

# IMRG Capgemini Quarterly Benchmarking Report

Feb 2019 to Apr 2019  
(Q1 2019)



## What is the Quarterly Benchmarking?

The Quarterly Benchmarking is an additional reporting tool that is open to all participants in the IMRG Capgemini Online Retail Sales Index. It tracks key performance indicators across 12 categories, leading to unique insights into the performance of the UK online retail sector.

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## Introduction

The *IMRG Capgemini Quarterly Benchmarking* tracks key performance indicators across twelve categories, leading to unique insights into the performance of the UK online retail sector. The categories are:

- Website performance
- Customer acquisition & retention
- Commercial
- Order fulfilment
- Geographical split
- Marketing performance
- Channel
- Customer funnel
- Site Navigation
- Mobile and App data
- Customer engagement
- Discounting

This document contains an overview of the findings from the *Quarterly Benchmarking*. Only participants in this initiative receive the full report with all the key performance indicators outlined in the '*About the IMRG Capgemini Quarterly Benchmarking*' section on page 12.

Around 55 retailers currently participate in the IMRG Capgemini Quarterly Benchmarking.

## Executive Summary

### **Benchmark 1 – Key Findings:**

- The percentage of sales made via mobile devices (smartphones and tablets combined) reached a new high at 61.2%
- The active customer retention rate remains at a 2-year low at 38% (calculated as the rate of customers that purchased within the last 12 months AND the prior 12 months)

### **Benchmark 2 – Key Findings:**

- The percentage of sessions that proceed from the 'add to bag' stage to the checkout dropped considerably from 57% in Q4 2018 to 46% in Q1 2019
- However, those that do progress onto the checkout are converting better, reporting an all-time high of 62%
- The behaviour change comes during the same period that IMRG's sales performance index is tracking at low single-digit growth – largely attributed to low consumer confidence. It would appear the slow-down in sales growth is impacting the third stage of the funnel by filtering out those that don't intend to buy. Interestingly, that reduction in traffic to the checkout is actually boosting the final stage by including more customers that have the conviction to purchase

***There are two IMRG Capgemini Quarterly Benchmarks. Each one contains a variety of market benchmarks for online retail websites. Quarterly Benchmark 1 has been running since 2010, Quarterly Benchmark 2 has been running since mid-2017.***

## Quarterly Benchmark 1 – Q1 2019 – Platform Split

Q1 2019 (Feb,Mar,Apr)	<u>Total Online Retail Market Average</u>	<u>Smartphone Market Average</u>	<u>Tablet Market Average</u>	<u>Desktop/Laptop Market Average</u>
Visitor bounce rate	35.5%	39.6%	32.9%	29.1%
Basket abandonment rate	55.3%	57.2%	52.5%	47.6%
Checkout abandonment rate	34.3%	37.9%	31.1%	29.3%
Active Customer retention rate	37.6%	30.9%	33.5%	31.6%
% of new customers	41.9%	46.7%	41.2%	45.6%
Cancellations due to fraud	2.5%	N/A	N/A	N/A
Percentage of units returned	24.9%	17.3%	N/A	N/A
Average selling price per item	£30	£29	£30	£31
Average order value	£75	£67	£78	£83
PPC ROI per pound spent	£4.81	£3.24	£4.03	£6.56
Affiliate ROI per pound spent	£10.38	N/A	N/A	N/A
Online marketing ROI per pound spent	£6.22	N/A	N/A	N/A
% revenue derived from marketing method: paid	22.5%	24.5%	22.8%	24.7%
% revenue derived from marketing method: affiliate	8.5%	6.5%	6.4%	11.3%
% revenue derived from marketing method: email	11.9%	12.4%	13.4%	12.2%
% revenue derived from marketing method: Organic	27.9%	24.0%	27.6%	26.5%
% revenue derived from marketing method: direct	20.4%	22.2%	20.7%	14.5%
% revenue derived from marketing method: social	1.8%	2.8%	0.9%	0.6%
% revenue derived from marketing method: display	0.6%	0.5%	0.5%	0.8%
% revenue derived from marketing method: other	6.5%	7.1%	7.6%	9.2%
Percentage of Sales via mobile devices	61.2%	N/A	N/A	N/A
Percentage of Visits via mobile devices	72.9%	N/A	N/A	N/A
Percentage of Click and Collect sales	22.7%	18.9%	17.1%	19.9%

NB. For some metrics you will see the overall average for online retail is higher/lower than the platform split averages. This is due to the fact the sample size by platform is lower than total online retail at present.

