IMRG Capgemini
Quarterly Benchmarking Report
Aug 2018 to Oct 2018
(Q3 2018/19)

imrg

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 16.

Around 40 retailers currently participate in the IMRG Capgemini Quarterly Benchmarking.

Executive Summary

Benchmark 1 – Key Findings:

- The percentage of sales via mobile devices reported a record high – the average retailer now gets 60.2% of all sales via a tablet or smartphone
- The bounce rate for visitors using smartphones is slowly increasing – it's jumped up from 32% twelve months ago to its current rate of 36%
- Affiliates now account for 7.9% of the average retailer's revenue, an increase from 6.1% at the end of last year (measured on a last click basis)

Benchmark 2 – Key Findings:

- The percentage of total visitors that view a product page has slowly increased over the last twelve months. In Q4 2017, the average rate was 49.6%; the current rate is 55.1%
- The percentage of revenue generated from items on discount jumped up during Q3. During Q1 and Q2, the market reported 16.5% and 15.2% respectively. Q3 was 23.1%. The weaker market performance during Q3 has likely led to discounting in attempts to maintain the growth pace of the first half of 2018.

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 – Q3 2018/19 – Platform Split

Q3 2018 (Aug, Sep, Oct)	Total Online Retail Market Average	Smartphone Market average	Tablet Market Average	Desktop/Laptop Market Average
Visitor bounce rate	32.0%	36.4%	29.9%	25.6%
Basket abandonment rate	61.3%	65.3%	60.8%	56.5%
Checkout abandonment rate	35.5%	40.3%	31.9%	31.8%
Active customer retention rate	39.7%	47.0%	50.4%	47.5%
% of new customers	43.1%	42.6%	38.4%	42.7%
Cancellations due to fraud	2.1%	N/A	N/A	N/A
Percentage of units returned	19.4%	N/A	N/A	N/A
Average selling price per item	£49	£42	£43	£45
Average order value	£100	£80	£91	£97
PPC ROI per pound spent	£7.15	£3.80	N/A	N/A
Affiliate ROI per pound spent	£13.99	N/A	N/A	N/A
Online marketing ROI per pound spent	£11.97	N/A	N/A	N/A
% revenue derived from marketing method: paid	20.4%	20.7%	18.7%	18.0%
% revenue derived from marketing method: affiliate	7.9%	6.8%	6.2%	9.7%
% revenue derived from marketing method: email	10.2%	10.4%	10.8%	8.0%
% revenue derived from marketing method: organic	30.5%	27.0%	31.1%	33.5%
% revenue derived from marketing method: direct	20.6%	20.8%	20.0%	19.0%
% revenue derived from marketing method: social	1.1%	1.4%	0.4%	0.5%
% revenue derived from marketing method: display	0.9%	0.5%	0.5%	0.9%
% revenue derived from marketing method: other	7.3%	7.0%	7.9%	7.4%
Percentage of sales via mobile devices	60.2%	N/A	N/A	N/A
Percentage of visits via mobile devices	73.2%	N/A	N/A	N/A
Percentage of Click and Collect sales	27.4%	33.4%	27.4%	29.8%

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.

Quarterly Benchmark 2 – Q3 2018/19 – Extra Quarterly Metrics

		Q3 2018 Market Average	Smartphone Average	Tablet Average	Desktop Average
Customer Funnel	Percentage of total visitors that view a product page	55.1%	54.5%	56.9%	54.0%
	Percentage of sessions that convert from a product page view to 'add item to bag'	17.3%	15.7%	18.0%	20.2%
	Percentage of 'add to bag' sessions that convert to checkout	56.6%	53.8%	55.5%	61.2%
	Percentage of checkout sessions that convert to payment	57.3%	50.5%	60.0%	60.4%
Site Navigation	Length of user session (secs)	275			
	Home page bounce rate	12.4%			
	Home page exit rate	14.6%			
	Site search percentage	17.8%			
	Search page exit rate	16.4%			
	Product page exit rate	30.7%			
	Home page start rate	33.2%			
	Product page start rate	22.9%			
Mobile and App data	Mobile device platform — Android share of sales	30.2%			
	Mobile device platform — iOS share of sales	52.4%			
Customer engagement	Old customer reactivation rate	6.7%			
	New visitor conversion rate	10.1%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	23.1%			

