

Through the Eyes of the Consumer: 2010 Consumer Shopping Habits Survey

It's hard to believe that the holidays are right around the corner, and if 2009 was the litmus test, consumers will begin holiday shopping earlier than ever in 2010. As you finalize your e-commerce plan for tackling the holidays, knowing what consumers want is imperative. We've surveyed hundreds of consumers across the country to find out about their online shopping habits, thoughts on the economy and what influences their buying decisions.

Through our survey, we discovered that 58% of consumers are very likely to purchase their holiday gifts online this year—a vast majority over the second runner-up, brick-and-mortar stores, at 41 percent. This reiterates the importance of making sure you're prepared earlier than ever.

Following are the top takeaways from our Consumer Shopping Habits Survey to help guide your holiday e-commerce strategy.

So how does everyone feel about the economy?

It's time for a consumer temperature check, and the survey says consumers are cautiously optimistic entering the 2010 holiday shopping season. Some 43% think the economy is bouncing back, while 38% think it's staying about the same. Only 18% of those surveyed, however, feel that the economy was declining, showing the majority are feeling optimistic.

Regardless, 41% say that the state of the economy has not affected their shopping habits. It's imperative to get your products in front of that 41% early and to incorporate enticing promotions to appeal to the wary/conservative shopper (38%).

Where are consumers searching?

Whether they are looking for gift ideas, or they know exactly what they want, most consumers are beginning their search with Google—which is not exactly breaking news—a whopping 86% of people start a search on Google. Yahoo! and Bing came in with a combined total of 11% and Ask received 1% of the vote.

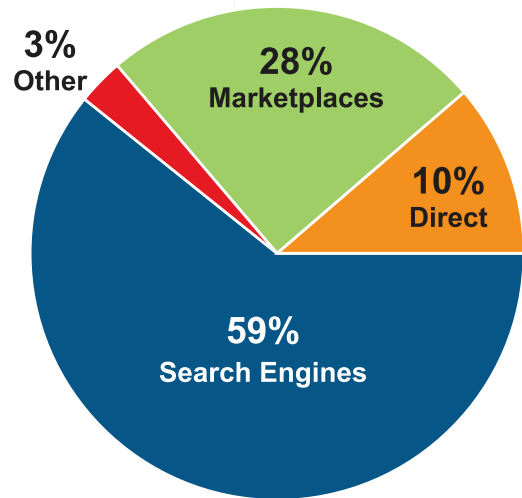
Interestingly, 59% of people turn to Google for help with gift IDEAS—which was followed by marketplaces such as Amazon or eBay. This means that bidding on a term like “gift ideas for men” would be a smart move. Also, if there are items that would resonate well as a gift for a man, put that in the title or description of your data feed—without making it overly promotional—to capture additional traffic.

If you are browsing for a gift idea, where would you start?

- Google, Yahoo!, Bing, etc. (Search Engines)
- eBay, Amazon, etc. (Marketplaces)
- Direct to retail websites (Direct)
- Other

Retailers also should take advantage of Google Product Extensions, formerly known as the Google Plus Box, which connects keywords with relevant products from Google Product Search feeds submitted by retailers. For retailers, Google Product Extensions create an opportunity to get more screen real estate for products and increase click-through rates. If you do not have images, you will now show up lower in the results, resulting in a decreased click-through rate.

As an aside, don't make the common paid search mistake of thinking you only need to focus on Google or that what performs well on Google will perform well on Bing or Yahoo. Begin testing and trying new campaigns so you're ready to grab the first holiday shoppers.



Bully Sticks Free Shipping
[ValuePetSupplies.com/BullySticks](#) 100ct. 5" Thick - \$107.99 Delivered Millions Sold, Family Owned
 [Hide products from ValuePetSupplies.com for bully sticks](#)

ValueBull 25 Medium Odor 12in ...	ValueBull 25 Jumbo Extra Thick 4in ...	ValueBull 50 Medium 12in All ...	ValueBull Christmas Candy Cane 6in ...	ValueBull 100 Low Odor 12in Medium ...
\$61.99	\$29.99	\$99.99	\$9.99	\$209.99

How important is a retailer's name recognition?

