

# IMRG Capgemini Quarterly Benchmarking Report

May 2017 to July 2017  
(Q2 2017/18)



## 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.



e-Retail Benchmarking

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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 of 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

- The percentage of units returned jumped by 5% to a record high of 23%, solidifying a longer-term trend of increasing returns
- Revenue from email marketing fell for the overall market, but remains strong on smartphones at 14.1%
- Checkout abandonment on smartphones continues its gradual downwards trend. It now stands at 36%, down from 45% at the beginning of 2016
- Pence per click ROI on tablets jumped to £7.47, a near 100% increase over Q1. Smartphones however only increased by 5%

### NEW METRICS

IMRG have started to track a variety of new metrics each quarter, revealing some interesting new data points....

- The results for *'percentage of visits that view a product page'* was heavily concentrated around 53%, the best results scored just above 80%, meanwhile the lowest was around the 30% mark
- The results for *'Site search percentage'* were surprisingly varied, with the results concentrating predominantly between 10% and 30%
- The *'discount rate'* (% of revenue generated from discounted items) average was 18.5% — however the median was closer to 8% — there was a small group of retailers reporting around the 25% region that lifted the average

The latest Quarterly Benchmarking results report the highest level for return rates ever tracked at 23%. Q2 reported an increase of 5% over Q1 — the market average returns rate has shown a gradual increase over the past 5 years, starting at just 11% in 2012.

Checkout abandonment for the total market fell from 32% to 30%. Smartphones captured the largest fall with a 4% decrease to 36%. The more established desktop only decreased by 1%.

The importance of a well designed product page is highlighted in one of IMRGs new metrics — *'percentage of sessions that convert from a product page view to add item to bag'* — the market average is 18%

Mobile devices reported a penetration of sales at 53.6% which is a decrease from the previous quarter by just under 1% change. Visits from mobile devices has also decreased, but by a smaller amount of just 0.2%.

**Matthew Walsh,**  
IMRG

## Q2 2017/18 – Platform Split

	<u>Total Online Retail</u>	<u>Smartphone</u>	<u>Tablet</u>	<u>Desktop/Laptop</u>
Visitor bounce rate	30.60%	34.50%	29.10%	23.90%
Basket abandonment rate	60.60%	59.80%	59.40%	57.50%
Checkout abandonment rate	29.80%	36.50%	28.00%	26.80%
Cancellations due to fraud	3.70%	N/A	N/A	N/A
Percentage of units returned	23.00%	N/A	N/A	N/A
Average selling price per item	£29	£30	£33	£32
Average order value	£84	£69	£82	£83
PPC ROI per pound spent	£5.17	N/A	N/A	N/A
Affiliate ROI per pound spent	£10.96	N/A	N/A	N/A
Online marketing ROI per pound spent	£19.33	N/A	N/A	N/A
% revenue derived from marketing method: paid	19.30%	21.30%	19.00%	19.50%
% revenue derived from marketing method: affiliate	5.60%	4.40%	4.60%	7.00%
% revenue derived from marketing method: email	11.40%	14.10%	13.10%	10.20%
% revenue derived from marketing method: natural	29.60%	23.10%	27.40%	32.00%
% revenue derived from marketing method: direct	23.50%	25.70%	25.50%	23.40%
% revenue derived from marketing method: social	0.40%	0.40%	0.10%	0.30%
% revenue derived from marketing method: display	1.20%	1.10%	1.00%	1.40%
% revenue derived from marketing method: other	6.10%	7.20%	6.90%	5.60%
Percentage of Sales via mobile devices	53.60%	N/A	N/A	N/A
Percentage of Visits via mobile devices	67.70%	N/A	N/A	N/A
Percentage of Click and Collect sales	40.70%	38.10%	32.80%	36.80%

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.

