

# IMRG Capgemini Quarterly Benchmarking Report

February 2017 to April 2017  
(Q1 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 over 40 key performance indicators across 7 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 over 40 key performance indicators across seven 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

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, including *B&Q, Blacks, Brora, Cartridge People, Clarks, Debenhams, Deckers, Dunelm, Feelunique.com, Freeman Grattan Holdings (Freemans, Grattan, Look Again, Kaleidoscope, Curvissa, Swimwear365, Witt International UK), Get The Label, House of Fraser, JD Sports JD Williams, John Lewis, M and M Direct, Marks & Spencer, Millets, Moss Bros, New Look, Notonthehighstreet.com, Oasis, Pink Boutique, River Island, Schuh, Screwfix, Silentnight, Size, Sparkling Strawberry, Spirit Boutique, The Body Shop, The White Company, Wilko & Woolovers.co.uk.*



## Executive Summary

- **Checkout abandonment reached an annual high at 31.5%, increasing from 29% in the last quarter.**
- **Email marketing had a strong quarter, increasing its revenue share up to 13%.**
- **Smartphone remains the strongest device channel for email marketing holding 14% revenue share.**
- **Cancellations due to fraud increased to the highest for a year at 3.9%.**
- **Retailers reported an average of 54.5% of all sales coming through mobile devices. Slightly down on Q4 2016/17 at 56.0%, but a higher mobile performance is to be expected during the festive season.**
- **Visitor bounce rates dropped to a new low of 29.7%, the lowest for two years. All three device types reported a decrease in bounce rates, with smartphones and desktops both improving by 1.8% from the last quarter.**

The latest Quarterly Benchmarking results report the highest level for checkout abandonment in 12 months at 31.5%. Looking at a longer-term trend, checkout abandonment has risen from an average of 27% in 2014. This trend can largely be pinpointed to cross-device shopping, with smartphones still acting as the largest source of abandonment.

Mobile devices reported a penetration of sales at 54.5% which is a decrease from the previous quarter, Q4 in 2016. However, Q1's figure is still the second largest ever reported and continues the upwards trend of mobile devices share. Visits from mobile devices has also followed a similar trajectory, the share of visits currently stands at 67.9%.

Email marketing reported a successful quarter, having increased its share of revenue to 13%, up from 12.2% in the last quarter. Affiliate marketing reported a decrease to 6.7% from 7.6% in Q4 2016. Smartphones hold the highest email revenue share (14%) in comparison to desktops (10%) and tablets performance (13%)

Visitor bounce rates reported a decrease to 29.7% from 31.2% last quarter. Q1's result is the lowest rate in eight quarters but isn't part of a downwards trend — bounce rates have actually increased very gradually over the past 2 years.

**Matthew Walsh,**  
**IMRG**

## Q1 2017/18 – Platform Split

	<u>Total Online Retail</u>	<u>Smartphone</u>	<u>Tablet</u>	<u>Desktop/ Laptop</u>
Visitor bounce rate	29.7%	33.9%	28.6%	23.3%
Basket abandonment rate	61.5%	58.5%	59.5%	57.0%
Checkout abandonment rate	31.5%	39.7%	30.7%	28.5%
Cancellations due to fraud	3.9%	N/A	N/A	N/A
Percentage of units returned	18.1%	N/A	N/A	N/A
Average selling price per item	£37	£38	£39	£29
Average order value	£85	£72	£83	£86
PPC ROI per pound spent	£5.15	£3.74	£3.65	£3.88
Affiliate ROI per pound spent	£17.46	£19.91	£20.89	£23.35
Online marketing ROI per pound spent	£17.78	£18.04	£19.23	£18.73
% revenue derived from marketing method: paid	20.2%	19.6%	19.6%	18.1%
% revenue derived from marketing method: affiliate	6.7%	6.2%	6.1%	7.2%
% revenue derived from marketing method: email	13.0%	14.0%	13.1%	10.3%
% revenue derived from marketing method: natural	29.7%	24.5%	27.2%	32.6%
% revenue derived from marketing method: direct	22.0%	24.4%	23.9%	21.7%
% revenue derived from marketing method: social	0.5%	0.5%	0.4%	0.5%
% revenue derived from marketing method: display	0.6%	0.6%	0.7%	1.0%
% revenue derived from marketing method: other	3.7%	4.0%	3.3%	3.8%
Percentage of Sales via mobile devices	54.5%	N/A	N/A	N/A
Percentage of Visits via mobile devices	67.9%	N/A	N/A	N/A
Percentage of Click and collect sales	30.4%	29.3%	26.8%	27.2%

