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Measuring Success in Grocery eCommerce

10 Metrics You Should Be Tracking

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"If you can't measure it, you can't manage it."

— Peter Drucker

Consumers' online shopping behavior produces a wealth of insightful information for grocery retailers. From the amount of time visitors spend on your grocery eCommerce site and how much they spend when they're there, to the channels they navigate to get onto your site, and how often they follow this same shopper journey.

Many petabytes of data (one million gigabytes, to be precise) are available to help you drive the best performance possible from your grocery eCommerce site. Yet, plenty of marketers still struggle to make efficient and effective use of all of the data available to them. And while multi-billion dollar retailers like Walmart may be capable of handling in excess of a million customer transactions every hour, the main challenge for medium- to large-sized retail businesses is in discerning which consumer data points—if collected and analyzed properly—will make the biggest difference to their business's bottom line.

So exactly which eCommerce metrics and KPIs should you be tracking? In this cheat sheet, we'll be exploring the ten engagement and conversion metrics you should be monitoring to ensure you're on track to achieve your goals.

Contents

The Difference Between 'Interesting' and 'Business Critical':

Knowing Your Key Performance Indicators (KPIs)

Regardless of whether you're just starting out in the grocery eCommerce sector or you've been refining your digital retail business for years, it's essential to hone in on the key factors that are likely to make a real difference to your financial returns.

Based on our work with retailers, we've learned that by tracking the following 10 KPIs, you'll have the tools at hand to drive better returns from your grocery eCommerce business over time.
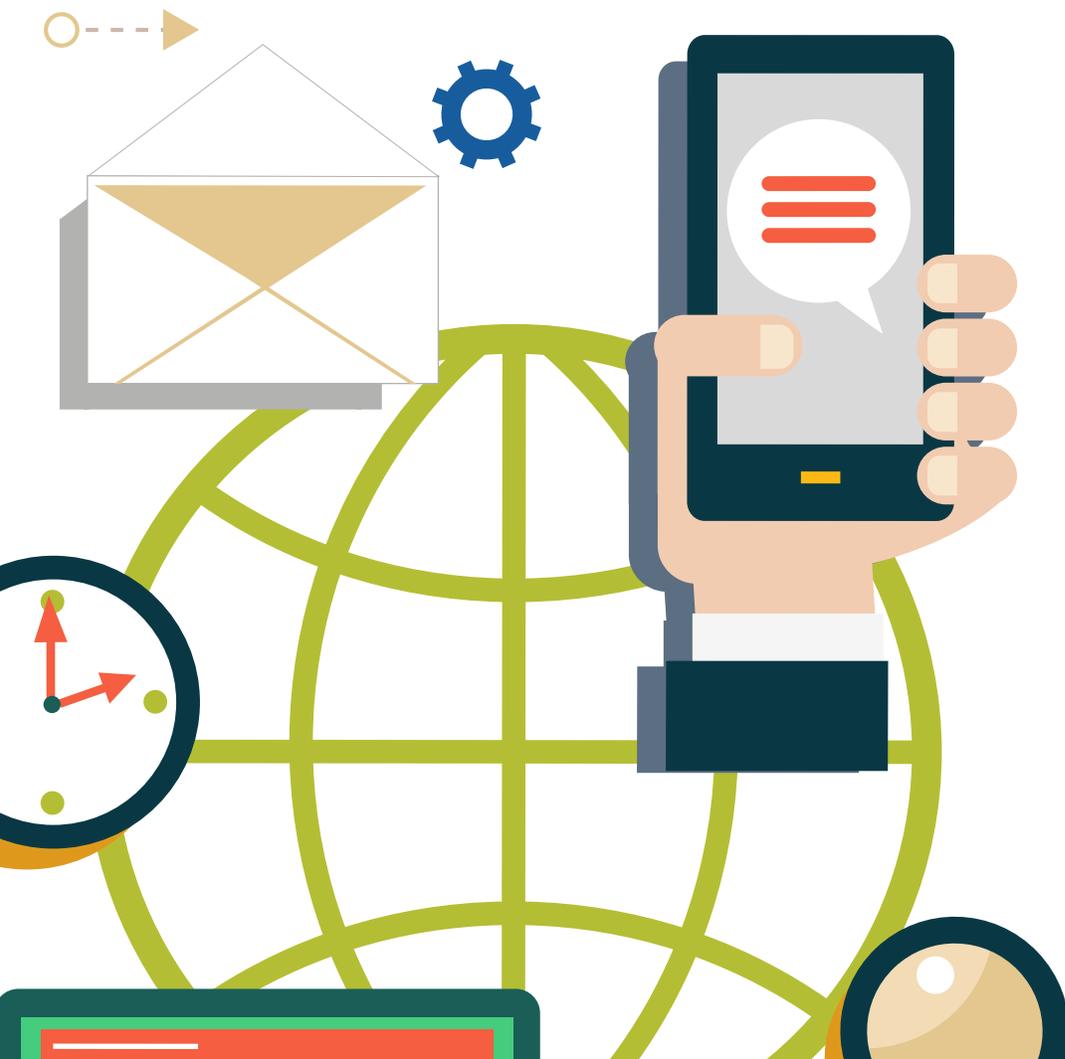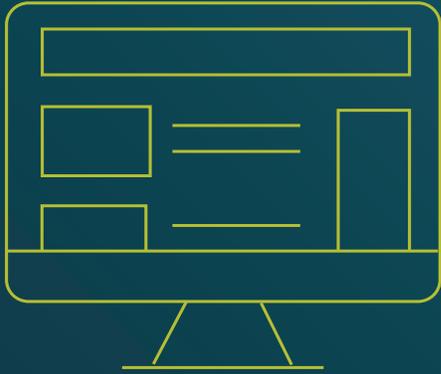
Part 1:

Engagement Metrics

1

Traffic Source

What it is

The referring source of the visitors to your site, or the path that visitors took to get to your eCommerce site. This can include paid or affiliate advertising campaigns, email promotions, search engines, and social networks.

Why it's important

Keeping track of where your visitors come from helps you to gain insights into the channels that contribute most to your conversion efforts, while also assessing the performance of your promotional spend, and helping you direct your marketing budget into the most promising and best-performing media channels.

How to improve it

Use tried-and-true technology solutions to determine the source of your traffic, such as Google Analytics. Then, once you've identified the best channels for paying customers, consider using tools like Litmus to personalize your promotional content for each subscriber.

Social Media

TV Ads

Email Marketing

PR

Word of Mouth

Paid Search

Organic Search

Print Ads
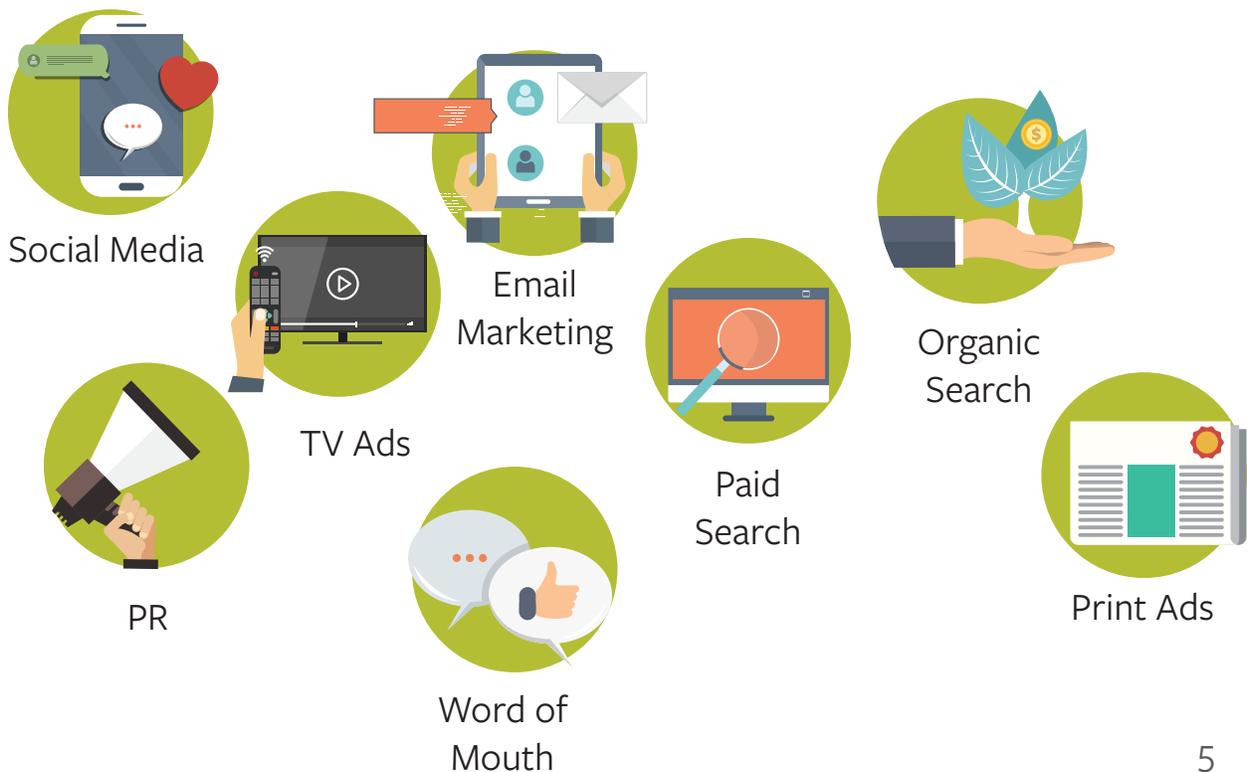
2

## Subscriber Growth Rate (and List Hygiene)

What it is

The rate at which your subscriber base changes (whether increasing or decreasing).

Why it's important

Think of your opt-in database as a captive audience. They've given you permission to communicate with them, and thus, they're likely already engaged with and interested in your products and services. However, take that relationship for granted for too long—by lagging in