## Q2 2017/18 – Extra Quarterly Metrics – **NEW!**

IMRG have started to collect an extra set of quarterly metrics

		Q2 2017 Market Average
Customer Funnel	Percentage of total visits that view a product page	53.1%
	Percentage of sessions that convert from a product page view to 'Add item to bag'	18.9%
	Percentage of 'Add to bag' sessions that convert to checkout	54.0%
	Percentage of checkout sessions that convert to payment	57.1%
Site Navigation	Length of user session (mins : secs)	04:50
	Home page bounce rate	10.5%
	Home page exit rate	15.0%
	Site search Percentage	21.5%
	Search page exit rate	14.8%
	Product page exit rate	31.8%
	Home page start rate	35.0%
	Product Page Start Rate	22.6%
Mobile and App data	Mobile device platform — Android share of sales	28.2%
	Mobile device platform — iOS share of sales	40.9%
Customer engagement	Old customer reactivation rate	4.8%
	New visitor conversion rate	13.5%
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	18.5%

## Clothing / Apparel Quarterly Benchmarking KPIs

<b>CLOTHING MARKET ONLY</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>
Visitor bounce rate	30.40%	32.10%	30.80%	29.20%	29.40%
Active customer retention rate	22.80%	22.00%	21.30%	20.10%	41.00%
New customer %	54.20%	51.50%	50.50%	54.50%	59.30%
Average selling price per item	£36	£42	£40	£44	£28
Average order value	£73	£82	£77	£70	£60
PPC ROI per pound spent	£5.49	£4.44	£4.19	£4.99	5.48%
Affiliate ROI per pound spent	£19.69	£18.06	£20.29	£19.79	£11.61
Online marketing ROI per pound spent	£14.68	£17.31	£16.04	£16.21	£13.93
% revenue derived from marketing method: paid	23.10%	19.90%	18.70%	21.00%	29.60%
% revenue derived from marketing method: affiliate	10.40%	11.30%	12.50%	10.80%	8.90%
% revenue derived from marketing method: email	8.30%	7.30%	7.70%	8.20%	8.70%
% revenue derived from marketing method: natural	30.60%	29.00%	30.30%	28.00%	26.40%
% revenue derived from marketing method: direct	21.30%	21.90%	19.10%	20.50%	21.30%
% revenue derived from marketing method: social	0.80%	0.90%	1.00%	1.10%	1.10%
% revenue derived from marketing method: display	0.90%	1.00%	1.10%	0.90%	1.70%
% revenue derived from marketing method: other	4.60%	2.50%	2.90%	2.70%	2.10%
% of sales via mobile (including tablets)	52.90%	52.70%	56.80%	54.20%	45.80%
% of visits via mobile (including tablets)	69.30%	66.80%	71.40%	67.00%	60.50%

