the POWER of REVIEWS

How ratings and reviews influence the buying behavior of the modern consumer

EXECUTIVE SUMMARY

TECHNOLOGY DRIVES CONSUMER CHOICE AND DEMAND

Technology has fundamentally changed the way we shop. Consumers have an unprecedented amount of choice in their purchase decisions: they are empowered with virtually all the information they need to buy at any moment.

Subsequently, consumer expectations have shifted. Shoppers demand product specific information not only from retailers and manufacturers but also—and more importantly—from other consumers. And they want this information available at their fingertips no matter where they are.

THE SHIFT IN CONSUMER EXPECTATIONS

PowerReviews set out to examine this shift in consumer expectations by surveying more than 800 American consumers. This report presents key findings from the survey and analysis, which explored in depth how ratings and reviews impact consumer decision making: where consumers are looking for this information and how it's affecting their buying behavior.

HERE ARE A FEW KEY FINDINGS DESCRIBED IN THIS REPORT:

- Consumers' expectations and trust of reviews
- Reviews and how they impact purchase decisions
- Which format of reviews consumers prefer
- The importance of negative reviews
- Why customers leave (or don't leave) reviews

REVIEWS ARE AN EXPECTATION, NOT AN OPTION

It's not surprising that technology has opened the door to enable consumers to more easily discover, research, and ultimately purchase products. Ratings and reviews have become a prime source of information for shoppers on their path to purchase. An increasing number of shoppers are relying on reviews as they decide when, where and how to buy. In fact, almost all shoppers—95%—reported consulting customer reviews. Of those shoppers, nearly 1 in 4 (24%) consults reviews for every purchase they make. Among younger shoppers, those 18-44, that number jumps to 30%.

These numbers illustrate that reviews have become ubiquitous and are an expected part of the purchasing process. Consumers search for reviews and will turn to third-party sources if brands and retailers don't make that information available.

