

Retail/E-Commerce Industry Report

Q1 2010

1 Jan–31 March 2010

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Visitor Driven Optimization™

Summary

iPerceptions' Q1 2010 Retail/E-Commerce Industry Report is based on immediate post-experience feedback from more than 400,000 visitors to over 200 retail and e-commerce sites using iPerceptions' 4Q and webValidator voice of customer solutions. This report provides insight into visitors' intent, their ability to complete desired tasks, and their related online experience. It leverages visitor feedback to uncover barriers to online purchasing.

Compared to Q1 2009, average online retailer sales growth this year was 12.3% according to Shop.org research conducted in partnership with Forrester Research. iPerceptions' Q1 2010 Retail/E-Commerce data supports this trend of higher online shopping activity with 83% of online retail and e-commerce site visitors reporting intentions related to purchase activity: 'Learn', 'Shop' or 'Buy'. A significant portion, 20%, reported being in the 'Buy' phase.

In the first quarter of 2010, buyers' task completion level was 61%, weaker than Q4 2009 results (65%). Furthermore, an analysis of buyers' explanations for failed task completion revealed that 'Product offering/availability' (at 34%) was less of an issue than in Q4 2009 (40%). These results suggest that online retailers are facing challenges to closing online transactions without the help of holiday deadlines.

More actionable issues are found within the explanations for buyers' failed task completion. 'Shipping policy/price' concerned 8% of buyers with only 3% citing 'Price' as their main obstacle. 5% said 'Insufficient product information' prevented them from moving forward and 3% indicated 'Technical' barriers to purchasing.

Visitors in the 'Shop' phase (comparing products and prices) represented 14% of site traffic and reported a task completion level of 74%, suggesting an opportunity for online retailers to enhance product and feature comparison tools.

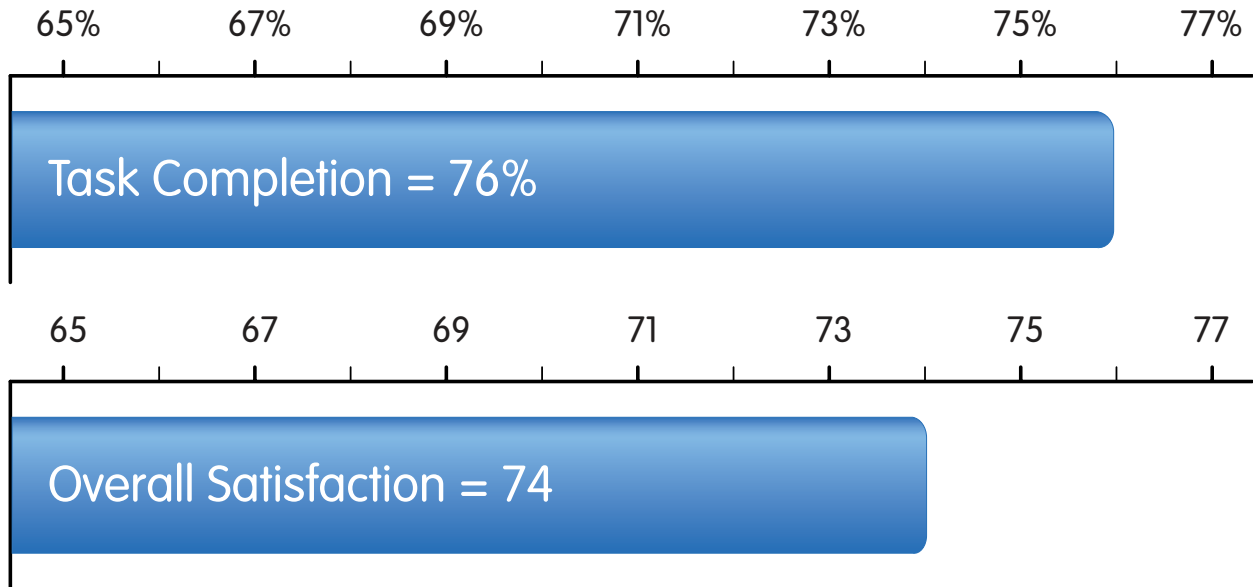
49% of visitors indicated they were on site in the initial information-gathering phase — what we refer to in our report as 'Learn'. These visitors had the highest satisfaction rating (75) and indicated they were able to complete their tasks 85% of the time.

An examination of the online experience using iPerceptions' perceptual framework (iPSI) showed that visitors, in general, desired improvements in the level of detail available for information related to their needs. When considering only visitors in the 'Buy' phase, being able to easily find what they were looking for showed the most room for improvement. Also, exploring 'Path to site', we find that visitors reaching a website via an 'Email link' have a higher task completion level (78%) compared to those arriving via a 'Search engine' (68%), pointing to the effectiveness of direct marketing, special content and landing pages.

