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IMRG Capgemini
Quarterly Benchmarking Report
February 2018 to April 2018
(Q1 2018/19)

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 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

IMRG QUARTERLY BENCHMARK RESULTS:

- **Direct website traffic is proving more and more important. On average it now generates 24.8% of website revenue. 24 months ago, it was 21.8%**
- **The percentage of visits via mobile devices continues its upwards trend, now representing on average 71.4% of all visits**
- **The average percentage of new customers continues its gradual decline to 38% as the ecommerce market matures. 24 months ago, it was 49%**
- **The average number of items per order is slowly increasing — it's now at 2.9. 24 months ago it was 2.3**
- **Multichannel retailers on average reported 36% of all orders were selected as click and collect**

IMRG have collected some new metrics for the customer funnel this quarter. The funnel is now split by device.

- **Smartphones and tablets show as the dominant device type for viewing product pages. However, desktops rapidly start to become the preferred choice for shoppers as the funnel progresses.**
- **Notably, smartphones become the significantly lowest performer at the final stage of the funnel — a full 13% lower than desktop. Smartphones' 4th stage drop is all the more interesting as the devices are ahead of tablets at the 3rd stage (converting to the checkout). It's a definite sign that shoppers are keen to pay via smartphones, but the checkout still presents a lot of friction.**

Matthew Walsh,
IMRG

Q1 2018/19 – Platform Split

	Total Online Retail Market Average	Market Average for Smartphone	Market Average for Tablet	Market average for Desktop/Laptop
Visitor bounce rate	31.1%	34.2%	28.3%	24.6%
Basket abandonment rate	60.9%	61.1%	64.2%	64.2%
Checkout abandonment rate	31.3%	36.9%	26.4%	23.4%
Active Customer retention rate	43%	N/A	N/A	N/A
% of new customers	38%	37.1%	32.5%	35.5
Cancellations due to fraud	3.4%	N/A	N/A	N/A
Percentage of units returned	23.8%	N/A	N/A	N/A
Average selling price per item	£32	£33	£34	£34
Average order value	£80	£71	£84	£86
PPC ROI per pound spent	£4.56	N/A	N/A	N/A
Affiliate ROI per pound spent	£16.30	N/A	N/A	N/A
Online marketing ROI per pound spent	£12.88	N/A	N/A	N/A
% revenue derived from marketing method: paid	20.4%	21.6%	18.6%	19.6%
% revenue derived from marketing method: affiliate	5.8%	4.7%	4.5%	6.9%
% revenue derived from marketing method: email	11.9%	12.3%	12.5%	9.7%
% revenue derived from marketing method: Organic	29.5%	23.0%	29.5%	33.0%
% revenue derived from marketing method: direct	24.8%	29.0%	26.6%	23.6%
% revenue derived from marketing method: social	0.4%	0.6%	0.1%	0.2%
% revenue derived from marketing method: display	0.8%	0.8%	0.6%	1.0%
% revenue derived from marketing method: other	7.0%	8.0%	7.6%	6.0%
Percentage of Sales via mobile devices	54.9%	N/A	N/A	N/A
Percentage of Visits via mobile devices	71.4%	N/A	N/A	N/A
Percentage of Click and Collect sales	35.8%	35.5%	30.2%	29.6%

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.

Q1 2018/19 – Extra Quarterly Metrics

|		Q1 2018 Market Average	Smartphone average	Tablet average	Desktop average
Customer Funnel	Percentage of total visits that view a product page	52%	50.5%	53.4%	49.7%
	Percentage of sessions that convert from a product page view to 'Add item to bag'	18%	16.4%	17.7%	23.0%
	Percentage of 'Add to bag' sessions that convert to checkout	57%	57.9%	56.3%	60.0%
	Percentage of checkout sessions that convert to payment	61%	53.0%	62.1%	66.3%
Site Navigation	Length of user session (secs)	225			
	Home page bounce rate	11.3%			
	Home page exit rate	16.5%			
	Site search Percentage	18.9%			
	Search page exit rate	13.6%			
	Product page exit rate	27.9%			
	Home page start rate	35.9%			
	Product Page Start Rate	24.0%			
Mobile and App data	Mobile device platform — Android share of sales	30.1%			
	Mobile device platform — iOS share of sales	45.5%			
Customer engagement	Old customer reactivation rate	4.1%			
	New visitor conversion rate	17.5%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	16.9%			