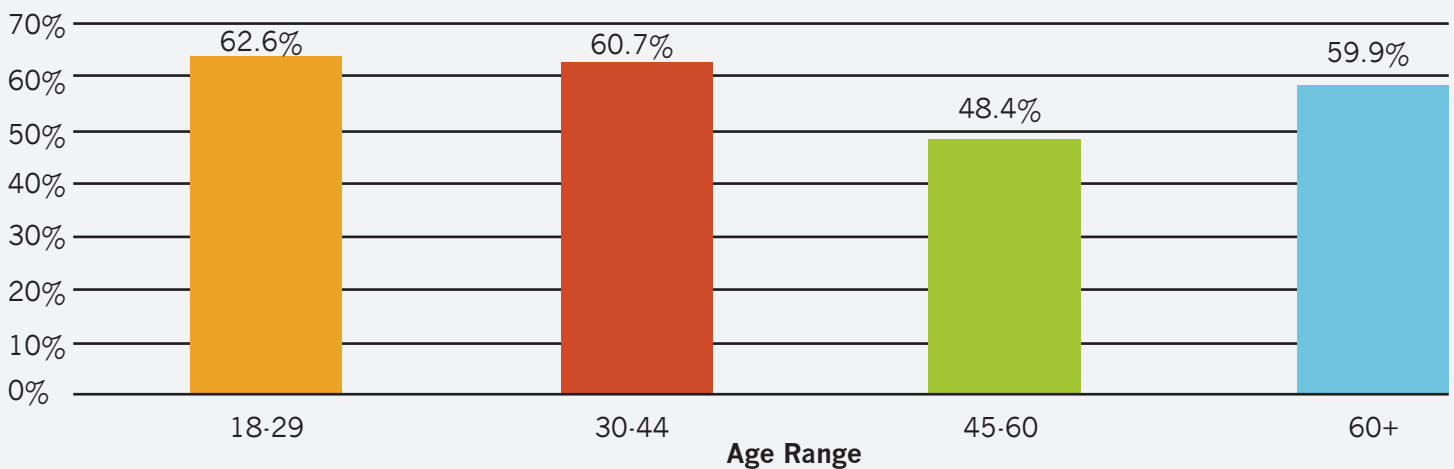## PERCENTAGE OF SHOPPERS CONSULTING REVIEWS FOR EVERY PURCHASE
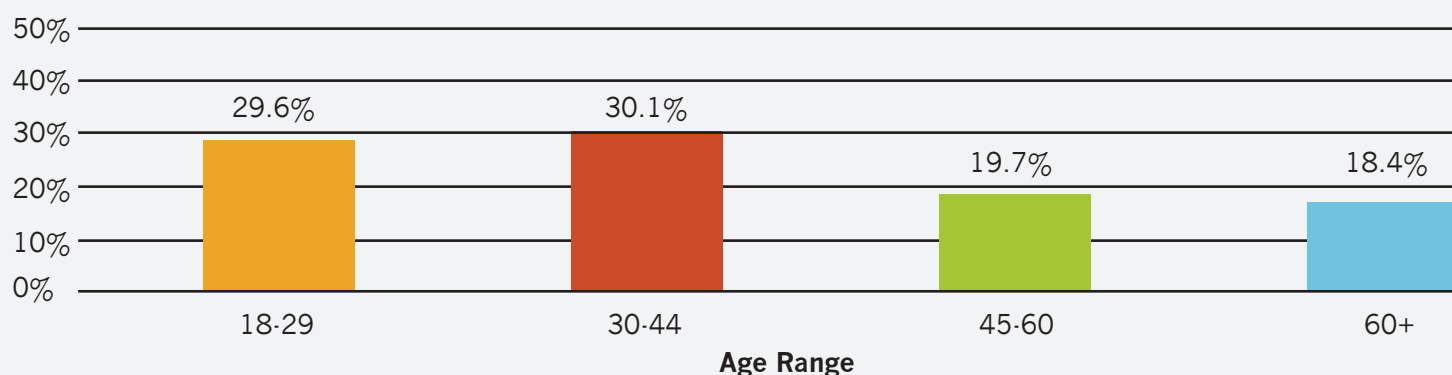
Younger shoppers, ages 18-34, are increasingly consulting reviews when making purchases.

STEERING PURCHASE DECISIONS

PERCENTAGE OF SHOPPERS SPECIFICALLY SEEKING WEBSITES WITH REVIEWS

Age Range	Percentage
18-29	62.6%
30-44	60.7%
45-60	48.4%
60+	59.9%

The very presence of reviews on a site can help establish authenticity and trust among consumers. The study revealed that the presence of ratings and reviews ranked as the most important factor affecting purchase decisions—behind only the price of the product itself. Consumers ranked ratings and reviews as more integral to their online purchase decision than the brand of the product and whether or not free shipping is offered. Even attractive incentives like free shipping can't eclipse the value and importance of establishing buyers' trust through transparent information such as reviews.

REVIEWS DRIVE MOBILE PURCHASES

The availability of reviews is also impacting where consumers are making purchases. More than half of online shoppers (57%) reported specifically seeking out websites with product reviews, while 70% of mobile shoppers reported being more likely to purchase a product if the mobile site or app they're purchasing from has reviews.

This trend is even more pronounced among younger shoppers. Among the under-45 demographic, 62% specifically seek out websites featuring reviews. For Millennials it's even higher: 77% of those aged 18 to 29 are more likely to purchase via mobile if the site or app has reviews. Millennials represent a significant and growing purchasing force whose spending is expected to reach $1.4 trillion annually by 2020. As Millennial purchasing power grows, so will the importance of mobile-based reviews.

