



e-commerce kpi benchmarks 2016





study author

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often seen at swim in the Irish sea.

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introduction

hiya

How things have changed. Lack of measurement is no longer a marketing problem. In fact, the opposite is true. One of the principle issues facing digital marketers today is that we are drowning in a sea of data with limited time to analyse it. In a world where our performance is 100% accountable, it is crucial that we identify and comprehend the correct insights to drive our digital marketing strategy.

The E-Commerce KPI Study sets out to be an e-commerce digital marketer's best friend. In this study we will help you:

- * Discover how your website KPIs stack up against industry averages.
- * Interpret why your KPIs are over-performing, and identify which underperformers are worth investing in.
- * Understand which website metrics correlate with conversion.
- * Gain insights into the oft talked about metrics that don't actually influence conversion, so you can stop worrying about them and shut down the time-consuming conversations surrounding them.
- * Effectively communicate performance upwards to 'not digital native' management.
- * Answer that critical twin question: How to increase traffic and simultaneously improve your conversion rate.

the data

We analysed:

87 million website sessions

€230 million in online revenue

From our participant website between 1st April 2015 and 31st March 2016.

We averaged stats on a per-website basis, so that websites with high levels of traffic didn't skew the stats.

Revenue is attributed on a last-click basis. A selection of named participants are listed at the bottom of the study.

Retail contributors – We have a broad range of retail contributors in fashion, furniture, sports & leisure, department stores, health & beauty, electrical goods, jewellery, gifts and more. We have broken out the data to cover 'online only' retailers and 'multichannel retailers' who have both an online and offline presence. We've found the metrics to be quite distinct for the two sets of retailers.

Travel contributors – Our travel contributors are predominantly hotels with a small number of visitor centres/attractions. The KPIs for travel contributors give a good reflection of KPIs for 'single item' travel purchases but are not so accurate a reflection for 'package purchases' which demonstrate very different consumer behaviour.

You will notice the metrics are quite different for retail and travel contributors. Here's why:

The monogamous retail shopper tends to engage with the one website from the beginning of the research journey right through to the final transaction. Whereas the flirtatious travel shopper will flutter around a myriad of review sites, travel blogs and online travel agencies before eventually arriving at the transaction website with their mind made up on what they want to buy. This explains the low engagement metrics coupled with high conversion metrics we see for our travel cohort.

We've modelled how we present the data on the Google Analytics interface to make it easier for you to compare your Google Analytics data against the industry benchmarks. The total figure represents the average across all participants and is closer to the retail figure as we had more retail participants.

*Context** We've added some context notes to certain sections. If there is a limitation in the measurement methodology, we will highlight this and suggest the likely impact.



Executive summary

TL;DR version

1. Google Makes the World Wide Web Go Round.

Google delivers 69% of website traffic and 67% of website revenue. This is quadruple the next best traffic source and quadruple the next best revenue source!

2. Digital Marketers Are Over-Indexing On Display.

Despite accounting for 38% of digital marketers' budgets display failed to register as a top ten traffic source.

5. SEO v PPC. Choose one.

AdWords is 'King of the Conversion'. The strongest correlation our study found was that between having a high percentage of Google paid traffic and high conversion rates. However, we also found that a high percentage of Google Organic traffic correlates strongly with a high average order value (AOV). So for high value goods websites SEO will do the job. For lower value goods websites seeking a higher conversion rate PPC is your best bet. But do both. Seriously. You really need to do them both.

3. Facebook Traffic Quantity Quadruples!

In our last KPI study Facebook traffic accounted for 1.3% of website traffic. It has now shot up to 5%. Bundles of upside still available here for canny marketers.

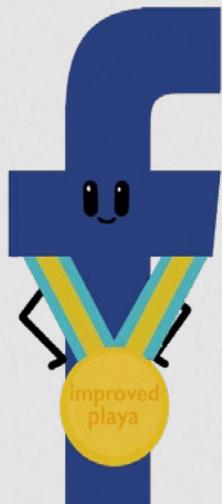
4. Don't Discount Email.

Email delivers as much traffic as all social channels combined and ranks third behind search and direct traffic for revenue generation.

6. Mobile is our 'Decision Device'.

Mobile is now the busiest device for traffic, but seriously underperforms for revenue. Its 42% share of traffic becomes a miserly 21% share of revenue, and it delivers the lowest conversion rate and AOV of all devices. So is the buzz surrounding mobile a case of the emperor not having any clothes on?

Nope! This palm sized emperor is clad in Gucci. Our correlation study found strong correlations between high percentages of mobile traffic and high overall website conversion rates. Our 'PA in our pocket' truly is the device upon which decisions are arrived at.



7. Site Speed Matters Most.

We found site speed matters more than any of the website engagement metrics. 'Server response time' enjoyed a conversion rate correlation three times stronger than the best engagement metric, 'average session duration'. Because site speed is a SEO ranking factor, smart digital marketers can benefit from a 'site speed multiplier effect' as their faster site earns more traffic combined with a higher conversion rate.

8. Bounce Rate Don't Mean Diddly.

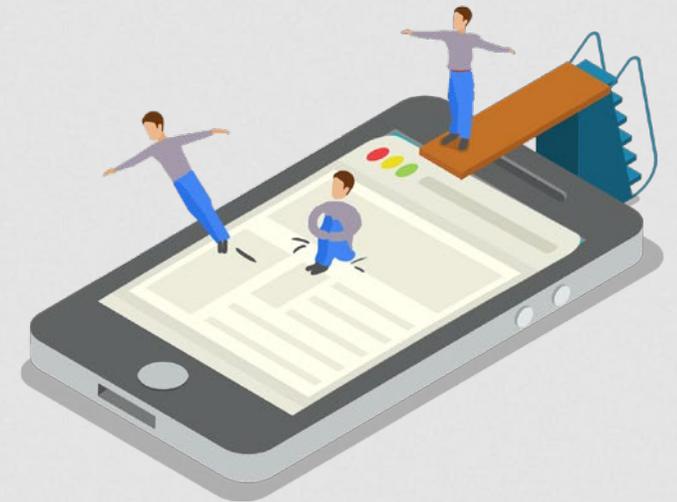
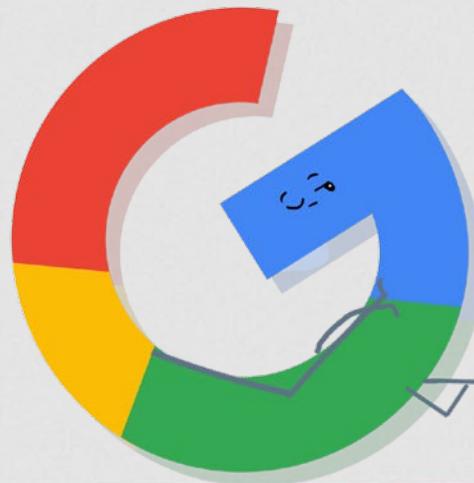
Bounce rate has zero correlation with conversion rate. As an overall website metric, it's a dud.

