



Consumer Revolutions: The Recent Shift in Purchasing Power

What are we going to cover?

- The Previous Web Consumer
- The Previous Pricing Environment
- The Previous Interactive Behavior
- The Change in Economic Environment
- The New Web Consumer

The Previous (2007) Web Consumer

- **Educated**
 - Web provided information
 - Search, research and reviews
- **Lack of Pricing Power**
 - At the mercy of price(ors)
- **Independent**
 - Purchase decisions were unique
- **Price-proof**
 - Price wasn't primary factor
 - The experience ruled: goal was finding the best experience



The Previous (2007) Pricing Environment

- Supplier Control
 - Price integrity
- Price based on competition
 - Competitive set determined pricing
 - Inventory control
- Peak pricing
 - Consumer spending peaked
 - Demand at all time highs





The Previous (2007) Interactive Behavior

- Supplier direct
 - Consumers were being driven to supplier website
- Suppliers optimized web presence
 - SEO and SEM ruled
 - Online spend offset 3rd party fees
- One to one interaction
 - Consumers learned to go direct
 - Last minute purchasing was fading



The Change in Economic Environment

- 2008 Online decline
 - First reported decline in online retail sales since 1996*
- Inventory surplus
 - Decreased consumer spending lead to excess in inventory
- Consumer price sensitivity
 - Consumer spending plummets
 - Demand at all time low

*U.S. Census Bureau, Statistical Abstract of the United States: 2011





The Change in Online Search Behavior

- User generated content takes over
 - Pier reviews mitigate purchase decisions more than ever
- Explosion of Social Media
 - Fortuitous timing
 - ecommerce impact unknown
- Promotion and deal sites
 - Direct reaction to economic situation

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About 8,330,000 results (0.15 seconds)

News Feed

Stephanie Georgiades Walking the Freedom Trail...literally...
Mobile Uploads

Events

Christine Updegraff DeZam's birthday. See All

People You May Know

Jason Herbert
Mark Thomas Amadei is a mutual friend.
Add as friend

GROUPON Featured Deal All Deals **NEW** How It Works

New York City Get Deals By Email Refer Friends, Get \$10

Check out all the Upper East Side deals for Neighborhood Week!

\$30 for One Airbrush Tanning Session (\$70 Value) or \$24 for Two Bed or Spray-Tanning Sessions (Up to \$48 Value) at Solar Salon
Solar Salon Multiple Locations

Value	Discount	You Save
\$48	50%	\$24

Buy it for a friend!

Time Left to Buy: 11:26:32

115 bought

The deal is on!

The Fine Print
Expires Oct 4, 2011

Highlights
• Variety of tanning options

More Great Deals Nearby

\$65 for Three Classes and Two Playspace Passes to Kidville (\$240 Value) Multiple Locations

\$45 for One Month of Unlimited Group Fitness Classes at Method Gym (\$225 Value)

\$499 for Three Zerona Body-Fat-Reduction Treatments (\$1,800 Value) or \$99 for Eye-Tightening Treatment (\$225 Value) at Wellpath

User Generated Content

What is it?

- In a word, reviews
- Rankings and reviews driving consumer opinion
- Consumers trust their own comparative purchasers

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About 8,330,000 results (0.15 seconds)

► [Nashville Spa](#)


Huge Deals at **Nashville Spas** with Daily Coupons. Save 50-90%!
www.sharingspree.com

[Nashville 1-Day Coupons - Up to 90% Off the Best Stuff to do](#)

Restaurants, **Spas**, Events and More
www.livingsocial.com

Places for **spa** near **Nashville, TN**


A [Essense Day Spa](#)  - ★★★★★ 156 reviews - Place page
www.essensedayspa.com - 1511 Jefferson Street, Nashville - (615) 321-2525

B [Magnolia Spa](#)  - ★★★★★ 20 reviews - Place page
www.magnoliaspanashville.com - 1000 Main St # 106, Nashville - (615) 262-6652

C [Essential Therapy Store & Spa](#)  - ★★★☆☆ 76 reviews - Place page
maps.google.com - 2817 West End Avenue, Nashville

D [Natural Oasis Day Spa & Salon](#)  - ★★★★★ 12 reviews - Place page
www.naturaloasis.com - 2214 Elliston Pl # 100, Nashville - (615) 515-3767

