

Retail/E-Commerce Industry Report

Q4 2009

1 Oct–31 Dec 2009

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Visitor Driven Optimization™

Summary

The fourth quarter, with its holiday season sales, is critical for online retailers and e-commerce merchants. Q4 online sales for 2009 are estimated at over \$30.0 billion (excluding travel), up 5.4% compared to 2008 (Emarketer.com). This report provides insight into visitors' intent, their ability to complete desired tasks, and their related online experience. It explores what visitors are saying to uncover obstacles to online purchasing.

iPerceptions' Q4 2009 Retail/E-Commerce survey data supports the trend of high fourth quarter online shopping activity with 79% of online visitors reporting intentions related to purchase funnel activity: 'Learn', 'Shop' or 'Buy'. A significant portion, 19%, reported being in the 'Buy' phase.

46% of survey respondents 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 (76) and indicated they were able to complete their tasks 85 percent of the time.

Visitors in the 'Shop' phase (comparing products and prices) were also well served online. Representing 14% of survey respondents, they reported a task completion level of 78%.

There was a considerable drop off in task completion levels from the 'Learn' phase to the 'Buy' phase (85% for learners vs. 65% for buyers). For a business that could be doing \$100 million per year in online sales, a 65% Task Completion rate among buyers means \$35 million in business is simply walking away.

An analysis of buyers' explanations for failed task completion showed that 40% abandoned the process because of the 'Product offering/availability'. More easily addressed through improved navigation and search are the 35% of buyers who 'Couldn't find what they were looking for'. 9% of buyers said 'Insufficient product information' prevented them from moving forward. 8% expressed 'Shipping policy/price' concerns with another 5% mentioning 'Price' as their main obstacle. 3% indicated 'Technical' barriers to purchasing.

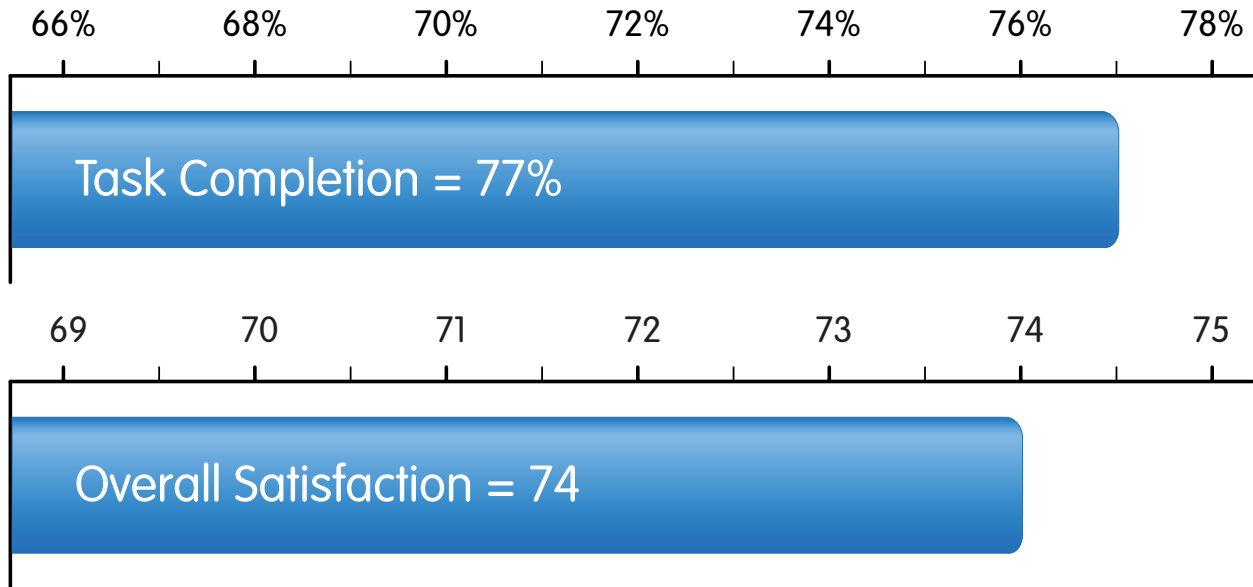
An examination of the online experience using iPerceptions' perceptual framework (iPSI) showed that visitors in general said improvements could be made by enhancing the content related to their needs. When considering only visitors in the 'Buy' phase, being able to easily find what they were looking for showed the most room for online experience improvement. Also, exploring 'Path to site', we find that visitors reaching a website via an 'Email link' have a higher task completion level (74%) compared to those arriving via 'Search engine' (68%), pointing to the effectiveness of direct marketing, special content and landing pages.