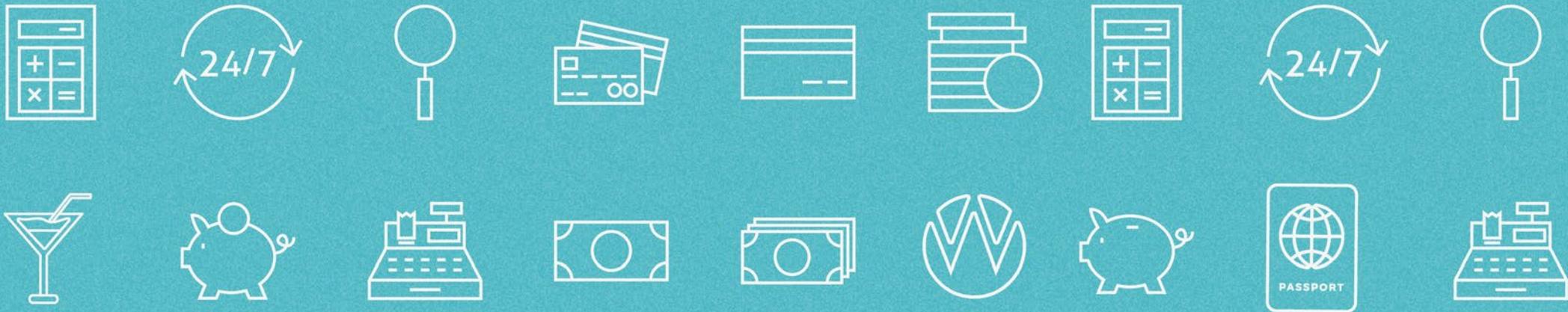
9. Average Conversion Rate Is 1.5%.

Travel websites averaged 2%. Retail websites averaged 1.4%. 'Online only' websites converted almost twice as well as their multi-channel counterparts.

10. People Are Buying More Online, A Lot More.

Average Conversion rates have increased 10% since last study. Retail average order value has shot up 25%!





What sources

generate
most traffic?

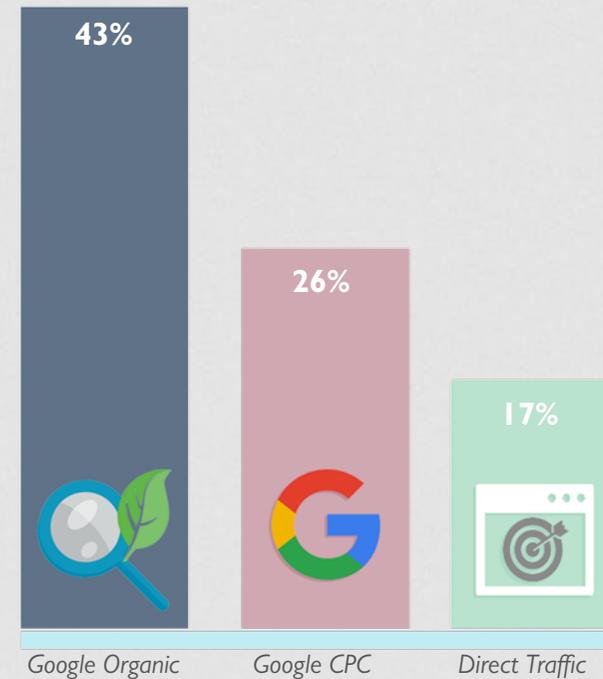
In this section we are going to answer the FAQ

“How much traffic should I be getting from Google, Facebook, Email etc?”

“Win on Google Win Online”

The answer? **When you win on Google, you win online.**

More than two thirds of e-commerce website traffic comes from Google. With 43% coming from Google Organic and 26% coming from Google CPC.



You can't go to a search conference these days without hearing a digital media banshee decrying “The Death of SEO” from up on high. Our findings demonstrate this clearly isn't the case with almost half (43%) of traffic coming from Google Organic. This figure has actually increased from 40% in our previous KPI study. Google AdWords accounts for one quarter of traffic (26%) and Direct is the third most popular traffic source delivering 17% of traffic. This direct traffic is typically made up of repeat visitors returning to the website (including repeat customers), traffic from above the line marketing activities such as TV advertising and ‘dark traffic’.

“It’s not the notes you play, it’s the notes you don’t play that matter”

- Miles Davis

	Google Organic	Google CPC	Direct	Email	Facebook Organic	Facebook CPC	Bing Organic	Yahoo Organic	Others
Retail	43%	27%	16%	6%	3%	2%	1%	1%	8%
- Multichannel	47%	24%	15%	7%	4%	2%	1%	1%	7%
- Online Only	33%	36%	17%	4%	3%	2%	1%	1%	9%
Travel	39%	20%	23%	-%	0%	0%	1%	1%	15%
Overall	43%	26%	17%	6%	3%	2%	1%	1%	9%

A notable finding from this research is the channels not generating traffic. According to the IAB, 38% of European Digital AdSpend went on the display category in 2015 which includes VOD, Display and Social.

Display and Video don’t register as a top 10 traffic source. By nature, they are more ‘branding’ channels than ‘direct response’ so their benefit might be seen in the high levels of direct traffic and the proportion of that Google Organic traffic that comes in as brand searches. However, marketers with a mandate for direct response should carefully analyse what propor-

tion of their budget is going to these underperforming traffic sources.

Facebook was the only social network to register as a traffic source with 5% of traffic. This has quadrupled from 1.3% in our last study. We’ve seen anecdotal evidence of Facebook now being able to contribute very large volumes highly targeted traffic for great value CPCs, but the study demonstrates an ‘adoption lag’ as the majority of websites are not realising this benefit yet.