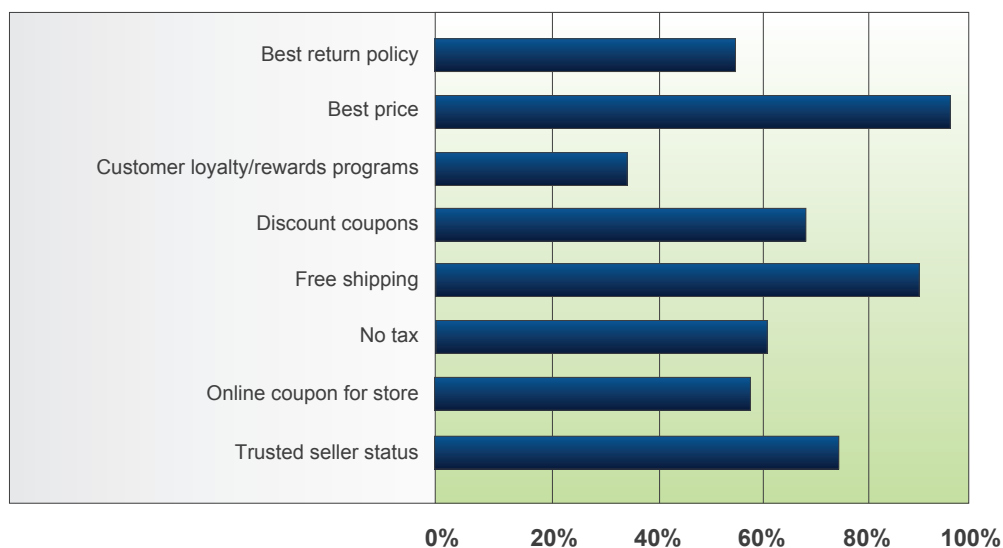
Household names go out the window when consumers are online and looking for a deal. Of those surveyed, 67% say they would purchase an identical product from an unknown webstore if the retailer offered a better value. Smaller retailers should take note and make sure that their comparison shopping data feeds are up-to-date so they can remain competitive with well-known, larger retailers through price. Retailers should also ensure that any promotion on their website is included in all shopping feeds or paid search ad copy that they send out.

What influences consumers to “pull the trigger?”

Free shipping and best price are still the big winners here for being most likely to influence consumers to purchase. Runner-ups that were also important included coupons and trusted seller status. Free shipping was a big theme of 2009, and retailers should ensure that if they are choosing to offer free shipping, it is reflected in all paid search ads, comparison shopping listings, marketplace listings, and displayed prominently on their website. Beyond including “free shipping” in the text, retailers should also make sure there is a “0.00” in the shipping field for all Comparison Shopping data feeds.

The chart below shows how consumers rated various promotions on a scale of likeliness to purchase. An important note to retailers is the fact that free shipping is becoming more of a precedent as large marketplaces like Amazon regularly offer compelling shipping offers such as free two-day shipping or even same-day shipping.

How much influence does each of the following have on your purchasing decision?



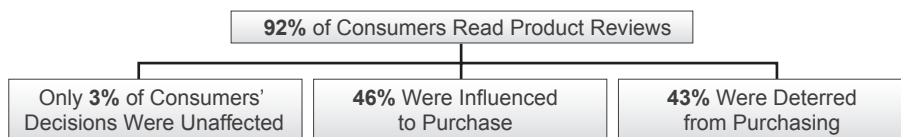
Amazon vs. eBay

Amazon continues to experience tremendous growth, and our surveyed consumers were also Amazon fans with 43% listing it as their “first choice” when shopping on marketplaces. eBay wasn’t too far behind with 22% percent listing eBay as their first choice. This data point proves the importance of having a diverse strategy and listing your products on multiple marketplaces to guarantee that your products show up where and when consumers are searching.

