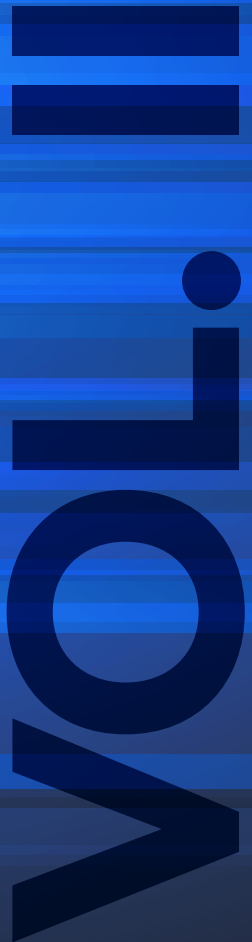


Banner Retail Index

A report on current trends in the
Retail Furniture Industry



Introduction

With economic growth sluggish at best, consumer confidence and spending has remained relatively subdued so far this year. As furniture retailers face stiff competition in attracting buyers and securing purchases, many are concerned with making the most of their marketing dollars, and rightly so.

In our experience working with furniture retailers, some of the overriding concerns in the industry have centered on how marketing efforts can be tracked and how valuable resources can be directed toward the most efficient and effective promotions. Retailers want to know about how well their own efforts are paying off, but they also want to know how they stack up next to the competition.

To provide clients with individual and industry insight to marketing activities, Banner Marketing has been tracking more than 100 retailers in the Banner Marketing Webstore Statistical Reporting Tool. Individual retailers within the index can garner important webstore-specific information, including:

- Unique visitors over a specified time frame
- Coupon requests over a specified time frame
- Top 10 offers (based on number of requests per day)
- Top 3 offers on other webstores (based on number of requests per day)
- Most popular offer categories on all webstores
- Most popular products on site in the last 30 days

The Banner Marketing Webstore Statistical Reporting Tool also provides retailers with an accurate portrayal of how their marketing efforts compare to their competitors, and this is where we'll spend our time in this updated report. For the 180 days ended June 30, 2011, we'll examine the combined performance of 109 furniture retailers in the Banner Retail Index, discussing:

- Top webstores by visits, coupon requests and conversion
- Traits of the top webstores
- Most popular offer categories
- Top 15 offers (based on number of requests per day)
- Most popular products/categories viewed on all webstores

We hope the findings in the following pages provide a fresh perspective on what is happening in the furniture retail industry today and provide some guidance in planning marketing efforts for the months to come. We're here to help, so please contact us to learn more.

– John Dresel
Banner Marketing CEO and President



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Executive Summary

The Banner Marketing Webstore Statistical Reporting Tool provides participating retailers with valuable information that helps guide marketing strategies and tactics. Available online, the reporting tool allows retailers to access data, at any time, that pertains to their individual store's performance. Each retailer can access reports for specified time periods – including 30, 60, 90, 180 and 365 days – to evaluate the effectiveness of marketing efforts online and off.

While individual store data is critical for measuring marketing program results, the Webstore Statistical Reporting Tool provides additional insights to the industry. Retailers can compare their webstore traffic rates and features, promotions, conversion rates, and even products and product categories with their competitors. By developing a better understanding of how their efforts stack up in the marketplace, retailers can refine their methods to make more effective and efficient use of their marketing dollars.

We've taken the liberty of analyzing the data for the first half of 2011 and compiling our results in this report. Key findings for the 180 day period ended June 30 include:

- The webstore with the highest traffic also had the most coupon requests: 25,511 visits and 684 coupon requests
- The webstore with the best rate for converting visits to coupon requests had only 4,284 visits but 595 coupon requests, for a conversion rate of 13.89
- The 10 webstores with the highest traffic rates incorporated nearly all of the online elements needed to attract and measure visitors, including offers, specials, videos, brands and analytics
- The most popular offer category was for offers up to 10 percent off a purchase price; it was used in 375 promotions, generated 2,337 requests and had a conversion rate of 6.232
- The most effective offer category was \$201 to \$250 off a purchase price; it was used in only three promotions, generated 80 requests and had a conversion rate of 26.6667
- Among the 15 top offers in all webstores, one-third involved \$100 off a purchase price
- Among the 50 most popular products across all webstores, the most viewed online were bedrooms, followed by living rooms and sectionals

Findings: Top Webstores

How many visits did top webstores experience in the last 180 days?

In today's digital retail environment, a website is no longer considered an extra; rather, it's a necessity. For retailers who are just now making concerted efforts to maintain and update a website – and even for those who embraced a cohesive and dynamic website long ago – the Banner Marketing Webstore Statistical Reporting Tool offers a glimpse at online traffic levels for some of the top retailers by number of visits in the 180 days as of June 30:

Top Webstores by Visits in Last 180 Days

#*	Name/URL	Visit in Last 180 Days	Coupon Requests in Last 180 Days	Conversion Rate
1	###	25511	684	2.68
2	###	21153	0	0.00
3	###	18787	560	2.98
4	###	16039	435	2.71
5	###	15754	273	1.73
6	###	15048	288	1.91
7	###	12282	175	1.42
8	###	12254	0	0.00
9	###	10183	414	4.07
10	###	9509	183	1.92

*Represents rank among 109 retailers according to visits in last 180 days.
NOTE: Names and URLs are confidential and therefore not listed.

