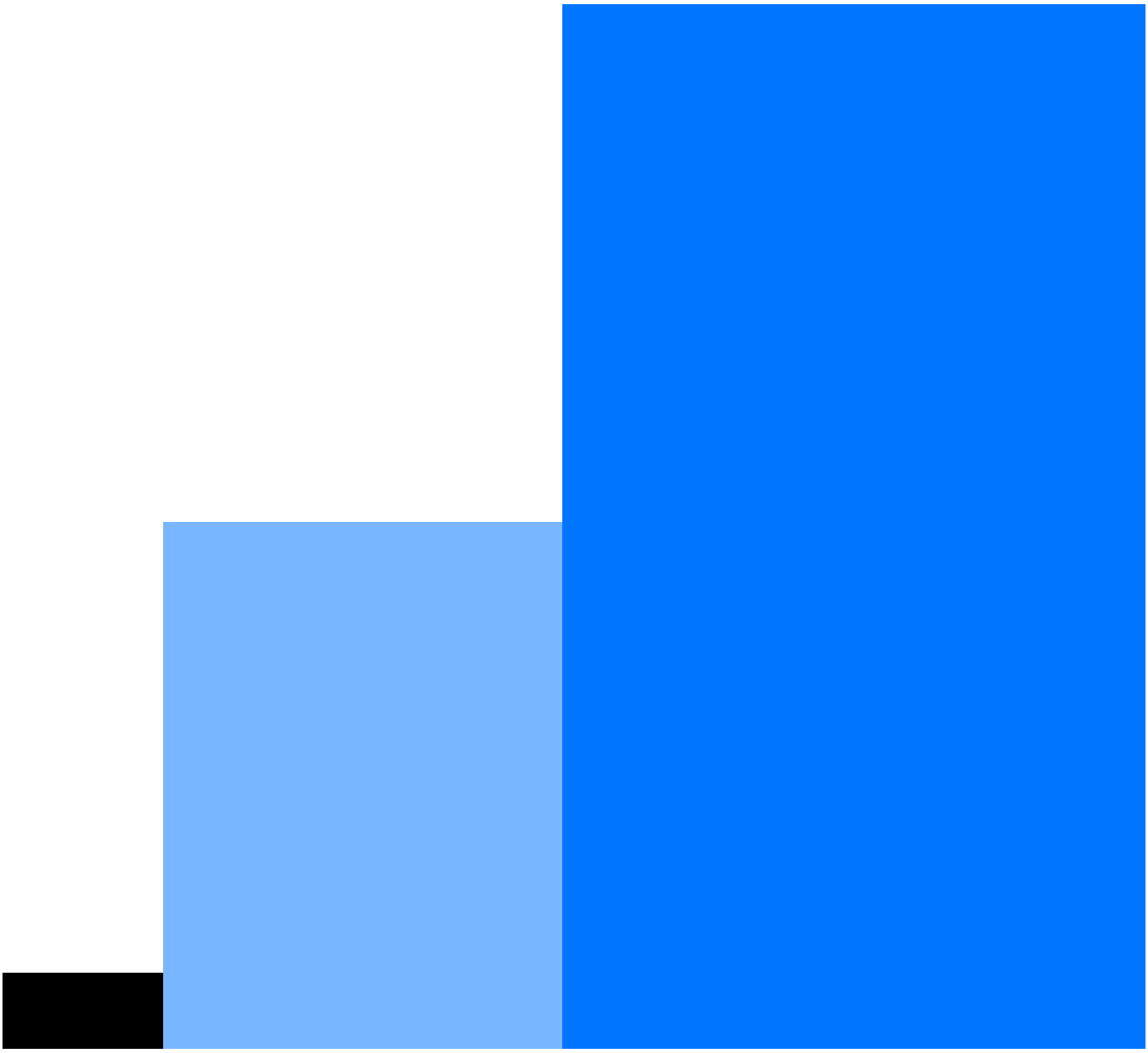
How to rapidly grow business metrics in online retail

06/09/2020

Five eCommerce metrics that can be improved through better web performance



Uploadcare

Why Is CX a Buzzword for Online Retailers?

These days, customer experience is all about online and technology. Customers interact with retail by jumping from one product page to another. And the only way for them to touch or test a product before buying it is to look through a massive volume of shopping-related media. Demo videos, high-quality photos, interactive size guides — you can continue the list yourself.

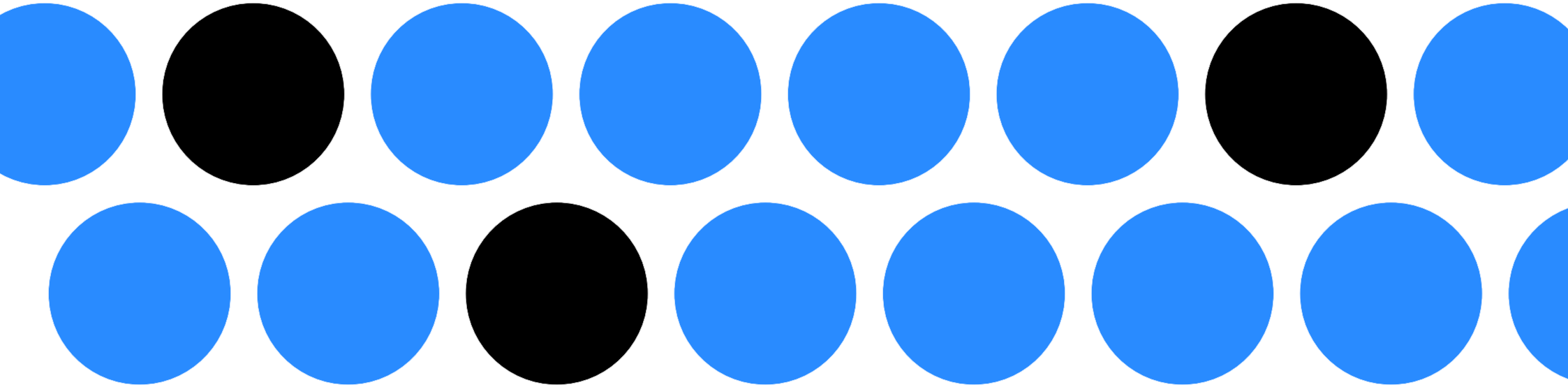
Why Is CX a Buzzword for Online Retailers?