Figure 1: IMRG Quarterly benchmark for Q1 2019 – Feb,Mar,Apr

## Quarterly Benchmark 2 – Q1 2019 – Extra Quarterly Metrics

		Q1 2019 Market Average	Smartphone	Tablet	Desktop
Customer Funnel	Percentage of total visits that view a product page	56.3%	55.1%	56.8%	54.9%
	Percentage of sessions that convert from a product page view to 'Add item to bag'	17.0%	16.1%	17.5%	20.8%
	Percentage of 'Add to bag' sessions that convert to checkout	45.9%	45.3%	46.9%	52.1%
	Percentage of checkout sessions that convert to payment	61.6%	55.6%	63.2%	64.9%
Site Navigation	Length of user session (secs)	258			
	Home page bounce rate	12.2%			
	Home page exit rate	13.1%			
	Site search Percentage	14.8%			
	Search page exit rate	14.0%			
	Product page exit rate	31.5%			
	Home page start rate	30.5%			
	Product Page Start Rate	26.2%			
Mobile and App data	Mobile device platform — Android share of sales	26.3%			
	Mobile device platform — iOS share of sales	49.3%			
Customer engagement	Old customer reactivation rate	27.4%			
	New visitor conversion rate	24.3%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	29.7%			

Figure 2: IMRG Quarterly benchmark for Q1 2019 – Feb,Mar,Apr

## Quarterly Benchmarking KPIs

<b>CLOTHING MARKET ONLY</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>
Visitor bounce rate	27.6%	33.0%	32.8%	33.3%	33.9%
Active customer retention rate	31.0%	29.7%	29.6%	23.0%	31.6%
New customer %	60.2%	54.7%	53.5%	42.6%	47.2%
Average selling price per item	£36	£50	£47	£29	£21
Average order value	£58	£80	£102	£65	£54
PPC ROI per pound spent	£4.11	£8.41	£6.55	£4.99	£3.32
Affiliate ROI per pound spent	£10.28	£22.60	£12.51	£7.90	£10.19
Online marketing ROI per pound spent	£9.54	£22.61	£9.46	£7.15	£4.96
% revenue derived from marketing method: paid	28.9%	27.3%	26.3%	22.2%	24.2%
% revenue derived from marketing method: affiliate	8.1%	11.8%	8.7%	10.7%	9.3%
% revenue derived from marketing method: email	7.4%	8.2%	16.1%	14.9%	15.7%
% revenue derived from marketing method: natural	28.5%	29.3%	30.4%	28.5%	32.1%
% revenue derived from marketing method: direct	19.6%	16.0%	13.0%	19.2%	13.9%
% revenue derived from marketing method: social	1.4%	1.6%	2.0%	1.4%	1.5%
% revenue derived from marketing method: display	1.0%	1.2%	1.7%	1.5%	1.1%
% revenue derived from marketing method: other	4.6%	4.5%	4.2%	6.0%	2.6%
% of sales via mobile (including tablets)	47.6%	50.9%	56.3%	55.4%	64.8%
% of visits via mobile (including tablets)	58.5%	76.6%	74.3%	70.6%	80.2%

Figure 3: IMRG Quarterly benchmark for Q1 2019 showing clothing retailers only – Feb, Mar, Apr

## The Customer Funnel

The below shows the history of the customer funnel over the last two years. While there is little distinction between customer behaviours, an interesting point to note is the gradually increasing product page view rate.

