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Reducing Customer Struggle

in association with Tealeaf

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1. Executive Summary and Highlights

The **Reducing Customer Struggle Report**, 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. The survey was conducted in March and April 2011.

As the online channel becomes increasingly valuable for business, it is vital for companies to ensure that the customer journey is as pain-free and seamless as possible.

The report looks in detail at the extent to which companies understand the overall online customer experience and the approaches or types of technology they use to identify issues and remedy them. The study also looks at which customer channels are most relevant for organisations and the relationship between offline and online business components.

Key findings:

- **Poor online user experience, coupled with a lack of insight about why customers are abandoning websites, is costing businesses billions of dollars / pounds**.
  - Companies able to quantify site abandonment estimate they are losing the equivalent of 24% of their annual online revenue due to a bad online experience. This equates to more than $50 billion lost in the US[1] and around £14 billion lost in the UK[2] in the last year.
- **Companies have least understanding about what is happening at the bottom of the online sales funnel.**
  - While companies have a relatively good understanding of what customers are most likely to do on their first visit and the reasons for making the first purchase and returning to their site, they have 'limited' or 'no understanding' about why customers abandon the shopping cart (78%) or leave the site without converting (81%).
  - Rather than avoiding problems in the first place, companies are…

£58.5 billion were spent online in 2010.

1.1. 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.

1.2. About Tealeaf

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

For organisations 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 web site optimisation.

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

Other related Econsultancy reports and content

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http://econsultancy.com/reports/customer-experience-statistics

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http://econsultancy.com/reports/checkout-optimization-guide

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User Experience Buyer's Guide
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Online Customer Service Buyer's Guide
http://econsultancy.com/reports/online-customer-service-buyers-guide-2009

How We Shop in 2010: Habits and Motivations of Consumers
http://econsultancy.com/reports/habits-and-motivations-of-consumers

The Internationalisation of E-commerce: A Best Practice Guide
http://econsultancy.com/reports/the-internationalisation-of-e-commerce

Multichannel Customer Experience Report
http://econsultancy.com/reports/multichannel-customer-experience-report

Customer Engagement Report
http://econsultancy.com/reports/customer-engagement-report

2. Introduction by Tealeaf

We have all experienced customer struggle online. Whether it's difficulty logging into a frequent flyer account, adding an item to a shopping cart, completing a financial transaction or navigating through a site. Yet these seemingly minor issues can have a huge and negative impact on a company's bottom line. **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.

Since 1999, Tealeaf has been helping e-businesses establish a systematic, data-driven approach to online customer experience management by capturing both quantitative data and qualitative experience information about every customer that interacts with their websites. Over this period of time, many e-businesses have come to recognise that a good website experience – on both traditional and mobile sites – is critical to their business goals. CEM has evolved from a "fringe" idea to an important business goal; but anecdotal evidence has told us that the e-businesses that have embedded CEM deeply into their business processes are still in the minority.

Our aims in partnering with Econsultancy on the **Reducing Customer Struggle Report** were twofold:

- To understand the current state of maturity for both online and multi-channel CEM.
- To quantify the business impact of customer struggle.

The report's findings demonstrate that e-businesses have much to gain from understanding the online customer experience – particularly at the bottom of the sales funnel, where conversion rates should be highest. A poor online user experience, coupled with a lack of visibility and understanding, translates into a significant amount of lost revenue and added costs for e-businesses across the globe. We are confident that this report provides valuable data that you can use to build a compelling business case for embarking on a CEM initiative or for expanding CEM across your business.

Geoff Galat
CMO, Tealeaf

3. Methodology and Sample

3.1. 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.

