

# The 2011 Social Shopping Study

## Brief I:

Consumer Research Dynamics,  
Mobile and User-Generated Content

June 2011



PowerReviews

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# I. Thoughts from the Author

Today's shopper is savvy with almost black belt certification in researching product and pricing. There is a method to their madness where they are willing to make a significant investment in time when the reward reaped is finding the right product at the right price.

For the past five years the e-tailing group, with sponsorship from PowerReviews, has investigated the role of customer reviews, trending that behavior and social shopping to keep pace with consumer activity. 2011 has been a volatile year for ecommerce with a multitude of dynamics in play from social media and community to mobile. Aware of these changes, in this year's survey we explored consumer utilization of social media across a range of merchants and channels to understand perception, interest, and propensity to buy based on that engagement. Secondly we sought to comprehend the consumer's level of interest in community, at retail and across the web. We wanted to know the implications for researching and shopping behavior, particularly as it relates to Facebook, which is the beneficiary of much of the community attention. That portion of the study and our findings will be shared in Brief II.

Consumers told us loudly and clearly in our April 2011 *Social Shopping Survey* that they must receive rewards, via price or points, in order to expend time. Despite any perceived loyalty, research fueled most shopping. In fact, the groundwork for this two-part brief was based on the web's capacity to provide complete details better than almost any channel. Shoppers' ability to access information at home, in the office or via mobile puts even greater pressure on the retailer to enable that process by providing comprehensive information. Consumers are gravitating to powerhouses like Amazon, who many see as the defacto retailer for comparison shopping, finding credibility in these destinations through problem solving prior to purchasing.

As in our prior joint surveys, there appears to be several personality types that dominate the 2011 findings, ranging from heavyweights that invest significant time researching to those who might only give limited time and lip-service to such behavior. We see similar social patterns playing out on the social front where some consumers are heavily invested while others are more voyeuristic toward that approach.

Within each brief and research component we will note the respondents' introductory premise. From there, food-for-thought questions that we contemplated prior to deploying the study will be served up, followed by supporting questions for in-depth insights. The Facebook Factor and a discussion surrounding community-related behavior will be uncovered in Brief II and round out the ever-changing social landscape.



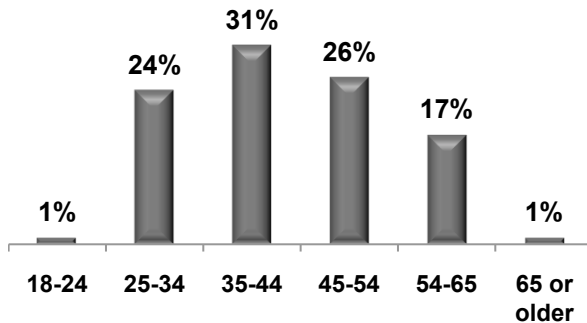
Think Social!

Lauren Freedman  
President, the e-tailing group

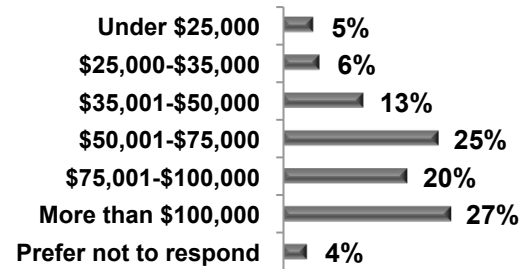
## II. Survey Methodology & Demographics

1,004 adults with the following demographic profile completed an online survey:

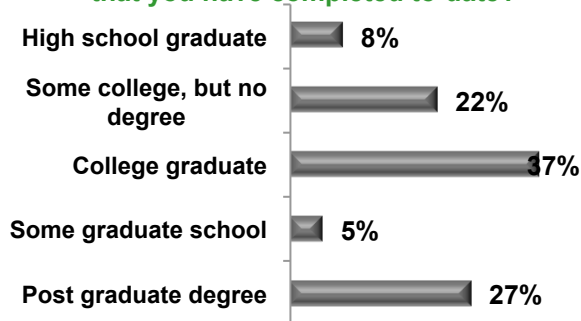
### In what age range do you fall?



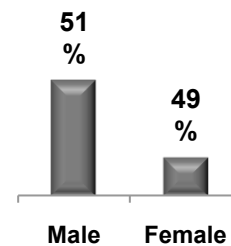
### Which of the following best represents your combined annual household income from all sources before taxes?



