

THE FAVORITE 50

Consumer favorites haven't changed much — their interest in online shopping is undeniable

by SANDY SMITH



Amazon. Walmart. Kohl's. Each has had an ongoing hold on one of the top three spots in Prosper Insights & Analytics' annual survey of favorite ecommerce retailers for the past couple of years.

In some ways, this year is no different — but there is still a story there: “The key takeaway is that each of the top three is still gaining,” says Pam Goodfellow, Prosper’s director of consumer insights. “They’re still collecting loyal shoppers.”

Prosper’s Favorite 50 and its related demographic data join several new studies that increase understanding of today’s ecommerce shopper, including how they begin the shopping journey — and what ultimately moves them to purchase. Along the way, there’s no surprise that the top three, particularly Amazon, serve as something of a benchmark.

TOP 10: ENTRENCHED

While the Favorite 50 top three are fixed — and growing — the overall top 10 are also practically etched in stone. The research, which surveys shoppers’ unprompted favorites based on recall, found that only four moved around: Macy’s and Target switched places over last year, with Target inching to 6 and Macy’s dropping to 7; Best Buy overtook eBay, jumping up to No. 4, with eBay dropping to 5. Target was cited as a favorite in 5.6 percent of responses — up from 4.9 percent in 2016.

Meanwhile, Best Buy appeared in 6.5 percent of responses, up from 5.9 percent in 2016. Macy’s pushed up to 5.5 percent from 5.1, while Old Navy added 0.1 percentage point to arrive at 1.9 percent.

Small numbers, sure. But “to gain share against Amazon and Walmart is a win,” Goodfellow says. “It might be a small win, but it’s still a win.”

Gains come with losses, though; eBay dropped in responses from 6.2 percent to 5.6 percent. JCPenney dropped 0.1 point to 3.5 percent and Sears.com dropped from 1.8 to 1.4.

Those slices of pie did not come from Amazon’s portion. The site increased its hold on the top spot, cited as a favorite in 70.9 percent of responses, up from 65.5 percent in 2016 — the largest point gain in the top 50. Walmart grew from 13.7 percent in 2016 to 15, while Kohl’s increased from 6.6 percent to 7.9. The top trio not only have their rankings firmly locked, they also grew their share even larger: Those three ecommerce sites are also one, two and three in terms of year-over-year point growth.

The Favorite 50 Websites 2017

1	Amazon.com * (1)	20	Nike.com * (17)	39	Haband.com (37)
2	Walmart.com * (2)	21	Lowes.com (27)	40	LaneBryant.com (44)
3	Kohls.com * (3)	22	WomanWithin.com (22)	41	LOFT.com (39)
4	BestBuy.com (5)	23	LandsEnd.com (19)	42	Zappos.com (31)
5	eBay.com * (4)	24	Costco.com * (21)	43	HotTopic.com (47)
6	Target.com * (7)	25	Wish.com * (24)	44	Overstock.com * (23)
7	Macys.com * (6)	26	Wayfair.com (26)	45	HSN.com (41)
8	JCPenney.com * (8)	27	Blair.com (33)	46	EddieBauer.com x
9	OldNavy.com (9)	28	HM.com (35)	47	HomeGoods.com x
10	Sears.com * (10)	29	Express.com (36)	48	KingSizeDirect.com x
11	Nordstrom.com (14)	30	QVC.com * (29)	49	Talbots.com (50)
12	Google.com * (11)	31	TJMaxx.com * (32)	50	6pm.com x
13	HomeDepot.com (18)	32	Zulily.com (20)		
14	Gap.com (25)	33	BananaRepublic.com (34)		
15	AE.com/American Eagle (16)	34	JCrew.com (46)		
16	Forever21.com (15)	35	Belk.com (30)		
17	Kmart.com * (13)	36	Chicos.com (45)		
18	LLBean.com (12)	37	Roamans.com (40)		
19	BedBathandBeyond.com (28)	38	RossStores.com * (38)		

* Mentioned for both apparel and non-apparel (Last year's ranking)
 x Not on the 2016 List
 Source: Prosper Insights & Analytics Monthly Consumer Survey, June 2017

The biggest move outside the top 10 goes to Nordstrom, which grew its percentage from 0.8 in 2016 to 1.2, enough to push it from number 14 last year to number 11. That growth for a department store is somewhat at odds with the other big movers: specialty shops.