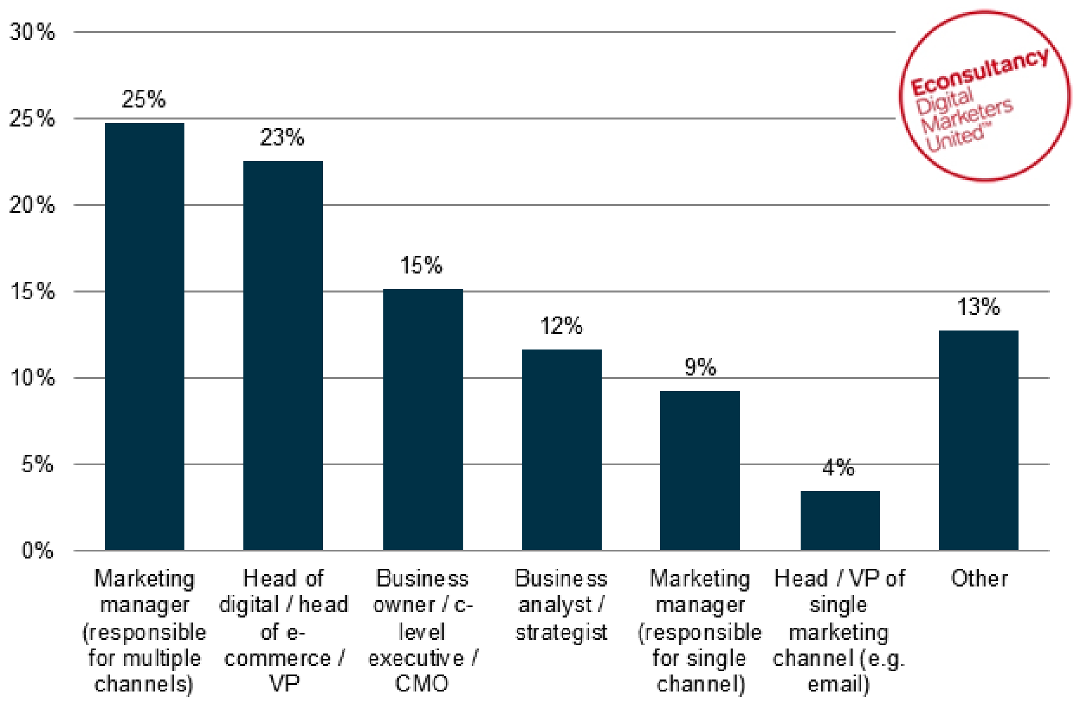
If you have any questions about the research and methodology, please email Linus Gregoriadis at Econsultancy (Linus@econsultancy.com).

3.2. 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 UK (58%) and the US (21%). For more detailed profiling of respondents, see *Section 5*.

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%).

Figure 1: Which best describes your level or position within the company?

