FORESEE MOBILE SATISFACTION INDEX

RETAIL EDITION

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INTRODUCTION

The United States crossed a major milestone earlier this year: more than half of all U.S. mobile users own a smartphone (source: Nielsen) and more American consumers are accessing the Internet exclusively through mobile device than ever before. Mobile apps and mobile-optimized websites are increasingly common, but traditional websites are still the norm.

As the mobile platform continues to mature and consumers interact with companies and brands via mobile devices in greater numbers, consumer expectations of the mobile experience are evolving. How are various industries and companies doing in terms of meeting these expectations? And how does the mobile experience compare to the traditional website experience?

Customer experience analytics firm ForeSee is bringing the expertise it honed on the Internet into the mobile space. At the Mobile Marketing Summit in New York City, ForeSee will launch The ForeSee Mobile Index, a report on customer satisfaction with major websites (and apps) as customers experience them on mobile devices. Using ForeSee's methodology, it will be the first scientific benchmark of the user experience on the mobile platform.

EXECUTIVE SUMMARY

The ForeSee Mobile Satisfaction Index: Retail Edition includes an in-depth look at how customers rate the mobile experiences (including phones and tablets) of some of the top retail companies in the country. The list of 20 measured retailers' mobile experiences was derived from a variety of resources, including *Internet Retailer*. These companies provide some of the most widely-used mobile sites and apps and have put a lot of time, effort, and resources into providing a satisfying mobile customer experience.

> **Overall:** Average satisfaction is fairly high across the 20 measured retailers' mobile experiences, with an aggregate mobile satisfaction score of 79 and retailer-specific scores ranging from 76-84.

> **80's Hits:** Almost half of the measured retailers score 80 or above. With a score of 80 traditionally the benchmark for excellence, this is good news for these companies, though all companies measured in this report are doing quite well.

> **Best of the Biggest:** Amazon.com is at the top of the list with a satisfaction score of 84. Avon only trails Amazon by one point. Apple (82) and Victoria's Secret (81) were also top scorers.

> **The Rest of the Best:** While 11 companies in this study scored below an 80, their mobile

experience scores are still very high. Some companies have better mobile satisfaction scores than web satisfaction scores.

INTRODUCTION: SATISFACTION MATTERS IN MOBILE

Satisfaction matters just as much for mobile as it does in any other channel because it represents the future of customer interaction. Mobile devices empower consumers in ways that PCs cannot, because it puts the power of the Internet into their pocket or purse. While traditional Internet access through PCs and laptops will likely never go away, consumers are increasingly going mobile first. It is therefore an absolute necessity for companies to understand how their customers are using their mobile devices to connect with brands and companies, and to create optimized websites and apps for mobile devices. Failure to do so is a lost opportunity to secure customer loyalty, return visits, positive word of mouth recommendations, and revenue.

On one hand, a good mobile experience can serve to reinforce other company touch points and bolster its customers' satisfaction with the company as a whole. On the other, it can also seriously undermine a company's brand if the mobile interaction is executed poorly. If a customer isn't satisfied with a company's mobile experience, they can and **WILL** go somewhere else – because it is extremely easy and convenient to do so.

Measuring satisfaction with the mobile platform is essential for the same reasons it is important to measure satisfaction of traditional online platforms. Consumer power is greater than ever before now that they can shop anywhere at any time. Seeing where customers have been and what actions they've taken through behavioral metrics is useful, but companies need to also understand their intent – why they did something – and use customer satisfaction analytics to predict what customers and prospects will do next. An experience that may look successful according to behavioral metrics could actually have been unsatisfying and deleterious to the brand; thus it is critical to understand visitors' opinions as well as their actions. The fact that mobile serves as a stand-alone channel as well as a companion channel poses more problems for using behavioral metrics alone to define and evaluate success: people use mobile by itself, but they also use mobile

while in stores or even while online with another device. Understanding the interplay and influence between and among channels becomes critical to maximizing the ROI of the mobile channel.

In this first-of-its-kind study, the ForeSee Mobile Satisfaction Index: Retail Edition (see side bar) takes a close look at 20 retailers and how they fare in the mobile arena through the lens of customer satisfaction.