BIGGEST MOVERS

UP

Company	2017 Rank	2016 Rank
Nordstrom.com	11	14
Gap.com	14	25
HomeDepot.com	13	18
BedBathandBeyond.com	19	28
Blair.com	27	33
HM.com	28	35
Express.com	29	36

DOWN

Company	2017 Rank	2016 Rank
Overstock.com	44	23
Zulily.com	32	20
LandsEnd.com	23	13
LLBean.com	18	12

Source: Prosper Insights & Analytics Monthly Consumer Survey, June 2017

SPOTS 11-50: SPECIALTY RISES

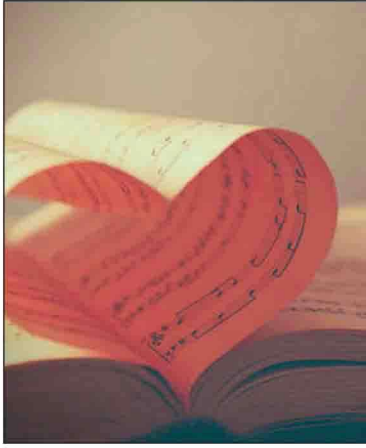
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Gap.com jumped from No. 25 to No. 14, almost doubling its share to 0.8 percent. The retailer has struggled on Wall Street lately, but seems to have nailed ecommerce. “They have integrated their site between their four major brands,” Goodfellow says — Gap.com houses Gap, Old Navy, Banana Republic and Athleta; customers can shop all four sites and add to one bag. “They’ve made it very easy for consumers to shop a variety of stores under one virtual roof.”

Old Navy (No. 9) and Banana Republic (No. 33) also made appearances in the top 50.

Gap.com wasn’t the only specialty store to grow. AE.com/American Eagle notched up to No. 15, and Blair, H&M and Express broke into the top 30 at 27, 28 and 29. Last year, the three were in the mid-30s. “It proves there is still some brand loyalty in specialty stores,” Goodfellow says.

There were losers, too: Last year’s No. 48 Victoria’s Secret fell out of the top 50 this year. There’s often movement among those near the bottom falling on and off the list. Still, “it is a bit



The Favorite 50 is a list of ecommerce websites ranked by the consumers who use them. Worthington, Ohio-based Prosper Insights & Analytics asked two open-ended, write-in questions about online shopping of 7,258 adult consumers:

What website do you shop most often for apparel items?

What website do you shop most often for non-apparel items?

No merchants' names were listed or suggested, and the list was compiled by ranking online retailers in order of total mentions. Some of the listed companies are not retailers in the traditional sense, but because consumers don't make such distinctions they are included in the Favorite 50.

of a surprise, especially since the specialty retailers as a whole saw so much growth," Goodfellow says. "Victoria's Secret is a major specialty player, so to see them that far behind is interesting."

HOME IS WHERE IT'S AT

The home improvement category also grew, with The Home Depot and Lowe's both seeing significant increases. The Home Depot jumped five spots to No. 13. Lowe's was up six spots to No. 21.

"Home improvement isn't generally an ecommerce category," Goodfellow says. "The general conversation has always been that it's almost Amazon-proof. People go to stores for those things."

Still, the two home improvement giants have made ecommerce easier with "great online order and pickup in-store options," she says. "Home improvement, while it might have been one of the slower categories to gravitate online, might be on the cusp of a trend here."

Home décor also showed some interesting trends. Bed Bath & Beyond jumped nine spots to No. 19 and HomeGoods broke into the top 50 at No. 47.

"HomeGoods is particularly interesting since they don't really sell anything on their website," Goodfellow says. "It focuses on the treasure hunt in-store, but still shows the importance of building that digital presence."