What sources

generate

most revenue?

“Google makes the world wide web go round”

	Google Organic	Google CPC	Direct	Email	Facebook Organic	Facebook CPC	Bing Organic	Yahoo Organic	Others
Retail	41%	25%	17%	6%	2%	0%	2%	1%	12%
- Multichannel	45%	22%	15%	7%	2%	0%	2%	1%	13%
- Online Only	31%	32%	21%	5%	2%	0%	2%	2%	12%
Travel	46%	27%	16%	-%	0%	0%	2%	2%	6%
Overall	42%	25%	17%	6%	2%	0%	2%	2%	11%

So which traffic sources contribute the most cash on a last click basis?

If money makes the world go round, Google makes the world wide web go round, contributing a whopping 67% of revenue, 42% organic and 25% CPC. The next best non-direct channel for revenue is actually email. In fact, the combo of Google and Email represents almost three quarters of revenue (73%). If you are time and resource poor, maximising your impact on these two channels looks a very safe bet.

The value in developing an up to date databases of customers' email addresses now reaches far beyond the sending of email alone. Google recently introduced customer match which allows advertisers target their email

list on Google Search, YouTube and Gmail Native Ads. Facebook also allows advertisers upload email addresses for ad targeting purposes. We've frequently found these "email targeted" campaigns to be high performers.

Interestingly Bing and Yahoo both deliver twice as much revenue as they do traffic. Indicating that although the quantity of traffic is low it is highly profitable traffic. I'd suggest this is down to reduced competition on the less popular search engines.

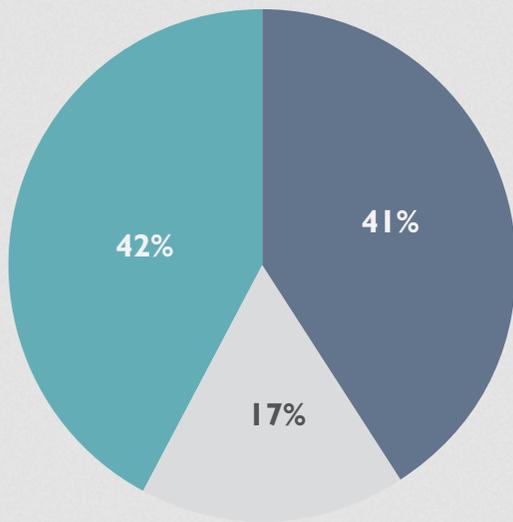
**Context – At this point you might be thinking “that all sounds great but last-click attribution is quite limited”. Right you are! I will be talking Paths to Purchase and Assisted Conversions later.*



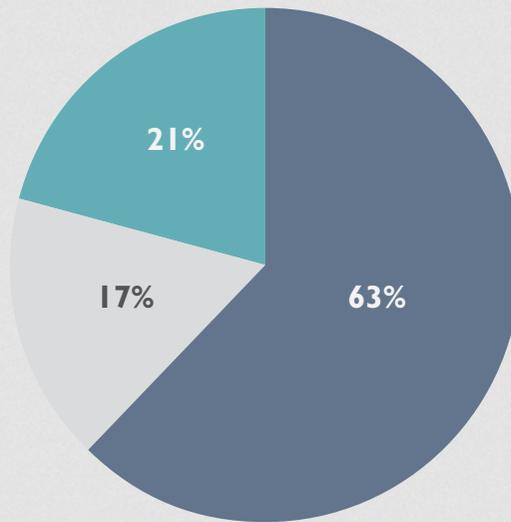
What
devices

are people using to browse and buy?

Sessions By Device



Revenue By Device



The quickest way to induce nausea in a room full of digital marketers is to proclaim “This, is the year of MOBILE!”. We’ve had that maxim rammed into our earholes for almost a decade now.

But there are some striking stats surrounding mobile usage in 2016. First of all, mobile is now ahead of desktop for delivering website traffic!

“THIS,
IS FINALLY,
THE YEAR.....”

Let’s not go there.

