Shelley Taylor & Associates

Click-Here Commerce:
Digital Downloading

▶ **International study identifies the critical success factors in the DIGITAL DOWNLOADING OF MUSIC, FILM , TV & Radio.**

The internet has created tremendous opportunities for new music, television and movie businesses to develop. But at the same time, and perhaps at a faster pace, the distribution of pirated, counterfeit, unauthorized compilations and other physical pirated product have proliferated. We are experiencing at once both the inevitable decentralization and disintermediation in the entertainment industry. This is all made possible through the web, other distribution devices, and the emergence of entirely new distribution models. Add to these the critical mass in broadband usage, appropriate technology and strong reception in the consumer market to services such as iTunes and Rhapsody. We are confronted with the challenge to create wrap-around services and business models that compel users to pay for content, **converting pirates to pilots.** Consumers want to drive their own entertainment experience. Whether the audio or video digital content is rented, borrowed or purchased, ease of use and interface are, and will remain, the critical success factors. Consumers will pay to have control.

The study presents the critical benchmarks destined to become the defining success factors of digital downloading. In this study, we challenge the efforts of many of the most popular sites. By revealing their shortcomings, we propose a road map for improvements in online music, film, TV and radio site user interface, the key to revenues, customer retention and future performance.

Click-Here Commerce: Digital Downloading provides the first ever comprehensive evaluation of the user interface on all of the key digital content delivery sites. Using hundreds of metrics to analyze sites it presents the **features**, **content** and **activities** that support digital distribution of music, film, television and radio content. Moving from a largely pirate internet market to a pure digital content market will rely on building customer relationships through improved user experiences.

Click-Here Commerce: Digital Downloading analyzes each aspect of the sample sites and the steps required in the process of downloading: *site entry*, *Home page*, *globally available links*, *pre-sale assistance*, *categorization, resources, the download and/or purchase path, personal use rights, communities,* and *post-sale service and support.*

Click-Here Commerce: Digital Downloading provides a template for optimal practice. It is critical to learn from the mistakes of others and, even more importantly, to use best practices as a springboard for site development and future profits.

Our new study draws from the methodology developed from our original e-commerce and interactive television studies: ***Click-Here Commerce*** , ***Return to Sender*** and ***Stay Tuned***. ***Click-Here Commerce*** provided the antidote to *shopping cart abandonment syndrome* - the success factors of pre-sale assistance and foreshadowing of post-sale support. ***Return to Sender*** provided remedies for *post-transaction anxiety disorder*, the prescription for repeat business and customer loyalty through order fulfillment and post-transaction communication. ***Stay Tuned*** provided the antidote to *mad couch disease* or the inertia evoked by poorly conceived interactive television.

Click-Here Commerce: Digital Downloading is the first study to identify **what works** and **what doesn't** in digital downloading.

Click-Here Commerce: Digital Downloading will show readers:

▶ *how to apply the most successful practices of web-based retailing to digital content*

▶ *content and medium-specific information architecture*

▶ *ways to increase revenues, customer retention and market share*

▶ *strategies for increasing the number of successful transactions*

▶ *how to attract and retain paying customers through the offer of the most effective user interface*

Shelley Taylor & Associates

Click-Here Commerce:
Digital Downloading

New research

Click-Here Commerce: Digital Downloading examines some of the most popular sites for music, film, television, p2p, radio and other forms of digital content available over the internet – in North America and Europe. This research shows readers what B2C and B2B industry leaders like AOL, BT, Cisco, Dell, Microsoft and countless other online vendors have learned from groundbreaking web research published by Shelley Taylor & Associates.

Background & Purpose

The Digital Deluge

The digital delivery of video and audio content is in its infancy yet rapidly growing. Although the very concept of ownership is being challenged, the recent success of the iTunes site, and the inevitable "me too" rush of Microsoft and other competitors to enter the fray, proves that consumers are willing to pay for digital content – if they are given compelling reasons. As hardware prices drop, a feeding frenzy of software developers, network providers, and manufacturers battle for control of the living room. The result is that **users are drowning in rivers of data spawned by gadgets that sing, talk, and beam**. Platforms, standards, formats and rights are of little interest to the consumer whose only objective is to rent, own or subscribe to – *control* – content that they can then port to and from their TV, stereo, car, cell phone, and/or computer. The relentless evolution of technology often leads to products and services that ignore basic human needs, habits and desires.