INTO THE DETAILS

Beyond the rankings, the survey also showcases how Amazon, Walmart and Kohl's shoppers differ from overall survey participants. "Amazon is kind of like your average shopper now," Goodfellow says. "I don't think that's surprising. Walmart shoppers tend to have a lower income. Kohl's shoppers are definitely female. At the end of the day, the key similarity between each of the shopper groups is that they're each looking for a good deal."

Kohl's shoppers, for instance, are far more likely to start an online search after receiving a coupon. Nearly 45 percent of Kohl's shoppers say



that sends them to the internet, compared with 30 percent of Amazon shoppers and 33 percent of Walmart shoppers. All are above the overall average of 28 percent.

Amazon and Walmart shoppers are most persuaded to start searching after face-to-face communications, with 42 percent and 43 percent respectively citing that as a trigger. It's no surprise that, when compared to previous years, old media such as newspapers and magazines are decreasing while the internet is increasing.

Broadcast TV still ranks as the second highest online shopping trigger. Some 29 percent of all adults — 32 percent of Amazon shoppers and 35 percent of Walmart shoppers — cite it as an instigator. Only 24 percent of Kohl's shoppers are likely to see something on broadcast TV and start searching. Broadcast, interestingly enough, outpaces cable TV.

MOBILE: ON THE MOVE

Mobile continues to increase as both a search trigger and research tool. In 2017, 15 percent of consumers said that a text message instigated a

NEED A LITTLE MORE INSIGHT INTO TODAY'S SHOPPERS?

The UPS Pulse of the Online Shopper study showcases a few trends that are worth heeding.

Louis DeJianne, director of retail strategy for the shipping giant, offers a few highlights from the survey, now in its sixth year.

Marketplaces are driving traffic. Sites like Amazon and other marketplaces have become the dominant force in where consumers start their searches. The study shows that Amazon on its own accounts for 29 percent of where product searches begin while other marketplaces contribute another 9 percent. Amazon as a search starter is up two points over 2016 while other marketplaces are up one point.

Compare that with all retailer channels as sale starters: Retailers' websites, bricks-and-mortar stores and apps combined for 29 percent — down 2 percentage points over the past year. That decline comes from websites, which dropped from 14 percent to 12 percent.

"Marketplaces are a great place to drive additional growth," DeJianne says. "You have to be concerned about your own channels and ensure that you're providing an experience there, too." Search engines held steady at 15 percent.

The world is open. Marketplaces have played a role in making retail a global environment, and shoppers are responding. Almost half — 47 percent — of frequent online shoppers have made a purchase from an international retailer, up 4 percentage points since 2016.

A lot of that started at a marketplace: 43 percent of those who had made purchases were induced by a better price from an international retailer on a U.S. marketplace. Product uniqueness (36 percent) and brands not available in the United States (34 percent) also were big drivers. And it's not just Canada; 61 percent of those shoppers had made a purchase from a retailer based in China.

"Marketplaces are breaking down those borders for retailers from China to the U.S. and vice versa," DeJianne says. "The number of those purchasing internationally is something we'd expect in the future to continue."

U.S.-based retailers have the same opportunity to reach international customers, but must meet consumer demands. More than three-fourths — 77 percent — said that having all the

Most important options when checking out online



TOP 10 BY AGE

	Adults 18+	Millennials (1983-1998)	Baby Boomers (1946-1964)
1	Amazon.com	Amazon.com	Amazon.com
2	Walmart.com	Walmart.com	Walmart.com
3	Kohls.com	Target.com	Kohls.com
4	BestBuy.com	eBay.com	BestBuy.com
5	eBay.com	Kohls.com	Macys.com
6	Target.com	BestBuy.com	eBay.com
7	Macys.com	Macys.com	JCPenney.com
8	JCPenney.com	OldNavy.com	Target.com
9	OldNavy.com	Forever21.com	Google.com
10	Sears.com	AE.com/American Eagle	Sears.com

Source: Prosper Insights & Analytics, Monthly Consumer Survey, June 2017

shopping search, with Walmart shoppers even higher at almost 18 percent. In 2015, it was only 12 percent, and again higher for Walmart customers at 16 percent.