Each of media items is a touchpoint for customer experience, or CX. Collectively, touchpoints form the impression your customers have after interacting with your business.

If it's good, it results in repeat purchases, positive reviews, and recommendations to friends. But does uploading enough product images, videos, and size charts so that customers' expectations meet reality guarantee the best CX? Alas, no.

The thing is, not only you need to have enough content, but also deliver it in no time. That's where web performance optimization comes in. Fortunately for us data-driven geeks, web performance has a measurable impact on online CX and reflects in core eCommerce business metrics.
In this guide, we'll cover five of them:

The Total Number of Visits



The Total Number of Visits 

The total number of visits is a metric that reflects how many users come to a website.

It's essential to keep track of the number of visits, since that demonstrates the ability of an eCommerce store to attract users through marketing activities.

The common way of increasing the number of site visits is through marketing campaigns. But the number of visits can't be considered in isolation since it's important not only to draw in traffic but to make good use of it.

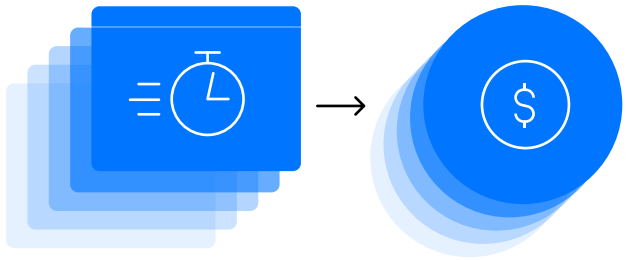
The Total Number of Visits

The total number of visits is a metric that reflects how many users come to a website.

How can web performance optimization help?

The performance of budget-intensive campaigns can be optimized through serving better online experiences to retail customers (read, improving the CX).

One of the key elements here is the bounce rate. Depending on your web analytics setup, it counts bounces as either the percentage of customers who look through just one page, or leave due to slow page loads. When we say “slow page loads,” we mean “over two seconds.” This is exactly how much time you have to convert visits into shopping sessions.



What conclusion can we draw? Streamlined web performance increases the probability of folks becoming site visitors, not bounces; and an efficient online store needs to load lightning-fast. Search engines implement a series of page speed metrics to assess your pages on each crawl to assign them ranks in search results. The faster the website, the better the ranking.

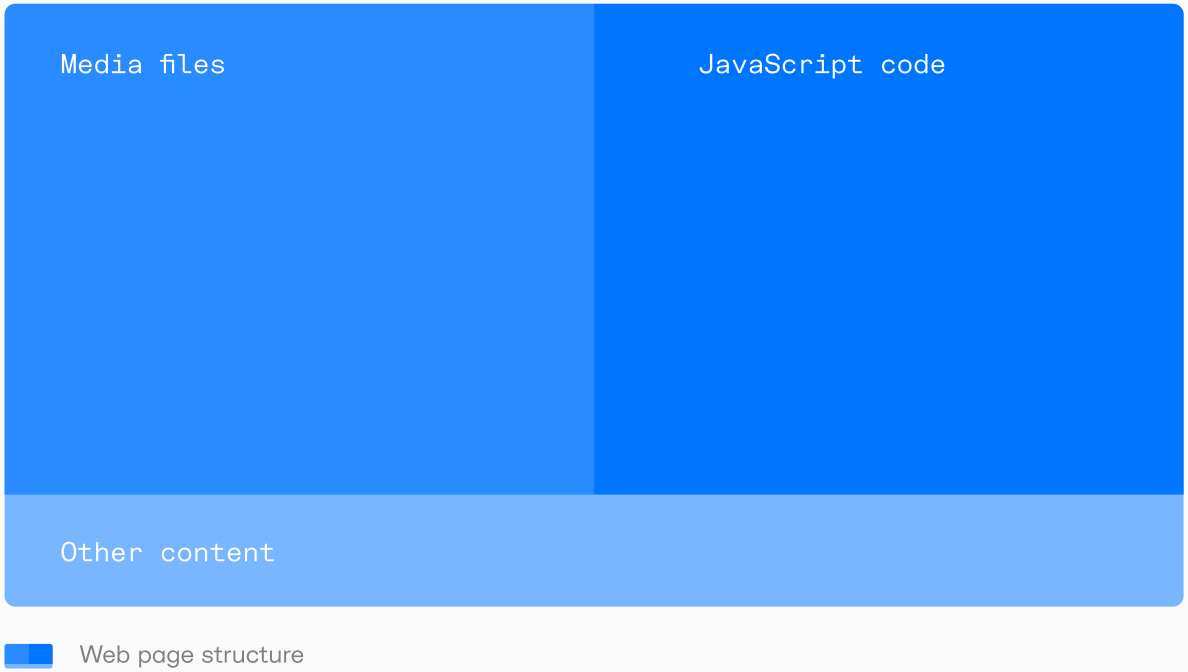
The Total Number of Visits

A metric that reflects how many users come to a website.