communication or conversely, sending too many messages, or sending information that your subscribers didn't ask for—and you could be setting yourself up for a data hygiene and privacy nightmare. Why? Privacy governance like Canada's Anti-Spam Legislation (CASL) and the CAN-SPAM Act mete out significant penalties for sending commercial messages to consumers who have unsubscribed from your lists. At the same time, you'll be wasting your hard-earned marketing budgets by deploying messages to users who are unengaged or otherwise don't want to hear from you.

How to improve it

First things first: Invest in a Customer Relationship Management (CRM) platform that manages your lists and keeps your data hygiene in top-notch shape. Then, explore ways to stay engaged with your audience over time through multiple touchpoints, such as through social media channels. Finally, offer plenty of opt-in opportunities—and incentives, while you're at it—with pop-ups and calls-to-action on your eCommerce pages, to keep your customers buying in and wanting more from your brand.
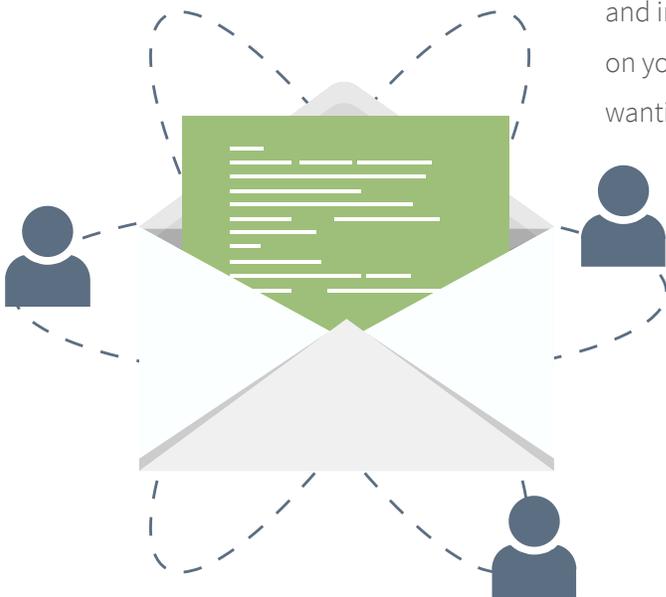
3
Page Views
Per Visit

What it is

The number of pages on average that a visitor views while on your site.

Why it's important

Higher page views per visit indicate that your content resonates with your target audience and that your site is easily navigable—both signs that you've done your eCommerce homework and are maintaining a user-friendly and value-laden site.

