



The ROBO Economy

How smart marketers use CGC to influence omnichannel shoppers



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Introduction

Every day, people write reviews and post photos and videos about the products and brands they love — and the one they don't. And every day, shoppers turn to this invisible crowd, reading through product reviews and other types of consumer-generated content (CGC) to decide what to buy.

As an industry, we've gotten really good at figuring out the impact CGC has on online shopping, with study after study showing how consumers trust their peers over more traditional advertising and marketing.

*Far from the sensational headlines clamoring about the death of brick-and-mortar stores, **Rutgers University reports that 78% of shoppers say they still buy in-store.***¹

*But mobile plays an outsized role for these shoppers. According to Pew Research Center, **62% of in-store shoppers use their phones to look up online reviews before making a purchase.***⁵

But what about brick-and-mortar sales? How do online reviews and other kinds of CGC impact what's happening in the aisles? Inquiring marketers need to know.

At Bazaarvoice, we have studied ROBO across industry categories for several years. With all of our research, we've worked to quantify the impact of online content on offline sales — and built a tool to do just that across 72 top-level product categories.

All that work forms the backbone of this report. But while we set out with the goal of figuring out how online reviews impact offline sales, we found much more than that. We discovered a looking glass into how smartphones have radically changed the way we shop.



ROBO

[roh boh]

Research online, buy offline

is a trend in buying behavior where customers seek reviews to qualify their buying decision, before they actually decide to purchase in-store

Why has ROBO become so crucial to the in-store shopping experience?



CHOICE OVERLOAD

In virtually any product category, shoppers face an endless array of product options. Product review content from verified purchasers helps shoppers to find the right product the first time.



WORD OF MOUTH AT SCALE

Shoppers have always relied on word-of-mouth recommendations to decide what to buy. CGC provides this advice at enormous scale, giving consumers access to an invisible crowd that goes beyond immediate friends and family for insight and perspective. And as CGC matures, consumer word-of-mouth now includes social imagery, questions and answers, and even video.



CGC AT SHOPPERS' FINGERTIPS

With a mobile phone in nearly every shopper's pocket or purse, consumer opinions and images from social media help shoppers connect to an abundance of consumers' perspectives. And as brands and retailers invest in a richer, more intuitive mobile experience, consumers are more comfortable relying on their phones as a shopping tool.

The ROBO Economy: How online social proof informs offline shopping

Imagine, for a second, you're in a shop and can't decide between two similar products — or maybe you just can't tell whether the thing you're holding is worth the money.

Now, imagine you could turn and ask someone who's already bought the thing in your hand what they think.

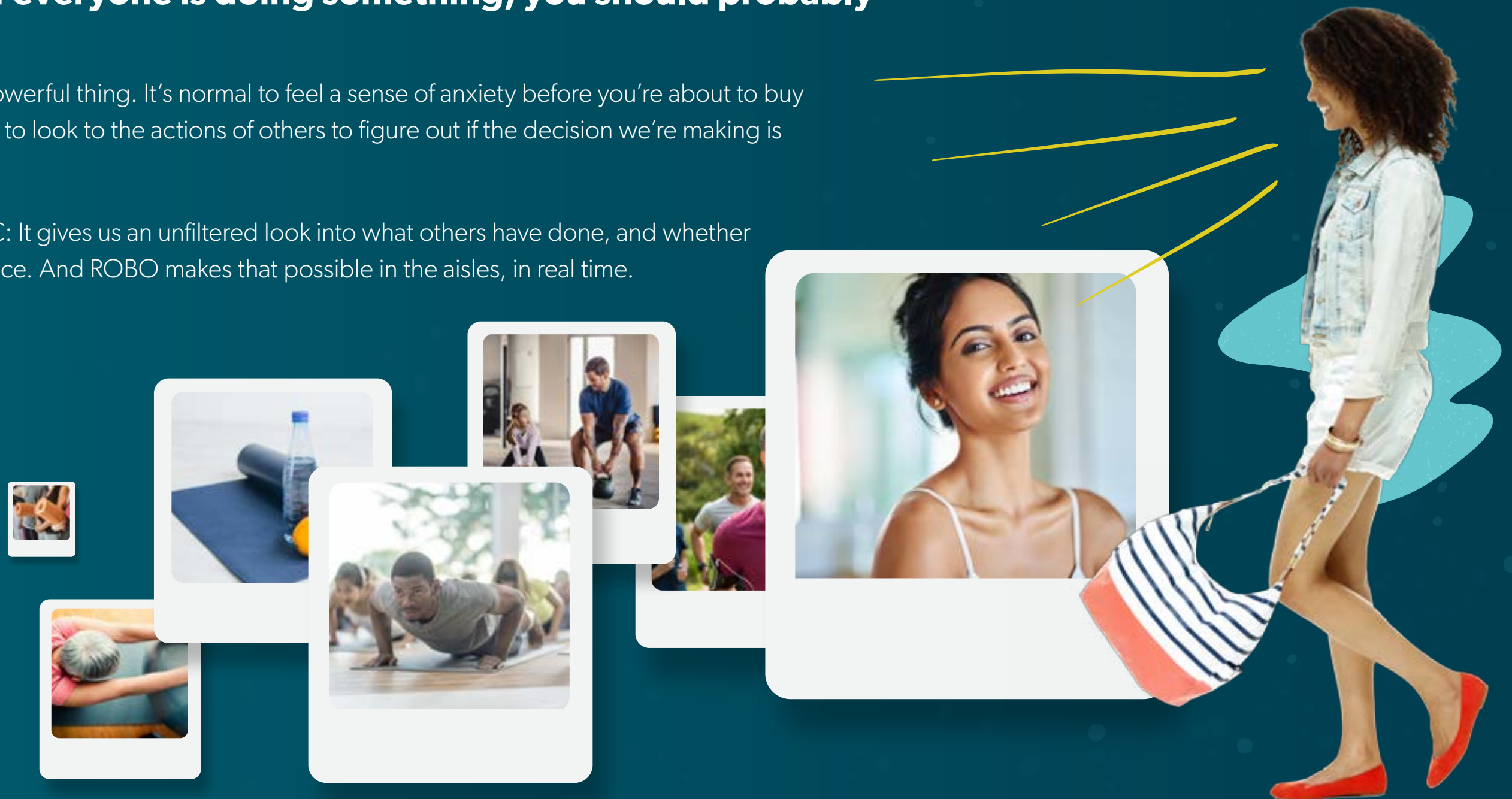
Online reviews make this kind of interaction possible at scale. They connect us with real people who give us their unbiased opinion, and their opinions help us make the best decisions possible. They give us social proof that we're making the right decision.



