DAREBIN BUSINESS WEBINAR SERIES

How to understand eCommerce data

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Good business owners know data.

Smart business owners know how to take data and make business decisions based on it.

The top 13 metrics you need to know to grow your eCommerce store

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#1 Impressions

An impression refers to a single instance in which an ad or piece of content created by a company, presented on a third-party platform, is presented to an individual.

Impressions are noted in a few different ways, such as:

- The number of times a given link appears as a search result
- The number of times an ad is displayed on Facebook, Instagram, etc.
- The number of times a sponsored ad appears on a third-party site (or as a paid search result)

The number of impressions you generate can help you understand, for example, whether your content marketing and SEO initiatives have been successful, whether you're bidding on the right keywords, or whether your ad bid is high enough for a specific search term.

#2 Click Through Rate

Simply getting your brand noticed is one thing - but getting consumers to actually click over to your site is much more important.

That said, you'll want to keep track of your click-through rate (CTR) for each channel your content or ads are visible on. This is done by dividing the number of individuals who clicked on your ad or link by the total number of impressions said ad or link generated. For example, if 1,000 people see your ad, and ten of them click on it, your CTR would be:

10 / 1,000 = 0.01, or 1%

This shows how many people are visiting your site after they have seen your content.

#3 Add To Cart Rate

It's important to take note of how your visitors act once they're actually on your website.

Add to cart rate tells you **what percentage of your visitors actually added a product to their virtual shopping cart.**

Your add to cart rate can tell you a few things, such as:

- Whether you're attracting the right audience
- Whether your visitors come to your site with a specific purpose in mind (or if they're "just looking around")
- Whether your products and/or prices meet your target consumers' expectations

Formula: # of add to cart sessions / # of website visitors x 100

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#4 Time on Site and Pageviews per Visit

In terms of what they mean and how to calculate them, these metrics speak for themselves.

However, one thing to note is that **higher-than-average time on site and pageviews per visit doesn't necessarily mean good things.**

Yes, on the one hand, getting your visitors to stick around - and click around - for a decent amount of time clearly means your site is engaging, and that your visitors find your products to be potentially of interest; but if they're **spending too much time clicking around without making a purchase, it may be a sign that your site confuses them or causes them to hesitate in some way or another.**

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#6 Bounce Rate

Bounce rate refers to the **percentage of visitors to your site who navigate away from it after only visiting one page.**

In contrast to the above metrics, **a high bounce rate essentially means that the content on the specific page in question isn’t very engaging and/or valuable to the individual who landed on it.**

Usually, a high bounce rate is a byproduct of a discrepancy between the expected value of a site (which the visitor gleans from the ad or search result data associated with the site) and the actual value and relevance of the site once they click over to it.

#7 Conversion Rate

In this sense, a conversion rate refers specifically to the **percentage of individuals who have made a purchase from your site, as compared to the overall number of visitors to your site.**

This metric is one of the most important eCommerce metrics to improve - once this increases, you make more sales! However all the previous metrics impact performance.

#8 Average Order Value (AOV)

Average order value (AOV) refers to the **average amount of money your customers spend in a single transaction.**

Formula: AOV: Revenue/ # of purchases

Whereas conversion rate tells you how many of your visitors end up making a purchase, AOV tells you how much revenue is generated through each of these purchases. That said, the case may very well be that you have a high conversion rate, but a not-so-profitable average order value; on the other hand, your conversion rate might not be on-par with your industry’s standard, but you might be generating enough revenue through each transaction to make up for this discrepancy.

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#9 Cart Abandonment Rate

Unfortunately, not everyone who loads up their virtual shopping cart will end up going through with their purchase as originally intended. **Cart abandonment rate, then, refers to the percentage of individuals who place an item in their cart but fail to make a purchase**

Formula: Cart Abandon Rate: # of Purchasers / # of carts created x100

As a simple example, say ten people add items to their cart, and only three end up going through with a purchase. That leaves seven cart abandoners - meaning your cart abandonment rate, in this example, is 70%.
While cart abandonment rates are typically rather high (actually around that 70% mark), the reasons for abandonment range from logistical issues relating to shipping and payment processes, to more out-of-your-hands factors such as your potential customer becoming distracted with "real life" issues, etc. At any rate, if your cart abandonment rate creeps over 70-80%, you'll want to take a closer look at the possible reasons for such.

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#11 Retention Rate

Your customer retention rate refers to the **percentage of customers you keep on board over a given period of time.**

The formula for calculating retention rate is:

Retention Rate: [(Number of customers at end of period) - (New customers acquired during that period)] / (Number of customers at the beginning of period)

The reason you subtract the number of new customers you gained is that these customers are new. They haven't been around long enough to be considered "retained," yet.
As we mentioned above, there's an inherent cost in acquiring new customers; however, the cost of keeping customers is much lower than this initial cost. That said, it's essential that you focus on keeping your retention rate as high as possible at all times.

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#12 Lifetime Value (LTV)

Customer lifetime value refers to the **average projected revenue you expect your typical customer to provide over the course of their “lifespan” with your company.**

LTV: AOV x # of repeat transactions per period x lifespan

Nailing down CLV is a bit convoluted, but it essentially involves taking into consideration:

- Your AOV
- Your average customer’s purchase frequency
- The average lifespan of your customers

All things considered, **the purpose of tracking CLV makes sense: the more your customers spend - and the more often they make purchases - the better off your company will be.**

#13 Repeat Customer Rate

Repeat customer rate tells you, quite simply, **what percentage of your total customer base has made more than one purchase from your store in their lifetime.**

Repeat Customer Rate: # of customers who made 2 or more purchasers / # of customers who made one purchase x 100

A "good" repeat customer rate depends on your industry. For example, a company that sells wine glasses will almost certainly have more repeat customers than a company that sells engagement rings.
At any rate, as we said when discussing CLV, it's incredibly beneficial to your business to keep first-time (and long-time) customers on board for as long as you possibly can.

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