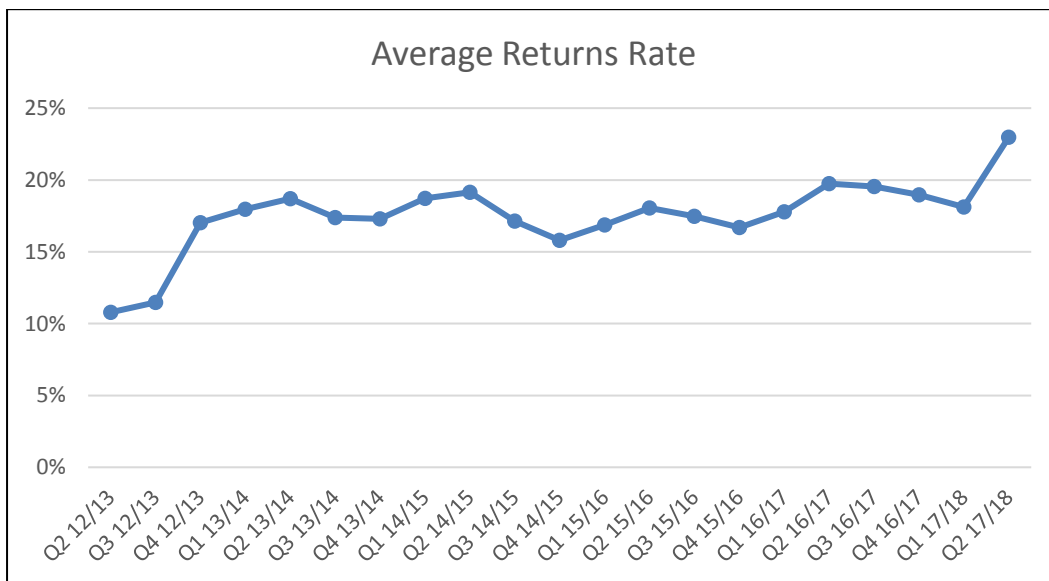
## Returns Rate

The market average for returns rate saw a jump in Q2 2017 to 23%, up from the previous quarter's 18%.

Returns have slowly risen over the course of the past 5 years from a starting measure of 11% in Q2 2012.

23%

The average returns rate recorded in Q2 2017



## Site search and product page activity

21.5% of visits will use the search functionality...



Just over a fifth of all visits to the average retail website will use the search functionality.

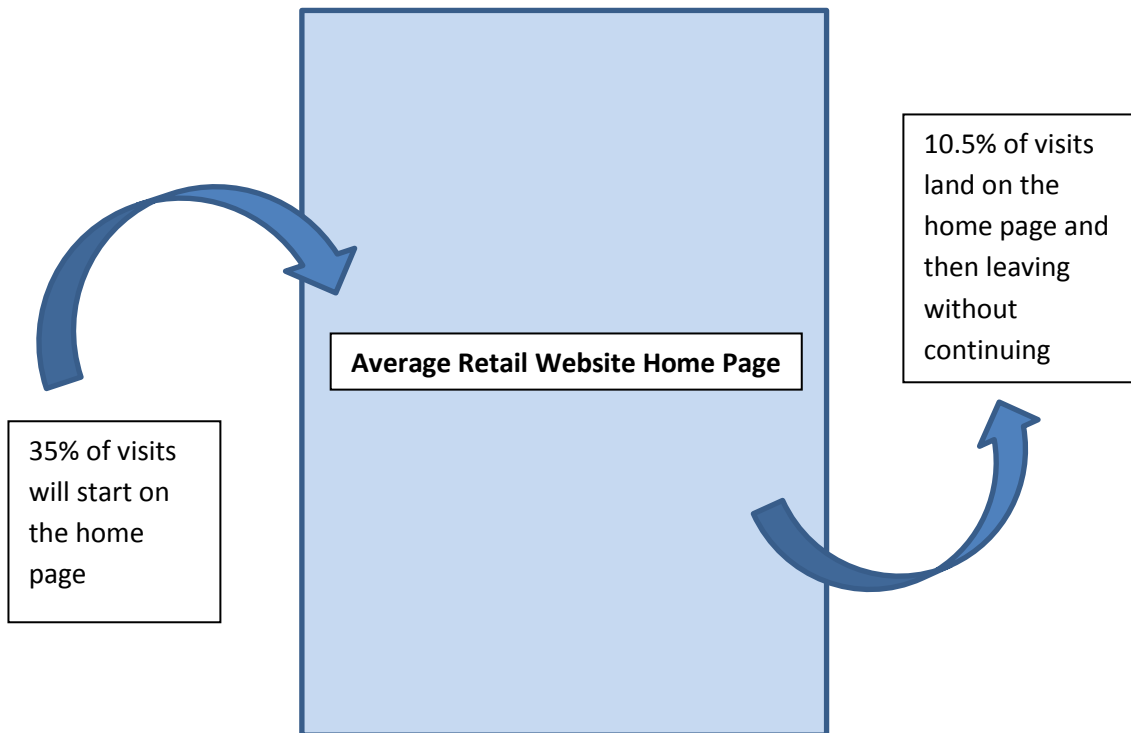
Interestingly, 14.8% of all visits that use the tool will then leave the website once the results are revealed — a strong indicator that appropriately merchandised search results will have a large effect on the customer funnel.