There are two major components that are the most data-heavy and, therefore, slow down the load time: media files (those beautiful images) and JavaScript code (which is often used to serve them). The point is that JavaScript is a more demanding resource for loading than a mere image, and that's why there's often a catch-22 situation: developers use JS to trim the fat while making the web page load slower because of that very same JS.

Fortunately, new techniques like Adaptive Delivery facilitate image delivery without adding unwanted data weight and allow you to optimize the page load speed and get a better PageSpeed Score.[1]

The most data-heavy components:



[1] https://uploadcare.com/blog/adaptive-image-delivery/

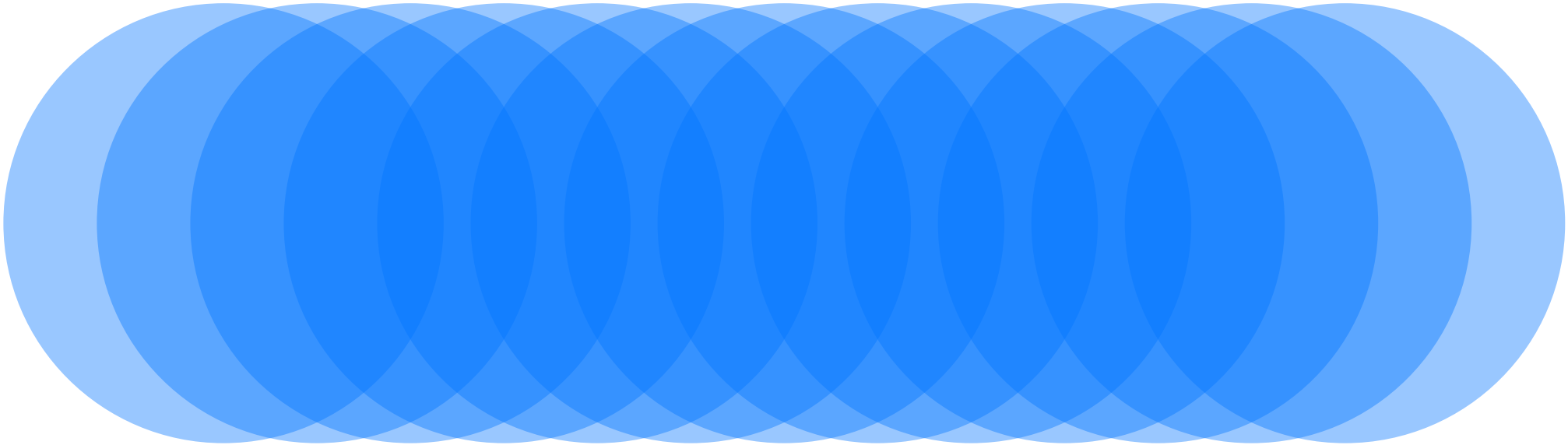
What it tells us:

With streamlined CX, retailers see more site visits and fewer bounces.

Improving web performance naturally leads to better CX, and, therefore, you can get the maximum of the total number of visits.

2

Pages Viewed per Shopping Session



Pages Viewed per Shopping Session

A metric that indicates the number of pages visitors navigate to during their time spent on a website.

One of the goals of a shopping session in online retail is to demonstrate as many products as possible.

According to Wolfgang Digital's KPI Report 2020,[2] speeding up page load to the two seconds recommended by Google gives you 16 extra seconds per user session: to pique the visitor's interest with something beautiful.

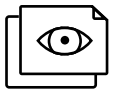
The average session duration for retail is 2 m 57 sec, and the average number of pages per session is five. It's 35.4 seconds for each product, and 5.3 seconds of that is taken up by page load. That equals to 16.5 seconds of load time savings or a 10% increase in pageviews per session.

Average session duration for retail: 2 m 57

Average number of pages per session: 5

By speeding up the page load to the 2 seconds you will have 16 extra seconds per session: on average, another page view

[2] https://www.wolfgangdigital.com/kpi-2020/

Pages Viewed per Shopping Session 

A metric that indicates the number of pages visitors navigate to during their time spent on a website.

→ How can web performance optimization help?

What makes visitors jump from one product page to another for long hours, and load up the shopping cart with goodies? It's smooth web performance.

The logic is simple: the faster you can load a tab, the more of them your visitors will open. And the more opened tabs, the higher the chance visitors will add more items to their wish list or cart, which eventually ends up with a purchase.

Pages Viewed per Shopping Session

A metric that indicates the number of pages visitors navigate to during their time spent on a website.

With an increasing share of mobile visits (according to ASOS data, from 77% in 2018 to 85.2% as of February 2020[3]), most of the issues above refer to mobile experiences. There are two reasons why optimizing for mobiles is essential: CX and SEO.

In game design, there's a funny metric called the FUUU factor, which shows players' frustration when they make several attempts but fail to win. That's the exact feeling that visitors of an online store may experience when a website is glitching on their mobile devices, or they have to look at a spinning circle instead of goodies.

Search engines nowadays also check whether your website is designed to meet users' expectations. Google ranks it higher when it's optimized for mobile and page-load speed is below three seconds.[4]

If you do those optimizations, then you'll see increased user engagement (more pages per session) and also growth in both Average Basket Value and Average Units per Basket (ABV and AUB respectively). Plus, since the pages generally load faster, the period between visiting a website and making a purchase (the Time to Purchase metric) gets shorter. That means you can generate more sales within the same time frame.

[3] https://www.asosplc.com/~/media/files/a/asos-v2/disclaimer-documents/interim-results-statement.pdf

[4] https://think.storage.googleapis.com/docs/mobile-page-speed-new-industry-benchmarks.pdf

What it tells us:

Ensuring a perfect mobile experience is a must.

