

REMOVING STRUGGLE FROM ONLINE SHOPPING

FINDINGS FROM ECONSULTANCY'S CUSTOMER EXPERIENCE SURVEY

OCTOBER 2011

VISIBILITY
INSIGHT
ANSWERS



24%

OF ANNUAL ONLINE
REVENUE IS LOST
GLOBALLY DUE TO
POOR ONLINE
CUSTOMER EXPERIENCE.



▶ WE HAVE ALL EXPERIENCED CUSTOMER STRUGGLE ONLINE.

We've all struggled online, whether it's difficulty logging into an account, adding an item to a shopping cart, completing a purchase or simply navigating through a site. Yet these seemingly minor issues can have a huge and negative impact on a company's bottom line.

Our goals in partnering with Econsultancy on this Removing Struggle from Online Shopping study were twofold:

- To quantify the business impact of customer struggle
- To understand how proactive ebusinesses are in finding customer experience issues and in responding to them

The study's findings connect well with what Tealeaf has learned over the course of more than ten years of engagements with our customers—which include 35 of the top 100 online retailers worldwide—that ebusinesses have much to gain from understanding the online customer experience. This is particularly true at the bottom of the sales funnel, where conversion rates should be highest.

The survey results and additional analysis we share in this report will underscore the importance of online customer experience management, or CEM, which is about taking a disciplined approach to understanding how customers interact with your business online and removing the obstacles to their success. CEM is becoming an imperative in today's multi-channel world, where customers expect consistently seamless interactions—whether those interactions are in-person, online, via mobile devices, calling in over the phone or some combination thereof.

▶ TABLE OF CONTENTS

A POOR ONLINE EXPERIENCE HAS A SIGNIFICANT BUSINESS IMPACT	6
ORGANIZATIONS HAVE A LIMITED UNDERSTANDING OF THE ONLINE CUSTOMER EXPERIENCE	8
HELPING THOSE WHO HELP THEMSELVES	9
COMPANIES HAVE THE LEAST UNDERSTANDING AT THE BOTTOM OF THE ONLINE SALES FUNNEL	10
THE MOST COMMON AND SERIOUS ISSUES MAY BE DIFFICULT TO FIND	12
THE METHODS USED TO UNDERSTAND ONLINE CUSTOMER EXPERIENCE ARE NOT ALWAYS THE MOST EFFECTIVE	14
INVESTMENTS IN ONLINE CHANNELS ARE NOT MATCHED BY INVESTMENTS IN ONLINE CUSTOMER EXPERIENCE	16
MANY ORGANIZATIONS HAVE FAILED TO ADOPT A MULTI-CHANNEL APPROACH	18
CONCLUSIONS	20
PARTING THOUGHTS FROM TEALEAF	21
METHODOLOGY AND RESPONDENT PROFILES	22
ABOUT ECONSULTANCY	23
ABOUT TEALEAF	23



▶ EXECUTIVE SUMMARY

As the online channel becomes increasingly valuable to retailers, it is vital for those companies to ensure that the customer journey is as pain-free and seamless as possible. But what are ebusinesses doing to identify customer struggle? And what are the consequences of failure?

The Removing Struggle from Online Shopping study, published by Econsultancy in association with Tealeaf, is based on a global online survey of almost 500 business professionals working for companies involved in e-commerce and e-business, primarily in the US and European countries. The survey was conducted in March and April 2011.

The survey data revealed that organizations have a long way to go in understanding the online customer experience and that that they have much to gain by doing so.

KEY FINDINGS:

- Poor online user experience, coupled with a lack of insight about why customers are abandoning websites, is causing businesses to lose 24% of their annual online revenues. That equates to more than \$50 billion lost in the US¹ and around £14 billion lost in the UK² in the last year.
- Companies have the least understanding about what is happening at the bottom of the online sales funnel, where they need it the most.
- Bad navigation /poor findability is by far the most common and most serious issue customers encounter on their websites, with more than half of respondents mentioning this.
- The most common methods used to understand online customer experience may not be the most effective ones.
- Despite the obvious benefits of integrating online and offline customer experiences, only 3% of respondents describe the multichannel experience they provide as “excellent.”

¹ Estimate based on the value of US e-commerce sales in 2010 (\$228 billion) published by comScore in February 2011.

² Estimate based on the figures from the IMRG Capgemini e-Retail Sales Index published in January 2011 - £58.5 billion were spent online in 2010.

8%

OF COMPANIES HAVE AN ACCURATE IDEA OF HOW MUCH ONLINE REVENUE THEY LOSE DUE TO A POOR ONLINE USER EXPERIENCE.

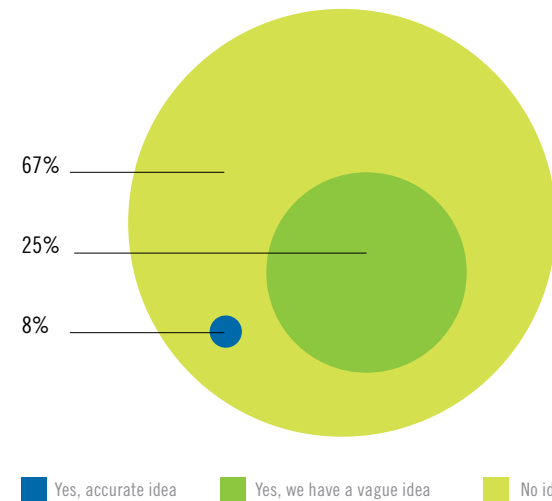
▶ POOR ONLINE EXPERIENCE HAS A SIGNIFICANT BUSINESS IMPACT

In order to quantify the impact of site abandonment due to poor online user experience, the Econsultancy survey included a question that asked respondents whether they could quantify the amount of online revenue lost.