Other mobile outreach — websites and apps — ranked at 14 percent for all shoppers and 16 percent for Walmart shoppers. Video on mobile devices was a search trigger for 10 percent of all consumers — with Kohl's shoppers well below at 3 percent.

Shoppers are increasingly using mobile devices to research items before they buy, though in-store and desktop/laptop still outrank the smartphone. But there is significant movement: In 2017, 23 percent of shoppers researched apparel products on their smartphone before purchasing, up from 16 percent in 2015. Other categories were all up roughly the same amount.

"Overall, mobile looks to be where consumers are headed," Goodfellow says.

That's for good reason, according to Louis DeJianne, director of retail strategy for shipping giant UPS, which recently released its annual

fees spelled out on the front end was a critical factor. Almost as many — 76 percent — said they wanted the prices spelled out in their home currencies.

“As you start understanding that consumers from outside your borders are buying your goods, you have to understand how to do international shipping,” DeJianne says.

Shipping is still important, but consumers are willing to pay for it. That does not mean that free shipping is going away, of course; DeJianne says it has become almost expected. Its importance continues to fall, however: In 2017, 74 percent said it was the most important option when checking out online, dropping from 81 percent in 2014.

Free shipping can motivate customers to buy more. Nearly half (48 percent) said they would add items to their carts to reach a threshold for free shipping, though this can backfire, DeJianne notes: “If you’re going to drive consumers to buy more items, how do you handle the returns of those items?”

Some 44 percent said they’d pick a slower transit time to get their purchase for free while 41 percent said they’d look for a promo code. Another 36 percent said they would choose the ship-to-store option — which has benefits for retailers. Of the 50 percent of consumers who have shipped to a store for pickup, 44 percent have made additional purchases while in the store. Only 31 percent said they would delay making the purchase to wait for a free-shipping offer.

In all, 94 percent of shoppers have taken some action to qualify for free shipping.

The expectations related to shipping are quite high; 64 percent of shoppers believe that an order placed by 5 p.m. should be available for next-day shipping and 61 percent

say if the order is in by noon, they should be able to choose to receive their order the same day. Three in four shoppers are willing to pay a premium to receive expedited shipping; 23 percent said they are willing to pay a membership fee to receive free next-day or two-day shipping.



UPS Pulse of the Online Shopper study. (See sidebar above.)

“The amount of people that have a smartphone across the globe continues to grow, 200 million or so now,” DeJianne says. “As a retailer, you are really trying to provide visibility to customers when and where they want to shop. It leads to that always-on mobile device.”

At least for now, though, there is still one bridge too far, according to the UPS survey: mobile purchases. Though UPS shows that 68 percent of shoppers have researched products on mobile devices, only 28 percent of smartphone users have used a smartphone to purchase in store. Security and privacy are cited as the reasons against.

Recent research from digital performance marketing company Criteo found that mobile transactions continue to grow in key retail subcategories. In overall retail, mobile accounted for 37 percent of transactions in the first quarter of this year — up from 35 percent during the same quarter of 2016. Fashion and luxury continues to

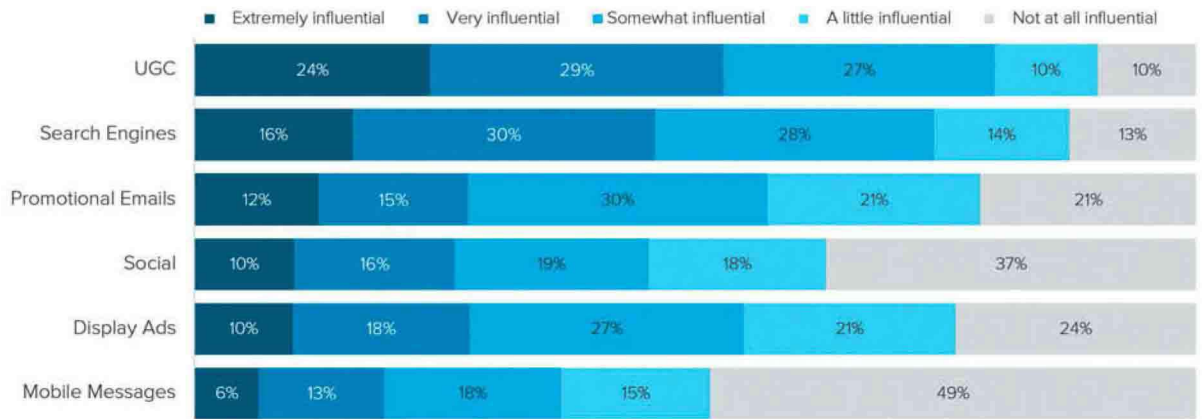
hold the highest mobile transactions at 43 percent, but sporting goods showed the biggest year-over-year growth, jumping from 29 percent in the second quarter of 2016 to 41 percent in 2017.