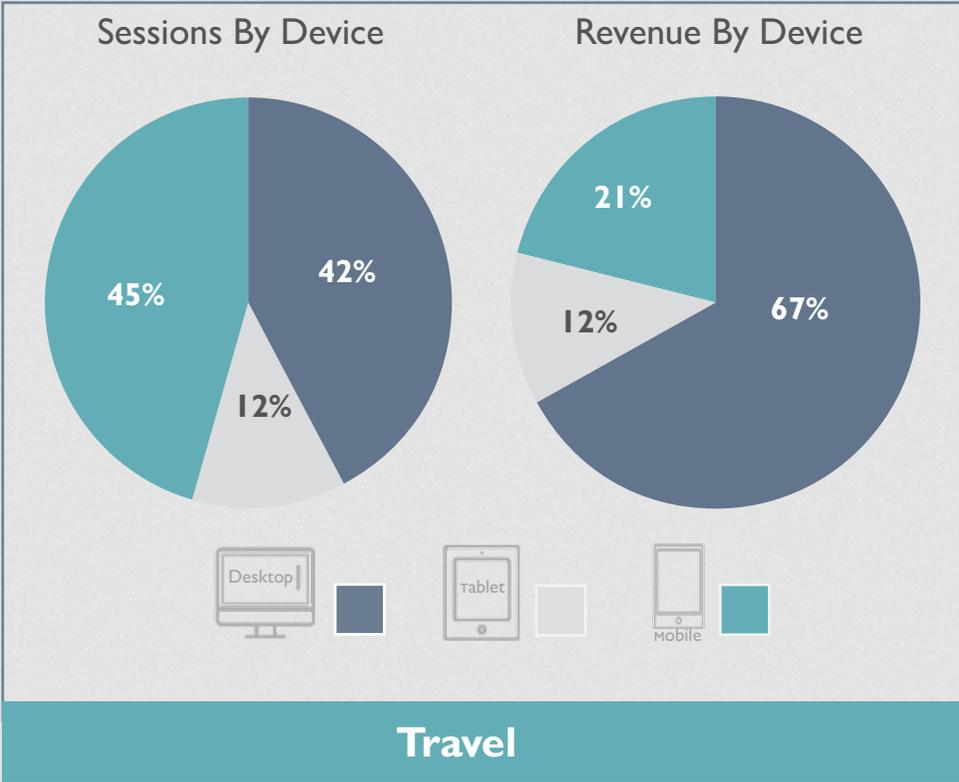
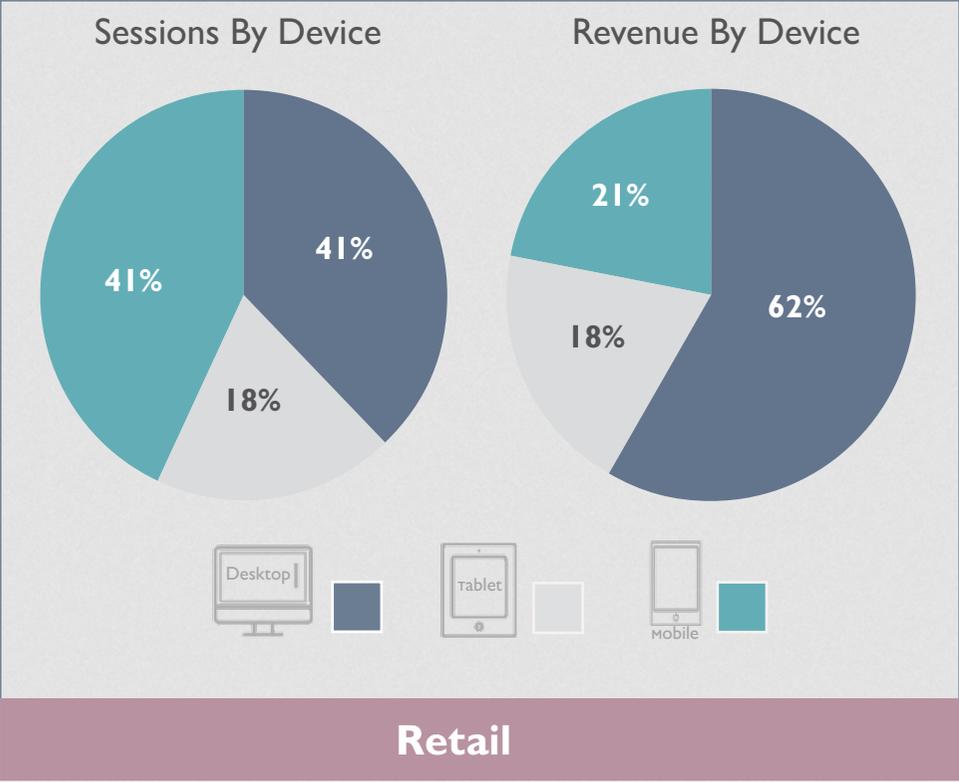
However, mobile’s cold hard commercial metrics are an awful lot less exciting. Mobile suffers the lowest conversion rate of all devices and the worst AOV too. Meaning that mobile’s 42% share of traffic is chopped in half and translates to a 21% share of last-click revenue.

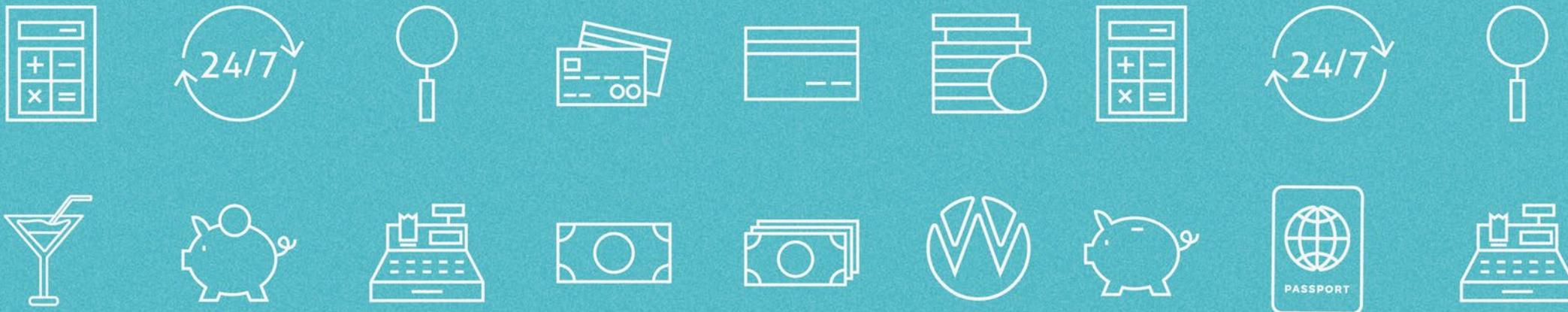
The trusty desktop might be losing traffic share but it punches way above its weight when it comes to conversion, owning 63% of revenue and enjoying the highest AOV and highest conversion rate to boot.

So is the buzz around mobile a mirage disguising a dramatically underperforming device? Or is mobile simply the research device upon which decisions are made before the user moves to their desktop with their mind made up to seal the deal?

Let’s skip ahead to our correlation study to see how mobile traffic impacts overall conversion rate.

Mobile is actually the device that shows the strongest correlation between the percentage of traffic it delivers and overall conversion rate. So if your website gets a higher than average proportion of traffic from mobile devices you are likely to experience a higher than average website conversion rate. This is despite the fact that the conversion rate for that chunk of mobile traffic will be poor. From this stunning finding we can deduce that purchase decisions are arrived at on mobile before being completed on desktop (or offline). Mobile, our PA in our pocket, truly is our research device.





Does **site speed** matter?

It does to Google!

Google founder Larry Page is famously obsessed with speed. Way back in 1996 before Google was called Google, Larry hypothesised that the faster Backrub (as Google was initially called) results load, the more the search engine will be used. This mission for speed dictated the minimal search page design which the world is now so familiar with.

Larry's obsession with speed has transcended Google's digital products. When a Googler is setting up a presentation and the room is waiting Larry can be heard counting loudly

“One-one thousand,
Two-one thousand
Three-one thousand
...”

while staring blankly at the wall, until the presentation is ready to go.

So would your website speed invoke Larry's ire?

Here are the average site speed metrics.