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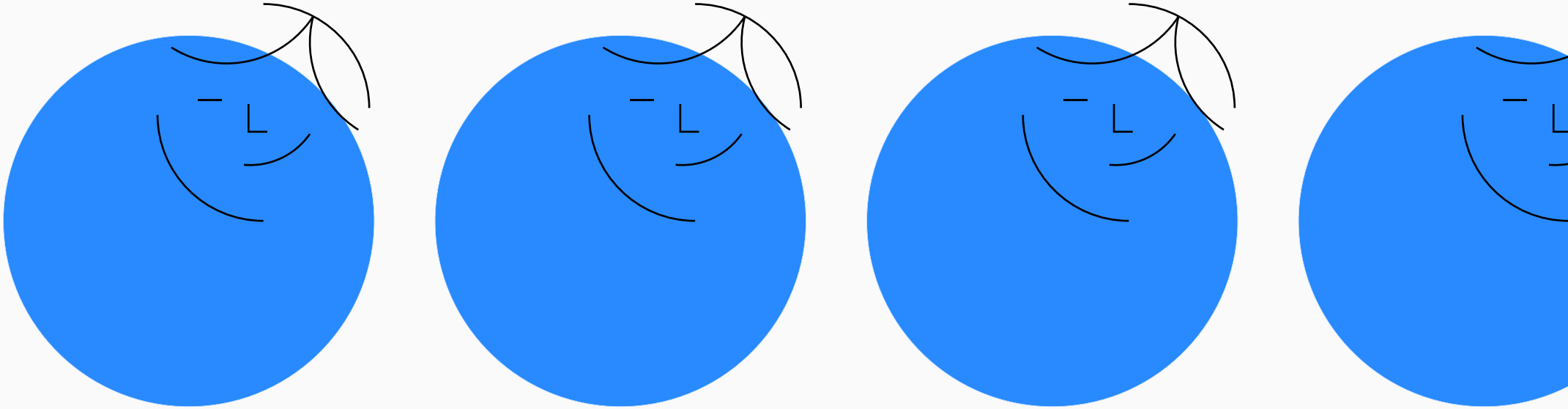
3

The Number of Active Customers



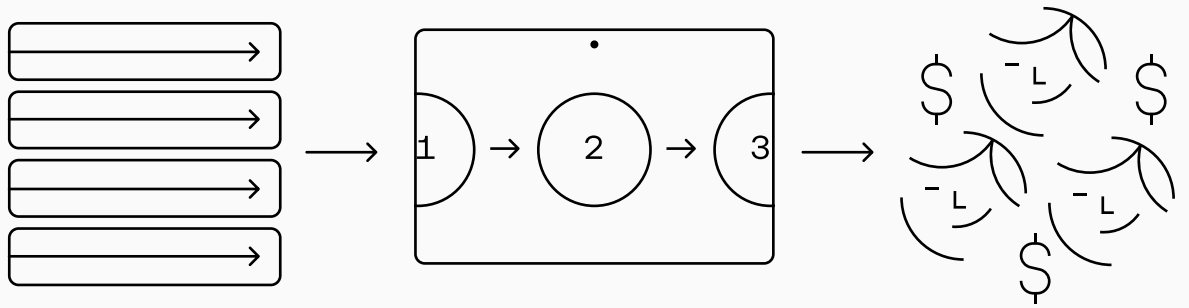
The Number of Active Customers

Customers that transact at least once within a specified time frame.

Having a base of loyal active customers is the foundation of any sustainable eCommerce business. This is the reason why online retailers strive to grow the number of active customers despite the ever-growing CAC (Customer Acquisition Cost).

It's common to stick with a 1/3 or even higher CAC/CLTV ratio[5], where CLTV stands for Customer Lifetime Value. The ratios vary across different acquisition channels, and when they get to around 1.0, you can mark a channel as "burnt out."

But regardless of the exact ratio, it's obvious that active customers cost a pretty penny for the company to treat them badly. That's why we suggest looking at CX as a multiplier for acquisition channels' efficiency.



[5] https://corporatefinanceinstitute.com/resources/knowledge/valuation/cac-ltv-ratio/

The Number of Active Customers

Customers that transact at least once within a specified time frame.

→ How can web performance optimization help?

Customers who are served with a poor CX due to the characteristics of the devices they use or the peculiarities of their connection are at-risk users. If many customers fall into this group, you may end up with a high churn rate. It'll be harder to maintain a good CAC/CLTV ratio, since acquiring a new customer is more expensive than dealing with an existing one, and you'll eventually lose revenue.

We may sound like a broken record, but improving online CX is largely about improving web performance. Let's say you've run a paid-ads campaign. Those users who clicked on the banner haven't bought your products yet, so they don't yet know how valuable your products are. But your site speed definitely creates an impression.