One of the buzzier concepts in e-commerce, **social proof** explains a psychological and social phenomenon where people turn to the crowd to figure out what is the right thing to do. In short, it's that feeling when, if everyone is doing something, you should probably be doing it too.

In commerce, this is a powerful thing. It's normal to feel a sense of anxiety before you're about to buy something. It's common to look to the actions of others to figure out if the decision we're making is the right thing to do.

That's the power of CGC: It gives us an unfiltered look into what others have done, and whether they made the right choice. And ROBO makes that possible in the aisles, in real time.



Knowing that, it's not exactly a surprise that shoppers crave the opinions of other people.

Research shows people will search multiple sites to find reviews and other content to help them purchase with confidence. What's more, 51% of mobile users report buying a product from a company or brand because it had better content and information than a competitor.⁷

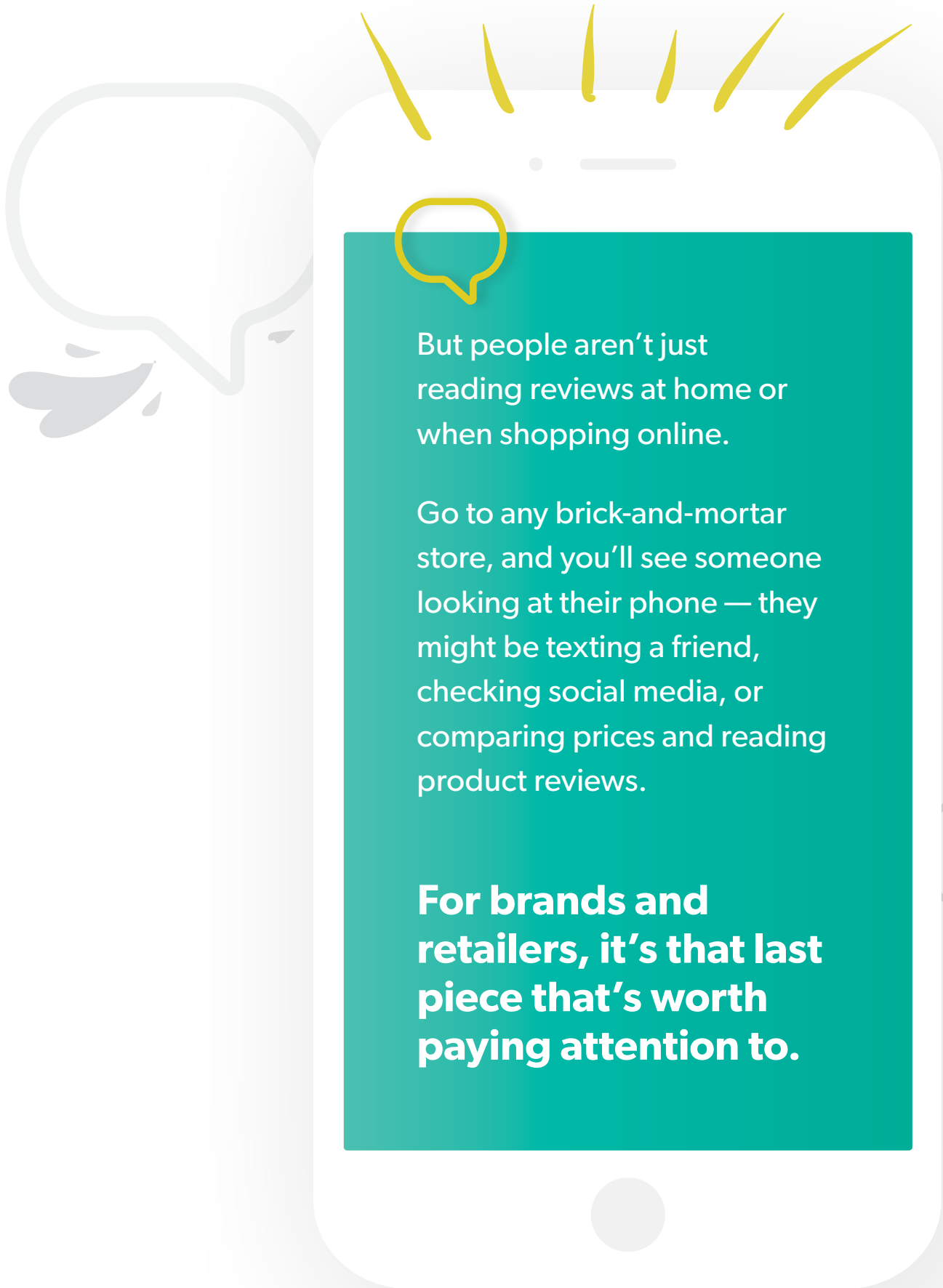


2/3

of online shoppers said they still like buying products in-store. But even in brick and mortar purchases, those shoppers say they use a mobile device to do online research. — **Pew Research Center**⁵

Our research bears this out: Across the Bazaarvoice Network, shoppers who interact with CGC convert twice as often as those who do not.

Find out more about how CGC impacts sales for brands and retailers with the **BAZAARVOICE CGC INDEX** ▶



But people aren't just reading reviews at home or when shopping online.

Go to any brick-and-mortar store, and you'll see someone looking at their phone — they might be texting a friend, checking social media, or comparing prices and reading product reviews.

For brands and retailers, it's that last piece that's worth paying attention to.

Consider the following stats from Think With Google:

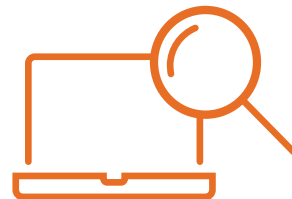