Even though the mobile revolution is still in its early stages, the companies in this study seem to be doing a very good job at meeting and exceeding customers' expectations of a mobile retail experience. But there is always room for improvement, even for companies at the top of the heap, like Amazon. As the mobile industry continues to mature, customer expectations will rise, and the bar will rise with it. Companies will have to continue to innovate and improve in order to maintain high satisfaction levels.

> The ForeSee Mobile Satisfaction Index focuses on the mobile experience by analyzing mobile satisfaction scores, impacts, future behaviors and other key findings through the eyes of the consumer. This index serves as a great starting point for companies to use to benchmark their mobile performance against some of the best businesses in these categories.
>
> More than 4,500 surveys were collected in August of 2012 for the ForeSee Mobile Satisfaction Index: Retail Edition. The companies measured had widely-used mobile sites and apps measured in the study, which was conducted with a consumer panel.

BY THE NUMBERS

Overall satisfaction with the mobile experiences of the measured retailers was very high. We should keep in mind, though, that these are some of the most widely-used retail mobile sites and apps. These are companies that are investing a great deal of time, energy, and resources in the mobile experience and it appears to be paying off.

Mobile satisfaction scores for the individual companies reflect an eight-point range from 76-84, with an aggregate score of 79 on the study's 100-point scale.

Already the leader online with a web satisfaction score of 89 (source: the ForeSee E-Retail Satisfaction Index: Spring Top 100 Edition), Amazon.com continues to dominate, checking into the Mobile Index with an 84 and once again setting the bar high for other retailers. However, in the Top 100, Amazon led the nearest retailer by a statistically significant four points, whereas, for mobile, it only leads by a single point. There are indications

that Amazon has had a strong start with mobile; among the measured companies, they have one of the highest rates of repeat visitors (77%), as well as high rates for both purchase intent and actual self-reported purchase via mobile. However, if other retailers are able to gain even modest ground in terms of providing satisfying mobile experiences, their one-point lead may not last.

Almost half (45%) of the measured mobile experiences scored an 80 or above, which has long been a benchmark for excellence in customer satisfaction when using the ForeSee methodology. This is good news and demonstrates that consumers appear to be generally happy with the mobile experiences some of the top retailers are providing. We need to keep in mind that just because the bottom score in this index is a 76 it does not mean companies that score below 80 are necessarily doing a bad job. It's quite the contrary – 76 is a very good score for a mobile experience. But there's always room for improvement, and that's why it's important to measure the customer experience, measure it correctly, and measure it continuously.

WEB VS. MOBILE

Websites' appearances are fairly uniform across standard PCs and laptops. But among mobile devices, there are dozens of different screen sizes, operating systems, hardware specifications, and loading speeds. This reality makes it difficult for companies trying to provide a uniform standard experience to its customers across platforms. Not every website has been optimized for the mobile platform, and not every company has (or needs) a mobile app. The result is an inconsistent and difficult to measure experience.

ForeSee measures satisfaction across multiple channels. Every year, we measure customer satisfaction with the top 100 retail websites by revenue, allowing us to compare satisfaction between some companies' websites and mobile experiences. While Amazon leads both indices in terms of satisfaction, the company also has the largest score gap (5 points) between the two channels in favor of web. Even leaders may have some work to do to get their mobile satisfaction on par with their web experience. The problem is that most consumers

The following chart provides mobile satisfaction scores (based on ForeSee's 100-point scale)

for the 20 retailers included in the inaugural ForeSee Mobile Satisfaction Index.

FORESEE MOBILE SATISFACTION INDEX: RETAIL EDITION

TOP RETAILERS DELIVER STELLAR MOBILE EXPERIENCES

THE CUSTOMER EXPERIENCE IS CRITICAL IN MOBILE: SATISFACTION PREDICTS LOYALTY, RECOMMENDATIONS, AND SALES.

Mobile Experience	Customer Satisfaction
Aggregate Mobile Satisfaction	**79**
Amazon.com	84
Avon	83
Apple	82
Victoria's Secret	81
Barnes and Noble	80
eBay	80
Netflix	80
Staples	80
Walgreens	80
Best Buy	79
Groupon	79
J.C. Penney	79
Dell	78
Home Depot	78
Living Social	78
Macy's	78
Walmart	78
Sears	77
Target	77
Toys "R" Us	76

Data reflects more than 4,500 customer surveys collected in August 2012

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don't understand the fundamental differences between a traditional website and a mobile-optimized site. The truth is, they don't care, either. They expect a seamless experience between the two channels.