An average of 53.1% of all visits to a website will include a product page view. Just over a fifth (22.6) of all product page views are the first page of the customer journey (i.e product page start rate)



## Home page activity

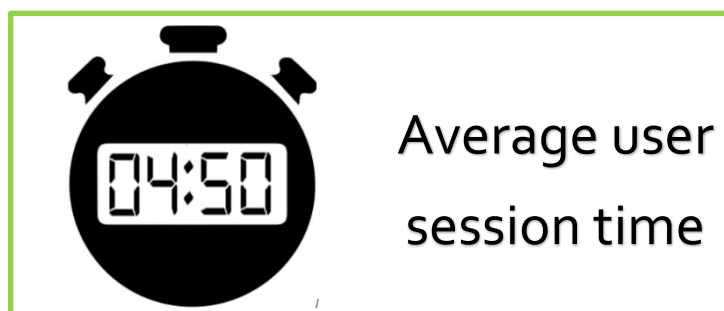
IMRG's new metrics reveal industry averages for activity around the home page.



IMRG's new metrics reveal that just over a third of all visits to the average retailer will start on the home page. A group of retailers within the data sample reported very high home page start rates, in excess of 50%.

Interestingly 10.5% of visits that start on the home page will then leave immediately without clicking onto a further page. The very best results IMRG tracked reported a home page bounce rate lower than 5%. 15% of all visits to the average retail website will exit their session from the home page.

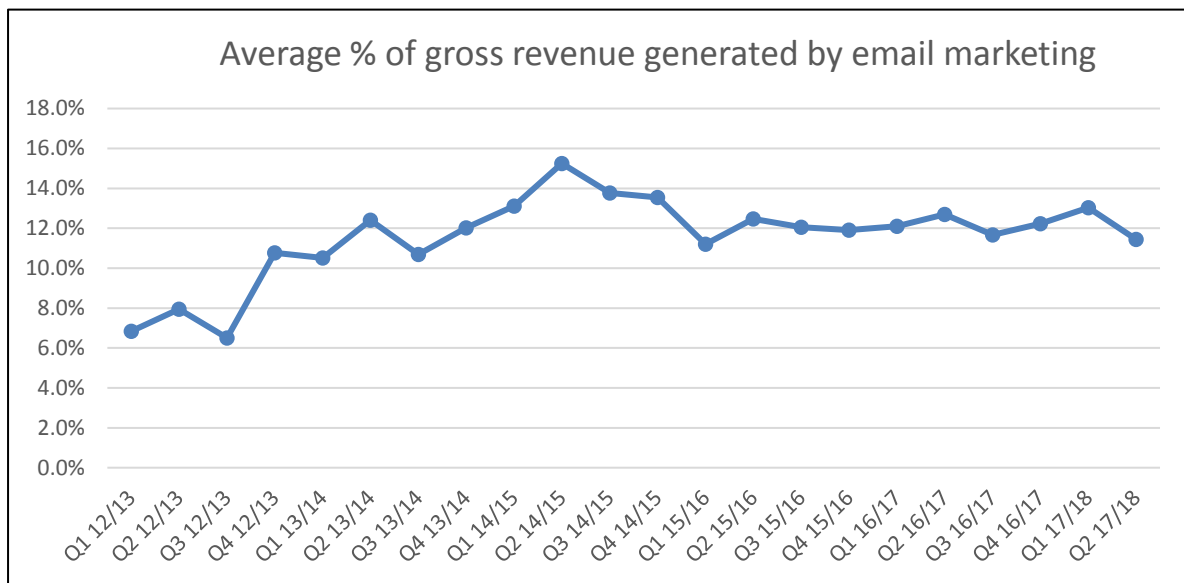
IMRG can also reveal that the average user session lasts 4 minutes and 50 seconds



