



Spring 2010 Top 100 Online Retail Satisfaction Index

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Managing Forward: Key Success Indicators for Online Retailers

As the online retail business slowly rebounds from the challenges of 2008 and 2009, the web channel has become a more important influence than ever before on the relationship between retailers and customers. With this evolution comes the need for a more sophisticated, forward-looking set of customer metrics that will enable retailers to gauge not just the success of a single visit, but how well the website supports the entire customer experience across all channels. As technology, customer savvy, and customer expectations evolve, how should retailers measure the success of a website?

Is success defined by online sales? Website traffic? Conversion rates? These are all important indicators of past performance, but they unfortunately don't reveal much about where our businesses are going tomorrow or how effectively our websites are impacting cross-channel sales next week or next month.

Researchers at the University of Michigan have conclusively shown a strong connection between customer satisfaction and a company's financial future, regardless of whether the markets are up or down. Companies that perform well on the American Customer Satisfaction Index (ACSI) enjoy better revenues, profits, loyalty, word-of-mouth recommendations, and return visits. They even achieve higher stock prices. The University of Michigan's findings have been corroborated by other universities, and the findings are consistent: high customer satisfaction, when measured scientifically, predicts success.

Because of this proven link between customer satisfaction and future growth, ForeSee Results measures customer satisfaction with the top online retailers twice a year using the methodology of the ACSI. This is our eleventh study in five years. We measure the top 100 retailers each spring in conjunction with the publication of the *Internet Retailer Top 500 Guide* and the top 40 retailers each holiday season as a point of comparison. The companies included in the Index are determined by the top e-retailers by sales volume in *Internet Retailer*. This spring is the sixth year that we've measured satisfaction for the top retailers.

Study Methodology

The ForeSee Results Top 100 Online Retail Satisfaction Index measures visitor satisfaction with the top 100 online retailers (according to 2009 sales volume as reported in the *2010 Internet Retailer Top 500 Guide*). Satisfaction data was collected through FGI Research's SmartPanel – a nationwide group of 1.6 million consumer households that have agreed to participate in opt-in surveys – and analyzed using the methodology of the American Customer Satisfaction Index (ACSI), which was developed at the University of Michigan. During February 2010, ForeSee Results collected data from 23,400 respondents who had visited the top 100 online retail sites within the previous two weeks, whether or not they made a purchase.

The ACSI is a leading economic indicator and a cross-industry benchmark of customer satisfaction for seven economic sectors, more than 43 industries, and more than 200 major companies in the United States, measuring approximately 45% of the U.S. gross domestic product. Applied to the web, the ACSI methodology goes beyond accurately assessing current satisfaction to predicting how improving online customer satisfaction will foster future behaviors tied to loyalty, such as purchases.

Note: It's important to remember that this study reflects satisfaction only with the top 100 e-retailers. Since higher satisfaction predicts revenues, it makes a certain amount of sense that the retailers in the top 100 would have superior satisfaction levels: providing a satisfying online experience helped them get into the top 100 in the first place. Research we've conducted over the last year indicates that as the recession ends and the successful retailers rebound, smaller retailers are suffering, and the satisfaction gap between the best and the worst is widening. So while it's good news that the top 100 e-retailers are doing so well, it means everyone else will have to work much, much harder to compete.

The stakes are high: a single-point increase in customer satisfaction for a top 100 e-retailer has been shown to predict an average increase of \$89 million in year-over-year online sales, in spite of the recession. Moreover, our research shows that a highly satisfied online shopper reports being 73% more likely to purchase online from the retailer than a dissatisfied online shopper. It has traditionally been difficult, if not virtually impossible, for a multichannel retailer to quantify the value of the online shopping experience at the store level, but we find that a highly satisfied online visitor is 47% more likely to purchase offline and 72% more likely to recommend the website. These figures help to quantify the multichannel value of the website.

This commentary reports on two key success indicators for the top 100 online retailers (by online sales volume) that every retailer should be tracking:

- **Satisfaction:** To see how well a website is performing and meeting the needs of site visitors, it is imperative to measure, manage, and work to improve online satisfaction. Academic studies have shown again and again that online satisfaction, when measured correctly, predicts sales (across all channels), loyalty, word of mouth recommendation, and stock prices.
- **Purchase Intent:** Our research indicates that only 39% of visitors to one of the top 100 websites included in this study intend to make an online purchase. Forty-nine percent came to research a product, and 12% came for another reason. Therefore, we can't measure the success of a website only by whether people purchase online. The purchase intent score reported for each of the top 100 online retailers measures the likelihood that an individual will purchase from any channel as a result of their website visit. Purchase intent is an outcome of satisfaction.

Ranking e-retailers by revenue provides an invaluable look at what has been accomplished. Looking at customer satisfaction and purchase intent can predict what's to come. In a recovering economy, smart companies are keeping a very close eye on these key indicators of present and future success.

Key Findings

- **Satisfaction with the top 100 e-retailers rebounded from last year's dip to an all-time high of 78, up nearly 5 points from 2009.** Nearly every individual retailer saw its score rebound to, or exceed, previous satisfaction levels. This is good news for the retail industry, but there is a more nuanced story as we look at the performance of individual retailers.
- **Netflix.com, with a score of 87, leads the Top 100 for the fourth year in a row,** and Amazon.com, clocking in just shy at 86, comes in a close second place as it did last year.
- **Online satisfaction drives loyalty, sales, and word-of-mouth recommendations.** High levels of online satisfaction have significant financial implications. Shoppers with satisfaction scores of 80 and higher are: 73% more likely to purchase online, 67% more likely to purchase from the e-retailer next time they're in the market for a similar product, and 47% more likely to purchase offline.