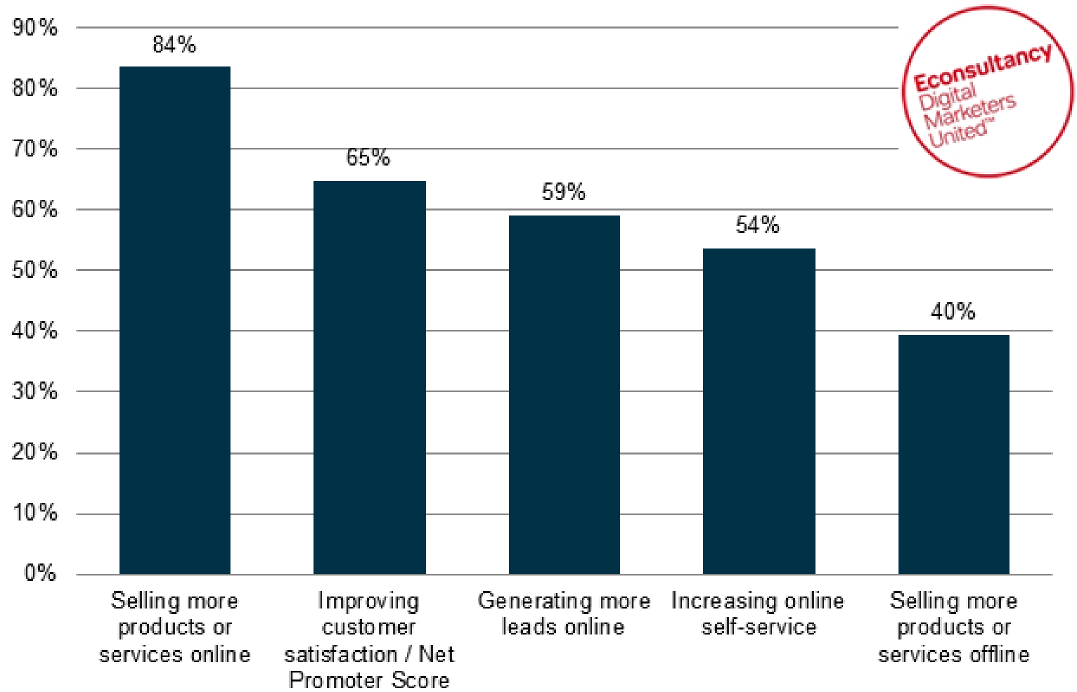


Respondents: 460

3.2.1. Business objectives

As seen in *Figure 2*, *selling more products or services online* is the main business objective, relevant for the vast majority of respondents (84%). The next most cited objectives are *improving customer satisfaction / Net Promoter Score* (65%), *generating more leads online* (59%) and *increasing online self-service* (54%).

Figure 2: Which of the following business objectives are relevant for your business?



Respondents: 461

Sample only, please download the full report from:

http://econsultancy.com/reports/reducing-customer-struggle

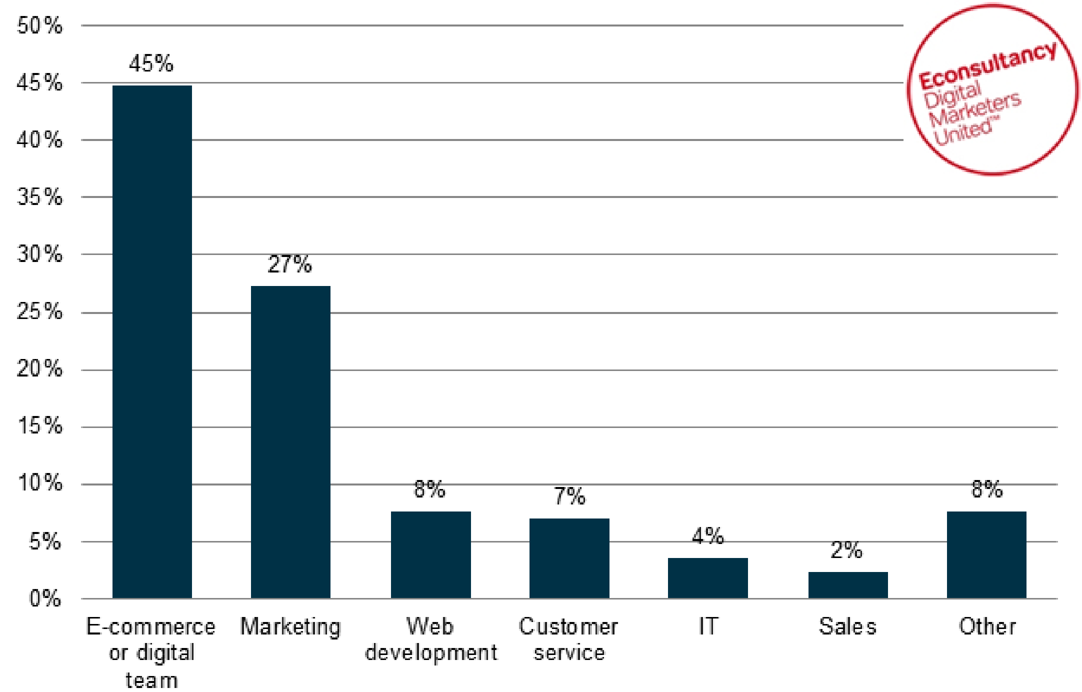
4. Findings

4.1. Understanding the online customer experience

4.1.1. Responsibility for online customer experience

While delivering a good online customer experience should involve every business function, a single department needs to own it and drive improvements across the organisation. For just under half of responding companies (45%), the *e-commerce or digital team* is responsible for the online customer experience. *Marketing* (27%) is the next most likely department to be responsible for this.