### What is the highest level of education that you have completed to-date?

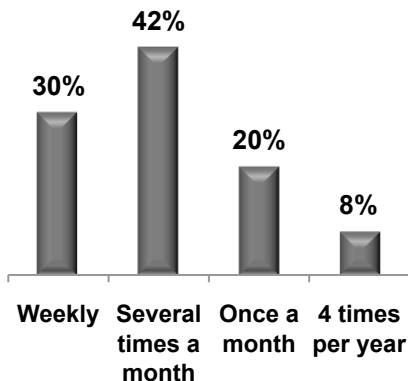


### What is your gender?

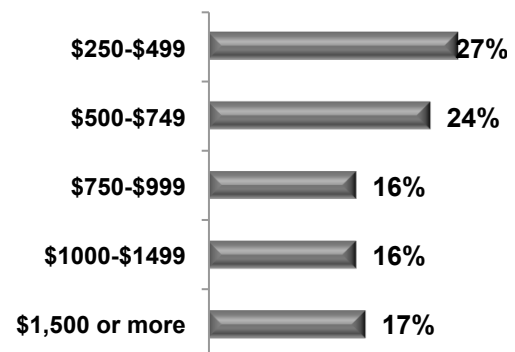


Respondents shopped online four times or more during the past year, spending at least \$250 online annually for products and services.

### How often did you shop online for products during the past year?



### How much do you spend on products and services online annually?



# III. Product Research

## Introductory Premise

"We would like to gain a better understanding of how you decide which product best suits your needs; what research tools and channels you find most helpful, regardless of where you ultimately buy the product (online, in-store, from a catalog), and regardless of finding the best price."

## Food-for-Thought Questions

To develop the research methodology, our two companies brainstormed today's emerging dynamics of selling and those that are directly related to user-generated content. They included general usage, consumption patterns, and changes that have resulted based on the current merchant landscape including brand growth, channel access, and in particular, social and mobile influences.

- ✓ Does user-generated content consumption continue to play a greater and evolving role in consumer behavior relative to researching and purchasing product?
- ✓ Does search still dominate the consumer's path to finding the right product?
- ✓ As Amazon's power and prowess progresses will consumers increasingly seek out their efficiency model making Amazon a "one stop" destination for finding product and comparing prices?
- ✓ Will comprehensive user-generated content result in greater consumer loyalty towards those merchants?
- ✓ As broader access to user-generated content across social and mobile channels is seen, will it wield greater influence and expand locales for consumer consumption?
- ✓ With direct-to-consumer growth among brands, what changing dynamics will be seen relative to user-generated content among passion brands such as Converse, Under Armor, Burt's Bees, etc.?

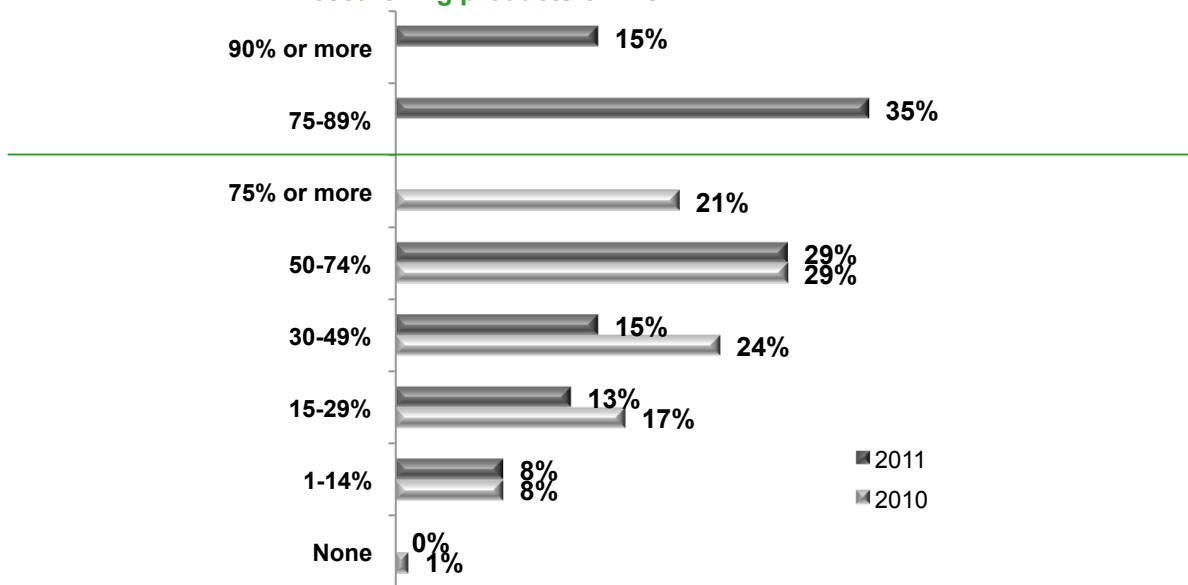
## Top Line Findings: Product Researching

- Consumers invest greater time researching but shoppers are on a mission to find the best price
- Search engines serve as the shopping point-of-origin when researching product
- Customer reviews continue to wield the greatest influence on buying behavior
- Google Shopping features see strong early adoption
- Mobile usage relative to shopping is mostly centered on competitive pricing

## Time Spent Researching

This year, unique to years past, we anticipated that time spent on the higher end of the spectrum had likely grown so we added new parameters in the 75%+ arena. Our hunch proved correct as one in two respondents spent 75% of their overall shopping time researching product as compared to just 21% in 2010. The fact that 15% of respondents spent 90% or more of their time means they must be receiving the kind of information that expedites decision-making with the web world playing a vital role.