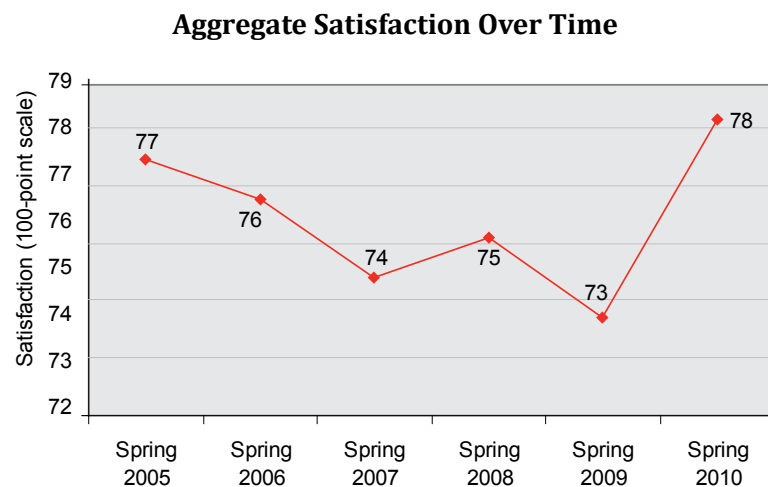
- **Price continues to be a high priority element of the online experience**, which means that, in aggregate, e-retailers should focus on creating perceptions of greater value to achieve the greatest improvements in satisfaction and purchase intent.
- **The Books/CDs/DVDs and Specialty (Non-Apparel) categories perform best, on average, with aggregate scores of 79.** These two categories were also at the top compared to all others last year, with scores of 75 and 76, respectively.

Satisfaction Scores for the Top 100

Satisfaction with the top 100 e-retailers rebounded from last year's dip to an all-time high of 78, up nearly 5 points from 2009. Nearly every individual retailer saw its score rebound to, or exceed, previous satisfaction levels. This is good news for the retail industry, but there is a more nuanced story as we look at the performance of individual retailers.

One advantage of a six-year longitudinal study is the ability to trend scores over time to see which websites have continually improved or declined in terms of their site visitors' satisfaction.

The following chart shows online customer satisfaction scores for each of the top 100 online retailers in 2010 and tracks back to 2005, where applicable. (Note: The research coverage expanded from the Top 40 to the Top 100 in 2007.)



Historical Satisfaction Scores

Website	Spring 2005	Spring 2006	Spring 2007	Spring 2008	Spring 2009	Spring 2010	Point change 2009 - 2010
Netflix.com	85	85	85	86	85	87	2
Amazon.com	84	83	83	83	84	86	2
Avon.com	80	76	78	79	81	83	2
Store.Apple.com	80	77	79	80	75	83	8
BN.com (Barnes and Noble)	80	78	82	79	76	82	6
Keurig.com	nm	nm	nm	nm	nm	82	n/a
LLBean.com	82	80	79	79	78	82	4
QVC.com	84	82	85	84	81	82	1
Vitacost.com	nm	nm	nm	nm	nm	82	n/a

Website	Spring 2005	Spring 2006	Spring 2007	Spring 2008	Spring 2009	Spring 2010	Point change 2009 - 2010
BassPro.com	nm	nm	76	79	77	81	4
Cabelas.com	nm	nm	78	78	77	81	4
DisneyStore.com	nm	nm	75	76	76	81	5
OrientalTrading.com	nm	nm	78	79	76	81	5
TigerDirect.com	81	78	79	78	79	81	2
VistaPrint.com	nm	nm	76	78	77	81	4
BestBuy.com	75	73	71	74	74	80	6
ColdwaterCreek.com	nm	nm	74	77	75	80	5
Dell.com	77	76	78	77	76	80	4
drugstore.com	78	78	76	78	77	80	3
HarryandDavid.com	80	nm	75	75	75	80	5
HSN.com	79	78	79	79	76	80	4
JCP.com (JC Penney)	77	76	76	77	77	80	3
Kohls.com	nm	nm	nm	72	76	80	4
MusiciansFriend.com	nm	nm	78	77	77	80	3
Newegg.com	82	82	78	80	81	80	-1
Scholastic.com	nm	nm	74	74	74	80	6
Walmart.com	75	74	75	75	77	80	3
WeightWatchers.com	nm	nm	nm	nm	75	80	5
Abercrombie.com	nm	nm	70	73	70	79	9
HPShopping.com	77	74	76	79	78	79	1
RalphLauren.com	nm	nm	nm	nm	72	79	7
ShoeBuy.com	nm	nm	nm	nm	nm	79	n/a
Shutterfly.com	nm	nm	77	80	78	79	1
SierraTradingPost.com	nm	nm	nm	nm	nm	79	n/a
SonyStyle.com	74	69	70	74	71	79	8
SwissColony.com	nm	nm	nm	nm	75	79	4
VictoriasSecret.com	nm	nm	77	76	78	79	1
Williams-Sonoma.com	nm	nm	75	78	73	79	6
AE.com (American Eagle)	nm	nm	72	73	72	78	6
Blair.com	nm	nm	nm	nm	74	78	4