TOP 5 FACTORS IMPACTING PURCHASE DECISIONS

1) PRICE

2) RATINGS & REVIEWS

3) RECOMMENDATION FROM FRIENDS/FAMILY

4) BRAND

5) FREE SHIPPING & RETAILER (TIE)

REVIEWS FOR OMNI-CHANNEL

Mobile reviews are relevant not just for online purchases. In the age of showrooming, where mobile blurs the lines between in-store and online sales, brands and retailers can increase conversions by ensuring that ratings and reviews are easily accessed by in-store shoppers. A true omni-channel retail strategy requires ratings and reviews at every touch point.

PERCENTAGE OF MOBILE SHOPPERS MORE LIKELY TO PURCHASE IF MOBILE SITE/APP OFFERS REVIEWS

Bar chart — Age Range:
- 18-29: 77.2%
- 30-44: 69.7%
- 45-60: 64.5%
- 60+: 73.2%
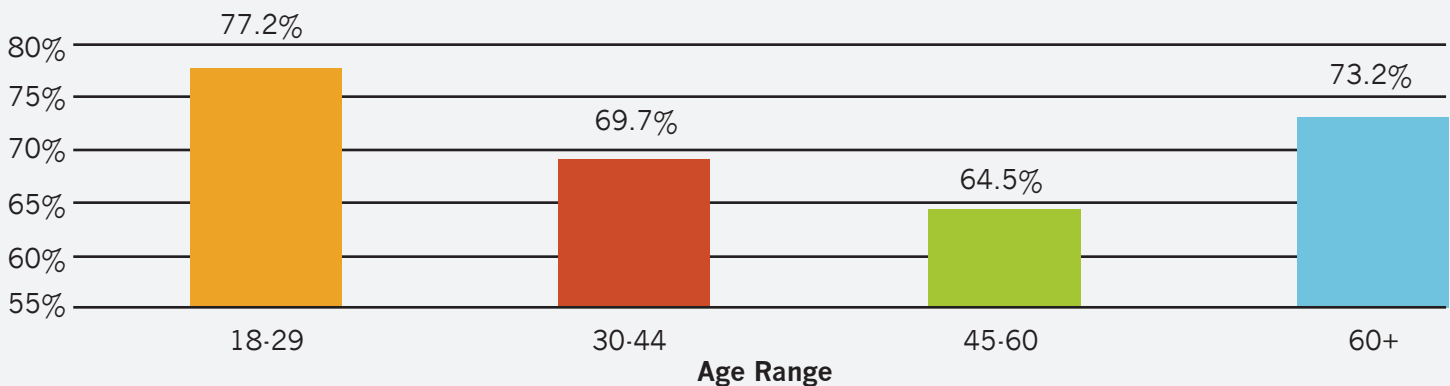
BUILDING CONFIDENCE FOR BIG TICKET PURCHASES

We've established that product reviews are a go-to source of product information for informed consumers. When stakes are high—such as with products in categories like electronics and appliances—shoppers place an even higher premium on product information. As the purchase price increases, so does the importance of reviews. Shoppers rated the availability of product reviews as an important factor in their decision for big-ticket purchases in categories such as electronics (82%), appliances (80%) and computers (80%).

BEYOND FEATURES TO USER EXPERIENCE

Personal electronics such as laptops, tablets and smart phones often reflect a buyer's personality and lifestyle. Consumers want to know how people like them use the products. While the components under the hood are very similar, the variations in user experience are most important and hardest to deduce, especially when shopping online. With re- views, this information is all detailed in the context of how the product was used, allowing consumers to match their expectations to the experiences of those who have actually used the product.

MOST IMPORTANT CATEGORIES FOR REVIEWS

ELECTRONICS

COMPUTERS

APPLIANCES

BABY

HOME & GARDEN

THE NEW FACE OF WORD-OF-MOUTH MARKETING

''Compared to those over age 60, people under 45 are 61% more likely to trust consumer reviews more than recommendations from friends and family.''

Before technology permeated our lives, shoppers relied on the opinions of family and friends to guide their purchasing decisions. While the opinions of our personal networks still hold great weight, consumers are recognizing that the most authentic opinion of a product is from someone who has actually used it. And now ratings and review technology enables shoppers to tap into the hundreds of million of these authentic opinions.