For online retailers and e-commerce merchants interested in repeat sales and long term loyalty, it is important to note that survey respondents who were online for 'Support' posted a task completion level of 73% but expressed the lowest satisfaction rating (69), indicating frustration with the support experience.

iPerceptions' Q4 2009 Retail/E-Commerce Industry Report is based on immediate post experience feedback from over 500,000 visitors to over 200 retail and e-commerce sites using iPerceptions' 4Q and webValidator voice of customer solutions.

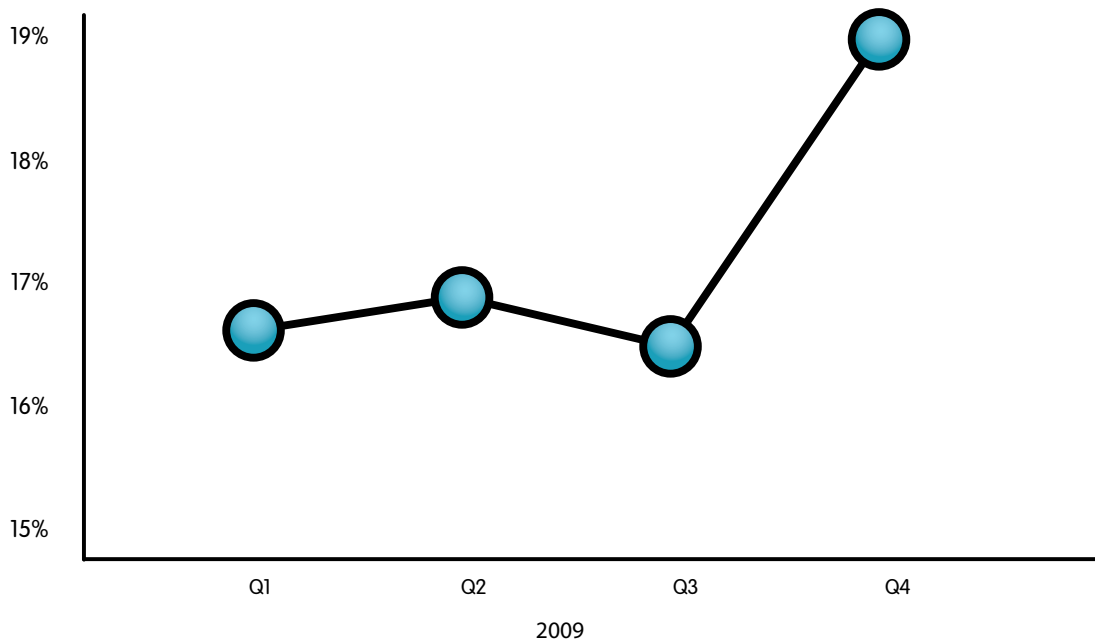
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Retail/E-Commerce Task Completion and Satisfaction Ratings



Purpose of Visit

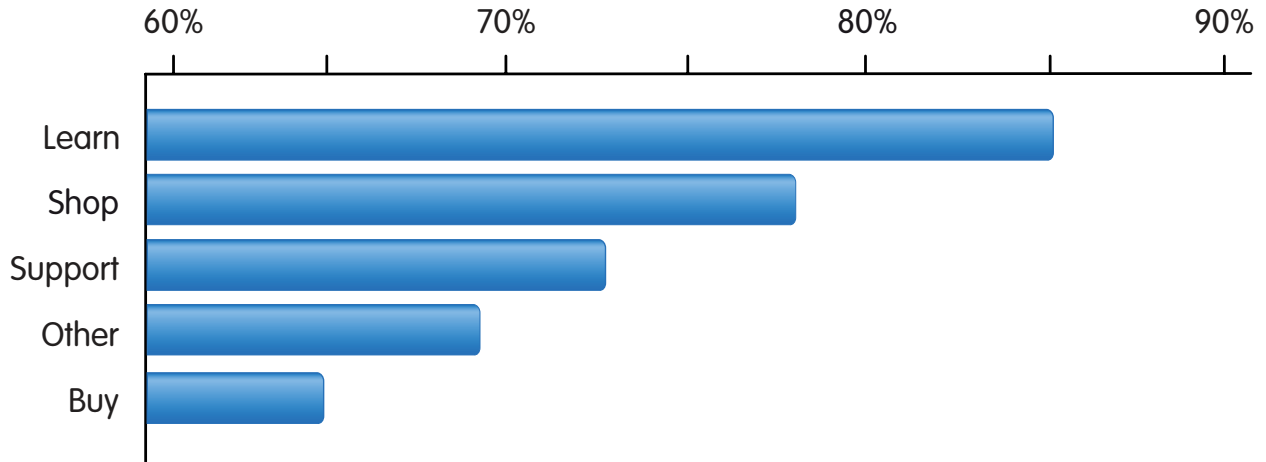
% of 'Buy' phase visitors to Retail/E-Commerce sites



