E-COMMERCE STRATEGIES & TACTICS

How (not) to grow your revenue?
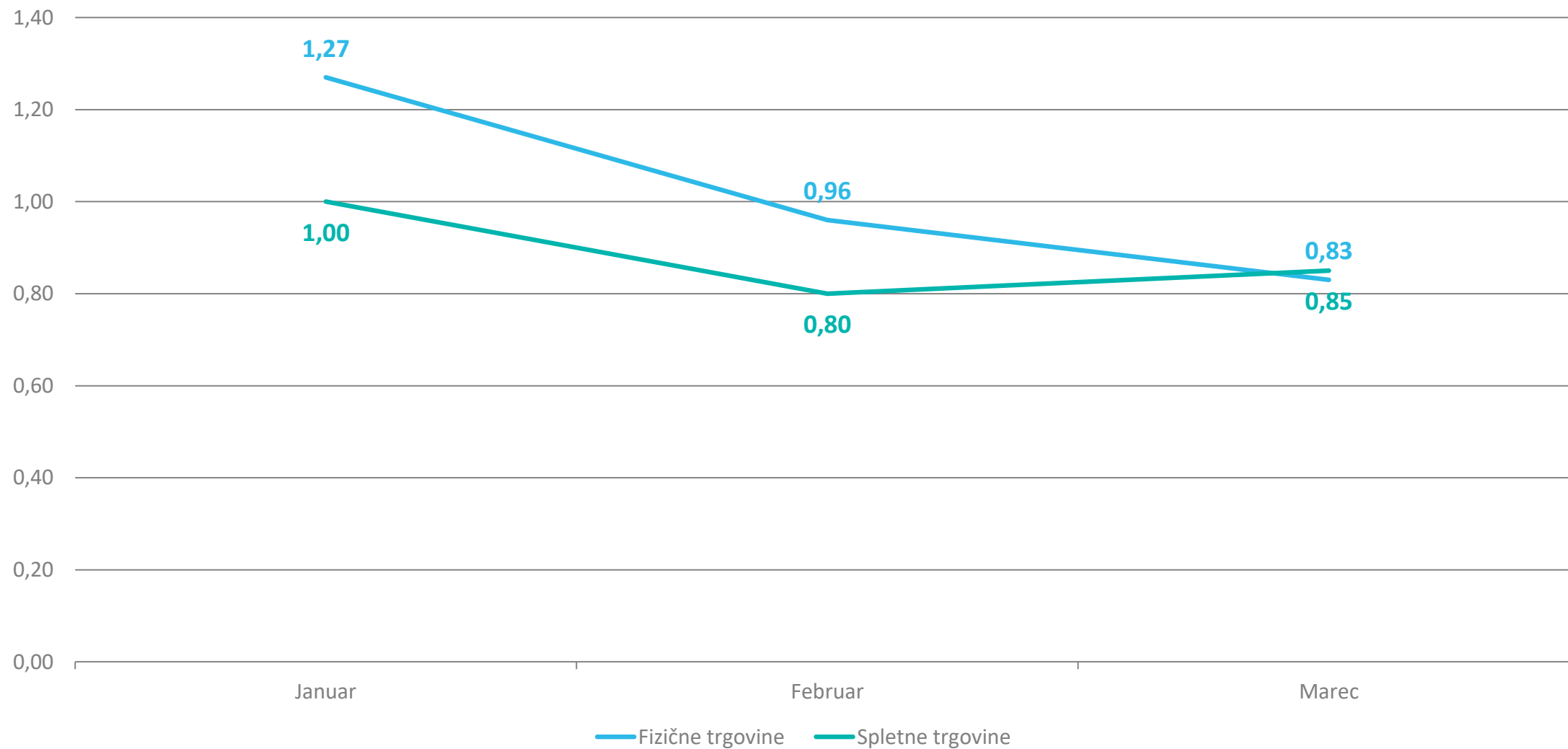
Andraž Štalec
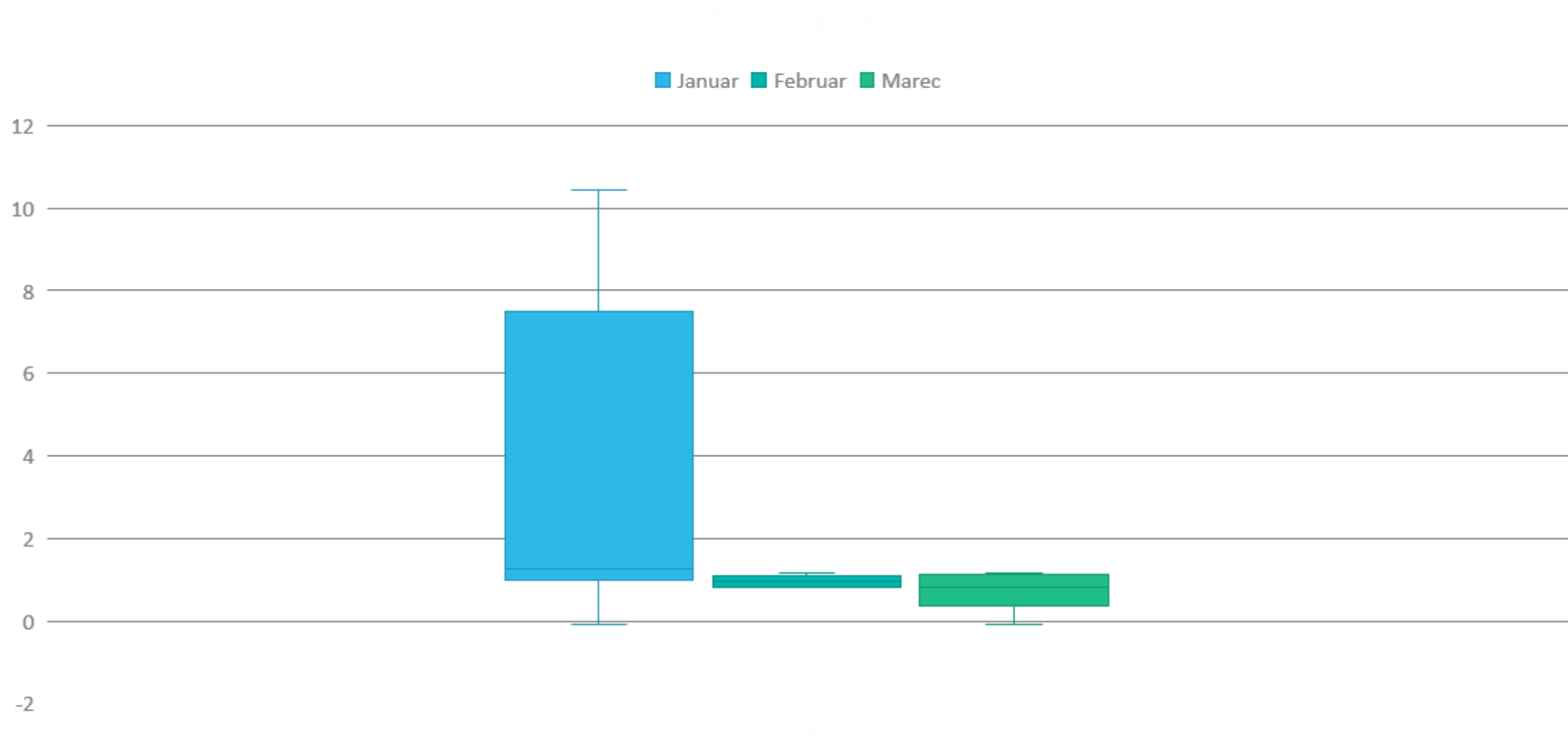
redorbit