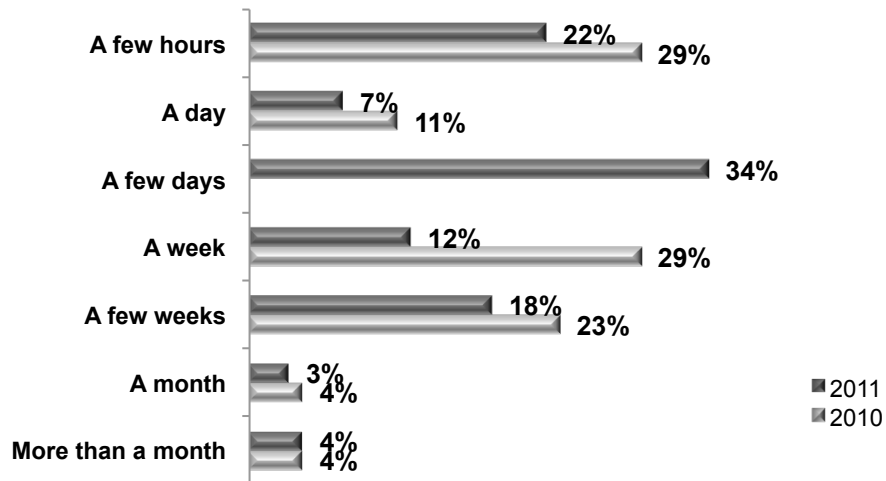
What percent of your overall shopping involves researching products online?



## Information-Intensive Online Research

We especially wanted to focus on information-intensive products as we believe, given their higher retail price points, these products warrant such scrutiny. This is clearly another instance where consumer behavior is split and assumes a heavy/medium/light mentality. Novices and seasoned shoppers alike often have a lot to learn as they attempt to make smart decisions for new or replacement products they may have owned for long periods of time, contrary to impulse purchases conducted across other categories.

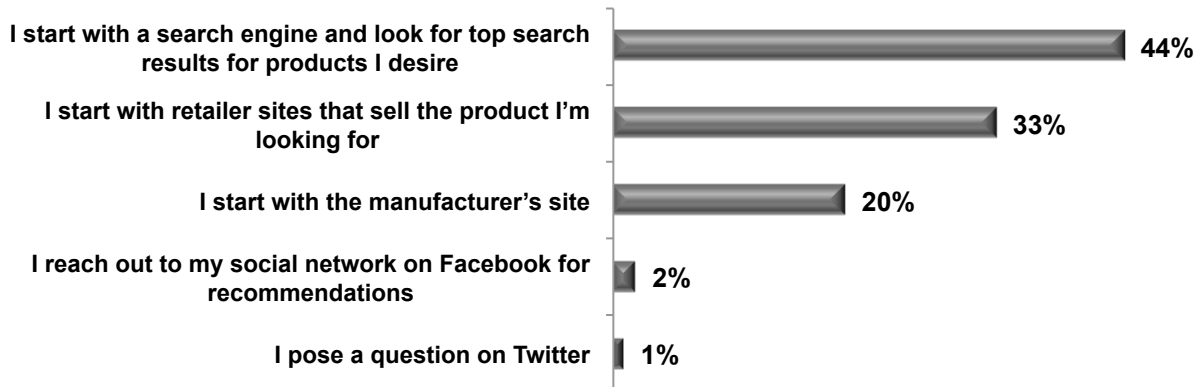
When shopping for an information-intensive product (computer, appliance, television, etc.) how much time do you typically spend online researching prior to completing the purchase?



### Product Research Orientation

Each year we wonder if information seeking behavior will begin at different points of entry. Since more manufacturers than ever have gone direct to the consumer, our curiosity pushed us to explore where shoppers begin their search. Respondents confirmed that search engines are still the main starting point for research with retail close behind and manufacturers serving as a launch for most others.

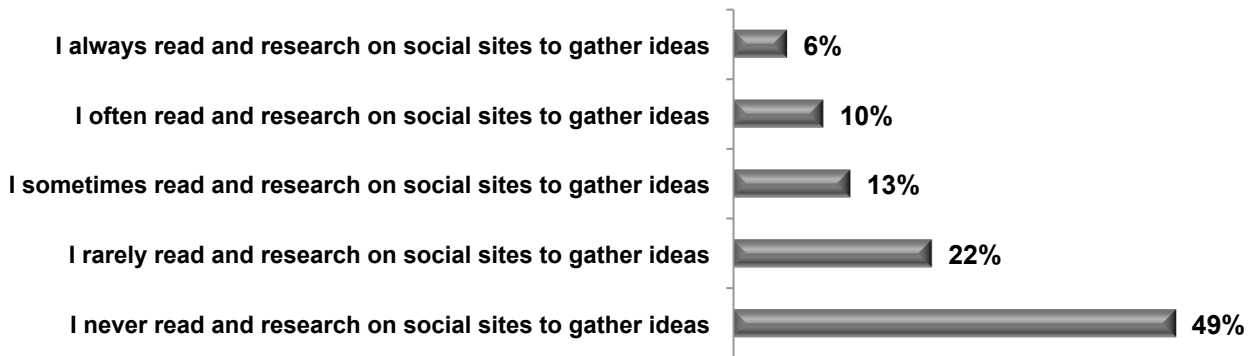
When researching branded products online prior to purchasing (e.g. HP computer, Panasonic TV, Nike shoes) which of the following most closely represents where you would begin that process?