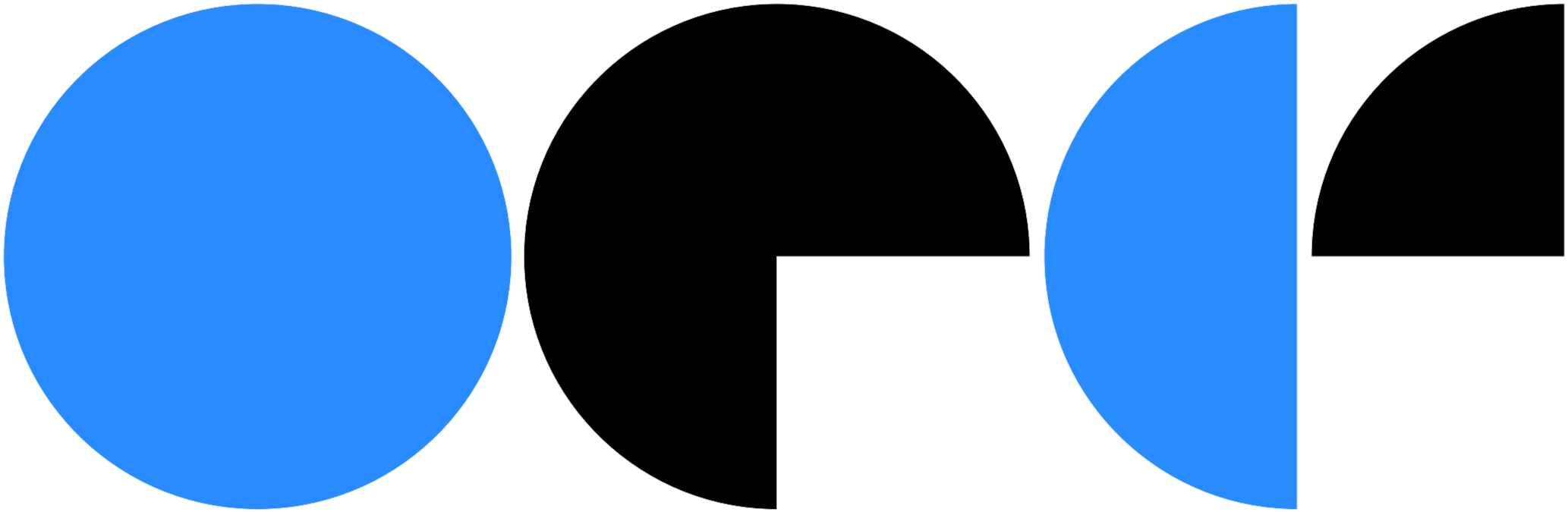
What it tells us:

Whichever channel you plug into streamlined CX, its efficiency increases.

By optimizing shopping-related content for the lowest loading times possible, you'll naturally boost repeat purchases and preserve the active status of customers.

Working with CX can also help reactivate lost acquisition channels and optimize the new and existing ones for better performance.

4 Conversion Rate



Conversion Rate

The percentage of site visitors who end up making a purchase: transaction conversion.

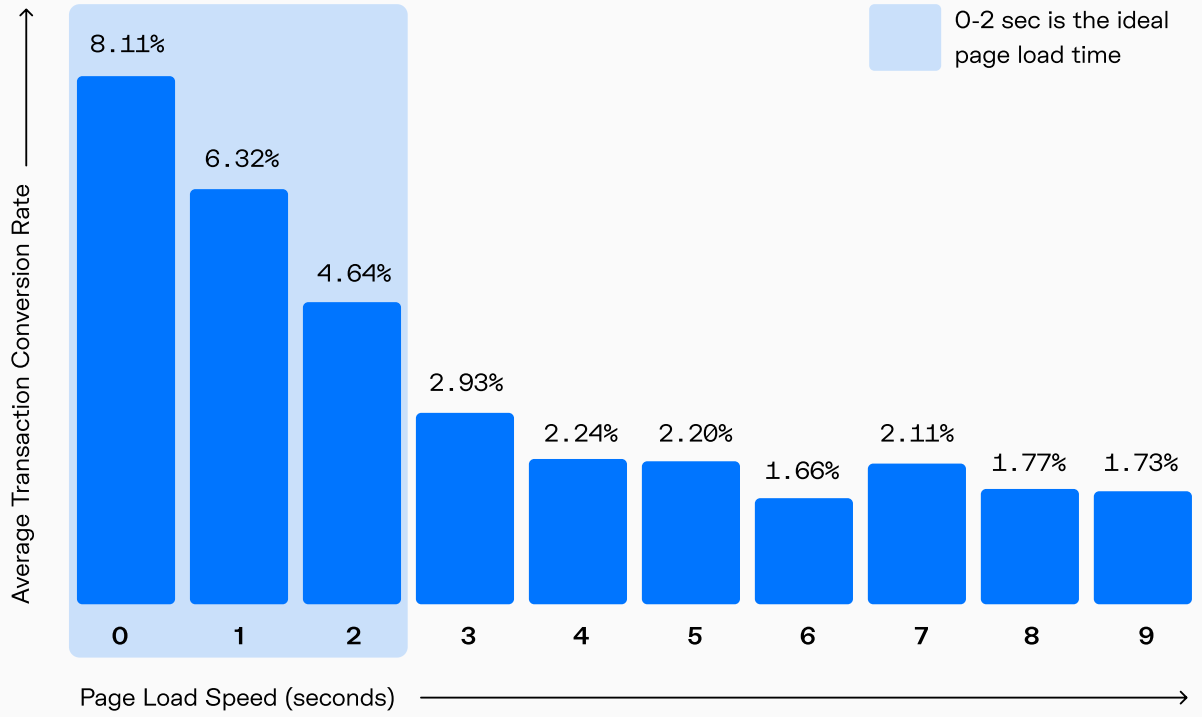
Each purchase starts with a site visit, and visits can be further split into two branches: total visits and “effective” visits that end up with a conversion. The conversion rate is the percentage of visitors who take the desired action. Depending on the stage of the sales funnel, these actions can be registering, interacting with customer support, or making a purchase.

Conversion Rate

The percentage of site visitors who end up making a purchase: transaction conversion.

How can web performance optimization help?

