

## **A Good Review Is Worth Its Weight in Gold**

*A yearly retail satisfaction index maps shoppers' preferences for product feedback--and its impact on online sales and satisfaction.*

by Colin Beasty, CRM Magazine, Friday, July 20, 2007

A new study of the 100 highest-grossing retail Web sites that post online customer reviews has found that the availability of that content is a key factor driving customer satisfaction, loyalty, and purchase decisions. According to the findings of the report, released by ForeSee Results, the presence of user-generated reviews boosted overall satisfaction with and loyalty to the Web sites; even more critical, reviews increased the likelihood for conversion and the completion of an online purchase.

As part of the analysis of the Spring 2007 edition of the "Top 100 Online Retail Satisfaction Index," ForeSee looked at product reviews to determine three factors:

- \* how do these reviews contribute to satisfaction;
- \* how do customer reviews drive purchase; and
- \* are there any differences in the effectiveness of customer reviews by product category.

According to Larry Freed, president and CEO of ForeSee Results, 25 percent of online shoppers in the survey recalled seeing consumer product reviews--what Freed, in a statement, called "a significant percentage of the total respondent base." Meanwhile, 17 percent mistakenly reported that reviews weren't present, and the overwhelming majority (57 percent) didn't recall whether or not they'd seen reviews. "These statistics show that retailers that do offer reviews have a huge opportunity to position reviews more prominently and encourage consumers to both read and contribute to them," Freed writes in the report.

The report also concludes that product reviews provide significant value to shoppers, and those reviews have a significant impact on sales. Thirty-nine percent of respondents who recalled seeing a customer review went on to buy a product, 26 percentage points higher than among those people who bought from sites that didn't have reviews. "While the presence of customer reviews was probably not the sole reason that people bought, reviews obviously influence sales," Freed writes.

Of people who bought from a site with reviews, 44 percent cited those reviews as one of the primary reasons for their purchase--either online or offline, according to the report. Only 17 percent said the reviews had little or no impact on their purchase decision.

ForeSee also looked at whether there are differences in satisfaction and purchase intent tied to customer reviews across the leading product categories measured in the report. Satisfaction is highest (83, out of a perfect

100) for visitors to sites selling Books/CDs/DVDs amid the presence of customer reviews. This product category also has the largest share of people who recall seeing the reviews. This is not surprising, as books, music, and movies lend themselves well to reviews. Furthermore, Freed writes, the industry leader in that sector, Amazon.com, "was a pioneer of customer reviews on the Web."