Visitors who were online for 'Support' posted a task completion level of 72% but expressed lower satisfaction than other groups (70), indicating frustration with the support experience. Finally, the group we call 'Speak' (those coming to the site with an expressed intent to interact with others or leave feedback) represented less than 1% of visitors, but reported by far the lowest task completion (57%) and satisfaction ratings (50), suggesting web 2.0 is far from being fulfilled on the majority of retail and e-commerce sites.

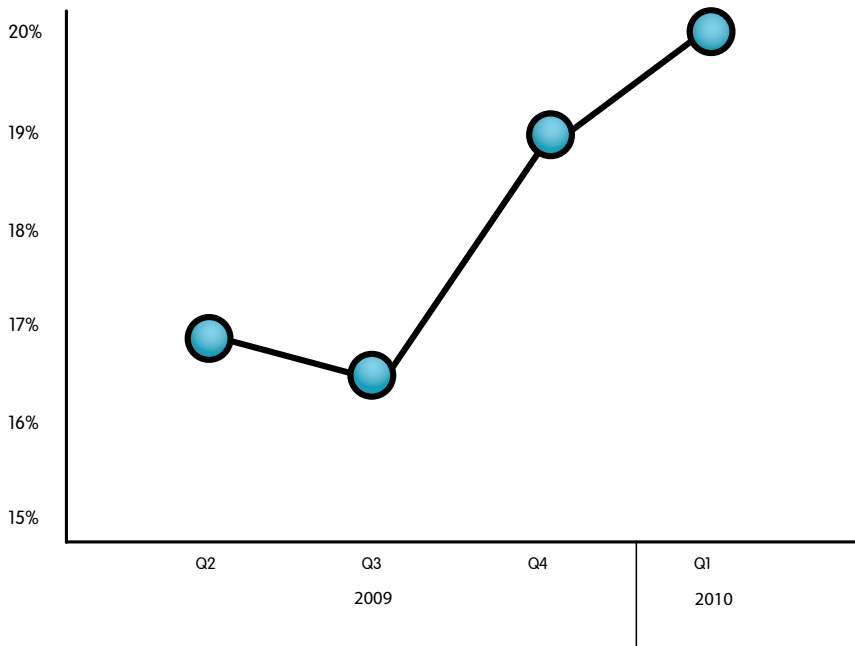
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Retail/E-Commerce Task Completion and Satisfaction Ratings



Purpose of Visit

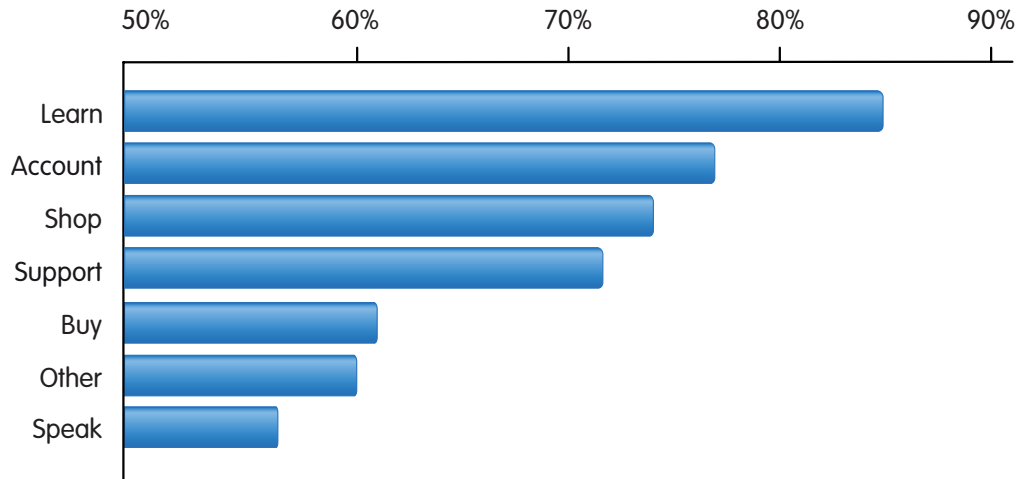
% of 'Buy' phase visitors to Retail/E-Commerce sites