While clients have an opportunity to view traffic levels for all 109 stores in the index, the view of the top 10 stores above provides a compelling contrast, as the top store has nearly threefold the traffic of the tenth most-visited webstore. Clients have the ability to go straight to their competitor's websites to study which elements may be driving traffic on a regular basis.

Findings: Top Webstores

How many coupon requests did top webstores experience in the last 180 days?

Many furniture retailers use special online offers, such as coupons, to attract customers to their webstores and to their brick-and-mortar locations. Coupons can require registration prior to activation, providing retailers with an opportunity to gather consumer data, and they offer a measurement of whether or not an offer is attractive and, ultimately, successful at driving sales. While for the 180 days ended June 30, many of the high-traffic retailers also experienced greater numbers of coupon requests, lower traffic retailers were able to log some compelling numbers, as well:

Top Webstores by Coupon Requests in Last 180 Days

#*	Name/URL	Visit in Last 180 Days	Coupon Requests in Last 180 Days	Conversion Rate
1	###	25511	684	2.68
2	###	21153	0	0.00
3	###	18787	560	2.98
4	###	16039	435	2.71
5	###	15754	273	1.73
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*Represents rank among 109 retailers according to visits in last 180 days.

NOTE: Names and URLs are confidential and therefore not listed.

Retailers may have less online visits for a number of reasons, including the size of their markets. To compensate for lower traffic volumes, however, such retailers may be able to capture more consumer information or more coupon requests and sales by offering deals that are very targeted to their shoppers or simply too good to pass up.

Findings: Top Webstores

What conversion rates did top webstores experience in the last 180 days?

The Banner Marketing Webstore Statistical Reporting Tool calculates the rate at which site visits result in coupon requests, called the conversion rate. A high conversion rate indicates that a high number of visitors to a webstore are requesting a coupon or online offer, while a low conversion rate indicates that few visitors are taking advantage of any online offers.

For the 180 days ended June 30, only one of the top 10 visited webstores had a conversion rate that was among the best rates at 4.07. Instead, a webstore with just 4,284 managed to garner 595 coupon requests, for a conversion rate of 13.89. Although some members of the Banner Retail Index are highly successful at generating online visits, they're not necessarily as successful as others at converting those visits to coupon requests and, ultimately, sales.

Top Webstores by Conversion in Last 180 Days

#*	Name/URL	Visit in Last 180 Days	Coupon Requests in Last 180 Days	Conversion Rate
1	###	25511	684	2.68
2	###	21153	0	0.00
3	###	18787	560	2.98
4	###	16039	435	2.71
5	###	15754	273	1.73
6	###	15048	288	1.91
7	###	12282	175	1.42
8	###	12254	0	0.00
9	###	10183	414	4.07
10	###	9509	183	1.92

*Represents rank among 109 retailers according to visits in last 180 days.
NOTE: Names and URLs are confidential and therefore not listed.

Findings: Traits of Top Webstores

What traits did top webstores exhibit in the last 180 days?

The Banner Marketing Webstore Statistical Reporting Tool tracks the online features of each participating webstore, providing users with a glimpse at how robust webstores are becoming in order to capture traffic and coupon requests. In addition, retailers who are ramping up their online efforts can get a sense of how to emulate high-traffic sites by adding similar elements, like offers, videos and specials. For furniture webstores attracting the most traffic in the last 180 days as of June 30, a comprehensive website incorporating most available tools and techniques appears key to attracting visitors, new and return.

Traits of the Top Webstores

Name*	Status	Offer	Video	Specials	Brands	Analytics
1	✓	✓	✗	✓	✓	✓
2	✓	✗	✓	✓	✓	✓
3	✓	✓	✓	✓	✓	✓
4	✓	✓	✓	✓	✓	✓
5	✓	✓	✓	✓	✓	✓
6	✓	✓	✓	✓	✓	✓
7	✓	✗	✓	✓	✓	✓
8	✓	✗	✓	✓	✓	✓
9	✓	✓	✓	✓	✓	✓
10	✓	✓	✓	✓	✓	✓

*Represents rank among 180 retailers according to visits in the last 180 days.

Findings: Most Popular Offer Categories

Which offer categories were most popular in the last 180 days?

The Banner Marketing Webstore Statistical Reporting Tool follows each index member's online offers and categorizes them based on percentage discount, dollar discount, giveaway with purchase, finance offer or other. This tracking provides participating retailers with a sense of how many other stores are using similar promotions and what level of success is being achieved.

