



UNIT-5 E-Commerce Analytics

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Use appropriate tools to track key e-commerce metrics
- ✓ Identify and optimize supporting e-commerce activities, such as customer service, sales, and inventory management

Unit 5

E-Commerce Analytics

Key Metrics

Introduction

The most successful e-commerce sites track every aspect of their site, analyze the data, and make changes based on the results. Some major sites do this constantly, tweaking their website on an hourly basis.

Here are some of the key metrics that all e-commerce businesses should track.

Overall Site Metrics

First, let's look at some metrics that can be measured for the overall site and its individual pages.

Visitors and Views

Track how many unique visitors you have per day, week, month, and year. As well, track what percentage of visitors are new and what percentage are returning. (Ideally, you want a balance of both. Lots of new visitors means that you are successfully driving traffic to your site. Lots of returning visitors means that your content is successful in bringing people back to the site.)

You should also track the number of views and visitors per page so that you can see where traffic is growing and declining. You may want to segment your visitor statistics further (where possible) by demographics like age, gender, geographical location, etc.

Conversion Rate

This is the most important metric for an e-commerce business: what percentage of visitors to your site actually buy a product? To obtain this number, divide the number of unique visitors by the number of orders for a particular period.

For example, let's say that 100 people visited a website and 10 people purchased a product from it. That's a conversion rate of 10%. (The average conversion rate for most e-commerce sites is about 4%.)

Bounce Rate

This measures the number of people who visit one page on your site and then leave without visiting any other pages. A high bounce rate indicates that visitors do not find your page relevant or cannot find what they are looking for.

Duration/Stickiness

This metric measures how long visitors stay on each page and on the site as a whole. Typically, the longer the user stays on the site, the more likely they are to complete a purchase.

Shopping Cart Metrics

It is also important to track various aspects of your shopping cart and checkout processes. Continually optimizing the checkout experience should increase sales and improve your conversion rate. Let's look at the three most important items.

View-To-Cart Ratio

Track how many products are viewed and how many of those products are actually added to a shopping cart. This is especially effective if you test different product pages and/or different "Add to Cart" or "Add to Basket" buttons.

Checkout Conversion Rate/Abandonment Rate

How many visitors who start the checkout process actually complete it and place an order? Conversely, how many visitors abandon their shopping cart before or during checkout? (As discussed in Session Five, customers can abandon their shopping cart for any number of reasons, many of which are not even related to your site. In some cases, the shopping cart abandonment rate can be up to 80%.)

In addition to the overall checkout conversion rate, you should analyze each checkout step to see where customers are dropping out. This will show you where you need to streamline and optimize the process.

Average Order Size

Track how many items are in each order and what the overall value is. This can give you valuable information for things like promotions and price changes.

Test Your Knowledge

Tracking Referrers and Keywords

Last but not least, pay close attention to where your visitors are coming from. What sites are effectively driving traffic to you and which are not? This can help you assess how well various campaigns are doing and where your time and money is best spent.

Consider if there are other metrics that should be added to this list.

