IMRG Capgemini
Quarterly Benchmarking Report

Nov 2018 to Jan 2019
(Q4 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 the key performance indicators outlined in the '*About the IMRG Capgemini Quarterly Benchmarking*' section on page 16.

Around 50 retailers currently participate in the IMRG Capgemini Quarterly Benchmarking.

Executive Summary

Benchmark 1 – Key Findings:

- The average percentage of units returned jumped up by 7 points from the previous quarter to 26%. The average return rate in online retail is slowly increasing across the months and years – in Q4 2014, the average rate was 16%
- The percentage of visits from smartphone and tablets reached a new peak of 74.3% in Q4

Benchmark 2 – Key Findings:

- Desktop checkout continues to be the star of the customer funnel, increasing to nearly 62% conversion for Q4
- The percentage of visits that view a product page hit an all-time high at 56% — a notable increase over Q4 2017, which posted 49.6%

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 – Q4 2018/19 – Platform Split

Q4 2018 (Nov, Dec, Jan)	Total Online Retail Market Average	Smartphone Market Average	Tablet Market Average	Desktop/Laptop Market Average
Visitor bounce rate	31.9%	36.5%	29.3%	24.9%
Basket abandonment rate	58.1%	61.3%	57.1%	54.1%
Checkout abandonment rate	37.9%	42.8%	33.5%	34.5%
Active customer retention rate	38.5%	47.7%	45.0%	47.8%
% of new customers	38.7%	45.6%	38.4%	47.3%
Cancellations due to fraud	2.0%	N/A	N/A	N/A
Percentage of units returned	26%	N/A	N/A	N/A
Average selling price per item	£33	£32	£43	£34
Average order value	£78	£69	£91	£81
PPC ROI per pound spent	£7.16	£2.72	N/A	N/A
Affiliate ROI per pound spent	£11.04	N/A	N/A	N/A
Online marketing ROI per pound spent	£10.45	N/A	N/A	N/A
% revenue derived from marketing method: paid	21.8%	23.7%	20.8%	19.1%
% revenue derived from marketing method: affiliate	7.3%	6.0%	5.6%	8.8%
% revenue derived from marketing method: email	11.7%	13.0%	13.2%	9.7%
% revenue derived from marketing method: organic	26.6%	23.3%	28.3%	32.0%
% revenue derived from marketing method: direct	22.5%	23.1%	21.7%	20.1%
% revenue derived from marketing method: social	1.1%	1.6%	0.7%	0.5%
% revenue derived from marketing method: display	0.8%	0.7%	0.6%	1.0%
% revenue derived from marketing method: other	8.4%	9.3%	9.6%	9.0%
Percentage of sales via mobile devices	60.3%	N/A	N/A	N/A
Percentage of visits via mobile devices	74.3%	N/A	N/A	N/A
Percentage of Click and Collect sales	28.8%	33.9%	32.2%	30.6%

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.

Quarterly Benchmark 2 – Q4 2018/19 – Extra Quarterly Metrics

		Q4 2018 Market Average	Smartphone Average	Tablet Average	Desktop Average
Customer Funnel	Percentage of total visitors that view a product page	56.0%	54.8%	57.7%	55.8%
	Percentage of sessions that convert from a product page view to 'add item to bag'	19.3%	17.8%	20.2%	23.0%
	Percentage of 'add to bag' sessions that convert to checkout	57.2%	55.0%	57.3%	61.8%
	Percentage of checkout sessions that convert to payment	58.6%	52.4%	59.5%	61.6%
Site Navigation	Length of user session (secs)	286			
	Home page bounce rate	11.4%			
	Home page exit rate	12.2%			
	Site search percentage	14.1%			
	Search page exit rate	15.0%			
	Product page exit rate	30.2%			
	Home page start rate	35.2%			
	Product page start rate	24.4%			
Mobile and App data	Mobile device platform — Android share of sales	28.3%			
	Mobile device platform — iOS share of sales	54.1%			
Customer engagement	Old customer reactivation rate	8.1%			
	New visitor conversion rate	7.4%			
Discounting	Discount rate (% of gross revenue generated from items on sale/discount)	48.8%			

