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# Customer Experience:

## Lessons for Loyalty



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Online retailers are locked in a fierce, ceaseless fight for brand loyalty. Unlike the physical world, shoppers can—and regularly do—visit five online stores in five minutes. Shoppers don’t get in their cars, drive to a store, fill a shopping cart with merchandise and then walk away, and yet shopping cart abandonment is a huge unresolved problem online. And shoppers also don’t talk to strangers on the street about where or what to buy, and yet strangers are now powerful influencers online.

This whitepaper describes the challenges in attracting and retaining brand loyalty online, and presents solutions that can be affordably implemented today by any online retailer. Our conclusions are based in part on a study commissioned by Adobe from The BRS Group, a market research firm based in San Rafael, California.

There are few barriers to entry in opening an online store, which is both a blessing and a curse. A blessing because anyone with a few good ideas and minimal investment can launch a website. A curse because the web is now bursting with online retailers of wildly varying quality, some of whom create bad experiences for shoppers that taint everyone.

The BRS Group helped define the challenges by surveying 604 online shoppers in the United States during February 2009. The shoppers ranged in age from 20 to 54. More than half of survey respondents (53%) reported shopping online 10 or more times per month, including 24% who shop online 20 or more times per month. Respondents considered themselves “savvy” or “literate” computer users, and spent at least two hours a week online for activities other than email.

### Real-World Reputation Doesn’t Equal Online Awareness

Online retailing is truly a different world from the physical realm of brick and mortar stores. An established reputation in brick and mortar doesn’t translate into an instant connection with customers online, where web-only retailers have staked out commanding leadership positions. When BRS asked the survey group to name (unaided recall) at least three web sites they frequently visit for shopping, only two retailers scored above 20 percent—Amazon (72 percent) and eBay (45 percent)—and both are online-only. Just four brick and mortar names scored 6 percent or better: Target (16 percent), Wal-Mart (12 percent), Best Buy (11 percent), and Macy’s (6 percent.)

	Total	Gender		Age		
		Male	Female	20-39	30-39	40-54
Visit frequently for shopping	604	304	300	168	222	214
	%	%	%	%	%	%
Amazon	72	78	67	68	76	71
eBay	45	50	39	47	43	45
Target	16	12	20	12	21	14
Overstock	14	14	15	12	16	15
Wal-Mart	12	10	14	12	12	13
Best Buy	11	16	6	16	9	9
Macy's	6	3	9	7	7	4
Buy	6	10	2	4	6	7

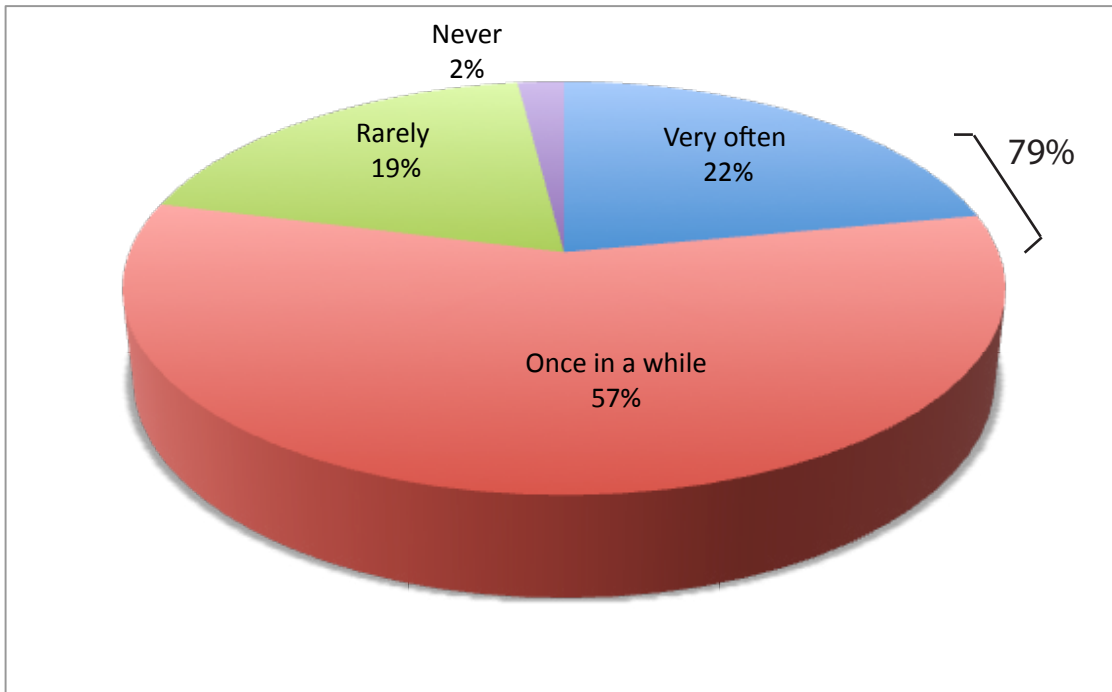
*Q: Name at least three web sites that come to mind when you think of web sites that you frequently visit for shopping.*