Figure 3: Who within your business is ultimately responsible for online customer experience?



Respondents: 344

4.1.2. Understanding types of customer behaviour

From a range of types of customer behaviour, company 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 their website* (62%).

At the opposite end of the spectrum, companies are more likely to…

Overall, US-based respondents have a better understanding of the reasons for the different types of customer behaviour than their European counterparts [*Figure 6*]. In particular, they have a better understanding of what customers are most likely to…

4.1.3. Understanding the overall online customer experience

Nearly a fifth of respondents (18%) rate their understanding of the overall online customer experience as 'poor' (16%) or 'very poor' (2%), and only 4% say they have an 'excellent' understanding.

The majority of respondents (79%) say their company…

4.2. Problems or issues with the online experience

4.2.1. Discovering issues with the online experience

Around three-quarters of respondents (76%) say they normally discover problems with the customers' online experience through *calls to customer service team* and *customer emails*.

It is clear that most companies are in reactive mode, typically reacting to problems when it is too late.

More than half of responding companies (56%) normally…

4.2.2. Effectiveness of different approaches to identifying problems

As *Figure 16* shows, *calls to customer service team*, *customer emails* and *online feedback tools* are most effective for identifying problems or issues with the online experience. *Direct messages / comments from social media* are considered to be…

4.2.3. Most common and most serious website issues

According to 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.

<Sample> What is the single most common problem or type of problem on your website?

"A useful and dynamic left navigation menu that helps the customer to narrow their search in a step by step process through categories and facets."

4.3. Use of customer channels

4.3.1. Customer channels used for sales and service

According to around three-quarters of respondents, the *online* channel is relevant for *sales* (78%) and *contact or service* (72%). *Telephone* is the next most used customer channel, with around two-thirds of companies saying that it's relevant for their business (62% for sales and 69% for contact or service).

Only a third of respondents say that...

4.3.2. Change in investment in customer channels

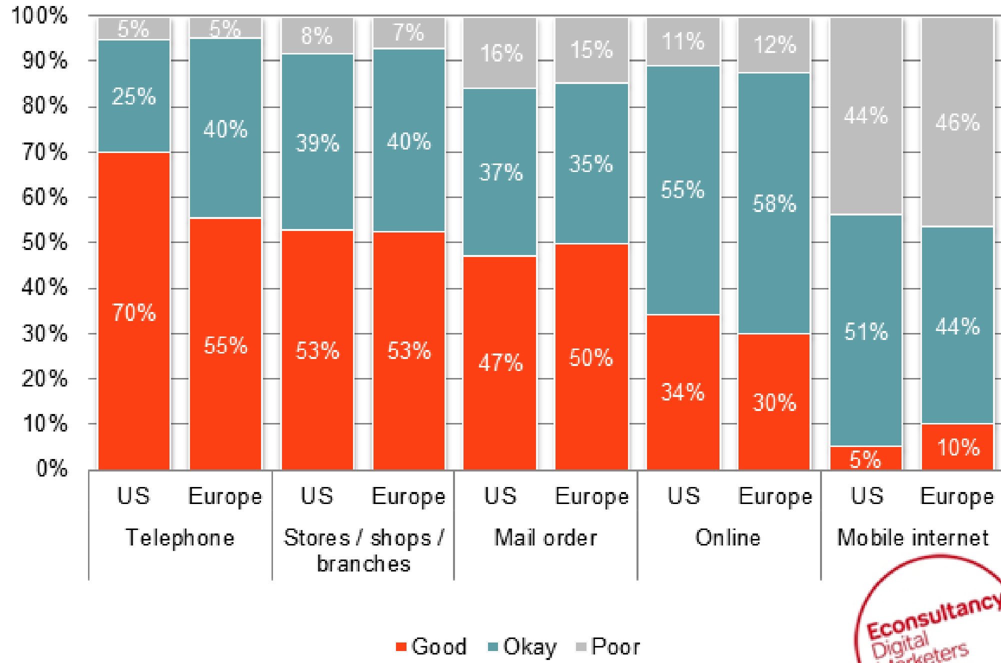
The vast majority of respondents (95%) are increasing investment in the *online* channel this year and more than half (52%) are investing more in...