The influence of word-of-mouth marketing is growing, especially among younger consumers. When compared to those over the age of 60, people under 45 are 61% more likely to trust consumer reviews more than the recommendations of friends and family.

While younger audiences still trust the opinions and experiences of friends and family, they recognize that the most authentic voices are those of people who have already purchased the product and shared their experiences online.

CONSUMPTION OF REVIEWS

Consumers look to multiple sources to find product reviews; however some sources are perceived as more authentic than others. The majority of shoppers (53%) consider retailer sites to be the most trustworthy source of reviews, while 39% look to media outlets as most credible.

Because shoppers use product reviews to get a quick download of information about a product, review information needs to be easily accessible and digestible for consumers. The majority of consumers (66%) read between 1 and 10 reviews before making a purchase.

REVIEW FORMAT MATTERS

Because most shoppers read only a fraction of available reviews, it's imperative not only that reviews are displayed prominently, but also that the most relevant information is presented to shoppers in an easy-to-understand format. Reviews need to be scannable so that consumers can get the most important information quickly. Tag-based reviews use category-specific keywords to display information on key product characteristics separate from the text narrative, making them easy to consume. Convenience is key for brands and retailers to keep shoppers from seeking reviews—and making their purchases—elsewhere.

NO-TAGS REVIEW

not what i was hoping for

july 17, 2014

rating ★★★☆☆

This moisturizer went on smoothly and was wonderful at its job. However, I had too many issues with it to ever repurchase it. First of all, the packaging was extremely disappointing to me. When I received the moisturizer I noticed a few lines around the top of the jar, but did not think anything of it. After a few weeks, I noticed the lines getting larger. That is when I realized the product had cracks all over the jar. I looked at Hope in a Jar at Ulta and noticed their jars had cracks all over them as well.
Also, the fragrance in this moisturizer burned my eyes very badly. Even when I applied no where near my eyes, it would sting so badly that I would need to go rinse my eyes with water. I figured it was just me having a reaction to the product, but when my sister used it she experienced the same thing.

TAG-BASED REVIEW

By *Lorelei*

from *Ypsilanti, MI*

About Me *Brand Buyer*

$ VERIFIED BUYER

★★★★★ **5.0** **Love this product!**

12/5/2014

PROS	**CONS**	**BEST USES**
Absorbs Quickly	Maybe A Tad Pricey	After Shower/Bath
Goes On Smoothly		Dry/Chapped Skin
Moisturizes Well		Mornings B4 Foundation
Not Greasy		

Comments about *Philosophy Hope In a Jar*:

I love this moisturizer, for daily daytime use. It's light but not so light that it doesn't moisturize, and it isn't greasy or heavy. I wouldn't recommend it if you have winter dryness issues (it isn't robust enough for that) but it's great as a daily, go-to primer before applying foundation.