Clothing / Apparel Quarterly Benchmarking KPIs

| CLOTHING MARKET ONLY	Q1 2017 Average	Q2 2017 Average	Q3 2017 Average	Q4 2017 Average	Q1 2018 Average
Visitor bounce rate	29.20%	29.40%	29.60%	26.00%	27.60%
Active customer retention rate	20.10%	41.00%	36.20%	31.40%	31.00%
New customer %	54.50%	59.30%	59.80%	59.40%	60.20%
Average selling price per item	£44	£28	£29	£31	£36
Average order value	£70	£60	£59	£62	£58
PPC ROI per pound spent	£4.99	£5.48	£4.90	£4.74	£4.11
Affiliate ROI per pound spent	£19.79	£11.61	£11.94	£10.29	£10.28
Online marketing ROI per pound spent	£16.21	£13.93	£13.39	£12.39	£9.54
% revenue derived from marketing method: paid	21.00%	29.60%	28.60%	31.40%	28.90%
% revenue derived from marketing method: affiliate	10.80%	8.90%	9.90%	10.00%	8.10%
% revenue derived from marketing method: email	8.20%	8.70%	7.80%	6.80%	7.40%
% revenue derived from marketing method: natural	28.00%	26.40%	27.90%	30.70%	28.50%
% revenue derived from marketing method: direct	20.50%	21.30%	20.20%	15.00%	19.60%
% revenue derived from marketing method: social	1.10%	1.10%	1.30%	2.00%	1.40%
% revenue derived from marketing method: display	0.90%	1.70%	1.60%	1.20%	1.00%
% revenue derived from marketing method: other	2.70%	2.10%	2.70%	3.00%	4.60%
% of sales via mobile (including tablets)	54.20%	45.80%	47.60%	48.20%	47.60%
% of visits via mobile (including tablets	67.00%	60.50%	61.10%	58.50%	58.50%

Visits from Mobile devices

The average percentage of visits made via mobile devices (tablets and smartphones) has seen significant levels of growth. The highest rate of growth came during the end of 2014 and early 2015 – interestingly the same time period that the iPhone 6 and 6+ was launched the phone was the first generation of the larger screen format smartphones that have become prevalent today.

Average Percentage of Visits via mobile

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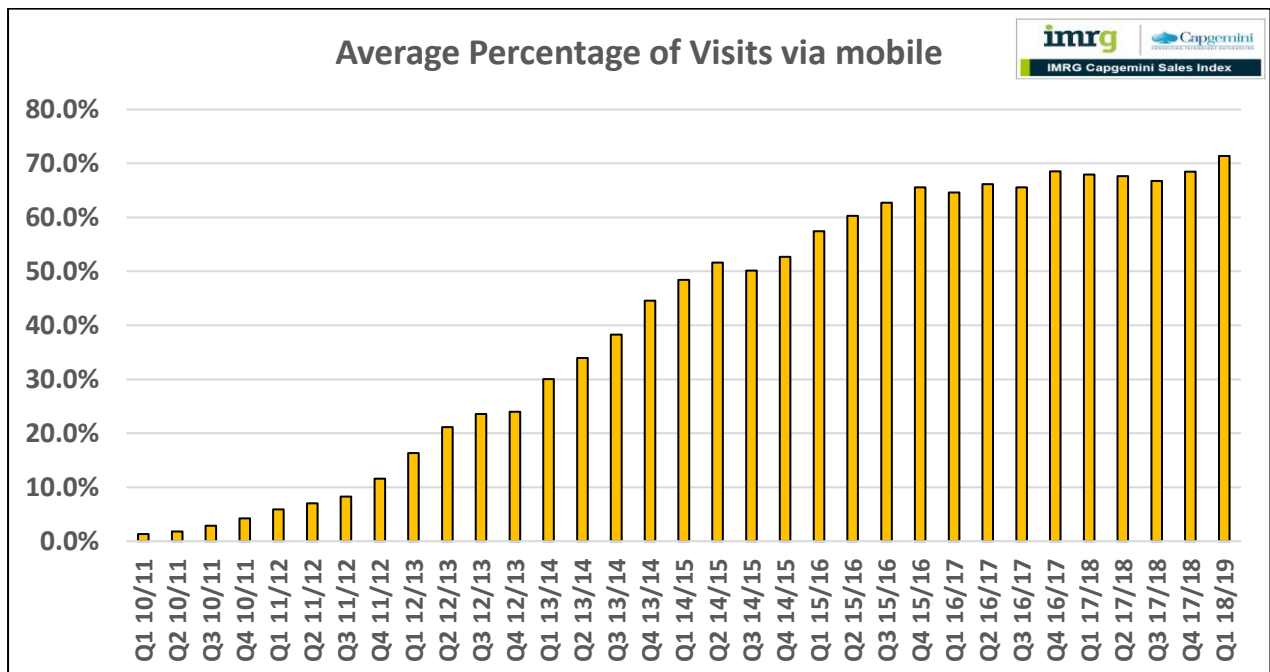
## Split of sales revenue by device type