1

Indeks (AVG) prodaje v Q1 2022
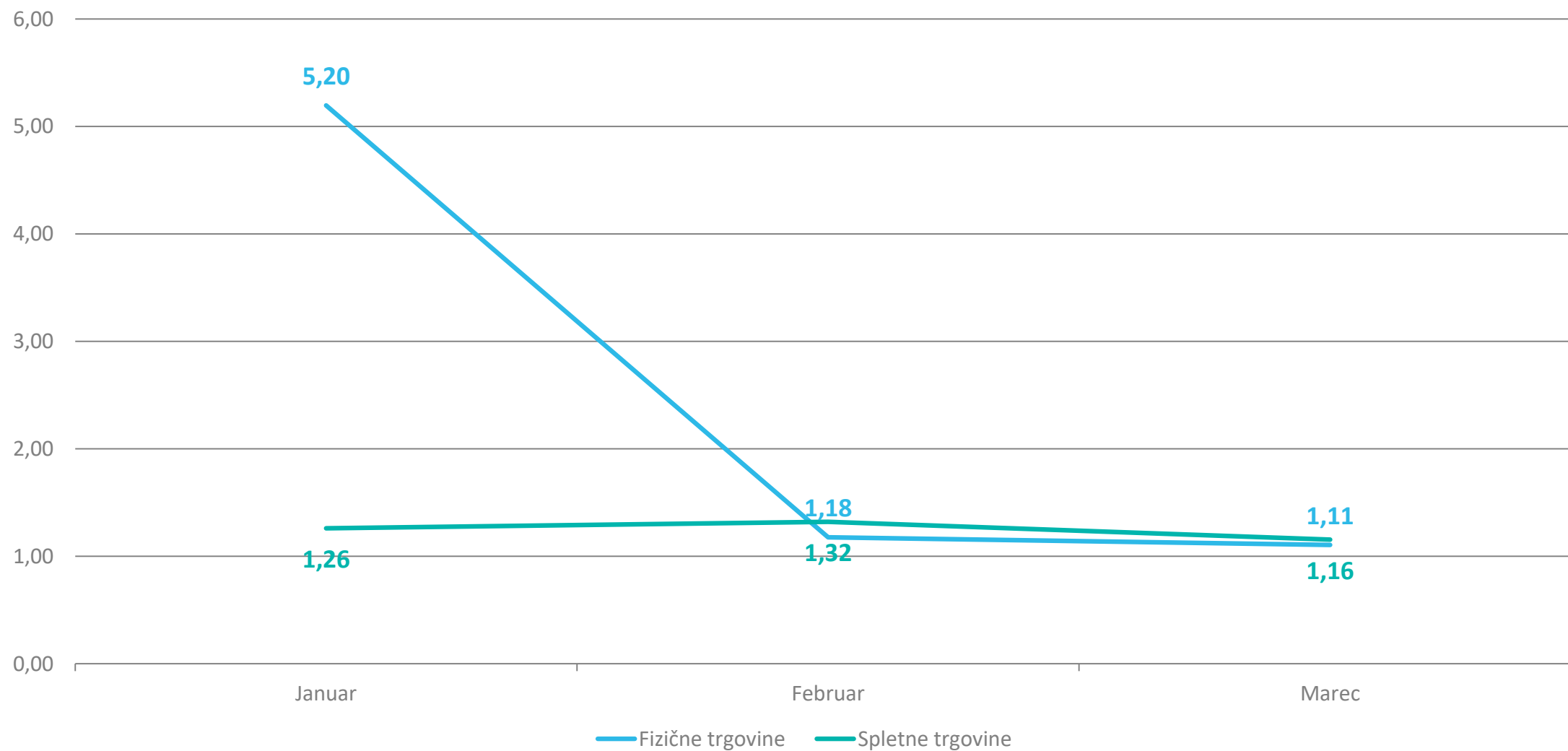
Source: Red Orbit, Analiza prodaje trgovcev v letu 2022, 3/2022
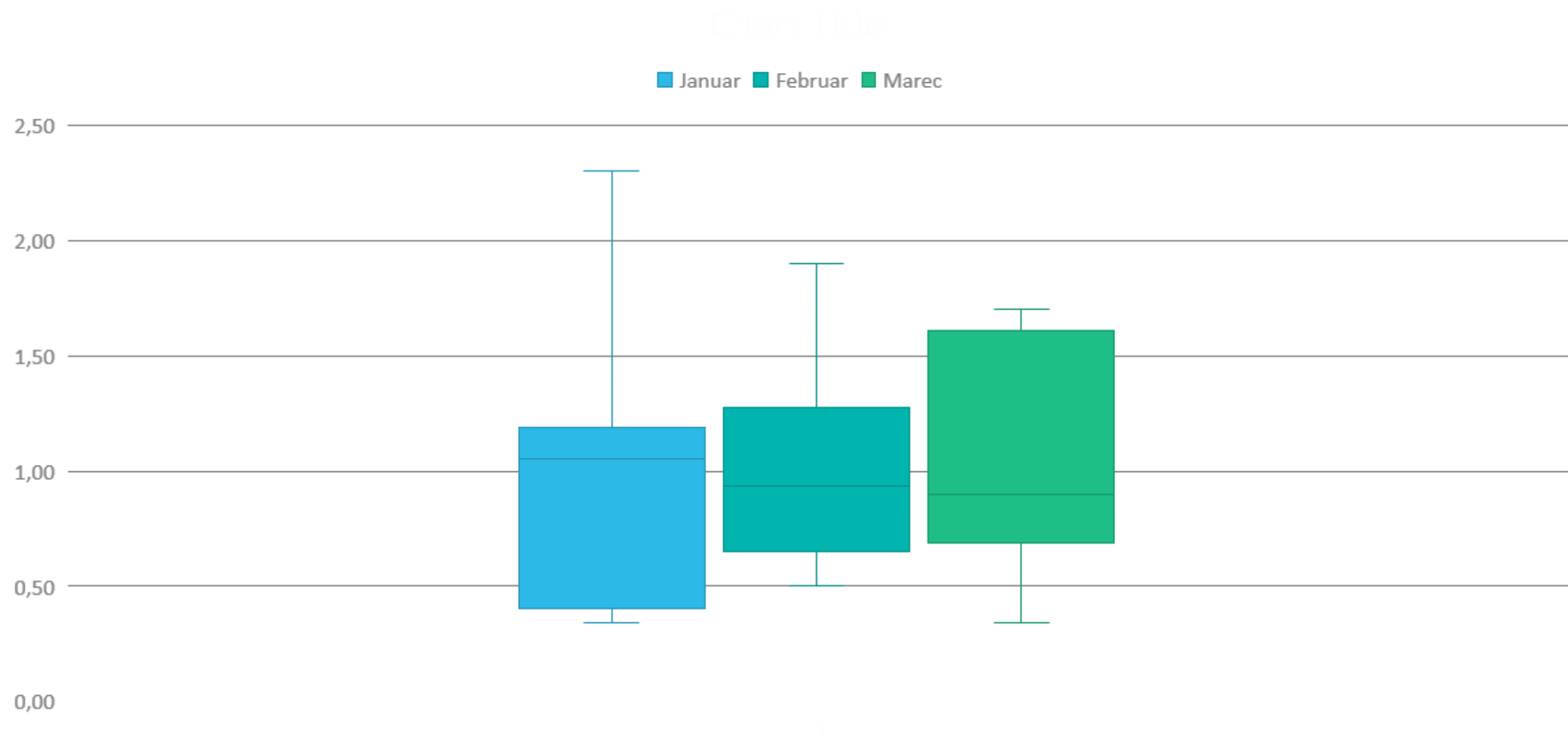
Indeks (mediana) prodaje v Q1 2022

