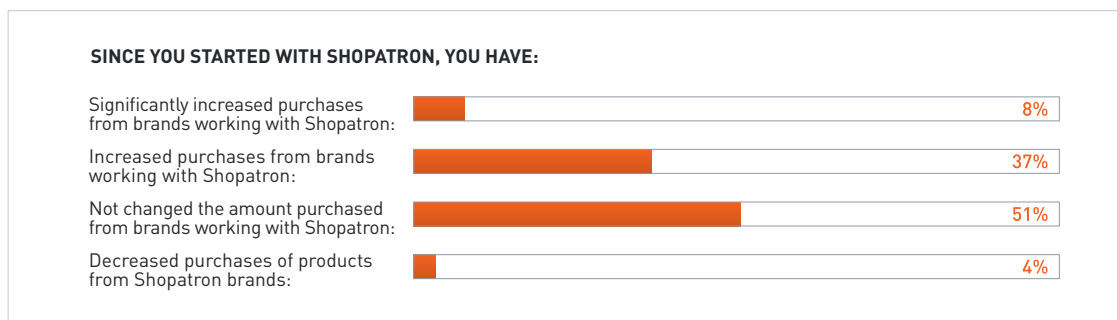


Shopatron retail-integrated eCommerce helps brands recruit new dealers.

The Shopatron system also assists brands looking to enter the market in over 35 industries, and retailer behavior confirms this. As new brands come onto the order exchange, 7% of retailers immediately increase their spend on those brands to some degree. Another 48% monitor the brands' success on Shopatron to determine if they want to make a purchase. In total, 55% of retailers said Shopatron influences their purchasing of new brands.



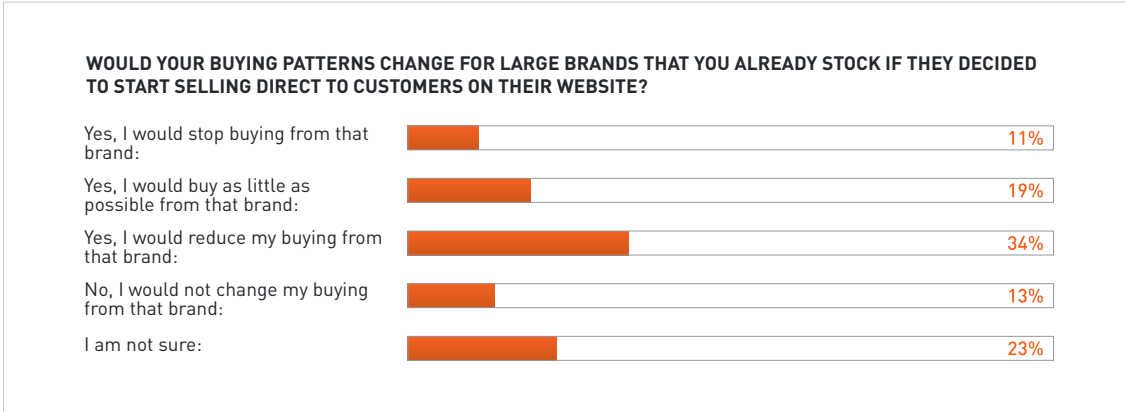
Additionally, 45% of retailer respondents have increased their purchases from brands since they started receiving orders from them via Shopatron, with over 8% "significantly" increasing purchases.



Retailers still refuse to support brands that sell direct to consumers.

