



Retail Industry Report



Q3 2006

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Introduction

This report examines how well 51 Retail companies' Web sites performed when analyzed using the Customer Respect methodology. This analysis measures over 130 aspects of the online user experience. Companies who perform well must enable their site visitors to easily complete tasks, respond well to email queries, and treat personal data with respect. The 51 companies we reviewed are split into the following sectors:

- Accessories & Apparel
- Electronic Goods
- Food & Drug Stores
- General Merchandisers
- Home and Office

The importance of the Web to the Retail industry is clear when the figures for Internet use and online sales are examined. The number of Americans who have access to and use the Internet has increased from 66 percent in 2004 to 73 percent in 2005, according to Pew¹. Total Internet spending hit \$143.2 billion in 2005 and Retail online sales for the 2005 holiday season reached \$19.6 billion, a 25 percent increase over the same period in 2004².

Providing an effective online channel is a vital means of increasing sales and customer loyalty. Allowing customers to make purchases as quickly and conveniently as possible, create wish lists and track deliveries from the site are useful means of facilitating and satisfying the needs of online customers. A clearly designed and structured site is a cost-effective means of marketing products to new and existing customers. The presence of easy to use self-service facilities, consistent and intuitive navigation systems and responsive customer service agents will all help Retail companies win new and repeat business.

Given the sensitive nature of information that site visitors might provide in an inquiry, registering or while making a purchase, trust is a key factor in persuading them to become a customer.

Our findings indicate that Retail companies performed significantly better than average in communicating with their customers online. Every company provided at least one method of online contact. Ninety-one percent of the replies to our inquiries were rated as very helpful, 69 percent of replies arrived within a day and only eight percent of our inquiries were ignored.

There was some mixed news in the area of Trust and Navigation. An excellent 86 percent of sites had comprehensive Frequently-Asked Questions sections (FAQs), but only 55 percent provided a general keyword search facility and only 45 percent provided a site map. Just 21 percent of Retail companies fully explained their use of cookies, higher than the global average. However, 76 percent may use personal data for their own marketing purposes without consent.

The leading company in our survey was Sears Roebuck with a CRI score of 7.9. Payless ShoeSource was second best on 7.3, while L.L. Bean was in third on 7.2. A total of five companies scored over 7.0, the benchmark level for excellence.

The next section of this report lists the key findings from our survey. The Sector Comparisons table, which follows, highlights differences between the five sectors in some important areas. We then show how this industry measures up to the global population in the Key Comparisons table. This is followed by an analysis of the industry's overall performance. The Appendix contains details of the Customer Respect Methodology.

¹ Source: The Pew Internet & American Life Project

² Source: comScore Networks



Results

Key findings

The table below shows industry and sector results in some key aspects of our survey.

	Overall Industry (51 sites)	Accessories And Apparel (17 sites)	Electronic Goods (8 sites)	Food and Drug Stores (5 sites)	General Merchandisers (12 sites)	Home and Office (9 sites)
Ease of use						
Keyword search function	55%	47%	25%	80%	67%	67%
Site map	45%	47%	50%	40%	33%	56%
Comprehensive FAQ section	86%	88%	75%	100%	83%	89%
Three self-service facilities	28%	30%	12%	40%	33%	22%
Links to FAQ sections on the home page	41%	47%	0%	100%	25%	56%
Breadcrumb trails	59%	41%	50%	20%	83%	89%
Inconsistent navigation	6%	0%	0%	20%	17%	0%
Home page weights < 150 KB	6%	6%	0%	20%	0%	11%
<LABEL> tags on forms	12%	18%	0%	40%	0%	11%
<ALT> tags on all home page images	33%	41%	37%	60%	8%	33%
Some text areas with low contrast colors	47%	47%	38%	20%	42%	78%
Email forms requiring irrelevant data	27%	18%	25%	20%	25%	56%
CSS for page layout	27%	35%	63%	0%	17%	11%
Communication						
Online contact method	100%	100%	100%	100%	100%	100%
Telephone number listed	92%	94%	100%	80%	83%	100%
Live chat facilities	22%	35%	25%	0%	17%	11%
Email forms	88%	82%	63%	100%	100%	100%
Replied to all queries	76%	65%	75%	80%	83%	89%
Replied to no queries	0%	0%	0%	0%	0%	0%
Queries answered within a day	41%	37%	34%	35%	60%	28%
Queries answered within four hours	28%	41%	34%	10%	21%	17%
Queries acknowledged by email	50%	29%	75%	75%	54%	47%
Queries not answered at all	8%	10%	9%	10%	6%	6%
Four helpful replies in one day	35%	35%	38%	0%	58%	22%
Trust						
Share data with third parties	18%	29%	0%	0%	17%	22%
Share data with business partners	21%	41%	0%	0%	25%	11%
Use data for marketing without permission	76%	71%	75%	80%	75%	89%
Explain how data can be deleted	24%	29%	12%	40%	25%	11%
Fully explain cookies	21%	24%	12%	20%	25%	22%
Information on site security in privacy policy	100%	100%	100%	100%	100%	100%

The table on the previous page shows clearly that the Electronic Goods companies trail the other sectors in the area of providing self-service facilities. Only twelve percent of these companies provided all three: a site map, a search function and a comprehensive FAQ section. Only 25 percent of the Electronic Goods sites contained search functions, compared to 80 percent of Food & Drug Stores. However, the Food and Drug Stores, in turn, had the second smallest percentage (40 percent) of site maps behind General Merchandisers on 33 percent. All sectors had a high percentage of comprehensive FAQs, the lowest being 75 percent, again, for the Electronic Goods sector, none of which provided a link to the FAQ section on the homepage, compared with 56 percent of the Home and Office companies.

The Retail companies, overall, performed well in the area of consistent navigation structures. Navigation systems in only six percent of sites in this industry differed on some pages. However, there was a big difference in scores across the sectors. All of the Electronic Goods, Accessories & Apparel and Home & Office companies provided consistent navigation structures. Twenty percent of General Merchandisers and 17 percent of Food & Drug stores had inconsistent navigation structures.

In the area of accessibility, there were some striking differences. No Electronic Goods or General Merchandiser companies provided <LABEL> tags on their contact form to aid customers who use screen readers, compared to 40 percent of Food & Drug Stores. Only eight percent of General Merchandisers provided <ALT> tags. Food & Drug Stores, again, performed best in the provision of <ALT> tags with 60 percent providing them. However, none of the Food & Drug Stores used CSS for page layout, compared with 63 percent of Electronic Goods companies.

The Food & Drug Stores, General Merchandisers and Home & Office sectors all shared the highest proportion of sites providing email forms (100 percent), compared with only 63 percent of Electronic Goods companies. Eighty-nine percent of the Home & Office sector replied to all our inquiries, compared to 65 percent of the Accessories & Apparel sector. We received four helpful replies in one day from 58 percent of the General Merchandisers, a feat matched by none of the Food & Drug store companies.

The Accessories & Apparel companies are doing themselves no favors with their treatment of personal data. Twenty-nine percent share personal data with third parties for marketing purposes. However only 71 percent send marketing materials without permission – the lowest number of any Retail sector. It is positive that all Retail companies explained the security features of their sites in the privacy policy.

Sector comparisons

The table below shows the average sub-index scores for the industry, along with those for each of the five sectors.

Average CRI and sub-index scores for the industry and each sector							
	Overall CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
Overall industry	6.2	7.1	5.2	6.6	5.9	6.5	6.2
Accessories and Apparel	6.1	6.8	5.3	6.7	5.4	6.3	5.9
Electronic Goods	6.3	6.7	5.6	6.4	6.6	6.4	6.5
Food and Drug Stores	6.4	7.1	5.8	5.8	6.5	6.8	6.6
General Merchandisers	6.4	7.4	4.8	7.1	6.1	6.8	6.4
Home and Office	6.1	7.7	5.1	6.2	5.5	6.4	5.9

There was very little difference between the sectors' overall CRI scores. All the sector averages were between 6.1 and 6.4. However, we did find some differences across the various sub-indexes. The Home & Office companies provided sites that generally easier to use, reflected in an average score of 7.7 in Simplicity. The Electronic Goods performed the poorest in the Simplicity sub-scale. The Food & Drug Stores provided the most accessible sites, highlighted by the highest score in the Attitude sub-index. As already noted in the previous section, the Food & Drug stores had the highest percentage of sites that contained <LABEL> and <ALT> tags.

However, the Food & Drug Stores sector performed worst in Responsiveness with an average score of 5.8 – compared to General Merchandisers' score of 7.1. The Electronic Goods sector had the most respectful privacy principles but all sectors could improve in this area. The Food & Drug Stores sector and the General Merchandisers had the most open, informative and clear privacy policies, demonstrated by high scores in the Transparency scale. The Food & Drug Stores sector performed best in Privacy with 6.6.

Industry comparisons

The Retail industry, while outperforming the 2005 global figures in some aspects of our review, did comparatively poorly in others.

How the Retail Industry compared to all companies in 2005			
	Retail 2006	All companies 2005	Retail Industry better than average?
Ease of use			
Keyword search function	55%	76%	✗
Site map	45%	74%	✗
General FAQ section	86%	56%	✓
Communication			
Online contact (email form or address)	100%	94%	✓
Unanswered queries	8%	19%	✓
Queries answered within a day	69%	52%	✓
Send helpful replies*	91%	64%	✓
Trust			
Share data with third parties	18%	10%	✗
Use data for marketing without permission	76%	62%	✗
Privacy policy explains users' ability to edit data online	86%	29%	✓
Full explanation of cookies	21%	18%	✓

* excluding queries not answered

In the Ease of Use area, Retail companies outperformed the global average in the provision of general FAQ sections. However, the proportion of sites with a general search facility and a site map was much lower than the global average.

The Retail companies performed very well in the Communication area. All sites contained an online contact method. Only eight percent of our inquiries were unanswered. Sixty-nine percent of replies arrived within a day and 91 percent (compared to the global average of 64 percent) were helpful.

The Retail companies also performed better than average in their explanation of editing data online. In addition, three percent more companies fully explained cookie technology compared to all companies surveyed in 2005. Unfortunately however, a slightly higher percentage of companies shared data with third parties and 14 percent more may use customer information for marketing purposes without permission.

CRI Score ranking

The leading company in our survey was Sears Roebuck with a CRI score of 7.9. Payless ShoeSource was second best on 7.3, while L.L. Bean was in third on 7.2.

