IMRG Capgemini
Quarterly Benchmarking Report

May 2018 to July 2018
(Q2 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.

Table of Contents

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 Capgemini Benchmark 1

Key Findings:

- **The percentage of sales via mobile devices reached an all-time high of 58%. In Q3 2013 it was half that amount.**
- **The average percentage of new customers declined yet again to 36% as the online shopping market matures. In Q2 2014 it was 49%.**
- **Revenue share from social channels broke past the 1% barrier in Q2 2018 (based on last click). The channel is yet to report any significant revenue contribution when viewed on a last click basis.**

IMRG Capgemini Benchmark 2

Key Findings:

- **The length of user sessions is slowly increasing: the average time spent on a retail website is now just over 4 minutes.**
- **Clothing retailers are showing as the most successful for converting new customer visits: the total market average is 22%.**
- **The discount rate dropped slightly during Q2, possibly due to a strong performance of full-price summer items during the heatwave.**

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 has been running since mid 2017.

Quarterly Benchmark 1 – Q1 2018/19 – Platform Split

Q2 2018 (May, June, July)	Total Online Retail Market Average	Smartphone Market average	Tablet Market Average	Desktop/Laptop Market Average
Visitor bounce rate	30.8%	34.4%	29.5%	28.6%
Basket abandonment rate	65.4%	62.2%	63.4%	62.6%
Checkout abandonment rate	35.1%	38.8%	27.4%	26.8%
Active customer retention rate	41.0%	37.5%	39.3%	38.2%
% of new customers	36.0%	34.1%	30.8%	33.3%
Cancellations due to fraud	3.3%	N/A	N/A	N/A
Percentage of units returned	22.5%	N/A	N/A	N/A
Average selling price per item	£36	£31	£31	£31
Average order value	£80	£63	£81	£81
PPC ROI per pound spent	£5.50	N/A	N/A	N/A
Affiliate ROI per pound spent	£17.31	N/A	N/A	N/A
Online marketing ROI per pound spent	£14.66	N/A	N/A	N/A
% revenue derived from marketing method: paid	19.4%	19.5%	16.5%	16.4%
% revenue derived from marketing method: affiliate	6.6%	4.3%	4.0%	7.5%
% revenue derived from marketing method: email	10.3%	11.1%	11.3%	8.7%
% revenue derived from marketing method: organic	29.8%	24.4%	30.9%	35.4%
% revenue derived from marketing method: direct	25.1%	29.8%	28.2%	24.4%
% revenue derived from marketing method: social	1.0%	0.7%	0.2%	0.5%
% revenue derived from marketing method: display	0.9%	0.8%	0.6%	0.8%
% revenue derived from marketing method: other	7.0%	8.8%	8.0%	6.1%
Percentage of sales via mobile devices	57.9%	N/A	N/A	N/A
Percentage of visits via mobile devices	71.2%	N/A	N/A	N/A
Percentage of Click and Collect sales	28.7%	21.9%	20.5%	27.1%

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.