The offers appearing the most in the 180 days through June 30 were offers of up to 10 percent off a purchase price. This was the most frequently used offer at 375 promotions, and it generated the most requests: 2,337. However, the customer conversion per offer was not particularly high at 6.232. This disparity could signify that consumers are looking or waiting for better deals as they try to stretch their decorating budgets.

The three stores that used dollar discounts of \$201 to \$250 had the best conversion rates for the period at 26.667. Deep discounts of 71 percent to 80 percent also did well, but while such discounts may be attractive to consumers, they're likely too deep for most retailers to absorb.

Most Popular Offer Categories in Last 180 Days

#	Offer Category	# of Promotions Using this Offer	Number of Requests	Customer Conversion Per Offer
1	Percentage 0% - 10%	375	2337	6.232
2	Percentage 11% - 20%	42	418	9.952
3	Percentage 21% - 30%	14	89	6.357
4	Percentage 41% - 50%	12	99	8.250
5	Percentage 71% - 80%	3	53	17.667
6	Amount \$0 - \$25	29	4	0.138
7	Amount \$26 - \$50	80	606	7.575
8	Amount \$51 - \$75	6	54	9.000
9	Amount \$76 - \$100	80	1089	13.613
10	Amount \$201 - \$250	3	80	26.667
11	Amount \$451 - \$500	13	178	13.692
12	Giveaway with Purchase	280	829	2.961
13	Finance Offer	20	6	0.300
14	Other	221	3046	13.783

Findings: Top 15 Offers

Which specific offers were most popular in the last 180 days?

Retailers' promotions can be straightforward discounts or more complex offers, like contests or an array of benefits from which the customer has the power to choose. For the 180 days ended June 30, five of the top 15 offers among all webstores included \$100 off a purchase, while four of the top offers included a promise of no sales tax. While contests, gifts with purchase and low price guarantees all made an appearance on the top 15 list, they clearly were outweighed by real cost savings that are so important to consumers facing a difficult economic period.

Top 15 Offers Base on Number of Requests Per Day in Last 180 Days

#	Offer Title	Number of Requests	Length of Offer (Days)	Requests / Day
1	\$100 off your next furniture purchase	121	14	8.6429
2	No Sales Tax	85	10	8.5000
3	Enter to Win a Free Pair of Recliners	186	22	8.4545
4	We Guarantee the Lowest Price	91	12	7.5833
5	No Sales Tax & Free Delivery for purchases of \$500 or more	148	20	7.4000
6	Tax includes prices on purchase of \$299 or more	280	41	6.8293
7	\$100 off your furniture purchase of \$750 or more	19	3	6.3333
8	Enter to Win \$500 Gift Card	157	28	5.6071
9	Pay No Sales Tax	86	21	4.0952
10	\$100 off your furniture purchase of \$750 or more	27	7	3.8571
11	Save \$100 Instantly on purchase of \$999 or more	22	7	3.8571
12	Get a Pair of Select Table Lamps Free!	97	27	3.5926
13	Additional 10% off your entire purchase	85	24	3.5417
14	\$100 off your furniture purchase of \$750 or more	46	13	3.5385
15	\$500 off your furniture purchase	96	28	3.4286

Findings: Most Popular Products

Which products viewed by customers were most popular in the last 180 days?

Retailers must keep abreast of consumer buying trends to ensure their stores are stocked with the merchandise shoppers want and need. As of June 30, bedroom sets received the most hits on all webstores in the last 180 days. Among the top 50 products viewed on all webstores, 14 different bedroom sets were viewed and they were the top three products with nearly 20,000 combined hits. Living rooms appeared 15 times in the top 50 products, but they were not viewed as much as the bedroom sets. Sectionals were also a favorite, coming in third at 11 times on the list of top 50 products. Trailing behind with significantly less interest were dining & kitchen, leather, kids' furniture, recliners and motion. Retailers participating in the index also have the ability to see which specific products are generating the most hits and how many webstores are featuring the products.

50 Most Popular Products Viewed by Customers on ALL Webstores in the Last 180 Days

#	Category	Number of Different Products	Hits
1	Bedroom	14	49138
2	Living Room	15	39288
3	Sectionals	11	33673
4	Dining & Kitchen	3	7693
5	Leather	3	6283
6	Kids' Furniture	2	4725
7	Recliners	1	2141
8	Motion	1	1807

Next Steps

The Banner Marketing Webstore Statistical Reporting Tool is designed to give retailers greater insight to how effective their marketing efforts are. In a period where retailers are trying to do more with less, pertinent data and information can provide an edge over competitors.

To learn how you can participate in the Banner Retail Index and gain additional insight into consumer demographics, psychographics and behaviors to shape your marketing strategy, please contact us at 1-800-843-9271 or at info@bannerretail.com.

We hope that this second volume in our series of reports analyzing data from the Banner Retail Index has sparked some new ideas about crafting promotions, measuring results and making the most of your online marketing efforts. In the meantime, we'll keep gathering data and following the trends. Look for our next installation in early 2012.