Tablets have seen their revenue share cannibalised by smartphones over the same time period. Over the last 12 months the rate at which smartphones have increased their share has slowed — desktop seems to be the device pushing back and keeping its position as the most dominant device for revenue.

	Change in share of revenue captured		
	Smartphone	Tablets	Desktop
Q1 2016	8%	-0.7%	-7.3%
Q1 2017	8.6%	-3.1%	-5.5%
Q1 2018	4.2%	-3.8%	-0.4%

Share of sales by device

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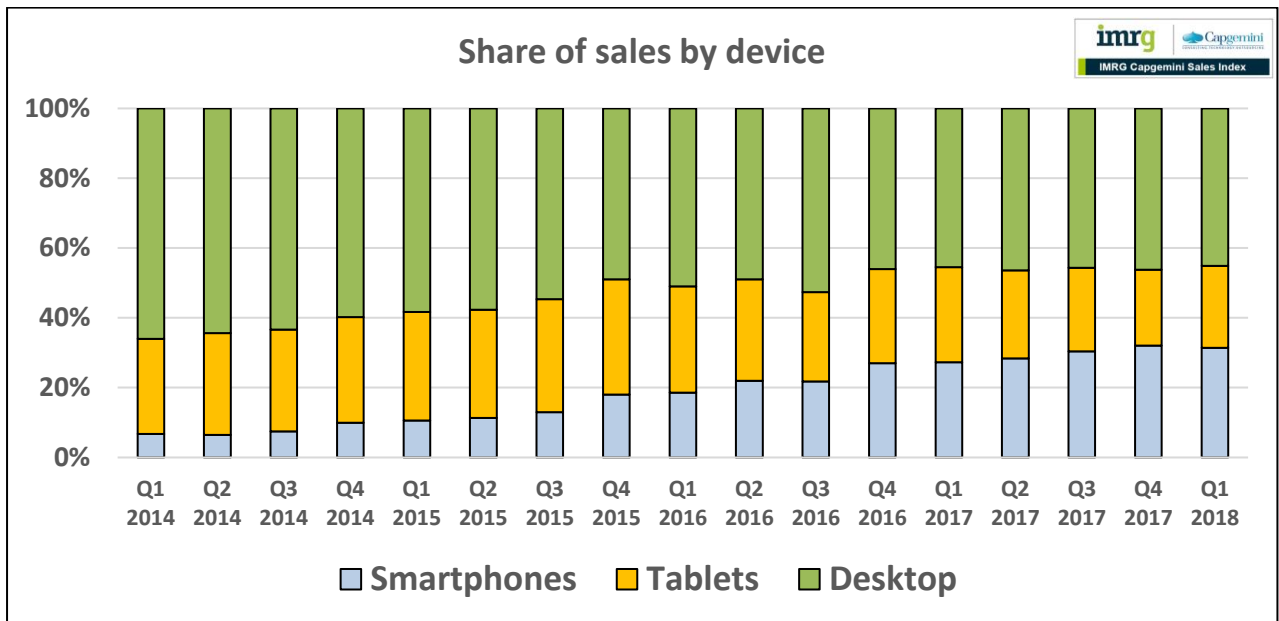
Click and Collect