How to improve it

There are a multitude of ways to increase your page views, including:

- Inserting relevant and related links that catch visitors' attention

- Integrate personalization into your site as much as possible (think: recommendations for items they might like, based on their browsing and buying habits on your site)

- Incorporate a sidebar that features popular content

- Don't skimp on the calls to action
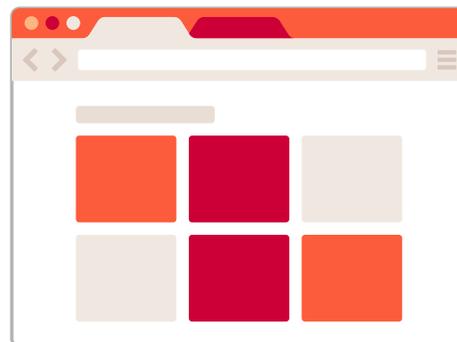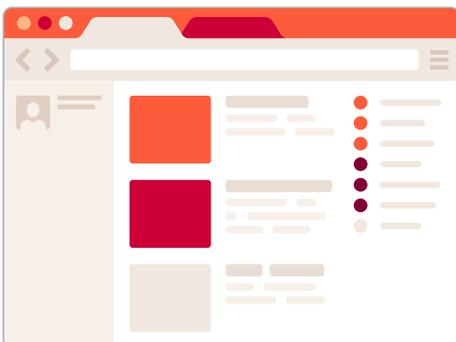
4

New vs. Returning Visitors by Page

What it is

The number of new, unique visitors your eCommerce pages receive vs. the number of repeat visitors

Why it's important

If your site attracts far more new visitors than returning ones, you'll want your website to be as user-friendly and easy to navigate in order to boost your conversion rates.

How to improve it

You could enlist any number of trusted digital marketing tactics that effectively bring new customers into the fold, including Search Engine Optimization (SEO), paid ad campaigns, social media exposure, and influencer marketing. But high returning visitor rates start with knowing your customers and offering them a great experience that keeps them coming back to browse and buy from your eCommerce store.

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Bounce Rate

What it is

The percentage of single-page visits or web sessions.

Why it's important

Most grocery eCommerce sites require customers to navigate several pages into a site in order to complete a transaction. If a sizeable number of visitors only view one page of your site then leave, this can indicate a level of dissatisfaction that can be harmful to a brand's bottom line.

How to improve it

Ultimately, this comes back to how well you know your customers' wants and needs, and whether your eCommerce offering entices them to click through to additional pages of your site. Customer surveys can help you to gain insights into visitors' motivations. And if you act upon their feedback, you may even boost customer satisfaction in the process! Some other tactical steps you can take to improve your site's bounce rates:

- Add links and calls to action to other content within your site that may be of interest to users

- Incorporate useful information that goes beyond simple product pages, such as customer reviews, videos and how-tos

- Incorporate frequent calls to action and include a buy button on-screen at all times
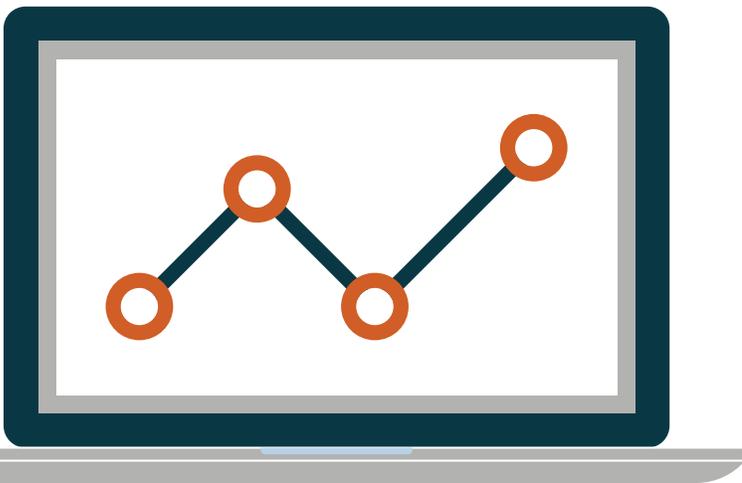
Part 2

Conversion Metrics

6
Conversion Rate (CR)

What it is

The percentage of visitors who purchased at least one item from your online store during a given period of time.

Why it's important

It's simple: The more consumers you can convert to paying customers, the more revenues you can feed into your bottom line. According to BigCommerce, the average eCommerce conversion rate is 1–2%. Thus, a 2%+ conversion rate should be the baseline goal for your eCommerce site. CR can be further broken down by channel (e.g., AdWords, SEO, social), by category of product (because some categories drive higher conversion rates than others), or by campaign (e.g., whether certain ads or promotions drive greater conversions, especially affiliate programs or influencers).