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 BENCHMARKING STATISTICS Q1 2017/18

## FOR CLOTHING/APPAREL SECTOR

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**67** VISITS  
**% MOBILE  
DEVICES**

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**54% OF ONLINE  
SALES  
VIA MOBILE  
DEVICES**



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**65%** **AVERAGE**  
**Basket  
Abandonment**

## Clothing / Apparel Quarterly Benchmarking KPIs

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Visitor bounce rate	31.6%	30.4%	32.1%	30.8%	29.2%
Active customer retention rate	23.2%	22.8%	22.0%	21.3%	21.10%
New customer %	54.8%	54.2%	51.5%	50.5%	54.5%
Average selling price per item	£40	£36	£42	£40	£44
Average order value	£75	£73	£82	£77	£70
PPC ROI per pound spent	£4.96	£5.49	£4.44	£4.19	£4.99
Affiliate ROI per pound spent	£19.91	£19.69	£18.06	£20.29	£19.79
Online marketing ROI per pound spent	£16.06	£14.68	£17.31	£16.04	£16.21
% revenue derived from marketing method: paid	22.2%	23.1%	19.9%	18.7%	21.0%
% revenue derived from marketing method: affiliate	11.0%	10.4%	11.3%	12.5%	10.8%
% revenue derived from marketing method: email	10.0%	8.3%	7.3%	7.7%	8.2%
% revenue derived from marketing method: natural	30.3%	30.6%	29.0%	30.3%	28.0%
% revenue derived from marketing method: direct	21.7%	21.3%	21.9%	19.1%	20.5%
% revenue derived from marketing method: social	0.6%	0.8%	0.9%	1.0%	1.1%
% revenue derived from marketing method: display	0.4%	0.9%	1.0%	1.1%	0.9%
% revenue derived from marketing method: other	3.2%	4.6%	2.5%	2.9%	2.7%
% of sales via mobile (including tablets)	51.7%	52.9%	52.7%	56.8%	54.2%
% of visits via mobile (including tablets)	68.4%	69.3%	66.8%	71.4%	67.0%

## Checkout Abandonment Rate

(Definition — percentage of abandoned sessions after the customer had navigated to the checkout)

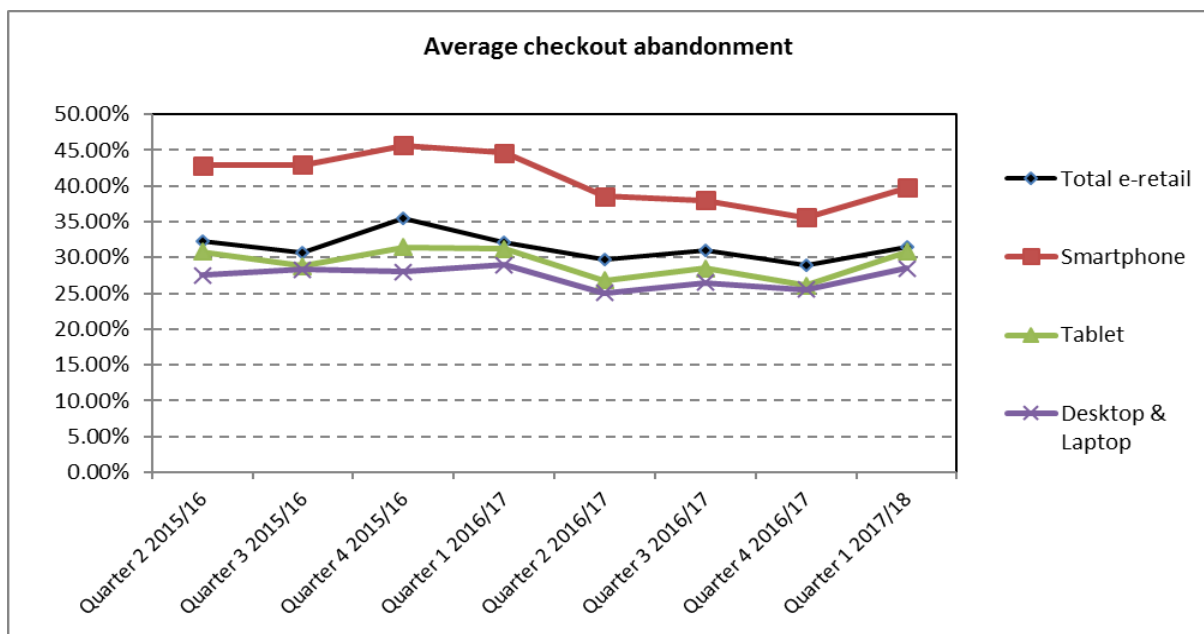
Although, we have seen a general downward trend in checkout abandonment rates over recent years, yet these remain stubbornly high. Following two consecutive years of decline from 35% in 2010 to 32% in 2012, in 2013 the average rate rose to 35%. Since 2014, the average checkout abandonment rate has ranged from 26% to 36%, with the overall rate reaching 31% in 2015.

