

ONLINE CUSTOMER EXPERIENCE: SERVICE AND PERFORMANCE SATISFACTION

Today, consumers call the shots, making it nearly impossible for companies to sustain differentiation based on price or product, leaving only one option — the customer experience.

According to the 2011 annual Customer Experience Impact (CEI) Report conducted online by Harris Interactive, 86 percent of consumers will pay more for a better customer experience, and 89 percent of consumers began doing business with a competitor following a poor customer experience.

When asked how companies can better engage with consumers to entice them to spend more, 54 percent said to improve the overall customer experience. Retailers have to find better ways to handle customer experience.

Web-site performance satisfaction is also a key element in the customer experience. If site performance is poor, customers become frustrated and dissatisfied with their experience. They spend less time on the site, buy less and are likely to head to the competition. If performance is good, customers spend more time on the site and are more satisfied with their experience, search rankings improve and revenue increases.

STELLAService and Compuware conducted a joint study of customer experience over the 2011 holiday season. The study analyzed both customer service and web-site performance satisfaction of the top 25 U.S. retailers to determine if they provided a seamless customer experience for shoppers during the critical holiday online shopping season.

With web sites, smartphones, tablets, mobile shopping applications and in-store shopping, retailers have the opportunity to connect with consumers on several different channels. For retailers competing closely on deals, prices and shipping during the 2011 holiday season, keeping customers satisfied with strong site performance and exceptional customer service was critical for maximizing sales.



DATA ANALYSIS SUMMARY

While retailers may know the keys to a memorable customer experience across multiple channels include top customer service and web-site performance, delivering a seamless online customer experience proved to be a challenge for many during the 2011 holiday season.

These retailers risked not only immediate lost revenue opportunities, but also faced long-term brand satisfaction damage by not meeting customers call, email, live chat or web-site performance expectations.

The following are key findings from the study:

- Seventy-six percent of the top 25 retailers struggled to provide online shoppers with both first-rate customer service and top performance satisfaction.
- Only six retailers — Amazon, Apple, Avon, L.L. Bean, Macy's and Overstock — earned high marks for overall customer experience across the entire online shopping experience. This includes speed of webpage downloads to the length of time it took for retailers to answer customer support calls.
- Twenty-four percent scored well for both customer service and web-site performance.
- Sixteen percent scored poorly for both customer service and web-site performance.
- Sixty percent did a good job at customer service interaction or website performance, but not both together.
- Customer service response times increased while web site performance satisfaction decreased after Cyber Monday through Dec. 17.

2011 HOLIDAY TIMELINE

Black Friday (Nov. 25) through Dec. 4	Buyer satisfaction declined significantly compared to the October baseline.
Dec. 5 through Green Monday (Dec. 12)	Buyer performance satisfaction declined below Black Friday through December 4 period levels.
Dec. 13 through 23	Buyer satisfaction, with customer service and performance, levels off and gradually improves while web-site traffic continued to decline.

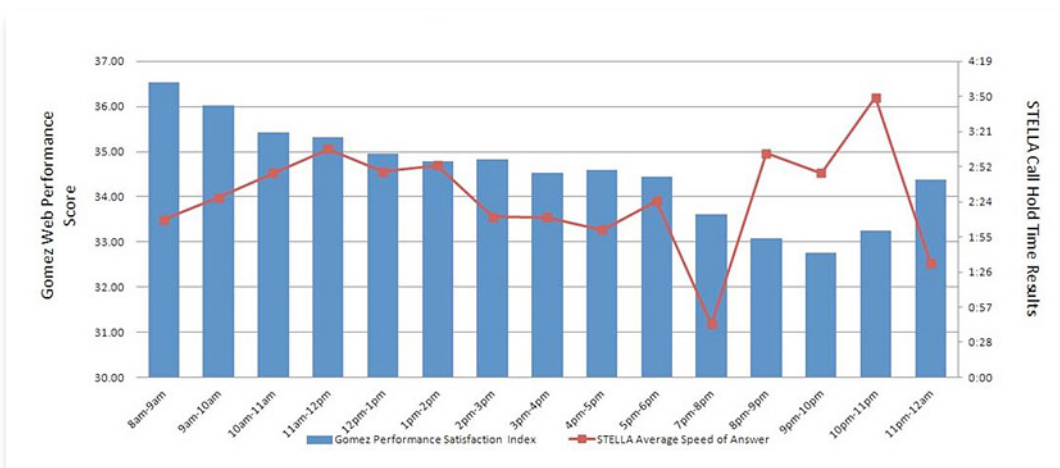
Sunday, Nov. 27, through Cyber Monday (Nov. 28) and Dec. 5 – 6 were the overall poorest scoring days for both performance and hold times for the entire measurement period.