How to improve it

CR can vary widely depending on the type of device a customer is using—with sales conversions nearly three times higher on desktop versus smartphone, according to a 2016 report by Adobe Mobile. So, consider engaging Google Analytics as a natural first step to gain a view into the path that visitors take to get to your site, how long visitors stay on your pages, what they're browsing or searching for, and many other layers of data-rich information. Then, if the data indicates that more shoppers are visiting your grocery eCommerce pages from particular sources—say, while they're on the go—then consider ways that you can optimize your site to meet the needs of those consumers.

$$\frac{\text{Transactions}}{\text{\# of Visits}} \times 100 = \text{Conversion Rate (\%)}$$

7

Average Order Value (AOV)

What it is

The total net sales from your grocery eCommerce website divided by the number of transactions for a given time period.

Why it's important

This metric offers valuable insight into how much revenue you're getting out of every customer interaction and, in turn, out of every dollar you're spending to acquire a new customer. This insight can then influence pricing decisions, as well as the marketing channels you use to reach your target audience.

How to improve it

Offer bundled packs or sell add-ons or complementary services that are personalized to a user's previous purchasing history. Alternatively, consider developing a loyalty program that rewards consumers for their buying habits.

Moreover, if you offer a broad category of products, it might be worth going deeper by better understanding the AOV in each category.

$$\frac{\text{Total Revenue}}{\text{Number of Orders Taken}} = \text{Average Order Value}$$

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Cart Abandonment Rate

What it is

The percentage of visitors who added products to their shopping carts but did not complete the checkout process.

Why it's important

Adding items to the cart generally indicates an intent to purchase. Yet, according to Baymard Institute, the average shopping cart abandonment rate for eCommerce sites is upwards of 69%. When you multiply your typical AOV by the number of people who come to your site but exit before completing a purchase, you quickly understand the amount of lost revenue you're incurring every day from this pernicious eCommerce issue.

How to improve it

Shoppers abandon their carts for a whole host of reasons, including high shipping costs, a complicated checkout process, or because they're price-checking or are just not ready to buy. Consider ways to make your customers' shopping journey that much easier (and less expensive), including offering free shipping or discounts based on size or type of products being purchased. And above all else, facilitate their checkout experience by offering one-page checkout, single-sign-on or other time-saving tools.

Reasons for Cart Abandonment

| High Delivery Cost | Not Ready to Order | High Order Price | Complex Checkout Process | No Guest Checkout Option |

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Cost of Acquisition (COA) or Customer Acquisition Cost (CAC)

What it is

The cost of acquiring a new customer.

Why it's important

There's a reason that Kissmetrics calls this "the one metric that can determine your company's fate": Along with Customer Lifetime Value (LTV), COA is one of the most important metrics for any eCommerce store. Why? Because they're both specific indicators of the health of your business and are used to analyze the scalability and profitability of a business.

Ultimately, business owners, operators and investors need to be sure that the amount of revenue they make from customers outweighs the operational and marketing costs involved in extracting that money.

How to improve it

COA can be especially useful when you break it down into contributing factors. For instance, you can determine where you can get the best bang for your marketing spend by assessing which channel delivers the lowest COA.

Customer Acquisition Cost (CAC) Formula

$$\frac{\text{Marketing Cost}}{\text{\# Of New Customers}} = \text{Customer Acquisition Cost}$$

10

Customer Lifetime Value (LTV, CLV)

What it is

The projected revenue that a customer will generate for your brand throughout their customer lifecycle.

Why it's important

LTV is a measure of the amount of profit you can expect to generate from a customer over the entire time they do business with you. Remember: It's often much more time-intensive—and expensive— to acquire new customers than it is to keep your current customers happy and engaged.

When you know the LTV of your existing consumer base, you'll be able to determine which customer segment could use a little push (for example, via paid advertising or loyalty incentives) to move them down the purchase funnel and therefore, derive more profit from them over their buying lifecycle.

How to improve it

Customer satisfaction boosts LTV, so be sure that you've got a good understanding of what drives engagement among your most valuable customers. For example, if they're value-oriented, consider offering special promotional discounts or flash sales. If they're looking for convenience, think about added touches like free delivery, access to hard-to-find ingredients, or the benefits of an online personal shopper or concierge service to build the overall value of a customer's purchases over time.