A total of five companies' scores were rated as 'excellent' (over 7.0) – along with the top three, CVS and Wal-Mart also achieved this level. Thirty-one more sites scored 6.0 or higher. Of these top 20 sites, six were from the Accessories & Apparel sector, five from the General Merchandisers sector and three each from the remaining three sectors. 15 sites scored below 6.0 - these organizations need to examine their Web sites in many aspects or they may lose visitors and customers.

The sector leaders were Sears Roebuck (General Merchandisers), Payless ShoeSource (Accessories and Apparel) , CVS (Food & Drug Stores), Circuit City (Electronic Goods) and Staples (Home & Office).

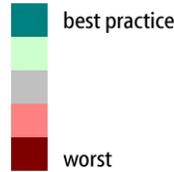
	Company	Industry sector	Web site address	CRI
1	Sears Roebuck	General Merchandisers	www.sears.com	7.9
2	Payless ShoeSource	Accessories and Apparel	www.paylessshoesource.com	7.3
3	L.L. Bean	Accessories and Apparel	www.llbean.com	7.2
=4	CVS Corporation	Food and Drug Stores	www.cvs.com	7.1
=4	Wal-Mart Stores, Inc.	General Merchandisers	www.walmart.com	7.1
=6	Circuit City	Electronic Goods	www.circuitcity.com	6.8
=6	Nike	Accessories and Apparel	www.niketown.com	6.8
=6	Staples	Home & Office	www.staples.com	6.8
=9	Amazon.Com	General Merchandisers	www.amazon.com	6.7
=9	Eddie Bauer	Accessories and Apparel	www.eddiebauer.com	6.7
=9	J.C. Penney	General Merchandisers	www.jcpenney.com	6.7
=9	Lowe's	Home & Office	www.lowes.com	6.7
=9	Walgreen Co.	Food and Drug Stores	www.walgreens.com	6.7
=14	Drugstore	Food and Drug Stores	www.drugstore.com	6.6
=14	Newegg.com	Electronic Goods	www.newegg.com	6.6
=14	Polo Ralph Lauren	Accessories and Apparel	www.polo.com	6.6
=14	RadioShack	Electronic Goods	www.radioshack.com	6.6
=18	Ace Hardware	Home & Office	www.acehardware.com	6.5
=18	Victoria's Secret	Accessories and Apparel	www.victoriassecret.com	6.5
20	Overstock.com	General Merchandisers	www.overstock.com	6.4
=21	Banana Republic	Accessories and Apparel	www.bananarepublic.com	6.3
=21	Best Buy	Electronic Goods	www.bestbuy.com	6.3
=21	CompUSA	Electronic Goods	www.compusa.com	6.3
=21	Crutchfield	Electronic Goods	www.crutchfield.com	6.3
=21	Office Depot	Home & Office	www.officedepot.com	6.3
=21	Pottery Barn	Home & Office	www.potterybarn.com	6.3
=21	Timberland	Accessories and Apparel	www.timberland.com	6.3
=28	Kohl's	General Merchandisers	www.kohls.com	6.2
=28	Tiger Direct	Electronic Goods	www.tigerdirect.com	6.2
=30	Buy.com	General Merchandisers	www.buy.com	6.1
=30	Kmart Corporation	General Merchandisers	www.kmart.com	6.1
=30	Peapod	Food and Drug Stores	www.peapod.com	6.1
=30	Zappos.com	Accessories and Apparel	www.zappos.com	6.1
=34	Costco	General Merchandisers	www.costco.com	6.0

	Company	Industry sector	Web site address	CRI
=34	Macys	General Merchandisers	www.macys.com	6.0
=34	Saks, Incorporated	General Merchandisers	www.saks.com	6.0
=37	Crate & Barrel	Home & Office	www.crateandbarrel.com	5.9
=37	Neiman Marcus	Accessories and Apparel	www.neimanmarcus.com	5.9
=37	Pier 1 Imports	Home & Office	www.pier1.com	5.9
40	Home Depot	Home & Office	www.homedepot.com	5.6
=41	AnnTaylor Stores	Accessories and Apparel	www.anntaylor.com	5.5
=41	Coldwater Creek	Accessories and Apparel	www.coldwatercreek.com	5.5
=41	Foot Locker	Accessories and Apparel	www.footlocker.com	5.5
=41	Gap	Accessories and Apparel	www.gap.com	5.5
45	Safeway Inc.	Food and Drug Stores	www.safeway.com	5.4
46	Target Corporation	General Merchandisers	www.target.com	5.3
=47	Abercrombie & Fitch	Accessories and Apparel	www.abercrombie.com	5.2
=47	Land's End	Accessories and Apparel	www.landsend.com	5.2
=47	OfficeMax.	Home & Office	www.officemax.com	5.2
=47	PCMall	Electronic Goods	www.pcmall.com	5.2
51	Old Navy	Accessories and Apparel	www.oldnavy.com	5.1
			Industry average	6.2



Analysis

The data shown in the graphs is color coded as follows:



Ease of use

The Ease of Use category contains the **Simplicity** and **Attitude** CRI sub-indexes. The Simplicity sub-index focuses on how easy it is for all users to find what they need, while the Attitude sub-index concentrates on accessibility features that help in particular visitors with disabilities.

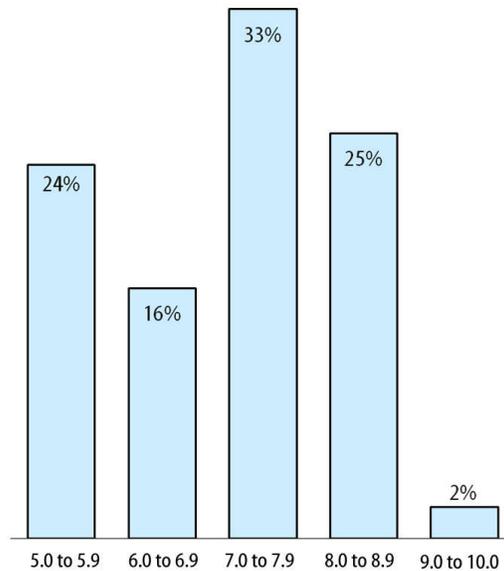
All users, regardless of ability, should be able to complete their online tasks efficiently. Information should be easy to find, and self-service features should allow users to answer their own questions. Pages should not take too long to load. Also, there should be consistency in page layout, especially for navigation areas. Those with disability should be facilitated by good design choices, such as appropriate use of color, use of Cascading Style Sheets (CSS) for layout, and use of helpful HTML tags.

SIMPLICITY SUB-INDEX

Industry average: 7.1

Top scoring site: Crate & Barrel with 9.0

The spread of Simplicity scores for the Retail industry Q3 2006

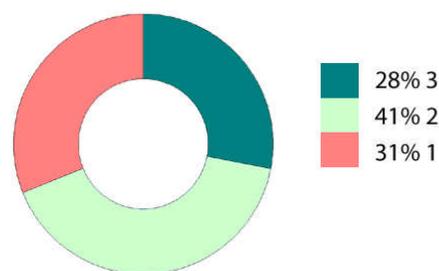


Self service facilities

Search functions, site maps and Frequently-Asked Questions sections (FAQs) are the key self-service facilities. Users have different strategies to locate information: some browse site maps, others use search engines. More prefer to see if their question has already been addressed in an FAQ section. All methods of information seeking should be supported by providing all three of these tools.

We found that only 28 percent of sites contained all three self-service facilities. Forty-one percent contain two. The remainder are sure to receive too many online queries asking questions that really could be answered by the senders. Forty-five percent of companies provide site maps. Fifty-five percent of sites contained general search functions, while 86 percent offered comprehensive FAQ sections.

How many self-service facilities did sites contain?



Fifty-six percent of respondents to our 2006 user survey stated that they regularly used site maps, with 47 percent often using search functions. Forty-eight percent often sought help by using FAQ sections.

It is important that these facilities be easily available or else they become less useful. Ideally search functions should be prominently placed on all pages. Links to the site map and FAQ section should also be very easy to find on the homepage. We were surprised to find that only 41 percent of sites had links to FAQ sections on the home page.

Navigation

A site's navigation system should allow users to find what they need easily and to complete their tasks without delay. There should be prominent links to areas such as the product or service information, the contact section and the privacy policy.

Features like a breadcrumb facility – where the path to the current page is shown at the top – help users to navigate and to place the current page in the context of the site structure. Only 59 percent of sites contained this helpful feature.

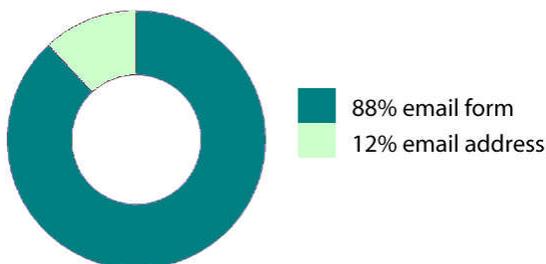
Consistency is also important, in particular the location of the main navigation bar. Only six percent of sites had some variation in navigation structure, an encouragingly small proportion.

Contact methods

Email forms are the best way for users to get in touch. They can be used even when the visitor is not at their own computer with access to their email account. Forms should be short and should not require unnecessary personal information to be submitted.

All of the sites we examined provided some form of online contact. Eighty-eight percent contained an email form while 12 percent of companies relied on email addresses.

How can site visitors get in touch?



We found that the contact forms were quite long, with 20 percent containing ten or more fields.

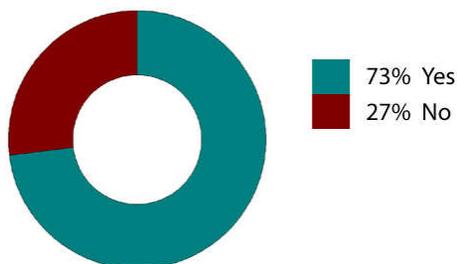
Industry-specific features

We also look at features that are specific to the Retail industry. These questions do not contribute to a company’s score but they can highlight important differences or trends.

Users should be allowed visit a Retail site and buy a product as quickly as possible. Obviously allowing customers to register is important and registered users can avail of certain extra features. It is likely that registered users will be able to purchase more quickly than others. Some sites, for example, have ‘one click’ purchase buttons for registered users (who are logged in). However, customers should be able to choose to go through the registration process. They should not be forced to register in order to buy. This may be their first attempted purchase on a site and every barrier to completion should be removed. Thirty-seven percent of the sites require the user to register before they are allowed make a purchase.