## Revenue Generated from Email Marketing

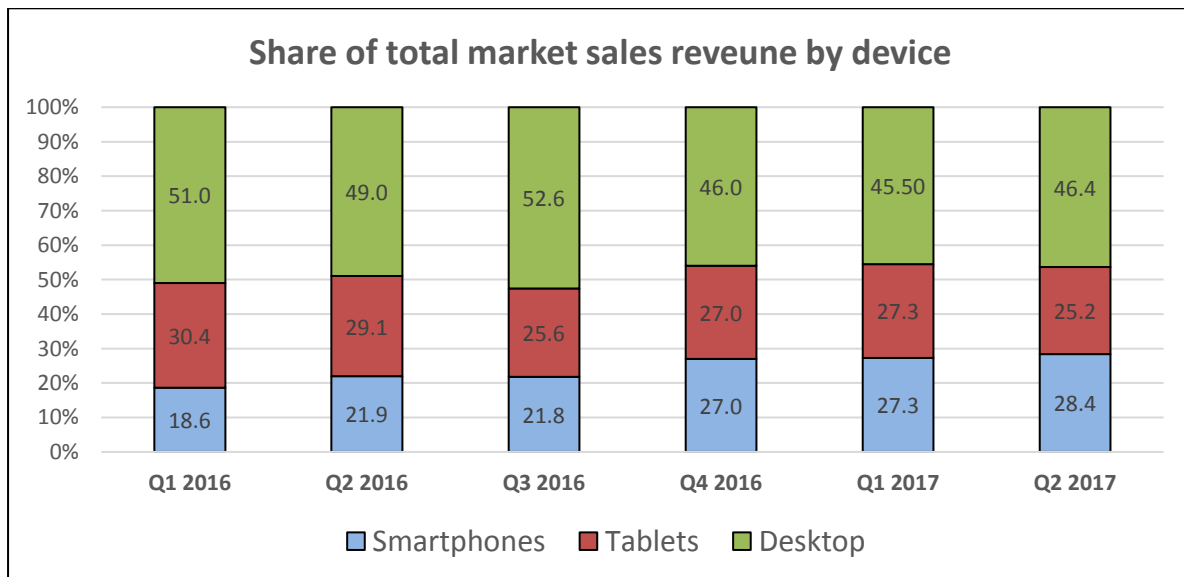
(Definition — percentage of gross revenue generated by email marketing method — based on last click.)

Revenue from email marketing dipped slightly in Q2 2017 from 13.0% in the previous quarter to 11.4%. The decline shouldn't be seen as trend reversal, but part of the longer-term variance that shifts by small amounts between quarters. The below graph highlights the trend over the past 5 years.