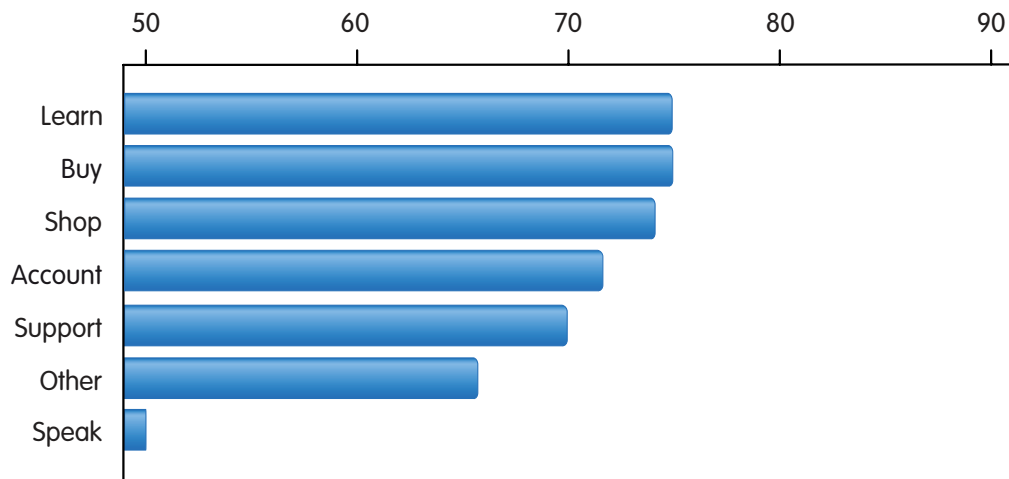
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Purpose of Visit

Task Completion by 'Purpose of Visit'



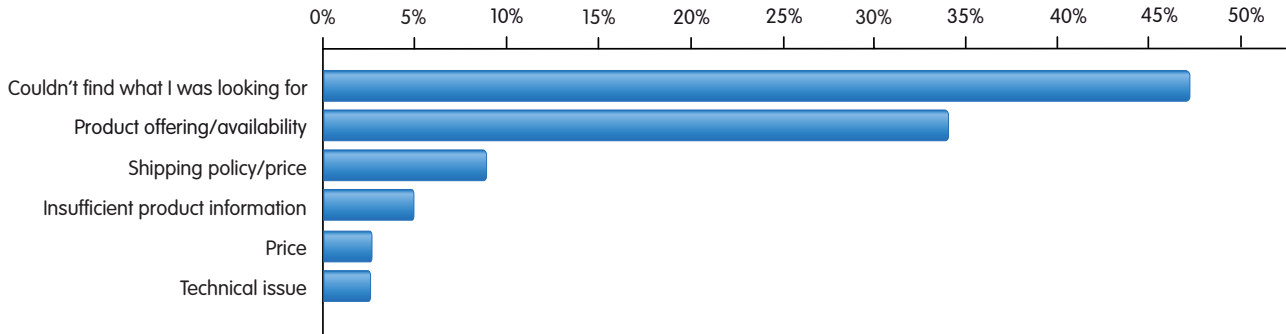
Overall Satisfaction by 'Purpose of Visit'



Purpose of Visit	Percentage Shares	Task Completion	Overall Satisfaction
Learn	49%	85%	75
Buy	20%	61%	75
Shop	14%	74%	74
Other	9%	60%	66
Support	6%	72%	70
Account	1%	77%	72
Speak	1%	57%	50