Most respondents (67%) are not able to do so. In fact, only 8% of responding companies say they have an accurate idea of how much online revenue they lose, while a quarter have only a vague idea.

On average, those responding companies that could make an estimate report that the income lost through site abandonment due to poor online user experience is 24% of their annual online revenue. The average for European respondents is slightly higher than the one for US-based respondents – 26% compared to 23%.

MOST BUSINESSES CANNOT QUANTIFY HOW MUCH ONLINE REVENUE IS LOST THROUGH SITE ABANDONMENT DUE TO POOR ONLINE USER EXPERIENCE.



Respondents: 345



CUSTOMER STRUGGLE: INDICATORS OF A POOR ONLINE USER EXPERIENCE

It's happened to all of us. We need to do some last-minute shopping, so we power up a laptop and after five minutes of browsing online we find just the thing. Add the item to the shopping cart and click "check out." Then we wait. Click again. Wait some more. Hit the "back" button. We examine the contents of the cart and try again, only to be returned to the checkout page to find that the cart is empty. Transaction failed.

This experience may happen across any variety of online interactions. A customer may eventually succeed or might quickly move on to a different seller's website. Either way, he has experienced "online customer struggle."

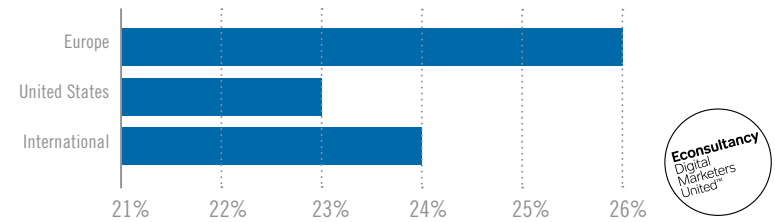
Bruce Temkin, Customer Experience Transformist and Managing Partner of Temkin Group, has identified the five most common causes of online customer struggle:

- 1) **PATH CONFUSION** Customers often aren't sure what path they need to go to accomplish their task.
- 2) **INFORMATION CONFUSION** Sometimes customers just don't understand the information on a page; whether it's a description of a product or a customer service FAQ.
- 3) **PROCESS CONCERNS** If customers aren't sure if they can complete a process like applying for a loan or requesting a return, then they aren't likely to finish the process
- 4) **CONTENT FRAGMENTATION** At times, customers need information that is scattered across the site, forcing them to hunt around to collect what they need.
- 5) **SYSTEM FAILURES** When the site goes down or returns an unexpected error message, customers can be turned off from the entire experience.

Temkin Group, Customer Struggle Undermines Online Confidence and Loyalty, January 2011.

AVERAGE LOST INCOME AS A PERCENTAGE OF ANNUAL ONLINE REVENUE VARIES SLIGHTLY ACROSS GEOGRAPHIES.

Respondent estimates of percentage of revenue lost due to site abandonments from a poor online user experience.



Based on these figures, Econsultancy estimates that last year, more than \$50 billion were lost in the US (the total value of e-commerce sales in the US was \$228 billion³) and around £14 billion were lost in the UK (£58.5 billion were spent online in 2010⁴).

However, this analysis takes into account only the current impact of a customer experience obstacle. Later in the survey, Econsultancy asked respondents about the

role that customer experience plays in creating brand advocacy. The vast majority of respondents either "strongly agree" (34%) or "agree" (49%) that customer service is increasingly a sales channel and that satisfied customers represent great brand advocates.

Encouragingly, only 3% of responding companies disagree with the idea that customers are essentially sales people activated by great experiences.

³ comScore, *State of the U.S. Online Retail Economy in Q4 2010*.

⁴ IMRG Capgemini e-Retail Sales Index, January 2011.

84%

OF RESPONDENTS AGREE THAT CUSTOMER SERVICE IS INCREASINGLY A SALES CHANNEL AND THAT SATISFIED CUSTOMERS REPRESENT GREAT BRAND ADVOCATES.

▶ A LIMITED UNDERSTANDING OF THE ONLINE CUSTOMER EXPERIENCE

According to the Econsultancy survey, only four percent of companies say that they have an excellent understanding of the overall online customer experience.

More than four times as many (18%) say they have a “poor” or “very poor” understanding, 43 percent rate their understanding as “okay” and 36 percent as “good.”

However, even ebusinesses that rate their online insight as above average do not seem to translate that capability into proactive awareness of customer struggle.

The survey showed that companies are most likely to learn about problems as a result of calls to the customer service team (76%) and customer emails (also 76%). Tweets /social comments are shared with marketing and /or customer service teams in only 40% of companies surveyed, while around a third (34%) escalate issues raised in social media within the business so that the responsible team is notified.

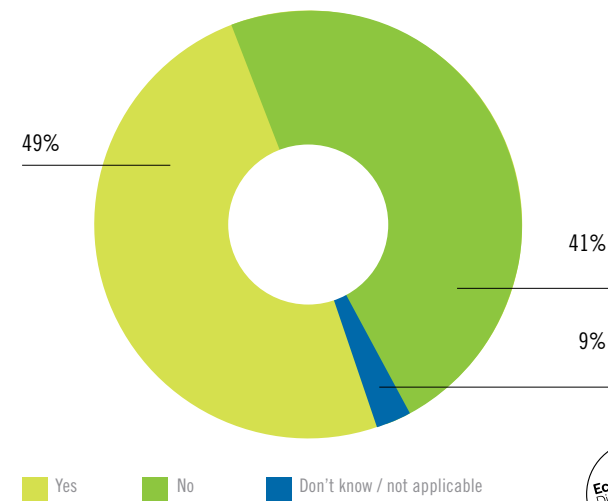
IN OTHER WORDS, MOST COMPANIES ARE REACTIVE, DISCOVERING PROBLEMS WHEN IT’S TOO LATE.