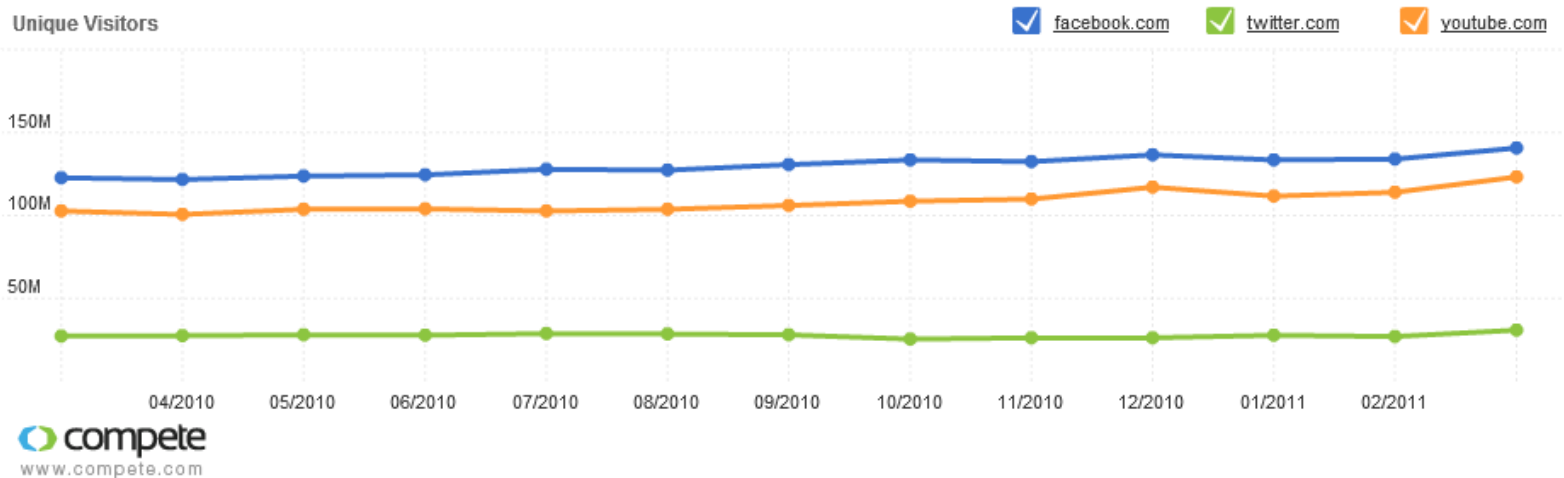
E [Andante Day Spa](#)  - ★★★★★ 105 reviews - Place page
www.andantedayspa.com - 800 Kirkwood Avenue, Nashville - (615) 269-4555

F [Apropos Day Spa & Advanced Skin Care](#)  - ★★★★★ 22 reviews - Place page
www.aproposdayspa.com - 2210 Crestmoor Road, Nashville - (615) 297-0087

G [Fierce Salon & Spa](#)  - ★★★☆☆ 64 reviews - Place page
fiercesalon.com - 1917 Church Street, Nashville - (615) 329-2748

Social Media

- Facebook – 800M+ accounts
- Twitter – 550M users, 140M Tweets per Day, 500,000 new accounts opened per day
- Youtube – 125M+ monthly users. Billions of monthly views.



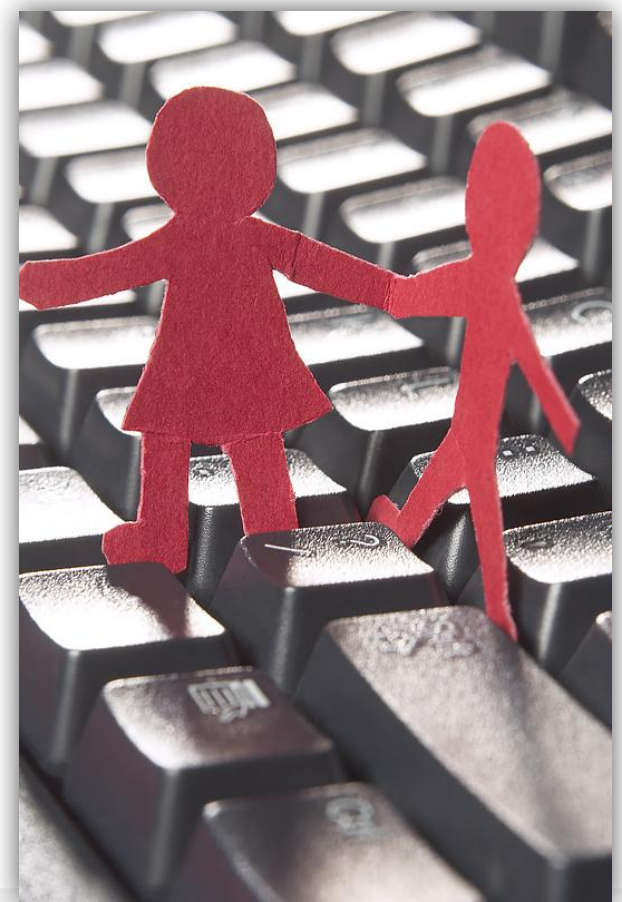
Promotion/Deal Sites

- Currently over 100 deal sites
 - Geographically and industry specific
- Groupon vs. Living Social
 - The two biggest players
 - Surprising statistical differences



The New Web Consumer

- The shift in purchasing power
 - The consumer is empowered
- Supplier pricing
 - Consumers setting the price point
- Loyalty loosens
 - Consumers will betray brand loyalty for a better deal
- Consumers will wait
 - Less pressure to purchase early
 - Last minute deals growing



How to React?

- Understand the importance of social media
 - Integrate into all marketing
 - Use it to find new customers
- Manage your online reputation
 - Know what is being said
- To deal or not to deal
 - Consider your existing customers
 - Structure deals to encourage additional spending
- **Increase focus on loyalty**





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