More than 270 sites were mentioned by fewer than 6 percent of shoppers. Most online shoppers, in other words, are already conditioned to favor a few big names, making it difficult for any retailer—whether established or just starting out—to break through the clutter and build significant brand awareness.

## Shopping Cart Abandonment Is An Epidemic

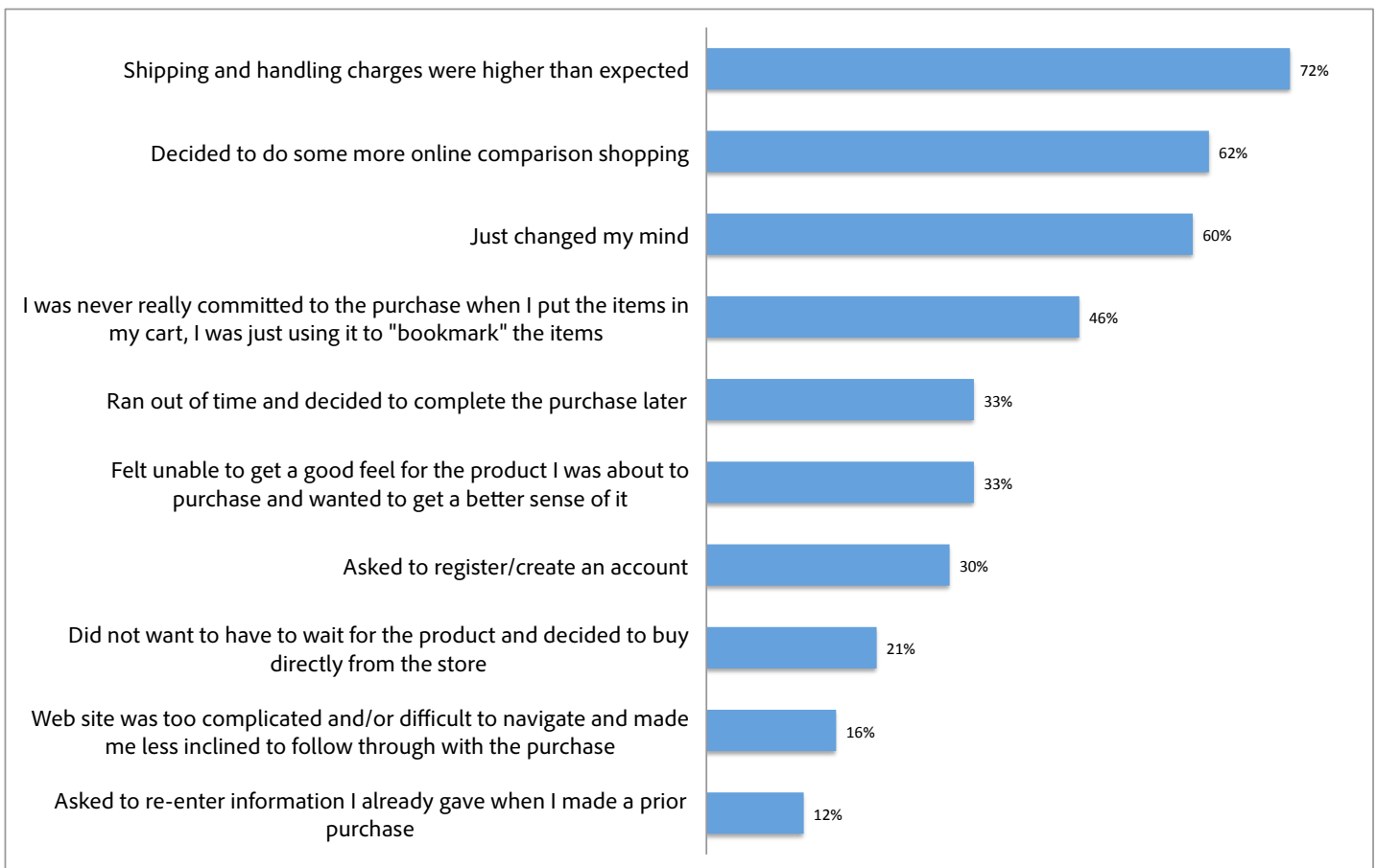
Online shoppers are incredibly fickle, frequently filling shopping carts and then walking away. BRS found that a staggering 79 percent of online shoppers abandon shopping carts—57 percent “once in a while” and 22 percent “very often.”