Spring 2010 Top 100 Online Retail Satisfaction Index

Website	Spring 2005	Spring 2006	Spring 2007	Spring 2008	Spring 2009	Spring 2010	Point change 2009 - 2010
Buy.com	71	71	71	72	72	78	6
Costco.com	70	71	72	72	74	78	4
CVS.com	nm	nm	72	77	71	78	7
NeimanMarcus.com	75	76	69	75	70	78	8
Nike.com	nm	nm	73	75	71	78	7
Nordstrom.com	nm	77	73	75	74	78	4
OfficeMax.com	nm	nm	71	71	72	78	6
REI.com	nm	nm	73	73	75	78	3
SportsmansGuide.com	nm	nm	nm	nm	nm	78	n/a
Target.com	74	73	76	73	75	78	3
AAFES.com	nm	nm	75	75	73	77	4
AmwayGlobal.com	77	78	77	74	74	77	3
Blockbuster.com	nm	nm	77	77	72	77	5
EddieBauer.com	78	nm	73	76	72	77	5
FootLocker.com	nm	nm	72	73	70	77	7
Gap.com	78	73	72	72	72	77	5
Grainger.com	nm	nm	nm	nm	nm	77	n/a
HomeDepot.com	nm	nm	69	69	70	77	7
NorthernTool.com	nm	nm	74	75	74	77	3
Overstock.com	75	76	76	74	70	77	7
SaksFifthAvenue.com	nm	nm	70	73	73	77	4
ShopNBC.com	nm	nm	69	72	69	77	8
Staples.com	75	77	75	75	73	77	4
Symantec.com (Norton)	nm	nm	nm	nm	nm	77	n/a
Walgreens.com	nm	nm	75	76	75	77	2
1800Flowers.com	75	76	71	73	69	76	7
CDW.com	73	nm	70	72	70	76	6
CrateandBarrel.com	nm	nm	73	77	74	76	2
Diapers.com	nm	nm	nm	nm	nm	76	n/a
Fingerhut.com	nm	nm	nm	71	71	76	5
LaneBryant.com	nm	nm	nm	nm	nm	76	n/a

Website	Spring 2005	Spring 2006	Spring 2007	Spring 2008	Spring 2009	Spring 2010	Point change 2009 - 2010
OfficeDepot.com	75	75	74	72	72	76	4
Peapod.com	nm	nm	73	71	73	76	3
ToysRUs.com	77	71	71	75	71	76	5
FreshDirect.com	nm	nm	nm	nm	nm	75	n/a
JCrew.com	nm	nm	72	71	69	75	6
Lowe's.com	nm	nm	70	72	72	75	3
Macys.com	nm	69	69	73	71	75	4
MarketAmerica.com	nm	nm	nm	nm	63	75	12
PCConnection.com	nm	nm	67	67	67	75	8
RestorationHardware.com	nm	nm	nm	71	69	75	6
Sears.com	74	73	72	72	71	75	4
Spiegel.com	nm	nm	71	74	72	75	3
TheCompanyStore.com	nm	nm	nm	70	72	75	3
BlueNile.com	nm	nm	70	71	69	74	5
FTD.com	74	nm	71	71	70	74	4
Nutrisystem.com	nm	nm	nm	nm	68	74	6
Rhapsody.com	nm	nm	nm	nm	70	74	4
Safeway.com	nm	nm	nm	nm	70	74	4
UrbanOutfitters.com	nm	nm	nm	nm	67	74	7
Etronics.com	nm	nm	68	71	63	73	10
Hayneedle.com	nm	nm	nm	nm	nm	73	n/a
PCMall.com	nm	nm	67	67	68	73	5
RueLaLa.com	nm	nm	nm	nm	nm	73	n/a
USAutoParts.net	nm	nm	nm	nm	nm	73	n/a
BedroomFurniture.com	nm	nm	nm	nm	nm	72	n/a
Build.com	nm	nm	nm	nm	nm	71	n/a
efollett.com	nm	nm	70	68	62	71	9
YOOX.com	nm	nm	nm	nm	nm	71	n/a

Top Performers

With a stellar customer satisfaction score of 87, Netflix continues to lead the field for the sixth year in a row, increasing two points from last year. Amazon trails by just a single point this year, with a score of 86, also maintaining its position for the sixth year running. What is extraordinary is that the field of retailers scoring 80 or higher has swelled from five websites in 2009 to 28 websites in 2010 – more than a four-fold increase. A score of 80 or higher is generally considered the threshold for excellence in studies using this methodology.

Bottom Performers

On the lower end of the spectrum, not a single e-retailer scores below 70 this year (usually the cutoff for bottom performers), which is an unprecedented event in the six-year history of this research. Just last year, albeit during a recession, 16% of the top 100 retailers scored 69 or lower. Some of the e-retailers at the bottom end of the spectrum are: Bedroom-Furniture.com (72), and Build.com, efollett.com and YOOX.com, which are all tied at 71. These lower-scoring websites all attained places on the top 100 list for the first time this year, except for efollett.com. If these sites focus on making improvements that matter to their customers, some of them may move up next year, in terms of both satisfaction and revenue.

Top Performers

Website	Satisfaction
Netflix.com	87
Amazon.com	86
Avon.com	83
Store.Apple.com	83
BN.com (Barnes and Noble)	82
Keurig.com	82
LLBean.com	82
QVC.com	82
Vitacost.com	82
BassPro.com	81
Cabelas.com	81
DisneyStore.com	81
OrientalTrading.com	81
TigerDirect.com	81
VistaPrint.com	81
BestBuy.com	80
ColdwaterCreek.com	80
Dell.com	80
drugstore.com	80
HarryandDavid.com	80
HSN.com	80
JCP.com (JC Penney)	80
Kohls.com	80
MusiciansFriend.com	80
Newegg.com	80
Scholastic.com	80
Walmart.com	80
WeightWatchers.com	80

Most Improved

When evaluating e-retail success, it's important not only to look at the highest-scoring sites, but at those experiencing the biggest year-over-year increases as well. Of the sites measured in both 2009 and 2010, nearly half (40 of 82) saw satisfaction increases of five points or more, and 17 (nearly one-fifth) saw increases of seven points or more. This remarkable finding shows that as we emerge from the economic downturn, top retailers are once again investing aggressively in the online customer experience and recognizing the future value of a satisfied web shopper.