Review, review, review!

In one of the more shocking survey revelations, 92% of those surveyed say they read product reviews when considering purchasing a product! Of the 92%, 46% have been influenced to purchase a product due to the reviews, and 43% have been deterred from purchasing due to negative reviews. Another 57% return the favor for future buyers by leaving reviews on websites after purchases.

With Google's recent announcement of Seller Rating Extensions, Google will automatically attach your star rating from Google Product Search if you currently have 4 or more stars. Google also illustrates the number of reviews you have, and includes a link to a webpage where those reviews are aggregated and searchable. Sources for these reviews include sites such as Yahoo, Epinions, ResellerRatings, PriceGrabber and more.



If the 92% wasn't evidence enough that reviews are important, combine that with the 86% of people searching on Google, and you'll realize that having good reviews is imperative to making the most of your holiday sales!

Tips for those who have bad or mediocre reviews:

- Listen to the concerns voiced in the reviews and fix those issues
- Offer incentives to happy customers to encourage them to leave better reviews
- Add surveys from comparison shopping engines to your webstore, such as Bizrate.com, Epinions, PriceGrabber or Shopping.com

Google Paid Search Listings

The **Faucet Depot**
www.FaucetDepot.com Low Prices, Top Brands.
FaucetDepot.com is rated ★★★★★ on Google Products (288 reviews)

What earns a consumer's trust?

Consumers' opinions on how they determined the trustworthiness of an online retailer fell easily into 3 distinct answers. In ranking order:

Security

- Consumers are looking for secure sites through third-party seals of approval. Whether it's the McAfee secure logo or VeriSign Secured, consumer confidence is a necessity to convert shoppers to buyers. If the webstore was not a familiar brand, many consumers felt secure buying from a webstore that accepted PayPal.

Reviews

- As mentioned above, reviews are crucial to the success of your e-commerce strategy. One survey participant even said she searches for a company on Google to find more reviews and read about the company. A good shopping experience is always critical, as it creates repeat buyers and many customers turn to their friends and family for references, and you want to make sure they have great things to say.

Webstore Aesthetic

- Apparently you can judge a webstore by its cover—and consumers regularly do. They are looking for a professionally designed website that portrays the business as established and trustworthy. ChannelAdvisor offers a Webstore and Mobile Webstore solution that equips retailers with custom design options, a cart and checkout, as well as many other options such as wishlists, promotional and coupon capabilities and more. One ChannelAdvisor retailer, GolfEtail, earned 110% more traffic and 53% more revenue with the addition of a Premium Webstore.



What's the story with social?

Facebook is king! 90% of consumers are using Facebook, and 53% are using YouTube. LinkedIn claims third place with 38% and Twitter draws 24% usage. As the multitude of social sites work on determining how to create a business model, 38% of those surveyed say they are open to making a purchase through a social site. This evidence suggests that retailers cannot ignore social commerce, especially as Facebook develops its own currency and Twitter launches its flash sale twitter handle: @earlybird.