According to the Nielsen Norman Group, “Increased conversion is one of the strongest ROI arguments for better user experience and more user research.” The data says websites that take two seconds to load convert better than those that need four or more seconds.[7]



[7] https://www.portent.com/blog/analytics/research-site-speed-hurting-everyones-revenue.htm

Conversion Rate

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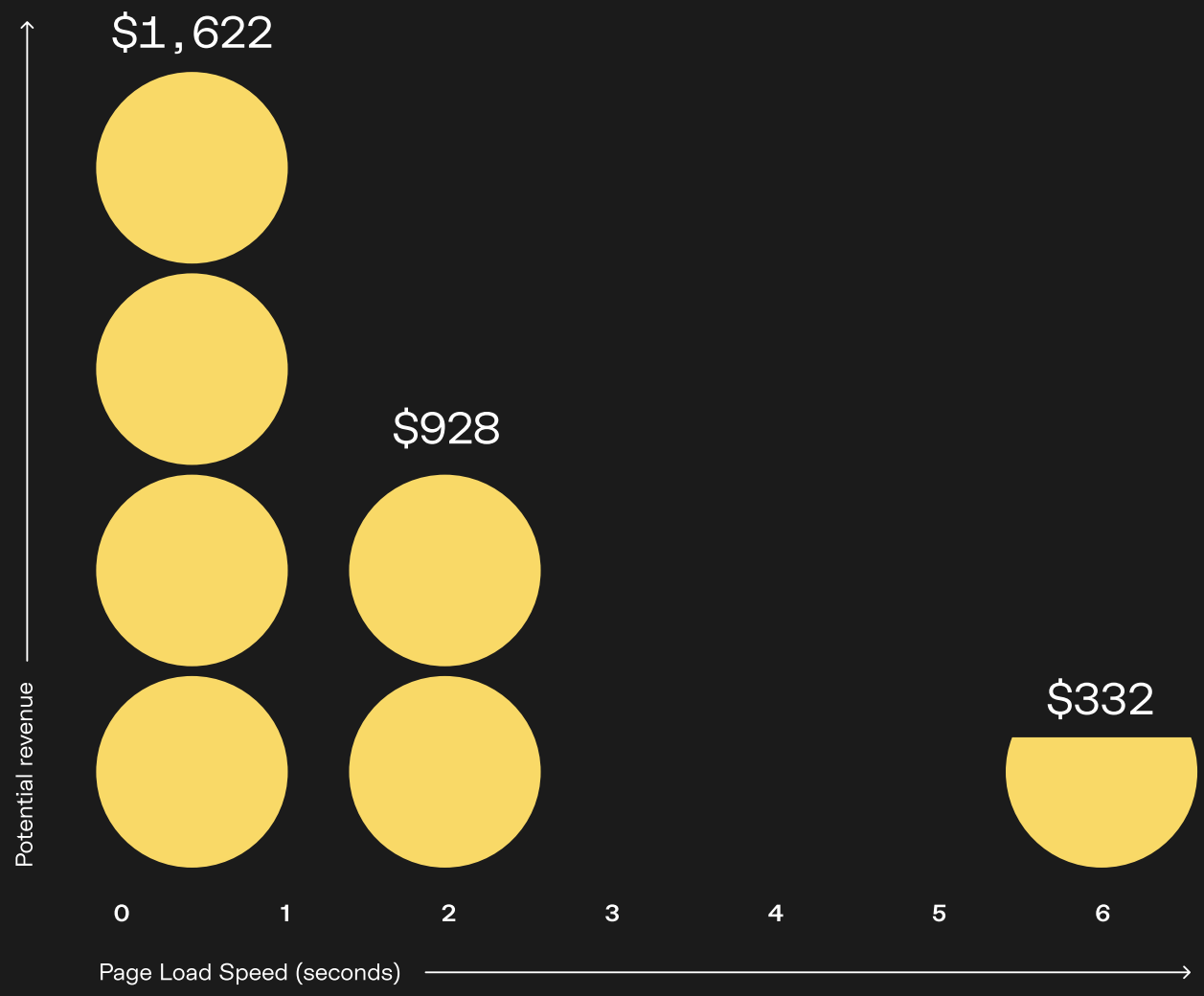

Here's some quick math again to make this feel more close to reality. Let's say you've attracted 1,000 visitors to a page that sells a $20 t-shirt. Depending on the page load time, the potential revenue may be:

- A <1-second page load time results in $1,622
- A 2-second page load time results in $928
- A 6-second page load time results in $332

The difference between the best and the worst performance is fivefold.

What it tells us:

If your site loads at least one second faster, you'll see a better conversion rate.

While there are plenty of different factors that affect conversion rate, optimizing page speed is relatively an easy win.

There's a set of comprehensive techniques for how to address it, and the results are tangible: you put the needs of the customers first, and they'll pay you back.

5

Technology Costs

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Technology Costs

Expenses associated with
the development, acquisition,
implementation, deployment,
maintenance of assets of technology.

By technology costs, we mean the expenses associated with the development, acquisition, implementation, and maintenance of engineering solutions that help an online store operate. Those can be infrastructure, backend, frontend, CRM, analytics, and other services used by retailers.

Again, let's take ASOS as an example. If we look at Production Costs from ASOS's perspective, as "total price paid for resources used to manufacture a product or create a service to sell to consumers including raw materials, labor, and overhead," we see that Marketing Budgets are included in prime costs, and that optimizing them helps decrease production costs, thus creating room for a better competitive edge.

Their technology costs are hierarchically included in the breakdown of Distribution Costs, which ASOS interprets as "expense of selling, advertising, and shipping." While shipping is not affected, better CX helps optimize marketing budgets in two ways:

1. Google provides ads leading to faster landing pages with lower CPCs;
2. Better performing webpages ensure fewer bounces and more website sessions with product page views.

Technology Costs

Expenses associated with the development, acquisition, implementation, deployment, maintenance of assets of technology.