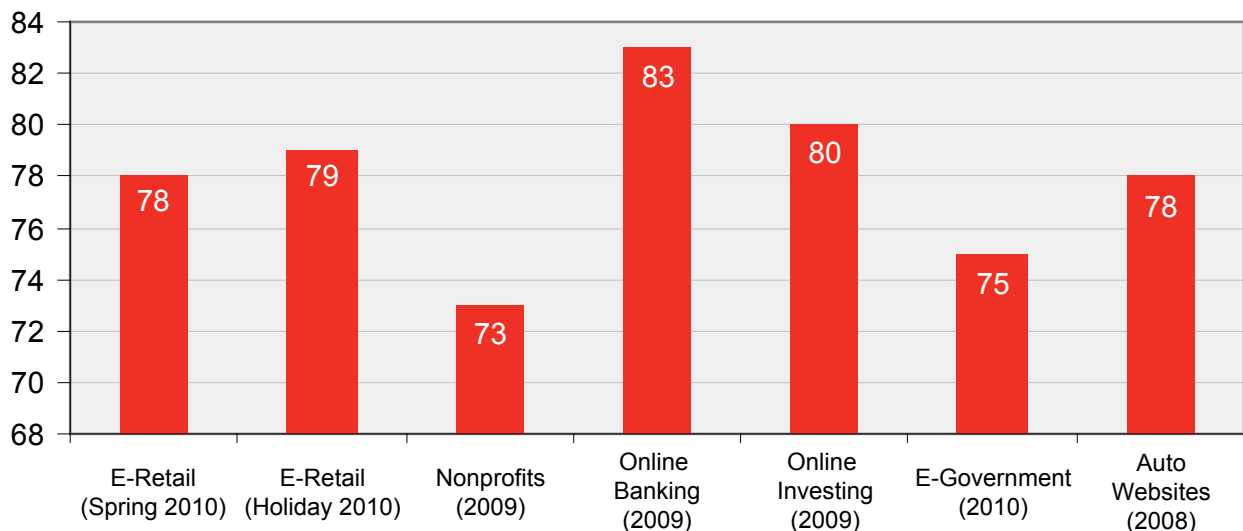
Putting the Data in Context

The aggregate online satisfaction score for the e-retail industry is 78 on the 100-point scale used by the ACSI methodology. E-retail has jumped back in line with other industries measured by ForeSee Results after a serious dip in 2009, probably due to the recession.

Most Improved

Website	Spring 2009	Spring 2010	Point change 2009 - 2010
MarketAmerica.com	63	75	12
Etronics.com	63	73	10
Abercrombie.com	70	79	9
efollett.com	62	71	9
Store.Apple.com	75	83	8
SonyStyle.com	71	79	8
NeimanMarcus.com	70	78	8
ShopNBC.com	69	77	8
PCCConnection.com	67	75	8
RalphLauren.com	72	79	7
CVS.com	71	78	7
Nike.com	71	78	7
FootLocker.com	70	77	7
HomeDepot.com	70	77	7
Overstock.com	70	77	7
1800Flowers.com	69	76	7
UrbanOutfitters.com	67	74	7

Putting the Data in Context



Will They or Won't They: Purchase Intent Scores

While satisfying customers is important, it shouldn't be viewed in a vacuum. The true value of understanding satisfaction comes from looking at its proven outcomes, such as an online visitor's intent to purchase online or offline as a result of his or her website visit. As we define it, the purchase intent metric quantifies the future likelihood of site visitors to buy from a retailer through any channel (website, store, catalog, etc.). When taken in conjunction with satisfaction, purchase intent can shed light on how effectively the website is functioning.

Website	Sat.	Purchase Intent	Website	Sat.	Purchase Intent	Website	Sat.	Purchase Intent
Amazon.com	86	92	Nike.com	78	83	FootLocker.com	77	79
Costco.com	78	90	AE.com (American Eagle)	78	83	CDW.com	76	79
Walmart.com	80	89	OfficeMax.com	78	83	Williams-Sonoma.com	79	78
Kohls.com	80	89	LaneBryant.com	76	83	CrateandBarrel.com	76	78
Netflix.com	87	88	TigerDirect.com	81	82	ShoeBuy.com	79	77
JCP.com (JC Penney)	80	88	Newegg.com	80	82	ShopNBC.com	77	77
CVS.com	78	88	Dell.com	80	82	Spiegel.com	75	77
Target.com	78	88	ColdwaterCreek.com	80	82	TheCompanyStore.com	75	77
Avon.com	83	87	HPShopping.com	79	82	MarketAmerica.com	75	77
QVC.com	82	87	SwissColony.com	79	82	UrbanOutfitters.com	74	77
BN.com (Barnes & Noble)	82	87	SierraTradingPost.com	79	82	Blockbuster.com	77	76
Store.Apple.com	83	86	SportsmansGuide.com	78	82	Fingerhut.com	76	76
LLBean.com	82	86	REI.com	78	82	1800Flowers.com	76	76
Vitacost.com	82	86	Gap.com	77	82	JCrew.com	75	76
VictoriasSecret.com	79	86	ToysRUs.com	76	82	efollett.com	71	76
Walgreens.com	77	86	Sears.com	75	82	RestorationHardware.com	75	75
HomeDepot.com	77	86	DisneyStore.com	81	81	WeightWatchers.com	80	74
Lowe's.com	75	86	SonyStyle.com	79	81	Peapod.com	76	74
BassPro.com	81	85	Abercrombie.com	79	81	FreshDirect.com	75	74
BestBuy.com	80	85	Overstock.com	77	81	PCConnection.com	75	73
Staples.com	77	85	Grainger.com	77	81	Hayneedle.com	73	73
OfficeDepot.com	76	85	EddieBauer.com	77	81	Diapers.com	76	72
Keurig.com	82	84	Safeway.com	74	81	Etronics.com	73	72