4.3.3. Quality of customer experience for different channels

More than half of respondents rate *telephone* (56%) and *stores / shops / branches* (52%) as 'good' for quality of customer experience.

US vs. Europe

Figure 4: Please rate your channels for quality of customer experience.



US respondents: 64
European respondents: 23

Sample only, please download the full report from:

http://econsultancy.com/reports/reducing-customer-struggle

4.4. Integrating online with offline channels

4.4.1. Visibility into online customer activity

One of the most common issues affecting organisations and their ability to maximise 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-organised across online and offline channels. Despite the obvious benefits of adopting an integrated multichannel approach, many organisations still…

4.4.2. Visibility into offline customer activity

As the chart below shows, e-commerce or website teams are more likely to have visibility into offline customer activity than the offline components of a business have exposure to the online activity.

Just under half of respondents (46%) say…

<Sample> How does your e-commerce or website team typically have visibility about offline customer activity?

"Casually within the office. No formal procedures."

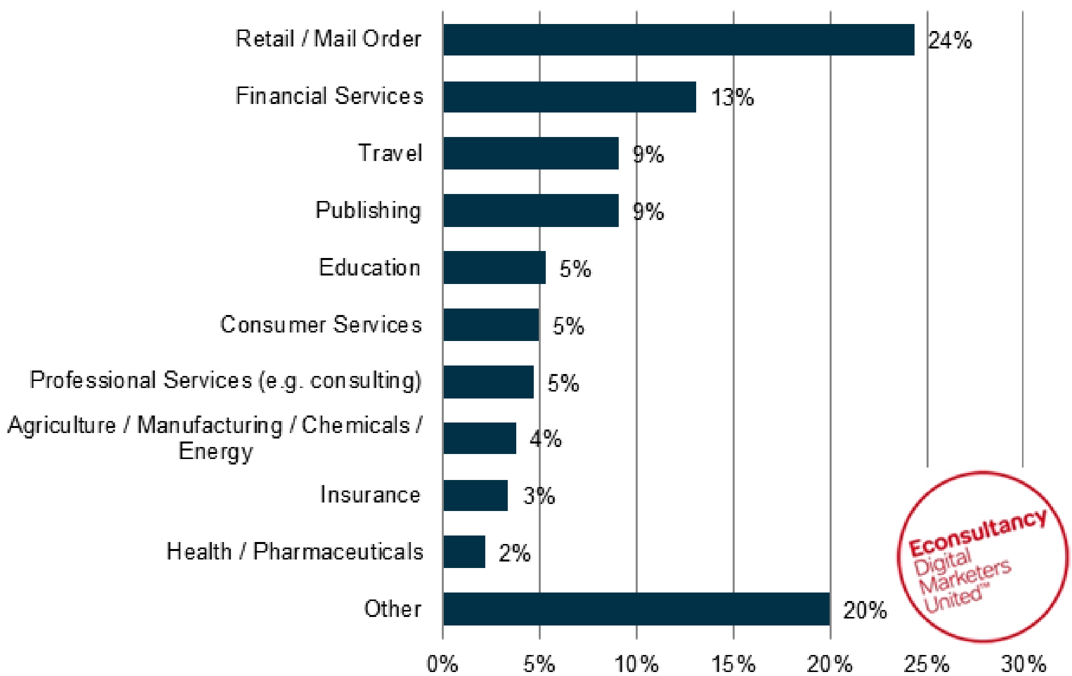
5. Appendix: Respondent Profiles

5.1. Business sector

Respondents work across a wide range of business sectors. As seen in the chart below, almost a quarter of respondents (24%) work in the *retail* or *mail order* sector, while 13% work in *financial services*.

Some 9% of respondents work in the *publishing* sector and an equal proportion work in *travel*. Only a fifth of respondents specify 'other' as their sector. 'Other' in this context includes IT, telecommunications and real estate.

Figure 5: In which business sector is your organisation or division?