Mobile average order value has remained relatively flat compared to desktop. It is clear that cross-device transaction is growing, however. Criteo data shows that 31 percent of all online transactions in the United States involved two or more devices at the end of 2016.

THE POWER OF RECOMMENDATIONS

A study published by TurnTo Networks, a producer of user-generated content solutions, showed that user-generated content outranks search engine results as the most influential aspect of a purchase decision. Some 90 percent of those surveyed ranked user content such as reviews, ratings and question-and-answers as having some level of influence. Search engines were rated by 87 percent. One in four said that user content was extremely influential in purchasing, compared with 8 percent for search engines.

How influential are the following in your purchase decisions?



"Hearing the Voice of the Consumer" TurnTo - 2017

"It brings more of an authority and validation than you'd get from the brand itself," says Jim Davidson, TurnTo's director of research. "Consumers are a lot more empowered now. Brand loyalty has been a big struggle for retailers. There's a lot more power and control and information in the pocket of the consumer."

Hearing directly from other consumers increases confidence in purchase decisions, according to 73 percent of those surveyed. That leads directly to a more authentic shopping experience (63 percent) and more engagement with the brand (61 percent).

But it's not a one-way street: 81 percent of shoppers say they would pay more for a product that has user-generated content — and the same number say they are willing to experience slower shipping times for products that feature user-generated content.

Drilling down more specifically into user-generated content, new research from ecommerce analytics firm Profitero and consumer engagement firm PowerReviews showcases just how directly ratings and reviews tie to purchases — at least on Amazon.

The research, "Assessing the Impact of Ratings and Reviews on Ecommerce Performance," showed that products with a star rating of 4.0-4.5 account for 56 percent of Amazon's sales. It also showed that going from no reviews to one or more brought traffic, sales and conversion lifts for all products on average — even more for more popular products.

But getting customers to return to the site to offer a review or answer a question isn't always easy. The TurnTo research shows that about 72 percent of shoppers submit content, with ratings and reviews having the highest use. Answering questions, posting on social media or sharing videos or photos is used by fewer than three in 10.

Davidson says that offers significant potential heading into the holiday shopping season. "A lot

of folks think of ratings and reviews as belonging only on the product page. You need to expand that," he says. "It may be in a scroll through products in search results. It may need to be in the abandoned cart messages. A lot of folks are relying on shipping and promotions to get customers who have abandoned carts. But including the user content is powerful."

It could solve the problem of getting more users to generate content, he believes. "Increasing visibility will increase participation. The more you have, the more you get."

One in three of those who don't submit content say there is no incentive for them to do so; almost as high was the time it took to do so. Davidson says there are simple fixes to those hurdles.

"It doesn't have to be a financial discount," he says. "If you have a loyalty program, you can add points or status. With time, include review forms in follow-up emails so that people don't have to go back to the site. Integrate a function into the email that allows a simple tap to directly open your phone's camera. Anything that makes it easier."

Whether user reviews, shipping or shopping, ease is ultimately what's needed for today's ecommerce retailer. "If you're not Amazon or Walmart or Kohl's, looking at the year-over-year comparisons and seeing the growth of the big three would be daunting," Goodfellow says.

"Ecommerce is going to continue to be a huge challenge for other retailers, but it also presents a wealth of opportunities. It's all about knowing who your customers are and how you can create a seamless experience for them." **STORES**

Sandy Smith grew up working in her family's grocery store, where the only handheld was a pricemarker with labels.