Clothing / Apparel Quarterly Benchmarking KPIs

CLOTHING MARKET ONLY	Q3 2017 Clothing Market Average	Q4 2017 Clothing Market Average	Q1 2018 Clothing Market Average	Q2 2018 Clothing Market Average	Q3 2018 Clothing Market Average
Visitor bounce rate	29.6%	26.0%	27.6%	33.0%	32.8%
Active customer retention rate	36.2%	31.4%	31.0%	29.7%	29.6%
New customer %	59.8%	59.4%	60.2%	54.7%	53.5%
Average selling price per item	£29	£31	£36	£50	£47
Average order value	£59	£62	£58	£80	£102
PPC ROI per pound spent	£4.90	£4.74	£4.11	£8.41	£6.55
Affiliate ROI per pound spent	£11.94	£10.29	£10.28	£22.60	£12.51
Online marketing ROI per pound spent	£13.39	£12.39	£9.54	£22.61	£9.46
% revenue derived from marketing method: paid	28.6%	31.4%	28.9%	27.3%	26.3%
% revenue derived from marketing method: affiliate	9.9%	10.0%	8.1%	11.8%	8.7%
% revenue derived from marketing method: email	7.8%	6.8%	7.4%	8.2%	16.1%
% revenue derived from marketing method: natural	27.9%	30.7%	28.5%	29.3%	30.4%
% revenue derived from marketing method: direct	20.2%	15.0%	19.6%	16.0%	13.0%
% revenue derived from marketing method: social	1.3%	2.0%	1.4%	1.6%	2.0%
% revenue derived from marketing method: display	1.6%	1.2%	1.0%	1.2%	1.7%
% revenue derived from marketing method: other	2.7%	3.0%	4.6%	4.5%	4.2%
% of sales via mobile (including tablets)	47.6%	48.2%	47.6%	50.9%	56.3%
% of visits via mobile (including tablets)	61.1%	58.5%	58.5%	76.6%	74.3%

Basket Abandonment

The market average for basket abandonment has shown a very slight upwards trend over the last 4 years. The below graph represents the industry *average.* It's often useful to provide some additional data points for effective benchmarking:

A useful mechanism for benchmarking is often to look beyond the average, and also consider the quartile performance: the online market's basket abandonment rate lower quartile was 51% for Q3 2018. I.e. if all the results IMRG received were to be lined up from lowest to highest, the result 25% along the line would be 51%. Additionally, the upper quartile (placed 75% along the performance scale) was 66% for Q3.

The highest performing sites IMRG are aware of have a basket abandonment of below 30%. The worst performing are in excess of 70%.
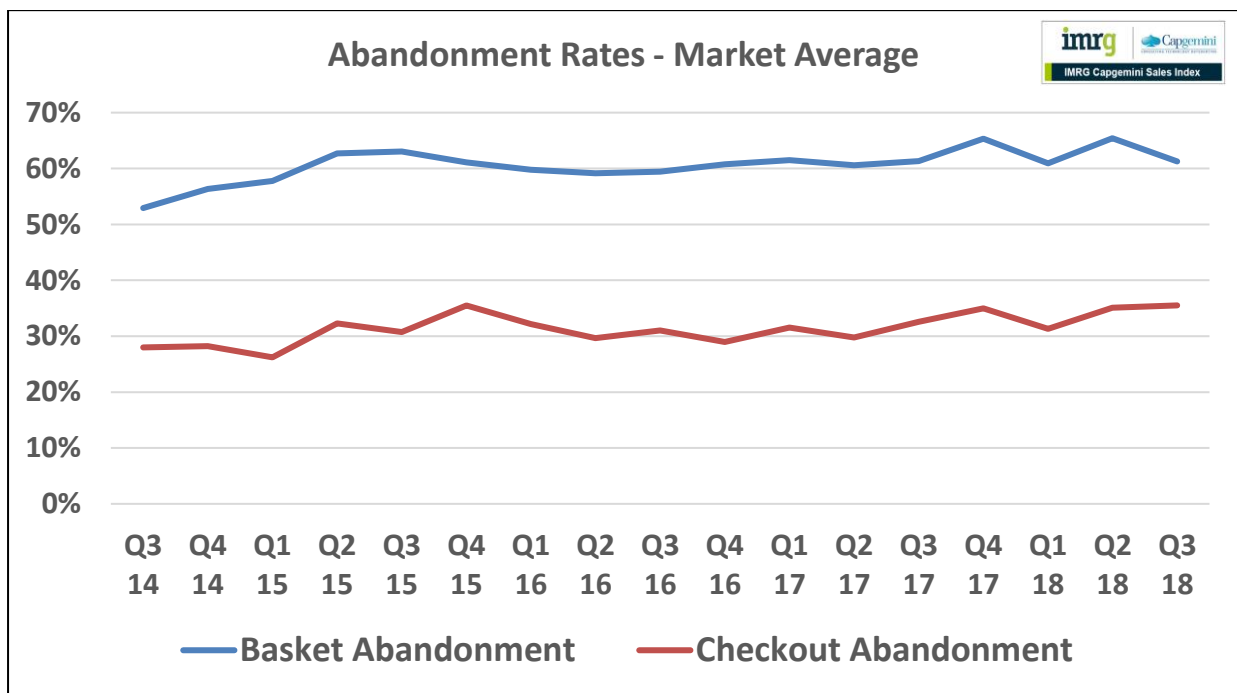