Respondents: 320

Sample only, please download the full report from:

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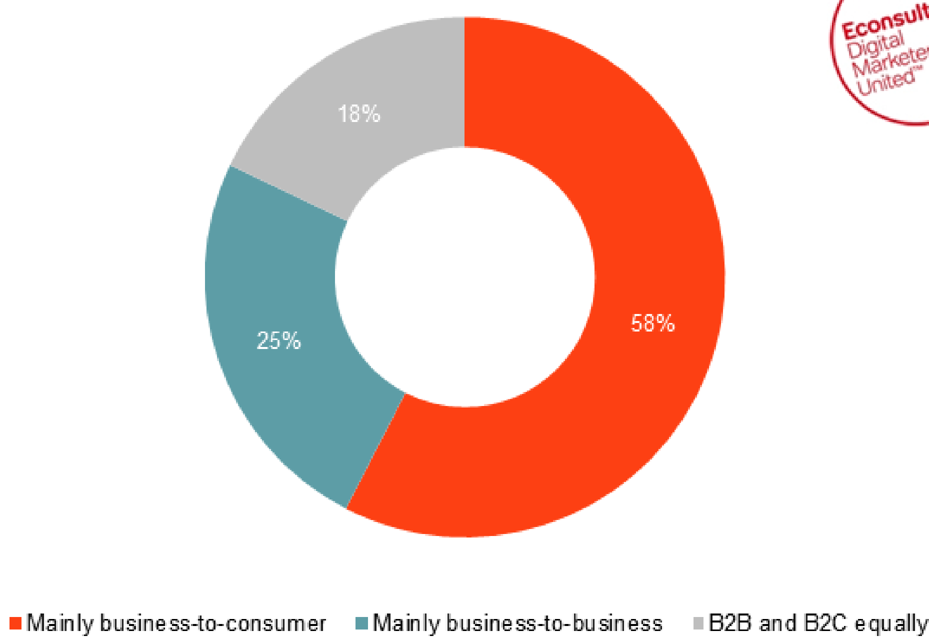
5.2. Business focus

The chart below shows to what extent businesses are focused on B2B, B2C, or both. The majority of respondents (58%) are exclusively focused on B2C, while a quarter are B2B-focused. Just under a fifth (18%) are focused on both B2B and B2C.

Figure 6: Does your business mainly operate in the B2B or B2C space?

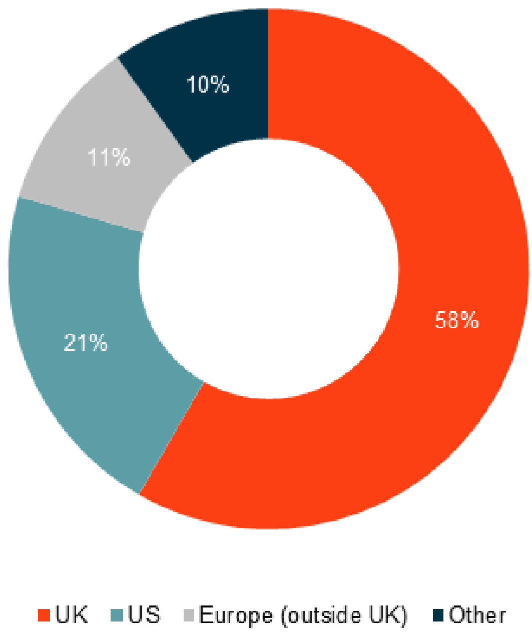


Respondents: 318

5.3. Geography

The majority of respondents (over half – 58%) are based in the UK, while around a fifth (21%) are US-based. Some 11% are based in Europe (outside UK). 'Other' countries represented in the survey account for 10% of the sample and include Australia, Canada, New Zealand, India, Ireland, South Africa and United Arab Emirates (UAE).

Figure 7: In which country / region are you located?