Online shoppers should also be able to see the full price of the product (including estimated delivery charges) before they provide the company with personal information. Twenty-seven percent of companies do not provide users with the full price until they have provided personal information during the purchase process.

Can you see a full price before you provide personal information?

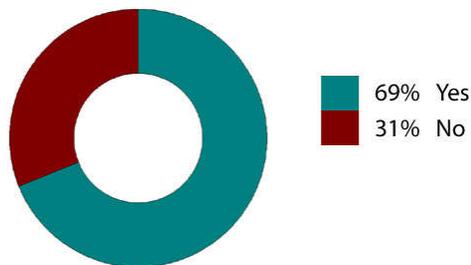


After purchasing an item, users should be able to track shipments from within the site on which they have purchased. The majority of sites – 88 percent – provided the user with a tracking facility.

A “wish list” section provides a valuable and helpful tool to the shopper but also is a very good sales tool. Shoppers might otherwise forget about items they wish they buy at a later date. Surprisingly, 37 percent of sites did not provide a wish list section.

Sixty-nine percent of companies allow users to limit their product searches to specific departments. Helping users to find the products that interest them will increase sales so it is surprising that 31 percent do not provide a more useful product search tool.

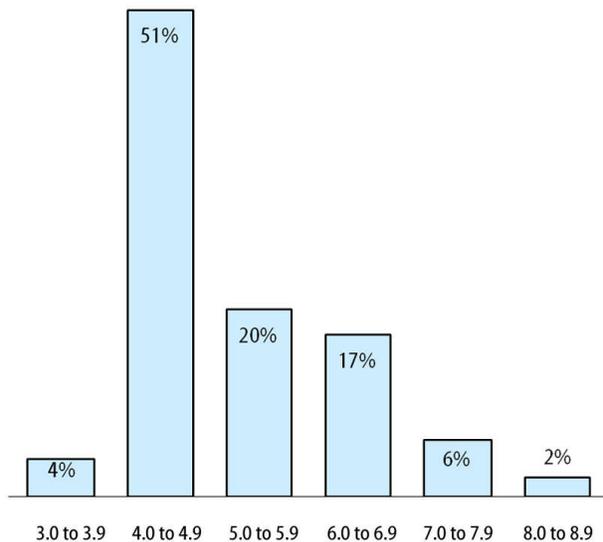
Can you limit the product search to specific departments?



ATTITUDE SUB-INDEX

Industry average: 5.2
Top scoring site: Banana Republic with 8.0

The spread of Attitude scores for the Retail industry Q3 2006



A company who makes it difficult for those with disabilities to use its site may be preventing up to 20 percent of existing or potential customers from interacting with it. It does not make business sense to exclude such a large group of the population when all it takes is to make sound design decisions when creating a Web site. It is not just people with disabilities who can find themselves excluded. The experience of dial-up users can be made unnecessarily difficult by 'heavy' home pages and layouts based on HTML tables.

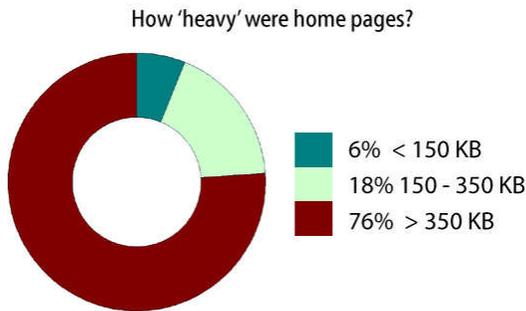
CSS layouts

Using CSS rather than tables for layout makes content more accessible for all users. CSS layouts can allow the content to be presented in a logical order, enabling screen reading software to

follow a logical path. Table layouts do not always allow text to be presented in this logical order. We found only 27 percent of sites to be built using CSS for layout.

Home page 'weights'

Eighty-four percent of respondents to our 2006 survey stated that slow-loading pages were the main source of frustration when browsing the Web. Excessive weight – caused by large amounts of graphics or other media – is one of the main reasons that users have to wait while pages load. While users on dialup connections are most affected by large page weights, broadband users also can suffer.



Only six percent of sites contained home pages that weigh under 150 KB. Eighteen percent of home pages weighed in at between 150 KB and 350 KB, while 76 percent were over 350 KB.

Color contrast

One of the most important aids for the visually impaired is good color contrast. Choosing colors that make text, images and navigation buttons easy to read also helps the non-disabled visitor. Reading on screen can be tiring if, for example, text is gray on a black background, and easy navigation can be hindered by orange text on red buttons.

Only 14 percent of sites consistently featured text that contrasts strongly with the background while 86 percent contained some text that is low-contrast. Sixty-five percent contained navigation buttons that featured text on a low-contrast background, and 98 percent contained images with low-contrast text.

HTML tags

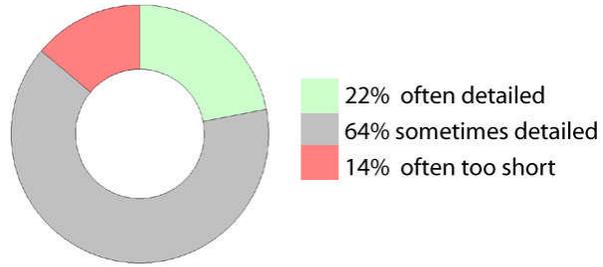
Sites should also make good use of HTML tags such as <LABEL> (for forms) and <ALT> (for images). These supply information to browsers and screen readers that helps those with visual disabilities in particular. Our findings show that the industry needs to pay more attention to the needs of these users. Forms on only 12 percent of Retail sites always contained <LABEL> tags, while 67 percent of sites failed to provide <ALT> tags for all home page images.

Link descriptions

Another issue we find is that text links do not adequately describe the destinations of the links. For example the text [click here](#) tells the user nothing about the destination page, while [browse our latest deals](#) is far more helpful because screen readers actually read text that is linked. Also, many Web users scan content for text links, and when the link description is not clear enough, they have to read surrounding text for context.

All of the sites in this review failed to consistently provide good link descriptions. Fourteen percent often contained links such as 'more', while only 22 percent often provided good link descriptions.

How often were text link descriptions detailed?



Communication

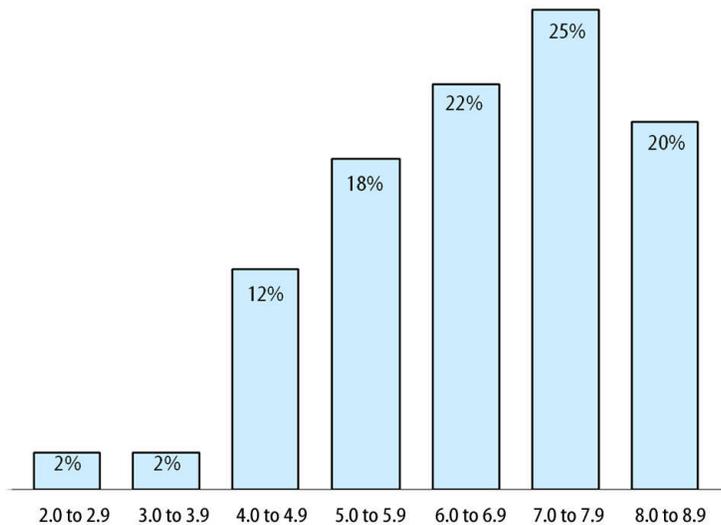
The Communication category contains the **Responsiveness** index, and examines how well companies respond to email inquiries. The most successful companies here will acknowledge inquiries and give a timeframe for a full response; will respond promptly; and will fully answer each question. Given the nature of the sites in this review, it is clear that timely and informative responses to email queries are a critical element in persuading the site visitor to make purchases online.

RESPONSIVENESS SUB-INDEX

Industry average: 6.6

Top scoring site: Saks with 8.8

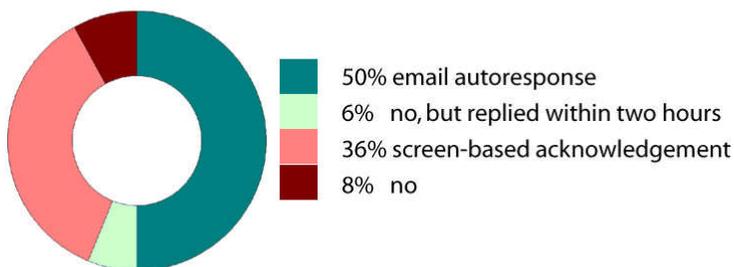
The spread of Responsiveness scores for the Retail industry Q3 2006



Autoresponses

All inquiries should be acknowledged with email confirmations that set a timeframe for a full reply. These are more useful than screen-based acknowledgements because they confirm that the correct email address has been supplied and also indicate that the full reply will not be blocked by 'spam' filters. Setting a timeframe is important to manage the recipient's expectations, particularly if it takes time to prepare a helpful reply. In 2005, 38 percent of our inquiries were acknowledged by email, while 40 percent were acknowledged on screen.

Did companies send autoresponses to our queries?

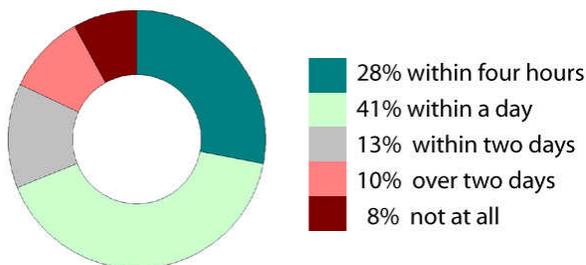


Our results show that 50 percent of our emails to Retail sites were acknowledged with email autoresponses, while 36 percent were acknowledged on screen. Eight percent were not acknowledged at all, while a further six percent received replies so quickly that an autoresponse was not absolutely necessary.

Response speed

We recommend a timeframe of less than a day for replies (though ideally they should arrive within four hours). If users have to wait longer than this for an answer, they may well go elsewhere for the product or service. Our 2006 user survey found that only 29 percent of respondents felt that a wait time of more than a day was reasonable.

How quickly were our inquiries answered?

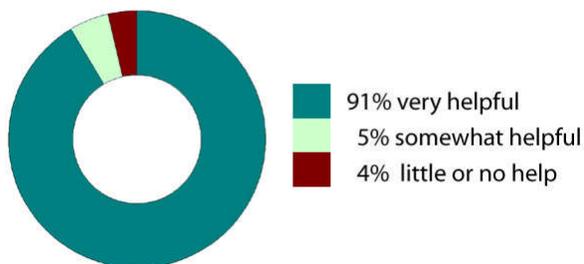


The Retail industry performed well in this area. Sixty-nine percent of our queries were answered within a day, a figure that includes the 28 percent of replies that arrived within four hours. A further 13 percent arrived within another day, and 10 percent took over two days.

