

Red Flags at Bluefly

Transactions **monitoring program** points out potential problems

BY REBECCA LOGAN

Bluefly lost some business last year because of a tiny punctuation error. It might have lost more had it not already been in the market for a solution to identify some of the real-time issues with online transactions.

During a trial test of TeaLeaf's CX solutions — which the New York-based retailer eventually bought — officials noticed that many of the customers who had recently abandoned the Bluefly site were those who had opted to pay with BillMeLater. A large number of them hadn't been able to complete their transactions because they had failed to check a box indicating their agreement with certain terms and conditions.

Bluefly typically uses a red exclamation point to alert its customers to items they should have filled out, but did not. A closer examination showed that although that

red mark was showing up next to unchecked boxes, it was appearing in a minus-size font.

"We'd been using BillMeLater upwards of maybe eight or nine months at this point," says vice president of technology Matt Raines. "How many missed opportunities was that?"

"That right there told us [CX] is a pretty powerful tool," he says. "We literally had the bug fixed before we had even purchased TeaLeaf."

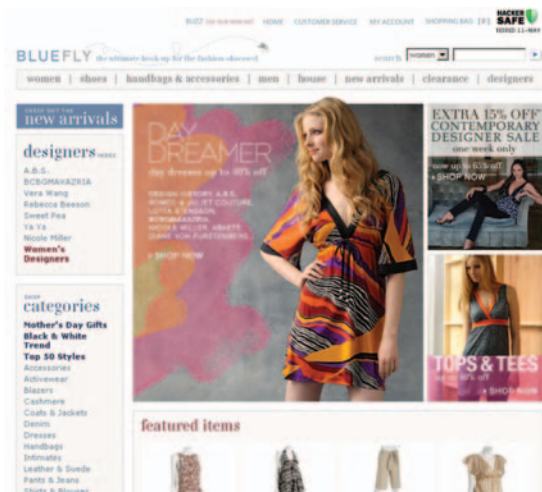
Bluefly is a company that promotes discounts, but it doesn't target the typical bargain-basement shopper. The site recently offered a Hermes cranberry twill tote for \$1,440 (instead the \$1,600 list price). A Vera Wang satin

dress that might retail for \$525 was selling for \$315, and Sferra Egyptian cotton bed linens were marked down 40 percent to \$303.

The site is set up so that shoppers have a number of ways to browse. If someone is looking for shoes, she can refine her search by size, color, category and price. If she wants to view items by designers, she can pull up a page that offers nearly 300 options.

The wide variety of paths Bluefly shoppers can choose add up exponentially, says Geoff Galat, vice president of marketing and product strategy for San Francisco-based TeaLeaf. "You can't really test for all the stuff that could go wrong there," he says. "We find all the things that snuck through the testing process."

Since becoming a TeaLeaf customer, several other issues at www.bluefly.com have been identified and fixed, Raines says. But that's not to say his staff doesn't learn of problems the old-fashioned way from time to time. He still gets phone calls from shoppers — including Bluefly CEO Melissa Payner, who encountered a problem when checking out.



TRANSACTION REACTION

1 in 3 customers who can't complete an online transaction go immediately to somebody else:

27% to another online competitor
12% to an offline competitor

Source: Harris Interactive



“That became known as ‘The Melissa Bug,’” Raines says. Using TeaLeaf’s technology, his staff traced back through her session to determine precisely what had gone wrong.

As the retailer grows in popularity — revenues increased 31 percent, to \$77.1 million, in 2006 — each glitch that pops up carries a bit more weight.

“My first reaction is that you need

cial. One featured a woman who didn’t have anything that she wanted to wear to a party — so she showed up nude. The test installment — hooked to the phrase “Bluefly.com: a thoroughly modern way to change your clothes” — depicts a man and a woman flirting at work, going to dinner and then to his house.

As the woman steps out of his shower the next morning, a Bluefly package is delivered to his door. “This just came for you,” he says. “What did you think I was going to

she likes, but not in her size. That shopper is unlikely to walk down to one of the other anchors in search of the same pair of pants, he says, “but when it’s one click away, it’s really easy to find someplace else.

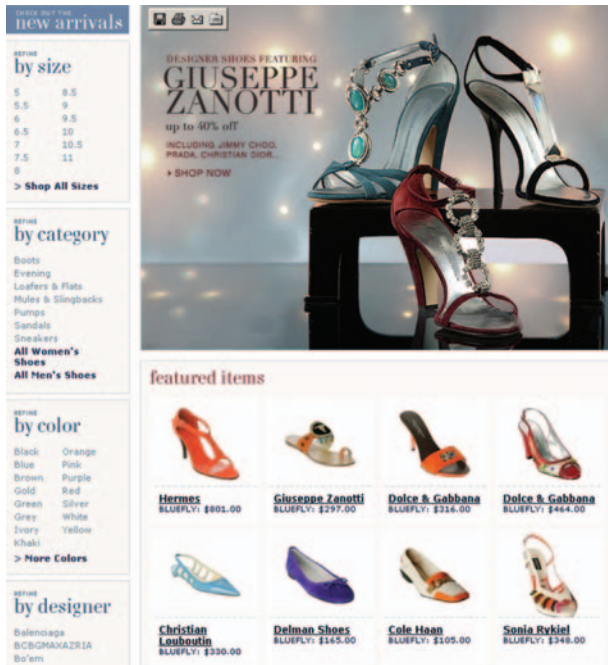
The power of “now”

“When [online shoppers] want to buy something, they want to buy it right then ... I don’t believe there is brand loyalty online,” Galat says.

Raines does discern loyalty in the Bluefly shopper, however. That helps explain why, when there are online problems, shoppers faithfully report them to customer service: If they didn’t care they would simply move on.

“We’re in the trust business,” Raines says. “People have to trust us or they’re not going to do business with us.”

According to a 2006 Harris Interactive survey commissioned by TeaLeaf, roughly one in three customers who can’t complete an online transaction go immediately to somebody else. About 27 percent said they would go to another online competitor;



quick resolution if there’s a problem because [it] can definitely have an impact in a major way,” Raines says. “It’s to the point where we have to be ahead of the curve in terms of knowing where things are going to fail.”

An updated version of Bluefly’s website, sporting new features and functionality, is scheduled to debut later this year. The new site is related to a deal Bluefly signed last year with Art Technology Group, resulting in a change of web platform providers.

Provocative advertising

Bluefly has made quite a push in the past couple of years to attract customers using some rather provocative commer-

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Raines wants to provide good experiences for the customers the marketing push attracts.

“We don’t want to lose one customer to a technical problem,” he says. “If they have a bad experience — if something goes wrong — they aren’t going to give you another chance.”

Bluefly’s online world is far different from a traditional shopping mall, Galat says. Imagine someone shopping at an anchor store: she finds a pair of pants

wear to work today?” she replies.

During a February analysts call, Payner said that Bluefly investors can expect the online retailer to spend \$15 million on advertising this year.

12 percent said they’d look to an offline competitor.

There is a scenario that those figures don’t take into account. Imagine that a shopper tries buying a skirt online from the Gap.

If she runs into a problem, she could always choose to drive to the mall and pick one up at a Gap store. That option isn’t available to pure-play e-tailers.

“Our site is our store,” Raines says. “It’s our only connection to those customers.”

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