Q: How often do you place products in a shopping cart and then abandon the purchase before completing it?



The top three reasons, cited by more than half of shoppers who abandon carts, are: “Shipping and handling charges higher than expected” (72 percent), “Decided to do more online comparison shopping” (62 percent), and “Just changed my mind” (60 percent).

Q: Which of the following reasons have played a role in abandoning an online purchase?



It’s clear that many online retailers are fumbling the ball on the one-yard line, failing to turn customer interest into customer action.

Consumers also consistently express frustration with poor service. A survey of U.S. online shoppers in April 2009 by Opinion Research Corp. identified five top “ouch points.” Not being able to speak to anyone to answer questions (25 percent), learning that items are back-ordered or out of stock after they are in the cart (11 percent), receiving an item that doesn’t look anything like it did on the Internet (11 percent), web sites that malfunction as the payment is being processed (9 percent), and not being able to find an item (8 percent).<sup>1</sup>

## Your Reputation Is Now Less In Your Control

Social media is becoming much more than posting pictures of your family vacation on Facebook or MySpace. Shoppers of all ages, and especially shoppers under 30, now expect to learn about your products and your reputation from comments, ratings, and reviews posted by other shoppers. You can’t control this conversation, and you can’t stop negative comments.

<sup>1</sup> Opinion Research Corporation, April 9, 2009, Internet Shopping Increases as Consumers Hunt for Bargains. [http://opinionresearch.com/fileSave/Ouch\\_Point\\_InternetResearchFinal\\_Apr0609.pdf](http://opinionresearch.com/fileSave/Ouch_Point_InternetResearchFinal_Apr0609.pdf)

Universal McCann, a global media consulting firm, captured this shift in a report last year titled, “When did we start trusting strangers? How the internet turned us all into influencers.”<sup>2</sup> The report says:

“Today the web is driven by its users’ and peoples’ thoughts . . . found across the web (from) personal blogs to reviews on price comparison sites and wish lists on Amazon . . . It is now incredibly easy to share opinions and cultivate influence, often without even trying. The result has been the democratization of influence to the masses . . . In the old days the conversations we had with our immediate peers generally stayed inside that network. Today opinions and experiences are shared worldwide . . . The result is an influenced economy that is forcing everyone in the public realm—including the owners of products and brands—to become more transparent, open, conversational, and honest. They have to rethink the way that influence is distributed and the role of marketing communications in an information landscape dictated by consumers.”

## Shoppers Still Worry About Privacy And Security

There’s no law of nature or government that says shoppers have to be consistent. That perhaps explains why shoppers continue to express reservations about their personal privacy and the security of their financial information when buying online—at the same time they praise the convenience and efficiency of shopping online.