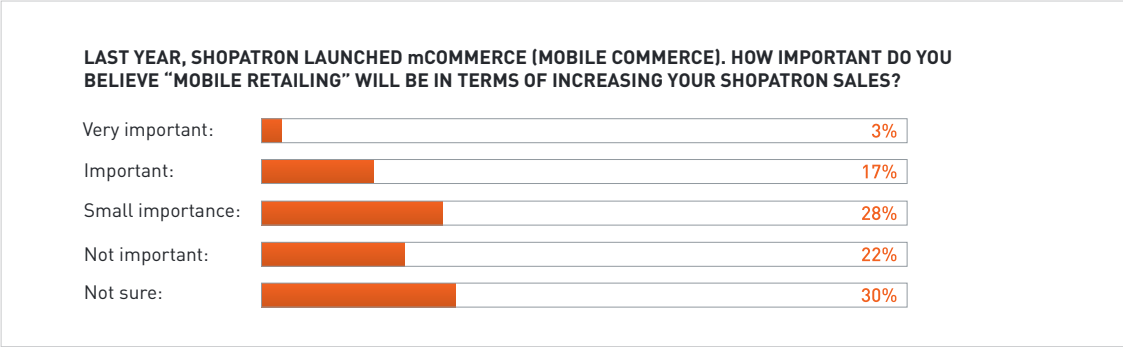
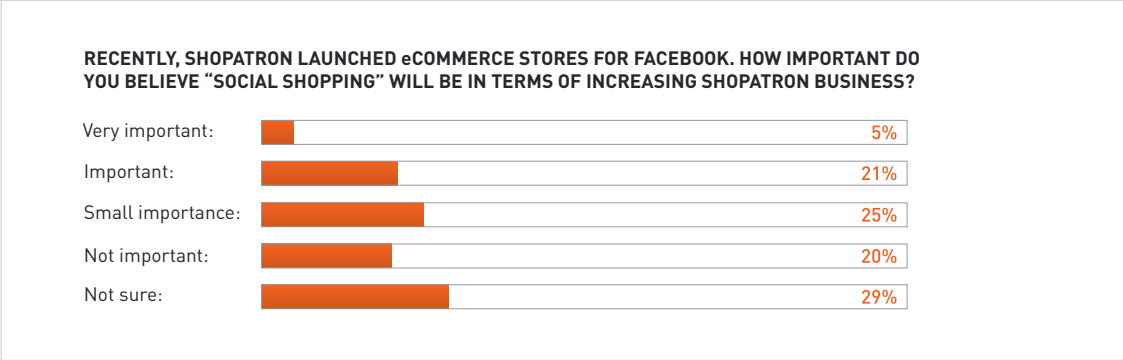
Some "industry experts" may tell you that manufacturer-direct selling is a foregone conclusion, but retailers do not agree. According to the graph below, almost two-thirds of retailers (64%) responded that they would reduce spending with those brands that sell direct to consumers. Over 10% say they would simply stop buying from any brand that competes with retailers by selling direct.

In a similar survey from 2009, 51% of retailers said they would reduce buying from brands selling direct. This 13 percentage point increase shows that as the number of brands selling direct continues to grow, retailers increasingly frown on the practice of consumer-direct selling. And those retailers will turn their backs on the brands that participate in this direct-selling. This is understandable given the way online sales carve into retail's bottom line when consumers abandon stores for online purchasing.



Retailers want to stay on top of “modern” shopping trends.

Retailers understand that buying patterns are in flux, and advances in technology continue to affect the way people shop. As a result, about 50% of retailers surveyed believe both social shopping and mobile commerce will have some importance in increasing their online sales.



Conclusion

Even as more shoppers make purchases online, traditional values in the retail industry remain strong and influence profits. Studies show that a majority of consumers still prefer to make purchases in brick-and-mortar stores. And seasoned retailers are sensitive to how manufacturers align with their best interests.

The data in this survey illustrates that retailers allocate more shelf space to manufacturers who use Shopatron—whether immediately or over time—and that this allocation results in more sales for them and for the brands that use retail-integrated eCommerce.

About Shopatron Fulfillment Partners

There are approximately 18,000 fulfillment partners registered in the Shopatron network. Participation spans over 35 industries and sub-industries, including toys, gifts, consumer electronics, sporting goods (golf, running, snowsports, etc.), automotive parts, equestrian, apparel, furniture, houseware, powersports, and more.

To get more details on industries participating in Shopatron, including brand listings, case studies, videos and sales growth numbers, you can go to: ecommerce.shopatron.com/industries.

Methodology

Over 4,000 active Shopatron retailers were invited via email to participate in the survey. 958 retailers responded and completed the survey, which was administered via Survey Methods online survey tool between April 14, 2011 and May 16, 2011. The graphs displayed in this report were taken from data reports produced by the Survey Methods system.

Any questions on this survey or regarding Shopatron's retail integrated eCommerce model can be directed to the contact information below.

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