Quarterly Benchmark 2 – Q1 2018/19 – Extra Quarterly Metrics

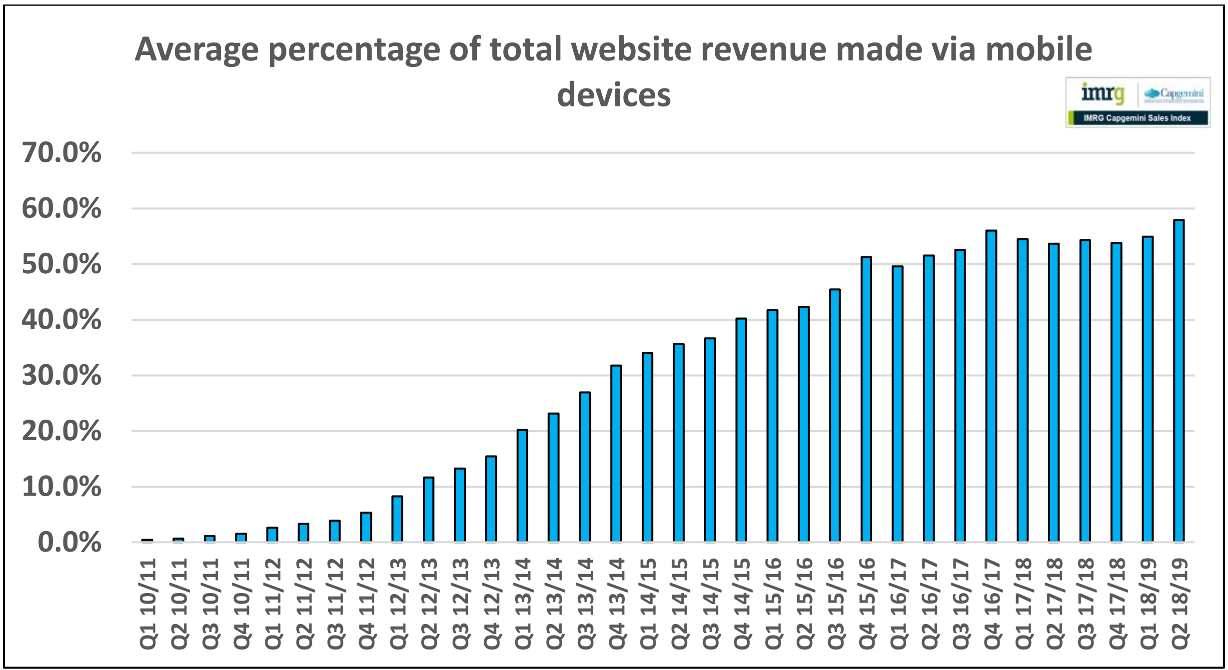
		Q2 2018 Market Average	Smartphone Average	Tablet Average	Desktop Average
Customer Funnel	Percentage of total visits that view a product page	54.5%	47.7%	55.6%	50.9%
	Percentage of sessions that convert from a product page view to 'add item to bag'	20.4%	18.5%	20.5%	24.9%
	Percentage of 'add to bag' sessions that convert to checkout	52.6%	54.4%	51.6%	57.7%
	Percentage of checkout sessions that convert to payment	61.1%	52.1%	64.4%	66.8%
Site Navigation	Length of user session (secs)	244			
	Home page bounce rate	11.2%			
	Home page exit rate	17.6%			
	Site search percentage	16.1%			
	Search page exit rate	13.1%			
	Product page exit rate	30.2%			
	Home page start rate	37.1%			
	Product page start rate	22.2%			
Mobile and App data	Mobile device platform — Android share of sales	30.6%			
	Mobile device platform — iOS share of sales	39.4%			
Customer engagement	Old customer reactivation rate	6.7%			
	New visitor conversion rate	22.0%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	15.2%			

Clothing / Apparel Quarterly Benchmarking KPIs

CLOTHING MARKET ONLY	Q2 2017 Clothing Market Average	Q3 2017 Clothing Market Average	Q4 2017 Clothing Market Average	Q1 2018 Clothing Market Average	Q2 2018 Clothing Market Average
Visitor bounce rate	29.40%	29.60%	26.00%	27.60%	33.0%
Active customer retention rate	41.00%	36.20%	31.40%	31.00%	29.70%
New customer %	59.30%	59.80%	59.40%	60.20%	54.70%
Average selling price per item	£28	£29	£31	£36	£50
Average order value	£60	£59	£62	£58	£80
PPC ROI per pound spent	£5.48	£4.90	£4.74	£4.11	£8.41
Affiliate ROI per pound spent	£11.61	£11.94	£10.29	£10.28	£22.60
Online marketing ROI per pound spent	£13.93	£13.39	£12.39	£9.54	£22.61
% revenue derived from marketing method: paid	29.60%	28.60%	31.40%	28.90%	27.30%
% revenue derived from marketing method: affiliate	8.90%	9.90%	10.00%	8.10%	11.80%
% revenue derived from marketing method: email	8.70%	7.80%	6.80%	7.40%	8.20%
% revenue derived from marketing method: natural	26.40%	27.90%	30.70%	28.50%	29.30%
% revenue derived from marketing method: direct	21.30%	20.20%	15.00%	19.60%	16.00%
% revenue derived from marketing method: social	1.10%	1.30%	2.00%	1.40%	1.60%
% revenue derived from marketing method: display	1.70%	1.60%	1.20%	1.00%	1.20%
% revenue derived from marketing method: other	2.10%	2.70%	3.00%	4.60%	4.50%
% of sales via mobile (including tablets)	45.80%	47.60%	48.20%	47.60%	50.90%
% of visits via mobile (including tablets	60.50%	61.10%	58.50%	58.50%	76.60%

Sales from Mobile Devices

The average percentage of website revenue made via mobile devices (tablets and smartphones) has seen significant levels of growth since IMRG first started tracking it in 2010. The rate in Q2 2018 was 57.9%.