IMRG tracks the average percentage of orders for multichannel retailers that are selected as click and collect. In Q1 2018 the average rate was 35.8%. Interestingly desktops see the lowest rate at 29.6% compared to smartphones 35.5%. IMRG studied the C&C figures for 15 very large multichannel retailers – 5 of the top 6 C&C rate retailers offered free next day click and collect. The mid-tier performers (3rd highest, 8th, 9th and 13th highest) offered next day click and collect only when a basket value threshold had been passed. Finally, the retailers with the lowest next day click and collect rates charged for the service. So unsurprisingly, those retailers that manage to drive large volumes of C&C are offering the service for free.

Percentage of orders selected as Click and Collect for Multichannel retailers

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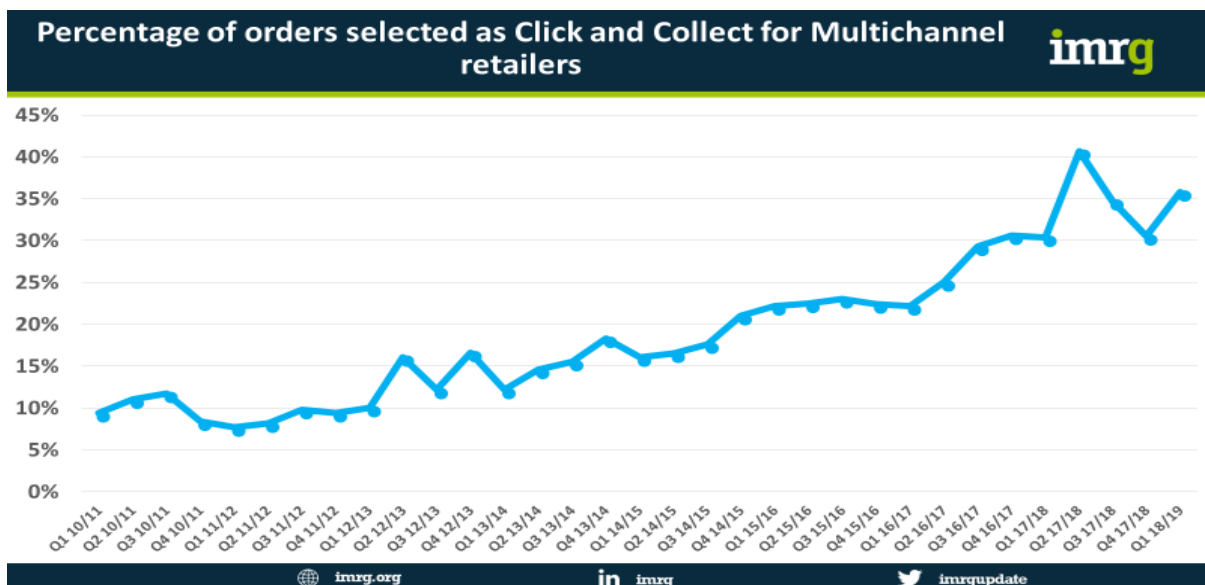
Customer Funnel by Device

IMRG have collected some new metrics for Q1 2018 – the customer funnel split by device.

Interestingly smartphones are never the highest device at any stage of the customer funnel. The data suggests Smartphones are still struggling to convert users at the checkout. They hold a respectable conversion rate at the first stage (50.5%) and converting to the checkout (57.9%). However, it all falls apart at the final stage with a significantly lower conversion at the checkout than tablets and desktops.

The second pinch point is at the 'add to bag' stage. Smartphones are underperforming compared to desktops by a large margin (6.6% difference). Perhaps an unsurprising data point as smartphones become the device of choice for browsing and research, not the device for the final purchase.