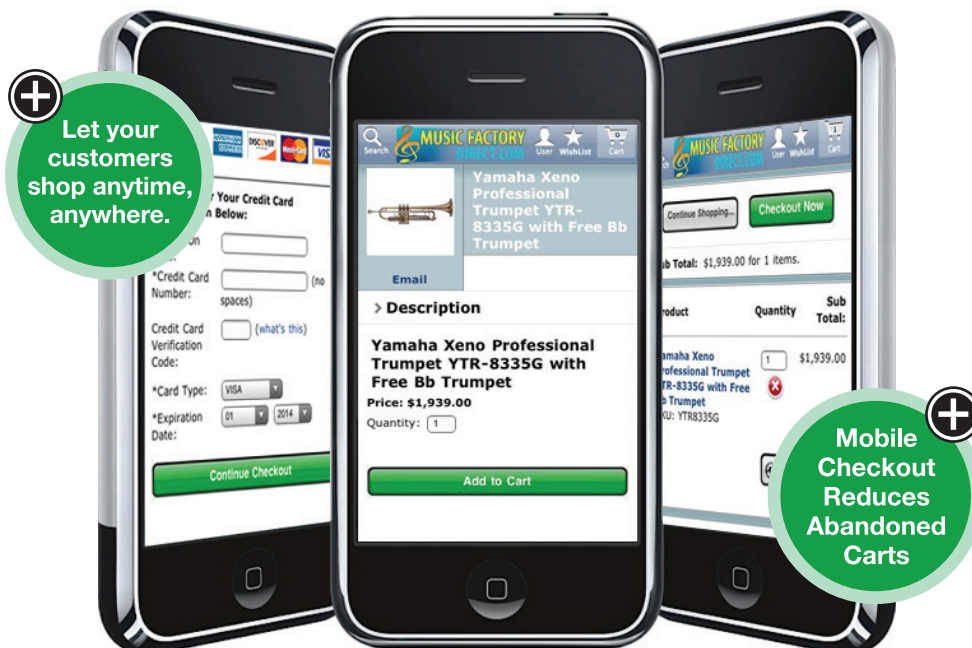
Last year, many of our retailers used social as a way to market to loyal customers by sending out special discounts to Twitter followers or Facebook friends. It's also a great way to inform followers of holiday best sellers and give an incentive to customers to build your Twitter and Facebook following.

Mobile on the move

Ten percent of our consumers have made a purchase from their mobile phone. While that may not seem like much, that number has grown from past surveys and it's a sign of mobile's burgeoning commerce opportunities.

Many consumers browse mobile sites while waiting in long holiday lines at brick-and-mortar stores. Not to mention, smartphone users can now scan barcodes in a store and compare prices online to get the most competitive deal. If your webstore isn't mobile-optimized, you're really missing an opportunity to capture a conversion. If you haven't already, stop now and look at how your webstore appears on a mobile phone.

ChannelAdvisor just released a Mobile solution within our Premium Webstore solution, which allows retailers to have a completely mobile-optimized webstore—requiring no additional setup. If you have an existing ChannelAdvisor Premium Webstore you can get a Mobile Webstore launched in days. MusicFactoryDirect.com has launched a ChannelAdvisor Mobile Webstore and has already seen an increase in conversions and a decrease in its mobile bounce rate.



What about Comparison Shopping Engines?

We asked consumers to identify which sites they considered to be comparison shopping engines from a list that included a variety of e-commerce sites (including CSEs, marketplaces (eBay/Amazon), classified listing websites, etc.). The responses that were overwhelmingly chosen most often: Amazon and eBay, which we consider marketplaces. To an online retailer, the distinction between a marketplace and a CSE is clear, but the key takeaway here is that while consumers don't know what CSEs are--they are still using them. In fact, according to a Forrester report, 55 percent of online shoppers go through a CSE.

At the forefront of this trend is Google, blurring the distinction between a CSE and paid search with Google Product Search results showing up at the top in organic results. Most consumers have no idea that Google Product Search is a CSE, nor do they realize that if they search for an item on Google then click to a site such as PriceGrabber or Shopzilla they are in CSE-territory.

Consumers' lack of name recognition of CSEs is all the more reason to ensure that you capture this audience with compelling prices or attention-grabbing promotions. ChannelAdvisor customers have experienced significant growth on CSEs in 2010, and it's a tremendous opportunity for all retailers to drive more qualified traffic to your website, and ultimately sell more! Use this holiday season to optimize your data feeds to earn more of this 55% of shoppers.

Summing It Up

Of our consumers surveyed, 41% spent more last holiday season than the previous year, and 40% spent about the same. If those numbers are any indication of this year's holiday season, we're looking at 81% of consumers planning to spend the same or even more this year.

