



Purchasing Power

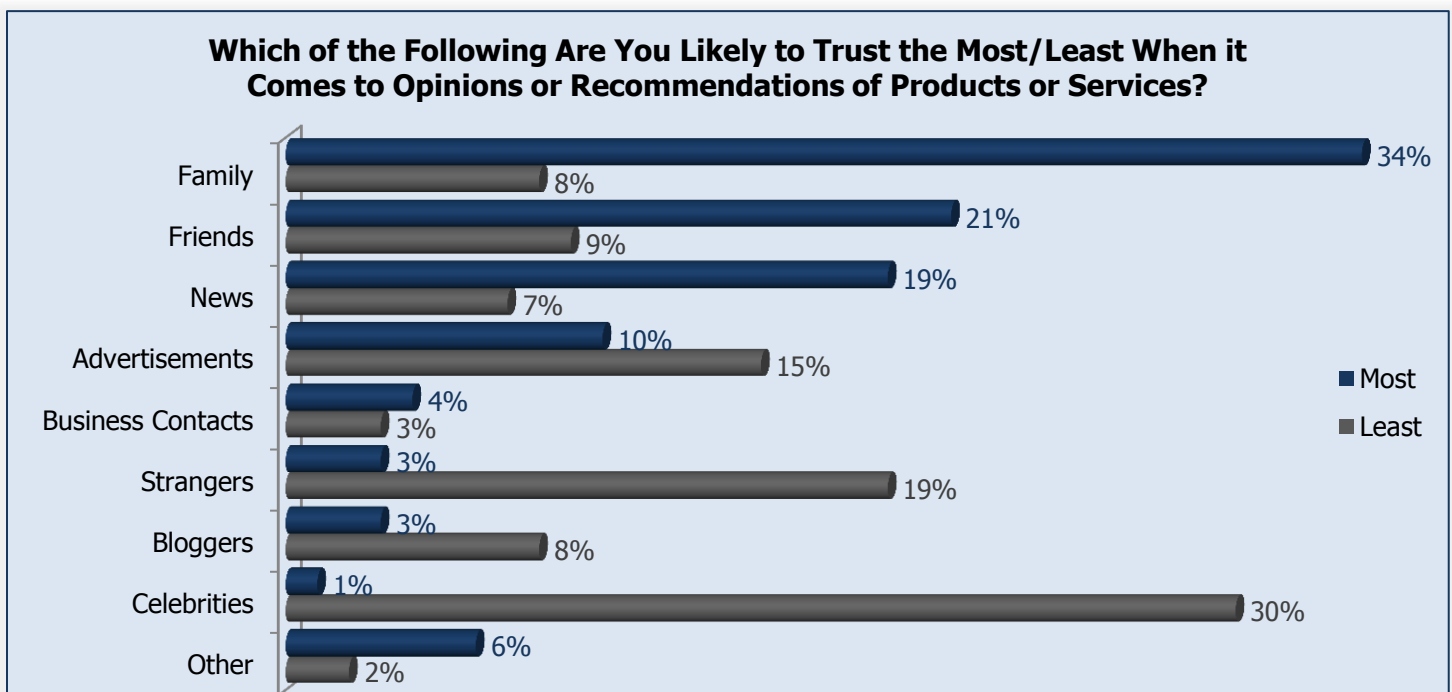
Friends and Family Influence Buying Decisions

Thanks to the ever-growing online marketplace, it's easy to fill virtual shopping carts with everything from bikes and beds to belts and books. To help inform their purchasing decisions, Americans can tap into the opinions of other people through a variety of sources including online review sites, celebrity endorsements, bloggers, and even advertisements. Still, a majority of Americans typically look to their inner circle for honest viewpoints before spending their hard-earned cash. A new survey by Battery Ventures finds friends and family are the biggest influencers when it comes to buying products or services. And although online consumer reviews can be helpful, many wouldn't consider reading posts that don't meet their standards.

1) CIRCLE OF TRUST

From news reporters to bloggers to celebrity endorsements, there is an abundance of opinions to mull over before making a purchase. But when it comes to whose statements to trust, those who might be most well-known are at the bottom of the list.

- **Family Trust Fund.** Over one-third (34%) of Americans would be most likely to rely on their relatives when it comes to recommendations of products or services.