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Barriers to Buying

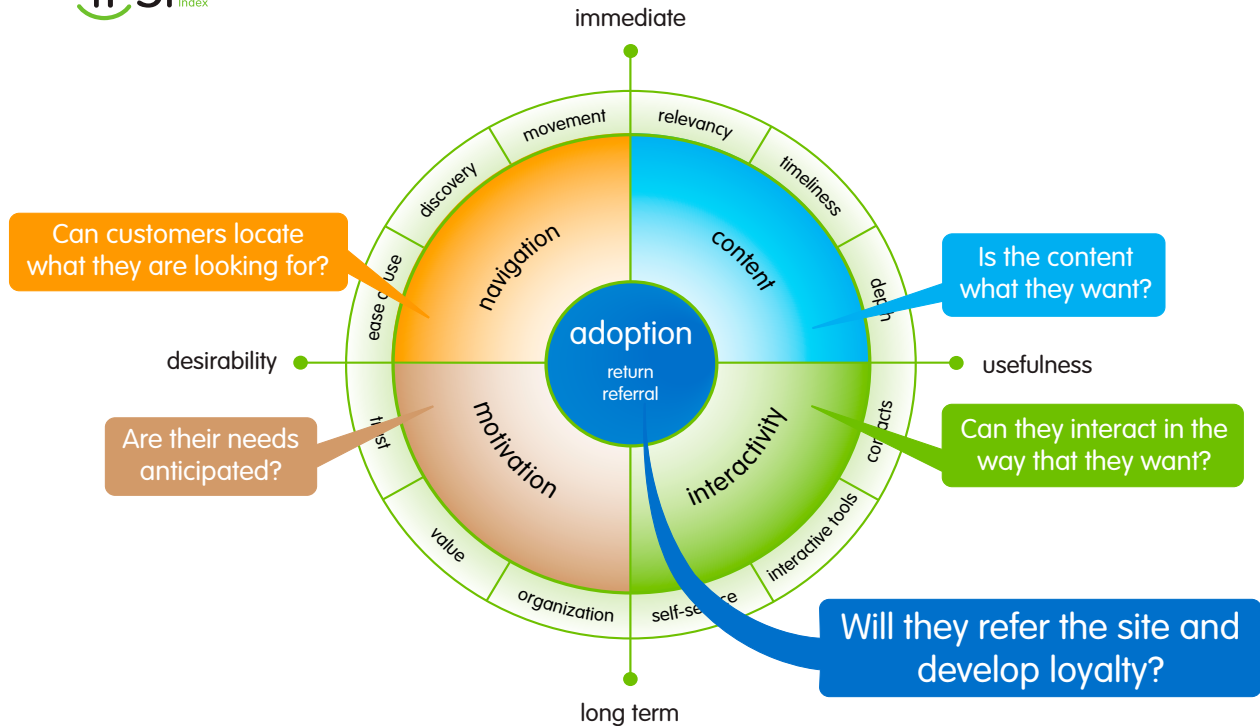


Analysis of open-ended feedback explaining barriers to task completion for would-be buyers

Barriers to Buying	Percentage Share
Couldn't find what I was looking for	47%
Product offering/availability	34%
Shipping policy/price	8%
Insufficient product information	5%
Price	3%
Technical issue	3%

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iPerceptions Perceptual Framework



Attributes Questions

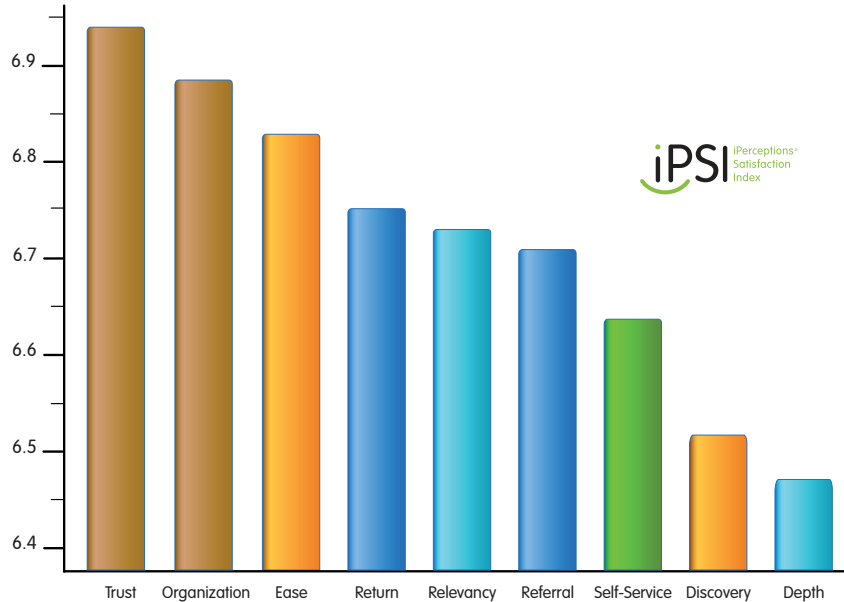
Based on your best online experience, how would you rate www.website.com as a site that...

Dimension	Attribute	Questions
Adoption	Referral	...would you refer to others?
	Return	...encourages you to return?
Content	Depth	...gives you the amount of detail you need?
	Relevancy	...has content that is relevant to the purpose of your visit?
Interactivity	Self-service	...enables you to help yourself?
Motivation	Organization	...is a well organized site?
	Trust	...is a reliable source that you trust?
Navigation	Ease of use	...is easy for you to navigate?
	Discovery	...enables you to find what you're looking for?

