IMRG Capgemini
Quarterly Benchmarking Report
May 2019 to July 2019
(Q2 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 average checkout abandonment rate hits a 6-year high with 36.3%**
- **Smartphones and tablets together now account for an average of 63.5% of all sales value, and 75.9% of all traffic.**

Benchmark 2 – Key Findings:

- **The average percentage of sessions that view a product page has reached a new high of 57.5% along with a new high for 'add to bag' at 19.5%**
- **However, customers are proving less inclined to proceed onto the checkout – conversion to checkout reported a new low of 44.2%**

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 – Q2 2019 – Platform Split

Q2 2019 (May, Jun, Jul)	Total Online Retail Market Average	Smartphone Market Average	Tablet Market Average	Desktop/Laptop Market Average
Visitor bounce rate	32.6%	36.4%	29.4%	23.9%
Basket abandonment rate	61.9%	63.7%	59.9%	54.8%
Checkout abandonment rate	36.3%	41.1%	34.0%	32.9%
Active Customer retention rate	43.0%	27.0%	29.5%	37.2%
% of new customers	39.2%	35.5%	34.3%	42.6%
Cancellations due to fraud	2.0%	N/A	N/A	N/A
Percentage of units returned	19.5%	17.3%	N/A	N/A
Average selling price per item	£30	£29	£32	£32
Average order value	£81	£70	£84	£90
PPC ROI per pound spent	£5.33	£3.12	£3.00	£6.21
Affiliate ROI per pound spent	£13.35	N/A	N/A	N/A
Online marketing ROI per pound spent	£9.83	N/A	N/A	N/A
% revenue derived from marketing method: paid	21.3%	22.0%	20.1%	19.2%
% revenue derived from marketing method: affiliate	7.5%	6.0%	5.6%	9.2%
% revenue derived from marketing method: email	10.7%	11.4%	11.8%	9.1%
% revenue derived from marketing method: Organic	27.4%	24.1%	26.8%	31.7%
% revenue derived from marketing method: direct	23.1%	25.1%	25.5%	21.9%
% revenue derived from marketing method: social	1.6%	2.3%	1.0%	0.5%
% revenue derived from marketing method: display	0.7%	0.5%	0.5%	0.6%
% revenue derived from marketing method: other	7.9%	8.8%	8.8%	7.8%
Percentage of Sales via mobile devices	63.5%	N/A	N/A	N/A
Percentage of Visits via mobile devices	75.9%	N/A	N/A	N/A
Percentage of Click and Collect sales	24.6%	31.0%	22.6%	31.1%

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 Q2 2019 – May, Jun, Jul 2019

Quarterly Benchmark 2 – Q2 2019 – Extra Quarterly Metrics

		Q 2019 Market Average	Smartphone	Tablet	Desktop
Customer Funnel	Percentage of total visits that view a product page	57.5%	56.8%	60.3%	57.0%
	Percentage of sessions that convert from a product page view to 'Add item to bag'	19.5%	16.5%	19.3%	21.8%
	Percentage of 'Add to bag' sessions that convert to checkout	44.2%	42.7%	46.0%	49.4%
	Percentage of checkout sessions that convert to payment	61.5%	56.1%	65.1%	64.7%
Site Navigation	Length of user session (secs)	210			
	Home page bounce rate	16.0%			
	Home page exit rate	18.2%			
	Site search Percentage	20.4%			
	Search page exit rate	13.8%			
	Product page exit rate	14.7%			
	Home page start rate	30.0%			
	Product Page Start Rate	29.0%			
Customer engagement	Old customer reactivation rate	N/A			
	New visitor conversion rate	30.3%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	51.4%			