## The Role of Social Sites in Shopping Research

We introduced the concept of research via social sites given their continued influence and time spent by consumers in these communities. I was not surprised that there appears to be a divide between community and commerce as just 29% of respondents take advantage of social sites for research. Beyond that finding, one in two people do not use social sites for research, distinctly choosing to contain their behavior to more traditional shopping tools. It will be interesting to monitor and trend this question to see if audiences who grow up with social sites rely more heavily on them for researching shopping needs.

**Overall, how often do you use social sites such as Facebook and Twitter for your shopping research to gather ideas?**

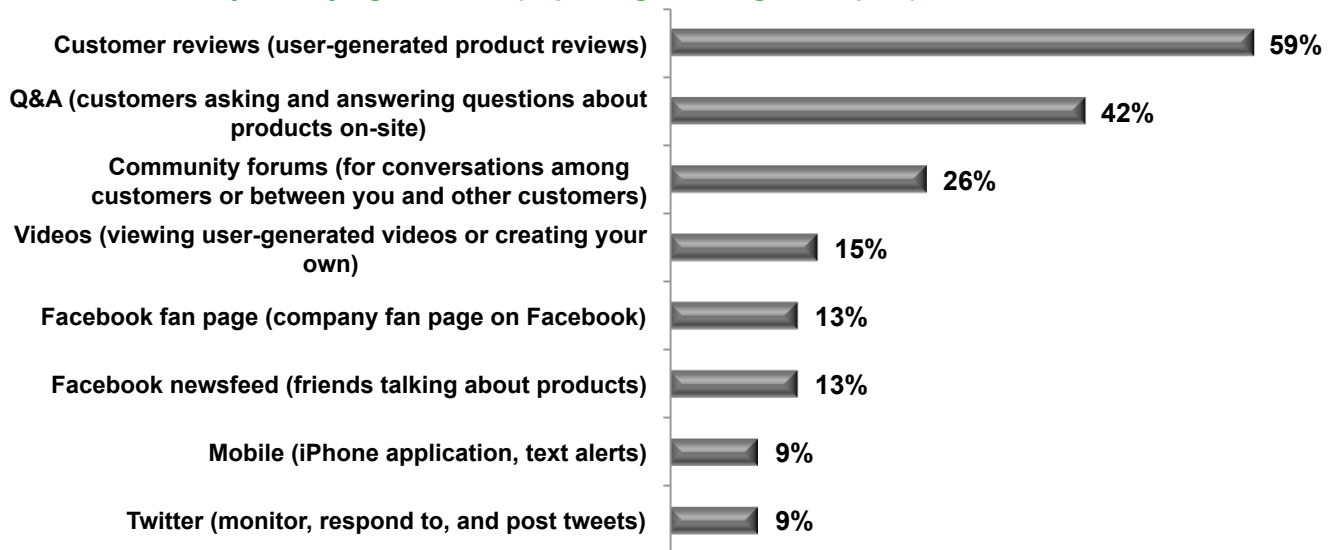


## Community and Social Influences on Buying Behavior

Retailers, of course, are interested in where consumer research is being conducted but more importantly they need to know what tools and techniques impact buying behavior. Here, customer reviews come out strongly on top and their perseverance is a testament to the value consumers receive. Q/A, a newer tool, sees strong impact despite what we observe to be much more limited deployment across the web. In fact, our 4Q10 *Mystery Shopping Study* of 100 merchants (EG100) revealed that only 18% of sites make this feature available. Community forums had impact for one in four individuals where enthusiast categories likely pushed this tactic to a higher level. Video is an up and comer that I suspect should grow in impact in the coming year and may be the most exciting tactic to watch. Facebook is having little influence on buying as is confirmed here and in subsequent discussion that will dominate our second brief.



Please indicate the impact of the following Community and Social tools on your buying behavior. (Top-2: significant/good impact)



## Google Utilization

Beyond social networks, Google has expanded their reach further into shopping, warranting a question that explores consumer utilization of the search engine. We were careful to separate out general Google behavior, which is commonplace for all of us when we view shopping results. Given Google's influence, particularly in searches for specific products, SKUs, and almost anything shopping, it was not surprising to see that 57% of respondents had compared prices while 58% had read product reviews there and just over half (51%) had used Google Shopping to find local businesses. This is noteworthy as greater emphasis is being paid to the local market based upon the competitive nature seen among Groupon or other local engines.