Need more proof that mobile phones have fundamentally changed the shopping experience? According to Retail Dive, research indicates that **60% of shoppers say they turn to their smartphones to learn more about a product** while they're in the store.⁶



The growth in “near me” searches **doubled in the last year** and confirms that people use online research to guide their brick-and-mortar shopping decisions.⁸



Online research doesn't stop when shoppers are in the aisle: **82% of smartphone users** consult their phones on purchases they're about to make in a store.⁹



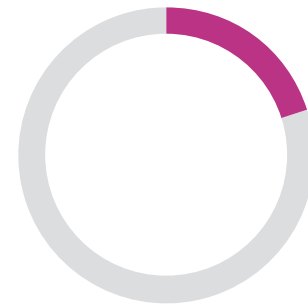
It's not just big-ticket items, either. From 2015 to 2017, searches for what have traditionally been considered low-consideration products (e.g., “best umbrellas”) **have grown faster** than those for high-consideration products, such as “best mortgages.”⁸



It comes down to consumer content. Searches are increasingly focused on CGC, with **35% growth** in mobile searches including “product reviews” from 2015 to 2017.⁸

We know that when shoppers engage with consumer content online, they buy more and have a larger overall order size than when they do not.

CGC gives shoppers a place to land while researching products — and putting it in front of shoppers at all the right moments often makes the difference between them buying from you or a competitor.



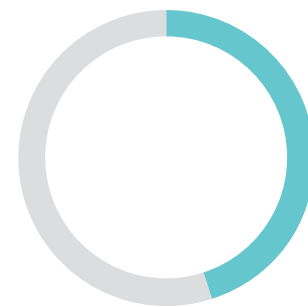
20%

increase in mobile page views across more than 5,000 Bazaarvoice brand and retailer client websites.



50%

of all e-commerce traffic now runs on mobile.



45%

of purchasers read reviews before purchasing products in-store — **that marks a 15% YOY increase.**



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These kinds of facts and figures drive home the dangers of thinking of offline and online shopping as distinct and separate experiences. If consumer behaviors tell us anything, it's that the digital and in-store experiences are merging.