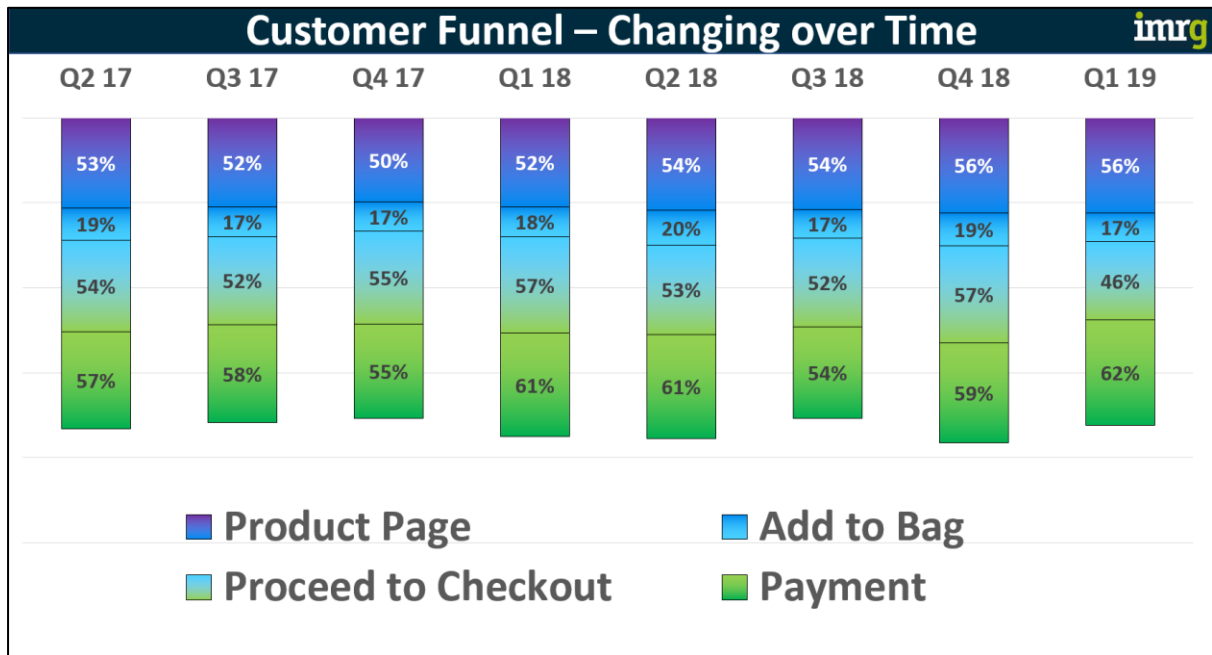


Figure 4: Customer funnel market average over the last 24 months

Another interesting development is the large decline in the rate of visitors proceeding to checkout in Q1 2019. The drop coincides with a slow-down in total market growth reported in the *IMRG Capgemini Sales Index*. During the period Feb, March, April 2019, the market reported an average year-on-year growth of 7.6%. In the same quarter 12 months previously, it was 15.7%. Notably, the add-to-bag stage at that period was 57% compared to the current year 46%.

The main theory behind the drop this quarter is lower consumer confidence and conviction to purchase. Browsing rates still remain high, but intention to actually buy items has been reduced.

## The Customer Funnel Ranking

IMRG’s customer funnel shows the market average for the 4 stages of customer progression through a website. It’s important to note that retailers do not consistently score highly or lowly at each stage. For example, the retailer who is the best in our sample at getting visitors to view a product page is not necessarily the industry best at getting them to add items to their basket.



IMRG have created the below graphic to show you a random sample of 35 retailers from our customer funnel benchmark and how they rank compared to each other across the 4 stages.

Each coloured dot represents a different retailer. The top performing retailer at each stage is listed under position 1, and the lowest performing retailer is placed under position 35. Placing at position 1 would mean the highest (and therefore best) performance.

Notably, there isn't a single retailer that manages to stay within the top 10 position at all stages.

