



## **ANNUAL CHOICESTREAM SURVEY FINDS SHOPPERS AVOIDING ONLINE RETAILERS THAT DELIVER POOR RECOMMENDATIONS**

### ***Personalized Product Recommendations Shown to Strongly Influence Consumer Shopping Behavior; Retailers Losing Revenue by Not Helping Consumers Discover Merchandise***

Cambridge, Mass. — December 5, 2007 — According to the 2007 ChoiceStream Personalization Survey, online retailers that serve up poor quality recommendations fare worse than those that make no recommendations at all. Nearly 40 percent of respondents indicate they are less willing to return to sites with poor recommendations. The survey also indicates that personalized product recommendations have a strong influence on shopper behavior and that the bigger the spender, the greater the influence. The survey finds that 69 percent of consumers that spent more than \$1,000 online over the past six months are more likely to shop at sites with personalized recommendations than at those without them.

“The results of the 2007 survey clearly show how important it is for online retailers to help consumers with product discovery. Personalized recommendations are table stakes in today’s competitive ecommerce environment. But retailers that provide customers with poor quality recommendations are putting their brand and revenue at risk,” said Toffer Winslow, EVP of Sales and Marketing at ChoiceStream. “Online shoppers increasingly expect help with making selections, and retailers that provide high quality guidance are rewarded with higher consumer spending and more frequent visits.”

#### **Consumers Show Little Tolerance for Poor Quality Recommendations**

The Survey finds that 39 percent of consumers are less willing to return to sites that provide poor quality recommendations and 35 percent are less willing to buy products from those sites. It’s also important for retailers to note that the more frequent shoppers are the ones most adversely affected by poor recommendations.

Respondents defined poor recommendations as products they already owned (43 percent), products which were inappropriate, such as evening bags for men (41 percent) or products

which did not match their preferences (37 percent). Overall, 46 percent of consumers claim to have received bad recommendations during previous shopping experiences.

### **The Bigger the Spender, the Greater the Interest in Personalized Recommendations**

Consumers indicate a strong preference for sites that provide personalized product recommendations, with 45 percent claiming that they are more likely to shop at sites with personalized recommendations than at sites without them.

Further, the more consumers spend online, the more interested they are in having help discovering the right products to buy. Of consumers who spent more than \$1,000 online over the past six months, 69 percent are more likely to shop at sites that provide personalized recommendations than at those without them. 41 percent of those that spent between \$1 - \$100 indicate that they were more likely to shop at personalized sites.

There is also a strong correlation between personalized product recommendations and repeat business on retail sites. Large numbers of consumers (56 percent overall) are more likely to return to sites with personalized recommendations than to those without them. The bigger spenders are the ones most interested in having those recommendations, with 71 percent indicating that they are more likely to return to personalized sites than to non-personalized ones, while 49 percent of the smallest spenders made that claim.

### **Retail Profits Suffer by Not Helping Consumers Discover Merchandise**

The Survey finds even larger numbers of consumers than last year leaving online stores either empty-handed or spending less money than they had intended simply because they could not find merchandise that matched their preferences. For example, 37 percent of consumers indicate they would have bought more music the last time they went shopping if they were able to find more that they liked. This number is up 32 percent from 2006. 42 percent would have bought more movies (up 24 percent from 2006) and 57 percent would be more likely to download ringtones, music and other content to their mobile devices (up 21 percent from 2006).

### **About the 2007 ChoiceStream Personalization Survey**

The 2007 ChoiceStream Personalization Survey is the fourth in a series of national surveys designed to provide insight into consumer interest in, and perceptions of, personalization online, on TV and on mobile devices. The survey was first fielded in 2004. This year's survey includes

the questions from previous surveys plus an additional section that focuses on the impact of personalized recommendations on the retail experience. The survey was conducted via MarketTools, an online survey services provider, and is based on 811 respondents.

Survey respondents consisted of adult-age United States residents. 95 percent of respondents made at least one online purchase within the past six months, and were distributed across four age categories. 48 percent of those surveyed were male, and 52 percent female. The 2007 survey finds 76 percent of consumers are interested in receiving personalized content, which is consistent with last year's response of 79 percent (with a 3.4 percent margin of error). The survey is sponsored by Cambridge, Mass.-based ChoiceStream.

A full Research Brief on the survey findings discussed in this release is available at [www.choicestream.com](http://www.choicestream.com).

#### **About ChoiceStream, Inc.**

ChoiceStream is the premier personalization solution provider for the world's largest entertainment, e-retail, TV and mobile brands, including Comcast, AT&T, DirecTV, AOL, Blockbuster, Yahoo!, and Overstock.com. In today's marketplace of superabundance, ChoiceStream's RealRelevance<sup>SM</sup> platform restores convenience to consumers by delivering personally relevant choices when and where they want it. ChoiceStream accurately presents consumers with their favorite video, music, movies, news, and products, effectively simplifying the discovery process and prompting action. For consumers, ChoiceStream's technology delivers on the promise of personalized customer service. For content providers, ChoiceStream's solution produces measurable sales results and a powerful approach to building lifetime customer loyalty.

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Kathleen Cosgrove  
Racepoint Group, Inc.  
781-487-4629  
kcosgrove@racepointgroup.com

Phillip Fougere  
ChoiceStream, Inc.  
617-498-7877  
pfougere@choicestream.com