As more people adopt mobile as their preferred way to engage companies, will we see Amazon's mobile score slide? Amazon and other retailers that offer mobile experiences need to gauge their mobile performance from the customer's point of view to better understand what their mobile expectations, needs, and wants are.

On the opposite end of the spectrum, retailers' mobile experiences can outperform the web. Sears has a two-point difference in favor of mobile. This may mean that they are doing something especially well with their mobile initiative and that the success can be translated to the web.

The Following Table Shows the Difference Between Mobile and Web Satisfaction for the Top 20			
Company	Mobile Satisfaction, August 2012	Web Satisfaction, Spring 2012	Difference
Amazon.com	84	89	-5
Avon	83	83	0
Apple	82	85	-3
Victoria's Secret	81	81	0
Barnes and Noble	80	82	-2
eBay	80	NM	NA
Netflix	80	81	-1
Staples	80	79	1
Walgreens	80	81	-1
Best Buy	79	80	-1
Groupon	79	NM	NA
J.C. Penney	79	80	-1
Dell	78	80	-2
Home Depot	78	79	-1
Living Social	78	NM	NA
Macy's	78	77	1
Walmart	78	82	-4
Sears	77	75	2
Target	77	79	-2
Toys "R" Us	76	78	-2
NM = Not Measured			

OTHER KEY FINDINGS

ROOKIES VS. VETERANS

First-time users of a company's mobile site or app tend to be less satisfied with their mobile experiences because they simply are more unfamiliar with the layout, navigation, and functionality of an application or site. This study shows that companies can do a better job of catering to first-time mobile experience users in order to convert them to loyal, repeat, long-term customers.

> The 35% that said they were first-time visitors were less satisfied (77) with their mobile experiences than the 65% who were repeat visitors (80).

UNDER THE INFLUENCE

We discovered that visitors who were influenced to engage in a company's mobile experience because of a prior relationship with the company were more satisfied than others. Almost 40% of people engaged in a mobile experience because they were already familiar with the brand, company, or site. Familiarity with a brand goes a long way, especially if customers were satisfied with previous experiences with the brand. These customers are often repeat visitors who are likely to have more accurate expectations of a mobile site or app than newbies.

> Customers who were already familiar with the brand (80), received promo emails (80) or mobile text alerts (81) from the company were highly satisfied with their mobile experience.

> People who were driven to the company's mobile site or app via search engines (77) or shopping comparison sites (75) were less satisfied.

> Word-of-mouth referrals resulted in well-matched users with high satisfaction (via social - 80, other recommendation - 79).

PRIMARY TASK

There are a wide variety of primary tasks when consumers visit mobile retail sites and apps. The most popular in this study were: looking up product details (28%), looking up price information (19%), and finding out whether a product is in stock at the store (17%).

> Visitors whose main purpose was to purchase were most satisfied (84).

> Visitors who were looking for price (78), delivery (77), or shipping information (75) were less satisfied.

LOCATION, LOCATION, LOCATION

Couch commerce is the new catch phrase these days and this study shows why. More than two-thirds (68%) of Apple and Barnes and Noble visitors accessed their mobile site or app most recently from home, and the overall average was 59%. Visitors to Walgreens (27%), Target (25%), and Sears (24%) were more likely than others to access the retailer's site or app (from anywhere) in preparation to go to a store location.

> Three out of five (59%) of all users most recently accessed the measured retailers' mobile
> sites and apps from home.

> 16% of all users said they were preparing to go to a store (from anywhere) during their
> most recent visit/use.

PURCHASE CHANNEL

We know from previous research that customers prefer to make purchases via websites rather than the mobile channel. However, people who purchased by mobile device report high levels of mobile satisfaction.

> 36% of those who purchased did so (or will do so) via desktop/laptop had a mobile satisfaction
> score of 82, while 35% purchased or plan to purchase from a mobile device had a mobile satisfaction
> score of 86.

> 26% did or will go in person to a store. Those customers had fairly high satisfaction (81) with the retailer's mobile experience as well.

DEVICES

This research indicates that mobile phones hold 76% of the mobile market and have an aggregate satisfaction score of 80, while tablets hold the remaining 24% of the mobile market share and have an aggregate satisfaction score of 79.