Response quality

If a user takes time to get in touch with a query, they deserve a reply that fully answers the question. A helpful reply will not require the user to look for the answer themselves, or ask them to phone, or ask them to email someone else. It will provide helpful information and will end the interaction with the customer on that issue. Email responses should supply all relevant information that is needed to answer the question.

How helpful were replies to our inquiries?

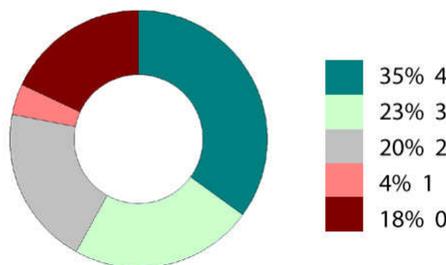


We found that the Retail companies who replied to our queries took care to answer them well. 91 percent supplied very helpful answers, while another five percent were of some help. Only four percent were of little help.

Ninety percent of user survey respondents told us that timeliness and helpfulness of email replies affected their overall impression of companies. A quick, helpful reply is the best outcome for someone sending a query. With this in mind, we now reward those organizations who send four replies within a day that fully address the questions asked.

Although 91 percent of replies fully addressed our questions, not all arrived quickly enough. The following graph gives a good indication of satisfactory responsiveness, combining response time and quality. Of the companies that provide online contact methods, 35 percent replied to all four queries within a day with helpful replies. Twenty-three percent supplied three good replies within a day and 20 percent sent two. Four percent supplied only one prompt and helpful reply and 18 percent did not manage to send any.

How many helpful replies did companies send within a day?



Response tone

An email written in a friendly and professional manner makes a good impression on the reader. The sender of emails represents the organization and recipients make judgments when each email is read. We found that 85 percent of the email responses were written in a professional and friendly tone, a figure that reflects well on the industry.

Other contact methods

It is good to encourage communication by other channels, such as by phone or through live chat. Ninety-two percent of sites contained a telephone number for booking or general inquiries. Twenty-two percent had adopted live chat help, which is a significant proportion. Live chat help is a feature we are seeing more of and the trend would indicate that in the future more Retail sites will provide this facility.

Trust

The Trust category contains the **Principles, Transparency** and **Privacy** sub-indexes. In the Principles index, we measure how respectfully companies treat personal data supplied online. The Transparency index is a measure of how well companies explain their data-handling practices, while the Privacy index provides a single view of the other two indexes, serving as a useful snapshot of a company's Trust rating.

Trust is a vital component in attracting and retaining customers. If users are not reassured about receiving unsolicited emails, or about not having their details appear in commercial marketing databases, they may well not interact with a company online.

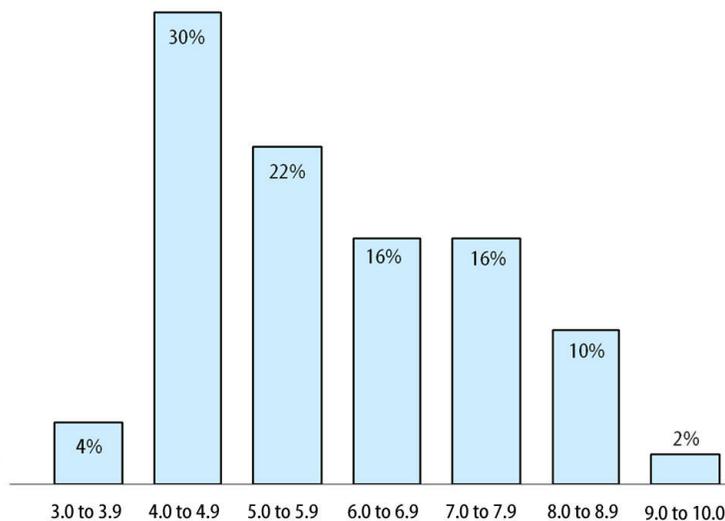
A transparent privacy policy, which clearly states how personal data is being treated, is a key component of Customer Respect. A policy should be concise and easy to read. Sometimes policies are written in a cumbersome style and use too many legal terms that can confuse the reader. Privacy policies written in plain English are best received by customers. Also, they should be comprehensive and should cover all areas relevant to the use of personal data.

PRINCIPLES SUB-INDEX

Industry average: 5.0

Top scoring site: Lowe's with 9.1

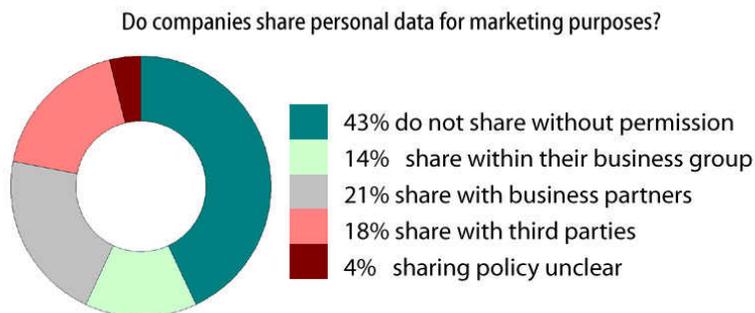
The spread of Principles scores for the Retail industry Q3 2006



Sharing personal data for marketing purposes without permission

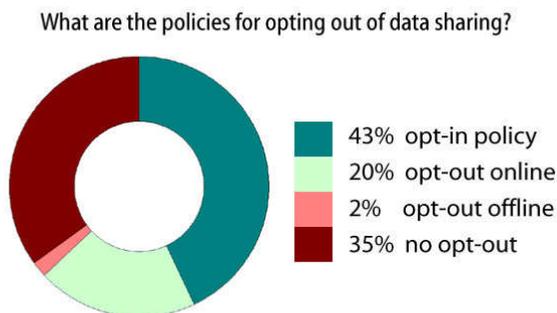
When a company shares personal data with other entities it risks losing the trust of its clients and site visitors. Misuse of personal data is a growing concern for Internet users and to sell or give this data to other companies is disrespectful. Respondents to our 2006 survey told us that 'spam' email is affecting trust: 37 percent avoid providing email addresses as much as possible while 47 percent will not provide email addresses to companies whom they think might share them.

Our findings show that the Retail companies are better than the global average for not sharing personal data with other companies for marketing: 43 percent of this industry share data compared with 48 percent of all companies in 2005. Twenty-one percent share with business partners, 18 percent with third parties and 14 percent within their business groups. Four percent needed to be clearer about their policy in this area.



How users can opt out of data sharing

It is disrespectful to share personal data for marketing purposes with other companies, but it is even worse not to offer opt-out. Thirty-five percent of Retail companies failed to tell their site users how to opt out of data sharing, a worrying statistic for users of these sites. Twenty percent offered online opt-out, and two percent allowed offline opt-out.

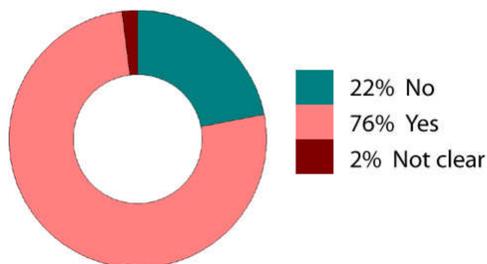


Using personal data for email marketing without permission

When site visitors submit their personal information online, they are entitled to expect that the company receiving it treats it with respect. One key area that can provide an insight into disrespectful practices is how companies choose to market their products and services. Those who value the integrity of their users' data ask the owners' permission before sending marketing emails.

Twenty-two percent of companies respectfully do not use personal data for marketing purposes without permission. However, 76 percent stated that they would send marketing material without the user requesting it, while two percent did not clearly state their policy in this area.

Is personal data used for email marketing without consent?



How users can opt out of receiving email marketing

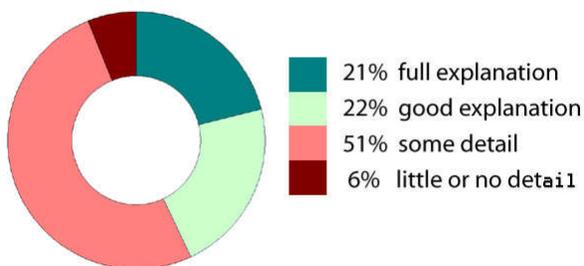
Companies that choose to use personal data for marketing purposes should make it easy for users to opt out of these programs. The easiest way for users is to fill out a special form online specifying their marketing preferences, or to send an email. Seventy-six percent of companies allowed online opt-out. Two percent did not outline any opt-out mechanism. Although too many companies do not ask permission before using data for marketing, it is positive that such a large proportion offered online opt-out.

Cookies

Users are entitled to be informed about why they should accept cookies. It is not good enough to tell them that the site will work best with cookies enabled, or to not explain the technology at all. The more open and honest a company is about its cookie use, the more likely its users will allow cookies to be stored on their computers. Twelve percent of our user survey respondents did not understand cookies, while 48 percent either have them disabled or do not trust them.

Twenty-one percent of sites contained a complete, user-focused explanation of cookies. Twenty-two percent provided a good explanation while six percent used cookies but provided little or no relevant information to their users.

How thoroughly do companies explain cookies?

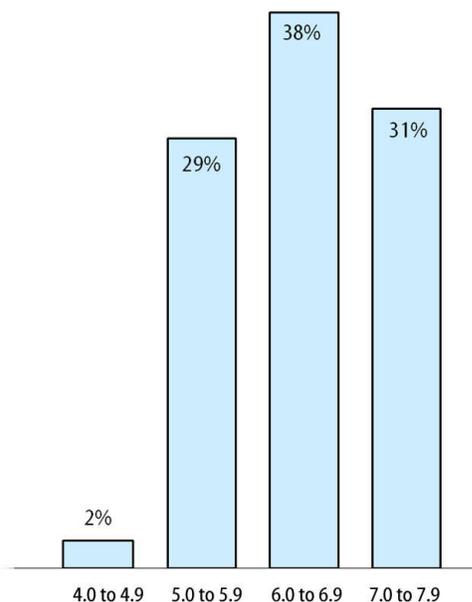


TRANSPARENCY SUB-INDEX

Industry average: 6.5

Top scoring site: Payless ShoeSource with 7.8

The spread of Transparency scores for the Retail industry Q3 2006



Structure of the privacy policy

Web site visitors who take the time to read a privacy policy are likely to be in a hurry. Reading a privacy policy is not the reason they will have come to the site, and they should be facilitated in their goal to quickly access information by being presented with a well-structured privacy policy.