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Retail/E-Commerce iPSI — Visitor Experience

Attribute Ratings



Comparison of Buyers' Experience

Ratings	All Visitors	'Buy' Visitors
Strongest	Trust	Trust
	Organization	Relevancy
	Ease of Use	Organization
	Return	Ease of Use
	Relevancy	Referral
	Referral	Return
	Self-Service	Self-Service
	Discovery	Depth
Weakest	Depth	Discovery

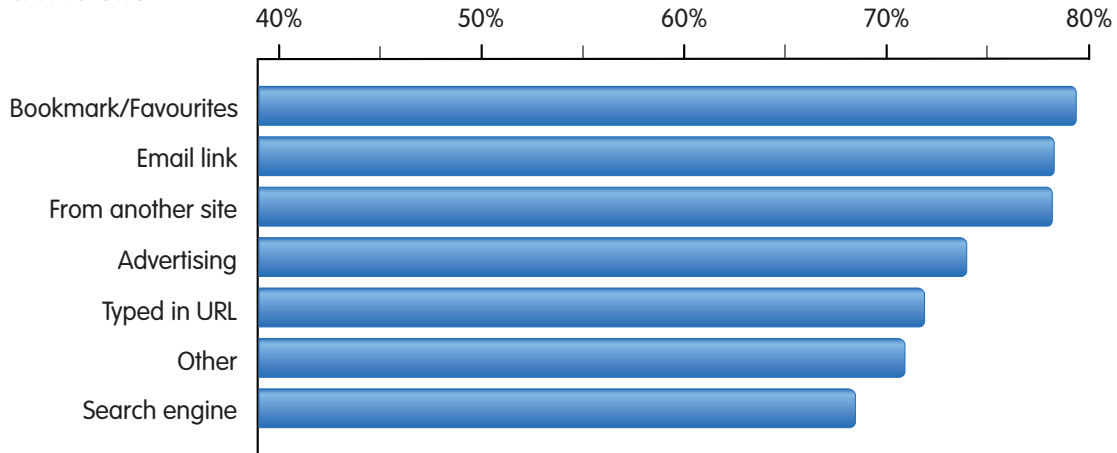
Retail/E-Commerce Industry Attribute Ratings

Attribute	Retail E-commerce Industry Average	Max	75th percentile	50th percentile	25th percentile	Min
Trust	6.94	7.53	7.35	6.90	6.60	6.13
Organization	6.89	7.47	7.34	6.89	6.55	6.15
Ease of Use	6.84	7.59	7.17	6.78	6.47	6.21
Return	6.75	7.81	7.20	6.60	6.35	5.87
Relevancy	6.74	7.41	7.31	6.57	6.38	5.82
Referral	6.71	7.64	7.23	6.57	6.36	5.84
Self-Service	6.64	7.45	7.11	6.45	6.29	5.89
Discovery	6.52	7.32	6.95	6.31	6.20	5.74
Depth	6.47	7.13	6.94	6.39	6.14	5.55

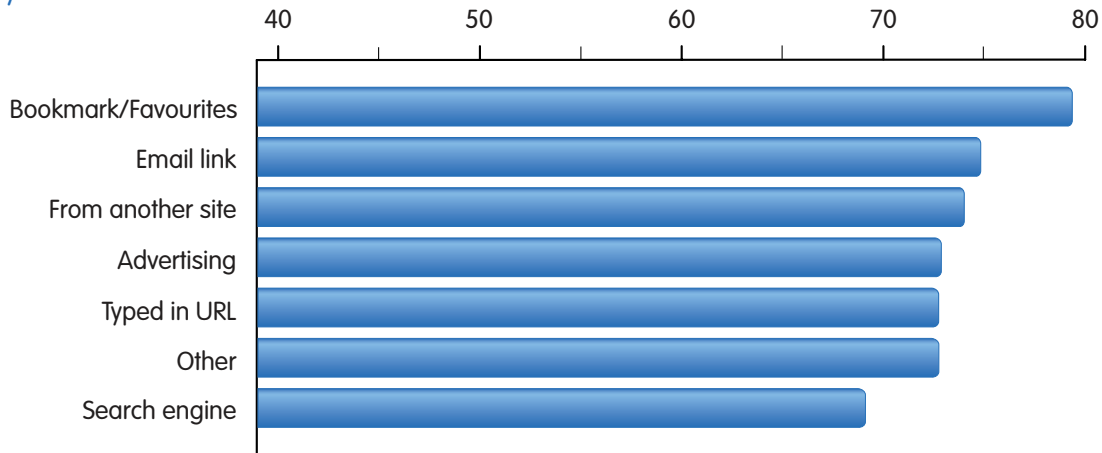
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Path to Site

Task Completion by 'Path to Site'



Overall Satisfaction by 'Path to Site'



Path to Site	Percentage Shares	Task Completion	Overall Satisfaction
Search engine	27%	68%	69
Typed in URL	26%	72%	73
Email link	15%	78%	75
Bookmark/Favourites	11%	79%	79
Other	10%	71%	73
From another site	8%	78%	74
Advertising	3%	74%	73