Furthermore, less than half of responding organizations (49%) have processes in place for prioritizing the issues customers face online and then addressing them. Without such processes, it is impossible to say whether they are addressing the most important issues first, or even at all.

49%

OF ORGANIZATIONS HAVE PROCESSES IN PLACE FOR PRIORITIZING THE PROBLEMS AND ISSUES CUSTOMERS FACE ONLINE.

“DOES YOUR COMPANY HAVE PROCESSES IN PLACE FOR PRIORITIZING PROBLEMS AND ISSUES CUSTOMERS FACE ONLINE AND THEN ADDRESSING THEM?”



Respondents: 344



»» HELPING THOSE WHO HELP THEMSELVES

BY GEOFF GALAT, CMO, Tealeaf



The rewards of moving to online and multi-channel self-service can be quite high. Do it well—that is, provide a streamlined and efficient buying experience that’s more satisfying

than traditional sales channels—and you’ll save money, increase customer retention and have bragging rights over the competition. Do it poorly and you’ll spend a lot of time and money trying to win customers back.

Remember that your sales and service channels are only as beneficial as the customers themselves deem them to be. Without a healthy understanding of how customers behave, multi-channel self-service can be a perilous undertaking.

Online shoppers tend to be very unforgiving, even in an emerging channel like mobile. A recent Harris Interactive survey, commissioned by Tealeaf, showed that 80% of US consumers and 75% of UK consumers believe there is no excuse for mobile transactions failing to complete on first attempt. Furthermore, 63% of all online adults said they would be

less likely to buy from the same company via other purchase channels if they experienced issues conducting transactions on their mobile phones.

The problem is, it’s nearly impossible to predict all the things that can cause customers to struggle on your site. So the question becomes how to get a clear picture of customer behaviors and proactively identify customer issues. This is where customer experience management, or CEM, comes into play.

CEM CAN BE THE DIFFERENCE MAKER

Customer experience management, or CEM, enables you to take a disciplined approach to understanding how customers interact with your business online and removing the obstacles to their success. Supported by the right technology, CEM provides visibility into what customers see and do on a website or mobile device and captures every interaction with every online customer, every time.

In doing so, it delivers the quantitative and qualitative information you need to make reality-based decisions about your online channels.

Until you know why things are going wrong, you can’t fix the causes of poor customer experience. CEM shows the “why”—like why so many customers trying to complete a particular type of purchase suddenly need help from the contact center.

Gartner analysts Ed Thompson and Esteban Kolsky write that customer perceptions of an organization are built as a result of their interactions across multiple channels. A positive customer experience can result in increased share of wallet and repeat business.

Now that additional channels, such as online and mobile, have become integral to how people shop, it’s necessary to manage the customer experience across the multi-channel landscape. For example, it’s common to see shoppers engaging with retailers via their mobile websites and apps at the same time that they are in the store.

CEM provides detailed analytics across multiple channels so that you can focus on improving your offerings and make better business decisions.

▶ COMPANIES HAVE THE LEAST UNDERSTANDING AT THE BOTTOM OF THE ONLINE SALES FUNNEL

Econsultancy also asked respondents about their understanding of a range of types of customer behavior. Respondents are most likely to say that they have a “good understanding” of how people become aware of their brand or website (63%) or where people come from before visiting (62%).

At the opposite end of the spectrum, companies are more likely to have “limited” or “no understanding” of the reasons customers abandon the shopping cart / checkout (78%) or leave the site without converting (81%).

At this stage of the purchase, the decision-making process is inherently volatile, with even small improvements in performance likely to result in significant increases in conversions and revenue.

Previous research has shown that problems with checkout processes⁵ represent the single most significant loss of revenue for many online retailers. Thus, this survey finding reveals a substantial opportunity for organizations to drive incremental revenues.

⁵Econsultancy has published a Checkout Optimization Guide: <http://econsultancy.com/uk/reports/checkout-optimization-guide>

19%

OF RESPONDENTS SAY THEY HAVE A GOOD UNDERSTANDING OF WHY PEOPLE LEAVE THEIR SITES WITHOUT CONVERTING.

CASE STUDY: BLUEFLY

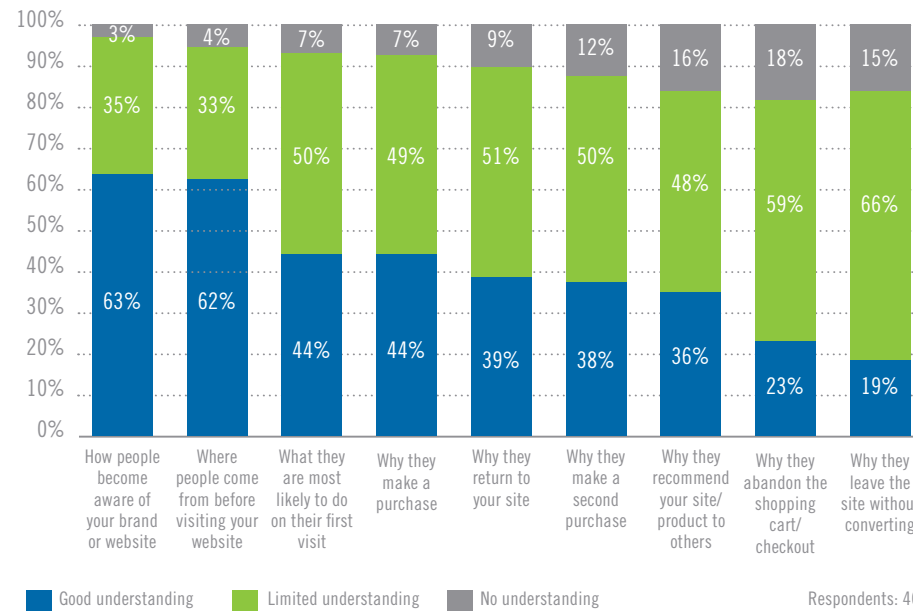
Founded in 1998, Bluefly is a leading online retailer featuring on-trend and in-season clothing and accessories from over 350 top European and American designers—all at a superior value.