Many Retail companies need to improve the structure of their policies. Only 45 percent provided a table of contents at the top with links to each main section. Most – 55 percent – simply presented the policy with headed sections.

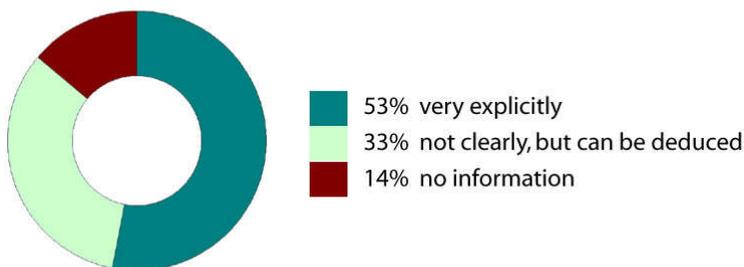
Clarity of the privacy policy

The language used in privacy policies should be simple and concise. Ninety-four percent of the Retail companies provided clearly-written policies but six percent used language that needs to be simplified to ensure that all readers can learn how their personal data is treated.

Explicitness of explanation of opt-out choices

If data is used for marketing or is shared with other companies, then privacy policies should contain clear instructions on how users can opt out of these practices. Only 53 percent of sites were clear on the choices for opting out of data sharing, while 86 percent were clear on the choices for opting out of marketing programs. Companies need to make more of an effort to reassure those who are worried about data-sharing practices.

How clearly are sharing opt-out choices explained?



Opt-in/out checkboxes on contact forms

A company who gives users choices at the usual first point of contact – the email form – is clearly being up-front about its data use. While an opt-in checkbox is more respectful, even an opt-out box is a sign that the company wants the user to choose to receive email marketing material. Only four percent of companies in this industry provided email forms that contained an opt-out checkbox, and only one form contained an opt-in checkbox.

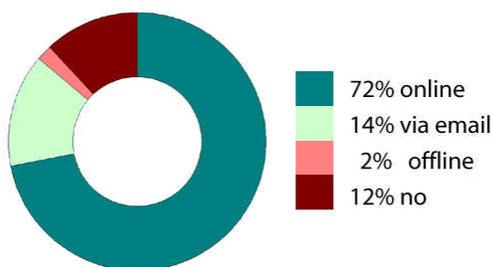
Information on site security

Data security is a major concern for Web users. Seventy-eight percent of our survey respondents had fears that personal data might be accessible to hackers or other unauthorized users due to inadequate security measures. Web users need to be reassured that their sensitive personal information is safe in the hands of the companies they send it to. Privacy policies should contain information on the technical precautions that are taken to keep this data secure. It was extremely positive to find that all of the Retail sites did mention security in their privacy policies.

Editing and deletion of personal data

When users submit personal data online, they are entitled to update it and be able to delete it themselves (or request that it be deleted) once it is no longer needed for valid business reasons. The privacy policy should contain details of how to accomplish these tasks. In 72 percent of the policies in this industry there were details of how users can update their personal data online.

Can users edit or update their own data?



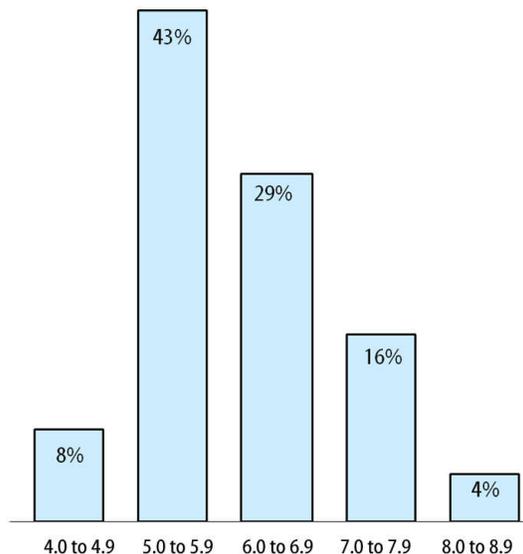
However, only 24 percent of policies mentioned how users can delete their own personal data (or how it is deleted once no longer needed).

PRIVACY SUB-INDEX

Industry average: 6.2

Top scoring site: Sears with 8.2

The spread of Privacy scores for the Retail industry Q3 2006



Irrelevant and excessive mandatory fields in contact forms

Site visitors who want to get in touch online should not be required to provide information that does not appear to be relevant to a general inquiry. To force them to provide information such as full address or phone number does not benefit users and gives the impression that this data is being gathered for a purpose not related to answering the question.

Twenty-seven percent of sites asked for personal information on email forms that is not related to a general inquiry. However it is positive that 75 percent of sites provided email forms that contained five or fewer mandatory fields.

Security of forms

All forms, not only registration/shopping forms, through which users can submit data should be secure. All personal information is valuable and should be protected. Only 29 percent of sites always provided SSL for security. All of the remaining 71 percent provided secure registration or booking forms but did not secure general contact forms.

P3P policies

The presence on a Web site of a P3P policy – a machine-readable version of a privacy policy – can save visitors having to read the full privacy policy. A P3P-compliant browser can compare the site policies to the user's preferences and alert them to any areas of difference. It is both a time saver and another demonstration of the importance the company places on privacy. Disappointingly, we found that only 29 percent of sites provided P3P policies. This, however, is a large proportion when compared to other industries.

Tone of privacy policies

While the content of the privacy policy is of most importance, the tone in which it is expressed is also critical. The user reads the policy for reassurance and should not be put off by formal or patronizing language. This industry generally performs well in this area. Eighty percent of policies were rated as friendly, while 18 percent would achieve this rating with just a few edits.



Appendix A

Sector Tables

Accessories & Apparel Sector			CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
1	Payless ShoeSource	www.paylessshoesource.com	7.3	8.8	4.7	7.5	8.0	7.8	7.9
2	L.L. Bean	www.llbean.com	7.2	7.7	4.8	8.6	7.3	7.7	7.3
3	Nike	www.niketown.com	6.8	7.7	6.5	8.2	5.1	6.6	5.9
4	Eddie Bauer	www.eddiebauer.com	6.7	7.6	5.9	7.8	5.7	6.5	6.0
5	Polo Ralph Lauren	www.polo.com	6.6	8.0	4.8	5.5	8.0	7.1	7.6
6	Victoria's Secret	www.victoriasssecret.com	6.5	7.0	4.7	8.6	5.4	6.9	6.1
7	Timberland	www.timberland.com	6.3	7.7	4.5	7.7	5.0	6.8	5.7
8	Banana Republic	www.bananarepublic.com	6.3	5.4	8.0	7.4	4.1	6.9	5.4
9	Zappos.com	www.zappos.com	6.1	5.2	6.0	6.3	7.2	6	6.7
10	Neiman Marcus	www.neimanmarcus.com	5.9	8.8	4.8	5.1	4.4	6.6	5.5
11	Coldwater Creek	www.coldwatercreek.com	5.5	5.9	5.7	6.2	4.6	5.4	5.1
12	AnnTaylor Stores	www.anntaylor.com	5.5	7.8	4.8	4.9	4.6	5.4	5.0
13	Gap	www.gap.com	5.5	5.2	6.6	5.6	4.4	5.7	5.2
14	Foot Locker	www.footlocker.com	5.5	5.1	4.8	8.6	3.8	5.5	4.8
15	Abercrombie & Fitch	www.abercrombie.com	5.2	5.4	3.3	6.2	5.0	6.2	5.6
16	Land's End	www.landsend.com	5.2	6.1	5.4	4.8	5.7	4.3	5.2
17	Old Navy	www.oldnavy.com	5.1	5.4	5.0	5.3	4.1	5.9	5.0
Average			6.1	6.8	5.3	6.7	5.4	6.3	5.9

Electronic Goods Sector			CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
1	Circuit City	www.circuitcity.com	6.8	7.5	4.9	6.8	6.4	7.0	6.7
2	RadioShack	www.radioshack.com	6.6	6.4	4.8	6.6	8.7	7.3	8.0
3	Newegg.com	www.newegg.com	6.6	8.2	5.3	6.6	4.7	6.3	5.6
4	Best Buy	www.bestbuy.com	6.3	6.6	5.1	6.3	6.4	7.6	6.8
5	CompUSA	www.compusa.com	6.3	7.1	7.0	6.3	7.2	5.7	6.4
6	Crutchfield	www.crutchfield.com	6.3	7.1	6.0	6.3	5.0	5.7	5.4
7	Tiger Direct	www.tigerdirect.com	6.2	5.0	4.6	6.2	8.7	5.4	7.2
8	PCMall	www.pcmall.com	5.2	5.3	6.7	5.2	5.4	5.9	5.7
Average			6.3	6.7	5.6	6.4	6.6	6.4	6.5

Food & Drug Stores Sector

			CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
1	CVS Corporation	www.cvs.com	7.1	7.6	6.8	6.3	7.2	7.6	7.3
2	Walgreen Co.	www.walgreens.com	6.7	8.8	7.3	6.6	4.9	5.9	5.4
3	Drugstore	www.drugstore.com	6.6	7.2	5.7	6.9	6.7	6.8	6.6
4	Peapod	www.peapod.com	6.1	6.1	4.7	5.8	7.6	6.7	7.3
5	Safeway Inc.	www.safeway.com	5.4	5.6	4.7	3.5	6.2	7.2	6.4
Average			6.4	7.1	5.8	5.8	6.5	6.8	6.6

General Merchandisers Sector

			CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
1	Sears Roebuck and Company	www.sears.com	7.9	8.5	6.9	7.8	8.9	7.6	8.2
2	Wal-Mart Stores, Inc.	www.walmart.com	7.1	8.2	5.2	8.3	6.7	7.1	6.9
3	J.C. Penney Company, Inc.	www.jcpenney.com	6.7	6.8	5.0	7.8	7.1	7.2	6.9
4	Amazon.Com	www.amazon.com	6.7	8.2	4.6	7.3	7.2	6.4	6.9
5	Overstock.com	www.overstock.com	6.4	6.8	3.4	6.7	7.7	7.6	7.5
6	Kohl's	www.kohls.com	6.2	5.7	4.7	7.6	6.2	7	6.5
7	Kmart Corporation	www.kmart.com	6.1	8.9	4.5	7.4	4.3	5.5	4.9
8	Buy.com	www.buy.com	6.1	7.5	4.7	7	4.9	6.7	5.7
9	Costco	www.costco.com	6.0	6.1	4.7	6.4	5.5	7.3	6.4
10	Macys	www.macys.com	6.0	7.9	4.8	5.7	4.8	7.1	5.8
11	Saks, Incorporated	www.saks.com	6.0	6.1	4.5	8.8	4.2	6.4	5.2
12	Target Corporation	www.target.com	5.3	7.8	4.3	3.8	5.5	5.5	5.4
Average			6.4	7.4	4.8	7.1	6.1	6.8	6.4