Respondents: 463

5.4. Size of company by revenue

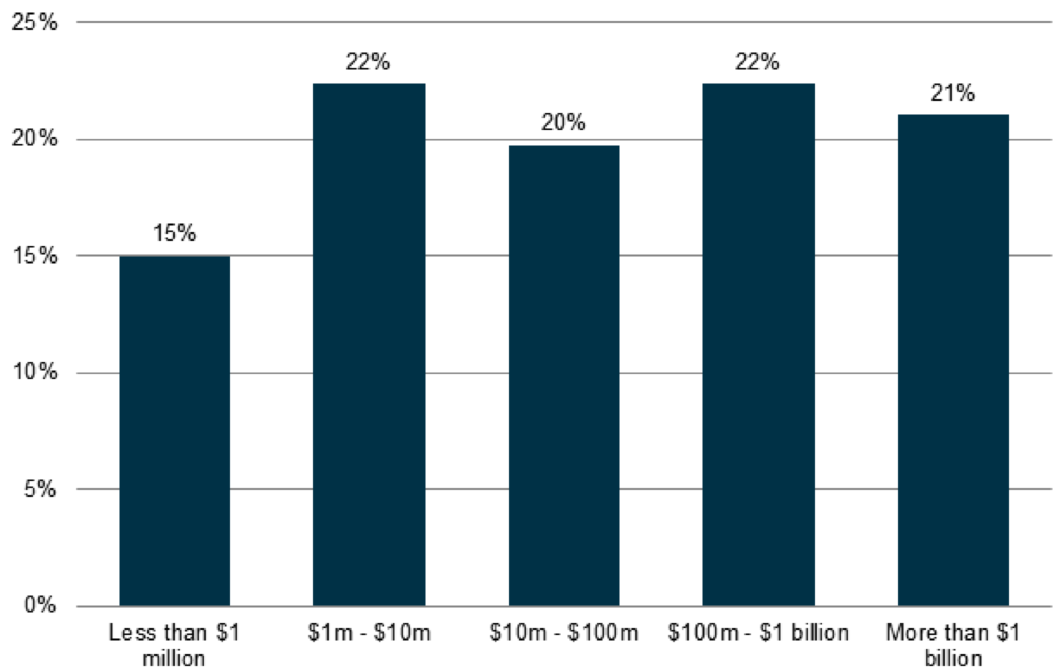
The charts below show the annual revenue of company respondents. At the upper end of the scale, just over a fifth of US respondents (21%) [*Figure 50*] work for companies with revenues of more than $1 billion.

The majority of respondents based in the US (85%) work for companies with annual revenues of more than $1 million.

A similar proportion of respondents outside the US (84%) work for organisations earning at least £1 million annually, but fewer respondents work for companies with revenues of over £100 million (32% compared to 43% of US-based respondents).

US respondents

Figure 8: Approximately how much revenue did your company generate in revenue in 2010?