Consumers want the most for their money and smartphones often fill that need. However, as the prices of tablets begin to shrink, we should see a greater increase in tablet use. The new, and more affordable, Google Nexus tablet could be the game-changer in the mobile market.

> Among phone users, 46% have Androids and 43% have iPhones.

> 60% of tablet users have iPads, 20% have Androids, and 11% have Kindles.

SITE VS. APP

Among the mobile users surveyed, 68% most recently used the retailer's website via mobile, while 32% most recently used a retailer's app. App users were slightly more satisfied (80) than mobile web users (79). This could mean that app users are more loyal to the brand in the first place, spending time and using precious data capacity to download and install the company's app.

> The highest app usage among the measured companies was for Netflix (59%), eBay (53%), Groupon (52%), and Walgreens (48%).

MERRY MOBILE HOLIDAY

With the holidays quickly approaching, here's what shoppers are saying they plan to do with their mobile devices this season.

> 39% think they will use mobile sites and apps more often this year than last to research products.

> 26% say they will use mobile more to do research while in physical stores.

> 21% think they will use mobile more to purchase products this holiday season.

> 18% will use mobile more to locate stores.

WHY SATISFACTION?

ForeSee's technology is time- and peer-tested and has demonstrated the strong relationship between customer satisfaction and a company's financial future. High customer satisfaction, when measured correctly, predicts the outcomes that measure success.

Satisfaction is the most important customer metric companies can track, and is a key driver of behaviors that retailers care most about: purchases, recommendations, and loyalty, among others.

In this index, we compared less-satisfied visitors (with mobile satisfaction scores 69 or less) to highly-satisfied website visitors (with satisfaction scores of 80 or higher). Based on likelihood scores, compared to dissatisfied mobile users, satisfied mobile users say they are 69% more likely to make in-channel purchases, 36% more likely to make other-channel purchases, 72% more likely to give positive recommendations, and 58% more likely to use the mobile experience again in the future.

Likely Future Behaviors for Mobile Visitors			
Likely Future Behavior	Average Scores, Respondents Scoring Mobile Satisfaction 80+ (Highly Satisfied) n=2,497	Average Scores, Respondents Scoring Mobile Satisfaction 69 or lower (Dissatisfied) n=1,055	% difference between Highly Satisfied & Dissatisfied
In-Channel Purchase	86	51	69%
Other-Channel Purchase	90	66	36%
Recommend Site/App	91	53	72%
Use Again	93	59	58%

FACTORS AFFECTING ONLINE CUSTOMER SATISFACTION

How can retailers increase satisfaction so shoppers are even more likely to buy, recommend, and return to the mobile site?

The ForeSee methodology scientifically measures several key drivers, or elements, of mobile satisfaction. The ForeSee model results tell us how users feel about these performance areas and also how much influence each element has on their overall satisfaction. Improving the high-impact elements in the eyes of visitors leads to quantifiable increases in satisfaction. The elements that have the most impact on overall satisfaction (and therefore on future behaviors, both online and offline) differ for specific retailers.

This study measures four general elements of a retail mobile experience: Merchandise, Functionality, Content, and Price. For the purposes of this study, these elements are measured in broad strokes because we use a panel to measure visitors who may have had their mobile experience up to a few days or weeks ago. (We are able to determine the impact of a wider range of more detailed elements for our clients because consumers are surveyed immediately after a mobile experience.)

ForeSee technology quantifies which elements have the greatest impact on overall satisfaction, which may or may not be the lower-scoring elements. Companies are likely to improve satisfaction the most by focusing improvements on the elements that have the greatest impact on satisfaction, rather than focusing on scores alone.

Elements of Mobile Satisfaction		
Element	**What It Measures**	**Mobile Experiences that Should Prioritize the Element**
Merchandise	The appeal, variety, and features of products	Among the elements measured in this research, Merchandise is a top priority for 10 (50%) of the companies.
Site/App Functionality	The usefulness, convenient placement, and variety of tools available to mobile site visitors	Among the elements measured in this research, Site/App Functionality is a top priority for improvement for eight companies.

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Elements of Mobile Satisfaction (continued)

Element	What It Measures	Mobile Experiences that Should Prioritize the Element
Price	Perceptions of the fairness and competitiveness of a retailer's prices	Among the elements measured in this research, Price is a top priority element for just three companies. Keep in mind, though, that it is the lowest-impact element overall.
Content	Perceptions of accuracy, quality, and freshness of information on the site	Among the elements measured in this research, content is a top priority for only two companies.