Figure 2: IMRG Quarterly benchmark for Q2 2019 – May, Jun, Jul

Quarterly Benchmarking KPIs

CLOTHING MARKET ONLY	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Visitor bounce rate	33.0%	32.8%	33.3%	33.9%	33.0%
Active customer retention rate	29.7%	29.6%	23.0%	56.1%	55.9%
New customer %	54.7%	53.5%	42.6%	47.2%	48.0%
Average selling price per item	£50	£47	£29	£21	£22
Average order value	£80	£102	£65	£54	£65
PPC ROI per pound spent	£8.41	£6.55	£4.99	£3.32	£6.92
Affiliate ROI per pound spent	£22.60	£12.51	£7.90	£10.19	£11.93
Online marketing ROI per pound spent	£22.61	£9.46	£7.15	£4.96	£10.53
% revenue derived from marketing method: paid	27.3%	26.3%	22.2%	24.2%	25.0%
% revenue derived from marketing method: affiliate	11.8%	8.7%	10.7%	9.3%	8.5%
% revenue derived from marketing method: email	8.2%	16.1%	14.9%	15.7%	12.9%
% revenue derived from marketing method: natural	29.3%	30.4%	28.5%	32.1%	31.5%
% revenue derived from marketing method: direct	16.0%	13.0%	19.2%	13.9%	16.8%
% revenue derived from marketing method: social	1.6%	2.0%	1.4%	1.5%	1.4%
% revenue derived from marketing method: display	1.2%	1.7%	1.5%	1.1%	0.6%
% revenue derived from marketing method: other	4.5%	4.2%	6.0%	2.6%	3.6%
% of sales via mobile (including tablets)	50.9%	56.3%	55.4%	64.8%	56.8%
% of visits via mobile (including tablets	76.6%	74.3%	70.6%	80.2%	71.3%

Figure 3: IMRG Quarterly benchmark for Q2 2019 showing clothing retailers only – May, Jun, Jul

Quarterly Benchmarking © - Q2 2019

The Customer Funnel

The customer funnel data in the *Quarterly Benchmark 2* is a popular measure for retailers to compare their own website conversion against the market average. Within the figures received by IMRG there is a wide range of performance levels, and the challenge which presents itself is to decode the reasons why some retailers are getting better conversion throughout the funnel compared to others. To do this, IMRG carries out extensive research to assess the different features, design and functionality on retail websites and match these up to the retailers' respective funnel performances. This can often lead to some interesting conclusions around what sort of behaviour is widely adopted by the top performing retailers.

One such area IMRG have examined is the product page. The below image shows 36 retailers lined up (each one represented by a head icon) and ordered by their 'add to bag' rate. The best performers (i.e. the highest rate) are on the left, progressing down towards the worst performers on the right.
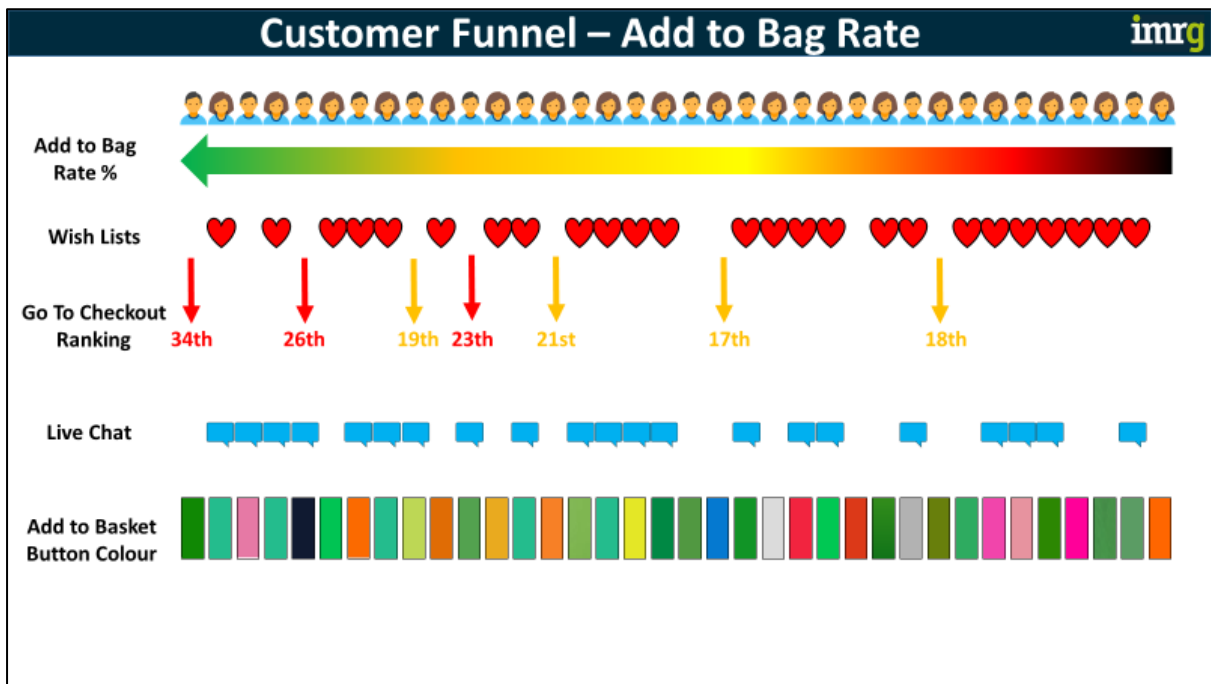

Figure 4: A chart showing 36 retailers' add-to-bag rates and influencing factors

IMRG went onto the product pages of each retailer and examined the features, functionality and design of their product pages. One of the features IMRG checked for was the presence of a wish list, and whether these have any influence over a retailer's 'add to bag' rate. Any retailer that had a wish list on their product page were given a heart icon below their head icon in the above chart. Notably, there are fewer wish lists amongst the better performing retailers on the left-hand side.