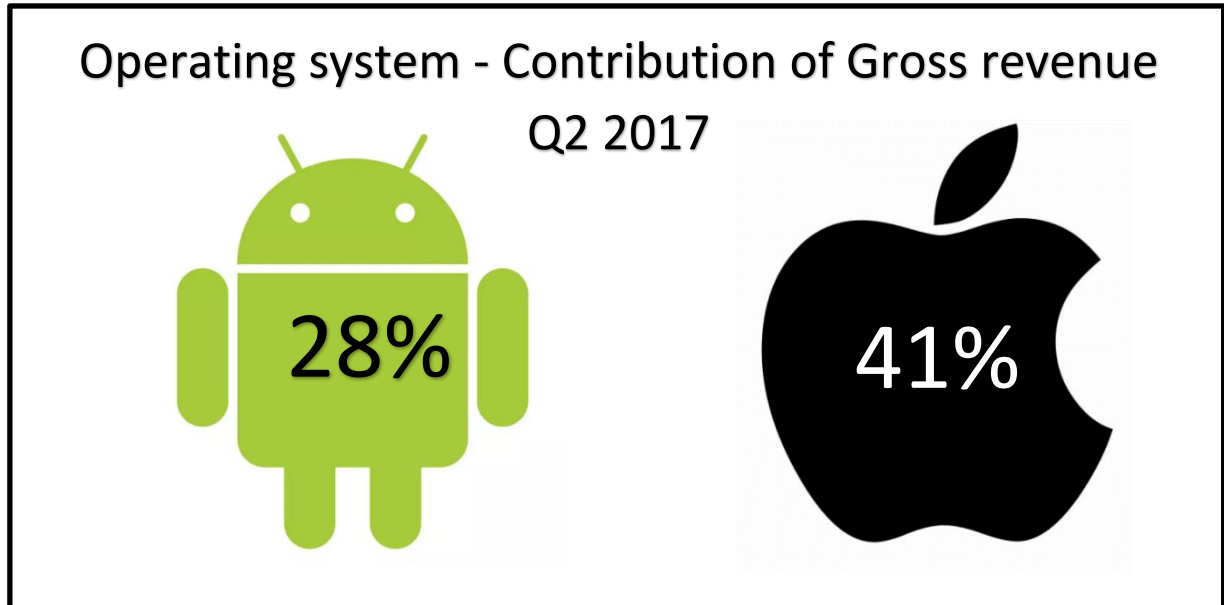
## Mobile Devices

The below graph highlights the increasing growth of smartphones revenue share in online retail.



Smartphones made a major step forward in the quest for dominance over tablets, by becoming the highest revenue generator of the mobile devices.

Android devices (tablets and smartphones) currently generate 28.2% of all digital channels revenue, iOS devices hold 40.9%





## 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 e-retail sector. The categories/KPIs are:

<b>Website Performance:</b>	<ul style="list-style-type: none"> <li>visitor bounce rate</li> <li>basket abandonment rate</li> <li>checkout abandonment rate</li> </ul>
<b>Customer Acquisition</b>	<ul style="list-style-type: none"> <li>active customer retention rate</li> </ul>
<b>&amp; Retention:</b>	<ul style="list-style-type: none"> <li>percentage of new customers</li> </ul>
<b>Commercial:</b>	<ul style="list-style-type: none"> <li>average selling price per item</li> <li>average order value</li> </ul>
<b>Channel:</b>	<ul style="list-style-type: none"> <li>percentage of sales via mobile</li> <li>percentage of visits via mobile</li> <li>percentage of click &amp; collect sales</li> </ul>
<b>Marketing:</b>	<ul style="list-style-type: none"> <li>PPC ROI</li> <li>affiliate ROI</li> <li>online marketing ROI</li> <li>revenue split by marketing method – paid, affiliate, email, natural, direct, social, display &amp; other</li> <li>visits split by marketing method - paid, affiliate, email, natural, direct, social, display &amp; other</li> <li>orders split by marketing method – paid, affiliate, email, natural, direct, social, display &amp; other</li> </ul>
<b>Order Fulfilment:</b>	<ul style="list-style-type: none"> <li>percentage of total orders cancelled due to fraud</li> <li>percentage of units returned</li> <li>no. of items / products per order</li> </ul>
<b>Geographical Split:</b>	<ul style="list-style-type: none"> <li>percentage of sales within the UK</li> <li>percentage of sales within the EU 27 (excluding the UK)</li> <li>percentage of sales rest of the world (excluding the UK and EU27)</li> </ul>
<b>Customer Funnel</b>	<ul style="list-style-type: none"> <li>Percentage of total visits that view a product page</li> <li>Percentage of sessions that convert from a product page view to Add item to bag</li> <li>Percentage of 'add to bag' sessions that convert to checkout</li> <li>Percentage of checkout sessions that convert to payment</li> </ul>
<b>Site Navigation</b>	<ul style="list-style-type: none"> <li>Length of user session</li> <li>Home page bounce rate</li> <li>Home page exit rate</li> <li>Site search Percentage</li> </ul>



## e-Retail Benchmarking

	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 & rest of world), marketing ROI (PPC, affiliate, online) and revenue, visits & 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 participants' 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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## About IMRG:

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of online retail in the UK – a membership community comprising businesses of all sizes.



IMRG track the performance of the online retail industry through a series of unique benchmarks – making IMRG the number one destination for data, insight, market intelligence and best practice.

Our goal is to ensure our members have the information and resources they need to succeed in rapidly-evolving markets – both domestically and internationally.

### About Capgemini:

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at [www.capgemini.com](http://www.capgemini.com).

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