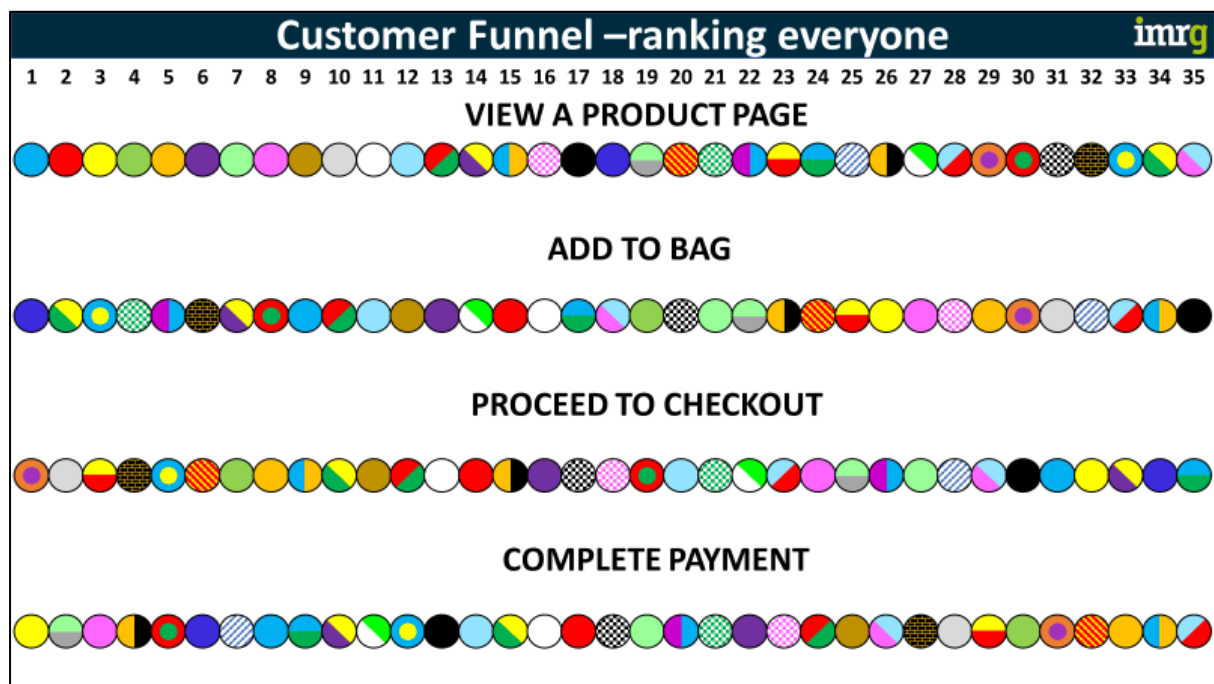


Figure 5: Graphic shows the performance ranking of 35 retailers across the 4 stages of the customer funnel

## Active Customer Retention Rate

IMRG calculate the active customer retention rate across a 12-month cycle. The below graphic explains in simplistic terms how our measurement is calculated.

In the example, a company in 2016 has 150 customers. Then in 2017, the retailer has increased its customer size up to 160. It manages to retain 45 customers from its 2016 sales into the 2017 pool. The calculation is then 45 divided by 150, which is 0.4, or a 40% active customer retention rate.

The calculation needs to span 4 quarters. In the above example, it's neatly applied across a whole calendar year, however IMRG publish the retention rate every quarter – meaning the initial 12-month period will usually span across multiple calendar years. For example, the base year could be looking at Q2 2017, Q3 2017, Q4 2017 and Q1 2018. Then the following comparative year will be using Q2 2018, Q3 2018, Q4 2018 and Q1 2019.