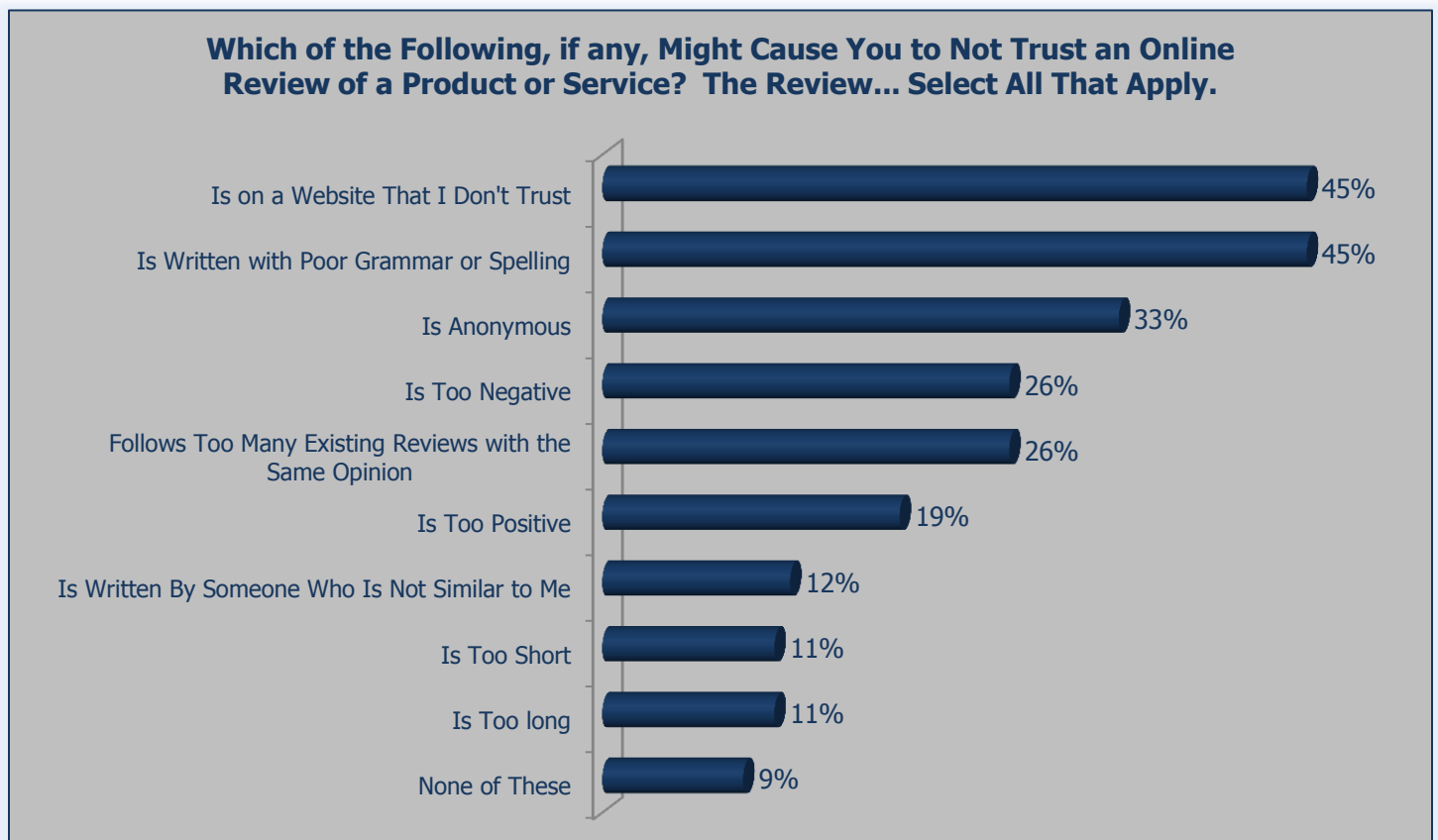


- More women than men (39% vs. 29%) are likely to trust their family's recommendations of goods or services the most.
- **Convincing Words.** Pals and reporters are on fairly equal levels of trust when it comes to their recommendations, as about one in five Americans would most count on friends (21%) or the news (19%) for suggestions on consumer items.
 - Nearly one in four (24%) 18-49-year-olds are likely to most trust praise from friends, compared to 16 percent of those 50+. And the same number (24%) of those 50 and older are more likely to rely on products or services that are endorsed on the news, vs. 16 percent of those ages 18-49.
- **Unknown Territory.** Many are less likely to bank on suggestions from folks they don't know, even if they are famous. Celebrities (30%) and strangers (19%) top the list of America's least-trustworthy source for product or service recommendations.
 - More Americans ages 50+ than those 18-49 (26% vs. 14%) are likely to least trust endorsements from strangers.
- **Friends as Influencers.** In the next year, one-third (33%) of Americans would be likely to encourage a pal to make an online purchase because they found a great deal. In turn, more than one in four (27%) would likely buy a product or service online that they were encouraged to purchase by a friend because a great deal is attached.
 - More of those ages 18-64 than those in the 65+ crowd are likely to encourage a friend to buy something online that is attached to a great deal (37% vs. 16%) or to make such a purchase that their pal pointed out to them (30% vs. 11%).
 - Parents are more likely than non-parents (38% vs. 31%) to urge a buddy to not pass up a great deal on a product or service online.