Relative Satisfaction Analysis | Customer Interaction and Web Performance



Twenty-four hour trending for the period of Nov. 25 through Dec. 23 revealed that performance was significantly worse between 8 p.m. and 11 p.m. daily when hold times were their longest and web-site performance satisfaction was at its lowest.

24-hour Aggregated Assessment for November 25 – December 23, Monday – Sunday, EST



CUSTOMER SUPPORT

Online shoppers faced bouts of strained customer service during the busiest days of the 2011 holiday shopping season. In particular, Green Monday and Black Friday created longer wait times when attempting to reach a customer service representative, clocking wait times of 5:49 and 4:44 respectively.

The average call wait time for the entire period was 2:41. Delving further into the data collected between Nov. 1 – Dec. 23, it is apparent that retailers readied their customer service departments for the busiest shopping dates of the season, as the lowest average waits were recorded at the start of Black Friday week.

The weekend “book-ended” by Black Friday and Cyber Monday caused the most strain, with wait times high on Nov. 27, which matched the study. The strain on customer service likely stems from consumers reaching out to retailers with questions regarding Black Friday purchases and orders.

WEB-SITE PERFORMANCE SATISFACTION

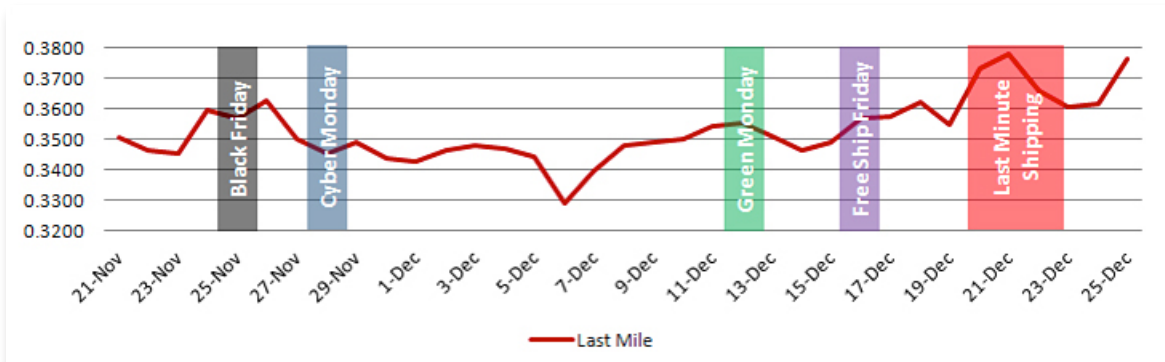
Web performance satisfaction declined over the 2011 holiday period. Half of the top retailers increased their home page byte sizes right after Cyber Monday. This decision had a fairly dramatic influence on satisfaction throughout the holiday period as reports indicated traffic and sales did not peak on Cyber Monday, but continued to scale upward until mid-December.

Online retailers who considered the holiday online buying period to be a season maximized their performance satisfaction by keeping site size stable, versus those who considered the season a small series of events (Black Friday, Cyber Monday, Green Monday, Free Shipping Friday and Last Minute Shipping Dec. 20-22).

Many retailers' were not able to meet the performance demands that this critical shopping period presents. The Gomez Performance Satisfaction Index (GPSI) showed that 92 percent of the top 50 U.S. retailers experienced a decline in shoppers' estimated performance satisfaction from Nov. 21 through Dec. 25, compared to a non-holiday baseline.

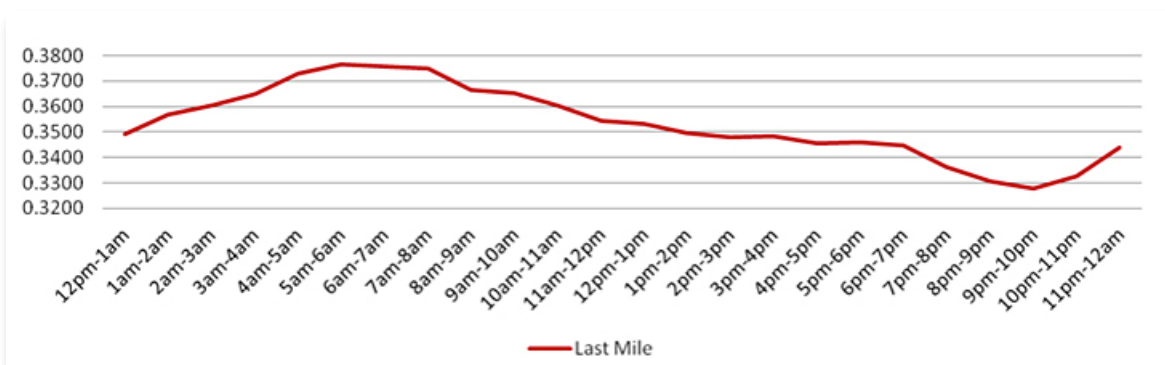
The lowest web performance daily aggregate satisfaction scores occurred around Dec. 7 before beginning to recover.

