

RedEnvelope

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*Christopher Cunningham,
CIO, RedEnvelope*

Impact Highlights:

- Reduced shopping cart abandonment from 81% to 63%.
- Reduced site-related calls to the customer service center by 45%.
- Sales revenues increased by 95%.

About RedEnvelope

Premier gift seller RedEnvelope distinguishes itself by offering stylish merchandise for upscale buyers who want a convenient way to give the right gift, be it for a business associate or a loved one. With a simple and elegant site design and a powerful and compelling catalog, RedEnvelope strives to make finding, selecting and purchasing gifts effortless.

RedEnvelope's Challenge

With a demanding and discerning customer base, RedEnvelope must not only anticipate consumer needs, but also offer superior customer experience that keeps customers coming back. "The gift-giving business is highly personalized," says Christopher Cunningham, CIO of RedEnvelope. "No matter how unique or stylish the gift, you need to have an intimate connection with your customer to create merchandise that resonates with both the buyer and the recipient and to deliver a customer experience that is an aspiration of the RedEnvelope brand."

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RedEnvelope needed to increase its understanding of customers and view the shopping experience through their eyes. The company searched for a customer experience management solution that could generate the customer insights they needed to improve the overall experience and bring a measurable return on investment. RedEnvelope chose Keynote for its ability to gather qualitative feedback on consumer perceptions in addition to the overall behavioral picture of where customers go on a site and why. "Keynote offers a unique value proposition to clients," explains Cunningham. "They're able to deliver a complete picture of customer experience by revealing not only how my customers are interacting with the site, but what they are thinking as they maneuver through the pages."

The Keynote Solution

Keynote Professional Services worked with RedEnvelope to help set priorities for a site redesign. RedEnvelope wanted concrete recommendations on how to improve customer experience and to measure the impact of the changes it made based on Keynote's recommendations. "Keynote not Professional Services worked as our partners to help us

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make substantial improvements to our site; I viewed them as an extension of my in-house design and development teams," says Cunningham. "They delivered on our expectations and we were extremely satisfied with their understanding of our business, thorough analysis and solid recommendations."

Through Keynote, RedEnvelope learned that users were impressed by its site and product quality, but that the shopping and search processes needed improvement. Users had difficulty finding gifts using the search engine and were disappointed by the search results layout. They overwhelmingly requested a sort search by price option and a search by age feature. Keynote recommended making the search capability more flexible and prominent, adding additional gift categories and offering viewing options for search results.

Keynote also uncovered user confusion about how to add products to carts, fill out checkout forms and locate shipping policy information. Users were confused about the order in which information was requested and presented during checkout. Many wanted to first see the total price, including shipping costs and sales tax, before moving to subsequent checkout pages. Keynote recommended that RedEnvelope enable users to verify and change their orders during checkout and also recommended adding a separate and prominent shipping link so users could read about shipping options and prices. In addition, Keynote suggested some navigational improvements so users could better see where they were on the site and how many pages of products they could view. "Keynote informed us of not only the specific areas on our site where improvements were needed, but

detailed recommendations on how to remedy those areas to have the greatest benefit for our customers," says Cunningham.

The Keynote Impact

Based on the Keynote recommendations, RedEnvelope streamlined its shopping and checkout processes, enhanced the search tool and improved site navigation. The resulting redesign reduced the number of clicks for the entire shopping process—from product selection to checkout—by 37%. Furthermore, the checkout process was greatly simplified by reducing the number of pages from five to three.

A follow-up evaluation conducted after RedEnvelope implemented the Keynote recommendations showed overall experience metrics improved significantly. Satisfaction with the site increased by 13%, organization ratings improved by 9% and the number of panelists reporting a positive shopping experience increased by 32%.

More importantly, users indicated they were 12% more likely to return to the site and make purchases. These considerable increases—some from the 80th percentile to the 90th percentile—signified a tremendous impact on the site as a result of the redesign. "It's rewarding when you can attach a value to the changes you make on your site. Seeing these striking improvements helped us to understand where we created more value for our customers and enhanced our bottom line," says Cunningham.

About Keynote

Keynote Systems (NASDAQ "KEYN") is the global test and measurement company for mobile communications and online business performance.

As an independent and trusted third-party, Keynote provides IT and marketing executives with an unbiased view into their Internet services from around the world. For over a decade, we have been providing measurement data and testing capabilities that allow companies to understand and improve their customer's online and mobile experience.

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Keynote and RedEnvelope discovered that the increases in customer satisfaction and positive shopping experiences were accompanied by a very real change in the company's revenues. In the areas where the Keynote recommendations had direct site impact such as the checkout process and search capability, RedEnvelope saw immediate improvements in revenues. The number of carts abandoned during checkout improved from 81% to 63%, slightly better than the industry average of 65%. Based upon a full week of comparison data, this reduction in carts abandoned during checkout, increased sales by 95%.

Extrapolating these results for a full year would yield incremental revenue of \$7.7 million! Also, with the improved site, RedEnvelope's customer service center reported a 45% decrease in calls related to confusion in the use of the site, yielding a 2% decrease in overall operating costs for the RedEnvelope call center. "We approached Keynote with very specific goals and they did not disappoint," concludes Cunningham. "Not only were we able to make informed decisions about what to improve on our site, but Keynote helped us measure the impact of those changes on our revenues and costs. We are firm believers in the value of the Keynote solution."