- **Personal Shopper.** In fact, one-third would most likely think a direct review sent from a friend means their pal is trying to help them in some way by suggesting the product or service (34%) or that he or she is truly endorsing it (33%).
 - Over two in five (41%) in the 65 and over crowd would be most likely to think their friend is trying to help them by sending them a direct review of something that can be purchased online, vs. 33 percent of those 18-64.

2) THE MAKINGS OF A TRUSTWORTHY ONLINE REVIEW

Consumer review sites like Yelp have made it easy for the public to share experiences with products and services ranging from electronic goods to restaurants. But some readers might be turned off if these posts don't meet certain requirements.

- **Location, Location, Location.** Close to half (45%) of Americans might steer away from an online review on a site they don't trust, and more than one in four (26%) would be likely to not trust a post that follows too many similar reviews.



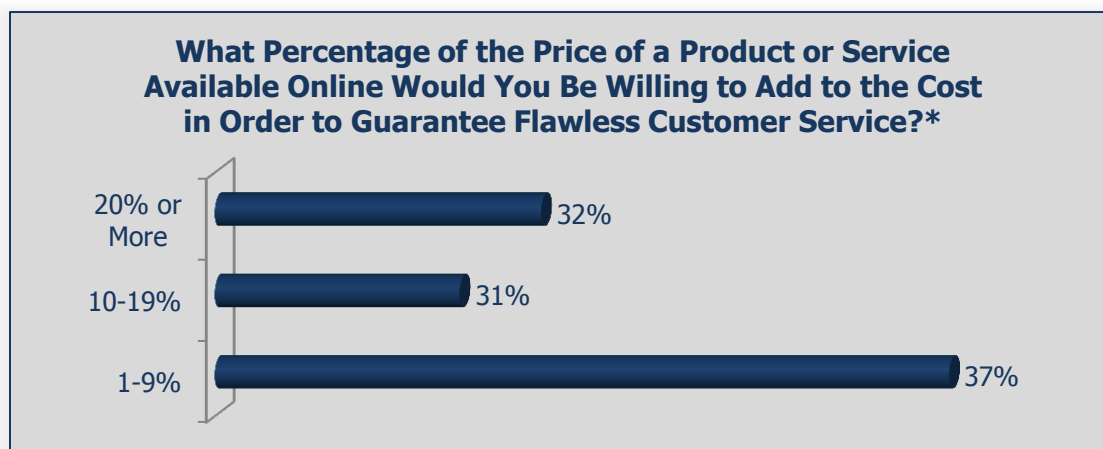
- Over one-third (34%) of those ages 50+ are likely to not trust an online review that's too similar to previous posts, vs. 21 percent of 18-49-year-olds.
- **The Source of the Matter.** A source without identity doesn't have much credibility, as one in three (33%) Americans might not trust an anonymous online post that shares an opinion of a product or service. Far fewer would turn away from an online review that is written by someone with dissimilar demographics than themselves (12%).
- More men than women (38% vs. 29%) and more Americans ages 50+ than those 18-49 (40% vs. 29%) might not rely on anonymous online reviews.

- **Table of Contents.** The makings of a consumer opinion post can influence assurance. Nearly one in two (45%) Americans might not trust an online review written with poor grammar or misspelled words. Length is a factor for about one in ten, whether the post is too short (11%) or too long (11%).