Source: Red Orbit, Analiza prodaje trgovcev v letu 2022, 3/2022

Indeks prodaje v fizičnih trgovinah (odstopanja od povprečja)

Source: Red Orbit, Analiza prodaje trgovcev v letu 2022, 3/2022

Indeks prodaje v spletnih trgovinah (odstopanja od povprečja)
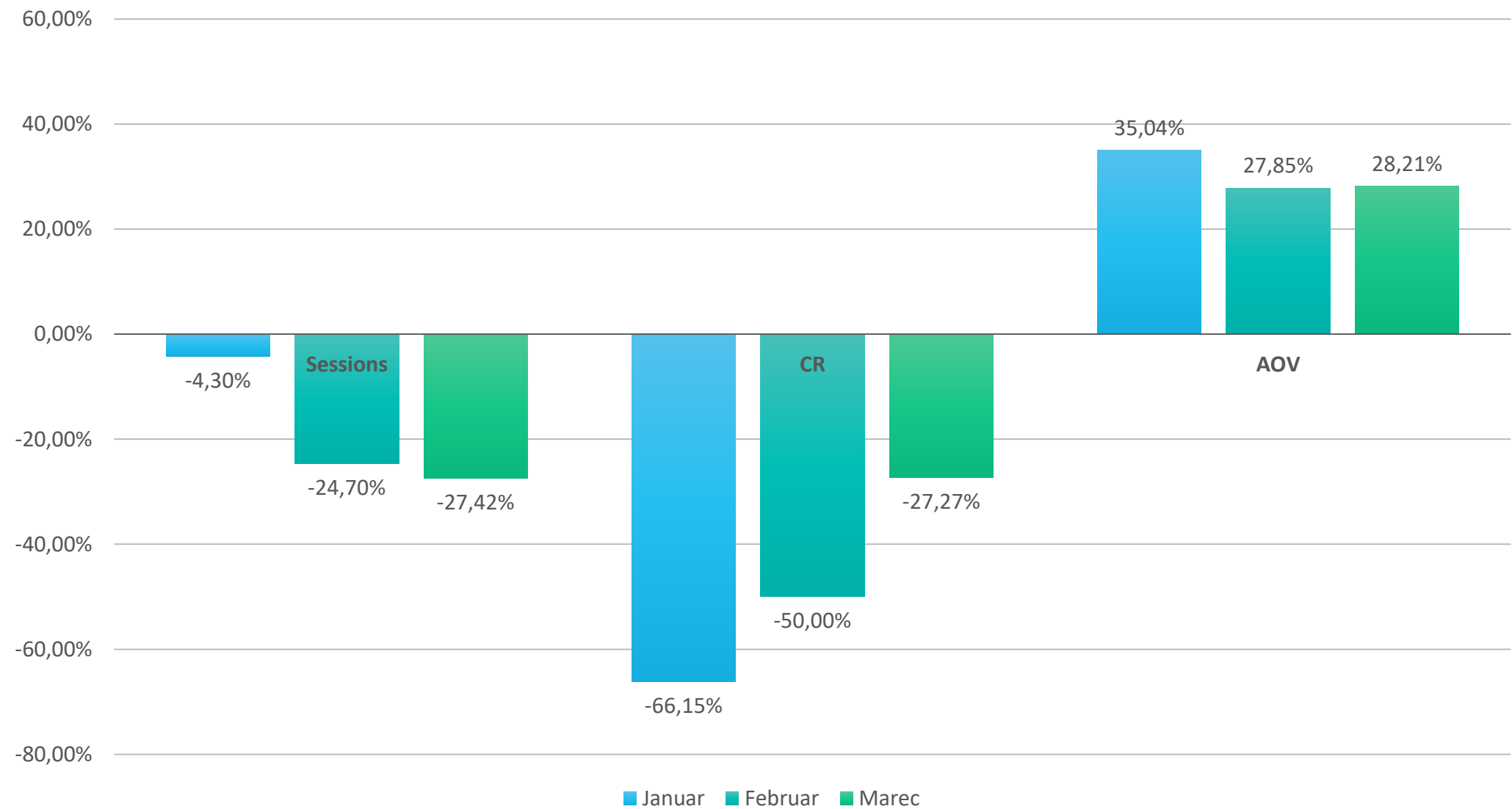
Source: Red Orbit, Analiza prodaje trgovcev v letu 2022, 3/2022