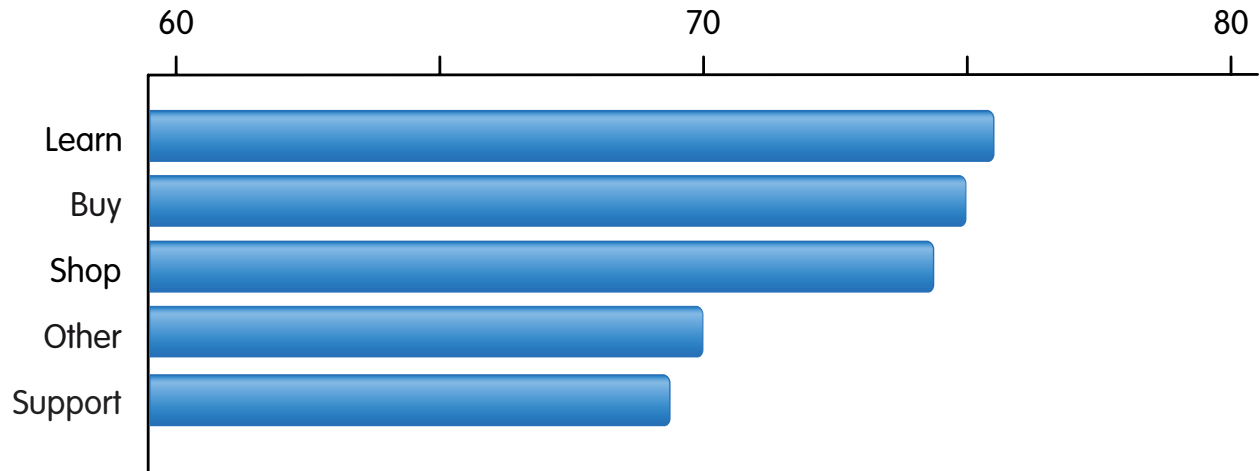
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Purpose of Visit

Task Completion by 'Purpose of Visit'



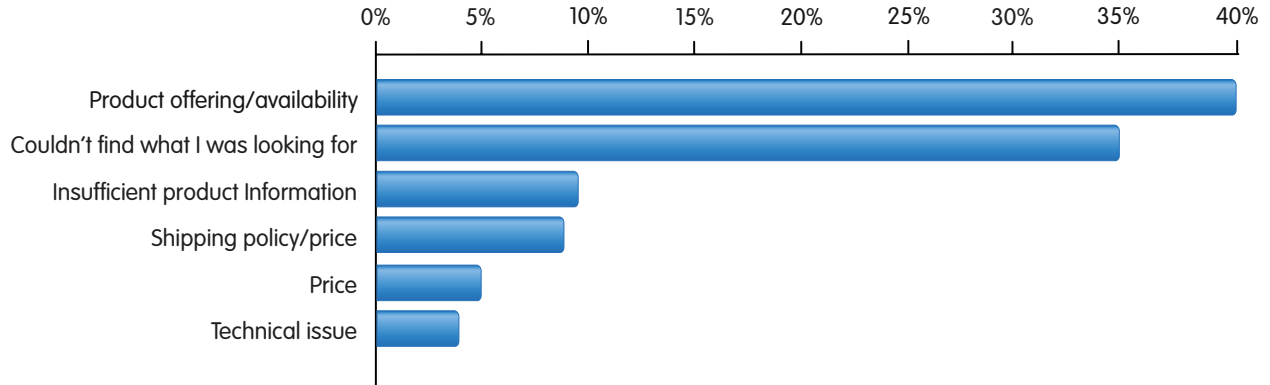
Overall Satisfaction by 'Purpose of Visit'



Purpose of Visit	Percentage Shares	Task Completion	Overall Satisfaction
Learn	46%	85%	76
Buy	19%	65%	75
Shop	14%	78%	74
Other	12%	69%	70
Support	8%	73%	69