Home & Office Sector

			CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
1	Staples	www.staples.com	6.8	7.5	7.4	7.8	5.4	5.9	5.7
2	Lowe's	www.lowes.com	6.7	8.1	6.0	4.4	9.1	6.2	7.8
3	Ace Hardware	www.acehardware.com	6.5	8.2	4.5	7.2	6.3	6.4	6.4
4	Pottery Barn	www.potterybarn.com	6.3	8.3	5.2	8.6	4.2	5.5	4.9
5	Office Depot	www.officedepot.com	6.3	8.3	6.0	4.0	6.9	6.3	6.7
6	Pier 1 Imports	www.pier1.com	5.9	7.3	4.3	6.4	4.3	7.5	5.6
7	Crate & Barrel	www.crateandbarrel.com	5.9	9.0	4.0	5.2	4.7	6.8	5.6
8	Home Depot	www.homedepot.com	5.6	7.1	4.1	6.0	4.5	6.7	5.5
9	OfficeMax	www.officemax.com	5.2	5.9	4.2	6.3	3.9	5.9	4.8
Average			6.1	7.7	5.1	6.2	5.5	6.4	5.9



Appendix B

The Customer Respect Index

The Customer Respect Index (CRI) is a quantitative measure of how well companies treat visitors to their Web sites. Our research team, with experience gained from reviewing over 2,500 Web sites, measures over 100 attributes of each site. We combine the measurements for each attribute into the CRI score for the site. This provides an overall benchmark of all sites, as well as for each individual attribute. We also assign scores to six 'sub-indexes' for each site, which provide an intermediate level of benchmarking.

These multiple levels of benchmarks enable us to establish common practice. This, coupled with the expertise of the research team and a deep knowledge of best practices and of Web user concerns, means that the CRI score is a reliable benchmark for the online user experience.

We measure the online user's general concerns and expectations by regular, non site-specific user surveys. We do not conduct click stream analysis, nor do we interrupt site visitors with pop-up questions asking about their perceptions of the site. We only visit those pages of a site required for our benchmark measurements.

The six sub-index scores are also mapped into the three CRI categories: *Ease of Use*, *Communication* and *Trust* so that the information can be presented in an intuitive and easy to understand manner.

HOW WE CHOOSE WHAT TO MEASURE

We look to five different sources to guide our metrics.

1. User surveys

We ask customers what concerns them, what troubles them, what they find annoying and disrespectful. We, as consumers, all know lack of respect when we encounter it. We aim to represent that as much as possible in our surveys.

2. Ask the expert

The Customer Respect Group has a team with unparalleled experience in Web site assessment. Some questions that would not occur to the average Web user are just as critical as those that would be obvious to them. Asking the expert is akin to your accountant or legal adviser prompting you with questions based upon years of training and experience.

3. Benchmark data

Web site design generally follows trends. There are best and worst practices and it would be foolhardy to ignore accepted standards. The Customer Respect Group has reviewed and categorized more than 100 criteria each for over 2,500 sites. That experience has provided a database of a quarter of a million categorized and classified factors.

4. Input from corporations

We speak with many major corporations to gain their insight and to learn about their issues and challenges with their online offerings.

5. Demographic information

The online customer comes from a wide range of environments. Web sites are now critical to conducting business for many companies. Eight percent of men have some form of color

blindness (versus 0.5% of women) and have difficulty reading some web sites. Fifty percent of users still use a low bandwidth connection.

SAMPLE METRICS

The following are some of the key attributes we measure for every site we review.

Ease of use

Is there a search function?

Is there a site map?

Is there a comprehensive FAQ section?

Is navigation consistent?

What is the page weight of the home page?

Are strongly contrasting colors used for text areas?

What means of contact are provided?

Communication

How quickly did companies answer inquiries?

Did replies to queries fully answer the questions?

Were our queries acknowledged by email?

Trust

Does the company use personal data for marketing purposes without consent?

Does the company share personal data with others for marketing purposes?

Is the privacy policy ease to understand?

How well are cookies explained?

Can users update their own data online?

Can users opt out of marketing or data sharing programs?

Ease of use, Communication and Trust

Ease of use – How usable is the site to a wide range of users? This includes Simplicity (general ease of use) and Attitude (accessibility).

Communication – How willing is the company to engage in a one-on-one communication to answer specific questions? This includes Responsiveness (quality of email replies – both speed and helpfulness -- response tone and other communication methods.)

Trust – Can this site be trusted with your personal data? This includes Transparency (clarity and comprehensiveness of privacy policies), Principles (respect for data privacy, cookie explanations) and Privacy (respect for data privacy, clarity and comprehensiveness of privacy policies.)



Available reports and research deliverables

The Complete Q3 2006 Retail Customer Respect Study

Full access to the performance data and results for each of the Retail sites evaluated within the study is available in the complete report. The data is provided via Customer Respect Online (CRO). CRO serves as a gateway to access the results and performance data for each of the sites evaluated within the study.

The dynamic interface of CRO unveils the performance data for each of the over 120 research elements evaluated for each site with the ability to perform head-to-head analysis against your core rivals, benchmark against best industry practices and identify areas of deficiency on your site. Filters allow you to rank your results by degree of magnitude, allowing you to prioritize the data by the most critical areas for site improvement. The CRO provides scorecards for each Retail site measured, complete with executive summary detail.

The complete Retail Customer Respect Study is a powerful deliverable to identify both specific areas of site deficiencies and areas of strength, while serving as a potent tool to mine for competitive intelligence and identify best industry practices.

Industry Table

Company Name	Simplicity	Responsiveness	Transparency	Principles	Attitude	Privacy	CRI
1 Bank of New England	8.3	8.0	9.4	8.0	8.4	9.2	8.4
2 Peach Electronics	8.2	7.0	9.9	8.4	8.4	7.6	8.3
3 Macro Software	7.6	7.2	9.4	7.8	8.1	9.2	8.0
4 Worldwide Shipping	7.8	8.0	9.4	6.3	8.3	7.7	7.9
5 Global Life Insurance	7.7	7.5	9.9	8.0	7.9	8.1	7.8
6 Planet Travel	7.9	7.8	8.7	6.6	7.6	7.2	7.7
7 Medical Solutions	7.0	8.4	8.6	6.6	7.4	7.5	7.6
8 Humant Appliances Limited (HAL)	6.2	7.4	9.0	8.7	6.9	8.4	7.2
9 JungsRetail	7.4	6.3	7.8	5.8	7.6	6.7	6.9
10 Moneytree	7.2	5.5	8.3	5.4	8.4	5.1	6.5
11 Nova Telecommunications	7.1	0.0	9.0	5.3	8.3	7.4	5.5
12 Jiff Foods	7.8	9.0	9.0	4.8	6.8	7.3	5.4
13 Diversified Hotels Group	6.5	9.0	4.5	2.8	6.8	4.0	4.0

Head to Head Company Report

Research Element	Diversified Hotels Group	Nova Telecommunications
Does the site use cookies? v4	Not used and not explained	Used and explained with reference to browser preferences to disable
Is an adequate explanation provided of why cookies are used (user focused)? v4	No cookies used	Full explanation provided
How clear is the explanation of personal data use? v2	Data is collected and use is unclear	Data is collected and use is clear
Is the Privacy Policy easy to understand? v4	Clear but lacking in detail	Slightly wordy
Describe the structure of the Privacy Policy, v4	Long block of text	Long PP that's broken-up into sections with headings
Privacy Policy explanation of editing/updating of personal data? v4	No	Online
Privacy Policy explanation of data access? v4	No	Direct online access
How explicit is the information...		

Q3 2006 Retail Interpretative Report

The Interpretative report provides a detailed review of your site on all research elements within The Customer Respect Methodology with specific attention paid to actionable items and recommendations in the subsequent written report. Ultimately this written report becomes a highly actionable written analysis with action items designed to deliver against your specific site goals and business objectives.

The recommendations in the report are prioritized, so that users of the data can enhance the online customer experience and increase brand loyalty and brand consideration in the most effective manner possible. In addition to measuring research elements within The Customer Respect Index methodology, The Customer Respect Group can also incorporate additional criteria, specific tasks or adopt personas depending on the goals of your specific Web site evaluation.

Q3 2006 Retail Editorial Report – The Customer Respect Study

The industry editorial report highlight key findings and common practices, and provides written interpretation of the key findings of the Q3 2006 Retail Study. The report represents the 'brain trust' of The Customer Respect Group's analyst teams who evaluate Web sites in the Retail industry. The report provides relevant context and narrative to deliver an overall assessment of the Retail industry with respect to best practices and industry trends – as they relate to online customer experience management.

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Customer Respect Online Study
Retail Industry
Scorecard
Third Quarter 2006

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Q3 2006 Customer Respect Retail Industry Scorecard

The Industry Scorecard is not an analysis of the industry (contained in the Full Industry Report) or a rich view of the underlying data but simply a brief look at the individual performances of Retail companies as they scored on the Customer Respect Index (CRI).

The CRI is composed of six sub-indices that factor into three meta-concepts identified by customers as their critical concerns when using websites:

Site Usability – How usable is the site to a wide range of users? This includes *Simplicity* (ease of use) and *Attitude* (accessibility and inclusion for a broad range of users).

Communication – How willing is the company to engage in a one-on-one communication to answer specific questions? This includes *Responsiveness* (quality of email replies – both speed and helpfulness -- response tone and other communication methods.)

Trust – Can this site be trusted with your personal data? This includes *Transparency* (clarity and comprehensiveness of privacy policies), *Principles* (respect for data privacy, cookie explanations) and *Privacy* (respect for data privacy, clarity and comprehensiveness of privacy policies).