SMARTPHONE CUSTOMER FUNNEL

Product Page: 51%

Add to Bag: 16%

Checkout: 58%

Payment 53%
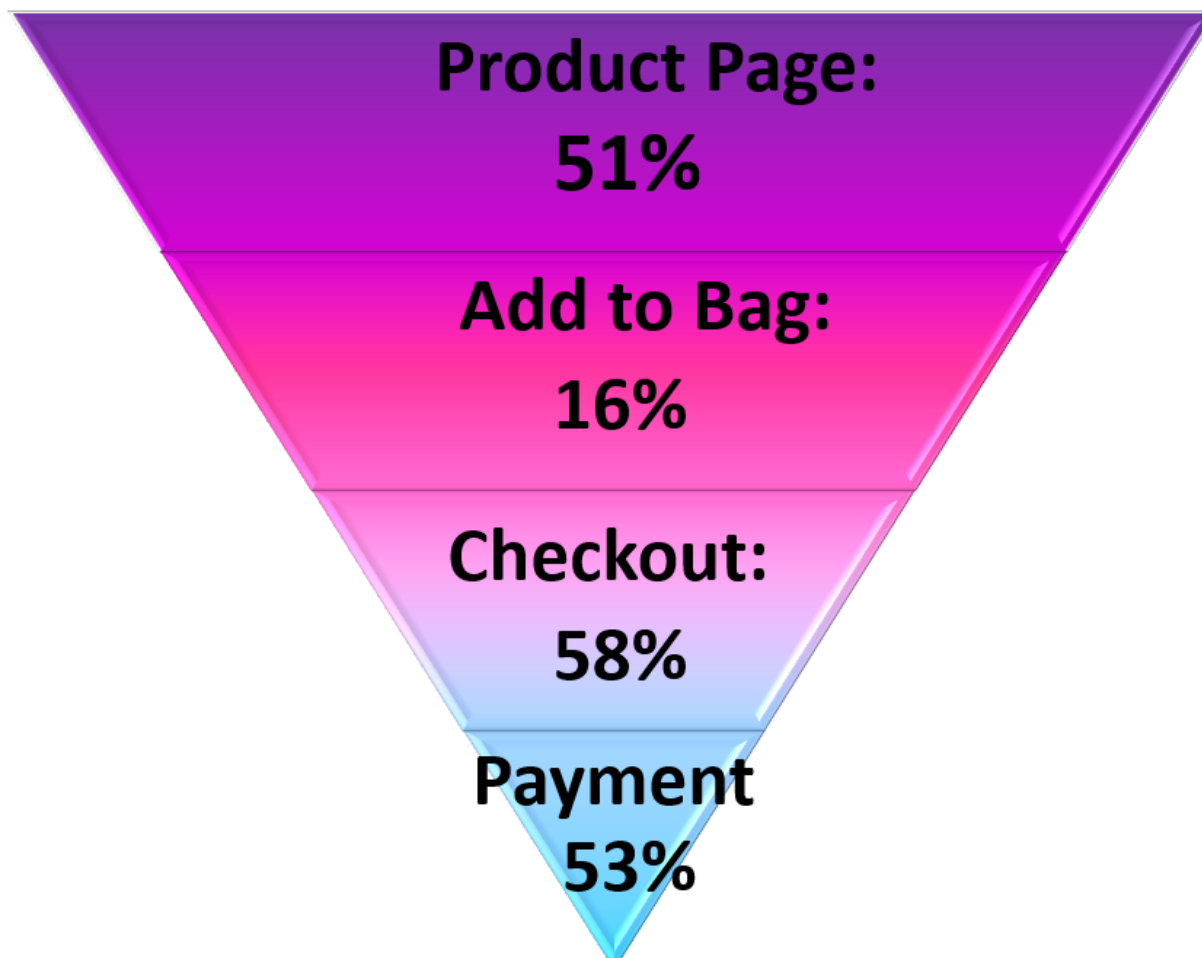
About the IMRG Capgemini Quarterly Benchmarking

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

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	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 & 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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