*BOTTOM LINE* Yes, I would recommend this to a friend

THE IDEAL NUMBER OF REVIEWS

Sixty-five percent of consumers agreed that they need no more than 10 reviews as a minimum number of reviews. How consumers defined the ideal number of reviews varied greatly, from less than 10 to more than 50.
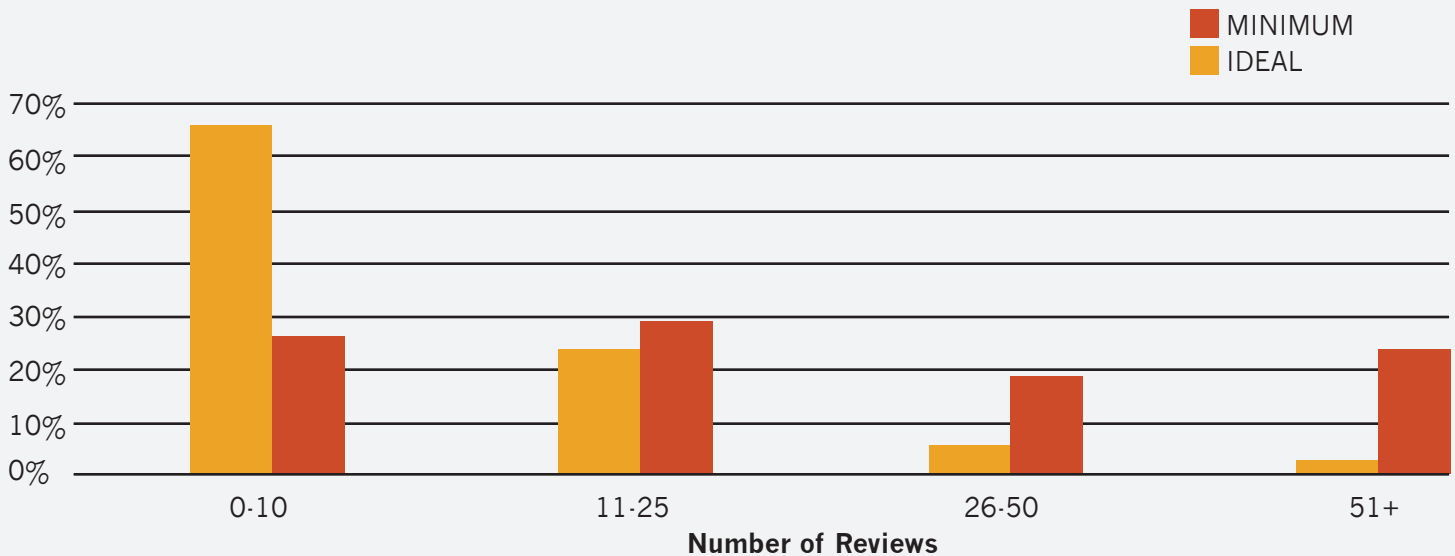
Many factors play a role in the ideal number of reviews for a product. As previously described, price point, product experience and level of importance affect how much review information shoppers want to see. So while the ideal number of reviews a product should have is category and context specific, it's clear that the presence of product reviews is an essential part of the consumer purchase process, regardless of price point or category.

NUMBER OF REVIEWS READ BEFORE MAKING A PURCHASE

Number of Reviews	Percentage
0	6.2%
1-10	65.7%
11-25	22.0%
26-50	4.7%
51+	1.5%
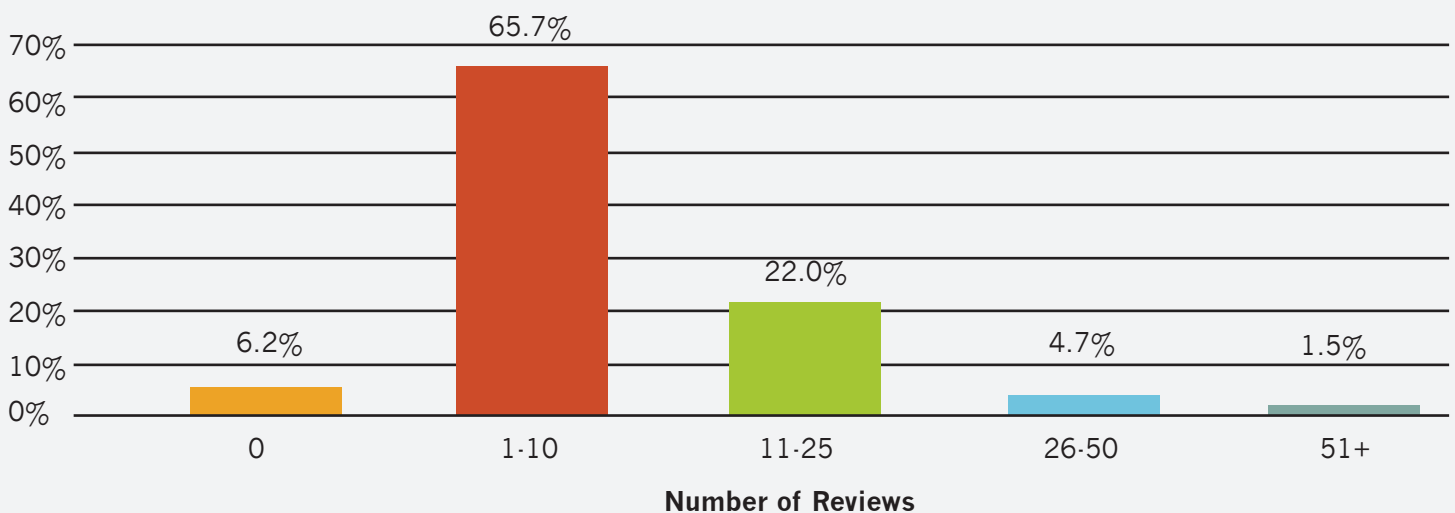
Number of Reviews

