

Customer experience is key in protecting online holiday sales

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Retail sales growth is likely to come in at a record low during the fourth quarter of 2008, making it more crucial than ever to capture every possible sale.

In the US, the National Retail Federation projects that consumers will spend 1.9 per cent more this year on shopping for the holiday period than they did last year (an average of \$832.36). This percentage is the lowest year-over-year increase in planned consumer spending since the annual survey began in 2002. In the UK, various reports suggest the toughest retail environment in more than a decade. According to Verdict Research, the final quarter of 2008 will represent only a 2 per cent increase from 2007.

In such conditions, companies need to look hard at their online channel and make sure their customer experiences are optimised going into the holiday spending season. That consumers would turn online makes sense – the web can save both money and time, and offers the convenience of enormous selection at their fingertips. In fact, a recent Harris Interactive survey, commissioned by my company, Tealeaf, an online customer experience management software

provider, revealed that in the UK the preference for conducting business online has overtaken in-person by about 10 percentage points among adults who go online. Over half of all online adults (52 per cent) generally prefer to conduct business online (versus 41 per cent in-person).

But what happens when a consumer tries to purchase online and something goes wrong? Perhaps they were not allowed to log in, their shopping cart mysteriously emptied or the site returned a cryptic error message. In a physical store, an assistant might be found to help, since leaving the store and finding a new vendor would require substantial effort. Online however, competition is only a click or two away.

Online business success requires an effective, intuitive website or frustrated online customers will go straight into the arms of competitors. The impact of poor online customer experiences is much bigger than many might think. The Harris survey identified a rapid wave of consumer abandonment after encountering online problems. Forty nine per cent of British online adults who experience problems when conducting an online transaction would abandon it or switch – which potentially affects £11.9bn in revenue. A similarly alarming number of US online adults (41 per cent) would also switch to a

competitor or abandon after experiencing online transaction issues, representing a potential \$57bn impact on revenue.

These sums are huge. Clearly, matching consumer expectations is essential in order to protect online revenue.

As companies prepare for the holiday season, they must deliver the best site experiences possible. An extremely high percent of online users feel there is no reason why an online transaction cannot be completed at the first attempt (87 per cent of British and 84 per cent of US online adults surveyed). Yet, when site issues do arise – and due to the complexity of the web and variability of consumer transactions they inevitably will – it is essential to be able to support the online customer. A recent Forrester Research outlook for the holiday period noted that “while the self-service nature of the web was assumed to make customer service and the costs associated with it obsolete, the opposite has proven itself to be true. Regardless of the channel, stellar customer service is critical during the online holiday shopping season...”

Providing this requires organisations to have visibility into their customers’ behavior and what is happening on their website. Companies can become more adept at improving online customer experience

by implementing five steps:

1. monitoring customer experience key performance indicators (KPIs), such as shopping cart abandonment rates;
2. proactively examining and responding to known technical issues;
3. listening to customers and gaining a better understanding by combining their feedback;
4. prioritising customer experience issues based on business impact; and
5. observing actual customer behavior by sampling sessions on a regular basis.

Strategic companies are also bearing in mind that insights gained online can and should be fed back to the offline channel as well. After all, online experiences effect offline, and vice versa. The Harris survey also found that approximately 56 per cent of online adults in both regions said if they experienced a problem conducting a transaction online, they would be less likely to buy from the same company offline. A fully integrated customer experience strategy ensures success across all channels – and, ultimately, the bottom line.