A survey last year by the Pew Internet & American Life Project of online shoppers in the United States highlights this cognitive dissonance.<sup>3</sup> The good news: Two-thirds (66 percent) of U.S. Internet users say they have purchased a product online, with 78 percent either agreeing (53 percent) or strongly agreeing (25 percent) that shopping online is convenient for them, and 68 percent either agreeing (47 percent) or strongly agreeing (21 percent) that online shopping saves them time.

The bad news is that 58 percent of Internet users say they have felt frustrated, confused or overwhelmed during online shopping. What’s more, 75 percent either agree or strongly agree that they do not like giving out credit card numbers or personal information online. Some 43 percent have been frustrated by the lack of information they encounter when going online to find out about or buy goods or services. Shoppers love to spend time online, it appears, but are easily spooked and haven’t yet developed the level of trust they have with merchants in the physical world.

## Lessons for Loyalty: Listen to Your Customers

Standing out online isn’t easy, but there are many proven best practices that aren’t expensive or time consuming to implement. From our findings with BSR and other consumer-centric reports, and in listening to shoppers’ feedback, we have formulated some basic steps retailers can undertake to align a website with consumer expectations. Of course not all of these suggestions may be right for your brand or customer; the secret is listening to your own audience, delivering the shopping experience they want, and giving them the tools to become your loyal evangelists.

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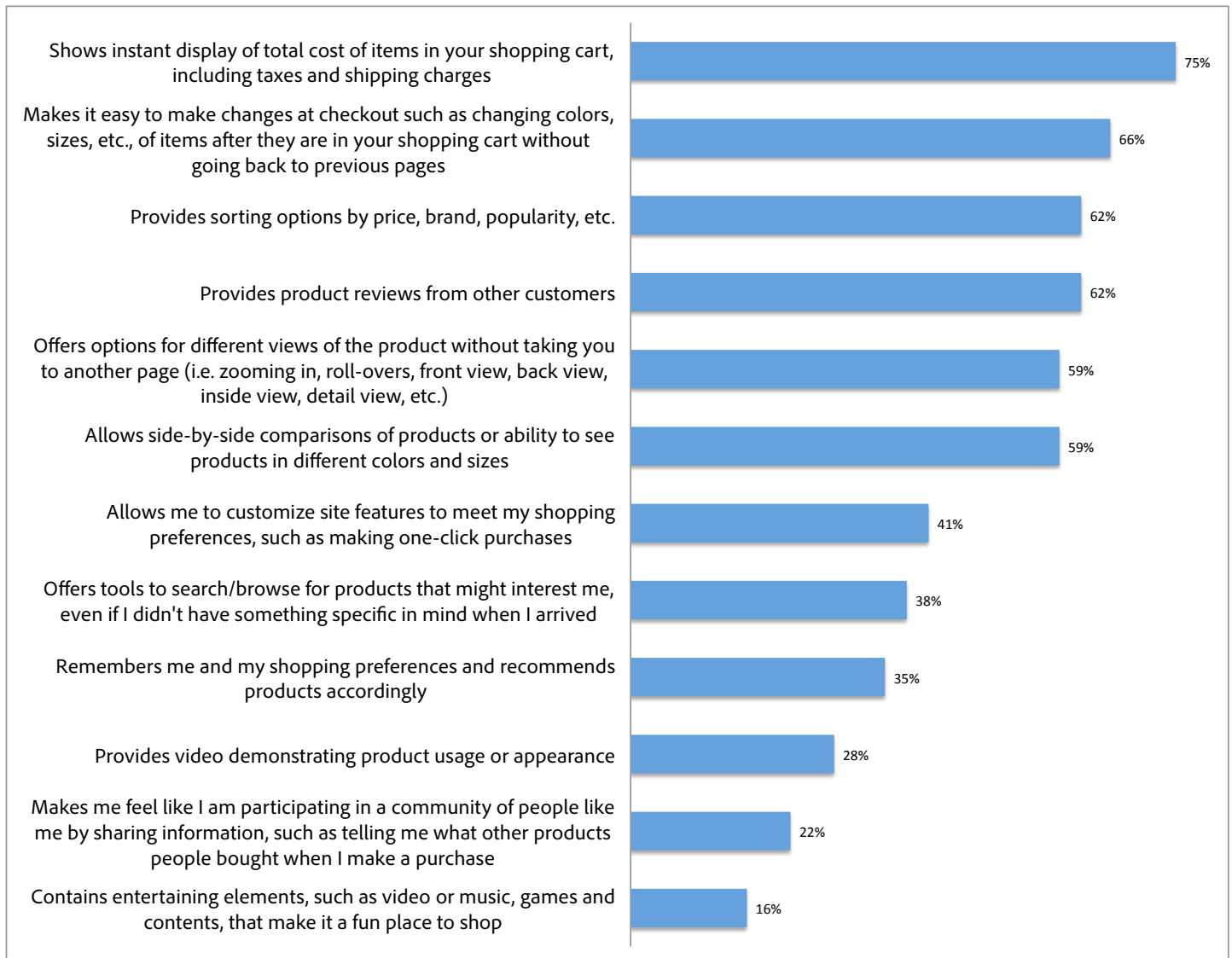
2 Universal McCann, September 2008, “When did we start trusting strangers? How the internet turned us all into influencers.” [http://www.universalmccann.com/Assets/strangers\\_reportLR\\_20080924101433.pdf](http://www.universalmccann.com/Assets/strangers_reportLR_20080924101433.pdf)