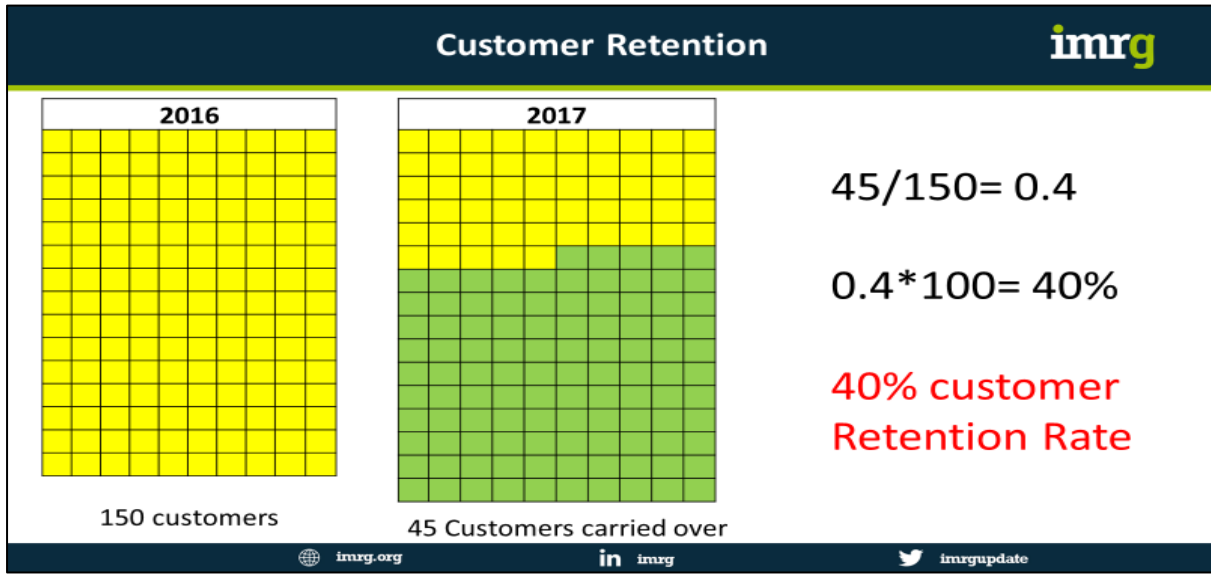


Figure 6: Active customer retention rate calculation explanation

The industry average active customer retention rate over the last 5 quarters has shown a very interesting new trend. The rate has been steadily declining since the start of Q1 2018. It's certainly not unusual for the rate to decline from quarter to quarter, but 5 quarters of declining rate suggests a new market trend.

Once again, the trend correlates with the online retail market performance published in the *IMRG Capgemini Online Retail Sales Index*. Low consumer confidence, slowing growth, and increased competition will have made it harder for retailers to retain customers at the same rate as during periods of better growth.

