2010 Social Shopping Study Reveals Changes in Consumers' Online Shopping Habits and Usage of Customer Reviews

Consumers Prefer to Conduct Product Research Online vs. Speak to Store Associates; Few and Lack of Negative Reviews Degrade Consumer Trust

May 03, 2010 08:01 AM Eastern Daylight Time

CHICAGO & SAN FRANCISCO--(BUSINESS WIRE)--The e-tailing group and PowerReviews today release the findings of the *2010 Social Shopping Study*, which surveyed over 1,000 consumers who shop at least 4 times per year and spend $250 or more annually shopping online, to assess their motivations and preferences regarding online product research and customer reviews. In addition to uncovering current behaviors, the survey reveals how online shopping has changed in the past few years, building upon, and contrasting with, the e-tailing group/PowerReviews *2007 Social Shopping Study*.

> "The findings of the 2010 Social Shopping Survey validate what we are hearing from retailers and brands – that customer reviews have become a critical piece of the marketing puzzle, based not only on consumer demand but also on the sales they deliver"

The study focused on two key areas: how, when and why consumers are conducting online product research as well as their behaviors and expectations related to customer reviews.

Results indicated that online research remains central to consumer shopping behavior, with 50 percent of respondents reporting that they conduct research online for at least half of the purchases made (compared to 54 percent in 2007). A polarization of research style was uncovered with consumers being either light or heavy researchers (29 percent conduct just a few hours of research prior to making a purchase decision while 60 percent conduct research for a week or more). Very few consumers (11 percent) fall in between, and conduct research for just a day.

The study also found that people strongly prefer to do their own research online versus speaking to a knowledgeable sales associate in-store. According to respondents, online research is preferred for three reasons: its ability to save time (79 percent report saving somewhat to much more time doing their own online

research), increase confidence (83 percent are somewhat to much more confident about making a purchase decision when doing their own research) and provide credible information (82 percent are somewhat or very satisfied with product information available online).

When surveyed about where consumers are doing research online, the study found that:

- The majority (57 percent) of shoppers begin their online research with a search engine

- The top three places consumers named for finding information online when researching products were retailer sites (65 percent), brand sites (58 percent) and Amazon.com (33 percent)

- Social Media sites (e.g. Facebook, Twitter) ranked as the place where consumers were least likely (6 percent) to research

"Whereas once online product research was left to the technology savvy looking to make a major purchase, it is now part of the mainstream shopping experience for all product categories as consumers have taken control powering their own product research," explains Lauren Freedman, president of the e-tailing group. "These heightened consumer demands must be met with comprehensive product and category content to ensure elevated conversion rates and return visits."

When surveyed about the tools available for online research, customer reviews were ranked as the #1 social media tool having a positive to significant impact on buying behavior. User-generated reviews were also revealed as the most important capability for retailers to have on their website, beating out customer service information and buying guides/expert opinions.

Shoppers continue to consistently read reviews always or most of the time before making a purchase decision (64 percent in 2010 versus 65 percent in 2007). Though usage remains consistent, some changes in the ways consumers are using and reacting to reviews were found:

- Shoppers today are spending more time reading reviews before making purchasing decisions. 64 percent take ten minutes or more (as compared to 50 percent in 2007) and 33 percent take one half hour or more (as compared to 18 percent in 2007).

- Consumers today are also reading more customer reviews in order to be confident in judging a product. 39 percent read eight or more reviews (as compared with 22 percent in 2007) and 12 percent read 16 or more reviews (as compared with 5 percent in 2007).

- The top factors that degrade trust in product reviews are not enough reviews (50 percent of respondents say this degrades trust), doubt that they are written by real customers (39 percent) and no or limited availability of negative reviews (38 percent)

- Following poor product content (72 percent), lack of customer reviews (49

percent) was ranked as the number one reason a consumer would leave a site when conducting product research.

"The findings of the 2010 Social Shopping Survey validate what we are hearing from retailers and brands – that customer reviews have become a critical piece of the marketing puzzle, based not only on consumer demand but also on the sales they deliver," said Pehr Luedtke, CEO of PowerReviews. "The next step for retailers is to now find new ways to maximize the impact and reach of these reviews – such as optimizing them for search engines through products like our In-Line SEO solution."

PowerReviews and the e-tailing group also conducted research around how consumers are using social media to shop and interact with brands and retailers online. This information will be released in the coming weeks.

About the e-tailing group

The e-tailing group, inc. serves as the multi-channel merchant's eye, bringing a merchant's sensibility to evolving the multi-channel shopping experience. A Chicago-based consultancy, they provide practical strategic perspectives and actionable merchandising solutions to merchants selling online as well as to enabling technology firms. For more background about this research study or additional information on the e-tailing group, inc. please contact Lauren Freedman at LF@e-tailing.com or visit the e-tailing group website www.e-tailing.com.

About PowerReviews

PowerReviews is the leading provider of customer reviews and social commerce solutions to retailers and brands. The company's innovative tag-based approach to collecting, organizing, structuring and analyzing user-generated content significantly boosts product sales and customer engagement. Recognized as the customer reviews Solution Leader in the Internet Retailer Top 500 survey, PowerReviews works with over 850 retailers and brands on over 2700 websites, including Staples, Drugstore.com, Gardener's Supply, Diapers.com, Callaway and Jockey. In addition to its Enterprise solution, PowerReviews offers an on-demand solution for small- and medium-sized businesses called PowerReviews Express (www.powerreviewsexpress.com). PowerReviews also operates the leading reviews and recommendation site for consumers, Buzzillions.com (www.buzzillions.com). PowerReviews blog is at www.blogs.powerreviews.com.

Contacts
the e-tailing group
Lauren Freedman, 773-975-7280
President
lf@e-tailing.com
or
TidalWave PR for PowerReviews
Lisa Tarter, 415-203-2462
lisa@tidalwavepr.com