Clothing / Apparel Quarterly Benchmarking KPIs

CLOTHING MARKET ONLY	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Visitor bounce rate	26.0%	27.6%	33.0%	32.8%	33.3%
Active customer retention rate	31.4%	31.0%	29.7%	29.6%	23.0%
New customer %	59.4%	60.2%	54.7%	53.5%	42.6%
Average selling price per item	£31	£36	£50	£47	£29
Average order value	£62	£58	£80	£102	£65
PPC ROI per pound spent	£4.74	£4.11	£8.41	£6.55	£4.99
Affiliate ROI per pound spent	£10.29	£10.28	£22.60	£12.51	£7.90
Online marketing ROI per pound spent	£12.39	£9.54	£22.61	£9.46	£7.15
% revenue derived from marketing method: paid	31.4%	28.9%	27.3%	26.3%	22.2%
% revenue derived from marketing method: affiliate	10.0%	8.1%	11.8%	8.7%	10.7%
% revenue derived from marketing method: email	6.8%	7.4%	8.2%	16.1%	14.9%
% revenue derived from marketing method: natural	30.7%	28.5%	29.3%	30.4%	28.5%
% revenue derived from marketing method: direct	15.0%	19.6%	16.0%	13.0%	19.2%
% revenue derived from marketing method: social	2.0%	1.4%	1.6%	2.0%	1.4%
% revenue derived from marketing method: display	1.2%	1.0%	1.2%	1.7%	1.5%
% revenue derived from marketing method: other	3.0%	4.6%	4.5%	4.2%	6.0%
% of sales via mobile (including tablets)	48.2%	47.6%	50.9%	56.3%	55.4%
% of visits via mobile (including tablets)	58.5%	58.5%	76.6%	74.3%	70.6%

Return Rates

The market average for returns in online retail 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 average return rate lower quartile was 16% for Q4 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 16%. Additionally, the upper quartile (placed 75% along the performance scale) was 32% for Q4.

The Clothing sector often reports the highest level of returns, whilst the Home category reports the lowest.
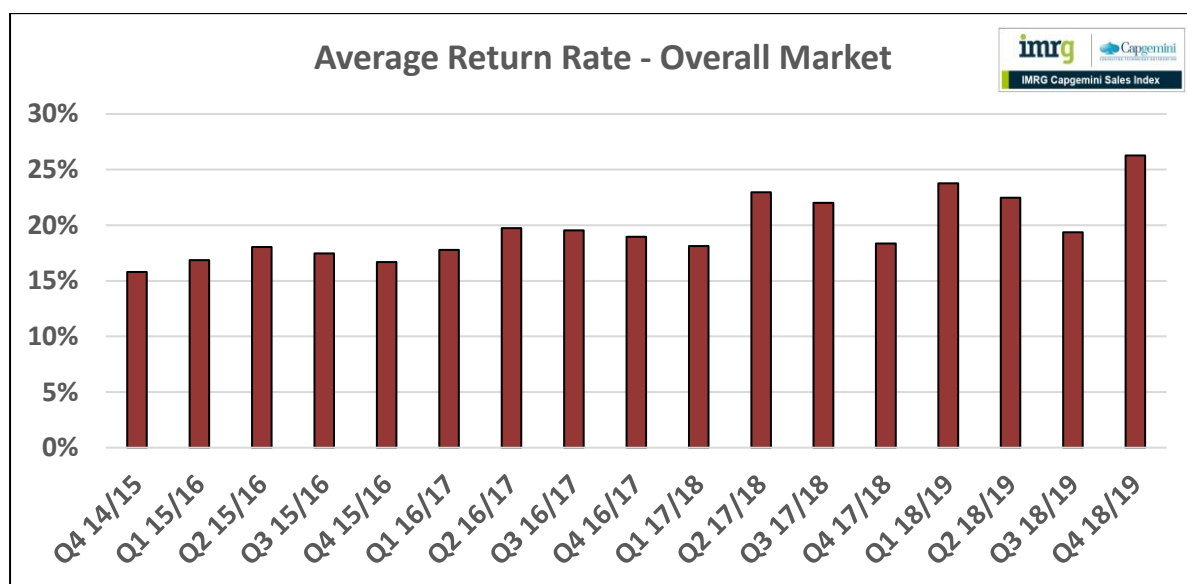

Figure 1: The market average basket and checkout abandonment rate over the last 4 years