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Half of the measured mobile experiences should be prioritizing improvements to the appeal, variety, and features of products they make available. In other words, the fundamental tenets of good retailing exist in mobile just as they do in other channels. Another similarity between channels: price matters less than many retailers think. ForeSee research shows that both online and in mobile experiences, prices are rarely the top satisfaction driver. This study underscores how different companies have different kinds of relationships with their customers, which can include different expectations in the elements of a touch point experience. Consumer expectations can affect satisfaction: people may expect lower prices from some retailers and better service from others. By understanding the impact of specific aspects of a mobile experience on their own audience's satisfaction, retailers can save costly investments in upgrades that will not result in desired future behavior and instead focus their efforts on the changes that are likely to matter most.

CONCLUSION

Our scientific technology reveals that to increase shoppers' likelihood to purchase, return, and recommend, retailers need to increase overall satisfaction. In order to do this, companies need to be aware of how changing specific elements of their websites will impact their customers' experiences – either positively or negatively. Only with the most precise measurement can they begin to prioritize enhancements to key touch point experiences, such as mobile, and make business decisions that can generate the greatest return on their investment. This is an invaluable insight in this new technological era.

There's no question that mobile is moving at lightning speed right now. Companies shouldn't stand idle and watch the opportunity go by. If they measure mobile (and measure it the right way), and also identify the purpose of the visit, the customer's likely next step, the location and device, and develop a strategy for improvement based on this information, it is possible to keep pace with this growing and changing technology that is impacting the customer experience in ways they may never have anticipated.

ABOUT THE AUTHORS

As president and CEO of ForeSee and author of the book *Managing Forward*, Larry Freed is an expert on customer satisfaction and authors dozens of research papers and reports on the subject every year. Larry speaks extensively on the topic at private- and public-sector industry events and has been quoted in numerous publications and media, including *CNN*, the *Wall Street Journal*, the *Washington Post*, the *New York Times*, *Investor's Business Daily, Internet Retailer, Internet Retailing, Multichannel Merchant, DM News, Computerworld, Federal Computer Week*, and *Government Executive*, among many others.

As Senior Director of Mobile, Media & Entertainment, Eric Feinberg provides leadership to ForeSee's mobile solutions as well as solutions related to the media and entertainment industries. He is responsible for working with product, delivery, sales, and marketing teams to ensure that ForeSee continues to bring innovation and operational excellence to its mobile offerings. Eric brings 15 years of customer-focused experience to the team, and is currently on the Board of Directors for the Digital Analytics Association (DAA), formerly the Web Analytics Association.

ABOUT THE RESEARCH TEAM

Rhonda Berg, Research Manager at ForeSee, led the research team that worked on this study as well as the 2011 ForeSee E-Retail Satisfaction Index (US Holiday Edition). Rhonda manages many research initiatives, such as the annual Top 100 and Top 40 Retail Satisfaction Indexes (both US and U.K.) and the quarterly

E-Government Satisfaction and Transparency Indexes. She also serves as an internal consultant regarding statistics, methodology, and survey design. Rhonda has been a research professional for 20 years in a number of industries and holds advanced degrees in business and sociology.

ABOUT FORESEE

As a pioneer in customer experience analytics, ForeSee continuously measures satisfaction and delivers powerful insights on where to prioritize improvements for maximum impact. ForeSee applies its trusted technology across channels and customer touch points, including websites, call centers, brick-and-mortar locations, mobile experiences, and social media interactions. Because ForeSee's proven methodology measures satisfaction in a manner that is predictive of customer loyalty, purchase behavior, future financial success, and even stock prices, executives and managers are able to drive future success by confidently prioritizing the efforts that they know will achieve business goals.

Working across the public and private sectors, with deep expertise in a range of business and consumer industries, ForeSee combines the best in customer satisfaction measurement, proven predictive analytics, actionable usability analysis, and rich observational data to work with large and small organizations around the world. The result of measuring success through the customers' eyes is better outcomes for businesses and a better experience for consumers.

ForeSee is a privately held company headquartered in Ann Arbor, Michigan. Visit us at www.foresee.com for customer experience solutions and original research.