Report Summary

This report examines how well 51 Retail companies' Web sites performed when analyzed using the Customer Respect methodology. This analysis measures over 130 aspects of the online user experience. Companies who perform well must enable their site visitors to easily complete tasks, respond well to email queries, and treat personal data with respect. The 51 companies we reviewed are split into the following sectors:

- Accessories & Apparel
- Electronic Goods
- Food & Drug Stores
- General Merchandisers
- Home and Office

The importance of the Web to the Retail industry is clear when the figures for Internet use and online sales are examined. The number of Americans who have access to and use the Internet has increased from 66 percent in 2004 to 73 percent in 2005, according to Pew¹. Total Internet spending hit \$143.2 billion in 2005 and Retail online sales for the 2005 holiday season reached \$19.6 billion, a 25 percent increase over the same period in 2004².

Providing an effective online channel is a vital means of increasing sales and customer loyalty. Allowing customers to make purchases as quickly and conveniently as possible, create wish lists and track deliveries from the site are useful means of facilitating and satisfying the needs of online customers. A clearly designed and structured site is a cost-effective means of marketing products to new and existing customers. The presence of easy to use self-service facilities, consistent and intuitive navigation systems and responsive customer service agents will all help Retail companies win new and repeat business.

Given the sensitive nature of information that site visitors might provide in an inquiry, registering or while making a purchase, trust is a key factor in persuading them to become a customer.

¹ Source: The Pew Internet & American Life Project

² Source: comScore Networks



Select Findings

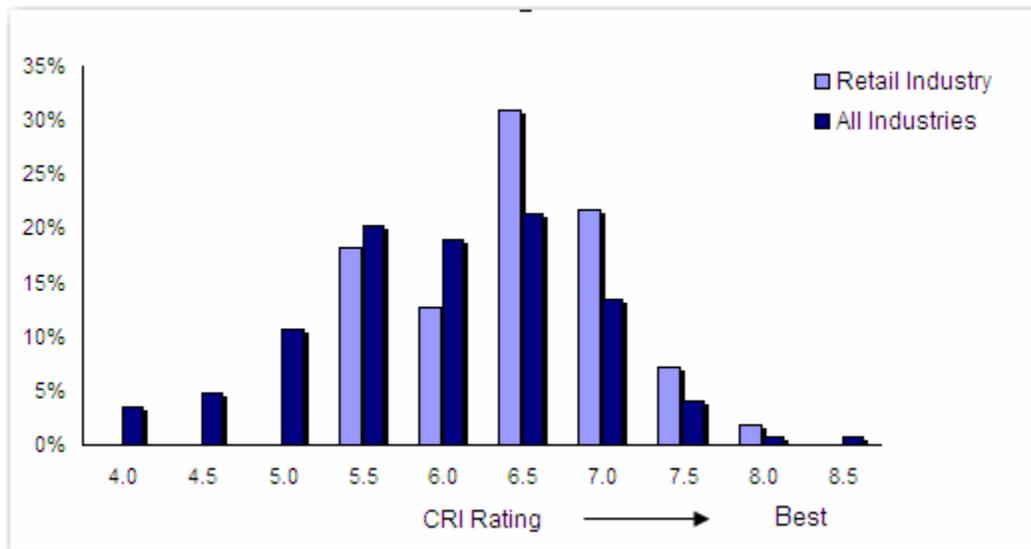
CRI Score Distribution

The Customer Respect Index and each sub-index is a measure out of 10, 10 being the best. A score of 7.0 and above is considered to be Excellent and approximately 5 percent of sites achieve that level.

The industry as a whole scored 6.2 on the 10 point CRI index, equal to the Telecommunications Industry at the top of the Industry table.

Five of the 51 companies performed well enough to gain the Excellent Online Customer Respect designation; they included Sears Roebuck, Payless Shoesource, L.L. Bean, CVS and Wal-Mart.

No retail companies rated as poor (4.0 or below) or needs improvement (5.0 and below).



Commentary

From the report, it was clear that the retail industry has taken great strides in embracing the online prospect with tremendous improvements since last year in the willingness to, and success with, dealing with individual questions and emails from the site visitor. The online visitor can be considered a potential customer walking into any retail outlet and questions are generally made to help buying decisions for purchases made online or through traditional outlets. These questions and concerns need to be addressed as there is clear evidence that the results of these interactions affect the view of the customer about the company in a very broad way. For the category of Communications, the industry scored an average of 6.6 on the 10 point scale against an all-industry average of 4.9. Nearly half of the companies measured performed exceptionally well in communications, typically the lowest scoring area for most industries. The best communicators were Saks, Newegg, Footlocker, L.L.Bean and Victoria Secret.

Some of the key findings in the area of communications were:

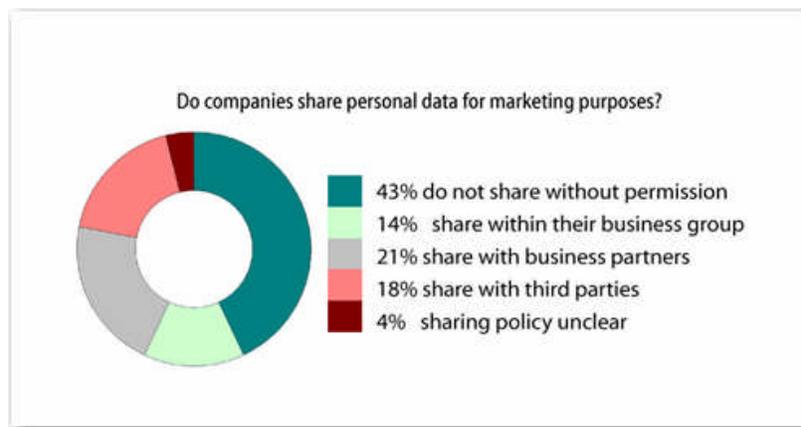
- Ninety-two percent of emails sent received a response back – this can be set against the all-industry average of an 81 percent response rate.
- Of the responses received, sixty nine percent were received within a 1 day timeframe (against all-industry 52 percent rate)
- Ninety One percent of the responses were helpful and relevant (against all-industry 64 percent rate).
- New communications innovations such as Online Chat also scored high with 22 percent of sites supporting this feature now, almost unheard of a year ago and exceeding even the high tech industry.

Whereas the retail industry has embraced online visitors and their questions, this is not all good news for the customer. The industry is also using the process to collect and then re-use information without the expressed permission or wishes of those customers. Many of these factors are collected within the Trust category of the Customer Respect Index, where the industry scores less well overall with just 4.7 on the 10-point scale.

The industry in general asked for more personal data than other industries when submitting a question, with 20 percent of companies requiring more than 10 or more fields to be completed. Twenty seven percent of websites require full registration or logon before providing full online price quotes.

These techniques are used to ever increasing amounts of demographic and behavioral data, and the industry is not averse to reusing that data.

- Seventy six percent of sites routinely reuse personal data for ongoing marketing campaigns.
- Forty three percent of the sites share personal data with other companies without the express permission of the customer as illustrated below



While these numbers are not widely outside the range of other industries, the retail industry collects greater amounts of data and with greater sophistication. That sophistication is demonstrated by the fact that 72 percent of sites allow online editing of personal information suggesting that strong back-end systems in place, however just 24 percent provide a clear process to delete records. The trustworthiest sites were assessed to be Sears Roebuck, Payless Shoesource, Radio Shack and Lowes.

Finally, while sites generally scored well on site usability, the industry did falter in support for a broad spectrum of users. Inclusive support (including support for older machines, dial up connections, users with visual and mobility difficulties and other accessibility issues) scored just 5.2 on the 10 point scale. Just 6 percent of sites have home pages of less than 150KB, making them almost unusable for dial up users and that just 14 percent consistently used strongly contrasting colors to help those with visual impairments or color blindness. Exceptions to this and good performers were Banana Republic, Staples and Walgreens.



Sub-Index Score Averages

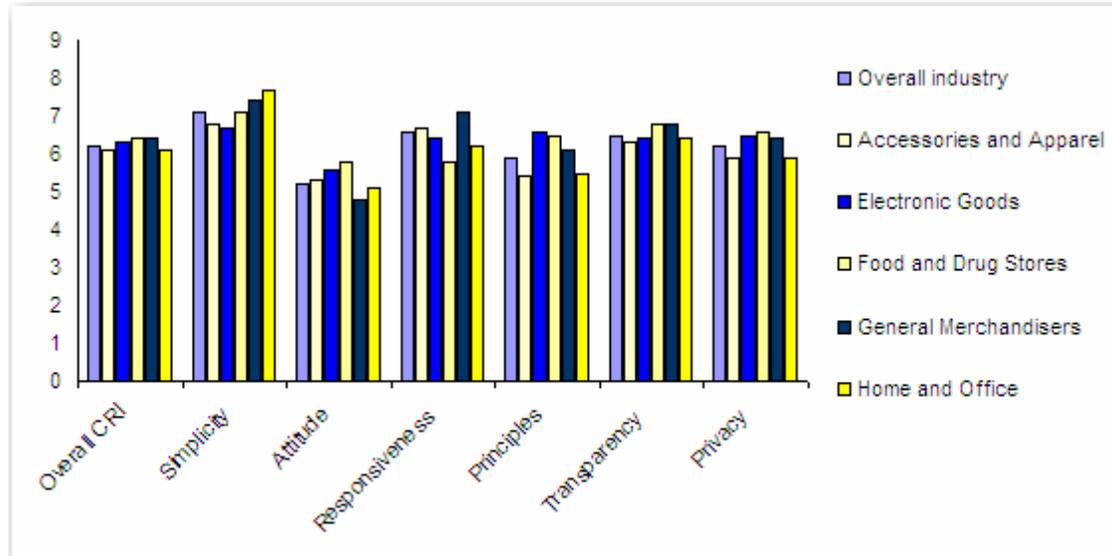
The table below shows the average sub-index scores for the industry, along with those for each of the five industry sectors. Simplicity and Attitude contribute to **Usability**; Responsiveness to **Communications** and Principles, Transparency and Privacy to **Trust**.

Average CRI and sub-index scores for the industry and each sector							
	Overall CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
Overall industry	6.2	7.1	5.2	6.6	5.9	6.5	6.2
Accessories and Apparel	6.1	6.8	5.3	6.7	5.4	6.3	5.9
Electronic Goods	6.3	6.7	5.6	6.4	6.6	6.4	6.5
Food and Drug Stores	6.4	7.1	5.8	5.8	6.5	6.8	6.6
General Merchandisers	6.4	7.4	4.8	7.1	6.1	6.8	6.4
Home and Office	6.1	7.7	5.1	6.2	5.5	6.4	5.9

Excellent ratings in bold



CRI Sub-Index Distribution



Sub-Indices Performance by Sector

From the above graph, there is little variation between the sectors but it can be seen that Home and Office sites are easiest to use, General Merchandisers are best in Responsiveness and Attitude is the area of biggest weakness.