Indeks (AVG) prodaje glede na velikost trgovca

|	pod 1 mio €	1 - 8 mio €	8 - 40 mio €	40 - 100 mio €	nad 100 mio €
Indeks prodaje v fizičnih trgovinah - januarju 2022	1,10	4,68	24,49	3,41	2,29
Indeks prodaje v fizičnih trgovinah - februar 2022	0,85	1,83	1,05	0,92	1,02
Indeks prodaje v fizičnih trgovinah - marec 2022	0,65	2,20	0,54	0,96	0,85
Indeks prodaje v spletnih trgovinah - januarju 2022	1,05	1,95	1,35	0,73	0,35
Indeks prodaje v spletnih trgovinah - februar 2022	0,95	2,09	1,08	0,88	0,50
Indeks prodaje v spletnih trgovinah - marec 2022	0,60	1,82	1,02	1,07	0,80

Ecommerce metrike (YoY index)

Source: Red Orbit, Analiza prodaje trgovcev v letu 2022, 3/2022
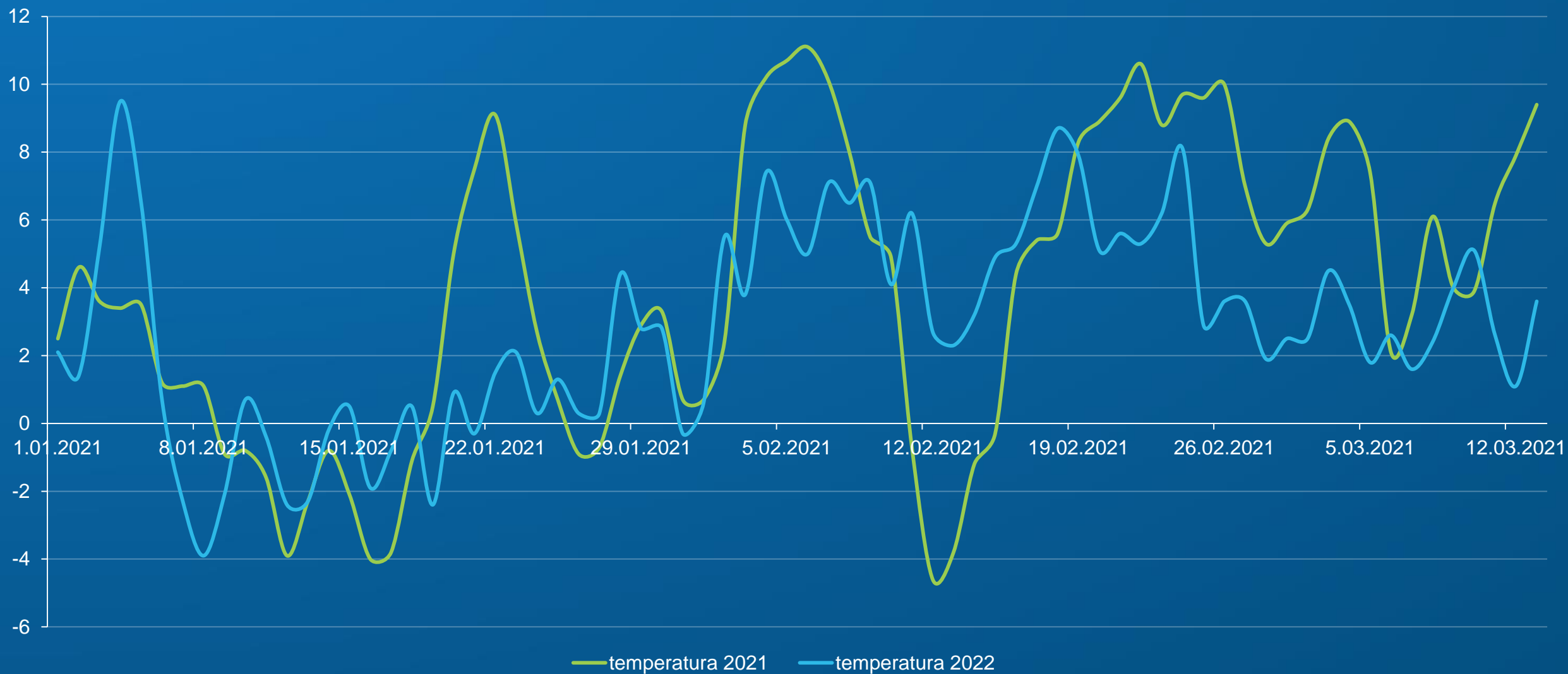
Mobility report: Grocery & pharmacy
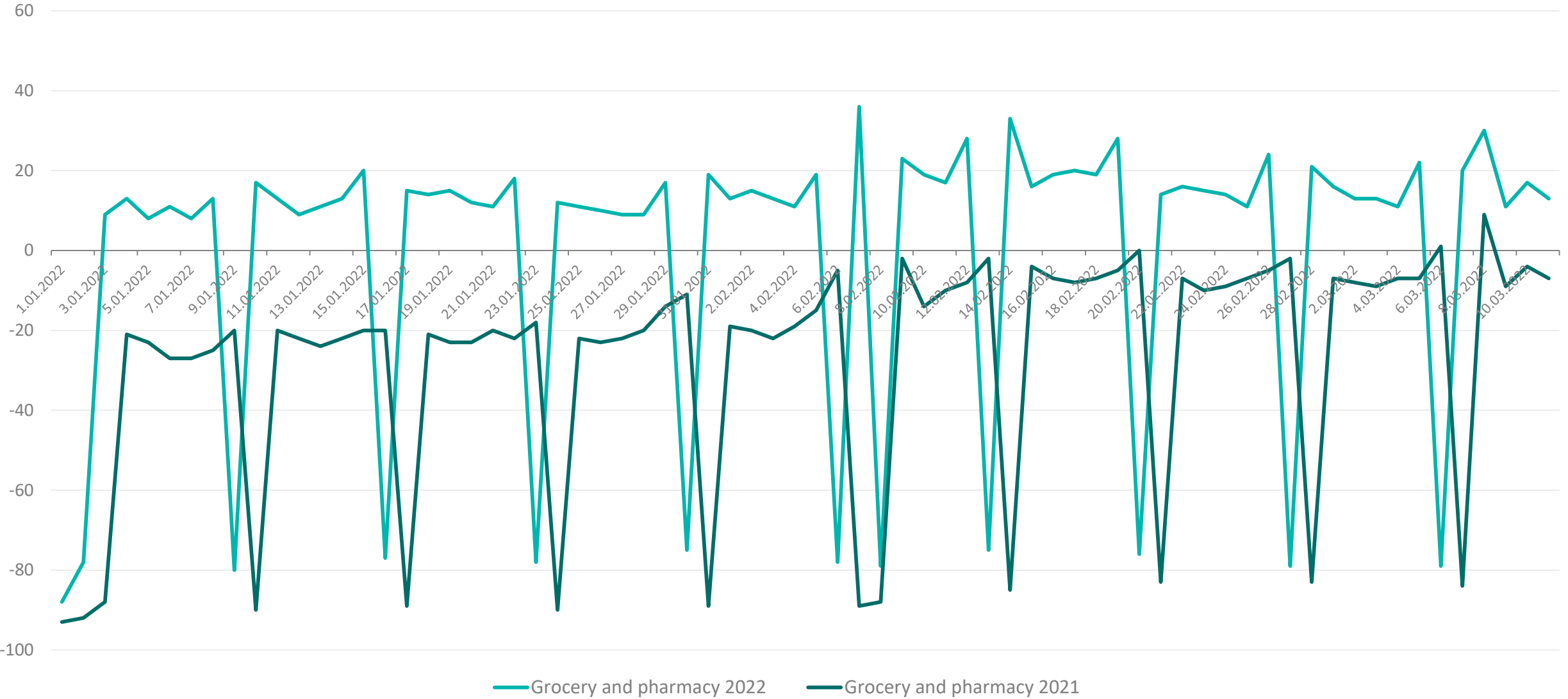
Source: Google, COVID-19 Community Mobility Report