3 Horrigan, John. Online Shopping: Convenient but Risky. Pew Internet & American Life Project, February 13, 2008, <http://pewresearch.org/pubs/733/online-shopping>, accessed on May 8, 2009.

## Don't Hide The Full Price

As noted above, the single biggest reason for shopping cart abandonment is shipping/handling fees and taxes that are higher than expected. The simple remedy is to show estimates of fees during the shopping process, instead of holding them until checkout. An interactive shopping basket on the side of the screen can also become a tool to increase Average Order Value (AOV)—for instance, by displaying an offer such as, “If you add another \$35 to this order, shipping is free!”

Following is a list of traits that can describe a website for online shopping. Please rate these traits in terms of how important each is to getting you to complete a purchase. Top 3 box results from a 10 point scale, where 1= not at all important and 10= extremely important.



## Let Customers Make Changes Without Leaving The Page

Shopping is all about exploration. Before buying, shoppers want to consider different models, shapes, sizes and colors. But they don't want to be forced through multiple pages that make it hard to get back to their starting point. Rich Internet Applications (RIAs) make it easy to offer sophisticated side-by-side comparison shopping by price, brand, and popularity as well as features like zoom, roll-over, front view, back view, inside view and detailed view. It's also important to maintain consistency. If a shopper puts a red sweater into a shopping cart, the

sweater should still be red—not blue or green—when viewed in the shopping cart. The shopping cart should also be interactive, so it's easy for shoppers to make last-minute changes.

## **Make A Human Connection**

Remember the duality of online shopping. While valuing the convenience and efficiency of online retail, shoppers also have unresolved anxieties that require a human touch. Make sure a toll-free phone number is prominent on your site, and also offer live chat, with agents who are trained to be friendly and helpful. Give a street address for your company headquarters on the contact page, so that shoppers know you have a presence in the physical world.

## **Take Cross-Shopping Off The Table With Low-Price Guarantees**

Your site may have exactly the product your customers want, but many will leave in search of lower prices elsewhere. Given the huge number of online retailers and the constant changes in pricing, it's almost impossible to always have the lowest price—so many customers who leave won't come back. You can take the issue off the table simply by offering a low-price guarantee. Most shoppers won't bother to continue searching for lower prices after making a purchase, so the cost of such a guarantee is often minimal.

