

Keynote[®] Customer Experience Rankings[™]



Keynote Customer Experience Rankings for Retail Web Sites

Summer 2005

Keynote's Mission: Improve eBusiness Success

Keynote's mission is to improve eBusiness performance worldwide by providing metrics and insights for customer experience, marketing effectiveness, application service levels, and competitive strategies.

The Keynote® Customer Experience (CE) Rankings™ are part of a syndicated competitive intelligence program for understanding the customer experience and marketing effectiveness of leading Web businesses. The rankings are based on large-scale studies that employ Keynote's unique methodology and research expertise to capture the behavior and attitudes of customers as they pursue goals on the Web. The studies are designed to provide comparison metrics and insights into the customer experience and its impact on customer acquisition, brand, and online adoption.

Keynote Methodology Overview

Keynote's proprietary approach to customer research measures real people as they pursue real tasks on the Web. By capturing users' feedback and behavior at the point of interaction with a site and with accurate knowledge of their intent, Keynote is able to provide a complete understanding of their online experience and how it relates to the site's business outcomes. This realistic and in-depth view of the customer experience links companies with their customers and helps them to truly understand what customers and prospective customers think, how they behave—and why.

For the CE Rankings for Retail Sites, Keynote monitored 2000 consumers as they interacted with the following retail Web sites.

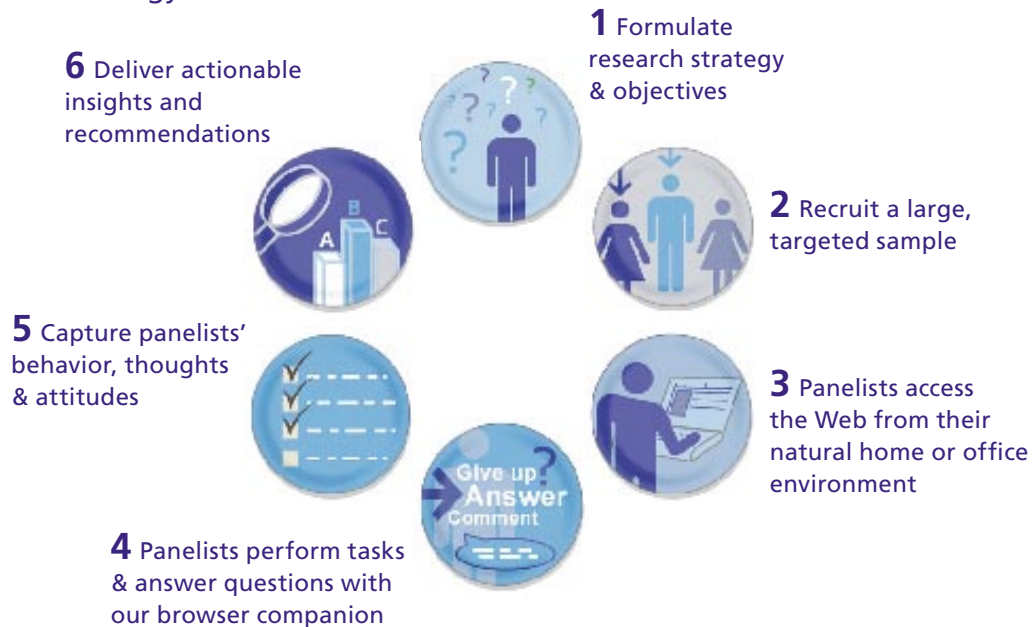
- Amazon
- Barnes & Noble
- Best Buy
- Circuit City
- Costco
- Dell
- eBay
- Eddie Bauer
- Gap
- JC Penney
- L.L. Bean
- Lands' End
- Nordstrom
- Office Depot
- Overstock.com
- Sears
- Staples
- Target
- Wal-Mart
- Yahoo! Shopping

The consumers were asked to pursue goals and provide their reactions in the following areas of the site experience:

- Finding a product they are interested in
- Learning about and comparing products
- Proceeding through the process of purchasing a product
- Exploring the site to find a specific product
- Using the site's search capabilities to find a specific product
- Finding customer support options and information

Consumers provided their reactions and answered questions while Keynote recorded their behavior and captured their responses using the proprietary Keynote customer experience methodology. More than 150 metrics were measured across each site. Keynote then assessed the impact of the customer's experience through a range of indices and a driver analysis to better understand which sites delivered the best business outcomes, and what were the key drivers behind this success.

Keynote Methodology



Results: Keynote Customer Experience Rankings Summer 2005

Best Sites

The overall Keynote Customer Experience Ranking is the highest-level score in the CE Rankings program and is based on an aggregate score of site performance across all 150 customer experience indices and metrics measured in the study. The overall ranking shows which sites are most successful in terms of satisfying customers, driving customer acquisition, and supporting the company's brand.

Of the sites included in the study, Amazon, Barnes and Noble and L.L. Bean were most successful overall, providing the most effective customer experience for consumers.

Keynote Overall Customer Experience Rankings

| Rank | Retail Web Sites |
|------|------------------|
| 1 | Amazon.com |
| 2 | Barnes and Noble |
| 3 | L.L. Bean |

Specific Areas of Success

The best sites are determined by their success in driving leading business outcomes: customer satisfaction, brand impact, and conversion. The Keynote study benchmarks site success in each of these specific areas. Winners in the area of customer satisfaction and acquisition impact are detailed on the next page.

Customer Satisfaction Index

| Rank | Retail Web Sites |
|------|------------------|
| 1 | Amazon.com |
| 2 | Nordstrom |
| 3 | Barnes and Noble |

Consumers on the three sites topping the Customer Satisfaction Index were generally more satisfied, experienced less frustrations and found the site easier to use than visitors to the other sites in the study.