Smartphone Visits Growth

The growth of mobile devices has surged in recent years, and it shows little sign of slowing down. The below graph shows the average percentage of sales and visits a retailer receives from smartphones and tablets combined. In Q4 2018, the average % of visits reached a record high of 74.3% of all traffic.
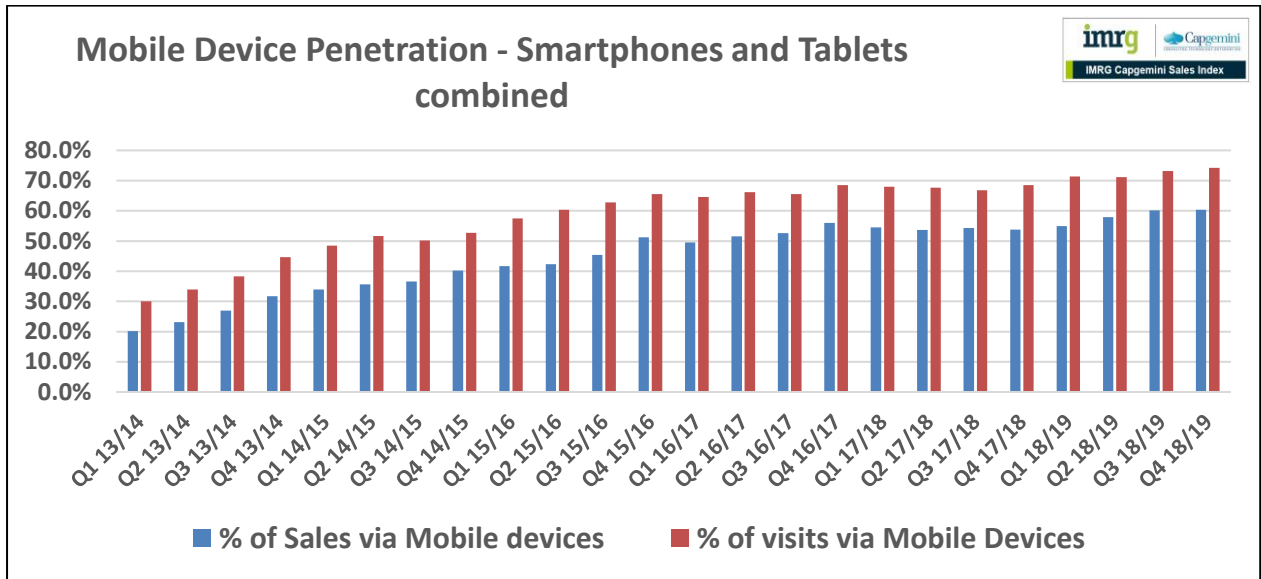
Figure 2: Mobile device penetration since Q1 2013

Smartphones reached a new milestone for Q4 2018 – they are now the highest revenue generating device – ahead of tablets and desktop. The revenue split for Q4 was Smartphone (40.4%), Tablet (19.9%), Desktop (39.7%).
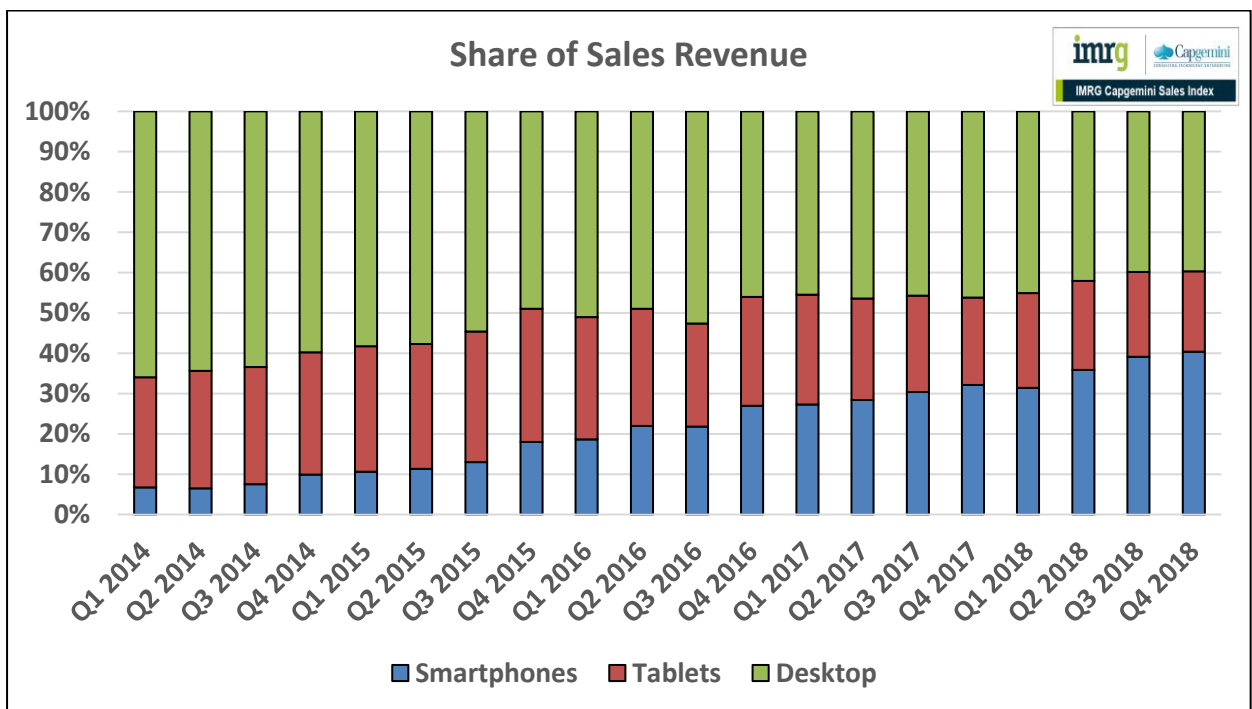