Evaluating ROBO's impact: an inside look at the customer journey



A first step in understanding how ROBO is impacting your business is to understand how consumers are reading content ahead of both online and in-store purchases.

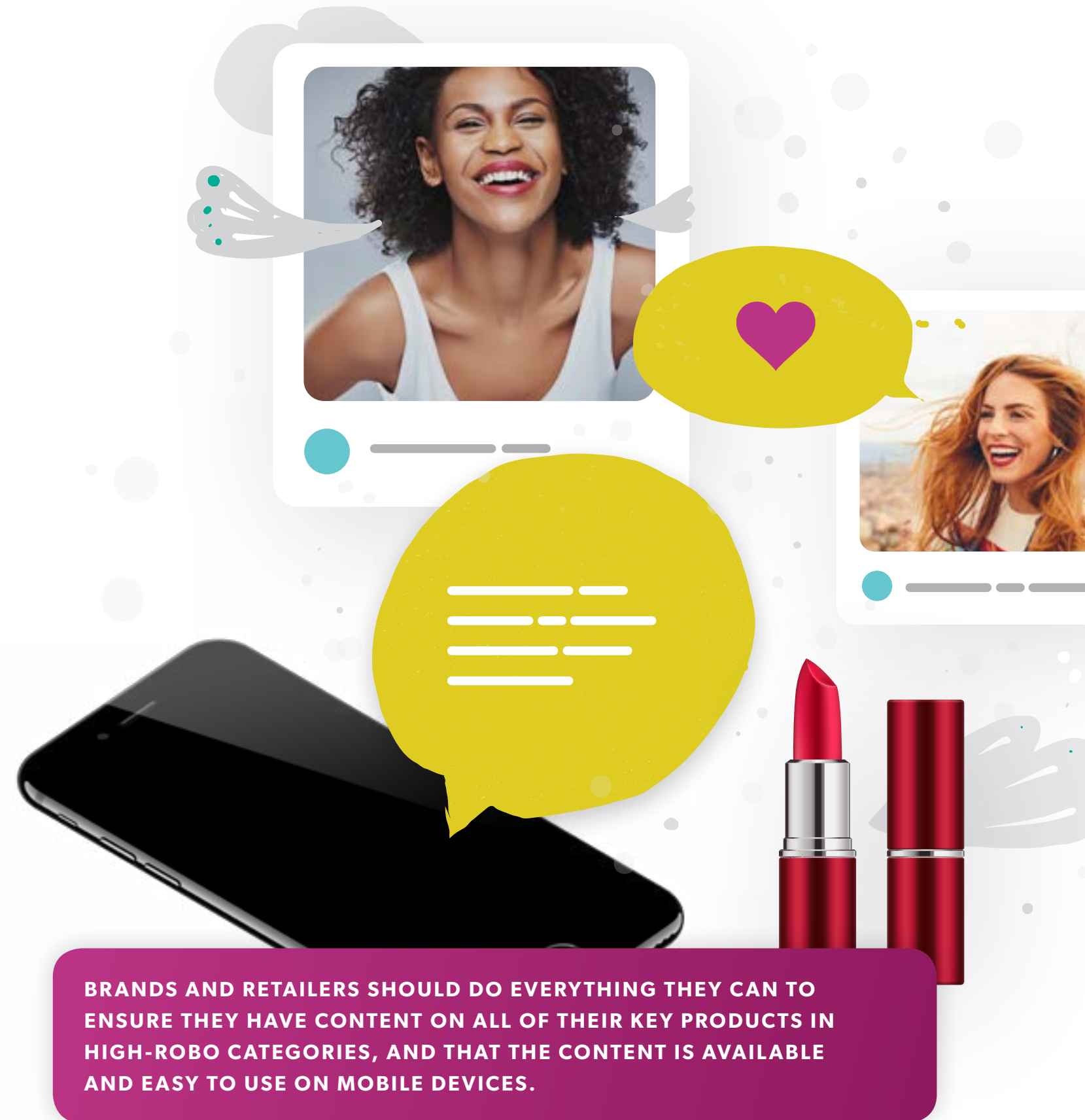
Let's make one thing clear: ROBO isn't a score, and you shouldn't try to increase or decrease your ROBO values. Instead, ROBO is a barometer of how your shoppers are interacting with online content in the aisles — and an indication of where you might enhance that experience.

High vs. Low ROBO

A higher ROBO value means shoppers are using CGC to inform a significant portion of their in-store purchases. In other words, CGC is consistently enriching the in-store experience. Whether researching your products at home before shopping or in the aisle, they're doing their homework on you and using CGC to guide their purchasing decisions.