Conversion Impact Index

| Rank | Retail Web Sites |
|------|------------------|
| 1 | Amazon.com |
| 2 | eBay |
| 3 | Barnes and Noble |

Consumers on the three sites topping the Conversion Impact Index were more likely to purchase from or return to these sites than visitors to other sites in the study.

The Amazon and Barnes and Noble sites managed to secure top positions in three of the indices—(Overall Customer Experience, Customer Satisfaction and Conversion Impact) demonstrating that they are well-rounded sites that are not only successful at driving purchases but also provide a satisfying online experience for consumers.

Success Drivers and Best Practices

Keynote also conducts a sophisticated statistical driver analysis to determine which aspects of the site experience have the most impact on a retailer's success. This driver analysis not only explains "why" sites perform the way they do, but also demonstrates which areas of improvement the sites should focus on in order to have the biggest impact on their desired business outcomes. For retail sites, the two drivers that had the most impact on conversion and brand affinity are Visual Appeal and Price Satisfaction.

Top Impact Drivers

| Rank | Retail Web Sites |
|------|--------------------|
| 1 | Visual Appeal |
| 2 | Price Satisfaction |

Keynote then competitively benchmarks sites across drivers—and determines the key factors contributing to success in these areas. The sites performing best with consumers in terms of "Visual Appeal" were Amazon.com, Lands' End and Eddie Bauer.

Visual Appeal Rankings

| Rank | Retail Web Sites |
|------|------------------|
| 1 | Amazon.com |
| 2 | Lands' End |
| 3 | Eddie Bauer |

To better understand why sites perform the way they do on a given driver, Keynote analysts review the best of breed sites in conjunction with the qualitative feedback provided by panelists during the study. In the area of Visual Appeal, consumers liked Amazon.com's simple clear layout and product photographs. Some specific comments consumers made include:

- "The layout is nice and easy."
- "I liked the fonts and colors. I like the way everything was laid out it made it very clear."
- "I like having the small thumbnail photos to look at."

Keynote CE Rankings for Retail Web Sites

This abstract highlights findings from the *Keynote CE Rankings for Retail Sites*. The full product contains hundreds of metrics and includes additional information not only identifying the best and the worst Web sites in certain categories, but also providing specific detail about why the sites ranked where they did. The following measurements provide additional insight:

Keynote Drivers

Critical insights of the study are derived from understanding why sites rank as they do. Keynote conducted a sophisticated driver analysis to determine which aspects of the site experience had the most impact on site success. The factors that have the greatest relationship to these site effectiveness indices reveal which areas of the site experience should get the most attention in order to improve critical site outcomes.

Cross-Site Segmentation

Segmentation provides insights about how certain customer profiles interact with and respond to each site in the study. Keynote compares key metrics across the largest segment division identified in the industry, such as high and low income individuals.

Qualitative Analysis

Using special qualitative analysis tools, the Keynote research team analyzes participant comments to identify and compare common themes across all of the sites in the study. Since our qualitative algorithms are the same across each of the reports, these tools provide a fair and quantitative way to compare customer verbatims across reports.

Web Norms Comparisons

Participants in the study do not compare their site experiences just among competitors in a particular industry; they also compare their experiences to those presented by other types of sites. Keynote provides

site comparisons against larger web norms so that companies not only know how they compare to their own industry averages, but also to web norms across industries. Keynote web norms are derived from hundreds of evaluations run across many major industries.

Longitudinal Comparisons

Keynote CE Rankings provide a solid base for longitudinal comparisons and benchmarking. Each iteration of the study uses a similar study design, and the analysis is based upon standard Keynote metrics, resulting in data that can be easily benchmarked and compared over time.

Keynote Customer Experience Research

Keynote is the leading provider of customer experience research services, offering both syndicated and custom research examining consumer behavior on the Web. Keynote's research provides critical business insight into online customer experiences, industry trends and competitive Web strategies for a variety of vertical industries. In addition to traditional opinion data, Keynote's proprietary research technology and access to a panel of 160,000+ consumers allows for the collection of detailed qualitative and behavioral data that inform its competitive intelligence.

Competitive Benchmarks Provide Strategic Insights

| Industry Needs | Competitive Benchmarks |
|---|--|
| Metrics to measure progress | Ongoing site success metrics |
| Understand the “why’s” behind customer behavior | In-depth customer feedback attitudes and behaviors |
| Strategic prioritization | Driver analysis |
| Relative strengths & weaknesses | Apples-to-apples comparison to competitors |
| Tactical recommendations | Best practices based on high performers |

Competitive Intelligence

Keynote’s competitive intelligence solutions include two distinct programs, one focused on Customer Experience, the other focused on Application Performance. The Keynote Customer Experience (CE) Rankings benchmark the customer experience provided by the leading Web sites in a specific industry, focusing on how the site experience impacts customer behavior and attitudes. Keynote CE Rankings are available for a variety of industries including the financial services, travel, technology and retail industries.

The Keynote Service Level (SL) Rankings benchmark the application performance of leading sites in a specific industry, focusing on how well a site delivers adequate service levels to customers. As with the CE Rankings, the SL Rankings are available for a variety of industries.

Keynote Systems

Keynote Systems, The Internet Performance Authority®, is the worldwide leader in e-business performance management services. Over 2,100 corporate IT departments and 19,000 individual subscribers rely on Keynote’s growing range of measurement and monitoring, service level and customer experience management services to improve e-business performance by reducing costs, improving customer satisfaction and increasing profitability.

For More Information

If you have a specific question about the information contained in this Keynote CE Rankings report, please contact us at 650-403-2400 or online at www.keynote.com.