



POWER
REVIEWS

Compete with Amazon and Win

*Building consumer trust, sales and loyalty
with user-generated content*

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Introduction

Amazon is a market leader in almost every capacity, capturing nearly half of all holiday 2016 online sales and half of all e-retail growth in the third quarter of 2016. Clearly, Amazon has become the global shopping destination of choice, and retailers are under no illusion about the competition they face.

But what exactly is Amazon doing that makes it so appealing to shoppers? And what can retailers do to stay competitive?

In 2016, PowerReviews conducted a survey of American consumers to better understand the factors that contribute

to Amazon's dominance and what retailers can do to better attract and keep online shoppers. We sought to understand:

- Why consumers trust Amazon
- How Amazon has shaped consumer expectations throughout the shopping journey
- What factors drive loyalty to Amazon and other retailers

The following report explores the results of this research and provides actionable recommendations for using Amazon's own best practices to win against them.



The Market Leader



Consumers Visit Amazon Frequently

Consumers are turning to Amazon to browse and purchase products—and they're doing so frequently. In fact, many consumers are visiting Amazon.com more frequently than they visit their own families. A majority (85%) of consumers visit Amazon monthly, compared to 62% who visit family.

Many consumers are visiting more frequently than once per month. Nearly 40% of shoppers visit Amazon one to three times per month, and nearly 30% visit more than seven times monthly.

**85% of consumers visit Amazon
monthly, compared to 62% who
visit family.**



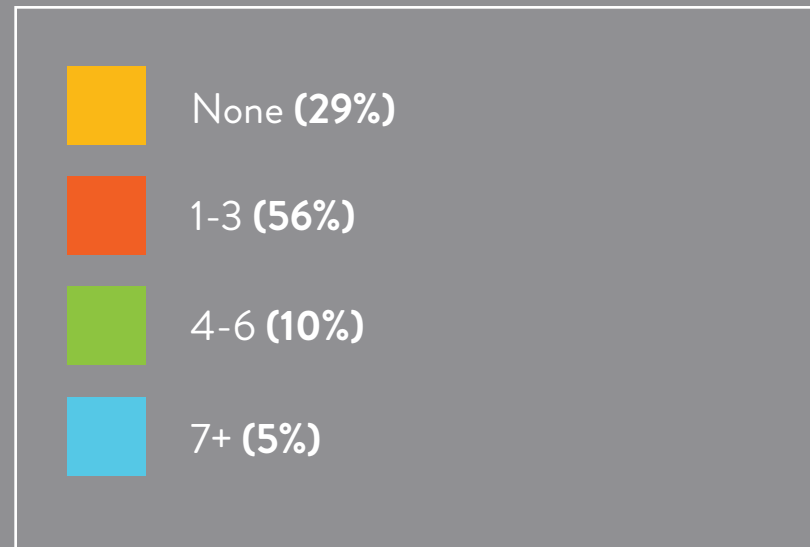
Consumers Start on Amazon for Variety, Deals and Information

Earlier PowerReviews research on the path to purchase found that the top reasons people start their purchase journey on Amazon are variety of products, free shipping and price. But after variety and pricing factors, customers cite a differentiated customer experience as a top reason they start on Amazon, driven by helpful customer reviews, great search capabilities and a mobile-friendly experience.

Consumers Frequently Purchase on Amazon

Consumers are coming to Amazon to browse—and staying there to buy. More than 70% of surveyed consumers make at least one transaction, on average, each month on Amazon. And 15% admit to making an average of four or more transactions per month.

Amazon's Dominance





Consumers Window Shop on Retailer Sites

Previous research found that ease and loyalty were the primary reasons shoppers choose to begin their shopping research on a brand or retailer site. However, our latest research found that many consumers are window shopping on brand and retailer sites, but then navigating to Amazon to complete their purchase.

69% of shoppers browse on retail or brand sites, then go to Amazon to purchase. However, only 31% do the opposite—start on Amazon, then go to a retail or brand site to complete the purchase.

69% of shoppers browse their favorite retailers online, then visit Amazon to make the final purchase.



Establishing Trust



Product Content Builds Trust

Previous research found that shoppers are turning to Amazon for variety and price. But as our latest research indicates, they're also turning to Amazon because it's easy and the experience offers security and peace of mind.

Amazon is a trusted vendor, and that trust is built, in large part, on the sheer amount of information available on the site. Product and vendor information, arrival and delivery details,

and product reviews help consumers trust that an item they order from Amazon will match the online product description once it arrives on their doorstep.