Website	Sat.	Purchase Intent	Website	Sat.	Purchase Intent	Website	Sat.	Purchase Intent
OrientalTrading.com	81	84	VistaPrint.com	81	80	RueLaLa.com	73	72
Cabelas.com	81	84	Shutterfly.com	79	80	Rhapsody.com	74	71
HSN.com	80	84	Blair.com	78	80	FTD.com	74	71
Scholastic.com	80	84	NorthernTool.com	77	80	USAutoParts.net	73	71
Nordstrom.com	78	84	Buy.com	78	79	PCMall.com	73	71
Macys.com	75	84	Neiman Marcus.com	78	79	Nutrisystem.com	74	69
Musicians Friend.com	80	83	AAFES.com	77	79	YOOX.com	71	69
drugstore.com	80	83	AmwayGlobal.com	77	79	Build.com	71	69
HarryandDavid.com	80	83	Symantec.com (Norton)	77	79	BlueNile.com	74	68
RalphLauren.com	79	83	SaksFifth Avenue.com	77	79	Bedroom Furniture.com	72	68

Since customer satisfaction is a key driver of purchase intent, looking at both scores in relationship to each other reveals how the website is supporting a company's overall goals.

- If both the online satisfaction and purchase intent scores are above average, it means the company is doing a good job of leveraging the website to increase sales across channels. The multi-channel websites with the highest satisfaction (Avon, Apple, L.L.Bean, QVC, etc.) also have very high purchase intent scores.
- High online satisfaction paired with low or average purchase intent is an indication that an e-retailer is not quite meeting customers' needs in a way that translates to purchases. This can be due to weak competitive positioning, not enough of a call to action on the site, or limited types of purchase channels. E-retailers in this position (including Weight Watchers) need to determine which changes to which specific website elements will increase purchase intent, a process that can be accomplished with Voice of Customer feedback.
- E-retailers with low or average satisfaction levels but high consumer purchase intent are leaving money on the table in terms of growth. E-retailers in this position (such as Costco, Safeway, Office Depot, and Lowe's) are often those with a strong multichannel presence and brand, which is what drives sales more than the website itself. Since satisfaction drives future purchase intent, loyalty, and a host of other behaviors with a direct impact on the bottom line, e-retailers in this category would be well-served to undertake a serious evaluation of how to make the website contribute more tangibly to sales, both offline and online.
- E-retailers with lower than average online satisfaction and lower than average purchase intent should sit up and take notice. In this kind of competitive environment, no one can afford to be in this position for very long. These retailers include Nutrisystem and internet-only companies PCMall, BedroomFurniture, and Build.

Purchase Intent (PI) can be an incredibly valuable benchmark for competitors. For example:

- Netflix has a PI score of 88; Blockbuster's is 76
- Office Max has the highest satisfaction of the three office supply chains (78) but the lowest PI score (83). Staples and Office Depot have slightly lower satisfaction (77 and 76) but higher PI scores (85).
- QVC has higher PI than the Home Shopping Network (87 vs. 84).
- CVS (88) and Walgreens (86) both have higher PI than internet-only drugstore.com (83).
- Apple (86) has higher PI than either Dell or HP (both 82).

Managing Forward with Customer Satisfaction

Why Measure Customer Satisfaction?

Online retailers tend to know a lot about what customers and shoppers already did: which pages they clicked on, where they came from, how much they spent, and what they abandoned in their cart. Meanwhile, while e-retailers themselves are often neck-deep in data, analysts and headlines focus on whether revenues are up or down. There is no question that all of these metrics – clicks, hits, and revenue – tell us a lot about the state of the industry, as does reviewing the rate and trajectory of growth or decline. However, there have typically been severe limitations to understanding what is fueling the growth or decline, the conversions or cart abandonment, and the changes in traffic. That's where understanding customer satisfaction of online shoppers comes in.

Satisfaction Predicts Future Behaviors



As shown in the following chart, a world-renowned economics professor at the University of Michigan created a methodology that measures customer satisfaction in such a way that it predicts customers' likelihood to shop again, buy more, or be loyal to the company in question. Used as a leading macro- and micro-economic indicator by governments around the world, the ACSI methodology has been proven again and again in extensive, academic, peer-reviewed research to be a predictive indicator of customers' future behaviors.

An article in the Journal of Marketing even highlights the connection between the ACSI and future stock prices: an ACSI-based portfolio beats the market and has for more than 10 years in a row, whether the market is up or down. More specifically companies that did well in ACSI saw their stocks increase by 75% on average in 2009. In contrast, stock prices for those with declining ACSI scores rose 22% over the same period, which is slightly less than the 26% gain for the S&P 500.

