



# CASE STUDY: DRUGSTORE.COM, INC.



## THE COMPANY

drugstore.com is among the fifty largest online retailers in the U.S. focused on health, beauty, and vision products with \$413 million in revenue and more than 1,000 employees. It has a growing portfolio of brands led by: drugstore.com, Beauty.com, VisionDirect.com and SkinStore.com. RightNow helps support all four.

## THE CHALLENGES

- Provide a competitive customer experience
- Answer questions regarding tens of thousands of products
- Improve agent productivity, decrease call handle times
- Use the contact center to drive revenue

## THE RIGHTNOW SOLUTION

RightNow Service, including

- Web self-service
- Agent desktop
- Live chat
- Email management
- Voice for order tracking

## THE BOTTOM LINE

“The challenge that companies face in the retail market is that customer expectations are going up, up, up. We don’t have the same branding opportunities as a brick-and-mortar store, so for us, every customer service touchpoint is vital. Our brand IS our customer experience, and RightNow ensures that we don’t miss a step.”

—Ron Kelly

Vice President of Customer Care and Pharmacy Services, drugstore.com, Inc.

## VOICE OF THE CUSTOMER

“I would call the customer service at drugstore.com the Nordstrom of drugstores.”

—Anonymous drugstore.com customer

## WHY RIGHTNOW

“RightNow has a more intuitive, smarter contact center solution. We also like that RightNow is hosted, eliminating much of our administrative burden and keeping the control within the customer care organization rather than IT.”

—Ron Kelly, Vice President of Customer Care and Pharmacy Services, drugstore.com, Inc.

## BY THE NUMBERS

- Nearly 150 agents in two contact centers
- More than 55,000 SKUs available
- 80,000 to 100,000 support inquiries/month
- 30% email volume reduction
- 25% of beauty chat sessions convert into sales
- Reduced agent call handle times by 15%
- Steady increase in Net Promoter score

# 30%

Email volume reduction

# 25%

Beauty.com chat sessions convert into sales

# 15%

Agent call handle time reduction

## 8 STEPS

RightNow has a proven methodology, known as the “8 Steps,” for delivering superior customer experiences. drugstore.com has accomplished three of the 8 steps, including:

- Establish a knowledge foundation
- Empower customers to serve themselves
- Offer multi-channel choice

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## Multiple Brands, One Solution

drugstore.com serves the health, beauty, and vision consumer with convenience, selection, and first-class personal service. Its portfolio of more than a dozen brands include: drugstore.com, Beauty.com, and VisionDirect.com. Consumers can access each brand directly from www.drugstore.com, and with a selection of more than 55,000 products at competitive prices, they aren't likely to leave with an empty cart. Open for business 24 hours a day, seven days a week—even insomniacs can shop-till-they-drop. Plus, who can beat doorstep delivery?

Beauty.com is one of the fastest growing websites for designer and high-end beauty products. The web store provides a unique, highly personalized shopping experience, and offers more than 200 brands that range from the widely recognized, to the niche, and hard-to-find.

## Some Healthy Competition

drugstore.com knows that competition among retailers has never been tougher. And, as a pure-play online retailer, it has the added challenge of convincing customers to shop online for items they typically buy at the corner store. Think toothpaste, laundry detergent, or a bottle of aspirin. Given the current state of the economy, consumers are spending less and expecting more. They look to online retailers for the convenience of shopping from home and having products delivered to their doorstep. drugstore.com can be the retailer to give it to them.

## Quadruple the Inventory, Quadruple the Questions

That's right. drugstore.com offers customers more than 55,000 products, or Stock Keeping Units (SKUs). This is more than four times what the average drugstore offers and puts it way ahead of brick-and-mortar competition in terms of selection, but online shoppers have little patience—they expect answers, and they don't expect to wait. With so many different products, drugstore.com must be prepared for just as many different questions coming from online shoppers. It typically sees 80,000 to 100,000 inquiries per month. Its goal is to answer inquiries fast—and to leverage the communication to reinforce their brand and build a loyal customer base. Every interaction must be exceptional.

## The Uncommon Drugstore

The root of a great customer experience is knowledge. So, to build a brand known for uncommonly superior customer

experiences, drugstore.com started with knowledge. Using RightNow's self-learning knowledge foundation, drugstore.com was able to create a knowledge base that addressed the most common or routine consumer requests, such as shipping policies or how to renew expired prescriptions.

By giving customers access to information on the website, and empowering them to help themselves, drugstore.com was able to reduce incoming email by more than 30%. This translates into substantial cost savings. It also uses RightNow Voice to help consumers track their orders without agent assistance. They simply call into the drugstore.com 800 number, say their order number, and immediately get accurate and consistent information on whether their order has been shipped and when they can expect it to be delivered.

