

TEALEAF 2008 ONLINE TRANSACTIONS SURVEY **GB Executive Summary**

PREFERENCE FOR ONLINE CHANNEL HAS SURPASSED IN-PERSON

Almost all online adults (93%) have conducted an online transaction in the past year.¹

- Online adults who have shopped online in the past year (“*online shoppers*”) typically do so about three times per month.
- The increasing prevalence of online shopping may be attributed to the credit crunch and bad weather, both of which are keeping people at home where they can shop around, compare prices to secure bargains online. A recent consumer survey² showed that 56% of consumers said that their online spending would either not be affected by the credit crunch, or that they would actually increase their online purchases.

According to figures from the IMRG Capgemini e-Retail Sales Index, UK shoppers spent over £26.5 billion online in the first six months of 2008 despite the credit crunch, up 38% on the first half of 2007. The IMRG predicted that 30% to 50% of all retail will be online in the next five years.

It is remarkable to note that in Britain the preference for conducting business online has surpassed in-person by about 10 percentage points among online adults. Over a half of all online adults (52%) generally prefer to conduct business online (more popular than in-person – 41%).

Nine out of ten (90%) online adults expect at least the same level or better customer service online:

- Compared to in-person shopping at a store, 17% of online British adults who have conducted an online transaction in the past year expect even *better* customer service online.
- A full 72% expect the same level of customer service online as they are accustomed to receiving in-person at a store.

HEIGHTENING EXPECTATIONS

87% of online adults feel there is no reason why an online transaction can't be completed on the first try.

If they experienced problems when conducting online transactions, online adults who have conducted online transactions in the past year said they would attempt to complete the transaction, on average, only about twice before contacting customer service, leaving the site to attempt the transaction elsewhere, or abandoning the transaction entirely.

¹ The 2008 Online Transactions survey was conducted online by Harris Interactive on behalf of Tealeaf Technology, Inc. between August 13th and August 18th, 2008 among 2,020 adults ages 16+, of whom, 1,921 have conducted an online transaction in the past year and 1,729 experience problems when conducting online transactions. Data were weighted to be representative of the online adult population of Great Britain. For complete survey methodology, including weighting variables, please contact Danny Whatmough, Wildfire PR tealeaf@wildfirepr.co.uk 020 8339 4420

² The Online Shopping and Credit Crunch Survey Report, produced by E-Consultancy in association with immediate future and Logan Tod & Co, surveyed more than 1,300 UK adults in May 2008

YET ONLINE ISSUES CONTINUE TO BE PERVASIVE

Among online adults who have conducted an online transaction in the past year, the proportion who ever experience problems remains high at nearly nine in ten (89%).

The vast majority (83%) feel frustrated when they experience problems conducting online transactions. Those who experience problems conducting online transactions also reported feeling disappointed (57%), angry (38%), and confused (15%).

MAJOR DIRECT BUSINESS IMPACTS

1st Wave of Abandonment: 49% of online adults – up significantly (12 percentage points) from last year's 37% -- who experience problems when conducting online transactions would abandon or switch after experiencing online transaction issues.

The 2008 rate of abandonment suggests that £11.9 billion in revenue could be affected by issues on shopping sites alone³ -- a huge opportunity for companies to harness, by ensuring their websites work. On the Web, the competition is a click away.

2nd Wave of Abandonment: 42% of online adults who have experienced bad customer service from a company's call centre when calling about website problems subsequently stopped doing business with the company entirely.

FAR-REACHING IMPLICATIONS

Online experiences impact offline: More than half of online adults (57%) said if they experienced a problem conducting a transaction online, they would be less likely to buy from the same company offline.

Huge "echo chamber" effect: Among those who experience problems when conducting online transactions, 77% share their experiences with others and more than half (53%) tell their friends and family specifically in order to discourage them from using that website or doing business with that company.

Issues may have been experienced online, but their impact reverberates both online and offline:

- 61% of online adults who share their experiences with others do so using *non-online modes* of communication such as:
 - In-person (55%) and
 - Phone conversations (30%) with friends and family.
- 56% use *online channels* to share complaints or reviews such as:
 - On the company's website (29%);
 - In an email to friends and family (13%);
 - On a ratings and reviews websites (10%);
 - On an online message board (6%); and,
 - On a blog and/or social network (8%).

³ Calculation based on data from U.S. Census Bureau IDB, Harris Interactive phone survey in G.B., 2008,, and the 2008 Tealeaf Online Transactions survey. For complete methodology, please contact Danny Whatmough, Wildfire PR tealeaf@wildfirepr.co.uk 020 8339 4420

-While non-online modes of communication are more popular, they reach a limited audience (a phone conversation typically only shares the experience with one other person). It is likely that online channels actually have a broader reach since a site posting or email can be shared with thousands.

CALL CENTRE EXPERIENCES

About two out of five online adults (42%) have contacted a company's call centre because they encountered problems using the website. Among those who have contacted a company's call centre due to website problems:

- A majority did not feel that the service agent was knowledgeable about the website (75%) or about their particular issue (73%), and about half (51%) did not have their issue resolved.
- Almost half (47%) – a much greater proportion than last year (38% 2007) – have experienced bad customer service. Of those who have experienced poor customer service from a company's call centre when calling about website problems:
 - About two out of five stopped doing business with that company entirely (42%) and approximately one third decreased the amount of business they do with the company (34%).