Bluefly originally turned to Tealeaf to help it track and respond to site experience obstacles that customers were encountering. In addition to the normal complexities of an ecommerce site, Bluefly's wide and shallow inventory demanded that it set up its site to remove a product from inventory when the customer adds it to the shopping cart, rather than at checkout. This business process actually limits the company's ability to write test scenarios for the site because the company can't risk taking products off the shelf that a real customer may want to buy at the same time.

Over time, the company's use of Tealeaf has matured from a reactive troubleshooting tool for the QA and application support teams to a proactive discovery and analysis solution for the ebusiness and site usability teams. In fact, Tealeaf is now a daily, 'go-to' for the validation of proposed site optimization decisions.



COMPANIES ARE MORE LIKELY TO HAVE “LIMITED” OR “NO UNDERSTANDING” OF THE REASONS FOR ABANDONING THE SHOPPING CART /CHECKOUT (78%) OR LEAVING THE SITE WITHOUT CONVERTING (81%) – ACTIVITIES THAT TAKE PLACE AT THE VERY BOTTOM OF THE ONLINE SALES FUNNEL.



55%

OF RESPONDENTS CITE
BAD NAVIGATION / POOR
FINDABILITY AS THE MOST
SERIOUS ISSUE THAT
CUSTOMERS ENCOUNTER
ON THEIR WEBSITES.

▶ THE MOST COMMON AND SERIOUS ISSUES MAY BE HARD TO FIND

According to the companies surveyed, bad navigation / poor findability is both the most common and most serious issue customers encounter on their website(s), with more than half of respondents mentioning it (57% and 55%, respectively).

Lack of information is a common issue for just under a third of responding organizations (29%). Payment problems affect customers of one quarter of respondents, but just under a fifth of respondents (18%) say that this is a serious problem.

Encouragingly, security or trust issues represent a common problem for only 10% of respondents.

Routing or process issues (24%), form-filling problems (24%) and registration problems (26%) are perceived to be serious issues for customers by around one quarter of respondents, but just one fifth say these are common on their website(s).

When asked to identify the single most common problem or type of problem on their websites, survey respondents provided answers indicating that the main issues are the same as those emerging as the most common problems in the quantitative data:

- Bad navigation and poor findability
- Lack of information
- Checkout issues
- Complicated registration / login process

Many respondents mentioned usability issues. As discussed in the following section, these types of issues can be hard to find with the methods that are most commonly in use to understand customer experience.

CASE STUDY: IDEAL SHOPPING DIRECT PLC

Ideal Shopping Direct Plc is a leading multi-channel retailer. The company achieved 2009 revenues of more than \$100M by selling products via its television channels (Ideal World, Ideal Extra, Ideal & More, and Create and Craft) and web sites (idealworld.tv, createandcraft.tv, gardenbargains.com and animalbargains.com).

Some site visitors simply browse with no intent to make a purchase. Others are willing shoppers but abandon due to poor online experiences. To improve conversion rates for the latter group—visitors that have demonstrated a clear intent to purchase—Ideal Shopping utilizes Tealeaf in conjunction with its outbound call center team.

The company uses Tealeaf to identify customers that have added products to their baskets and started checkout, but did not complete their transactions. The call center team is able to proactively contact these customers to help complete their purchases.

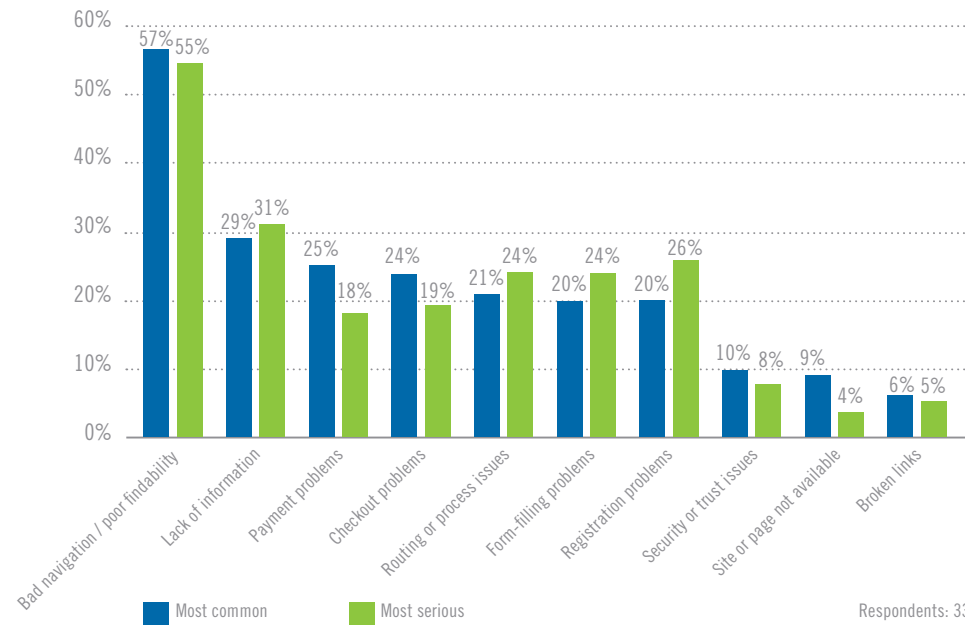
After only eight weeks of using Tealeaf to drive outbound call center activity, conversion rates rose to 40% for outbound calls to this group of visitors. In fact, the revenue recovered from the call center has already more than paid for Ideal Shopping's investment in Tealeaf.