Over the past year, Google has added more information about local retailers and their respective inventory. How would you characterize your current Google Shopping utilization?	All of the time	Very often	Some of the time	Rarely	Never
I use Google Shopping features to compare prices	9%	22%	26%	14%	29%
I use Google Shopping to read product reviews	8%	21%	29%	13%	29%
I use Google Shopping features to find local businesses carrying the products I'm searching for	6%	16%	29%	18%	31%



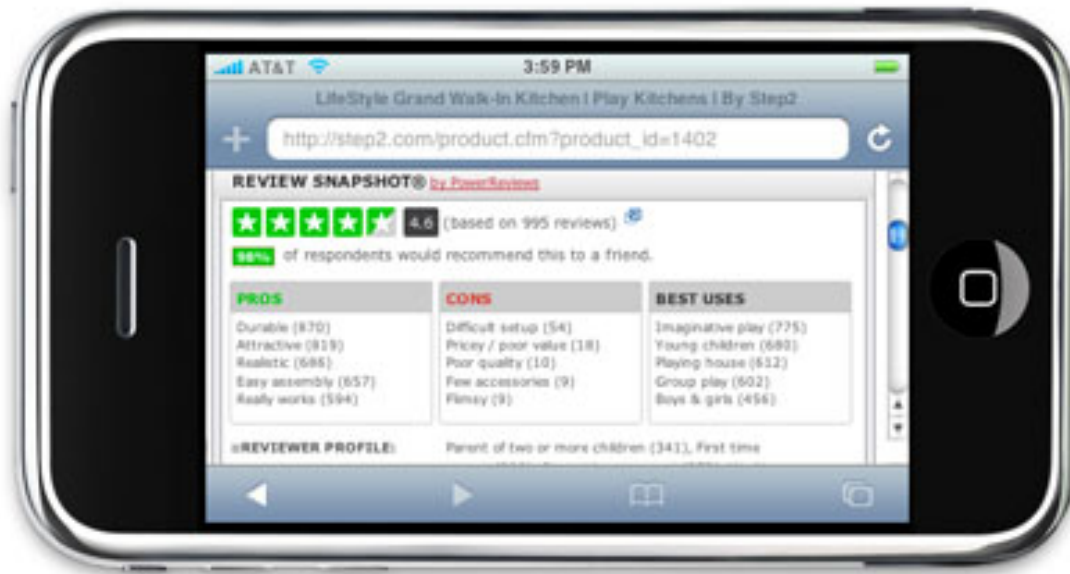
Over the past year, Google has added more information about local retailers and their respective inventory. How would you characterize your current Google Shopping utilization? (Top-2: all of the time/very often)



### Mobile Phone Behavior Prior to Purchasing

No investigative study would be complete this year without understanding mobile usage, one of today's true game changers for both research and shopping. One-third of people have used their mobile phones four or more times to research pricing, promotions, store information, and product reviews prior to visiting a physical store. It is here that the notion of rewards also becomes apparent with price dominating the top answers.

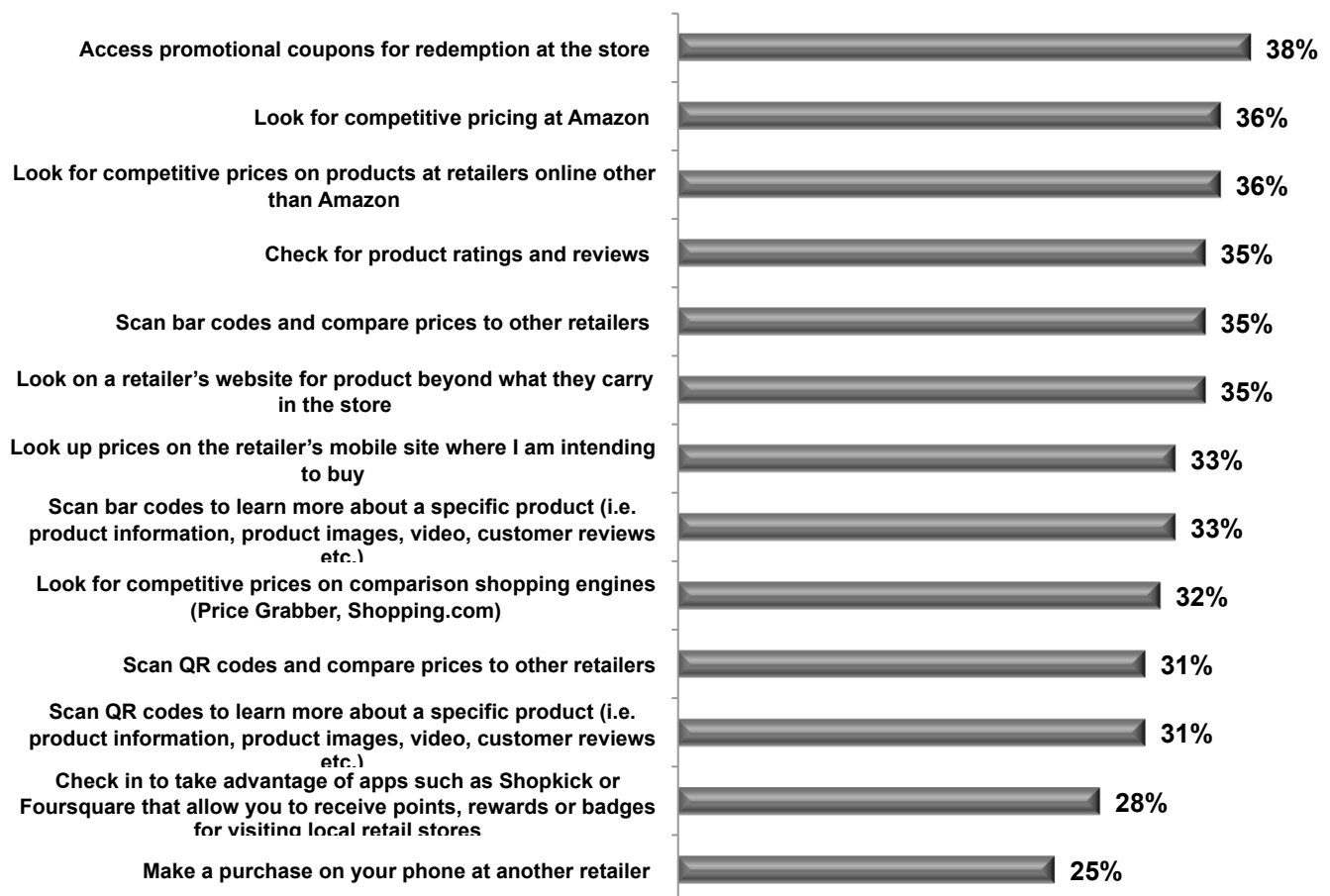
We would like to gauge recent usage of your mobile phone for product researching. Thinking about the product purchases you made within the last 3 months, please tell us about how often you've done each of the following activities using your mobile phone.