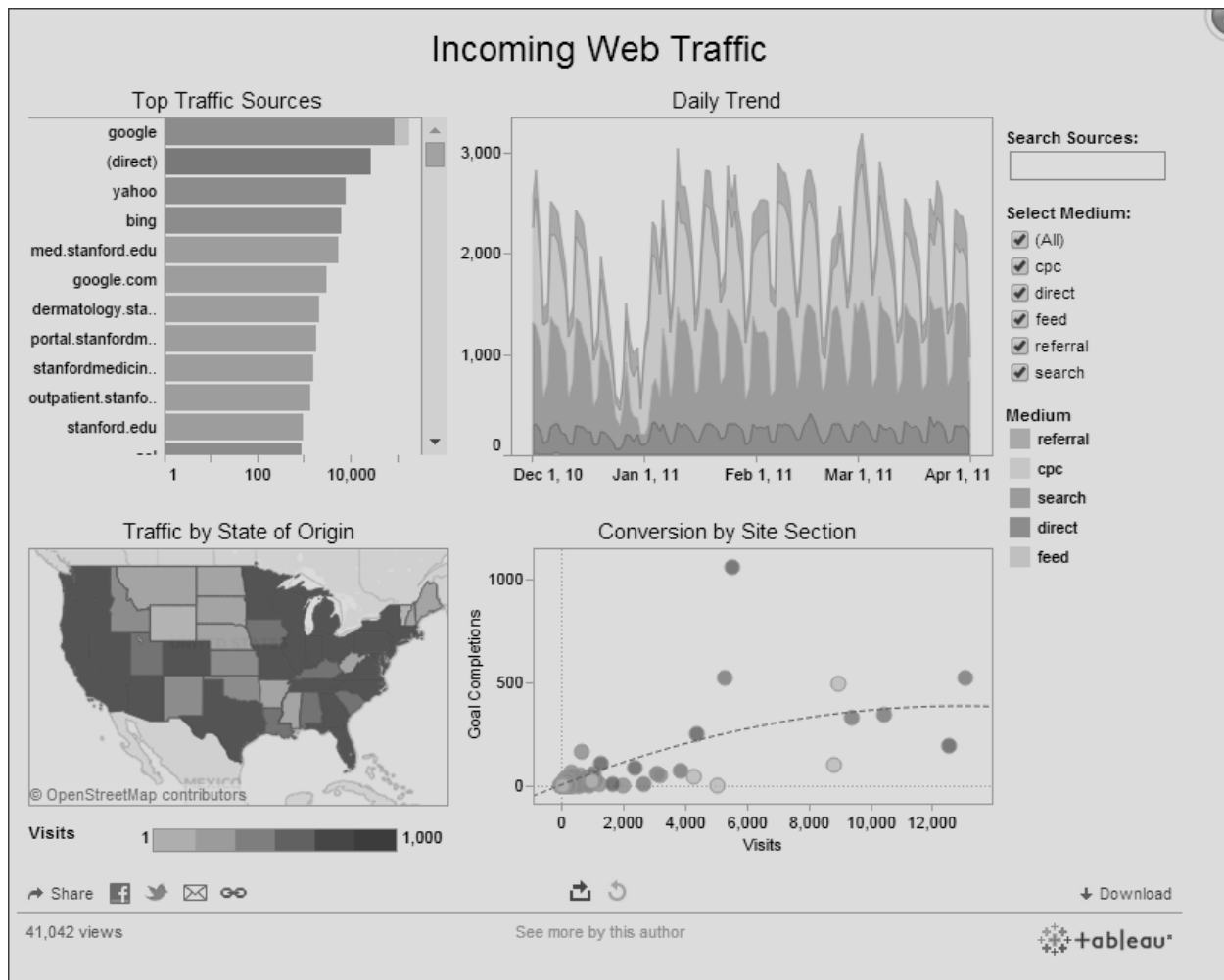
Tools to Track Data

In general, there are four types of tools that you will use to track your website’s metrics and analyze the data.

Web Hosting Data

All web hosting sites should be able to provide you with basic traffic information, such as visitors and views, traffic sources, and trends. This is usually presented as a dashboard that you can access online.

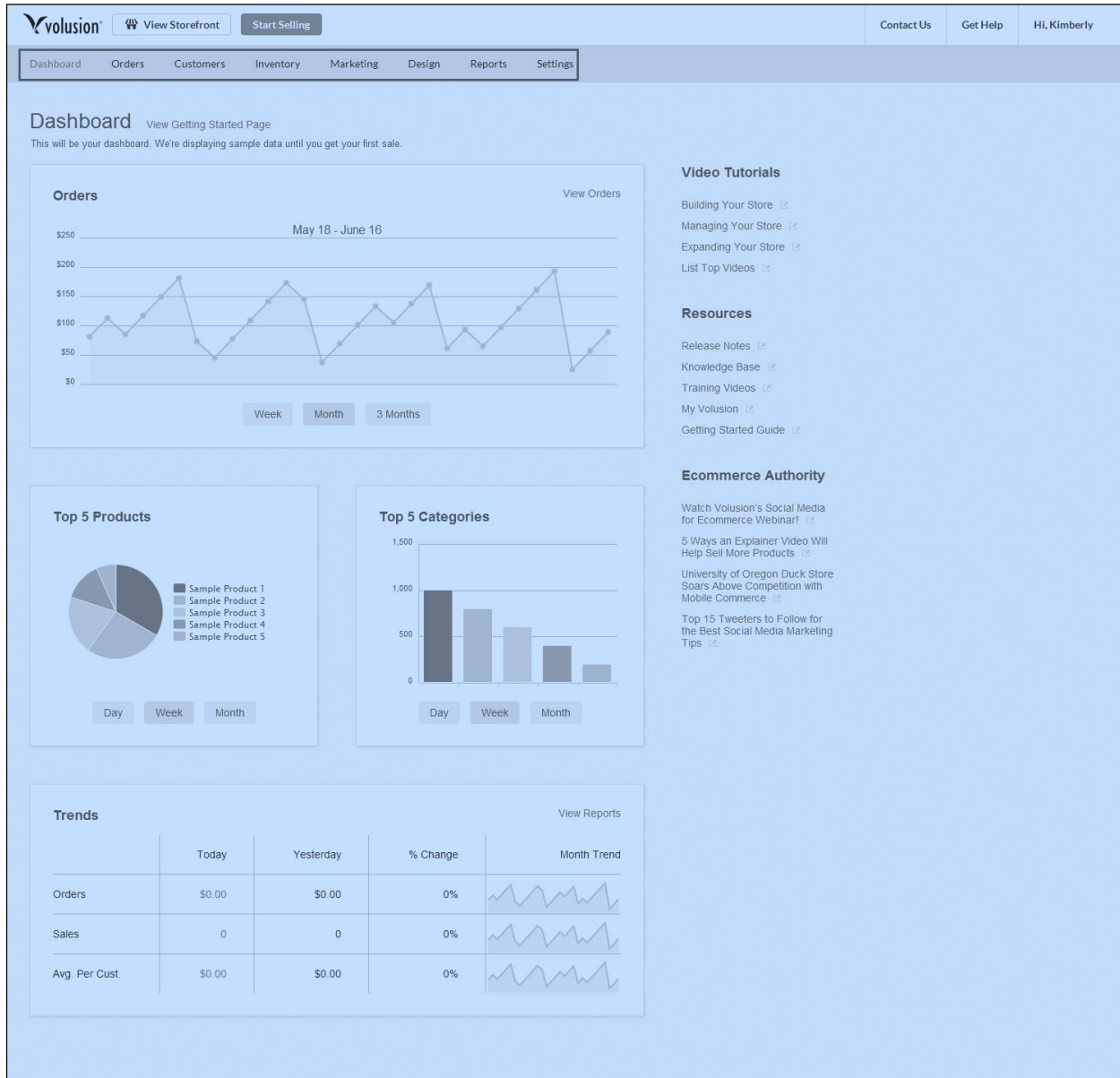
Here is a sample dashboard from [Tableau](#).