Mobility report: Retail & recreation
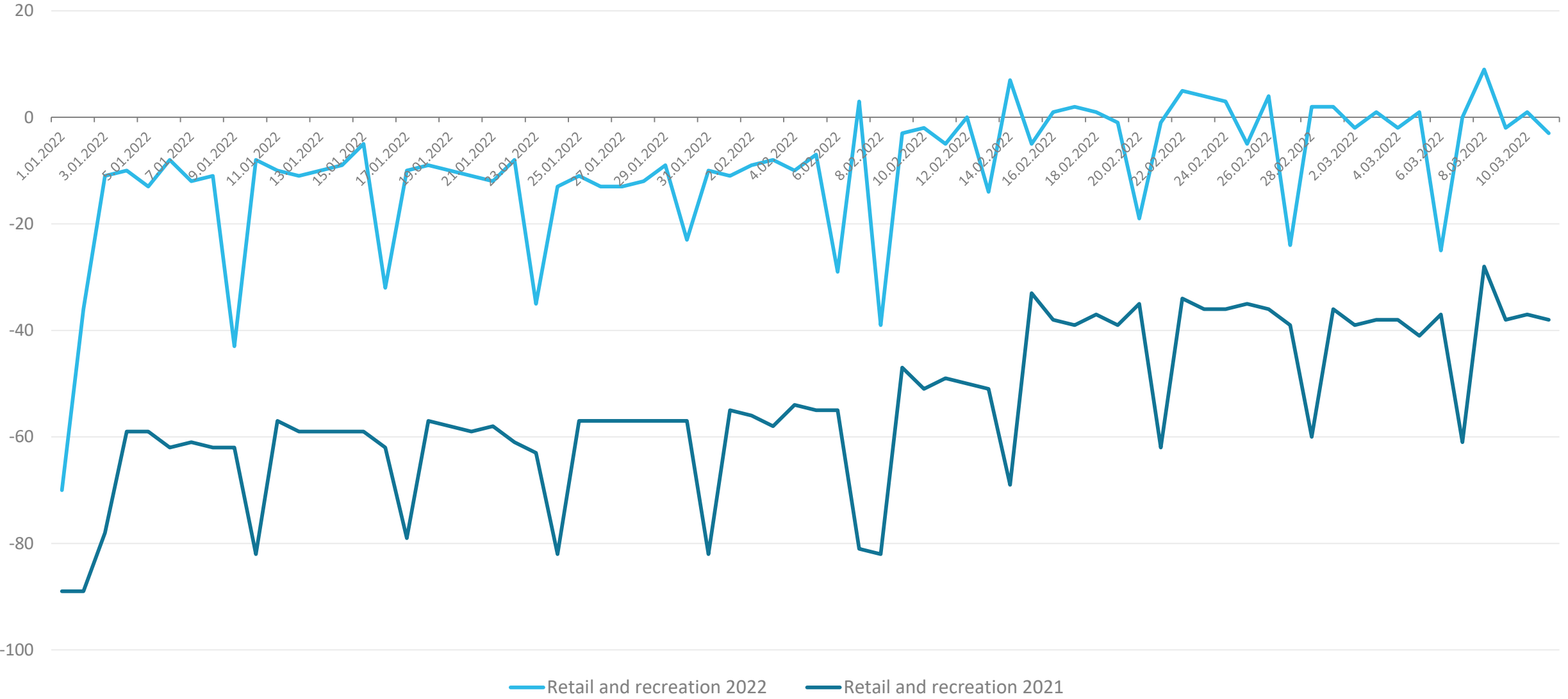
Source: Google, COVID-19 Community Mobility Report