3) ONLINE PURCHASING BEHAVIOR

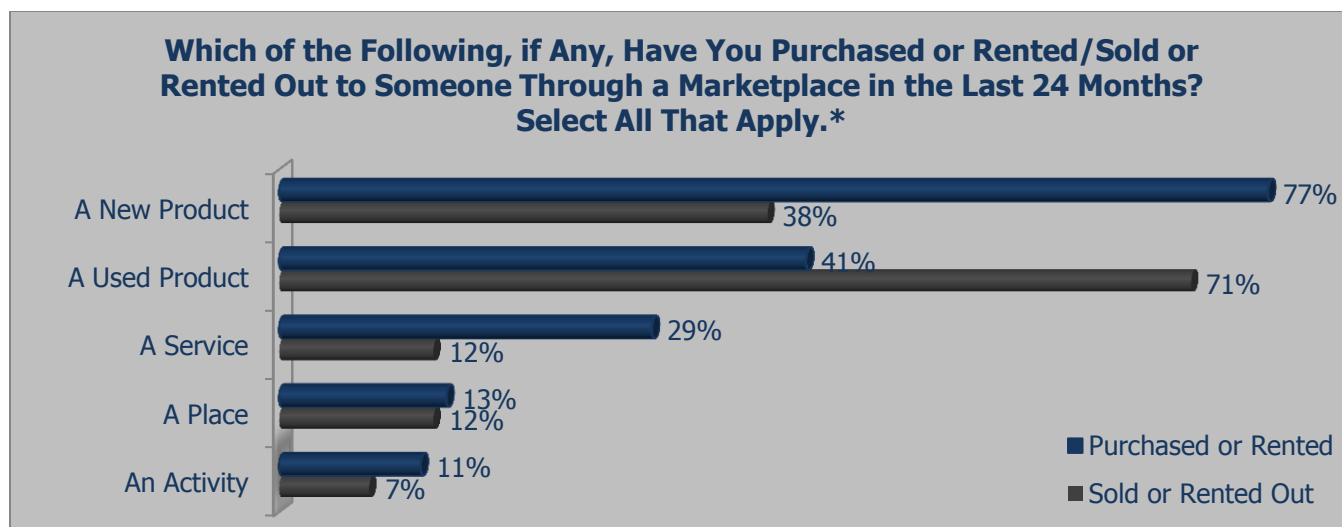
Millions of Americans are buying and selling items online. But what are the motivating factors behind these purchases?

- **Under Pressure.** Close to one in three (32%) would be likely to buy a product or service online that they need or want because there is a limited time to make the purchase, such as a flash sale. And one-quarter (25%) would make such a purchase because they see others are buying something they need or want.
 - More men than women (28% vs. 22%) and more 18-49-year-olds than those 50 and over (30% vs. 16%) are likely to buy a must-have item because they see others are snatching it up.
 - Parents are more likely than non-parents (30% vs. 22%) to get something they need or want online because they notice others are buying it.
 - Flash sales would be a motivator for more 18-34-year-olds than those 35+ (42% vs. 28%) to purchase something online that they desire.
- **Eliminating Frustrations.** Nearly three in four (73%) Americans would be willing to pay extra for a product or service they buy online if it ensures perfect customer service. These folks would fork over an average of 19 percent of the price for this guarantee; nearly one in three (32%) would pay at least an additional 20 percent.



**Among Respondents Who Would Be Willing to Add to the Cost of a Product or Service Available Online in Order to Guarantee Flawless Customer Service*

- Over four in five (84%) 18-34-year-olds would pay more for a product or service they purchase online if it came with flawless customer service, compared to 68 percent of those 35 and over.
- More parents than non-parents (78% vs. 71%) would spend more on something they purchased online if perfect customer service was guaranteed.
- **Shopping Source.** Marketplaces have been a go-to spot for over two-thirds (67%) of Americans to purchase or rent products or services over the last two years. More than three-quarters (77%) of them have purchased a new product, while far fewer bought a used item (41%).



**Among Respondents Who Have Purchased or Rented/Sold or Rented Out Something Through a Marketplace in the Last 24 Months*

- **Everyone's Store.** About one-third (34%) have sold or rented out a product or service through a marketplace. It's most popular for these folks to have gotten rid of a used item, while 38 percent have sold or rented out something new.
- Men are more likely than women to have bought or rented (72% vs. 62%) or sold or rented out (38% vs. 30%) a product or service through a marketplace in the past 24 months.
- More 18-49-year-olds than those 50+ have used a marketplace to buy or rent (75% vs. 54%) or sell or rent out (43% vs. 19%) a product or service in the last two years.
- Parents are more likely than non-parents to have gone through a marketplace to purchase or rent (74% vs. 63%) or sell or rent out (44% vs. 28%) a product or service in the last 24 months.