Consumers can make more informed decisions based on comprehensive product information, and retailers can leverage this information to better connect with shoppers and gain valuable insights to improve products, services, and the customer experience.



Reviews Make or Break a Sale

Previous research found that consumers who can't find reviews on a retailer or brand site will leave the site. And 25% of them will go to Amazon to find reviews.

Consumers navigate to Amazon because they know they can find plenty of reviews—both positive and negative—for just about any product imaginable. But what features of reviews are most important to consumers?

Average Star Ratings and Number of Reviews Foster Trust in Products

Consumers rank the average star rating as the top feature of reviews that helps them trust a product, seller or service. This is not surprising, as the average star rating is often the first filter that determines whether a consumer buys immediately, walks away from the sale completely, or reads more reviews to gather additional information.



The number of reviews comes in as the second most important factor for fostering trust. This is a clear indicator that retailers should make it priority to generate a large volume of reviews –especially for key products.

Closely following are review features that speak to the authenticity and transparency of reviews. One third of consumers indicate that the presence of negative reviews was either a “very important” or “important” factor influencing their decision of whether or not to trust a product, seller or service. This supports previous PowerReviews research that found that **82% of consumers specifically seek out negative**

reviews and that **purchase likelihood peaks when a product’s average star rating is between 4.2-4.5**. Negative reviews provide a balanced perspective, and consumers perceive products with perfect average star ratings as too good to be true.

Finally, 36% of consumers find it “very important” or “important” for reviews to be badged to indicate if they are written by verified buyers or are generated as the result of a sampling program. Badging is another way for brands and retailers to add a level of authenticity and transparency to their reviews.

**One third of shoppers say
negative reviews are important
for fostering trust in products
and services.**



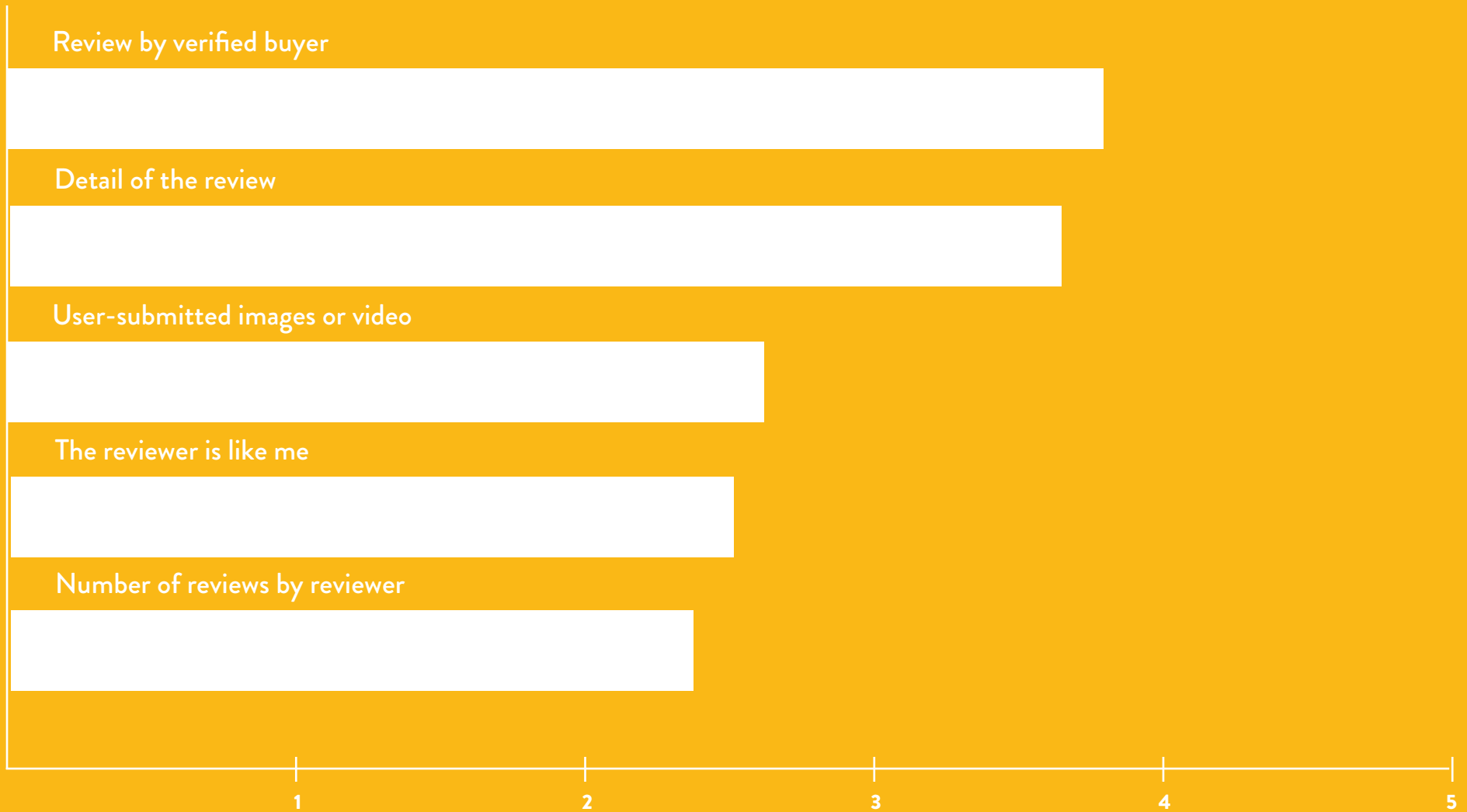
Consumers Trust Reviews Written By Verified Buyers