## **Make Returns Easy**

Return policies have become a major differentiator for retailers in the physical world. Buyers who would otherwise be resistant to making a purchase can be moved to open their wallets by knowing they can return merchandise that doesn't live up to expectations. Online retailers have to fight the perception that returns are a hassle. Make sure your site has a return policy that is easy to follow and is prominently posted.

## **Commit To Privacy And Security**

To overcome consumer privacy fears, your site should have a comprehensive privacy policy that's easy to understand and easy to find. To overcome security fears, you should join and prominently display the logos of organizations such as the Better Business Bureau. You should also accept alternate methods of payment, such as PayPal, for shoppers who don't like giving credit card information.

Finally, if you require customers to create an account, don't ask for more personal information than necessary. Demographic data such as gender, age and income should be strictly optional.

## **Adapt To Your Audience**

Age, gender and culture are just as important online as offline. Your site should match the expectations and preferences of your intended customers; creating multiple sites or microsites could avoid alienating customers with a one-size-fits-all approach. The “holy grail” would be to collect profile information about your visitors and customers (combining CRM and click data) to dynamically deliver a targeted site experience that appeals to your various customer segments.

A Pew Internet survey from January 2009 highlights some of these differences.<sup>4</sup> Younger online shoppers, ages 18 to 32, are more interested in social experiences such as user comments, games and contests. Older shoppers are more interested in a direct, more expedient shopping experience that will be an efficient use of their time.

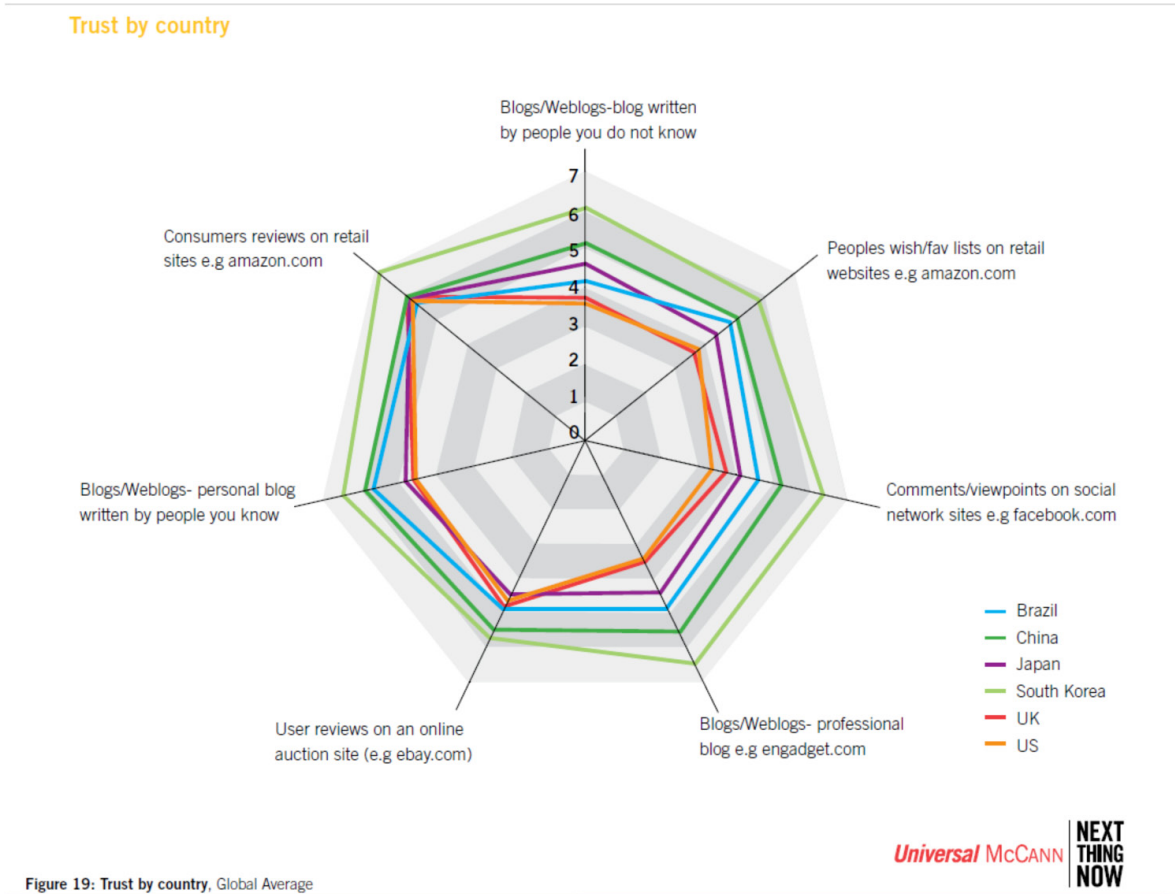
	20-29 %	30-39 %	40-54 %
Shows instant display of total cost of items in your shopping cart, including taxes and shipping charges	71	73	80
Provides product reviews from other customers	68	68	51
Contains entertaining elements, such as video or music, games and contests, that make it a fun place to shop	21	17	12

