

acquisitions of BookFresh and Caviar and our 2015 acquisitions of FastBite and Kili.

Product Development

The following table sets forth our product development expenses for the periods shown:

	Nine Months Ended September 30,		\$ Change	% Change
	2014	2015		
	(in thousands) (unaudited)			
Product development	\$ 104,967	\$ 140,452	\$ 35,485	34%
Percentage of total net revenue	18%	16%		

Product development expenses for the nine months ended September 30, 2015, increased by \$35.5 million, or 34%, compared to the nine months ended September 30, 2014. Product development personnel increased by 8% from September 30, 2014, to September 30, 2015, primarily due to the addition of engineering, design, and product personnel, including those who joined as a result of acquisitions. For the nine months ended September 30, 2015, product development expenses included \$33.3 million of share-based compensation expense, a \$16.4 million increase compared to the nine months ended September 30, 2014. For the nine months ended September 30, 2015, product development expenses also included \$9.1 million of depreciation expense, a \$1.7 million increase compared to the nine months ended September 30, 2014.

Sales and Marketing

The following table sets forth our sales and marketing expenses for the periods shown:

	Nine Months Ended September 30,		\$ Change	% Change
	2014	2015		
	(in thousands) (unaudited)			
Sales and marketing	\$ 81,704	\$ 107,170	\$ 25,466	31%
Percentage of total net revenue	14%	12%		

Sales and marketing expenses for the nine months ended September 30, 2015, increased by \$25.5 million, or 31%, compared to the nine months ended September 30, 2014, reflecting an increase of \$8.9 million in paid marketing expenses

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primarily from direct mail, online, and mobile marketing campaigns that occurred during the period. The balance of the increase was primarily due to an increase in costs associated with our Square Cash peer-to-peer payments service. For the nine months ended September 30, 2015, sales and marketing expenses included \$4.5 million of share-based compensation expense, a \$2.0 million increase compared to the nine months ended September 30, 2014.

General and Administrative

The following table sets forth our general and administrative expenses for the periods shown:

	Nine Months Ended September 30,		\$ Change	% Change
	2014	2015		
	(in thousands) (unaudited)			
General and administrative	\$ 68,585	\$ 97,743	\$ 29,158	43%
Percentage of total net revenue	11%	11%		

General and administrative expenses for the nine months ended September 30, 2015, increased by \$29.2 million, or 43%, compared to the nine months ended September 30, 2014. General and administrative personnel increased by 49% in the period