The impact of online customer satisfaction on an e-retailer's business is quite clear. Based on surveys of more than 23,000 visitors to the top 100 e-retail websites, our research shows that a satisfied shopper is far more likely to purchase (online and offline), remain loyal, and engage in positive word of mouth recommendation than a dissatisfied shopper. For many business leaders, this finding makes intuitive sense, but the ACSI model is able to quantify the impact of a satisfied online shopper on a retailer's overall business operations.

Satisfied Customers are More Likely to Purchase, Be Loyal, and Recommend

Value	Likely Future Behavior or Attitude	Highly Satisfied Shoppers (80+)	Dissatisfied Shoppers (<70)	Percentage Difference
Increased Revenue	Purchase Online	88	51	73%
	Purchase Offline	75	51	47%
	Purchase Next Time	90	54	67%
Word of Mouth	Recommend	93	54	72%
Loyalty	Return	92	60	53%
	Brand Commitment	88	53	66%
Brand Affinity	Retailer Satisfaction	92	57	61%

Value Likely Future Behavior

- **Increased revenues and future purchases:** When compared to shoppers who are dissatisfied with an online experience (rating their experience 69 or lower), shoppers who are highly satisfied with a retail website (rating their satisfaction 80 or higher) are an incredible 73% more likely to purchase online and 47% more likely to purchase offline.
- **Word-of-mouth recommendations:** Highly satisfied shoppers are 72% more likely to recommend the website to a friend, family member, or colleague than are dissatisfied shoppers.
- **Loyalty and market share:** Highly satisfied shoppers are 67% more likely to buy from that retailer the next time they buy similar merchandise.
- **Positive impression of the retailer overall:** Highly satisfied shoppers have a level of satisfaction with the retailer that is 61% higher than dissatisfied shoppers.

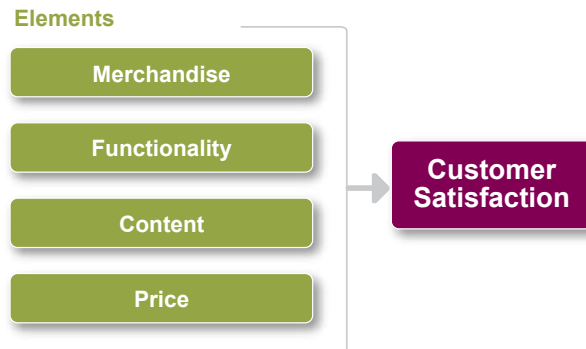
How to Improve Customer Satisfaction

Once e-retailers understand the importance of online customer satisfaction and its ability to drive behaviors, what can they do to improve it? The ACSI methodology provides a framework to identify high-level elements of a website that have the greatest impact on satisfaction and therefore on future behavior (both online and offline), which retailers hope to engender in website browsers.

Many factors affect customer satisfaction with the web shopping experience. This study measures four of the high-level factors, or elements, that affect overall customer satisfaction: merchandise,

website functionality, content, and price. These elements are measured in broad strokes for the purposes of this study; an individual retailer participating in a site-launched survey would be able to determine the impact of more specific aspects of their websites with far more precision and detail. It is not only the score of individual elements that determines their priority for website improvements, it is also the impact they have on improving satisfaction and therefore increasing the likelihood of key future behaviors such as purchasing online and recommending the website. The ACSI methodology is able to quantify which elements have the greatest impact on overall satisfaction, regardless of how much shoppers like or dislike each element. The following table outlines priorities for the top 100 retailers as a whole; individual retailers' website priorities vary considerably.

The Elements Affecting Customer Satisfaction



It is important to keep in mind that all companies' customers are different and that priorities can change from year to year, due to circumstances beyond an individual retailer's control. There is no standardized, cookie-cutter approach to e-commerce. Different companies have different kinds of relationships with their customers, different company images, different sets of expectations. Expectations are a moving target, changing over time with economic conditions, competitive activity, technological development, and so on. By understanding the impact of specific aspects of the online experience on overall satisfaction with their websites, retailers can save costly investments in upgrades that won't positively impact shopper satisfaction and behavior.

Elements		Priority for Improvement	Analysis
Price	Perceptions of the fairness and competitiveness of an online retailer's prices	Priority 1 = Top Priority	As in 2009, Price remains a high priority element, as consumers continue to be cautious given economic conditions. Price is a top priority for 46 of the measured retailers. It is important to note that a retailer does not necessarily need to change actual prices to improve perceptions of value.
Merchandise	The appeal, variety, and availability of the products on the website	Priority 2 = Maintain or Improve	Traditionally, Merchandise is the top-impact item for the e-retail category in aggregate. However, this year it is a secondary priority, along with Functionality.
Website Functionality	The usefulness, convenience, and variety of online features available to site visitors	Priority 2 = Maintain or Improve	E-retailers should be careful to not lose ground on this element. There have been no quantum improvements that are game-changers for the retail industry.
Content	The accuracy, quality, and freshness of information on the website	Priority 3 = Status Quo Required	E-retail sites do a good job with providing information about products that shoppers believe to be of good quality. Making large improvements in this area will not do much to move the needle on satisfaction.

Putting the Pieces Together

The ACSI model shows us that to increase shoppers' likelihood to purchase, return, and recommend, retailers need to increase overall website satisfaction. Retailers need to understand how making improvements to certain elements of their websites will (or won't) impact satisfaction. Only then can retailers start to prioritize the site enhancements and business decisions that will have the greatest return on investment. In the current economy, it's insight that could be invaluable.