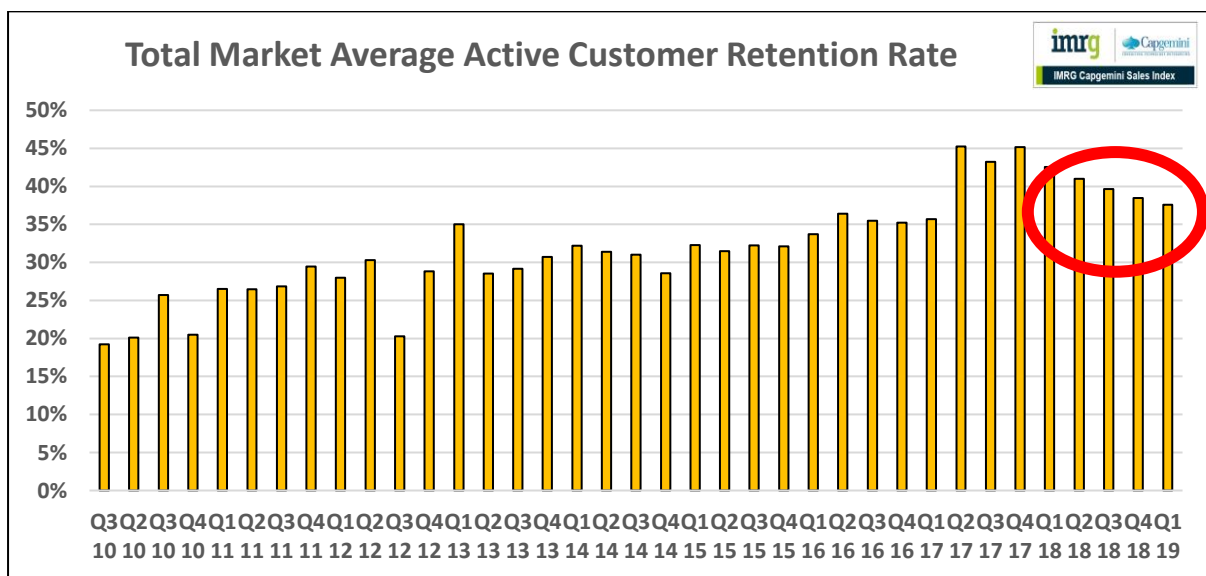


Figure 7: Total Market average active customer retention rate



Figure 8: Total Market year on year sales growth

## About the IMRG Capgemini Quarterly Benchmarking

The *Quarterly Benchmarking* tracks over 40 key performance indicators across 7 categories, leading to unique insights into the performance of the UK online retail sector. The categories/KPIs are:

<b>Website Performance:</b>	visitor bounce rate basket abandonment rate checkout abandonment rate
<b>Customer Acquisition</b>	active customer retention rate
<b>&amp; Retention:</b>	percentage of new customers
<b>Commercial:</b>	average selling price per item average order value
<b>Channel:</b>	percentage of sales via mobile percentage of visits via mobile percentage of click & collect sales
<b>Marketing:</b>	PPC ROI affiliate ROI online marketing ROI revenue split by marketing method – paid, affiliate, email, natural, direct, social, display & other visits split by marketing method - paid, affiliate, email, natural, direct, social, display & other orders split by marketing method – paid, affiliate, email, natural, direct, social, display & other
<b>Order Fulfilment:</b>	percentage of total orders cancelled due to fraud percentage of units returned no. of items / products per order
<b>Geographical Split:</b>	percentage of sales within the UK percentage of sales within the EU 27 (excluding the UK) percentage of sales rest of the world (excluding the UK and EU27)
<b>Customer Funnel</b>	Percentage of total visits that view a product page Percentage of sessions that convert from a product page view to Add item to bag Percentage of 'add to bag' sessions that convert to checkout Percentage of checkout sessions that convert to payment
<b>Site Navigation</b>	Length of user session Home page bounce rate

	Home page exit rate
	Site search Percentage
	Search page exit rate
	Product page exit rate
	Home page start rate
	Product Page Start Rate
<b>Mobile and App data</b>	Mobile device platform- Android share of sales
	Mobile device platform- IOS- share of sales
<b>Customer engagement</b>	Old Customer reactivation rate
	New visitor conversion rate
<b>Discounting</b>	Discount rate

Full year runs from February to January. The quarters run as follows:

Quarter 1	-	February to April
Quarter 2	-	May to July
Quarter 3	-	August to October
Quarter 4	-	November to January

## What are the Benefits?

All retailers taking part in the Quarterly Benchmarking receive first-hand results and charts, providing insight into over 40 KPIs (dependent on the data they are able to provide), including visitor, basket and checkout abandonment rates, percentage of orders cancelled due to fraud, geographical split of sales (UK, EU, and Rest of World), marketing ROI (PPC, affiliate, online) and revenue, visits and orders split by marketing method.

The retailer reports also include whisker charts, detailing the maximum and minimum value of each benchmark in the quarterly period, together with the range of upper and lower quartiles and median values of the participant data. All participant data remains completely confidential and secure at all times.

Participation in the *IMRG Capgemini Quarterly Benchmarking* is available to reputable online retailers of all sizes. For further details, or to join the *Quarterly Benchmarking* please contact:

Matthew Walsh  
IMRG  
Tel : +44 (0)20 3696 0990  
Email: matthew.walsh@imrg.org