



PRESS RELEASE

2008 Tealeaf Survey Highlights Potential Multi-Billion Dollar Business Opportunity for Companies That Focus on Improving Online Customer Experiences

Survey Highlights 41% of Online Adults Click Away When They Encounter Problems, Many to a Competitor

- *For the fourth consecutive year, nearly 9 out of 10 (87%) online adults who have conducted an online transaction in the past year have experienced problems doing so;*
- *41% of online adults who experience problems transacting would switch to a competitor or abandon a transaction entirely if they experienced an online transaction problem;*
- *Four in five online adults who experience problems (84%) share their experiences with others -- both online and offline*

San Francisco, CA – September 16, 2008 -- [Tealeaf®](#), the leader in online Customer Experience Management (CEM) software, today announced the results of the 4th annual survey of online consumer behavior. The study, commissioned by Tealeaf and conducted by Harris Interactive®, focused on consumer transactions on shopping, banking, travel and insurance websites. For the fourth year running, the survey revealed that nearly nine out of 10 (87%) consumers conducting transactions online have experienced problems. When online issues occur, there is an immediate business impact. For example, if they experienced an online transaction issue, 41% of online adults who experience problems conducting online transactions would simply switch to an online or offline competitor or abandon a transaction entirely. This represents a \$57 billion potential impact to revenue on shopping sites alone¹ -- a huge opportunity for companies to harness, by ensuring their websites work. On the Web, the competition is just a click away.

According to a recent Forrester Research, Inc. report, "Obstacles to Customer Experience Success, 2008," 91% of business decision-makers said customer experience is either very important or critical to their 2008 efforts.ⁱⁱ While customer experience is increasingly important to businesses, the Tealeaf survey conducted by Harris Interactive clearly highlights that companies need to take immediate steps to ensure they understand the experience of their customers who are transacting online. While user expectations are high — more than four in five (84%) online adults feel there is no reason why an online transaction can't be completed on the first try — most sites are not meeting those expectations.

Preference for Online Channels is Rapidly Increasing, as are User Expectations

There is an increasing preference for conducting business online -- 84% of all online adults have conducted an online transaction in the past year and more than one-third (35%) generally prefer to conduct business online, according to the survey. Further, 22% of online adults who have conducted an online transaction in the past year expect even better customer service online than when shopping in-person.

Poor Experiences Evoke Reactions

Online problems evoke strong emotions from consumers. According to the survey, the vast majority of online adults who experience problems when conducting online transactions (87%) feel frustrated when

they experience such problems. Of those who experience problems, 41% reported feeling angry. Emotions can drive customers to take action by providing feedback via other channels.

Align Customer Service and Web Channels, Improve Customer Satisfaction and Retention

There is a lack of integration between the contact center and web channels of many businesses. The survey found that 47% of all online adults have contacted a company's call center after they encountered problems using the website. Among those, 64% did not feel that the service agent was knowledgeable about the website, and nearly two in five (38%) did not have their issue resolved.

Results also show that, among online adults who have experienced poor customer service from a company's call center when calling about website issues, nearly three in four (72%) either stopped doing business with that company entirely (45%), decreased the amount of business they do with the company (37%), or lodged a complaint with the Better Business Bureau (13%). Improving the service centers' ability to support the online channel not only leads to increased customer satisfaction and retention, but can also turn a support call into an opportunity to expand the business relationship with that customer.

Customers Share Experiences, Amplifying Impacts

More than four in five (84%) online adults who experience problems conducting online transactions share their experiences with others, amplifying the impact of any single experience. Among those who share their experiences with others, 82% do so using *non-online modes* of communication such as in-person (74%) and phone conversations (50%) with friends and family, while 58% use *online channels* to share complaints or reviews, such as on the company's website (39%), in an email to friends and family (23%), on a ratings and reviews website (16%), on an online message board (8%), or on a blog or social network (7%). These Internet postings and comments are often widely disseminated and long lived.

"At US Airways, we strive to do everything we can to be the airline of choice for our customers. To achieve this, we focus on reliability, convenience and appearance in all that we do. From achieving a first place ranking in on time performance among the ten largest U.S. carriers according to the Department of Transportation's Air Travel Consumer Report ... to providing a world-class website that provides our customers the quality service they deserve and demand," said Wes Graham, Director of Internet Distribution, US Airways. "We rely on Tealeaf for real visibility into our over one million customer sessions a day to help ensure we don't skip a beat in the online world. The Web is a major revenue channel for US Airways and extremely strategic to our overall business. With the Tealeaf dashboards we've created, I can see exactly how the site is performing now as compared to the previous week with just a quick glance."

"The Web has changed business; companies both large and small compete for the same customers. Now, competition is just a click away and customer expectations continue to grow," said Rebecca Ward, CEO of Tealeaf. "Businesses must take definitive steps to differentiate themselves by understanding and improving their customers' site experiences, and equipping their contact centers to truly meet the needs of online customers. Companies that do take action will be the ones to claim a greater share of this billion dollar business opportunity."

Survey Methodology

The 2008 Online Transactions survey was conducted online by Harris Interactive on behalf of Tealeaf Technology, Inc. between August 5 and August 7, 2008 among 2,010 adults ages 18+, of whom, 1,798 have conducted an online transaction in the past year and 1,572 experienced problems when conducting online transactions. Data were weighted to be representative of the online U.S. adult population. For complete survey methodology, including weighting variables, please contact Shoshana Deutschkron at shoshanad@tealeaf.com.

About Harris Interactive®

Harris Interactive is a global leader in custom market research. With a long and rich history in multimodal research, powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European and Asian offices and a network of independent market research firms. For more information, please visit www.harrisinteractive.com.

About Tealeaf

Tealeaf provides online customer experience management solutions and is the leader in 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 web site optimization. Online executive stakeholders from ebusiness and IT to customer service and compliance are leveraging Tealeaf to build a customer experience management competency across the organization. Founded in 1999, Tealeaf is headquartered in San Francisco, California, and is privately held. For more information, visit www.tealeaf.com.

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(i) Calculation based on data from the U.S. Census Bureau, The Harris Poll, and the 2008 Tealeaf Online Transactions survey. For complete methodology, please contact Shoshana Deutschkron at shoshanad@tealeaf.com

(ii) Forrester Research, Inc., February 7, 2008.