Ideal Shopping Direct Limited

IN THIS TRAFFIC SPLIT QUESTION, RESPONDENTS WERE ASKED ABOUT THE MOST COMMON OR MOST SERIOUS ISSUES ON THEIR WEBSITES. BAD NAVIGATION / POOR FINDABILITY CAME UP TOP IN BOTH QUESTIONS AS WELL AS IN FREE-FORM RESPONSES.

24%

OF ORGANIZATIONS REPORT THAT CHECKOUT PROBLEMS ARE STILL THE MOST COMMON ISSUES ON THEIR WEBSITES.



▶ THE MOST COMMON METHODS USED TO UNDERSTAND ONLINE CUSTOMER EXPERIENCE ARE NOT ALWAYS THE MOST EFFECTIVE.

From a range of approaches and types of technology, responding companies are more likely to use web analytics (91%) and online surveys (66%) to try to understand the online customer experience.

Under half of respondents carry out user testing (44%) or A/B and multivariate testing (43%). As outlined previously, companies have a limited understanding

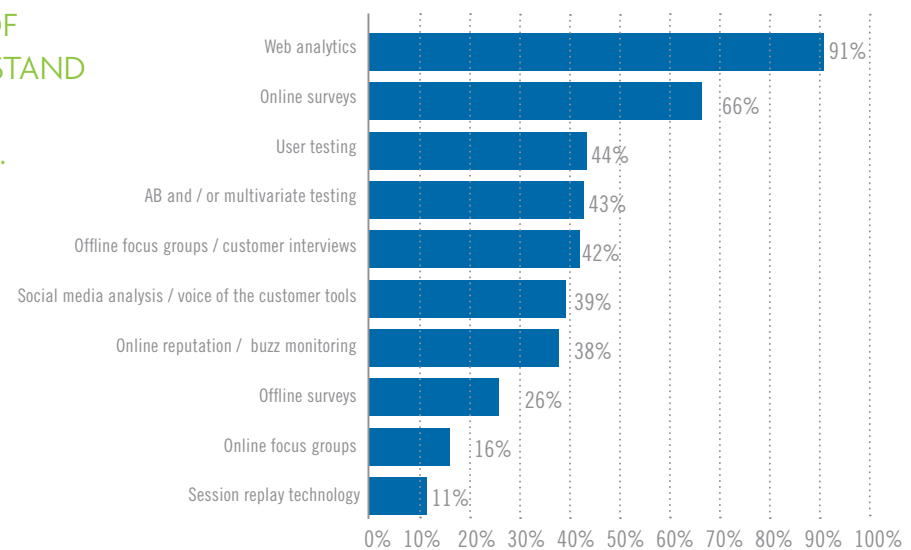
of the reasons behind shopping cart and checkout abandonment and this may be partly explained by the fact that few of them carry out user testing.

Just over a third of companies surveyed use social media analysis / voice of the customer tools (39%) and online reputation / buzz monitoring tools (38%). Session replay is the least used technology, with

only 11% of respondents mentioning it. The survey also asked companies which approaches and technologies they see as most effective.

While only 44% of respondents carry out user testing, the vast majority considers it to be “very effective” (56%) or “quite effective” (43%) in helping them understand the customer experience.

THE MOST COMMON APPROACHES AND TYPES OF TECHNOLOGY THAT COMPANIES USE TO UNDERSTAND THE ONLINE CUSTOMER EXPERIENCE ARE WEB ANALYTICS, ONLINE SURVEYS AND USER TESTING.



Respondents: 398



CASE STUDY: WEHKAMP.NL

wehkamp.nl is a highly respected and well-known brand in The Netherlands, with an online channel that is central to its business. The company provides multiple payment options to make it easier for customers to transact online.

However, the company had limited visibility where it needed it the most – where customers were transacting business online. For example, an application error in the external payment system caused hundreds of orders to go unprocessed. Funds were deducted from customer accounts but their orders never arrived. wehkamp.nl was unable to pinpoint the cause of the issue.

With Tealeaf in place, wehkamp.nl found a pattern in the order processing failures and was able to resolve the problem quickly. Furthermore, because Tealeaf captures form field data, wehkamp.nl was able to recreate customer orders without causing further inconvenience, recovering business they otherwise would have lost.

wehkamp.nl

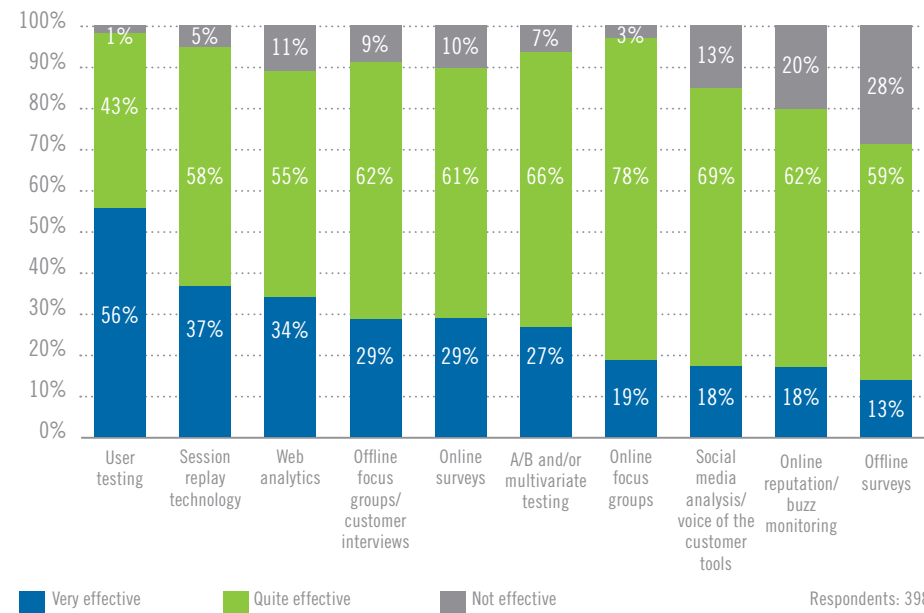
COMPANIES BELIEVE THAT SESSION REPLAY, USER TESTING, AND ONLINE FOCUS GROUPS ARE THE MOST EFFECTIVE WAYS TO UNDERSTAND CUSTOMER EXPERIENCE.