Men are more interested in watching entertainment and product demonstration videos than women, while women are more interested in multiple product views.

	Male %	Female %
Shows instant display of total cost of items in your shopping cart, including taxes and shipping charges	75	75
Makes it easy to make changes at checkout such as changing colors, sizes, etc. of items after they are in your shopping cart without going back to previous pages	60	72
Provides sorting options by price, brand, popularity, etc.	64	60
Provides product reviews from other customers	62	62
Offers options for different views of the product without taking you to another page (i.e. zooming in, rollovers, front view, back view, inside view, detail view, etc.)	54	63
Allows side-by-side comparisons of products or ability to see products in different colors and sizes	59	59
Allows me to customize site features to meet my shopping preferences, such as making one-click purchases	43	38
Offers tools to search/browse for products that might interest me, even if I didn't have something specific in mind when I arrived	39	37
Remembers me and my shopping preferences and recommends products accordingly	37	33
Provides video demonstrating product usage or appearance	33	23
Makes me feel like I am participating in a community of people like me by sharing information, such as telling me what other products people bought when I make a purchase	27	17
Contains entertaining elements, such as video or music, games and contests, that make it a fun place to shop	20	12

<sup>4</sup> Jones, Sydney. Generations Online in 2009. Pew Internet & American Life Project, January 28, 2009, <http://pewresearch.org/pubs/1093/generations-online>, accessed on May 8, 2009.