**31.5%**

The average checkout abandonment rate recorded in Q1 2017/18

The overall average checkout abandonment rate increased to 31.5% in Q1 2017, up from 29.0% in the previous quarter. This compares with 32.1% in the same period last year.

2010	2011	2012	2013	2014	2015	2016
35%	33%	32%	35%	30%	31%	30%





## Active Customer Retention Rate

*(Definition — number of customers who have transacted one or more times in both the last 12 months and the previous 12 months, divided by the total number of customers who have transacted in the previous 12 months)*

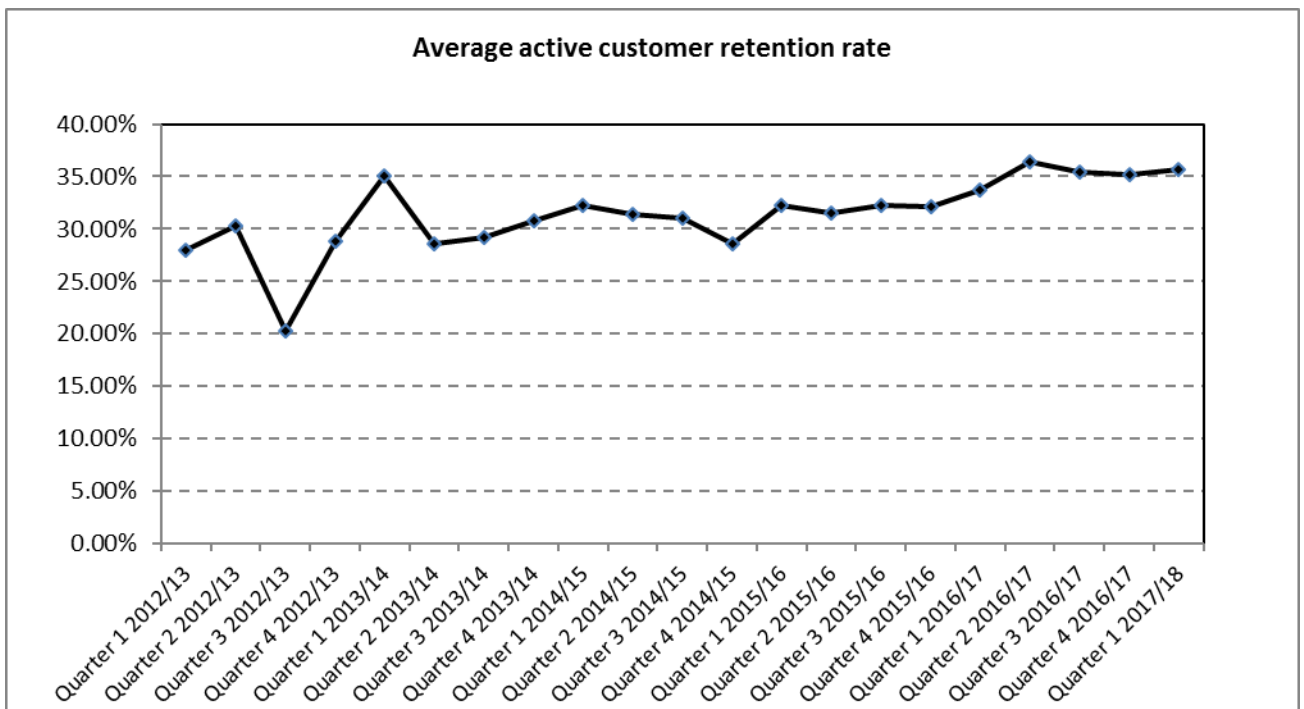
The reported average active customer retention rate was 35.6% in Q1 2017/18, a marginal change from 35.2% in Q4. By comparison the recorded rate in Q1 2016 was 33.7%