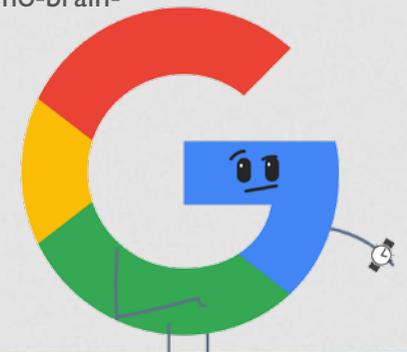
Average page load time 6.5 seconds.

This is significantly slower than the 2 second threshold for e-commerce websites recommended by Google. Amazon's research into site speed found that every one second delay reduces conversion rate by a whopping 7%.

We found Average Server Response time is 0.76 seconds.

We also found a strong correlation between low server response times and high conversion rates. This means for every two tenths of second you shave off your server response time you can expect to see an an 8% lift in conversion rate. Unsurprisingly, there was also a strong correlation between high server response time and high bounce rate.

Site speed is not only a conversion factor, it's a Google ranking factor. So when we talk about optimising site speed we are talking about a potentially dramatic 'multiplier effect' on revenue, from the combined benefit of more traffic coupled with a better conversion rate. For this reason, optimising site speed seems to be a no-brainer for performance focused digital marketers.



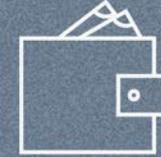
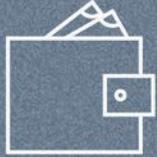
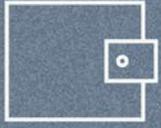


What are average on-site
engagement
metrics?

So now you've got the prospect to your website, how can you expect them to behave? We've broken on-site metrics down into 2 categories; "engagement metrics" and cold hard "conversion metrics".

Let's start with average engagement metrics.

	Pages / Sessions	Session duration	Bounce Rate	Page Load Time	Server Response Time
Retail	6	00.03.49	34	6.57 sec	0.85
- <i>Multichannel</i>	6	00.03.44	32	6.12 sec	0.95
- <i>Online Only</i>	6	00.04:02	40	7.67 sec	0.59
Travel	3	00.02.36	44	5.69 sec	0.34
Overall	6	00.03.37	36	6.43 sec	0.77



Typical
paths
to purchase

Our Traffic Revenue figures (section 3) are attributed on a last-click basis. The next few sections will give us a fuller picture of all the website touchpoints prior to that last converting click.

This is critical data. Today's consumer journeys to purchase take place over multiple touchpoints. For online-only retailers we are seeing that 40% of revenue happens after 3 'same device' clicks and after 5 days.

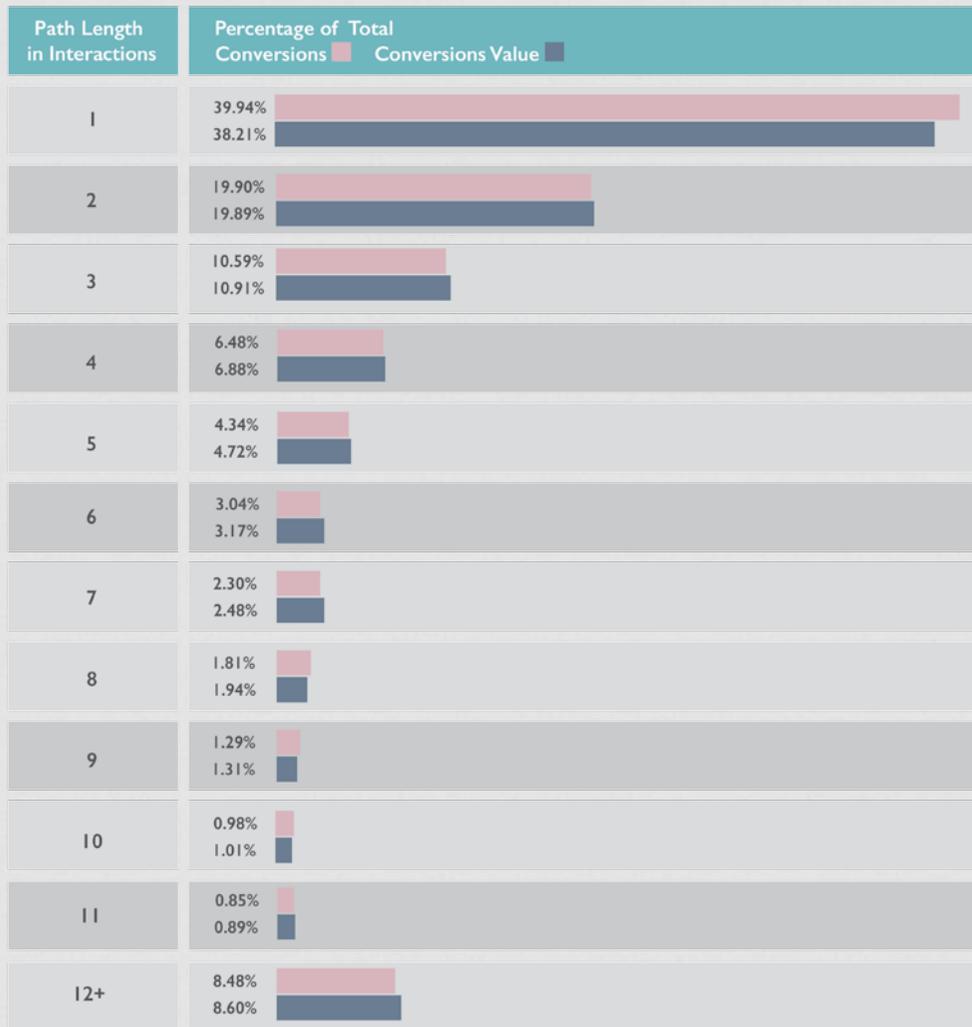
***** Context – we aren't measuring cross-device conversions here, therefore the conversion paths we can measure only happen on one device, hence it's certain that actual conversion paths are longer than the data demonstrates.*

Here are some of implications of longer paths to purchase:

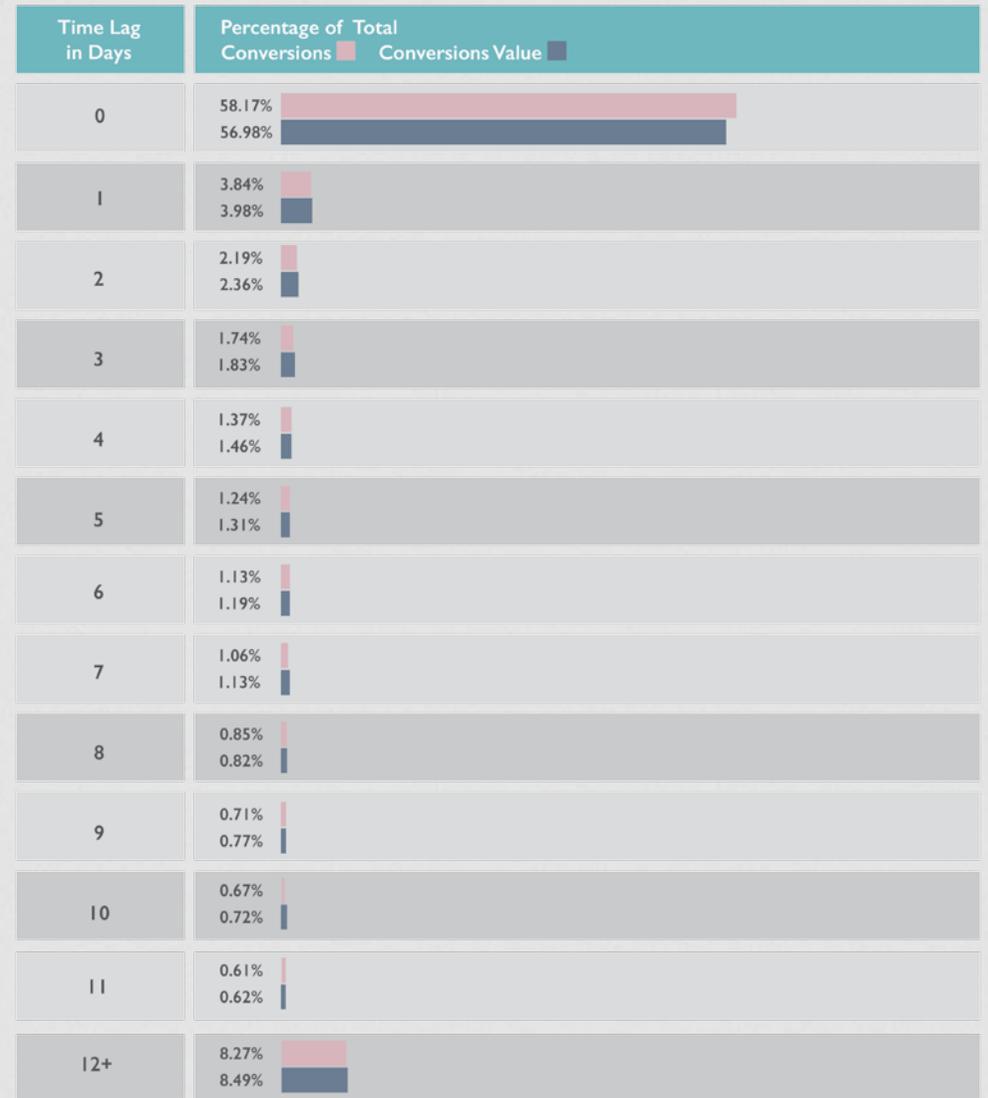
Conversion Rate Consideration. The more clicks prior to purchase the lower your conversion rate will be.

AdWords Impression Share. If you have limited impression share you could have a leaky bucket, i.e. you are investing in the first two clicks to warm up the prospect but budget is then depleted when the searcher comes back to search again.

Cross Channel Audience Strategy. As paths to purchase become longer your cross channel audience strategy (link) grows in importance. When implemented correctly you can design and create the touchpoints required for a conversion



Overall Clicks to Purchase



Overall Days to Purchase



Assisted
conversions

Channel Grouping	Assisted Conversions	Assited / Last Click/ Direct Conv
Direct	58%	0.79
Paid Search	36%	1.54
Organic Search	55%	1.31
Email	10%	5.02
Social Networking	03%	4.09
Referral	10%	1.37
Display	02%	17.28
Other	04%	3.33

How to read the Assisted Conversions figure:

The % represent the proportion of assisted conversions attributed to this channel. They add up to more than 100% because there is more than one assisted conversion per conversion on average.

E.g. Social – PPC – Organic (conversion)

will attribute the conversion to Organic and one assist each to Social and PPC.

The fact that our assisted conversions add up to 177% tells us that there are 1.77 assisted conversions for every conversion or 2.77 clicks on the average conversion journey.

3 of the stand out channels delivering assisted conversions are:

Direct – Highest proportion of assisted conversions. This makes sense if you consider the types of traffic that make up Direct. Direct mops up returning customers as well as returning visitors, both of whom are more likely to convert. Direct also mops up traffic from above the line advertising.

Google Organic & Paid Search – The other key contributors of assisted conversions. If you view Google as one channel it is easily the largest source of assisted conversions. Given that Google drives 67% of ‘last-click’ revenue it’s no surprise it plays a major role in delivering assisted conversions.

Email – Email assisted 10% of conversions. What's unique about email was it was an interaction initiated by the advertiser. They mailed their database and this propelled people to visit the website and buy. The prospect initiated the interaction in the other top assisting channels.

Assisted/Conversions. This metric is a little harder to wrap your head around.

How to read this figure:

For every conversion, how many assisted conversions did we get? When the number is above 1 this tells us this channel tends to be a TOFU (top of funnel) touchpoint. When it's below 1 it tells us it's a BOFU (you guessed it!) touchpoint. Email and Display are the standout figures here, with email delivering x assists for every conversion and display delivering x assists for every conversion.

It's worth mentioning that Facebook is getting a raw deal in terms of measurement here. At present Google Analytics is not good at measuring cross-device conversions for the majority of websites. Facebook's traffic is 91% mobile. We've already deduced that mobile is the research device and desktop is the transaction device. So conversions that started on mobile and finished on desktop won't show a mobile Facebook assist. My gut tells me if we were tracking cross-device conversions Facebook would be a power player when it comes to the assist.



Commercial **metrics**

Average Order Value and Conversion Rate

The numbers you've been waiting for... those critical conversion metrics.

Conversion Rate

Retail converts at an average of 1.4%. Online-only retail converts at 2% while Multichannel retail converts at 1.1%. The reason for the multichannel retailers' lower conversion rate is they are making 'untracked' conversions in store, so their online conversion rate only tells half the story.