Time is running out to implement changes prior to the holiday season, especially if an IT department has to approve or implement edits. However, these key takeaways will help you prioritize what needs to be implemented to sell more this holiday shopping season. It's also a good idea to plan a quick list for 2011 to revisit after the holidays and start your New Year ahead!

1. Our results show that consumers are thinking positively about the economy and will at least spend the same, if not more, than they did last year. However, e-commerce grew 14% in Q2 2010, so even though it's too early to predict we believe sales will be up from 2009.

2. If you haven't already, be sure to review Q4 2009 numbers for all online channels to make sure you're well aware of what worked and what didn't, and let that guide your 2010 strategy.
3. Google may dominate, but it's imperative you test campaigns on Bing and Yahoo to take advantage of additional consumers. Products that under-perform on Google may do well on Bing; you just never know until you test.
4. Now that you've learned exactly what influences a consumer's purchasing decision, make sure you incorporate those top influencers into your social marketing: Free Shipping Promotions, Best Price if you can and coupons.
5. Many retailers may choose Amazon or eBay, but our results prove the audience is big enough for both marketplaces, so it's important to diversify and list on both marketplaces. This is true regardless of a retailer's size since eBay is now catering to large merchants.
6. The most shocking result of all reveals that product reviews matter far more than we anticipated. Try hard to get these implemented on your webstore prior to the holidays. If it's too late, make this a priority in 2011.
7. Consumers may not care if they're familiar with you as a retailer, but they will be deterred by an unprofessional site. Make sure that your site is clean, professional, encourages trust and that all security measures you take are fully represented.
8. With mobile moving in fast, stop now and view your webstore on a Smartphone. You will lose consumers if your site isn't mobile-optimized. ChannelAdvisor Premium Webstores customers can now get a mobile webstore in days with no extra design work required. For non ChannelAdvisor customers we can still get your mobile webstore live in time to benefit from holiday shoppers.
9. When creating ad copy for paid search campaigns, keep in mind holiday messages that may draw consumers such as, "gift ideas for men/women," or "affordable pet gift ideas," or something that may appeal to people that are set on a particular item but it's relevant enough that the click was worth paying for. It's important to keep in mind that holiday consumers aren't typically shopping for themselves, so write attention-grabbing copy.

At ChannelAdvisor, we recommend that to drive the most holiday traffic retailers should be active on as many channels as possible, and automate and optimize their product listings on these channels. Combining a multichannel approach with this insight into the consumer online shopping psyche should help you focus your e-commerce strategy in plenty of time to make the most of the 2010 holiday season.

ABOUT CHANNELADVISOR

ChannelAdvisor is a software provider that helps retailers worldwide sell more online through channels such as marketplaces, paid search and comparison shopping, and with online stores and rich media solutions. Widely respected as the essential partner in e-commerce, ChannelAdvisor is the only company that calms the chaos of online selling by enabling retailers to submit one inventory feed into the ChannelAdvisor platform where it is translated to fit the specifications of e-commerce channels and distributed accordingly. The robust reporting capabilities of the ChannelAdvisor platform allow retailers to track their progress across e-commerce channels to make immediately actionable, performance-based decisions. For retailers of all levels of expertise, ChannelAdvisor's industry-certified services team offers expert advice and custom service packages. In 2009, ChannelAdvisor managed \$2.6 billion in gross merchandise value (GMV) on behalf of retailers of all sizes including Saks, Dell, Brookstone, GSI Commerce and 123 of the Internet Retailer Top 500 online retailers. ChannelAdvisor is headquartered in Research Triangle Park, NC with offices in Atlanta, New York, Seattle, Australia, Ireland, Germany and the United Kingdom. For further information, visit www.channeladvisor.com.

FOR MORE INFORMATION

866.264.8594 | www.channeladvisor.com | info@channeladvisor.com

2701 Aerial Center Parkway | Morrisville, NC 27560

© 2010 ChannelAdvisor Corporation All rights reserved.