Zunanja temperatura

Source: ARSO

YOU ARE UNDER SIEGE!

ADVERTISING PLATFORMS ARE TRYING TO STEAL YOUR CUSTOMERS AND TRAFFIC AND CHARGE YOU FOR IT.

PRICE COMPARISON ENGINES ARE TRYING TO STEAL YOUR CUSTOMERS AND TRAFFIC AND CHARGE YOU FOR IT.

COMPETITORS ARE TRYING TO STEAL YOUR MARKET SHARE.

MARKET CONSOLIDATION TRENDS ARE FAVORING THE BIGGEST PLAYERS ON THE MARKET.

DISCOUNT DRIVEN MARKET IS EATING AWAY AT YOUR PROFITABILITY.

NOBODY CARES ABOUT YOU, BUT YOU.

BOTTOM LINE: THIS IS A BAD TIME TO BE A MEDIOCRE E-COMMERCE COMPANY.

#1: LOCK IN YOUR CUSTOMERS

Work on customer retention and churn prevention.

#2: FIND YOUR USP

Being online is not a USP, nor is having a good price.

#3: REMOVE EVERY FRICTION

Think beyond the buy: shopping is a omnichannel activity

#4: INVEST IN NEW CHANNELS & STRATEGIES

Swim in a blue ocean

#5: CREATE AND MEASURE OMNICHANNEL EXPERIENCE

Consumer journeys are too complex and offline is just too important

#6: INVEST IN DATA

This is where the new battlefront will be.

LARGEST **PITFALLS** IN E-COMMERCE

#1: FOCUSING ON REVENUE

Revenue is nice, but margin & profits are what keeps business going

#2: REVENUE CONCENTRATION
What % of your revenue do you get from your largest product category?