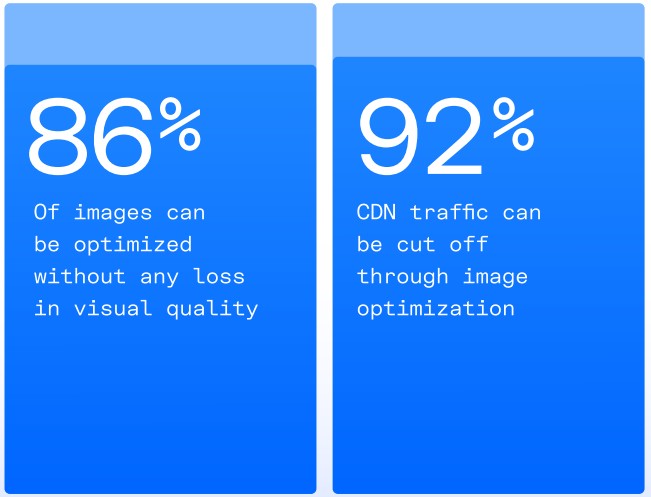
→ How can web performance optimization help?

From the perspective of optimal web performance, better online CX is closely tied with significantly decreasing the Technology Costs. Since images take up over 70% of catalog and product page bandwidth, they account for roughly the same volume of CDN traffic. While images can be optimized by 86% (on average) at minimal-to-zero loss in visual quality, the decrease in CDN traffic due to such optimizations can reach 92%.

For ASOS alone, this results in about $99.5M savings on technology costs annually. If we look at the 2,000 top-performing eCommerce websites in the same niche according to Similarweb, the resulting savings reach about $5B yearly.

Product page structure

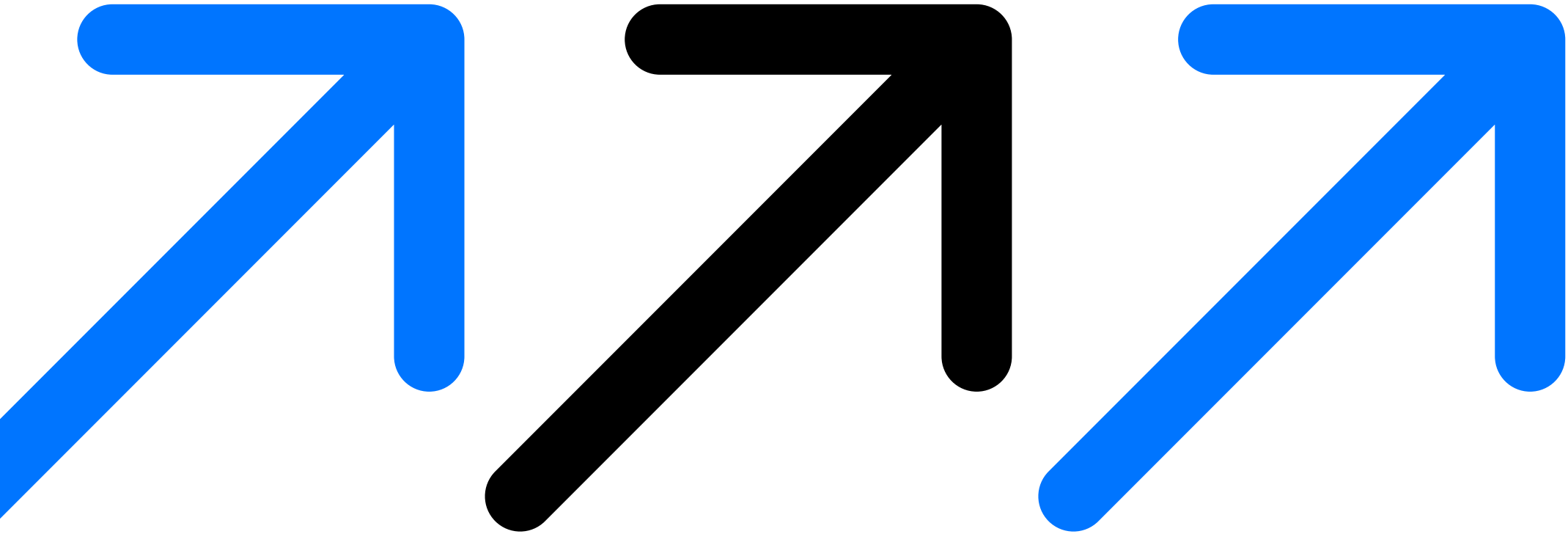
Image optimization results



What it tells us:

Investments in web performance optimization significantly save budget in the long run.