## Top Uses of Mobile Phones While In Physical Stores

We now turn to usage within the retail environment. Customers are no longer captive but still on the hunt for deals. This may mean access to promotional coupons for immediate redemption or price shopping from an array of competitors. Information seeking is seen in both ratings and reviews and potentially the scanning of bar codes. The options are plentiful, as one in three shoppers has already taken advantage of their mobile phone within the store confines.

**How likely are you to do each of the following using your mobile phone when researching a product while in a physical store? (Top-3)**



# IV. User-Generated Content

## Introductory Premise

"Shoppers rely more and more on user-generated or peer-based content including product reviews and ratings. We wish to understand more about how and where you use this content."

## Food-for-Thought Questions

The balance of this brief is centered on what and where user-generated content may be accessed. Additionally we sought to understand respondents' willingness to be participants or bystanders relative to user-generated content.

- ✓ Would user-generated content continue to play an important role when conducting product research online?
- ✓ Is the consumer research dynamic still dominated by search to find the right product quickly?
- ✓ Knowing that efficiency and timesaving are core to the online value proposition, will Amazon and other dominant retailers become important "one-stop" destinations for finding product and comparing prices?

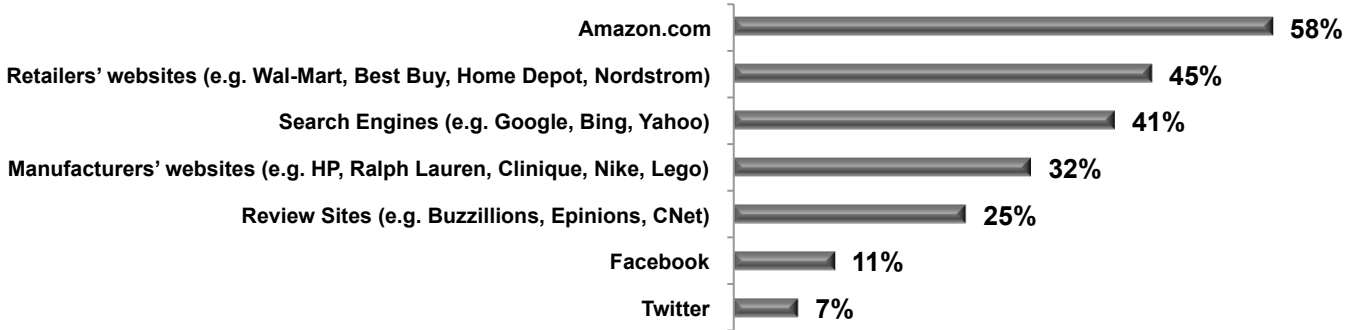
## Top Line Findings: User-Generated Content

- Amazon is the defacto site for product reviews and price checking
- Ratings and reviews remain the most critical product information desired by shoppers
- Behavioral differences are not seen relative to user-generated content among manufacturers and retailers

## Review Access by Site Type

Reviews and Ratings are most frequently used on Amazon where they far outpace both retail websites at 45% and search engines at 41%. Both retailers and manufacturers should take notice of this finding as the concentration of usage is changing consumer shopping dynamics.