MINIMUM VS IDEAL NUMBER OF REVIEWS

■ MINIMUM
■ IDEAL

Number of Reviews: 0-10, 11-25, 26-50, 51+

Y-axis: 0% to 70%

THE NECESSITY OF NEGATIVE REVIEWS

Shoppers are smart: they know that every item can't be the newest, fastest, cheapest and highest quality. As a result, they question products that claim to be all of the above.

Negative reviews, in and of themselves, help establish brand credibility and trust. Why? Because as John McAteer, Google's retail industry director said, "No one trusts all positive reviews." While brands and retailers should strive for a sizable majority of positive reviews, consumers view the absence of negative reviews as suspicious. Consumers understand that products can't be all things to all people, and thus use negative reviews to hone in on the products that are right for them.

Negative reviews provide a baseline for the worst-case scenario consumers could have with a product. For example if a product's negative reviews revolve around difficult assembly but the other aspects of the product are given strong marks, a consumer unconcerned with assembly may go ahead with the purchase.

Consumers consider not only the review, but also the reviewer. If the author of a negative review seems unlike the reader, the reader may discount the authenticity of the review for them personally. Transparency in reviews and reviewers demonstrates credibility that gives consumers confidence in their purchase.

82% of shoppers seek out negative reviews; among shoppers under 45 this number jumps to 86%

LEAVING REVIEW FEEDBACK

MOTIVATING REVIEWERS

While most consumers use reviews, less than half (42%) report leaving feedback for the products they buy. Among younger consumers, those 18 to 29, only 32% are leaving reviews, while almost half (49%) of the 45-60 demographic is contributing review feedback.

While 42% of consumers report writing reviews, they don't do so for every product purchase. In fact, of those consumers asked to write a review post-purchase, only 3-10% will write a review for that specific transaction. On average, review-writing consumers will write a review once every 4-14 purchases, depending on category, timing, and other factors.

The burden is on brands and retailers to make the process of leaving a review quick and painless. Those looking to engage and secure the participation of millennials should consider making the act of leaving review feedback as easy and streamlined as possible.

More than half (55%) of the consumers who aren't writing reviews cited needing motivation to do so. Brands and retailers should consider employing loyalty programs that recognize and reward customers for engagement: leaving reviews, interacting via social media or contributing user photos.

In particular, more affluent shoppers require motivation to contribute reviews. Only 36% of consumers making less than $25,000 annually cited needing motivation, while almost twice as many (69%) consumers making more than $150,000 cited the same need. For luxury brands targeting more affluent consumers, it's more necessary to provide rewards and recognition to engage consumers.