Simply put, the websites with the highest satisfaction frequently have site visitors with the greatest likelihood to purchase (online or offline). Those with the lowest satisfaction scores also have shoppers with the lowest likelihood to purchase, recommend, or return to the site. They should focus efforts on changes that will have the greatest impact on future customer behavior.

Satisfaction by Category

Scores are provided for categories with five or more sites. Scores for all categories that were measured in both 2009 and 2010 increased this year, with Books/CDs/DVDs leading the pack with a 5% increase to 79. Food/Drugs e-retailers had the largest year-over-year gain, on average, increasing 7% to 78.

Product Category	# of Companies	Satisfaction Spring 2009	Satisfaction Spring 2010	% Change Year over Year
Books/CDs/DVDs	5	75	79	5%
Specialty (Non-Apparel)	7	76	79	4%
Computers/Electronics	12	74	78	5%
Food/Drugs	11	73	78	7%
Mass Merchant	17	74	78	5%
Apparel/Accessories	23	72	77	7%
Hardware/Home Improvement	5	NA	76	NA
Housewares/Home Furnishings	5	72	76	6%

Aggregated category scores are only calculated for categories that contain five or more websites. In addition to the categories listed above, some e-retailers in the top 100 belong to the following categories that did not receive category scores: Office Supplies, Sporting Goods, Flowers/Gifts, Jewelry, Toys/Hobbies, and Health/Beauty.

Books/CDs/DVDs

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Books/CDs/DVDs	75	79	5%
Netflix.com	85	87	2%
BN.com (Barnes and Noble)	76	82	8%
Scholastic.com	74	80	8%
Blockbuster.com	72	77	7%
efollett.com	62	71	15%

Average satisfaction for Books/CDs/DVDs e-retailers is 79, up 5% from last year, driven largely by efollett's large year-over-year increase, though all e-retailers in this category improved.

Netflix continues to excel, propelled by exceedingly high scores for all satisfaction drivers. Even so, purchase intent for Barnes and Noble, nearly on par with Netflix's stellar score, is fueled by strong online performance and an expansive offline store footprint.

Price is the highest-priority element for four of the five e-tailers in this category, including Netflix, signaling the highly competitive nature of this business segment.

Specialty (Non-Apparel)

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Specialty (Non-Apparel)	76	79	4%
DisneyStore.com	76	81	7%
OrientalTrading.com	76	81	7%
VistaPrint.com	77	81	5%
MusiciansFriend.com	77	80	4%
Shutterfly.com	78	79	1%
Rhapsody.com	70	74	6%
USAutoParts.net	nm	73	n/a

The average score for Specialty (Non-Apparel) retailers is 79, up 4% from last year.

The Specialty (Non-Apparel) category is notable because more than half of the e-retailers in the category scored 80 or higher this year, which is generally considered a threshold of excellence. As the economy has turned around, DisneyStore, Oriental Trading Company, Vistaprint, Musician's Friend and Shutterfly all perform well on both satisfaction and purchase intent.

The top priority for improvement for five of the seven retailers in this category is Merchandise.

Computers/Electronics

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Computers/Electronics	74	78	5%
Store.Apple.com	75	83	11%
TigerDirect.com	79	81	3%
BestBuy.com	74	80	8%
Dell.com	76	80	5%
Newegg.com	81	80	-1%
HPShopping.com	78	79	1%
SonyStyle.com	71	79	11%
Symantec.com (Norton)	nm	77	n/a
CDW.com	70	76	9%
PCConnection.com	67	75	12%
Etronics.com	63	73	16%
PCMall.com	68	73	7%

The Computers/Electronics category has seen a significant increase over 2010 – up 5% to an aggregate category score of 78, fueled by large satisfaction increases by companies at the top and bottom of the category. The computer and electronics category has a 10-point spread, from high scorer Apple (83) to low scorers PCMall and Etronics (73).

Apple (83) leads the group but is followed closely by other stellar performers TigerDirect (81), and Best Buy, Dell, and Newegg (tied at 80). Even lower-scoring sites Etronics and PC Connection saw satisfaction and purchase intent climb significantly over 2009.

Price continues to play an important role in satisfaction, as it is the highest priority for six of these e-retailers and the second highest priority for five others.

Food/Drugs

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Food/Drugs	73	78	7%
Keurig.com	nm	82	n/a
drugstore.com	77	80	4%
HarryandDavid.com	75	80	7%
WeightWatchers.com	75	80	7%
SwissColony.com	75	79	5%
CVS.com	71	78	10%
Walgreens.com	75	77	3%
Peapod.com	73	76	4%
FreshDirect.com	nm	75	n/a
Nutrisystem.com	68	74	9%
Safeway.com	70	74	6%

Food/Drugs was up 7% as a category to an aggregate score of 78. All e-retailers measured in this category last year and this year saw satisfaction increase, the largest of which were for CVS (up 10% to 78) and Nutrisystem (up 9% to 74). Even so, there is only an eight-point spread between the highest and lowest-scoring sites.

These sites' top improvement priorities were most often Merchandise or Price.

Mass Merchants

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Mass Merchants	74	78	5%
Amazon.com	84	86	2%
QVC.com	81	82	1%
HSN.com	76	80	5%
JCP.com (JC Penney)	77	80	4%
Kohls.com	76	80	5%
Walmart.com	77	80	4%
Buy.com	72	78	8%
Costco.com	74	78	5%
Target.com	75	78	4%
AAFES.com	73	77	5%
AmwayGlobal.com	74	77	4%
Overstock.com	70	77	10%
ShopNBC.com	69	77	12%
Macys.com	71	75	6%
MarketAmerica.com	63	75	19%
Sears.com	71	75	6%
Hayneedle.com	nm	73	n/a

The average score for Mass Merchants is 78, up 5% from last year.

