



PETCO’s Customers Speak Up with Product Reviews

PETCO, a leading U.S. multichannel retailer of pet supplies and services, knows that its customers are pet *lovers*, not just pet owners. So who better than a fellow pet lover to recommend its products to other potential customers?



Challenge

Even before becoming a Coremetrics client in 2002, PETCO had expressed interest in implementing user reviews on its site. However, at the time, PETCO did not have the in-house resources to effectively monitor user reviews and questioned if the ROI was sufficient to make the exercise worthwhile. In 2005, PETCO turned to Coremetrics’ business partner Bazaarvoice for a trial, so they could evaluate its effectiveness and results. User reviews were offered on all products other than live fish. Within two months, Coremetrics Marketing, Merchandising and Onsite Search reports revealed that user reviews were an open and shut case—consumers quickly adopted the reviews and positive ROI was clearly established.

Solution

PETCO customers immediately provided unsolicited affirmative feedback. The first marketing program was an email campaign that was pet-specific, featuring products that had achieved at least a 4.5 “paws” rating, a motif selected in place of stars to complement the look and feel of www.petco.com. Both the open and click-through rates were phenomenal, with customers navigating back to the email to look at additional highly-rated products. The click-through rate for that initial email campaign topped 300%, which is five times the average click-through rate.

Since that time, PETCO has broken new ground by extending ratings and reviews to onsite search and navigation, in order to increase the reach and relevance of its customers’ voice. To further encourage reviews, PETCO initially offered incentives such as discounts and contests. Today, user reviews are so popular that no incentive is required; reviews are completely customer-driven.

Results

PETCO recognized significant positive returns in email campaigns, site navigation, onsite search and product returns. Coremetrics revealed that by including relevant ratings and reviews content in email campaign promotions, the click-through rate increased by five times. User reviews were added as a site navigation option and customers who navigated into top-rated products proved to convert at a 50% higher rate, spending 60% more than people who did not browse that category. The ability to refine onsite search results by customer rating and landing pages that feature top-rated products led to 22% more sales per unique visitor on a same-session basis and 41% more sales per visitor on a multi-session basis. More recently, PETCO has validated that products with reviews have a significantly lower return rate than products without reviews, and the more reviews the product has, the more significant the impact; for example, products with 50 to 100 reviews have 135% lower return rate than those with one to five reviews.

“Customer reviews are a powerful Web 2.0 practice. Consumers are highly influenced by the experience of other consumers—far more than they are by marketing professionals. Coremetrics has given us the tools we need to measure the impact of user reviews, including our latest addition, customer-submitted videos.”

— Vice President, E-Commerce,
PETCO

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