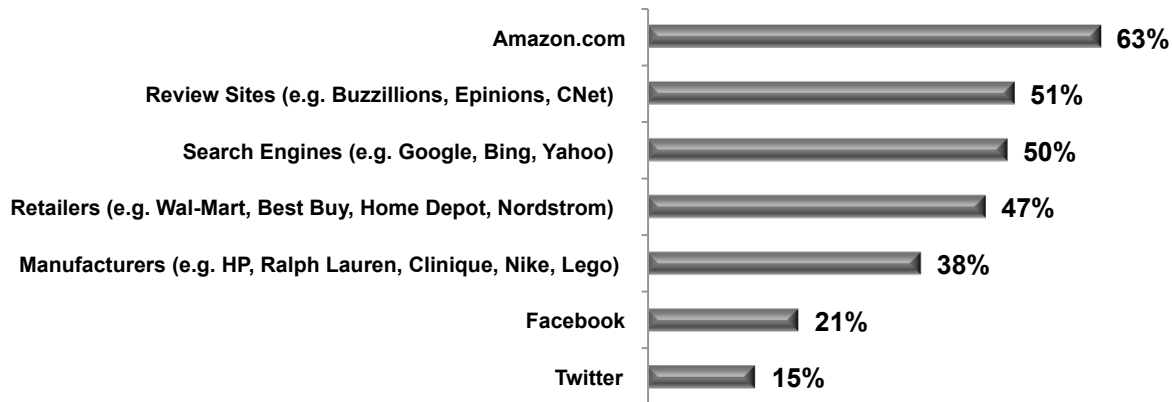
Given that product reviews and ratings are playing a bigger role in researching and purchasing products online, please tell us how often you use reviews and ratings at each of the following locations. (Top-2: all the time/very often)



### User-generated Content Credibility

User-generated content is considered the most credible on aggregators including Amazon, review sites, and search engines. They are perceived as being more unbiased than both retailers and manufacturers. I believe volume of reviews contributes to this credibility, as does the efficiency of perusing those reviews.

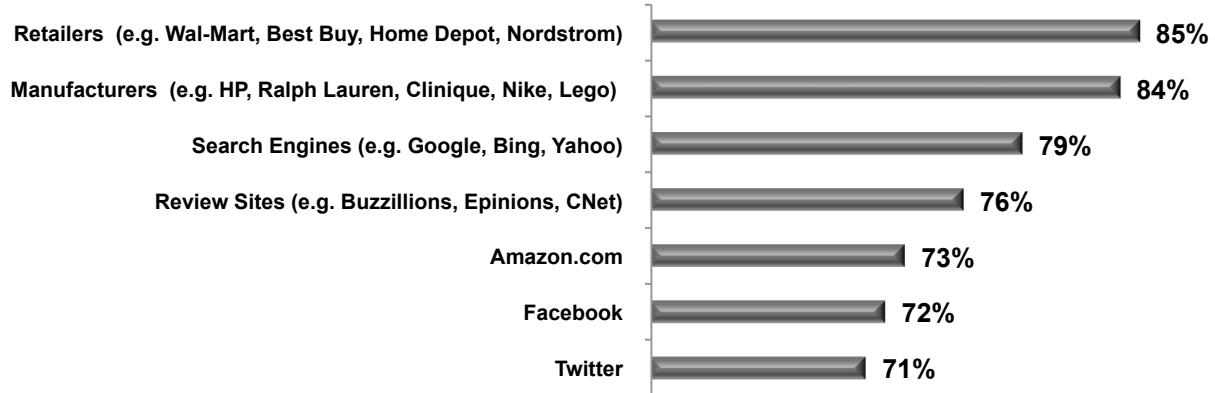
Please tell us how credible (or trustworthy) you feel the user-generated content (e.g. customer reviews and ratings, recommendations, etc.) is from each of the following locations. (Top-2: extremely/very credible)



### Future User-Generated Content Access

Shoppers foresee little change in their behavior relative to user-generated content by location. This is interesting as it leaves little room for changing dynamics to have their desired impact. This is one of the questions we will ideally circle back to in next year's survey.