November 21 through Christmas Day – Last Mile Daily Aggregate GPSI



Twenty-four hour trending shows that GPSI decreased starting at about 8 a.m. ET typically and began recovering only around 10 p.m. ET

November 21 through Christmas Day – Last Mile 24-hour Aggregate GPSI





CUSTOMER EXPERIENCE: STRONG PERFORMERS

Amazon, Apple, Avon, L.L. Bean, Macy's and Overstock were all strong performers compared to their peers for both customer service interaction and web-site performance satisfaction. Within this group, two retailers stood out:

L.L.Bean

With 80 percent of orders directed to the company's call center, L.L. Bean was among a select handful of retailers that actually improved its customer service efficiency during the 2011 holiday shopping season. L.L. Bean was able to improve to a hold time of just 19 seconds between Nov. 21 and Dec. 30 from an average hold time of 1:44 recorded during baseline testing; the lowest average achieved during our testing.

L.L. Bean was able to skillfully handle the increased demand placed on its customer service team as well as set an exemplar model for delivering quality customer service during the holiday season.

While L.L. Bean's performance satisfaction scores decreased compared to the October baseline, the retailer did better than the average for the full top 50 retailers with a 9 percent decrease in GPSI versus 11 percent for the entire top 50 retailers. The retailer achieved a top 10 web-site performance satisfaction ranking for the 2011 holiday season by efficiently managing a fairly dense site while it limited third-party content, increasing its control over web-site performance.

"There's a big piece of our success that is cultural. We have call reps that have done this for 15 years. We have long tenured employees on the front line. You don't always find that in other companies."

— Terry Sutton, Senior Vice President of
E-Commerce and Corporate Marketing,
L.L. Bean



Overstock performed well during baseline testing of average call hold times, recording an average hold time of only 40 seconds. Overstock's customer service team was able to maintain this high standard, averaging 45 seconds per call during the holiday season. Overstock's performance ranked in the top of STELLAService's holiday call support performance testing.

Overstock maintained a top 10 web performance ranking for the 2011 holiday season by controlling its home page size. It supplemented this approach by also limiting hosts and connections. Overstock managed to increase the content of its site to manageable levels while, continuing to efficiently manage third-party content and increase its control over web performance.

"My job is to be the customer. We spend all year preparing every system we have for the holiday season. It's a time of year where every item comes with an emotional attachment. If you're stuck waiting on the phone, that's not an enjoyable experience."

— Stormy Simon, Senior Vice President of
Customer Care, Overstock.com



CUSTOMER EXPERIENCE: POOR PERFORMERS

Sixteen percent of the top retailers in the study failed to be ranked in the top half of either the STELLAService customer service study or the Compuware web performance satisfaction study. The poor performers'

not only risked long-term brand damage and customer loyalty, but forfeited revenue.

The weakest retailers in the customer service performance assessment held customers for an average of 4:41 seconds. The customer abandonment and frustration caused by longer than normal wait times is the result of weaker performing retailers unable to prepare for a record-setting online shopping season and the heightened demands of quality customer service that it requires.

The bottom 10 web performers averaged 1.4 million bytes, 165 objects, 30 hosts and 56 connections compared to the top 10 performers who averaged 638k bytes, 69 objects, 7 hosts and 14 connections.

The poor performers appeared to believe the heaviest online buying period concluded on Cyber Monday. Their page sizes and complexity increased right after Cyber Monday and remained that way through the rest of the online buying season.



CREATING BETTER CUSTOMER EXPERIENCES

Here are some best practices that retailers can follow to maximize customer service and performance:

CUSTOMER SERVICE

- **Be available and responsive:** Time is money, so don't keep your customers waiting. Regardless of the communication channel (e.g., phone, email, chat), be responsive to your shoppers needs or else their extended waits will turn into clicks to another retailer's site.
- **Less is more — stick to the basics:** No matter how high-tech your web site or products, having a basic, easy-to-use customer interface with easy-to-find tools such as advanced search, shopping carts, FAQ and contact pages are essential to ensuring a positive customer experience.
- **Every experience with your customer counts:** Like most things in life, there's no second chance at making a first impression. Make sure every interaction counts, which means speedy replies, clear communication and friendly and helpful service.