It is simply not enough to offer products and services online; pirates must be converted to pilots. Consumers want to drive their own entertainment experience.

Although technology is rapidly changing and convergence is all the rage, the way we humans process purchasing decisions remains largely the same. First impressions – the Home page of the digital showroom – are and have always been critical to a completed transaction. If customers are unable to access the site or pages load slowly due to bandwidth, browser and software requirements then transactions are impossible. Further, potential customers, the largest percentage of site visitors, need certain assurances before making a transaction. Probably no other area of the purchasing experience can so fuel site abandonment as the absence of contextual pre-sale assistance. The points at which the assistance is available are as important as the forms of information; both are essential to building a relationship with the customer. It may not be possible to give everyone what they need all of the time, but the process should take a prospective customer, build the potential to take action and then make it easy to conduct a transaction. Easy to find, accurate descriptions of digital content, services and other useful resources must be accompanied by a simple purchase and downloading process. While meeting the needs of ever more demanding customers, companies must find winning business models as well as ways to attract and retain customers.

Traditional, and as yet uncontested, marketing wisdom says that it costs 6 times more money to gain a new customer than to keep one (perhaps even more!). Therefore, customer support should begin once the customer begins browsing and then continue throughout the purchase and downloading process. From the company's perspective, customer anticipation creates tremendous opportunities for companies to build customer loyalty and repeat business. Few ecommerce sites understand this better than Amazon.com and yet, although Amazon and others model best practices in ecommerce, few sites have succeeded in transferring this knowledge into the budding digital music and entertainment industry. Online fulfillment and post-transaction support are the least developed areas in online retailing yet contain the greatest opportunities for future revenue. When evaluating sites where consumers can download digital content we look at whether sites contain specific content or support particular activities crucial to ecommerce order fulfillment and post-sale support. In order to map the entire digital download we have classified each step in the process from site entry through the browsing and eventual purchase and/or free download. We have also evaluate where and how companies use the post-sale process to up-sell and cross-sell; opportunities for generating further revenue. This systematic approach enables companies to manage customer expectation and implement successful web-based purchasing experiences, customer service and support.

Whether your customers are suffering from the symptoms of Shopping Cart Abandonment Syndrome, Post-Transaction Anxiety Disorder or **Digital Deluge, the cure can only be effected by its hosts—the very companies that are responsible the disease**, the digital downloading sites

Shelley Taylor & Associates

Click-Here Commerce:

Digital Downloading

Methodology

Click-Here Commerce: Digital Downloading catalogs *site entry requirements* (browser, software, platform, bandwidth requirement, and media players and formats), the *home page*, *pre-sale assistance* and *new user guides* . It evaluates whether sites contain specific *content* or support particular *activities* that are crucial to listening or viewing, streaming, browsing, downloading, purchasing, burning, storing or organizing digital content and making transactions online. The analysis includes *site organization*, ease of *navigation* and the *number of clicks* required to achieve the customer's desired objectives. We have categorized everything from the business model, compatibility with portable players and devices to play lists, search and media categorization, formats, ability to browse and sample, through particular functions and resources (e.g., collaborative filtering and purchase pattern based recommendations) designed to enhance the user experience.

We have completed a transaction to purchase digital content (where applicable) and/or download from all of the sites included in the sample in order to track the entire customer experience. A total of **approximately 2,000 proprietary evaluation criteria** were used to analyze the sites; each site according to about 500 metrics.

The Sample

The **63 sites** analyzed are drawn from North America and Europe and include the following:

Online music Stores such as *iTunes Music Store, Microsoft, RealPlayer Music Store;*
Media Players such as *iTunes, RealPlayer, Windows Media Player;*
Ecommerce sites that sell various forms of digital content such as *FNAC, & Virgin Megastores*
Internet Radio Stations (streaming and downloadable) such as AOL, BBC, Yahoo & Live365;
Peer-to-Peer, legal & illegal such as *Soulseek, Limewire, Kazaa;*
Artist & Record Labels (independent and major) such as EMI, Universal, Prince and Robbie Willams;
Internet based Television & Film content such as ABC News, BBC, and Movie Link

What you will receive

Click-Here Commerce: Digital Downloading will enable purchasers to benchmark their own sites. More importantly, it provides best practice examples for the most important features (regardless of how rare), opportunities for improvement to even the most successful sites. This cross-category analysis provides inspiration; features and functions in one domain can be borrowed for another. The study was **published in March 2005.** All of the sites were audited most recently in March but are continuously audited so the study has **no shelf life**! We added an additional 5 sites in June.