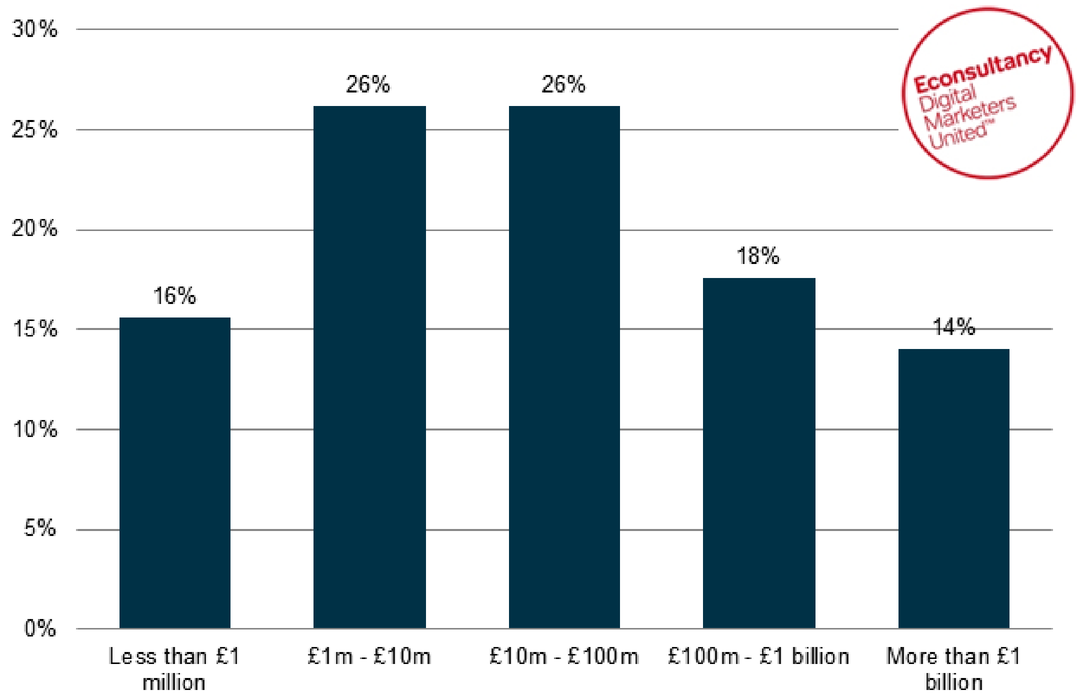
Respondents: 92

Sample only, please download the full report from:

http://econsultancy.com/reports/reducing-customer-struggle

Respondents outside the US

Figure 9: Approximately how much revenue did your company generate in revenue in 2010?



Respondents: 223

Sample only, please download the full report from:

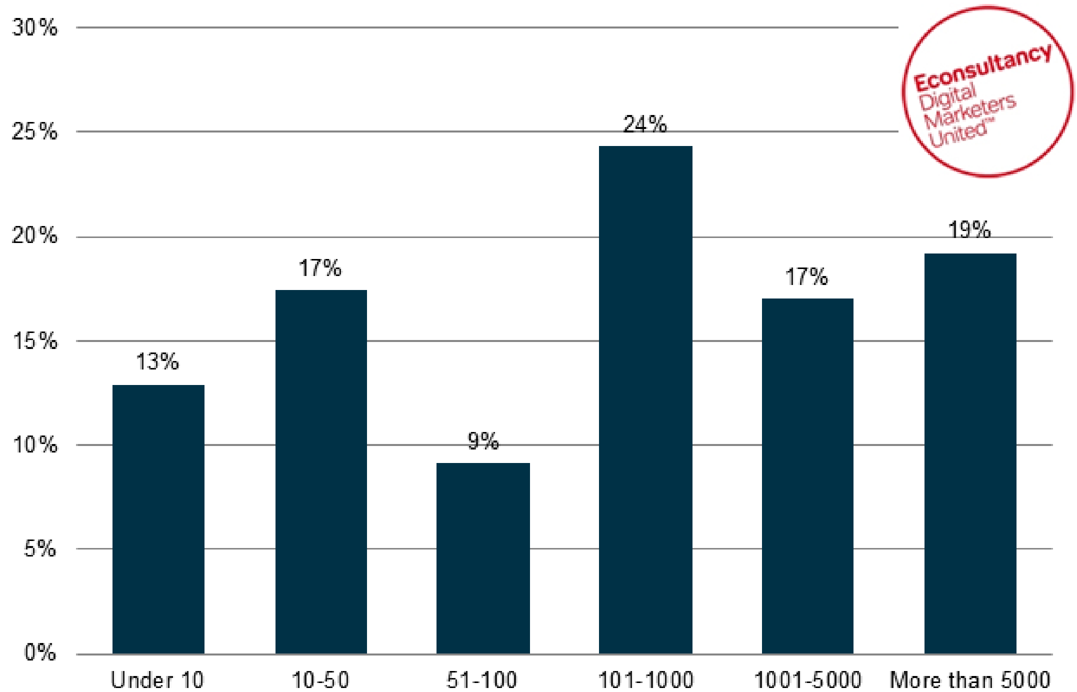
http://econsultancy.com/reports/reducing-customer-struggle

5.5. Size of company by number of employees

Over a third of respondents (39%) work for organisations with less than 100 employees, while 24% work for companies with between 100 and 1,000 employees.

Some 36% work for companies with more than 1,000 staff members, with almost a fifth (19%) working for companies with more than 5,000 employees.

Figure 10: How many employees are there in your organisation?



Respondents: 317