35.6%

The average online active customer retention rate in the UK during Q1 2017/18

There is a general upward trend in customer retention rates — the average rate recorded in 2010 was 21%, with the average in 2016 reaching 35%. This represents a 67% increase in customer retention rates over the past 6 years.

2010	2011	2012	2013	2014	2015	2016
21%	27%	27%	31%	31%	32%	35%





## e-Retail Benchmarking

### Click and Collect

(Multichannel retailers only)

30.4%

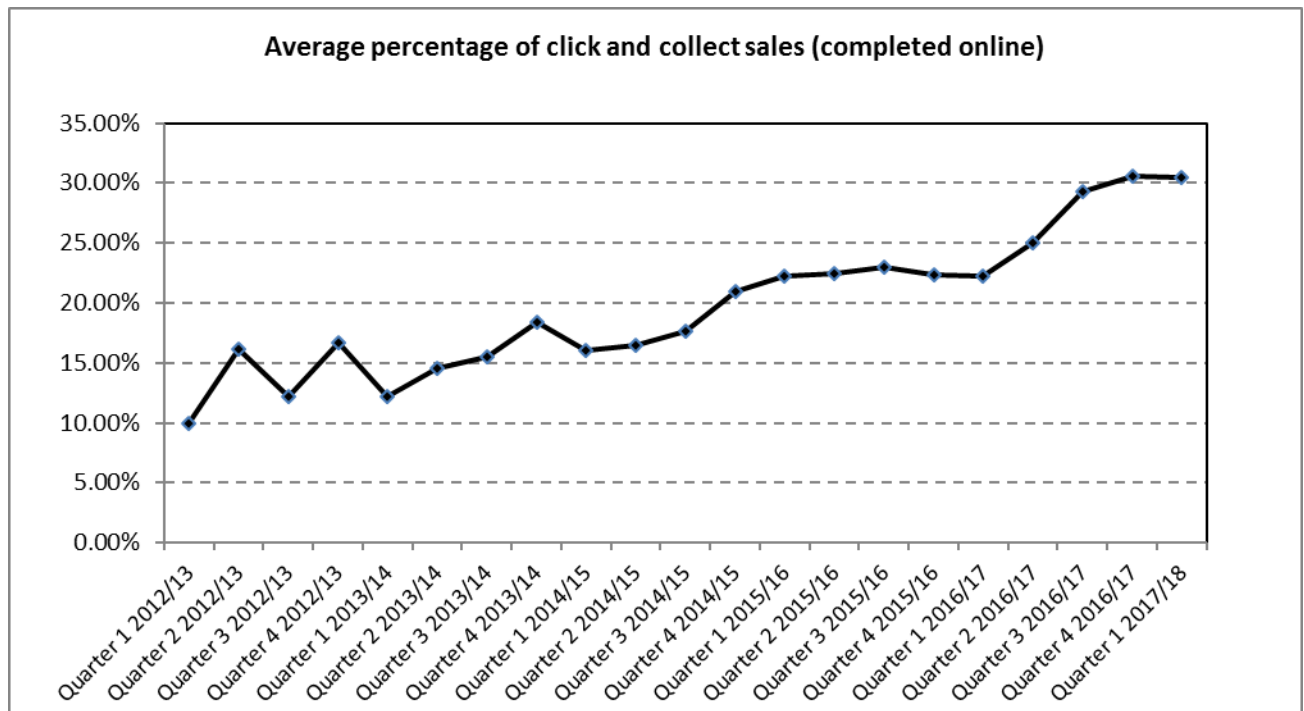
(Definition — total gross revenue generated through pre-paid web order for collection in store or other drop-off points as a percentage of total gross revenue for the quarter, when transaction completed online.)