Ratings and reviews are just part of the picture — surfacing different types of CGC together can help consumers get a better understanding of your products. Adding elements like visual customer content from social media and a Q&A platform to help answer shoppers' questions is a good step toward improving the experience for shoppers.

A low ROBO value tells you consumers are either mostly purchasing online, or they're not engaging with review content as frequently before they purchase in-store.

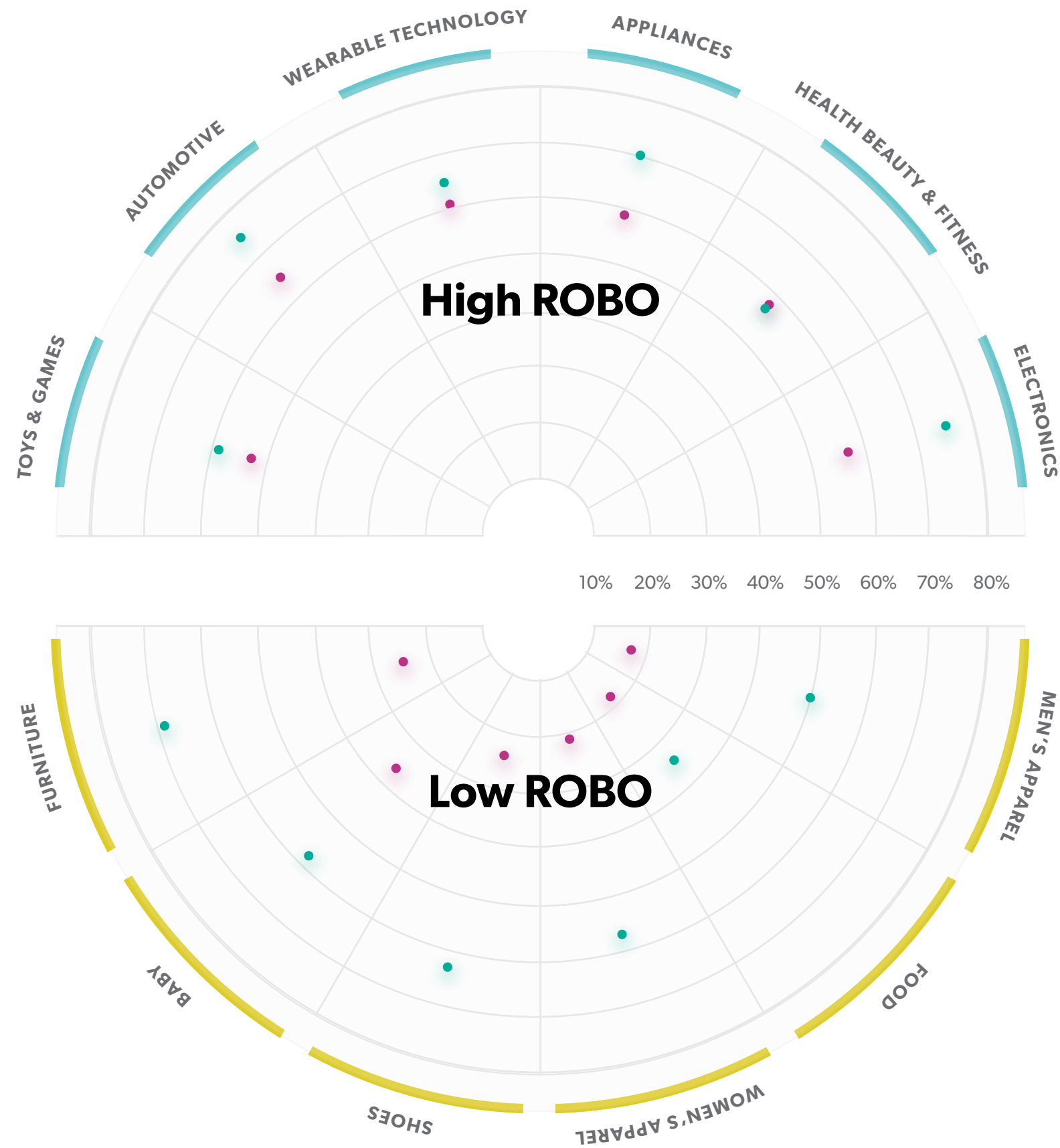


BRANDS AND RETAILERS SHOULD DO EVERYTHING THEY CAN TO ENSURE THEY HAVE CONTENT ON ALL OF THEIR KEY PRODUCTS IN HIGH-ROBO CATEGORIES, AND THAT THE CONTENT IS AVAILABLE AND EASY TO USE ON MOBILE DEVICES.