E-Commerce Management Tools

As well, your e-commerce management software should have a built-in dashboard. It should give you at-a-glance information about your products, orders, sales, and customers. It may also provide tools for marketing campaigns and other supporting features for your e-commerce business (such as inventory or staff management).

Here is a sample e-commerce dashboard from [Volusion](#). We're viewing the main dashboard, but you can see other dashboard categories at the top.



Note: If you're using an online service, your web hosting and e-commerce data will probably be accessible from a single, integrated dashboard.

Customer Relationship Management Systems

Depending on the size of your business, you may also be using a customer relationship management (CRM) system. These systems combine data from a variety of sources (like the customer's online profile, in-store purchases, social media interactions, app downloads, etc.) to build detailed profiles of each customer. This allows you to customize your website, user experience, and marketing strategies to precisely target your ideal customer.

Third Party Tools

In addition to all of these systems, you may use third-party tools. For example, you may use Google AdWords for search engine and keyword optimization, which drives traffic to your site. There are also many online analytics sites that focus on particular social media networks, like Twitter and Facebook, and services that provide analytics on every aspect of your site (like [Google Analytics](#) and [Woopra](#)).

A Final Note

Data analysis can be expensive in terms of both time and money. We recommend that new e-commerce business users start out with the tools provided by their web host and e-commerce platform, as well as [Google AdWords](#). Determine what metrics are most important for you to track. Then, set up a system for tracking those numbers, analyzing them, and adjusting your site as necessary. (You will need about 100 visitors per day for three to six months to have an accurate sample.)

Once you have the basics in place, you can start to optimize your systems and perhaps add other tools. Eventually, you may find that you need someone assigned to this task full or part time.

Supporting Your E-Commerce Business

Test Your Knowledge

Write each support activity in the appropriate block.

<p>Product Management</p>	<p>Sales and Marketing</p>
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Customer Service	Post-Fulfillment
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Debrief

There are many activities that take place behind the scenes of a business to ensure the success of its day-to-day operations. Let's look at the four key areas and some of the most common activities that you will need to consider.

Product Management

- Source or create the product
- Design and implement pricing strategies in conjunction with the marketing team
- Manage stock and inventory levels (if you are selling a physical product)
- Maintain downloads area of website (if you are selling a virtual product)
- Manage and maintain inventory systems
- Ship products to customers
- Optimize delivery costs and systems

Sales and Marketing

- Design and implement pricing strategies in conjunction with the product management team
- Implement the marketing plan (e.g. blog, newsletter, etc.)
- Manage social media pages
- Manage promotional offers
- Monitor and manage keywords and SEO data
- Analyze all marketing data and improve strategies based on the results
- Use split and multivariate testing to continually improve website
- Conduct sales activities in accordance with sales plan (if you need salespeople)

Customer Service

- Monitor e-mail, virtual chat, social media, and telephone channels
- Respond to customer inquiries as soon as possible
- Share feedback with other teams to improve customers' experience

Post-Fulfillment

- Ensure that guarantees and return policies are clearly advertised on the website
- Ensure that relevant rules and regulations are followed
- Handle returns and refunds
- Work with other teams to reduce return rates
- Optimize return costs and processes