Amazon is the perennial high-scorer for the Mass Merchants category with an 86, boasting a 2% increase over 2009. The gap between the highest and lowest-scoring companies in the Mass Merchants category has narrowed significantly (from 21 points last year to only 13 points this year). Of the 17 retailers classified as mass merchants, six scored 80 or higher: Amazon, QVC, HSN, J.C. Penney, Kohls, and Walmart.

The largest improvements were retailers at the lower end of the spectrum last year: MarketAmerica (19% increase), ShopNBC (12% increase), and Overstock (10% increase).

Priorities for improvement vary broadly across the board, with no one satisfaction driver standing out as a common priority for this group of e-retailers.

Apparel/Accessories

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Apparel/Accessories	72	77	7%
LLBean.com	78	82	5%
ColdwaterCreek.com	75	80	7%
Abercrombie.com	70	79	13%
RalphLauren.com	72	79	10%
ShoeBuy.com	nm	79	n/a
SierraTradingPost.com	nm	79	n/a
VictoriasSecret.com	78	79	1%
AE.com (American Eagle)	72	78	8%
Blair.com	74	78	5%
NeimanMarcus.com	70	78	11%
Nike.com	71	78	10%
Nordstrom.com	74	78	5%
EddieBauer.com	72	77	7%
FootLocker.com	70	77	10%
Gap.com	72	77	7%
SaksFifthAvenue.com	73	77	5%
Fingerhut.com	71	76	7%
LaneBryant.com	nm	76	n/a
JCrew.com	69	75	9%
Spiegel.com	72	75	4%
UrbanOutfitters.com	67	74	10%
RueLaLa.com	nm	73	n/a
YOOX.com	nm	71	n/a

With an aggregate category score of 77 (up 7%), Apparel/Accessories e-retailers are led by L.L.Bean again, a strong performer for the sixth year in a row with an 82. What's interesting is that only two of these sites score 80 or above, compared with a large proportion in Specialty (Non-Apparel), Computers/Electronics, and Food/Drugs categories.

Hardware/Home Improvement

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Hardware/ Home Improvement	nm	76	n/a
Grainger.com	nm	77	n/a
HomeDepot.com	70	77	10%
NorthernTool.com	74	77	4%
Lowes.com	72	75	4%
Build.com	nm	71	n/a

Last year, there weren't enough e-retailers in the Hardware/Home Improvement category for an aggregate score, but this year, the category comes in at 76, tied for lowest-scoring category in the study. Home Depot experienced a huge 10% jump this year to 77, allowing it to surpass Lowe's for the first time.

Housewares/Home Furnishings

Category/Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Housewares/ Home Furnishings	72	76	6%
Williams-Sonoma.com	73	79	8%
CrateandBarrel.com	74	76	3%
RestorationHardware.com	69	75	9%
TheCompanyStore.com	72	75	4%
BedroomFurniture.com	nm	72	n/a

Performance in the Housewares/Home Furnishings category increased across the board, up 6% to 76 in aggregate, though it is still tied for lowest-scoring category and none of the sites scored 80 or higher. Purchase intent scores for these companies are also trailing other categories by a significant margin.

Williams-Sonoma and sister store Restoration Hardware saw the largest gains by far; 8% and 9% above last year's scores, respectively.

Office Supplies

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
OfficeMax.com	72	78	8%
Staples.com	73	77	5%
OfficeDepot.com	72	76	6%

There aren't enough companies to provide a robust Office Supplies category benchmark, but the three close competitors included here are very tightly grouped in terms of satisfaction.

Sporting Goods

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
BassPro.com	77	81	5%
Cabelas.com	77	81	5%
REI.com	75	78	4%
SportsmansGuide.com	nm	78	n/a

Bass Pro and Cabela's clearly have an edge over REI and The Sportsman's Guide in the Sporting Goods category. With Purchase Intent scores of 85 and 84 respectively, Bass Pro and Cabela's also seem to be using their websites more effectively from a multichannel perspective.

Flowers/Gifts

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
1800Flowers.com	69	76	10%
FTD.com	70	74	6%

Jewelry

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
BlueNile.com	69	74	7%

Toys/Hobbies

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
ToysRUs.com	71	76	7%

Health/Beauty

Website	2009 Satisfaction	2010 Satisfaction	% Change YoY
Avon.com	81	83	2%
Vitacost.com	nm	82	n/a
Diapers.com	nm	76	n/a

Conclusion

Shrinking consumer spending and intensified competition for fewer dollars makes customer satisfaction more important than ever. Understanding the relationship between site visitors' satisfaction and their intent to purchase across channels provides a valuable multichannel value metric that quantifies how well a website is either supporting or undermining multichannel sales. Companies with an accurate picture of revenues and other reflective metrics combined with satisfaction and other predictive metrics have the best chance of success in an ultra competitive environment.

About ForeSee Results

Using the scientific methodology of the ACSI, ForeSee Results captures and analyzes Voice of Customer data in order to identify and prioritize improvements to websites and other online initiatives. With more than 46 million survey responses collected to date and benchmarks across dozens of industries, ForeSee Results offers unparalleled expertise in customer satisfaction measurement and management. ForeSee Results works with hundreds of clients across the public and private sectors. ForeSee Results, a privately held company, is located in Ann Arbor, Michigan and on the web at www.ForeSeeResults.com.

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FGI Research provides market research and information solutions to improve the speed, accuracy, and impact of business decisions by combining research methods, online samples, and advanced analytics and communications.