How ROBO behaviors break down across product categories

% of shoppers who first read reviews before purchasing IN-STORE (2017)

% of shoppers who first read reviews before purchasing ONLINE (2017)



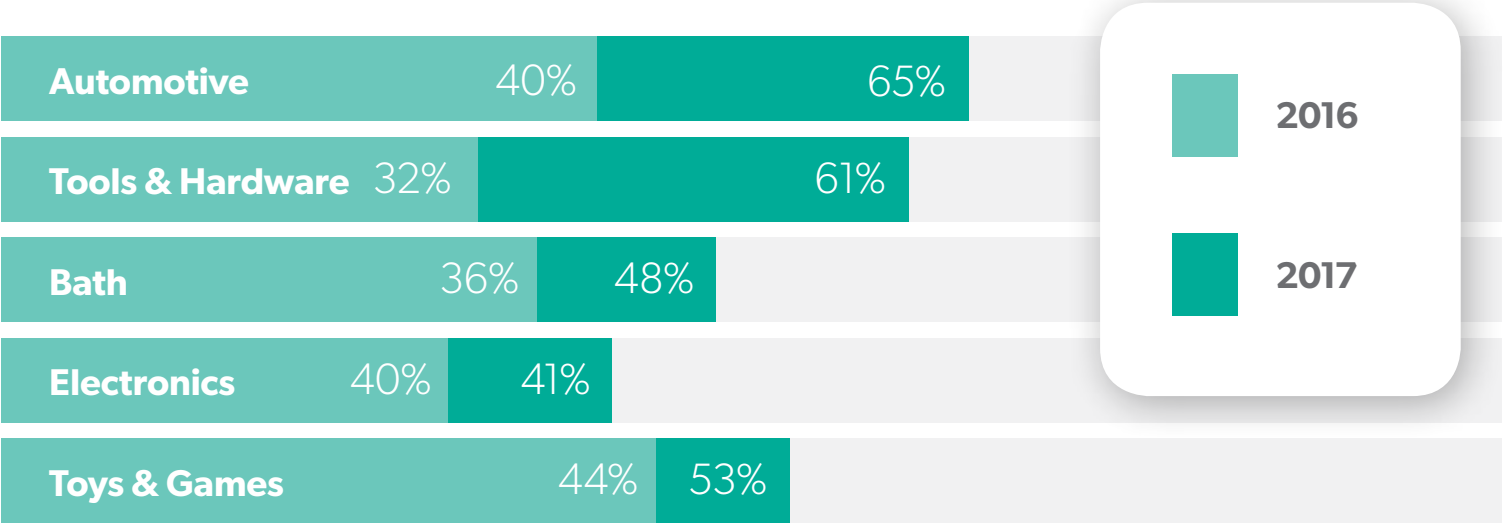
Not surprisingly, products in which quality or performance is easily assessed from a face-to-face examination, or repeat purchases such as food, tend to have lower ROBO values. Notice how people rely on CGC when shopping online for products with a lower ROBO.

In these instances, CGC stands as a proxy for the in-store experience. In many of these categories, consumers are choosing to buy online more often, and use CGC to help make their choices. For lower-ROBO categories, brands and retailers should do everything they can to optimize the online shopping experience and make it as good a proxy as possible for the in-store experience.

Keep in mind that ROBO behaviors are not fixed. Shopping behaviors are constantly changing; since we published our first ROBO report in 2016, **the frequency with which online research influences offline purchases has increased overall from 39% to 45%.** Several product categories saw notable growth in ROBO behavior from 2016 to 2017.

Whether they’re shopping online or in the aisles, people turn to CGC to make buying decisions — and they expect it to be available in the moments that matter.

% OF SHOPPERS WHO READ REVIEWS BEFORE PURCHASING IN-STORE





What's your ROBO?

Brands and retailers know that online consumer content drives online sales. But how are offline sales influenced by online content?

To answer this question, we devised the ROBO Multiplier, which quantifies how much in-store revenue CGC influences for every dollar it influences in online sales.

Let's break that down a little bit: If you have a ROBO Multiplier of four, it means that for every online dollar impacted by reviews, there is an additional \$4.00 impact to offline sales. Aside from being a great way to calculate a more complete picture of the return from an online CGC program, the ROBO Multiplier also helps you to understand how consumers are learning about your products.