The average percentage of click and collect sales in Q4 2016/17 for multichannel retailers

The penetration of click and collect sales of online for multichannel retailers has more than doubled since 2010, when the average rate recorded was 10%. During Q1 in 2017, it reached 30.4%, a jump from 22.2% 12 months ago in Q1 2016.

In 2011, click and collect accounted for 9% of multichannel retailers' online sales, rising to 14% in 2012 and 15% in 2013. During 2014 the penetration rate rose three percentage points to 18%, and last year click and collect accounted for 23% of online sales for multichannel merchants, up 5 percentage points from the previous year. In 2016, click and collect accounted for 27% of online sales for this group of merchants.

2010	2011	2012	2013	2014	2015	2016
10%	9%	14%	15%	18%	23%	27%



## PPC Marketing ROI

*(Definition — gross revenue from a customer visit generated from PPC advertising minus amount spent on PPC advertising in the quarter, divided by amount spent on PPC advertising in the quarter.)*

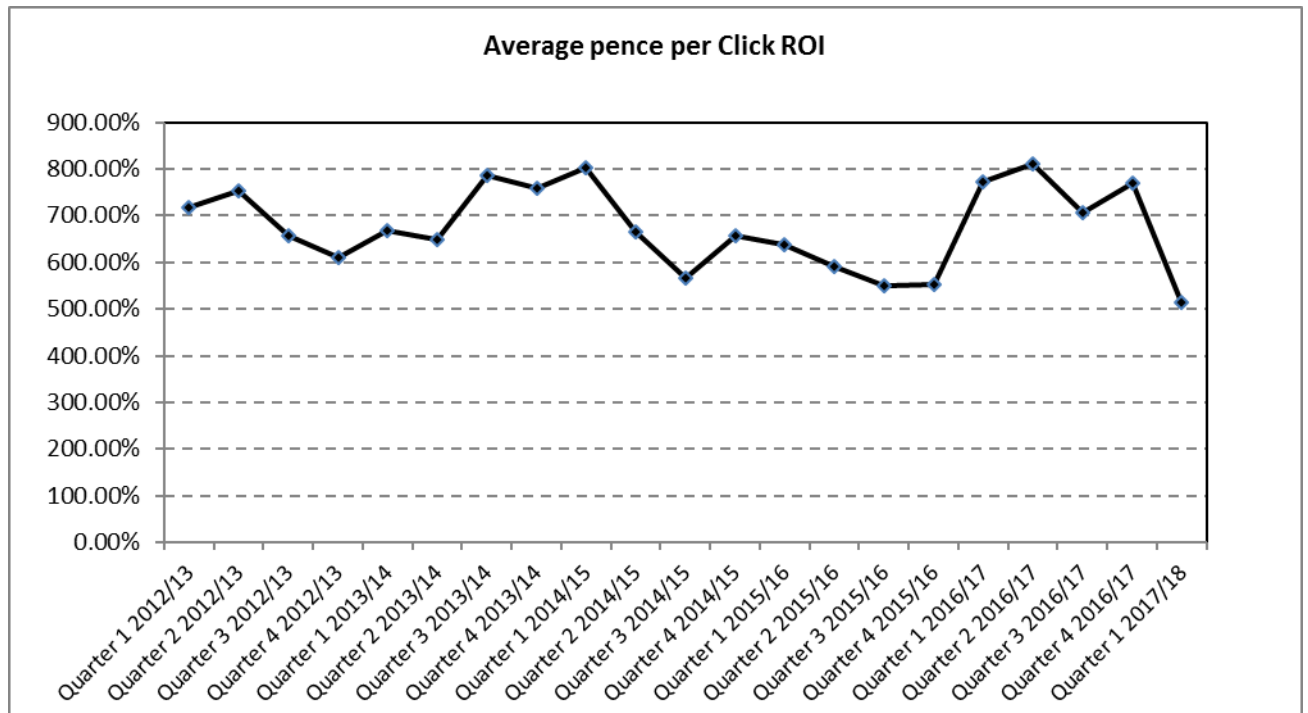
The ROI per pound spent on affiliate marketing declined to £5.15 during Q1 2017, from £7.69 in the previous quarter. The result from the latest quarter is the lowest result reported since IMRG began tracking the metric in 2010.