This is also the case with session replay technology. Although it is the least-used method, the vast majority of respondents (95%) consider it to be effective.

Just under a fifth of respondents (18%) say that social media analysis / voice of the customer and online reputation / buzz monitoring tools are “very effective” in helping them to understand their customers’ experience. This relatively low figure explains why many companies are not yet investing in these technologies.

It is noteworthy that the proportion of Europe-based respondents who perceive user testing and A/B or multivariate testing to be very effective in helping them understand the customer experience is larger than the proportion of their US counterparts.

Just under two-thirds of European companies (61%) say that user testing is very effective, compared to 44% of US-based respondents, while 13% more European respondents say the same about A/B and/or multivariate testing.



▶ INVESTMENTS IN ONLINE CHANNELS ARE NOT MATCHED BY INVESTMENTS IN ONLINE CUSTOMER EXPERIENCE

Given that organizations acknowledge their limited knowledge and with as much as 24% of online revenues at stake, understanding customer experience should be a top priority. But the survey results suggest that the revenue leakage problem could get worse rather than better.

The vast majority of respondents (95%) are increasing investments in the online channel this year and more than half (52%)

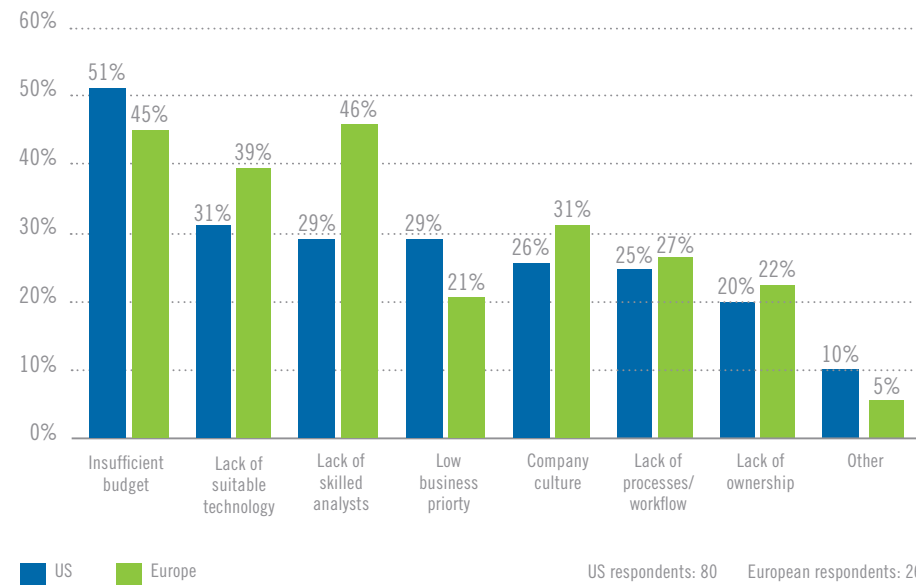
are investing more in mobile internet. In comparison, more traditional channels such as telephone (22%) and stores / shops / branches (21%) represent a high priority for just over a fifth of respondents.

Despite this increase in overall spending, respondents consider insufficient budget to be the main barrier to gaining a better understanding of the online customer experience. Almost half of companies

(46%) cite lack of budget as one of the three most significant obstacles. Lack of skilled analysts (42%) and lack of suitable technology (38%) are the next most-cited barriers.

It is interesting to note that lack of skilled analysts is cited as a significant barrier for more European respondents than those based in the US (46% compared to 29%).

RESPONDENTS CITE A VARIETY OF BARRIERS THAT PREVENT THEM FROM A BETTER UNDERSTANDING OF THE CUSTOMER EXPERIENCE. EUROPEAN ORGANIZATIONS ARE MORE FREQUENTLY HELD BACK BY LACK OF SKILLED ANALYSTS, WHILE US RESPONDENTS LACK SUFFICIENT BUDGETS.



CASE STUDY: LEVENGER

Founded in 1987 and headquartered in Delray Beach, Florida, Levensger is a catalog company, an Internet company and a retail concern. The company's mission is to create and sell meaningful products for the productive enjoyment of reading, writing and working with ideas.

Levensger realized that discovering and removing obstacles from its transactions process would be key to its success, and used Tealeaf to do so. One example is a problem with the shopping cart in the "Ship To" section of its website. Unbeknownst to Levensger, when a customer selected the button for "shipping address is same as billing address" and also completed the "ship to" section, the system doubled the express shipping charges for all products ordered.

Using Tealeaf, the customers who would have complained about shipping charges (or simply cancelled their purchases) were rapidly identified by the IT team. Levensger then isolated the problem by replaying the real-user sessions, which revealed exactly what the customers were actually experiencing. The problem was quickly remedied without any system downtime.

LEVENGER®

Just under a third of responding companies (31%) perceive their company culture to be a significant barrier. Encouragingly, the lack of processes / workflow is holding back only 26% of organizations; and understanding the online customer experience is a low business priority for just under a quarter of respondents (24%).

Given the significant business impact on revenue and company reputation stemming from poor customer experience, it is surprising that responding companies have struggled to fund customer experience management initiatives.