“RightNow is a great solution, not only to mitigate costs in the call center, but also to help provide a better experience,” explained Ron Kelly, Vice President Customer Care and Pharmacy Services, drugstore.com, Inc. “Our customers like to solve issues for themselves.”

Not only can consumers find answers for themselves online, they can also send email or submit questions through the website. With RightNow, drugstore.com is able to manage a high volume of incoming email requests while providing each customer with an exceptional and tailored experience. Using RightNow, it tracks the progress of every email through the support organization. And with automatic attribute-based routing, email gets to the right agent at the right time. drugstore.com also uses RightNow SmartAssistant to scan message content then automatically suggest relevant knowledge base content to the customer—reducing the number of emails that require agent response.

## The Road to a Unified Agent Desktop

drugstore.com maintains a large contact center in Halifax, Nova Scotia and a smaller contact center in Seattle, Washington. Nearly 150 drugstore.com agents support between 80,000 and 100,000 customer inquiries per month. As the company grew and increased the number of products it sells, the number of tools contact center agents had also jumped to nearly ten different applications. Before implementing the RightNow agent desktop, the contact center had become a very complex environment—slowing agents down, and making it difficult to get new agents up-to-speed quickly.

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Complexity wasn't the only reason drugstore.com decided to consolidate the agent desktop with RightNow, "Consumer demands have really escalated," said Kelly. "In the past companies could respond to an email in a few days, today consumers want answers immediately." Because RightNow tailors content and functionality on each agent's desktop to address the specific issue at hand, service representatives can very quickly, and accurately, respond to incoming requests. drugstore.com has seen a 15% decline in their agent handling times and a steady increase in customer satisfaction.

Once contact center costs were reduced, agent productivity was up, and customer satisfaction was on the rise, Kelly started to look for ways his contact center could actually drive revenue. He had a beautiful idea...

## A Beautiful Experience: 25% Conversion from Chat Sessions

Beauty.com, a wholly-owned subsidiary of drugstore.com, is using RightNow Chat to provide customers with live, expert advice and recommendations when shopping. Through live, online chat sessions, Beauty.com replicates the beauty experience consumers have at the make-up counter in their local department store. Trained beauty advisors, all with esthetician or beauty counter experience, can now engage in live chat sessions with online shoppers to share immediate advice on the best products for their needs from the convenience and privacy of their homes. Beauty.com is converting approximately 25% of chat sessions into product orders, proving that chat is a great way to help drive revenue in the contact center through cross-selling, up-selling, and providing guidance for online purchases. "Our Beauty.com agents are tasked with driving incremental revenue," said Kelly.

## A Little SaaS Goes a Long Way

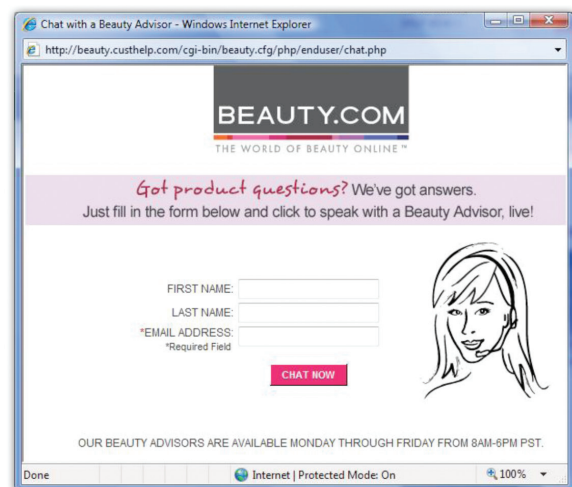
When it first launched in 1998, drugstore.com used internal IT resources to build the systems it needed for customer care. As the internet and CRM software evolved, Kelly realized drugstore.com would be better served by a best-of-breed hosted CRM solution rather than home-grown systems. "RightNow has its own development staff and their core competency is building and deploying systems that provide better customer care experiences. Now that we are using the RightNow solution, our team can focus on building out our ecommerce platform to sell more health, beauty, and vision

products. There has been a shift in thinking at drugstore.com during the last few years; we are more focused on best-of-breed service offerings from third parties like RightNow."

## Customer Experience Philosophy at drugstore.com

Customer experience is serious business at drugstore.com; "Customer experience is vital to what we do," stated Kelly. Kelly knows that it is typically more expensive to gain a new customer than to take great care of an existing customer. He sees the value in solving customer problems, "... a customer is a lot more loyal to an organization if they have actually had an issue and had it resolved, rather than if they never had an issue in the first place. For this reason, the customer care organization is uniquely positioned to help increase customer loyalty."

In addition to enhancing the brand by delivering great customer experiences, Kelly's organization is looking to generate revenue. "Care organizations are always pressed to save money, we are just starting to look at ways our agents can actually drive revenue," said Kelly.



25% of Beauty.com chat sessions convert into sales.