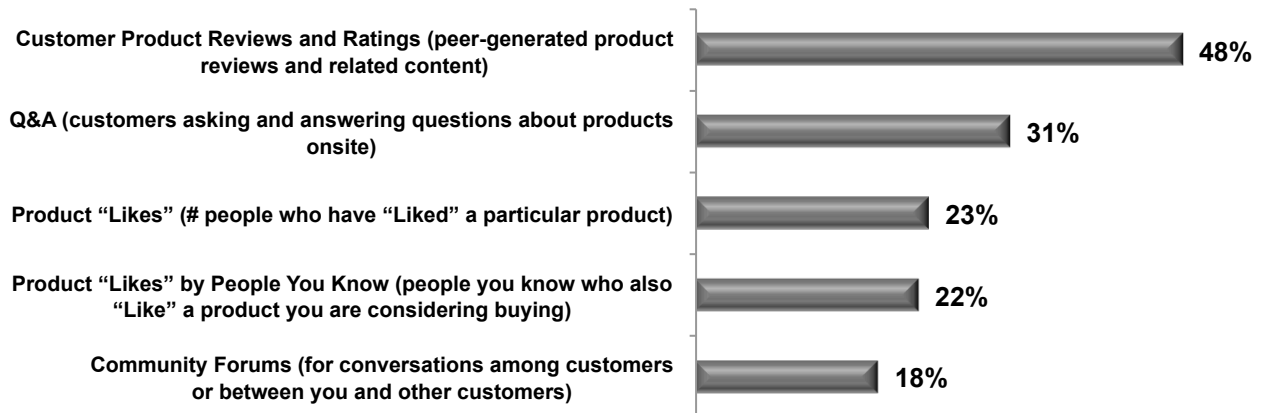
Given the amount of user-generated content (e.g. Review sites, Facebook, Twitter) available to you for researching and shopping online, how do you foresee your shopping behavior changing in the coming year relative to the following locations?



### User Generated Content Availability

Product reviews were ranked the most critical user-generated content for researching on a retailer’s site with Q/A following closely behind. It is also interesting to note that liking product, a relative newcomer to retail sites, has already surpassed both product likes and community forums. In my mind this emanates from its ease of use and one’s ability to connect with others, with only minimal commitment.

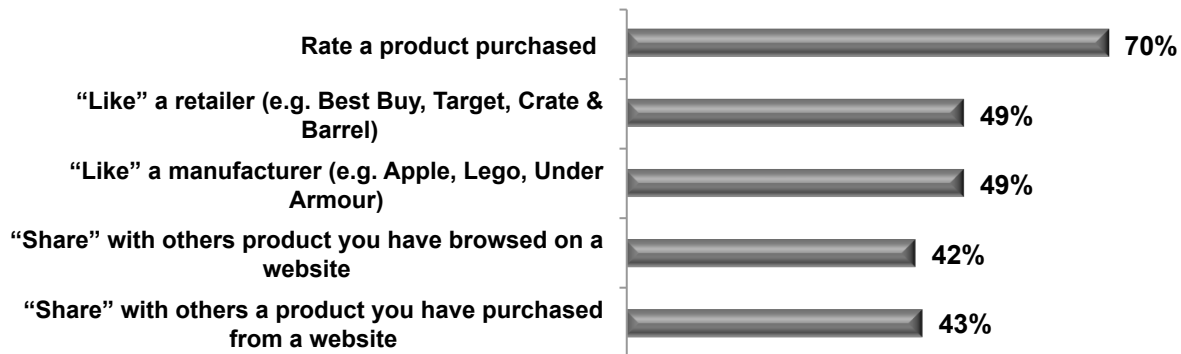
Outside of the standard product information (images, descriptions, etc.) how important is finding the following user-generated content on a retailer’s site (e.g. Target, Best Buy, Pottery Barn) when researching online?  
(Top-2: critical/very important)



## User-Generated Content Participation

Rating a product purchased sees the greatest participation among social activities (70%) though liking and sharing exceed 40% penetration. This follows closely in line with the prior question though it appears to have legs with 42% of respondents having shared with others regarding product. Elevated interest in liking is logical given the 75% penetration among EG100 sites. The real question is, can “liking” achieve the same status as product ratings have today? Certainly there is a distinct possibility as the tool has had limited time to resonate with shoppers and its presence on 36% of the EG100 sites is not nearly universal across retail sites.

**When thinking about products or brands, how often do you participate in each of the following activities? (Top-3: all the time/very often/sometimes)**





# V. Brief II – The Facebook Factor

Consumers have once again embraced user-generation content. Its impact can be seen excessively across many devices and touch points. We look forward to exploring The Facebook Factor in Brief II along with other community elements that contribute to online social dynamics.

**Stay tuned.**

# VI. About the Companies

## ABOUT THE E-TAILING GROUP

The e-tailing group is a niche e-commerce consultancy that helps merchants deliver the right customer experience on their websites and across all of their channels while adeptly assisting technology companies to create and execute go-to-market strategies that simultaneously educate the retail community and deliver cost-effective thought leadership and lead generation. For more background about our research or for additional information on the e-tailing group, inc. please contact Lauren Freedman via email at [LF@e-tailing.com](mailto:LF@e-tailing.com), by phone to 773-975-7280 or visit the e-tailing group website [www.e-tailing.com](http://www.e-tailing.com).



**the e-tailing group**

## ABOUT POWERREVIEWS

PowerReviews is the leading provider of social commerce software-as-a-service solutions to global retailers and brands. The company's unique structured data approach to collecting, organizing, and analyzing user-generated content significantly boosts product sales and customer engagement. PowerReviews is live on over 5,000 websites - across 13 languages in 21 countries - including Staples, Drugstore.com, Room & Board, ESPN, Neutrogena, Quicksilver, and Jockey.

PowerReviews