The study also explored what drives trust in an individual review. Of the consumers surveyed, 41% of indicate that knowing that a review was written by a verified buyer is the most important feature for building trust. This points to the importance of using a verified buyer badge so consumers can easily understand who wrote a review on an ecommerce site.

The level of detail of a review is also important, with 35% of consumers ranking it as the most important factor, and the presence of images and videos in a review rank third. Surprisingly, information about the person who wrote the individual review, such as the number of reviews written by this consumer and whether the reviewer “is like me” are less important factors in building trust for an individual review.

Shoppers ranked the most important factor for driving trust in an individual review

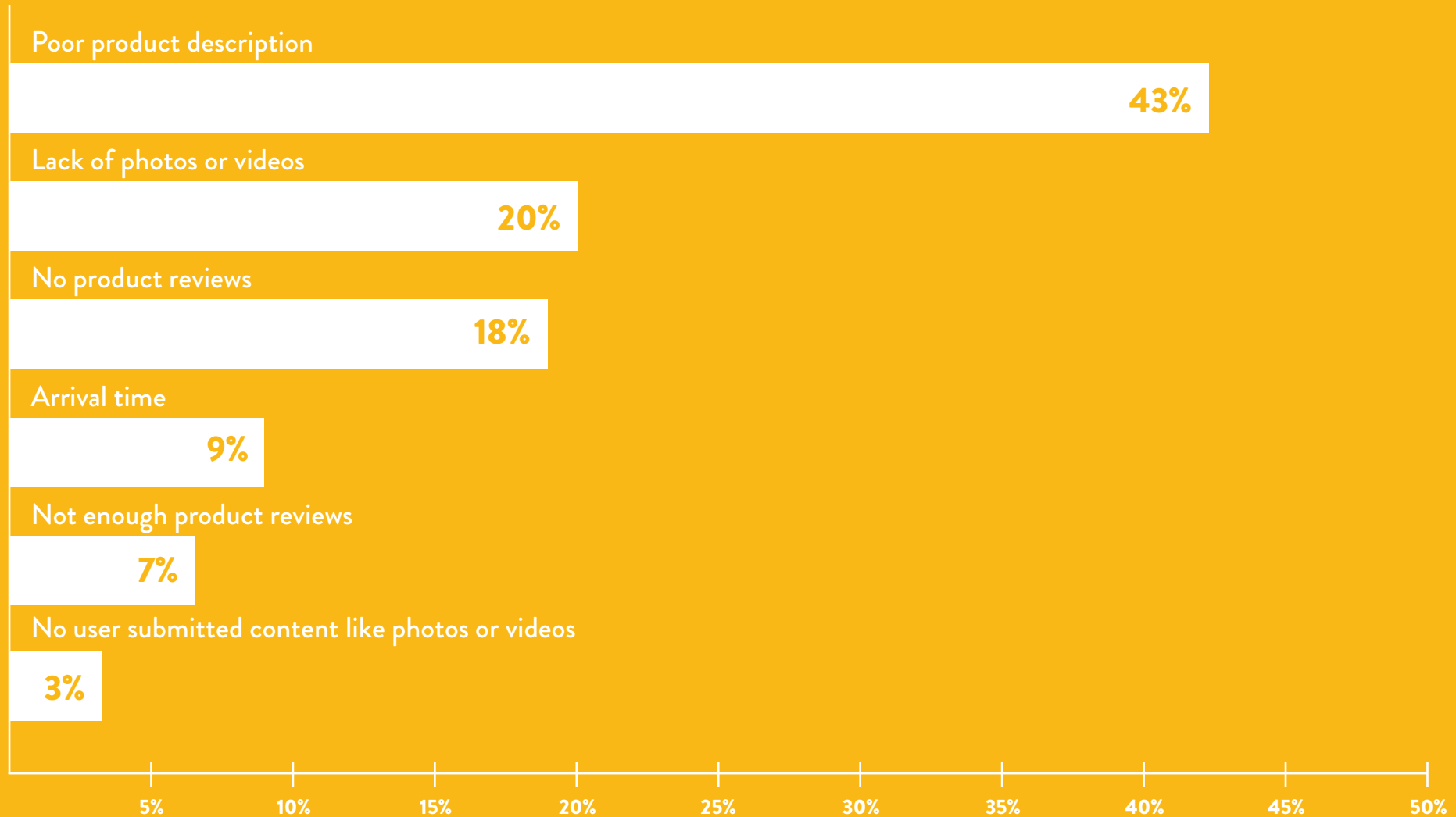
(Ranked in order of importance for driving trust in an individual review)