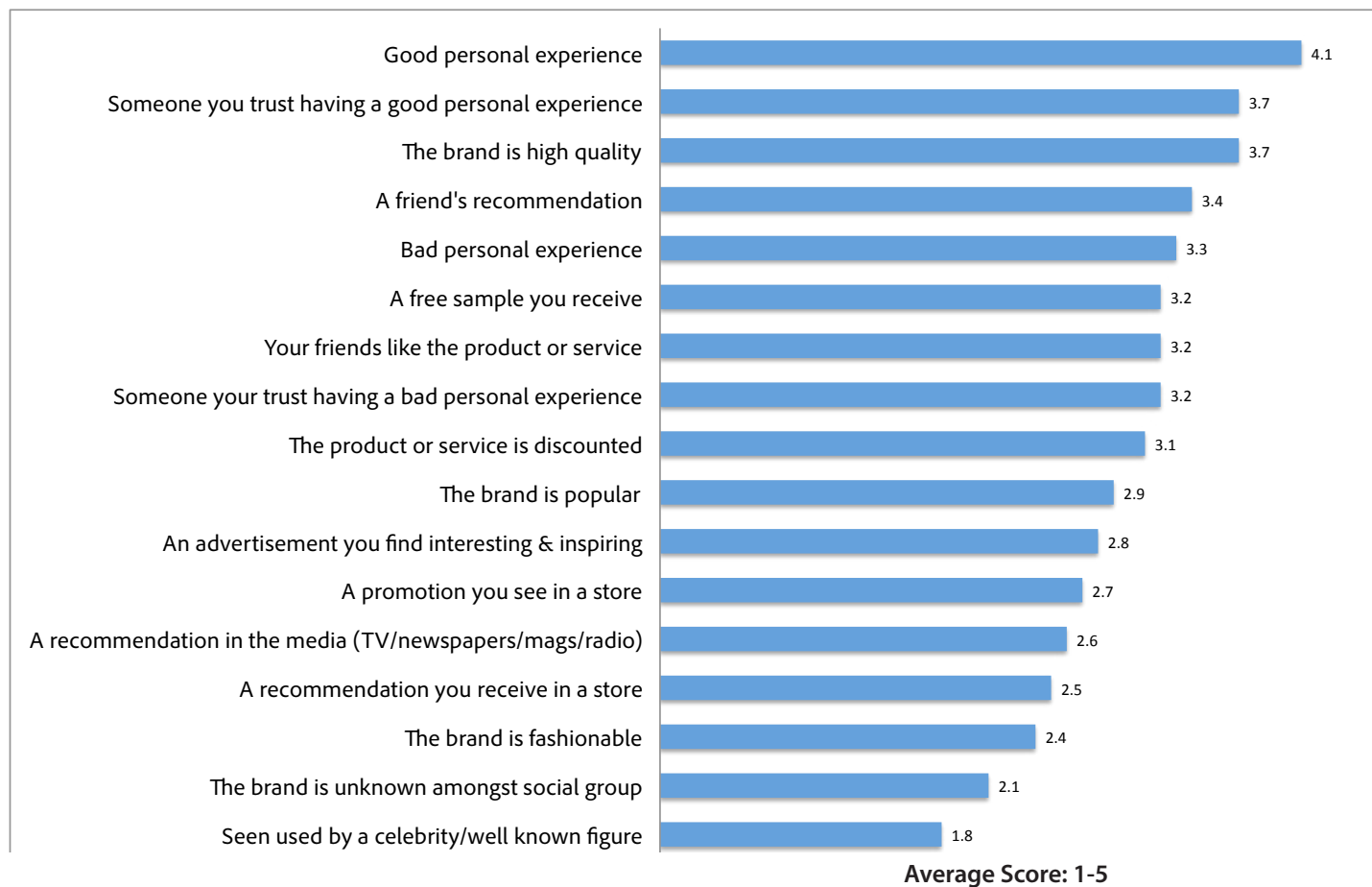
Finally, cultural differences are revealed in a Universal McCann survey that found online shoppers in Asian nations, such as China, Japan, and South Korea, are more trusting of third-party opinions (blogs and reviews) than their U.S. and European counterparts. This further supports the use of user generated content such as ratings and reviews to influence an audience when building a successful global shopping experience.



## Let Shoppers Talk Among Themselves

Open up your site to comments, ratings and reviews by customers. Let them comment on the products you sell, as well as your customer service. Universal McCann surveyed online shoppers about what motivated them to share opinions of their shopping experiences and found six of the eight top reasons involved the shopper's own experience—good or bad—or the experience of their friends. Importantly, good experiences outranked poor experiences two to one as reasons to motivate sharing opinions on shopping experiences. Also, good experiences were the top 3 reasons to “spread the word” for shoppers. These social influences far outpaced such traditional marketing tools as advertising and celebrity endorsements.

### Q: What motivated me to share my opinion?



The goal is to create an amplification effect, where your happy customers bring in more shoppers, who in turn become evangelists themselves. There will be rough moments when you have to suffer in silence over unfair negative comments; however this information can be turned into highly useful merchandising and retailing feedback. Building effective word-of-mouth buzz in the online world requires complete transparency and honesty and the benefits will far outweigh the risks for strong brands. With a clear focus on delivering a superior shopping experience, your customers will lift you above the competition.

## Join the Conversation

We hope that these trends are useful to your business. We welcome direct comments, questions and feedback. Please post your comments to our blog at [blogs.adobe.com/scene7](https://blogs.adobe.com/scene7) or email them to [Scene7marketing@adobe.com](mailto:Scene7marketing@adobe.com).



## References

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5. BRS Group Modern Research, March 2009, Role of RIAs in creating engaging online experiences.