Average Transaction + Annual Purchase Frequency + Expected Years of Relationship = CLV

Conclusion

Conclusion

## The Upside of Investing in Data Collection and Analysis

Grocery eCommerce retailers have the opportunity to transform the shopping experience for customers like never before. By collecting key metrics on your customers and prospective shoppers—and using that data to gain a deeper understanding of their interests, purchasing preferences, and more—you'll be able to turn more consumers into paying customers, and drive better eCommerce returns in the process.
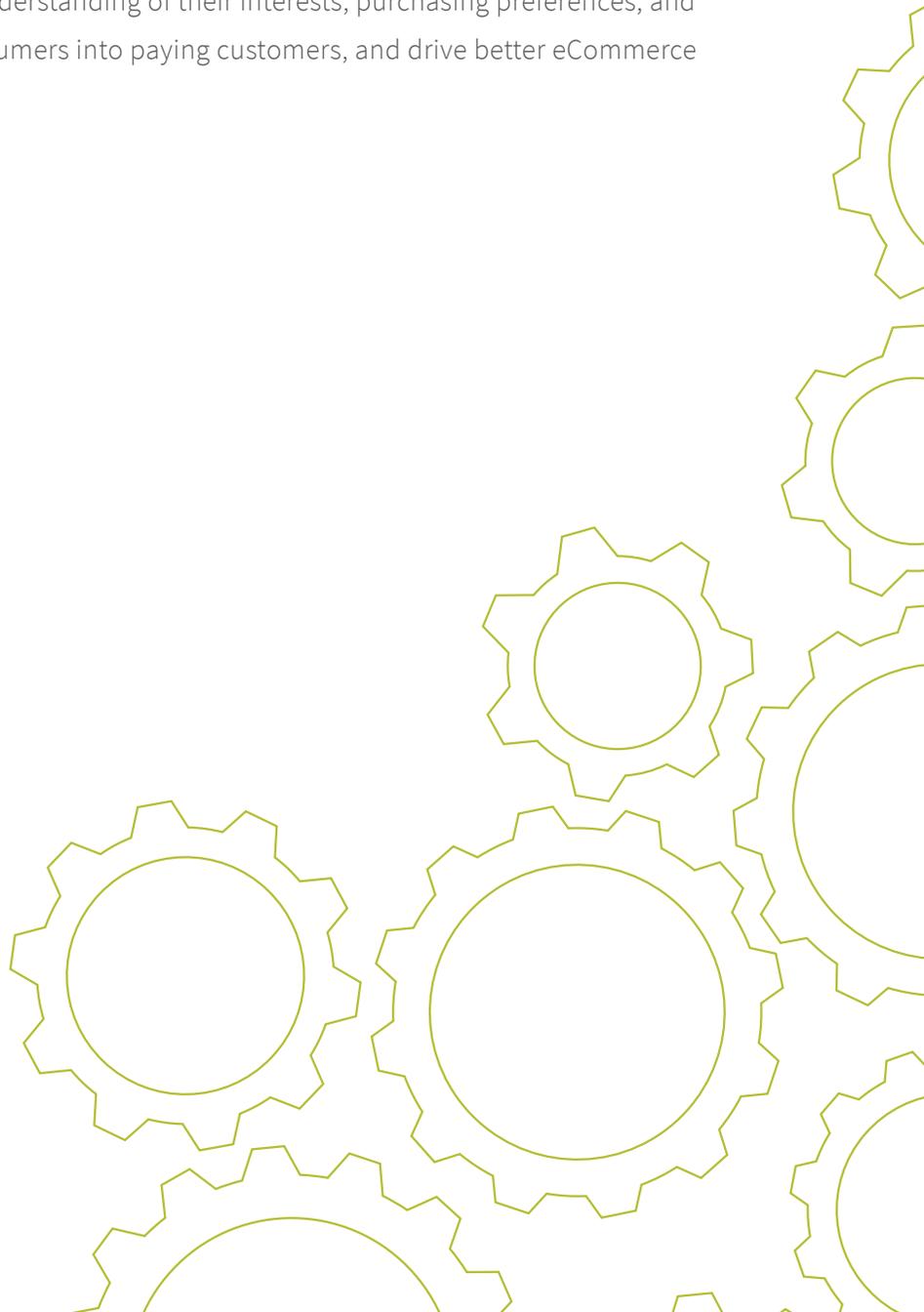
Want to learn more about how data and technology are a match made in grocery eCommerce heaven?

CHAT WITH OUR RETAIL EXPERTS

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