A young girl is captured mid-air, jumping into a swimming pool. She is wearing a pink and blue floral one-piece swimsuit and yellow inflatable arm floaties. Her arms are outstretched, and her legs are bent in a jumping motion. The water is a vibrant turquoise color, and the pool deck is visible at the bottom of the frame.

Meeting Shopper Expectations

What is your top irritation when researching products online?





Poor Product Descriptions Irritate Shoppers Post-Purchase, Too

With poor product descriptions topping the list of pre-purchase irritations, it's not surprising that shoppers' top irritation post-purchase is that a product didn't meet expectations. Nearly half (48%) of consumers name it as their top post-purchase irritation. Coming in second is the product not fitting or meeting the consumer's needs, with 19% of consumers citing this as their top post-purchase irritation.

This proves the importance of providing shoppers with plenty of details about products, including thorough descriptions, photos, videos, and plenty of product reviews. Providing this information will keep shoppers on your site and ensure their expectations of your products match up with reality.

Poor product descriptions top consumer irritations pre- and post-purchase

43%

of consumers were irritated by poor product descriptions

48%

of post-purchase complaints were that a product didn't meet expectations





Products Don't Meet Expectations Because of Quality

We then took things a step further by asking consumers what the most common reason is for a product not meeting their expectations. More than a quarter (29%) cite quality as a top reason. The product not meeting the online description and incorrect size and fit tie for second place, with 21% of consumers saying each of these is the most common reason why a product doesn't meet their expectations.

Again, this points to the importance of providing shoppers with plenty of information—both from the retailer and from fellow consumers. Comprehensive product details from retailers—along with user-generated content including ratings and reviews, photos, and videos—help shoppers understand aspects of the product that are difficult to access online, such as size and fit and quality. Armed with this information, shoppers will have realistic expectations of the products they purchase online.



Returns Irritate Consumers Once Products Arrive

We also asked consumers what their top irritation is once the products they've ordered arrive in the mail. Nearly a third of customers (31%) say having to return a product is their top irritation, followed by 19% citing the product not matching online reviews as their top irritation once it arrives in the mail. One important step retailers can do to reduce returns is to feature plenty of information about products and services directly on ecommerce sites.

Retailers will never be able to completely eliminate returns, but including comprehensive product details—including size and fit information from verified buyers as part of reviews—is a great way to better meet shopper expectations.



Maintaining Loyalty



Maintaining Loyalty

After exploring how Amazon has changed shopper expectations, we then delved into how Amazon is successfully sweetening the shopping experience to attract and retain customers.

Free Shipping and Returns are Key

We asked consumers to indicate the incentives that are most likely to prompt them to buy from Amazon, allowing them to select all answers that apply.

Not surprisingly, free shipping and free returns top the list, with 84% citing free shipping as a compelling incentive, and 62% being tempted by the offer of free returns.

Loyalty, Early Access and Free Products Also Entice Shoppers

Though free shipping and returns are the top incentives for consumers to shop on Amazon, they cite other motivators, too. A third (33%) of shoppers say free samples entice them to shop on Amazon. Nearly 29% are motivated by loyalty points, an interesting point given that Amazon doesn't offer this, while 26% of shoppers want early access to sales, and 19% want early access to products.

Retailers that offer early access and free products to shoppers will not only gain loyalty, but can also generate reviews, photos, and videos for new products, which will lead to higher conversion.