Our travel participants convert at 2% on average.

	Average Conv Rate	AOV
Retail	1.36%	€186
- Multichannel	1.12%	€192
- Online Only	2.00%	€170
Travel	2.04%	€333
Overall	1.48%	€209



Average Order Value

The Online-only retailer has a marginally smaller AOV (€170) than the Multichannel counterpart who averages €192.

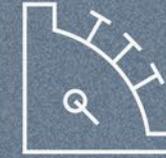
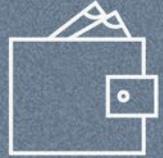
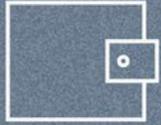
Travel websites are enjoying a much bigger AOV again with €333.

When we compare these figures with our 2014 study we see that the average conversion rate has increased 10% and Retail average order value has shot up by a stonking 25%!

So how do your commercial metrics stand up against your industry benchmarks?

How should you go about improving your critical cash-money numbers?

The next section will give you a deeper understanding as to how your other website metrics influence your commercial metrics and will help you funnel your activities towards the most effective activities.



How do
engagement metrics
influence conversion metrics?

Want to ramp up your conversion rate?

Keen to boost your average order value?

Worried your bounce rate is costing you customers?

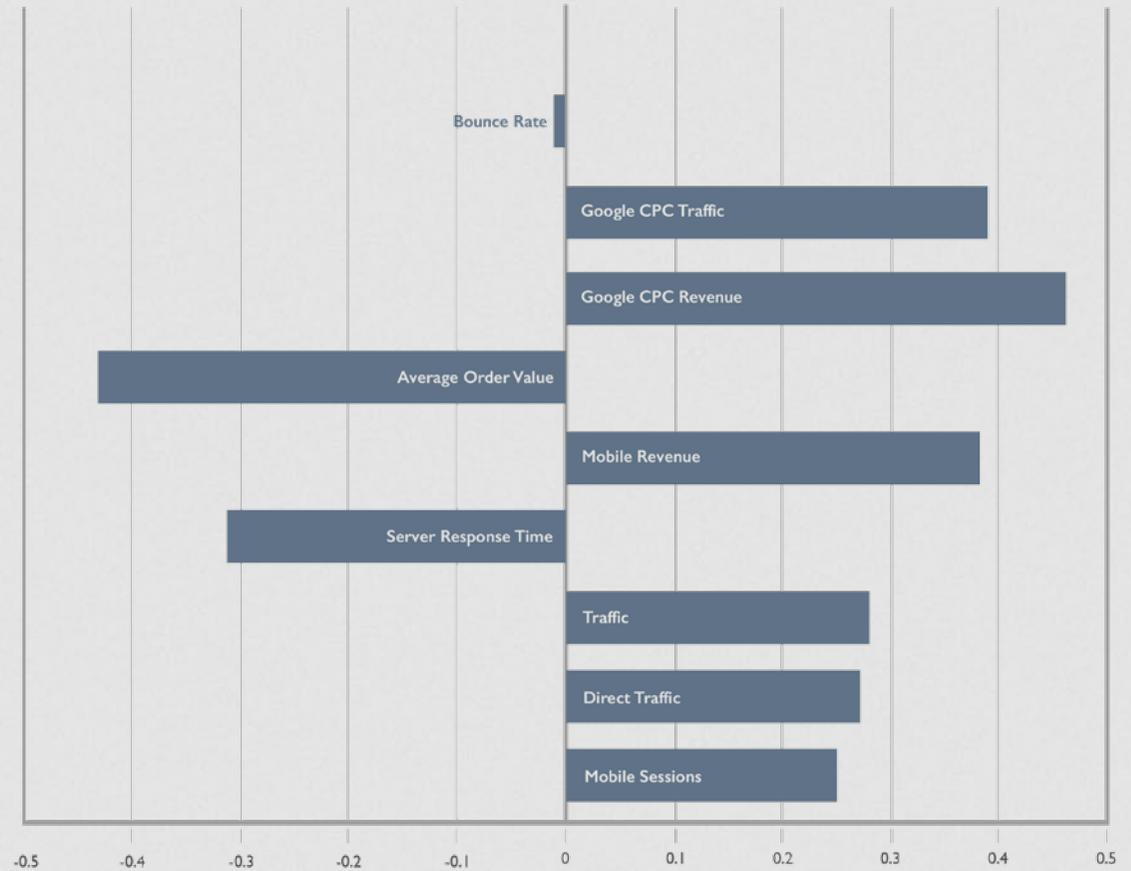
Or simply want to understand the relationships between the various metrics?

We've correlated all the metrics in the study with conversion rate and average order value (AOV).

Here are the stand out findings in order of strength of correlation:

(correlation is measured on a scale of 0-1, with 0 being no correlation and 1 being perfect correlation. A negative correlation indicates an inverse relationship between the two metrics).

Conversion Rate Correlations:



AdWords is 'King of Conversion'. The websites who got more than the average proportion of traffic and/or revenue from AdWords enjoyed higher conversion rates. This was the strongest correlation found in the study.

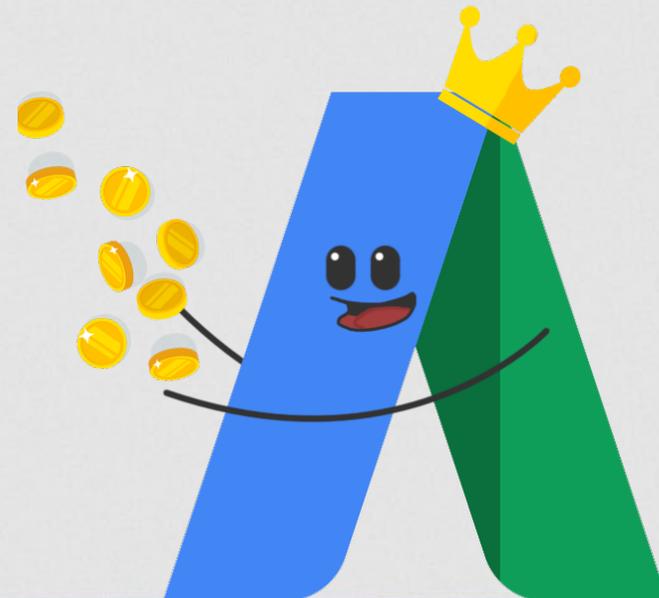
Purchase Decisions Are Made On Mobile. Websites who got more than average traffic and/or revenue from mobile devices enjoyed higher overall website conversion rates.