Key Performances by Sector

Site Simplicity	Home and Office
Attitude	Accessories and Apparel
Responsiveness	General Merchandisers
Principles	Electronic Goods
Transparency	Food, Drug Stores/ General Merchandisers
Privacy	Accessories and Apparel

Key Performances by Company

Leading Websites by Sub-index							
	Overall CRI	Simplicity	Attitude	Responsiveness	Principles	Transparency	Privacy
Sears Roebuck	✓						✓
Crate and Barrel		✓					
Banana Republic			✓				
Saks				✓			
Lowes					✓		
Payless Shoesource						✓	

These websites can be considered examples and the best examples to follow for each of the sub-indices.

For overall Usability that included accessibility and other non-mainstream user support, the best site was Walgreens. The site that can best be Trusted was Sears Roebuck and the best Communicators were Saks.

Scores by Company

Company	Industry sector	Web site address	CRI
Sears Roebuck	General Merchandisers	www.sears.com	7.9
Payless ShoeSource	Accessories and Apparel	www.paylessshoesource.com	7.3
L.L. Bean	Accessories and Apparel	www.llbean.com	7.2
CVS Corporation	Food and Drug Stores	www.cvs.com	7.1
Wal-Mart Stores, Inc.	General Merchandisers	www.walmart.com	7.1
Circuit City	Electronic Goods	www.circuitcity.com	6.8
Nike	Accessories and Apparel	www.niketown.com	6.8
Staples	Home & Office	www.staples.com	6.8
Amazon.Com	General Merchandisers	www.amazon.com	6.7
Eddie Bauer	Accessories and Apparel	www.eddiebauer.com	6.7
J.C. Penney	General Merchandisers	www.jcpenney.com	6.7
Lowe's	Home & Office	www.lowes.com	6.7
Walgreen Co.	Food and Drug Stores	www.walgreens.com	6.7
Drugstore	Food and Drug Stores	www.drugstore.com	6.6
Newegg.com	Electronic Goods	www.newegg.com	6.6
Polo Ralph Lauren	Accessories and Apparel	www.polo.com	6.6
RadioShack	Electronic Goods	www.radioshack.com	6.6
Ace Hardware	Home & Office	www.acehardware.com	6.5
Victoria's Secret	Accessories and Apparel	www.victoriasecret.com	6.5
Overstock.com	General Merchandisers	www.overstock.com	6.4
Banana Republic	Accessories and Apparel	www.bananarepublic.com	6.3
Best Buy	Electronic Goods	www.bestbuy.com	6.3
CompUSA	Electronic Goods	www.compusa.com	6.3
Crutchfield	Electronic Goods	www.crutchfield.com	6.3
Office Depot	Home & Office	www.officedepot.com	6.3
Pottery Barn	Home & Office	www.potterybarn.com	6.3
Timberland	Accessories and Apparel	www.timberland.com	6.3
Kohl's	General Merchandisers	www.kohls.com	6.2
Tiger Direct	Electronic Goods	www.tigerdirect.com	6.2
Buy.com	General Merchandisers	www.buy.com	6.1
Kmart Corporation	General Merchandisers	www.kmart.com	6.1
Peapod	Food and Drug Stores	www.peapod.com	6.1
Zappos.com	Accessories and Apparel	www.zappos.com	6.1
Costco	General Merchandisers	www.costco.com	6.0
Macys	General Merchandisers	www.macys.com	6.0
Saks, Incorporated	General Merchandisers	www.saks.com	6.0
Crate & Barrel	Home & Office	www.crateandbarrel.com	5.9
Neiman Marcus	Accessories and Apparel	www.neimanmarcus.com	5.9
Pier 1 Imports	Home & Office	www.pier1.com	5.9
Home Depot	Home & Office	www.homedepot.com	5.6
AnnTaylor Stores	Accessories and Apparel	www.anntaylor.com	5.5
Coldwater Creek	Accessories and Apparel	www.coldwatercreek.com	5.5



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Foot Locker	Accessories and Apparel	www.footlocker.com	5.5
Gap	Accessories and Apparel	www.gap.com	5.5
Safeway Inc.	Food and Drug Stores	www.safeway.com	5.4
Target Corporation	General Merchandisers	www.target.com	5.3
Abercrombie & Fitch	Accessories and Apparel	www.abercrombie.com	5.2
Land's End	Accessories and Apparel	www.landsend.com	5.2
OfficeMax.	Home & Office	www.officemax.com	5.2
PCMall	Electronic Goods	www.pcmall.com	5.2
Old Navy	Accessories and Apparel	www.oldnavy.com	5.1
Industry average			6.2





Available Services from The Customer Respect Group

- How does your company measure up on the retail benchmark?
- Or against the largest 100 US companies?
- Or other industry leaders?
- Where is your site ahead or behind in the competitive internet environment?
- What are current practices and what ones are gaining strength?
- Which sites should you look at for innovations in Customer Respect?

As customers find more choices online, customer respect has become one of the key indicators towards long term brand and company image and subsequent success. Can you afford not to know if your web site is potentially alienating thousands of potential customers?

The Complete Q3 2006 Customer Respect Study

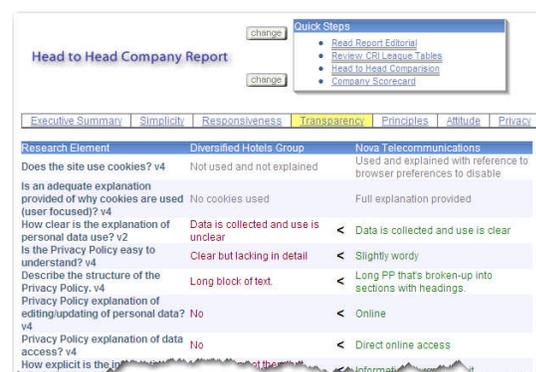
Full access to the performance data and results for each of the sites evaluated within the study is available within the complete report. The data is provided via Customer Respect Online (CRO). CRO serves as a gateway to access the results and performance data for each of the sites evaluated within the study.

The dynamic interface of CRO unveils the performance data for each of the over 120 research elements evaluated for each site with the ability to perform head to head analysis against your core rivals, benchmark against best industry practices and identify areas of deficiency on your site. Filters allow you to rank your results by degree of magnitude, allowing you to prioritize the data by the most critical areas for site improvement. The CRO provides scorecards for each site measured, complete with executive summary detail.

The complete Customer Respect Study is a powerful deliverable to identify both specific areas of site deficiencies and areas of strength, while serving as a potent tool to mine for competitive intelligence and identify best industry practices .



Company Name	Simplicity	Responsiveness	Transparency	Principles	Attitude	Privacy	CRI
1 Bank of New England	8.3	8.0	9.4	8.0	8.4	9.2	8.4
2 Peach Electronics	9.2	7.0	9.9	8.4	8.4	7.8	8.3
3 Macro Software	7.6	7.2	9.4	7.8	8.1	9.2	8.0
4 Worldwide Shipping	7.8	8.0	9.4	6.3	8.3	7.7	7.9
5 Global Life Insurance	7.7	7.5	9.9	8.0	7.9	8.1	7.8
6 Planet Travel	7.9	7.8	8.7	8.8	7.6	7.2	7.7
7 Medical Solutions	7.0	8.4	8.8	6.6	7.4	7.5	7.6
8 Human Appliances Limited (HAL)	6.2	7.4	9.0	8.7	6.9	8.4	7.2
9 Jungletelnet	7.4	6.3	7.8	5.8	7.6	8.7	6.9
10 Moneyline	7.2	5.5	6.3	5.4	8.4	5.1	6.5
11 Nova Telecommunications	7.1	0.0	9.0	5.3	6.3	7.4	5.5
12 JB Foods	7.0	0.0	9.0	4.8	6.6	7.3	5.4
13 Diversified Hotels Group	6.5	0.0	4.9	3.7	6.1	4.0	4.0



Research Element	Diversified Hotels Group	Now Telecommunications
Does the site use cookies? v4	Not used and not explained	Used and explained with reference to browser preferences to disable
Is an adequate explanation provided of why cookies are used (user focused)? v4	No cookies used	Full explanation provided
How clear is the explanation of personal data use? v2	Data is collected and use is unclear	< Data is collected and use is clear
Is the Privacy Policy easy to understand? v4	Clear but lacking in detail	< Slightly wordy
Describe the structure of the Privacy Policy. v4	Long block of text.	< Long PP that's broken-up into sections with headings.
Privacy Policy explanation of editing/updating of personal data? v4	No	< Online
Privacy Policy explanation of data access? v4	No	< Direct online access
How explicit is the information of the		< Informative

Interpretive Reports

The Interpretative reports provides a detailed review of your site on all research elements within The Customer Respect Methodology with specific attention paid to actionable items and recommendations in the subsequent written report. Ultimately this written report becomes a highly actionable written analysis with action items designed to deliver against your specific site goals, business objectives.

The recommendations within the report are prioritized, so that users of the data can enhance the online customer experience and increase brand loyalty and brand consideration in the most effective manner possible. In addition to measuring research elements within The Customer Respect Index methodology, The Customer Respect Group can also incorporate additional criteria, a specific task or take on a persona depending on the goals of your specific web site evaluation.

The Customer Respect Index – What is your Score?

The Customer Respect Group measures the behavior of corporate websites in relation to the treatment of the online customer and their personal data. Key drivers such as Privacy, Responsiveness, Attitude, Simplicity, Transparency and Business Principles are measured as part of the review process. Each website is assigned a Customer Respect Index (CRI™) rating.

The Customer Respect Group provides a wide range of reports, data analysis tools, web site surveys and services to help monitor trends, common and best practices and help companies improve their websites. The Benchmark allows companies to compare and contrast with other companies in the sector, their industry and with the largest and/or best companies across all industries.

Ease of Use, Communication and Trust

The CRI is composed of six sub-indices that factor into three meta-concepts identified by customers as their critical concerns when using websites:

Site Usability – How usable is the site to a wide range of users? This includes *Simplicity* (ease of use) and *Attitude* (accessibility).

Communication – How willing is the company to engage in a one-on-one communication to answer specific questions? This includes *Responsiveness* (quality of email replies – both speed and helpfulness -- response tone and other communication methods.)

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