Figure 3: Share of sales revenue by device since Q1 2014

Customer Funnel by Device

Although smartphones are celebrating a new dominance for revenue share, they are still lacking in several parts of the customer funnel. The below figure shows the average retailer's customer funnel conversion stages split by device. Notably, smartphone underperforms at the 'add to bag' and 'payment' stages when compared to desktop.

Often, when IMRG examine the spread of results from our retail panel, there is a wide variance in performance. The 'add to bag' stage for smartphone bucks this trend – nearly all of our retail panel are to within a small margin of the average. It is very rare to see a retailer's performance exceed 25%. It only emphasises just how important each percentage point is and the difficulty of gaining ground at that stage of the funnel.

Desktop is the top performing device at the checkout payment pages, with an average conversion of 62%. The very top performers at this stage are reporting desktop checkout conversion at 75%, whereas the lower end is below 45%.
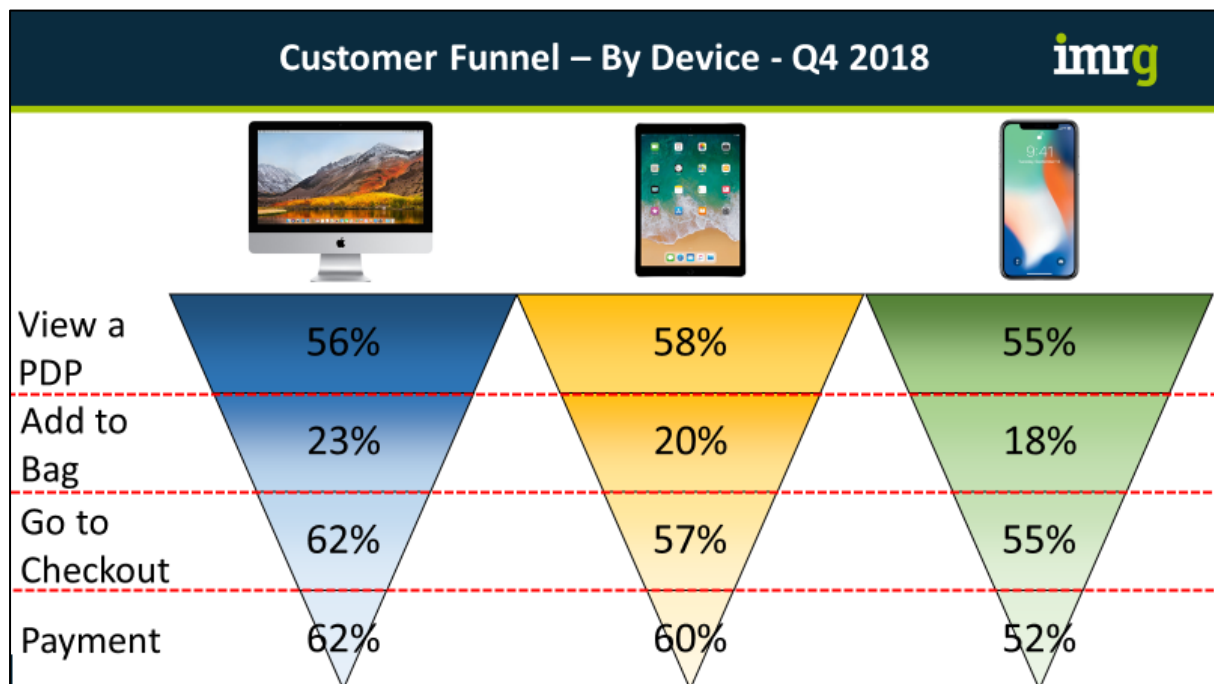

Figure 4: Customer funnel by device for Q4 2018

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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