This raises an interesting hypothesis – are retailers who don't have wish lists seeing their baskets being used as a surrogate wish list? It could explain why some of the top-performing 'add to bag' rates don't have wish lists – perhaps many of the 'add to bag' events are actually shoppers wanting to collate a product list, and in the absence of a wish list they are using the basket instead. Essentially, this means the shopper's intention to actually buy those products is likely lower than someone who puts an item in their basket with the usual purchase motivation.

One way to test this hypothesis is to check the 'go to checkout' rate for each of these retailers. The 'go to checkout' rate examines the conviction of a shopper's likelihood to proceed from mere basket filling to starting the purchasing journey.

IMRG lined up the same 36 retailers in order of their 'go to checkout' rating, placing them from 1st to 36th in order of best to worst. Of the 10 retailers in the image above that don't have a wish list, 7 of them are ranked in the bottom half of the 'go to checkout' order. This is shown by the red and yellow arrows below each retailer. Notably, some of the very top performers at the 'add to bag' stage perform very badly at the 'go to checkout' stage if they don't have a wish list – strengthening IMRG's hypothesis.

IMRG also looked at whether retailers had a live chat functionality on their website. Any of those that did have a live chat functionality have a blue comment icon below their head in the above chart. There doesn't seem to be any direct correlation between 'add to bag' rate and having live chat. Additional research has revealed that live chat has a low usage rate on retailers' websites. On average, only 0.3% of a retailer's traffic will use the live chat functionality during their visit.
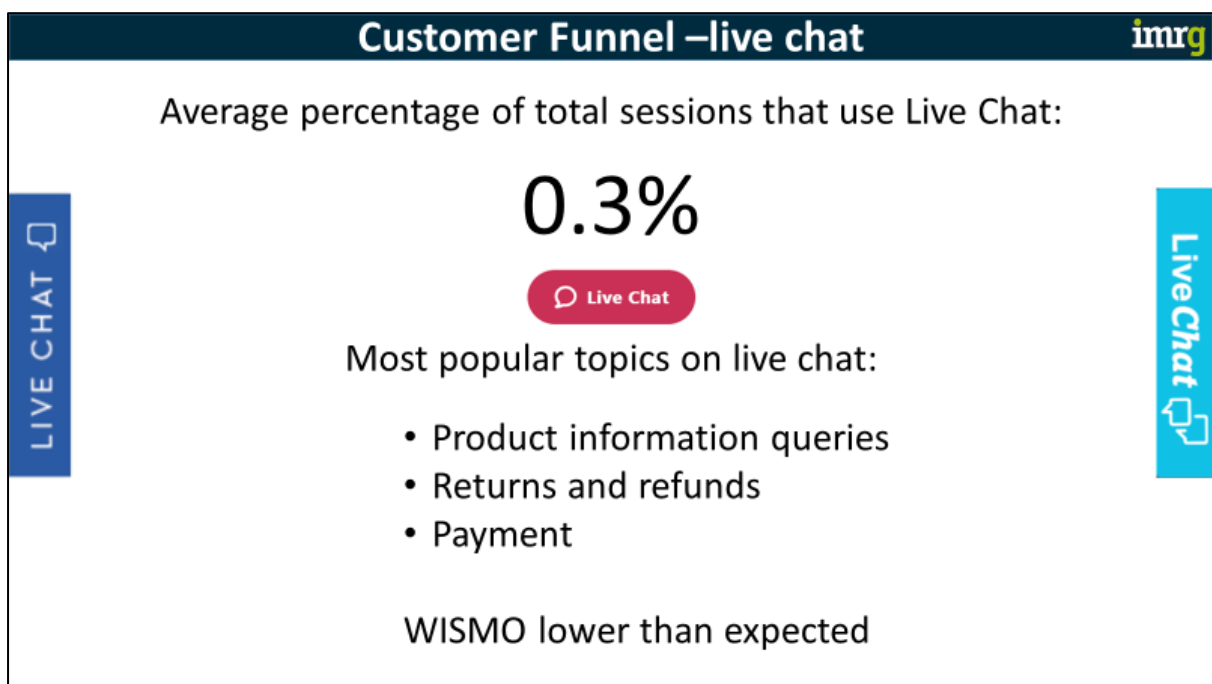