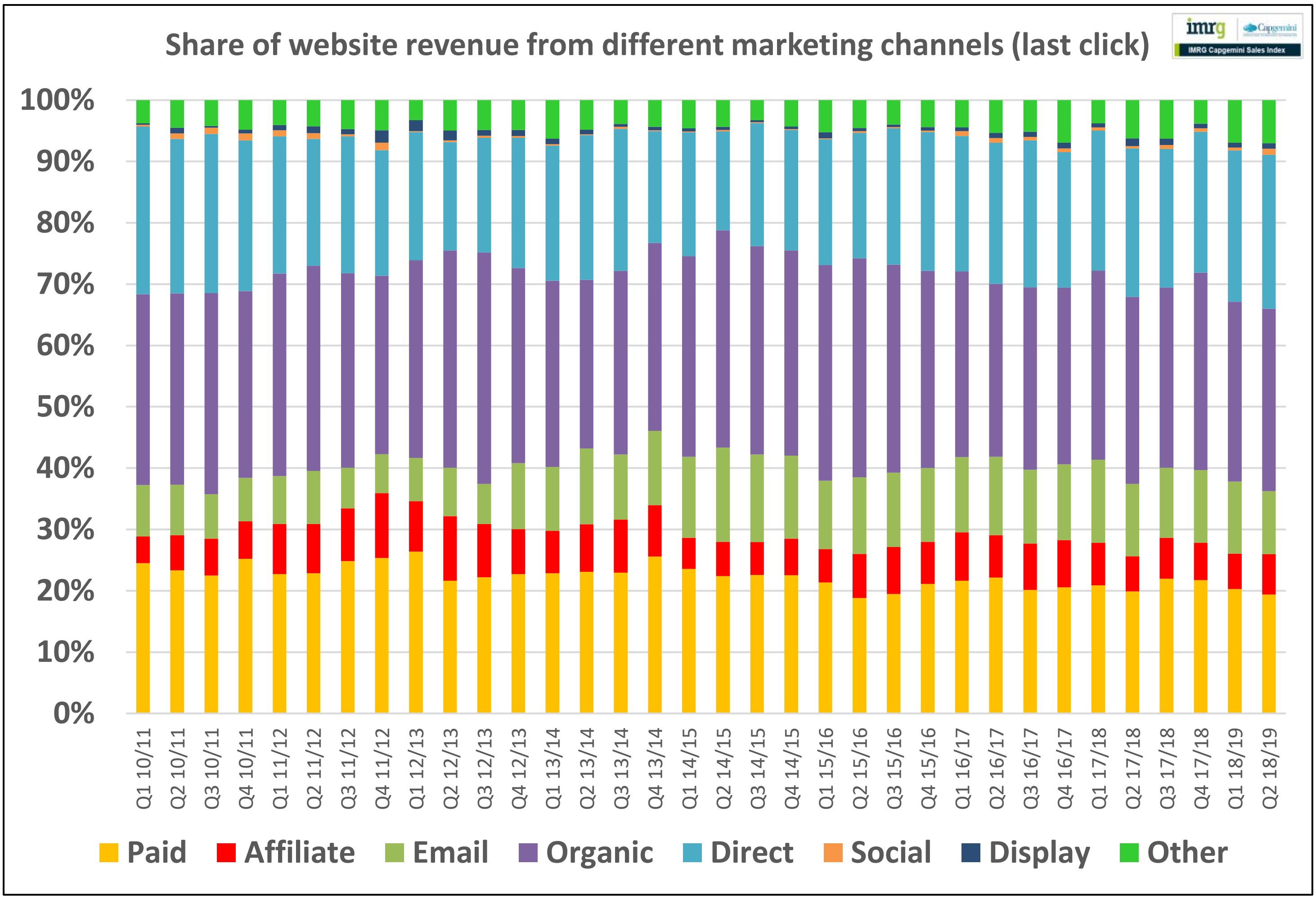


Revenue share from different marketing methods

IMRG tracks the share of revenue each marketing channel contributes to a retailer's website. Our tracker uses a last-click methodology. IMRG take the average result from our retail participants and publish the figures once a quarter. The below graph shows a long-trend period charting nearly 8 years of results.

Interestingly, the email channel showed considerable growth between 2010 and 2014, starting at 8.4% in Q1 2010, then peaking at 15.2% in Q2 2014. The channel has since declined slowly to its current average of 10.3%.