Loyalty, early access, free products entice shoppers

33%

would like free
products

29%

cited loyalty
points

26%

want early
access to sales

19%

are intrigued by
early access to
products

7 Strategies to Compete and Win

It's clear that Amazon's dominance has created new challenges for retailers. Read on for seven strategies to compete (and win) against the ecommerce giant.

1

Fill Product Pages with Details

Poor product information tops consumer irritations both pre- and post-purchase. In fact, more than 43% of shoppers cite poor product descriptions as a frustration when researching products. Be sure to provide comprehensive product and service information so your shoppers know exactly what to expect from you. In addition to your own product descriptions, be sure to generate plenty of reviews for your products so shoppers can hear about the experiences of other consumers. If you sell apparel, be sure to include size and fit information as part of your review form so future shoppers can more accurately determine the correct size to purchase.

2

Use Reviews and Q&A to Improve Products and Product Pages

Reviews and Q&A can help retailers identify opportunities to improve product descriptions so future shoppers have a full understanding of product specifications prior to purchase. For example, if you sell a leather suitcase on your ecommerce site and notice that several reviews express disappointment that the handle of the suitcase is foam rather than leather, you can use this as an opportunity to specify in the product description that the suitcase features foam handles for comfortable carrying.

Reviews can also help retailers and brands identify flaws in a product that can be fixed to satisfy consumers. For example, if you notice that several reviews for a pair of jeans mention a faulty zipper, work with your manufacturer to improve the zipper in order to better serve your customers.

3

Cultivate Trust Through Authentic and Transparent Reviews

Shoppers will go to Amazon if they can't find enough reviews for the products they're considering. It's key for retailers to focus on coverage (getting reviews on as many products as possible) and depth (having enough reviews for each product) to build trust. Maintain the authenticity and transparency of your reviews by leveraging anti-fraud technology, insisting on human moderation of reviews, and displaying badges to indicate if a review is the result of a sampling program or if the writer is a verified buyer, the most trusted source of reviews. Finally, welcome negative feedback. As [previous PowerReviews research](#) found, consumers perceive products with an average star rating of 5 as too good to be true.

4

Add Consumer Submitted Videos and Images to Product Pages

Visual content is becoming a key part of the purchase journey. [PowerReviews research](#) found that 88% of consumers specifically look for visuals, such as photos or videos, submitted by other consumers prior to making a purchase. Encourage your shoppers to submit their own images and videos as part of their reviews —and make sure they can do so directly from their mobile devices. Displaying user-generated visual content on your product pages will help you satisfy consumers' demand for more product information while also providing them with realistic expectations of your products. When capturing this visual content, be sure to secure permission to reuse the content in other print and digital marketing initiatives.

5

Identify Loyalists by Spend and Content Generation

Consumers who are passionate about a brand or product are highly valuable. Ease and loyalty top the list of reasons why consumers choose to start shopping on a retailer or brand website, with 48% citing loyalty as the top reason. In addition to purchasing on your site, these loyalists are likely to answer questions from other shoppers and provide detailed product reviews and visual content.

Take a page from Amazon's playbook and identify loyalists not just by spend, but also by content generation. Look at the number of reviews they've written, the products they've reviewed, how often their reviews are voted as "most helpful," and whether they've submitted high-quality images and videos as part of reviews.

6

Engage Loyalists to Generate Authentic Content

Once you've identified your loyalists, ask them to contribute content such as reviews, photos, and videos. Encourage reviews from your loyalists by offering them what our research has found they want -- extra loyalty points, early access to sales, early access to products, or free samples. Be sure to appropriately badge reviews that were generated as a result of a free sample.

7

Leverage Physical Stores

Many retailers have assets that Amazon is only just starting to build: physical stores. Retailers and brands should leverage physical stores not only as a revenue channel, but also as a way to display and drive content. In its Seattle area bookstore, Amazon displays star ratings and review excerpts for books using simple shelf tags. Retailers can also include reviews in their mobile apps to influence the in-store experience. In addition, retailers can generate reviews from in-store purchases by emailing loyalty program members after a purchase, asking them to contribute reviews, photos and videos.



About the Research

This report is based on a survey and subsequent analysis of 1,014 American consumers from November 2016, developed with the goal of better understanding the factors that contribute to Amazon's dominance and what retailers can do to remain competitive.

About PowerReviews

PowerReviews works with more than 1,000 global brands and retailers to deliver cloud-based software that collects and displays ratings and reviews and questions and answers on websites. Ratings and reviews solutions from PowerReviews are essential for consumers as they search and shop online and in-store, and they are proven to increase online site-wide sales.

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