³ comScore, *State of the U.S. Online Retail Economy in Q4 2010*.

⁴ IMRG Capgemini e-Retail Sales Index, January 2011.

TEALEAF POINT OF VIEW:

DECONSTRUCTING THE 92:1 RATIO OF E-COMMERCE

According to third-party research, companies typically spend \$92 to drive traffic to their sites for every \$1 that they spend to make sure that traffic converts into revenues.*

But here's what's interesting. If you look at conversion rates across the e-commerce industry, they typically hover between 2-5%, where they have been for nearly fifteen years. And they aren't getting any better. Add in mobile websites and conversion rates are actually going down.

Tealeaf customers—organizations that believe the online experience is strategic to their entire operation—have recognized this opportunity. They see that by adjusting their focus—by shifting their efforts from acquisition to site optimization projects—they'll be able to capitalize on this trend. They'll be able to widen their site funnels, improve customer success and retention, and in doing so, actually improve the return on the acquisition dollars they do spend.

**Sources used to calculate this ratio: \$23.4 billion spent on Internet advertising in 2008 according to the Internet Advertising Bureau (IAB), versus \$250 million spent on web site and content optimization and behavioral targeting in 2008, according to Forrester Research.*

3%

OF RESPONDENTS
CONSIDER THAT THEY
PROVIDE AN EXCELLENT
MULTI-CHANNEL
CUSTOMER EXPERIENCE.

▶ MANY ORGANIZATIONS HAVE FAILED TO ADOPT A MULTI-CHANNEL APPROACH

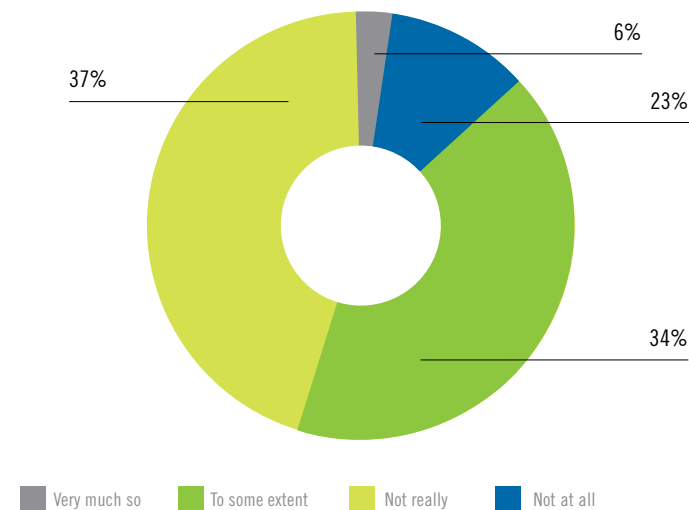
One of the most common issues affecting organizations and their ability to maximize the profitability of their sales channels is the disconnect between the online and offline customer experiences.

Irrespective of how customers interact with a business, the level of service they receive should be consistent and well-organized across online and offline channels. While the benefits of an integrated multichannel approach are obvious, many organizations still do not share actionable insights

into individual customer activity across departments, which are often siloed.

As the chart below shows, only 6% of respondents say that the offline or brick-and-mortar parts of their business have a lot of visibility into individual customer activity and experience, while just over a third (34%) have visibility to some extent. For the majority of companies surveyed (60%), the offline parts of their business have little or no visibility into how individual customers engage with their websites.

LESS THAN HALF OF ORGANIZATIONS REPORT OFFLINE PARTS OF THEIR BUSINESS HAVE SOME LEVEL OF VISIBILITY INTO HOW INDIVIDUAL CUSTOMERS HAVE ENGAGED WITH THEIR WEBSITES.



Respondents: 334



CASE STUDY: : GINZA

Ginza is Sweden's leading online music and entertainment retailer and one of the country's best recognized online brands. In an effort to continue its rapid growth throughout Europe, the company recently expanded its web presence into Denmark and Finland. However, Ginza was perplexed to find that far fewer orders were placed on the Danish site compared to the Finnish one.

Replaying sessions in Tealeaf, Ginza noticed that when customers reached the postal code field in the shipping form, they received a site error message. Upon further investigation, Ginza realized the new site used the same checkout process as the Swedish site, which required a postal code of five digits. However, Danish postal codes require only four digits and customers were unable to enter the correct digit sequence. Unfortunately, they had no choice but to abandon their transactions.

Once Ginza identified the issue, it took only minutes to rectify. Conversion rates improved dramatically and revenues increased across the site.



52%

OF RESPONDENTS
ARE INVESTING MORE
IN MOBILE INTERNET
THIS YEAR.

The study also found that offline parts of US-based companies generally have more visibility of how individual customers engage with their websites—more than half of US-based respondents have “very much” (7%) or “to some extent” (44%) visibility, compared to just over a third of European companies (36%).

When customers are struggling to find answers online, they generally revert back to traditional offline support. This affords tremendous opportunities to find out how their online experience can be improved. Although only a minority of respondent companies (26%) quantifies the number of calls to their call centers resulting from poor online experience, those respondents estimate the figure to be about 15% of total calls.

The feedback loop between the online channel and call center is not utilized to its fullest potential. In fact, only 3% of respondents consider that they provide an excellent multi-channel customer experience.

► CONCLUSIONS

The Removing Struggle from Online Shopping study provides a revealing look into the current state of understanding about the online customer experience. Taken together with the successes that Tealeaf customers have achieved, it is also clear that organizations have much to gain by taking a disciplined approach to removing the obstacles to customer success.