Figure 4: The market average basket and checkout abandonment rate over the last 4 years.

The same information can be provided for Checkout Abandonment. The lower quartile for checkout abandonment in Q3 2018 was 17% and the upper quartile was 47%.

The highest performing sites in the IMRG data panel are achieving checkout abandonment rates of less than 10%, whilst the least effective are reporting results above 55%.

Discounting

IMRG track the proportion of revenue collected that came from items that had a discount applied to them. We have been tracking the metric for a year and a half and it's remained within a fairly tight range up until Q3 2018. Typically the range was between 15% and 19%, however the rate jumped up to 23% in Q3 – an alarming jump given the peak season ahead of Black Friday and Cyber Monday discounting.
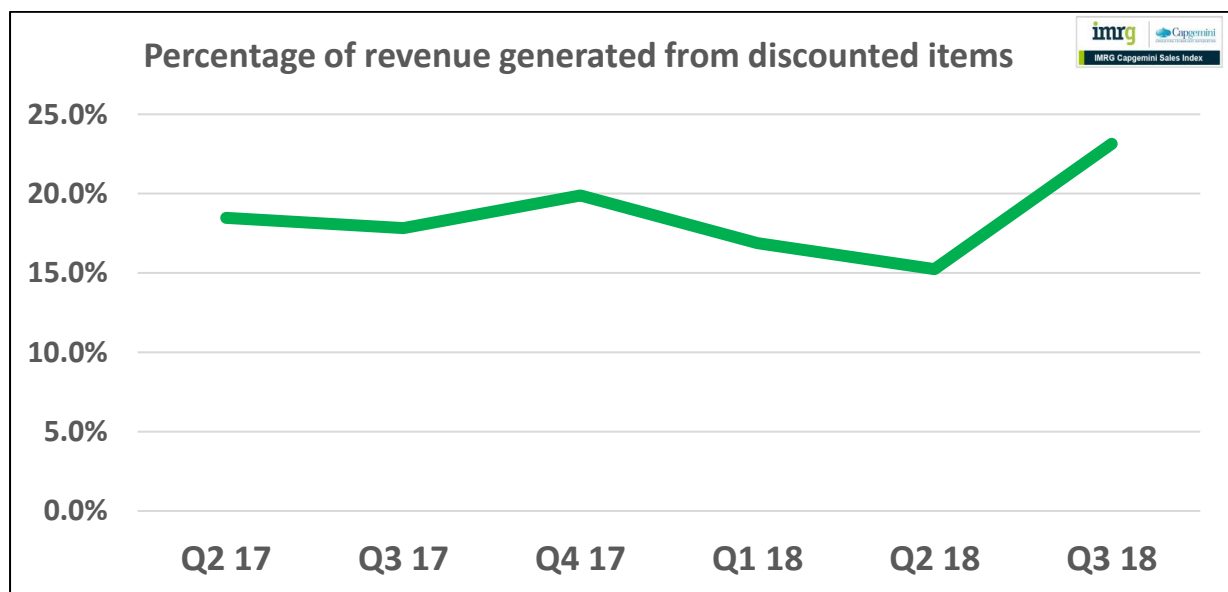

Figure 5: The market average for the percentage of gross revenue in the quarter that was generated by items with a discount applied to them.