Another interesting trend is the direct channel – at the start of 2014, it reached its lowest ever recorded share of 16%, having started at 27.4% in Q1 2010. Revenue from people visiting websites directly has steadily grown since, back to 25.1%. It's notable timing, as 2014 saw the rapid growth of smartphone sales share. Shoppers' habits had likely started to switch from searching online and clicking on adverts to instead going to a retailer's site directly. The smaller screen provides a limited visual experience for scrolling through Google, so going direct became the preferred experience.



Returns

IMRG has undertaken several insight studies into the difference between multichannel and online-only retailers. One key area of differentiation is on the basis of returns. Multichannel retailers report significantly lower return rates than online-only retailers – a likely consequence of shoppers' capability to see the product in store, decide if they like it, then purchase at a later date. Online-only outlets clearly don't have that luxury. Below are the results of a study IMRG conducted, assessing the difference in retailers' return rates.

The image shows 10 very large multichannel and 10 very large online-only retailers ranked from those with the highest return rate at the top to the lowest at the bottom. The highest MC return rate was in excess of 30%. For pureplay retailers it was over 40%. Then, working outwards, we have put a sticker to indicate the sector that each retailer operates in (clothing, home and garden, or multicategory). The final column indicates whether that company allows free returns or requires the customer to pay for returning an item.

Interestingly, those with the highest rates in both formats are those selling clothes and offering free returns. The home & garden sector often reports the lowest returns rates in the industry.