Figure 5: Average percentage of total sessions that use live chat

The last thing IMRG examined was the colour of the 'add to basket' button – a common subject of debate in the ecommerce sector. Does button colour have any influence over a retailer's 'add to bag' rate? Below each head is a screen grab of the colour of their 'add to basket' button. Notably, there is a swathe of green buttons across the sample, and, interestingly, a concentration of pink and red buttons amongst the lower performers. The sample size in this instance is too small to make any conclusive comments, but it remains an interesting dataset to consider.

Smartphone and Tablet usage

Smartphones reported a record-high share of sales in Q2 2019. The device type now accounts for 45.1% of all sales value on average for a UK retailer.

The below graph shows the split between smartphones, tablets and desktop/laptop devices over the last 5 years. Desktop has managed to keep a reasonably steady rate for the past year, with tablets being the device type losing the most ground to smartphones.
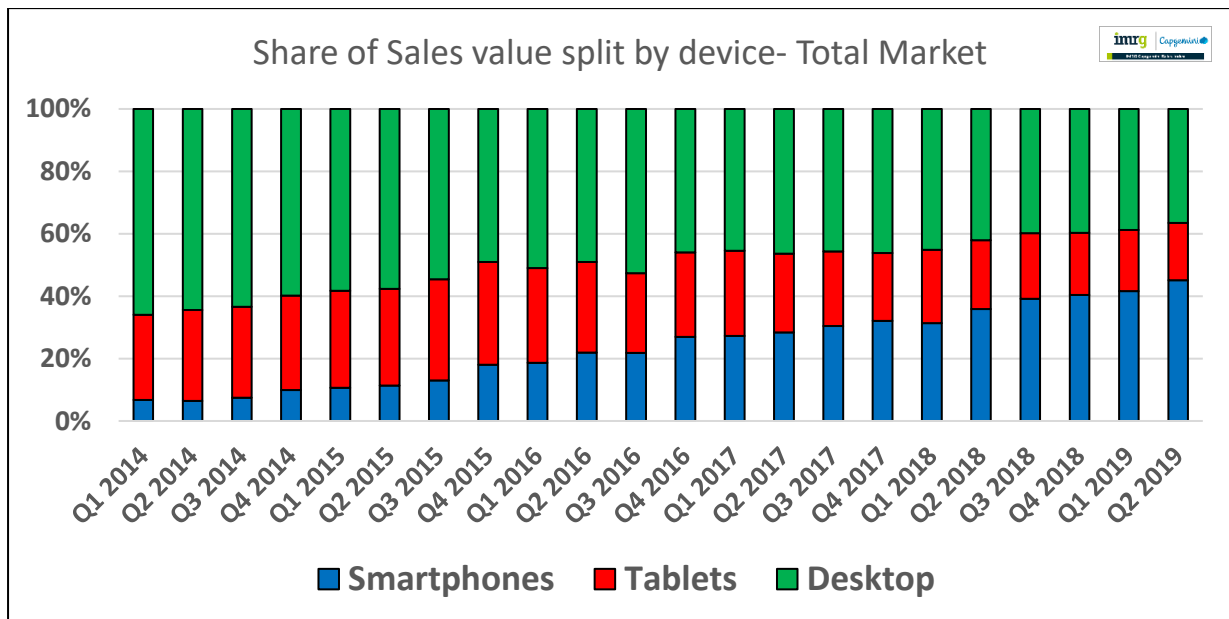

Figure 6: Split of sales revenue by device type – Total market

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:

Website Performance:
visitor bounce rate
basket abandonment rate
checkout abandonment rate

Customer Acquisition
active customer retention rate

& Retention:
percentage of new customers

Commercial:
average selling price per item
average order value

Channel:
percentage of sales via mobile
percentage of visits via mobile
percentage of click & collect sales

Marketing:
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

Order Fulfilment:
percentage of total orders cancelled due to fraud
percentage of units returned
no. of items / products per order

Geographical Split:
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)

Customer Funnel
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

Site Navigation
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
Mobile and App data	Mobile device platform- Android share of sales
	Mobile device platform- IOS- share of sales
Customer engagement	Old Customer reactivation rate
	New visitor conversion rate
Discounting	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:

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