Site Search Rate

IMRG collect data from retailers stating the percentage of visitors to their website that used search during their visit. The market average in Q3 2018 was 16.4%. Once again to provide an additional layer of insight IMRG can reveal that the 25th percentile on the search results scale is 10% and the 75th percentile is 21%. The retailers with the highest levels of search are those achieving 25% or more and those with the lowest are 8% and lower, some even close to zero.

IMRG have conducted some analysis to correlate the prevalence of search use and the first stage of the customer funnel (percentage of customers that view a product page). Essentially, we wanted to understand if search is an effective tool to increase customers' likelihood of viewing a product page.

IMRG ranked 35 random retailers from our data panel in order of those with the highest use of search on their websites and those with the lowest search usage. We then overlaid each of the

retailers' product page view percentages (stage 1 of the customer funnel). An interesting result emerged:

The average retailer sees 53% of their website traffic view a product page. The top 7 in our search usage ranking averaged 57% and the bottom 7 averaged 49%. It would seem search is quite influential in encouraging customers to land on a product page.
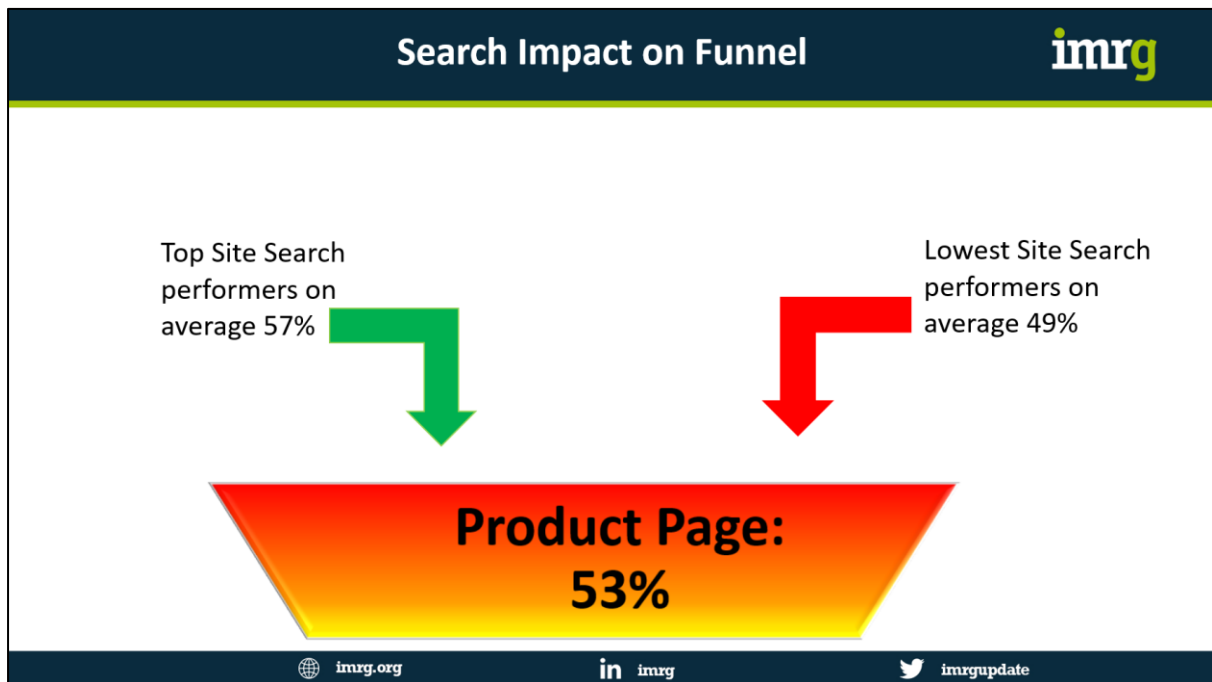

Figure 6: the influence of customers using search against their likelihood to view a product page during their visit

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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