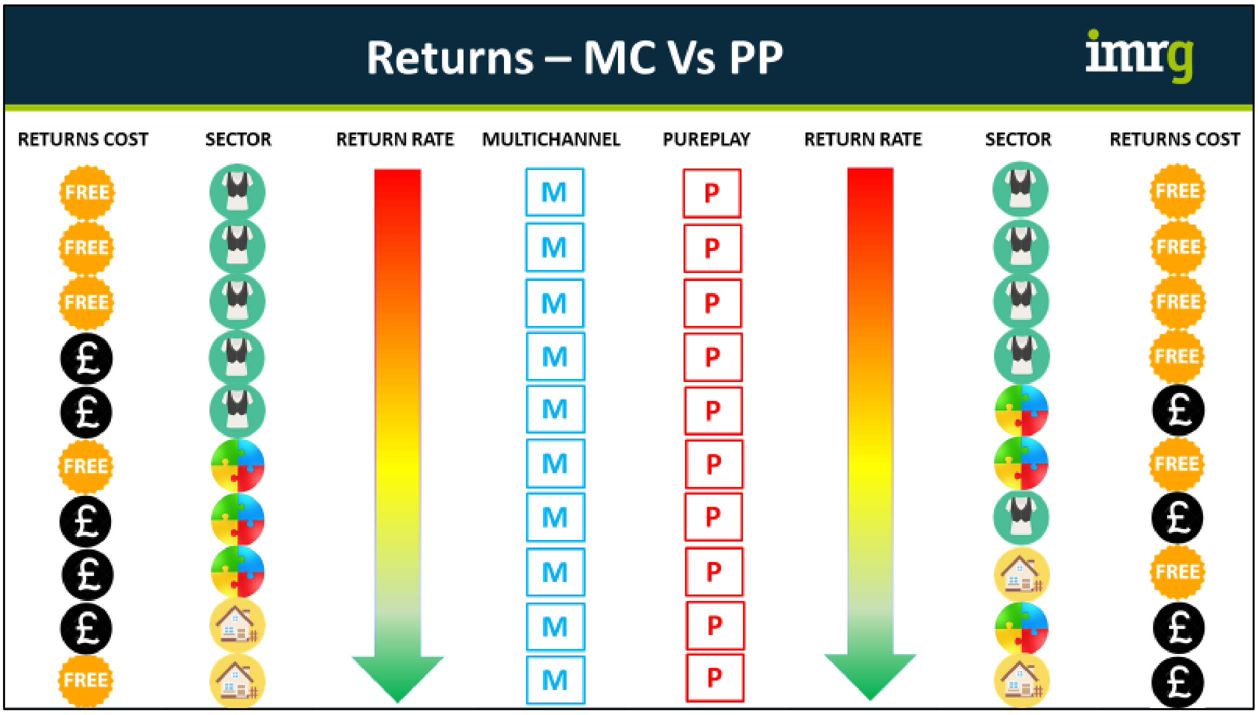
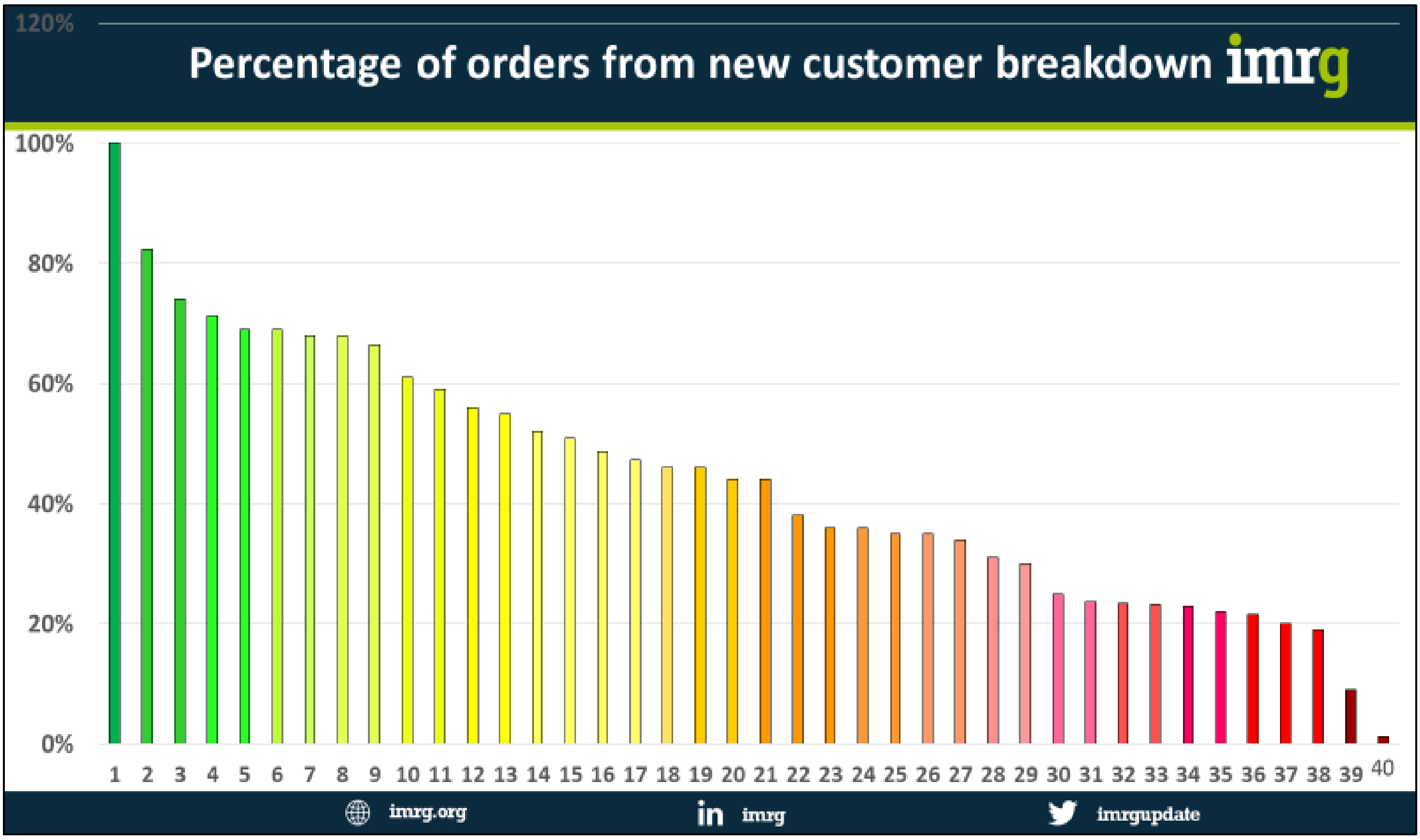


Figure 8: The traits of multichannel and pureplay retailers' returns proposition posed against their actual return rate

New Customer Acquisition

IMRG report new customer acquisition as part of our *Quarterly Benchmark* – the rate in Q2 2018 was 36%. However, given the wide range of products and retailers in the sample, a new customer acquisition benchmark showing an *average* is often hard to assess. Below is a graph showing 40 different retailers' new customer acquisition rates. The range spans from 100% down to just 1%.

When we examined the new customer acquisition by product sector, there were a few common trends: home & garden retailers were often in the 30-50% range and footwear retailers were concentrated around the 50-70% range. Clothing showed the largest variance from 10% to 80%.


Percentage of orders from new customer breakdown
imrg
120%
100%
80%
60%
40%
20%
0%
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40
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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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