PERCENTAGE OF SHOPPERS LEAVING REVIEWS

Bar chart — Percentage of shoppers leaving reviews by Age Range:
- 18-29: 32.0%
- 30-44: 45.6%
- 45-60: 49.3%
- 60+: 43.4%
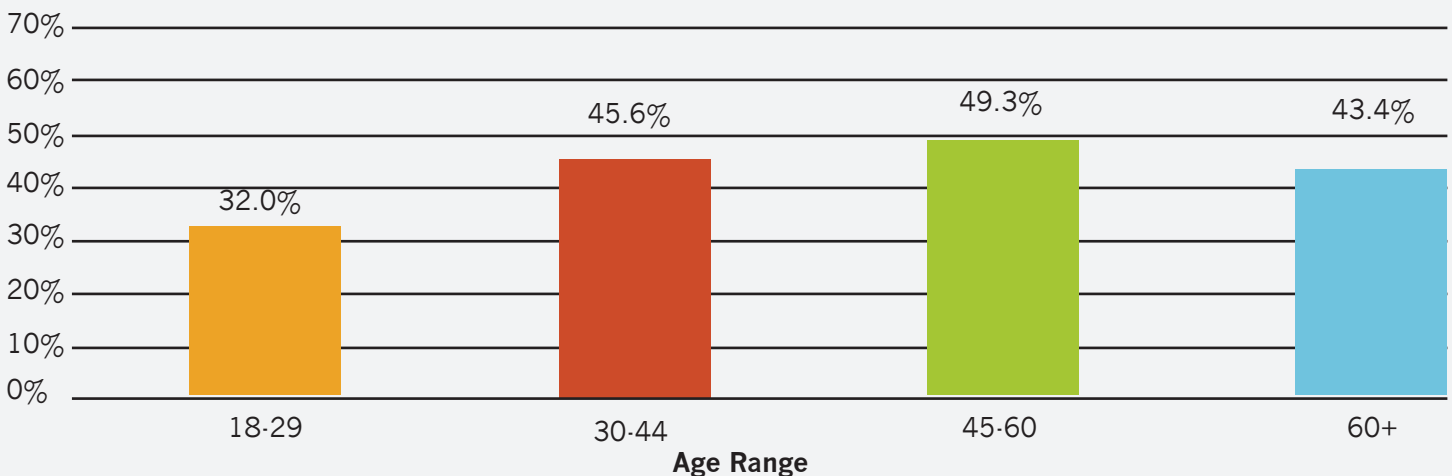
IN SUMMARY

Ratings and reviews have become a prime source of information for shoppers on their path to purchase: 95% of consumers reported consulting customer reviews. Millennials rely on reviews even more than their older counterparts. And all consumers rely on the presence of negative reviews for authenticity and credibility.

Because consumers want to be confident in their purchases, the availability of product reviews is an important factor in their decision for big-ticket purchases such as electronics (82%), appliances (80%), and computers (80%).

70% of mobile shoppers reported being more likely to purchase a product if the mobile site or app they're purchasing from has reviews, making reviews a key strategy for omnichannel success. Negative reviews are sought out by 82% of consumers as a foundation of authenticity. And while most consumers read reviews, less than half write reviews. Particularly among more affluent shoppers, engagement-based loyalty programs are essential to reward and recognize reviewers.

Ratings and reviews have become table stakes and brands and retailers can improve consumer experience with reviews by providing review snapshots, mobile optimized reviews, and tag-based reviews. By making it easy for consumers to read and write reviews at home, in-store or on the go, brands and retailers increase traffic and conversions.

ABOUT THIS REPORT

The Power of Reviews is a survey of 800 U.S. consumers, and subsequent analysis, architected by Power-Reviews with the goal of helping brands and retailers better understand how ratings and reviews impact buyer behavior. The report was released in November 2014.

ABOUT PowerReviews

PowerReviews software helps more than 1,000 brands and retailers collect, display and syndicate customer reviews and answer customer questions. Ratings, reviews and Q&A allow companies to reach customers at the moment of purchase and help to drive traffic, increase sales and create actionable insights. The PowerReviews Syndication Network helps clients reach hundreds of millions of in-market shoppers on leading ecommerce sites and search engines.

www.powerreviews.com | info@powerreviews.com | @PowerofReviews
312-447-6100 | 844-231-7540
Chicago | San Francisco | London