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Barriers to Buying

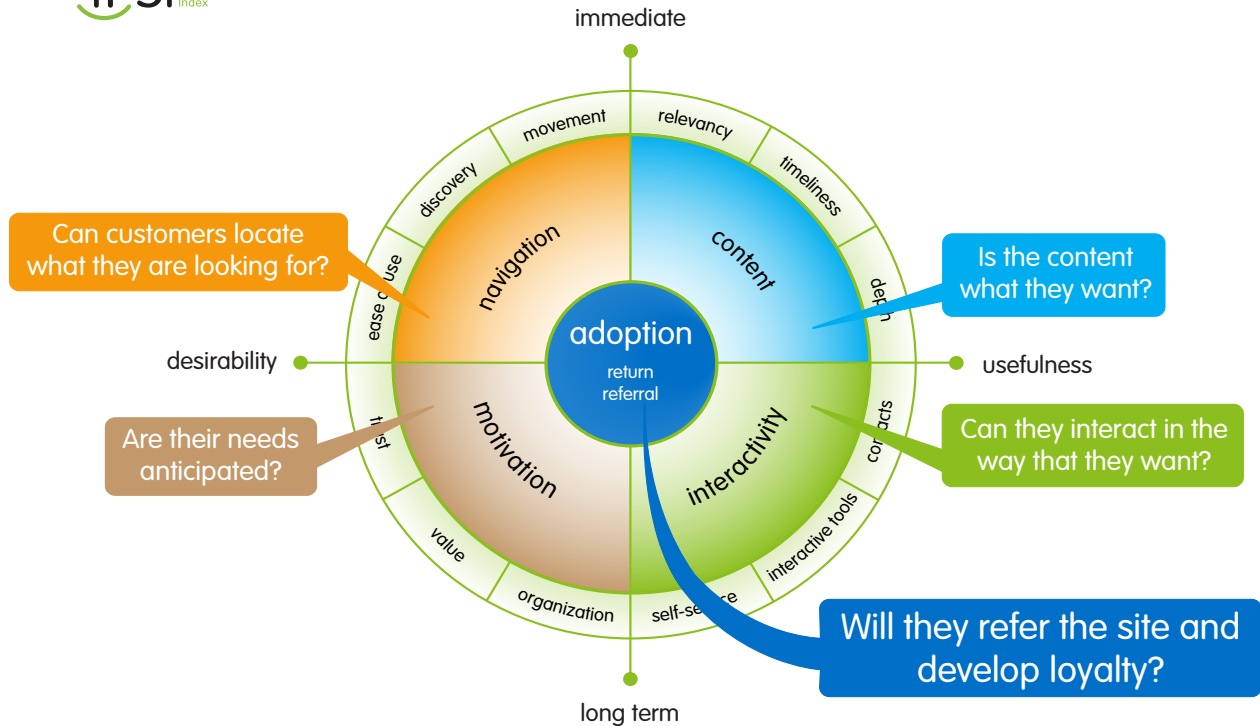


Analysis of open-ended feedback explaining barriers to task completion

Barriers to Buying	Percentage Share
Product offering/availability	40%
Couldn't find what I was looking for	35%
Insufficient product information	9%
Shipping policy/price	8%
Price	5%
Technical issue	3%

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iPerceptions Perceptual Framework



Attributes Questions

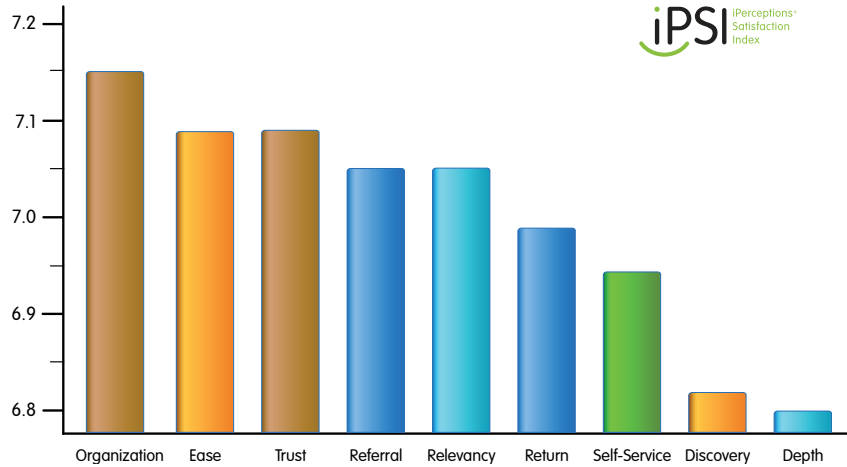
Based on your best online experience, how would you rate www.website.com as a site that...