**£5.15**

The average ROI recorded in Q1 2017/18 per pound spent on PPC marketing by UK e-retailers

Looking at the historic trend, it would indicate the recent drop is not part of a declining pattern, but part of the volatile nature of the metric. To illustrate, the average ROI fell from £7.21 to £5.83 between 2010 and 2015, but then returned to record levels of £7.65 in 2016.

2010	2011	2012	2013	2014	2015	2016
£7.21	£7.19	£6.83	£7.16	£6.74	£5.83	£7.65



## Percentage of Sales and Visits via Mobile

*(Definition — percentage of gross sales / visits via mobile devices (including tablet devices) of total UK e-retail sales.)*

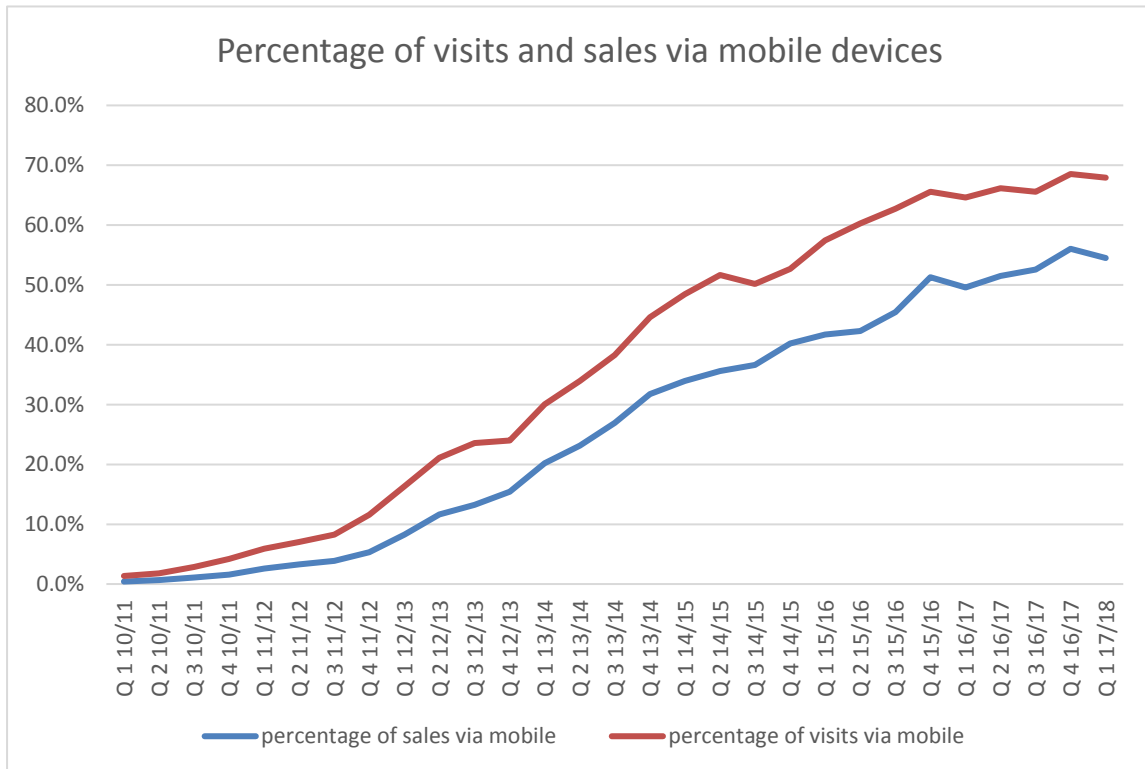
During Q4 2015, we reported a major digital tipping point had been reached, when the percentage of UK online retail sales made on mobile devices exceeded 50% for the first time, reaching 51.3%. By Q4 2016, the rate has increased to 56.0%.

In Q1 2017 the share of sales via a mobile device now stands at 54.5%.

54.5%

The percentage of online sales via mobile devices in the UK in Q1 2017/18

	2010	2011	2012	2013	2014	2015	2016
M-retail sales	1%	4%	12%	26%	37%	45%	52%
M-retail visits	3%	8%	21%	37%	51%	62%	66%





## 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>	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)

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

Full year runs from February 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 e-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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