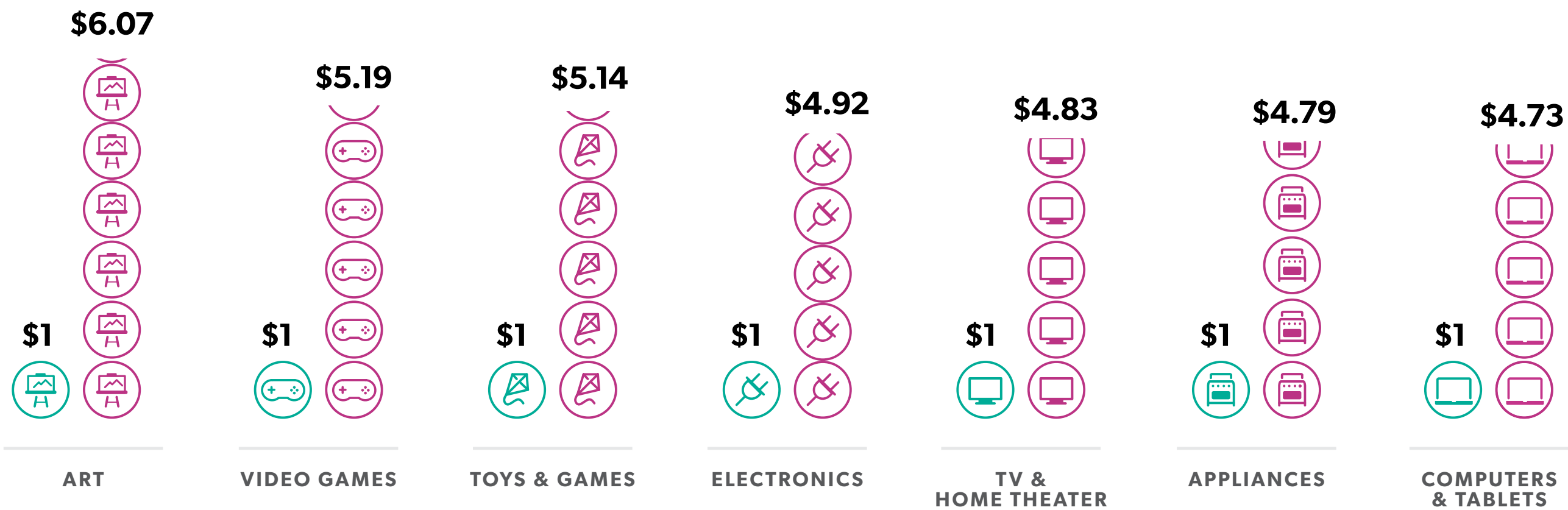
ROBO MULTIPLIER: a factor of your offline and online revenue, combined with the rate at which shoppers consult online reviews prior to an in-store purchase. That means every company has a unique ROBO Multiplier that spans their entire business.

Here are some example ROBO Multipliers for specific product categories.

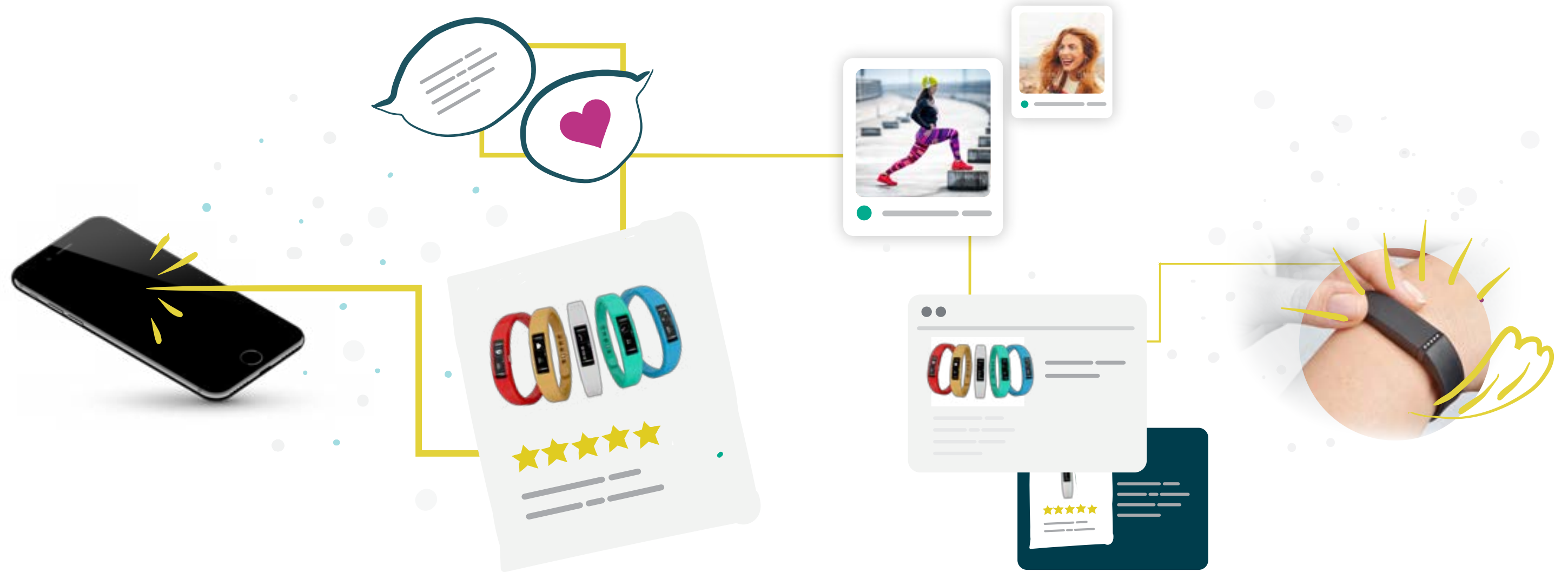
Based on an assumption that across Bazaarvoice retailers studied, 15% of revenue comes from online sales and 85% offline:

ONLINE

OFFLINE



Put Bazaarvoice’s extensive product, category, and sub-category data to work for you. To understand the ROBO Multiplier for your specific business, reach out to Bazaarvoice — we’ll help you figure out how best to close the gap between your online and in-store experiences.



Capitalizing on the ROBO economy

The biggest lesson of the ROBO economy: The line between online and offline shopping continues to blur. As consumers, we understand this well. No matter what we're buying, getting a second opinion from someone who's actually bought the thing we're looking at can be hugely beneficial.

CGC gives us exactly that, and smartphones have put people's unfiltered product experiences in our hands whether we're shopping online or browsing

in a physical store. This is the omnichannel world of commerce we now inhabit — online experiences complement offline buying decisions, and vice versa.

*The data shows as much, too. According to Pew, **45% of shoppers actively look at reviews before they shop and when they're in the aisles.***⁵

This boils down to a simple rule of thumb in

commerce: Consumers are shopping, researching, and building brand perceptions everywhere. CGC can make the difference between turning them into a customer or losing them to a competitor.

But not all things are created equal. You're not always going to turn to online reviews before an in-store purchase — it all depends on what the purchase is. For that reason, we devised the ROBO Multiplier, which quantifies what role online reviews play in in-store purchases, across 72 top-level product categories.

A ROBO Multiplier isn't a benchmark or a score. Instead, it's a factor that helps make sense of how the shopper journey breaks down across different product categories — and when you understand how consumers are researching and buying your products, you can better reach them at the right place, at the right time.



Put the ROBO economy to work for you



Turn your mobile experience into your best sales associate. Mobile is used both in-aisle for research, and along the entire path to purchase, with some journeys taking place exclusively through mobile. The more information, value, and ease you can provide via your mobile experience, the easier it is to gain preference in the mind of the shopper.



Use your product page to educate shoppers. Product demos, reviews, and visual CGC serve as great examples for how others have used a product — especially for high-ROBO categories like appliances, wearable technology, and tools/hardware, where consumers want to know more about everyday functionality and product quality.



Retailers should realize that your website drives value beyond its online “walls,” extending into the offline experience. Working with Bazaarvoice to calculate your ROBO Multiplier helps quantify the impact of your digital efforts on the bottom line. Partner closely with brand suppliers to ensure they help drive content volume and quality on your retail site.



CGC influences shoppers. Even if you don’t sell directly on your site, you should put as much content on your product pages as possible. A great product description, along with ratings and reviews, questions and answers, visual content, and even demos deliver a better shopper experience. Getting social proof in front of consumers in the moments that matter can be the difference between making a sale and losing out to a competitor.

The bottom line

Omnichannel is the only channel, and ROBO is the new normal.

If you know how reviews are impacting your offline sales, you can better optimize your omnichannel shopping experience.



Contact Bazaarvoice to find out your ROBO Multiplier and how to use it to your advantage.



Methodology

Bazaarvoice produced this report — **The ROBO Economy: How smart marketers use CGC to influence omnichannel shoppers** — to help the industry better understand how product reviews online impact in-store purchasing decisions. The results in this report were collected by studying 4.59 million data points from 32 global retailers in nine countries (United States, Canada, France, Australia, Sweden, Norway, Finland, United Kingdom, and Switzerland) across the Bazaarvoice Network. To arrive at the results in this report, Bazaarvoice studied 72 top-level product categories, 887 sub-product categories, and 966 brand-retail combinations.

Unless otherwise noted, this study includes information based on the results of our study as of April 2017. The study is ongoing as Bazaarvoice strives to better make sense of how e-commerce and CGC are impacting shopping behaviors.

About Bazaarvoice

Bazaarvoice helps brands and retailers find and reach consumers, and win them with the content they trust. Each month in the Bazaarvoice Network, more than one-half billion consumers view and share authentic consumer-generated content (CGC), including ratings and reviews, as well as curated visual content across 5,000 brand and retail websites. This visibility into shopper behavior allows Bazaarvoice to capture unique first-party data and insights that enable our targeted advertising and personalization solutions.

Founded in 2005, Bazaarvoice is headquartered in Austin, Texas with offices across North America and Europe.

For more information, visit **www.bazaarvoice.com**

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