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	Organization	Relevancy
	Ease of use	Referral
	Trust	Trust
	Referral	Self Service
	Relevancy	Organization
	Return	Ease of use
	Self Service	Depth
	Discovery	Return
Weakest	Depth	Discovery

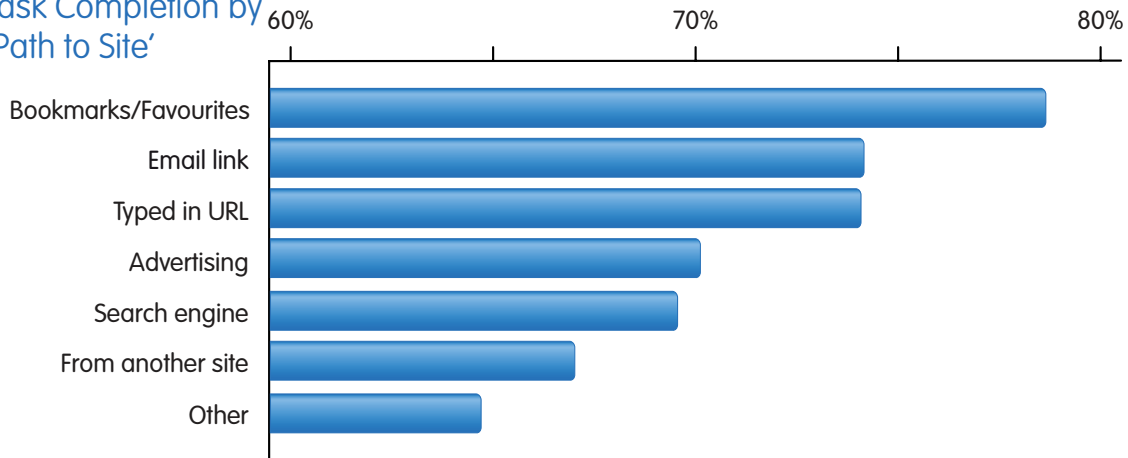
Retail/E-Commerce Industry Attribute Ratings

Attribute	Retail E-commerce Industry Average	Max	75th percentile	50th percentile	25th percentile	Min
Organization	7.15	8.31	7.35	7.24	6.67	6.33
Ease of use	7.09	8.36	7.38	7.13	6.65	6.44
Trust	7.09	8.36	7.38	7.13	6.65	6.44
Referral	7.05	8.65	7.54	7.07	6.49	6.13
Relevancy	7.05	8.48	7.42	7.07	6.47	6.01
Return	6.99	8.36	7.43	6.97	6.40	6.12
Self-service	6.94	8.56	7.32	7.03	6.32	6.15
Discovery	6.82	8.25	7.15	6.90	6.34	6.00
Depth	6.77	8.39	7.06	6.84	6.17	5.77

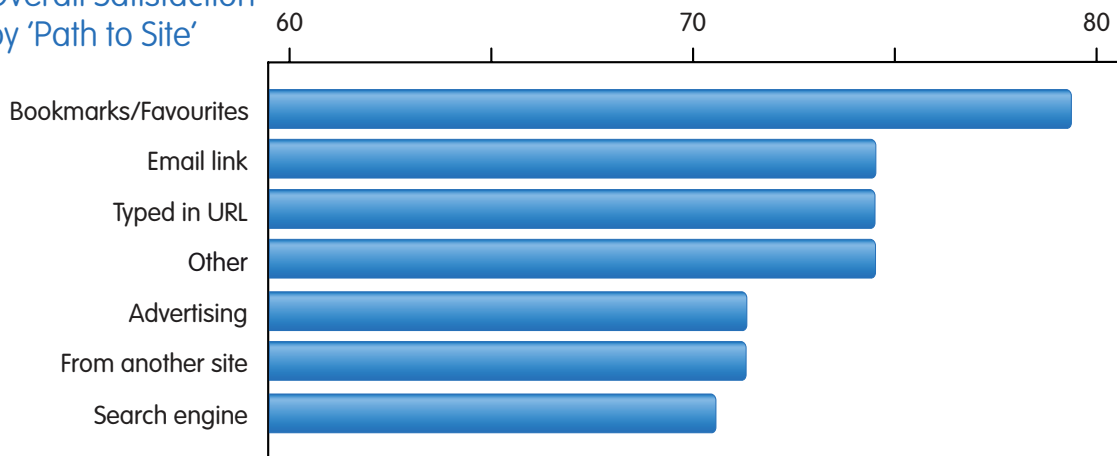
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Path to Site

Task Completion by 'Path to Site'



Overall Satisfaction by 'Path to Site'



Path to Site	Percentage Shares	Task Completion	Overall Satisfaction
Search engine	33%	69%	71
Typed in URL	30%	74%	74
Email link	12%	74%	74
Other	9%	64%	74
From another website	7%	67%	72
Bookmark/Favourite	6%	77%	79
Advertising	3%	70%	72