The Next Steps



The Next Steps

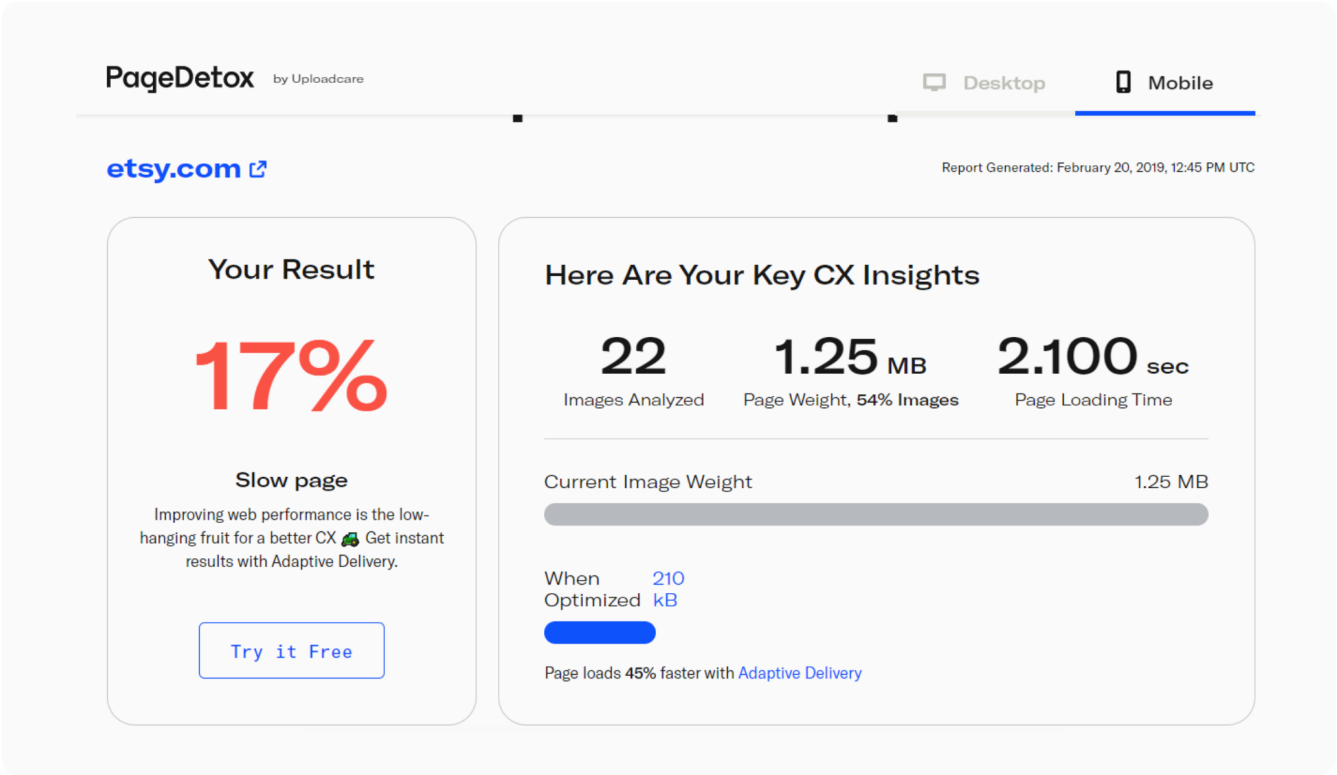
Compared to seasonal discounts, some load-time tweaking doesn't seem to have a direct impact on sales. However, that is absolutely not the case when it comes to web performance optimization. Its results are measurable, and in this guide, we've covered five solid eCommerce business metrics that can be improved by simply making a website faster.

Below, there are two natural next steps to take in this direction.

Step 1:

Learn your website's areas of improvement

To perform a quick site audit, there's PageDetox, a free online tool that analyzes your website, gives some hard numbers on its performance, and provides insights on what can be improved.



Step 2:

Explore the capabilities of Uploadcare for improving website performance

When you have an idea what should be fixed, it's high time to get things done. Still, "make my website faster" is easier said than done without special knowledge and tech skills. That's why we came up with a solution that does the hard work for you.

Would you like to learn more about how to optimize your online store to accelerate the customer experience?

Drop us a line at business@uploadcare.com or schedule a demo.

Uploadcare is a complete media pipeline as a service.

It ensures lightning-fast content delivery to your customers, whether they're in Sydney, Paris, or Tokyo.

It automatically creates high-quality yet lightweight versions of images that fit any screen.

It performs on-the-fly image adjustments to ensure the best web performance on any device, browser, screen, and in other user contexts.

...and all of that is done with a single snippet of code. It allows you to focus on business development tasks instead of building and maintaining your own infrastructure.

Report powered by Uploadcare

Uploadcare helps online retail improve core business metrics through web performance optimization and enhanced customer experience.

Being a global end-to-end cloud platform, Uploadcare provides a complete suite of services and expertise to boost online retail performance.

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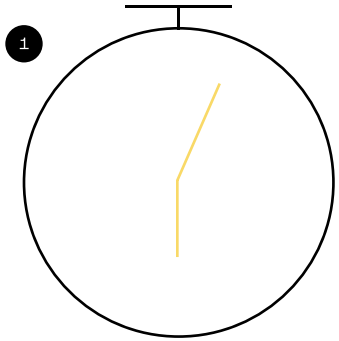
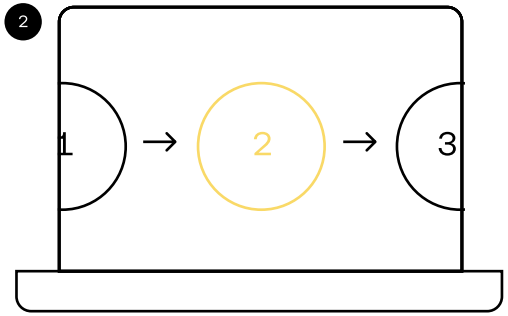
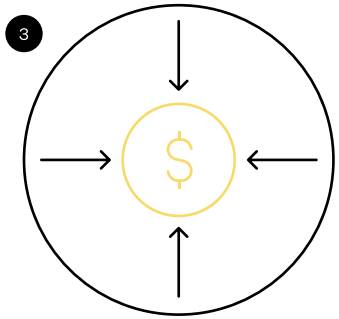


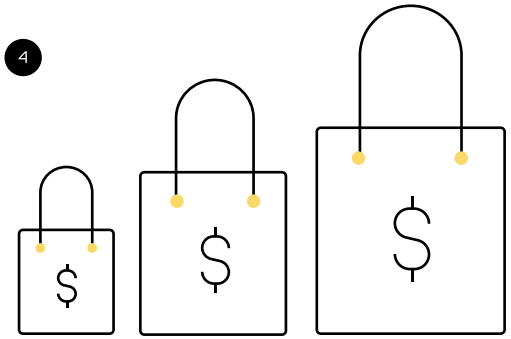
Website pages load immidiately



CX gets streamlined



Costs are optimized



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