WEB-SITE PERFORMANCE

- **Analyze performance against the competition and industry leaders:** It is important to have an understanding of the average performance metrics for your industry. If your site is not within that range, you are pushing customers away to the competition and losing revenue.
- **Evaluate the performance of both your site's home page and key business transactions:** You need to understand how well your home page performs; it's the front door to your site. Once your customers access your site, they are there to do something. These are your most important transactions and they must perform optimally for your customers.
- **Baseline performance and continually access it:** Identify a baseline for your performance and then assess performance over time as you implement changes and as outside factors affect your site.



RESEARCH AND DATA SET

CUSTOMER SUPPORT

REPORTING PERIOD

Baseline data was collected each day from Nov. 21 through Dec. 25.

MEASUREMENT

- Data was collected by calling each retailer each day asking general customer service questions on each call (product questions, shipping or returns information, etc.).
- Black Friday through Cyber Monday data was collected by calling each retailer five (5) times each day over a four-day period, from Nov. 25 to Nov. 28.
- Calls were placed at random during the following time-blocks to generate measurements of service performance that have high reliability and construct validity: 8:00 – 11:30 a.m. EST; 11:30 a.m. – 2:00 p.m. EST; 2:00 – 5:00 p.m. EST; 5:00 – 8:00 p.m. EST; 8:00 – 11:00 p.m. EST.
- Call times were measured from the first ring to connection with a live agent.

WEB-SITE PERFORMANCE

REPORTING PERIOD

Reporting period took place Nov. 21 from 12:00 a.m. ET through Dec. 23 at 11:59 p.m. ET.

MEASUREMENT

End-user satisfaction of web and mobile site performance was measured using the Gomez Performance Satisfaction Index (GPSI), which is based on home page tests of some of the largest retail web and mobile sites. It relies on a subset of Compuware's Gomez network of 150 high-bandwidth backbone locations, 50,000 last mile desktop computers on local ISPs, mobile carriers to provide real-world web and mobile monitoring, and Compuware Gomez Benchmarks.

GPSI measures how satisfied users are with web and mobile site performance using the Apdex methodology to estimate user satisfaction with performance.

Dedicated to helping consumers make more informed online shopping decisions, **STELLAService** is the first and only independent provider of customer service ratings for online retailers. The company leverages a nationwide network of full-time mystery shoppers to evaluate each site across more than 350 metrics, ensuring findings that are unbiased and true to the shopping experience. Based in New York City, the company also publishes reports and other research to help companies worldwide improve their service operations. For more information, visit <http://www.STELLAService.com>. Follow us on Twitter at [@STELLAService](https://twitter.com/STELLAService). Like us on Facebook at <http://www.facebook.com/STELLAService>.

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GPSI takes into account user expectations of two-second page load time. It provides a view of user satisfaction based on synthetic testing on Compuware's global network of testing locations. These locations operate on the high bandwidth of the "Internet Backbone" and at the "edge of the Internet" on local ISPs and mobile carriers to provide real-world web and mobile monitoring. Every web and mobile test is assigned a value of:

- **Satisfied** = page response time of 2 seconds or less
- **Tolerated** = page response time of 2 to 8 seconds
- **Frustrated** = page response time of 8+ seconds or a failed test.

GPSI is calculated by comparing the ratio of Satisfied tests to half the Tolerating tests, divided by the total of all tests. A score of 100 means all tests in the sample fell into the Satisfied category. A score of 0 indicates that all tests fell into the Frustrated category. The GPSI categorizes the score range as follows:

- **Excellent** = 94 to 100
- **Good** = 85 to 93
- **Fair** = 70 to 84
- **Poor** = 50 to 69
- **Unacceptable** = 0 to 49.

STUDY PARTICIPANTS

Amazon, Apple, Avon, Best Buy, Buy, Dell, Gap, HPSHopping, HSN, JCPenney, Kohl's, L.L. Bean, Macy's, Newegg, Nordstrom, OfficeMax, Overstock, QVC, Sears, Staples, Target, Toys "R" Us, Victoria's Secret, Walmart, Williams-Sonoma

ABOUT GOMEZ

The Gomez platform is the industry's leading solution for optimizing the performance of web, non-web, mobile, streaming and cloud applications. Driven by end-user experience, Gomez provides a unified view across the entire application delivery chain, from a user's browser or mobile device, across the Internet or a corporate WAN, in the cloud, to inside the data center, eliminating blind spots from the First Mile to the Last Mile.



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