As you plan your upcoming website and mobile investments, here are some key findings to take into consideration:

- Companies able to quantify site abandonment estimate they are losing the equivalent of 24% of their annual online revenue due to bad online experience. Thus, the payoff for having a systematic way of identifying and eliminating the most common causes of bad online experience is very high.
- Companies have the least understanding about what is happening at the bottom of the online sales funnel, where they need it the most. Improvements in site abandonment rates at this stage will have the largest impact on revenue.
- Bad navigation / poor findability is by far the most common and most serious issue customers encounter on websites, with more than half of respondents mentioning this.
- While user testing, online focus groups and session replay are cited as the most effective methods used to understand customer experience, they are used by less than half of respondents today.
- The vast majority of organizations have a disconnect between the online and offline customer experiences, despite the obvious benefits to providing a seamless customer experience across channels.

▶ PARTING THOUGHTS FROM TEALEAF

Online business is rapidly becoming multi-channel business. With the cost pressures that companies face today and the unbelievably fast growth of the mobile web, it is harder than ever to deliver a seamless experience to every customer, in every channel, every time. Furthermore, social media can increase the impact of a poor customer experience from a single disgruntled customer to millions of apprehensive prospects.

The ebusinesses that implement the capabilities to examine their customer experience proactively and make improvements in a systematic way will be the ones that succeed. But this study, and the anecdotal evidence we get from our retailer customers, tell us that the ebusinesses that have embedded CEM deeply into their business processes are still in the minority.

What would a store's management team think if it was losing 24% of revenues for no obvious reason? Econsultancy's survey results should serve as a call to action for e-commerce executives. The investments that they make in online and mobile channels this year will go a lot farther if they also invest in understanding the customer experience.

We are confident that this report will help you build a compelling business case for embarking on CEM or for expanding it across your business – and will give you useful ideas for how to put CEM into practice.

We're here to help you get started.



► METHODOLOGY AND RESPONDENT PROFILES

METHODOLOGY

The Reducing Customer Struggle Report is based on an international online survey of almost 500 business professionals working for companies involved in e-commerce and e-business. The survey was live during March and April 2011.

Econsultancy promoted the survey to its community of digital marketers and e-commerce professionals, offering a complimentary copy of this report as the incentive for taking part. Tealeaf, the research sponsor, also promoted the survey to its customers and prospects.

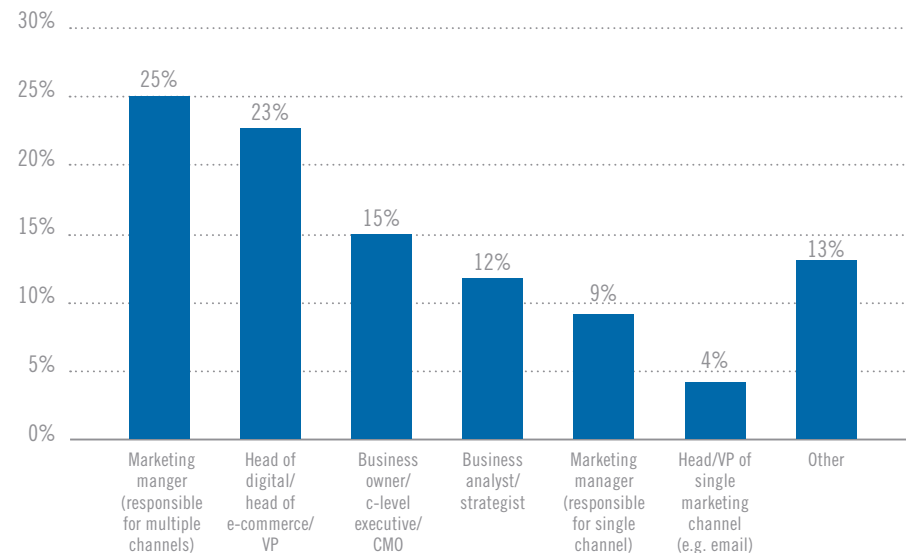
If you have any questions about the research and methodology, please email Linus Gregoriadis, Research Director at Econsultancy (linus.gregoriadis@econsultancy.com).

RESPONDENT PROFILES

A total of 491 respondents who are employees at an e-commerce or e-business company took part in the survey. The best represented countries were the UK (58%) and the US (21%).

The chart below shows that survey respondents are typically senior within a business, with more than a third (38%) classifying themselves either as heads or VPs of digital / e-commerce (23%) or business owners / C-level executives / CMOs (15%). A third of respondents are marketing managers responsible either for multiple channels (25%) or for a single channel (9%).

THE REDUCING CUSTOMER STRUGGLE SURVEY RESPONDENTS TYPICALLY HOLD SENIOR RESPONSIBILITIES WITHIN ONLINE AND MULTICHANNEL BUSINESSES.



▶ ABOUT ECONSULTANCY

Econsultancy is a digital publishing and training group used by more than 200,000 Internet professionals every month. The company publishes practical and time-saving research to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than 100 events every year in the US and UK. Many of the world's most famous brands use Econsultancy to educate and train their staff. Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

Join Econsultancy today to learn what's happening in digital marketing – and what works. Call us to find out more on +1 212 699 3626 (New York) or +44 (0)20 7269 1450 (London). You can also contact us online.

▶ ABOUT TEALEAF

Tealeaf provides online customer experience management solutions and is the unchallenged leader in online customer behavior analysis. Tealeaf's CEM solutions include both a customer behavior analysis suite and customer service optimization suite.

For organizations that are making customer experience a top priority, these solutions provide unprecedented enterprise-wide visibility into every visitor's unique online interactions for ongoing analysis and website optimization.

Online executive stakeholders from e-business and IT to customer service and compliance are leveraging Tealeaf to build a customer experience management competency across their organizations. Founded in 1999, Tealeaf is headquartered in San Francisco, California, and is privately held. For more information, visit www.tealeaf.com.

For more information, email success@tealeaf.com
or visit www.tealeaf.com