FULL REPORT
The FULL REPORT consists of following components for the price of $5,000/£2,750/4,000 euro:
Volume I (215 pages) – highlights of the findings, executive summary and detailed findings (a discussion and analysis of the criteria as they pertain to user needs and business models). In addition, screen shots and best practice examples provide concrete opportunities for improving customer experiences.

Volume II (60 pages) – a matrix that presents a side-by-side review of 63 sample sites according to each of the more than 500 evaluation criteria.

A LA CARTE PRICING (DIGITAL DOWNLOADING UNBUNDLED!)
The study has been un-bundled and now individual categories can be purchased separately (see table of contents on the following page). For the price of $1,800/£1,000/1,500 euros, subscribers receive the **Online Music Store section plus one one other category**: Internet Radio, Film & TV, Record Label & Artist, or P2P & Player. Additional categories can be purchased for $600/£350/500 euros each. The basic Al La Carte study includes the contents of Volume I as described above (pages 1-122), plus one additional section describing a particular category, along with the corresponding Volume II matrix that shows side-by-side comparison of the categories purchased (Online Music Store plus Television & Film, for example).

"I'm very excited about what I see. You have an entirely different perspective on many things so some comments are surprising, but will cause us to consider things differently than we have in the past - just what we were looking for." direct quote from one purchaser of the study.

Click-Here Commerce:

Digital Downloading

Table of Contents

TABLE OF CONTENTS

Sample Page from Volume 2

DOWNLOAD STORES — SHOPPING (sample table: AOL MUSICNET, BLEEP, CONNECT.COM (US version), CONNECT-EUROPE, FNAC MUSIC, HMV, ITUNES, MUSICMATCH, MUSIC MSN)

Shelley Taylor & Associates

Click-Here Commerce:
Digital Downloading

Who should purchase this research

- **Directors of Marketing, Sales & Communications of ecommerce sites that offer physical, downloadable or streamable digital content**
- **Music, Television or Film industry Executives**
- **Recording Artists**
- **Record Labels (independent and major)**
- **Telecommunications industry (mobile and fixed) Executives**
- **Chipmakers**
- **Software Developers**
- **Hardware and Device manufacturers**
- **Web Site Designers**

About Shelley Taylor & Associates

Shelley Taylor & Associates is a 16 year old management consulting and business publishing firm with offices in Palo Alto, California and London. The firm is best known for its studies on user interfaces in retail and business e-commerce, corporate web sites and disclosure practices. A search on Shelley Taylor & Associates on google.com or any of your favorite search engines will yield an extensive history of press coverage of our many research studies and of our domain expertise.

A few of our clients

AOL   AT&T   American Airlines   BT   BSky B   Canal +   Cisco Systems   Dell
France Telecom   Havas   Marks & Spencer   Microsoft   NBC   Nestlé,
Procter & Gamble   Reuters   Sun Microsystems   Travelocity   Universal

Additional information about Shelley Taylor & Associates and/or the research can be found on the company web site: www.infofarm.com, by calling 44(0)20 7243 3438 (UK), 1 650 473 6514 (US) or emailing digitaldownloading@infofarm.com.

Order form

Yes, I would like to purchase 1 copy of **Click-Here Commerce: Digital Downloading**. Please invoice me (check one option).

- [ ] for the *Full Study:* price $5,000/£2,750/4,000, euros
- [ ] for the following sections of the study, *A La Carte:* price $1,800/£1,000/1,500 euros
    - MUSIC + RADIO
    - MUSIC + RECORD LABEL & RECORDING ARTIST
    - MUSIC + FILM & TELEVISION
    - MUSIC + P2P
    - MUSIC + MEDIA PLAYER
- [ ] for each additional components (Radio, Label/Artist, Film/TV, P2P, Player): price $625/£350/500 euros
    - please specify _____
- [ ] please call me about an audit of our service (peer audits and professional services available)

SEND ORDER FORM TO:
Shelley Taylor & Associates

FAX (US): 1 650 651 1608
or
EMAIL:
digitaldownloading@infofarm.com
or
CALL: (US) 650-473-6514

name   ....

title   ....

company   ....

telephone   .... fax .... email ....

address   ....

- [ ] **No,** I am not interested at this time but please add me to your mailing list

Shelley Taylor & Associates   US tel: 650-473-6514   email: digitaldownloading@infofarm.com   www.infofarm.com