Repeat Customers Boost Conversion Rate. Direct revenue is a healthy sign of repeat visitors and loyal customers which will boost conversion rate. We found significant correlations between websites with higher than average direct traffic proportion and higher conversion rate.

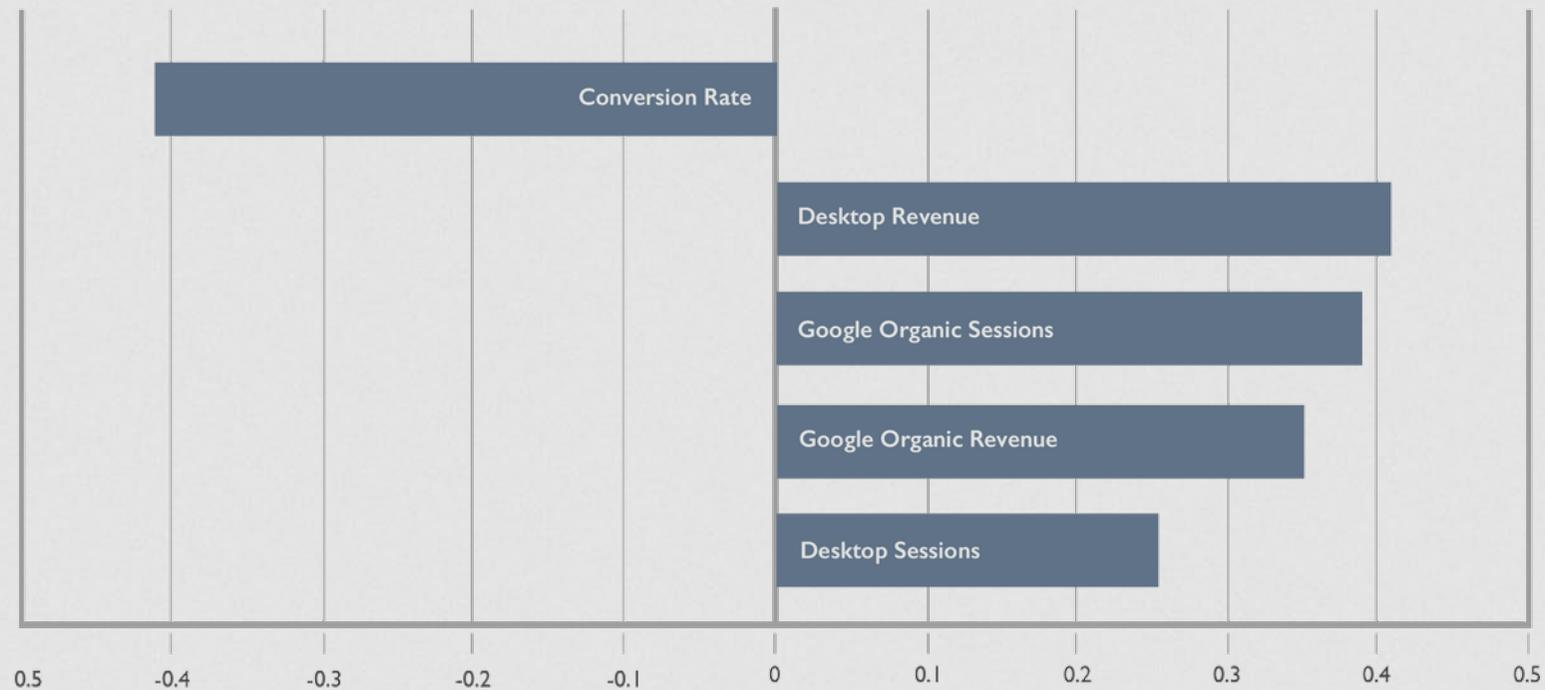
Speed Matters. There was a strong correlation between quicker server response times and higher conversion rates. The correlation here was three times stronger than other engagement metrics such as pages viewed and time on site.

Interestingly Bounce Rate Has No Correlation (-0.03) With Conversion Rate. This demonstrates that the widespread 'all bounces are bad' notion is simply wrong. If Google is doing its job correctly, it delivers people to the webpage with the info they need, from where they happily bounce off.

Size Matters Too. The websites who enjoyed more traffic than the study average enjoyed higher conversion rates and vice versa.



AOV (average order value correlations)



High AOV Hurts Your Conversion Rate. If your conversion rate is lower than the study average it might be because your AOV is higher. We found a solid negative correlation of conversion rate decreasing as AOV increases.

High AOV Transactions Occur On Desktop. There is a very strong correlation between desktop revenue and traffic with high AOVs.

SEO for AOV. Those high AOV transactions tended to happen for websites who enjoy higher than average organic traffic and revenue. Those websites with broad SEO coverage are being rewarded by the research-heavy, high-value customer.



The
million euro
question!

So how many clicks does your website need to get to turnover €1,000,000?

323,365.

That's how many!

Check out the industry breakdown below.

	Average of Overall Conv Rate	Average of ATV EUR	# Transactions	# Sessions Required	Revenue
Retail	1.36%	186	5,390	396,535	€1,000,000
- Multi	1.12%	192	5,217	467,590	€1,000,000
- Online Only	2.00%	170	5,866	293,487	€1,000,000
Travel	2.04%	333	3,001	146,982	€1,000,000
Overall	1.48%	209	4,774	323,365	€1,000,000

private findings



We have private findings for study participants which go deeper. In the private findings we have deeper industry specific findings on:

1. Paths to Purchase
2. Assisted Conversions
3. Conversion Correlations

If you sign up to contribute to next year's study you can access this year's private findings.

Get in touch with kt@wolfgangdigital.com to sign up for the next study and receive your copy of the private findings.

Selection of Contributors

Harvey Norman

Kilkenny Shop

Lifestyle Sports

Littlewoods Ireland

McElhinneys

Voya

Guinness Storehouse

Funked Up Fixies

We have a large bank of participants
who wish to remain anonymous



Words by Alan Coleman | Pictures by Jen Darcy | Numbers by David O'Daly