#3: BETTING ON ONE CHANNEL

#4: FOCUSING ON TRAFFIC

Aka focusing on 1 P = promotion

#5: FOCUSING ON TRANSACTIONS

...instead of customers

E-COMMERCE IS SIMPLE, BUT NOT EASY

One-time customer revenue stream

GM

CPA

CPA <= GM
The only way your business could be profitable is achieving CPA much lower then your Gross Margin.
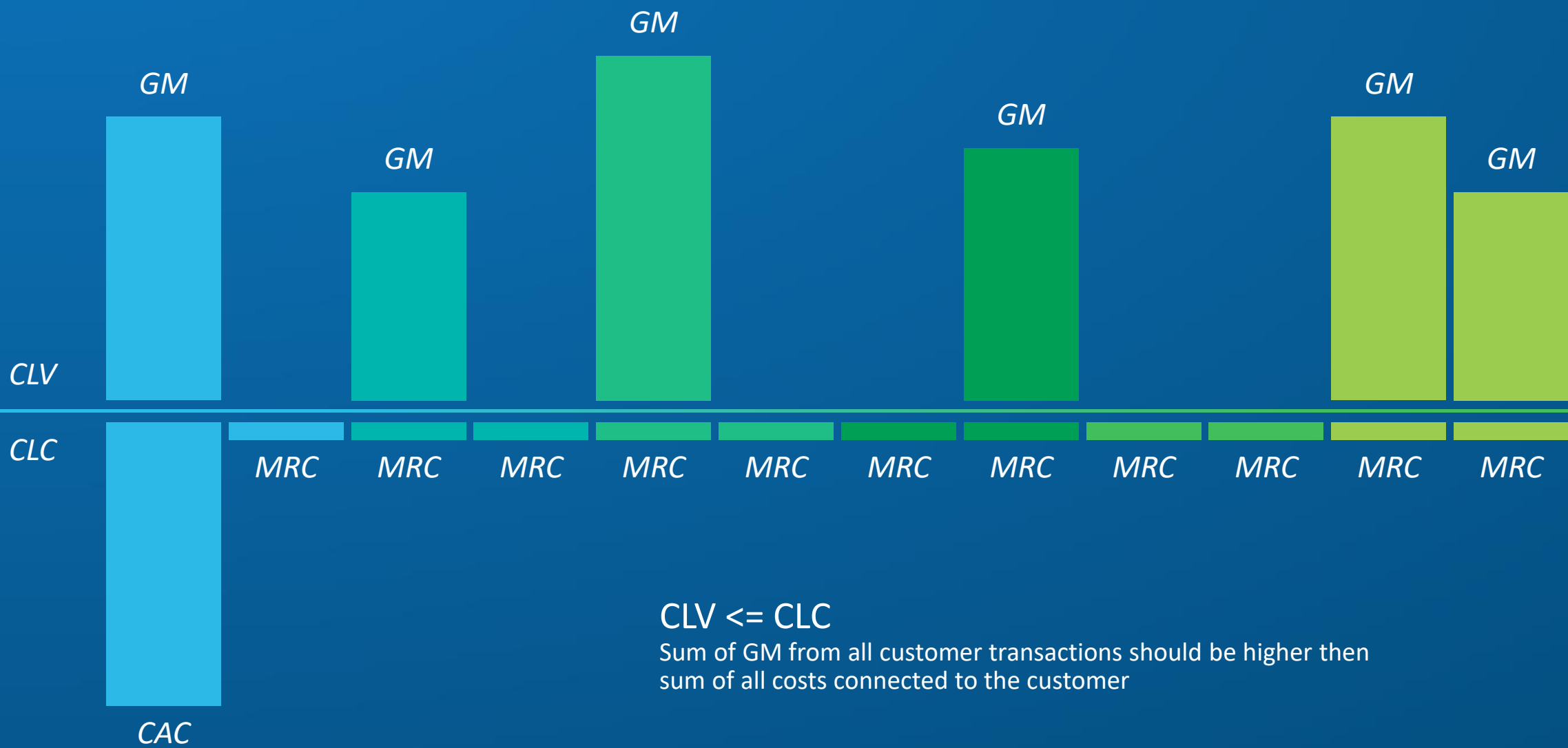
One-time customer revenue stream

GM

CPA

CPA > GM
Due to increased competition CPCs are increasing and CRs are decreasing.
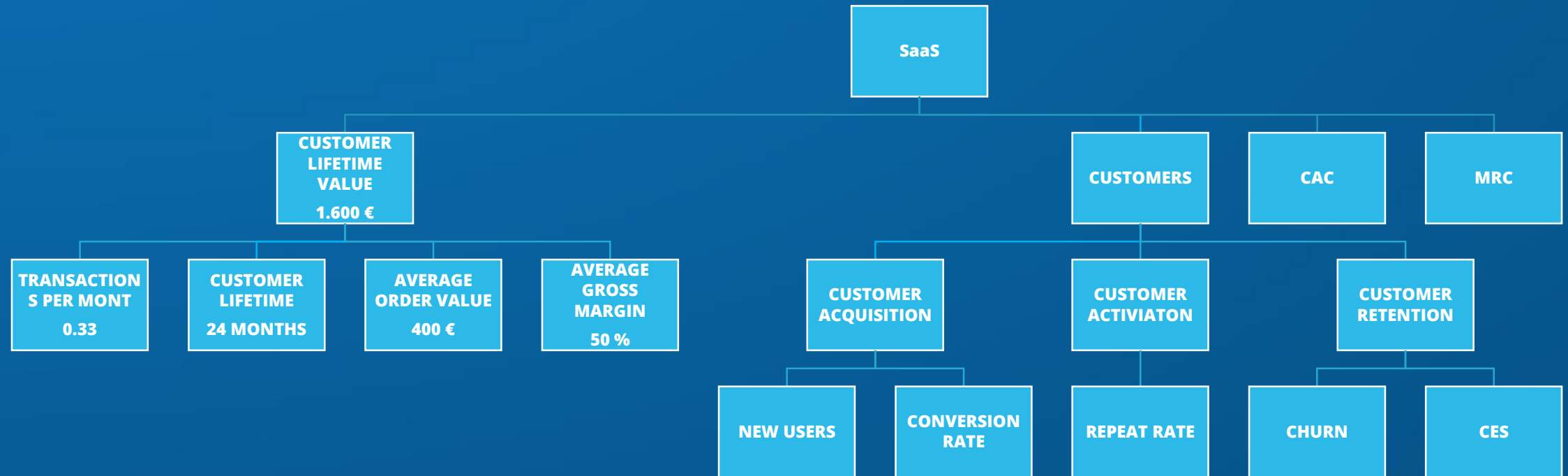
Shift to retention model

CLV <= CLC
Sum of GM from all customer transactions should be higher then sum of all costs connected to the customer

ECOMMERCE REVENUE STREAMS
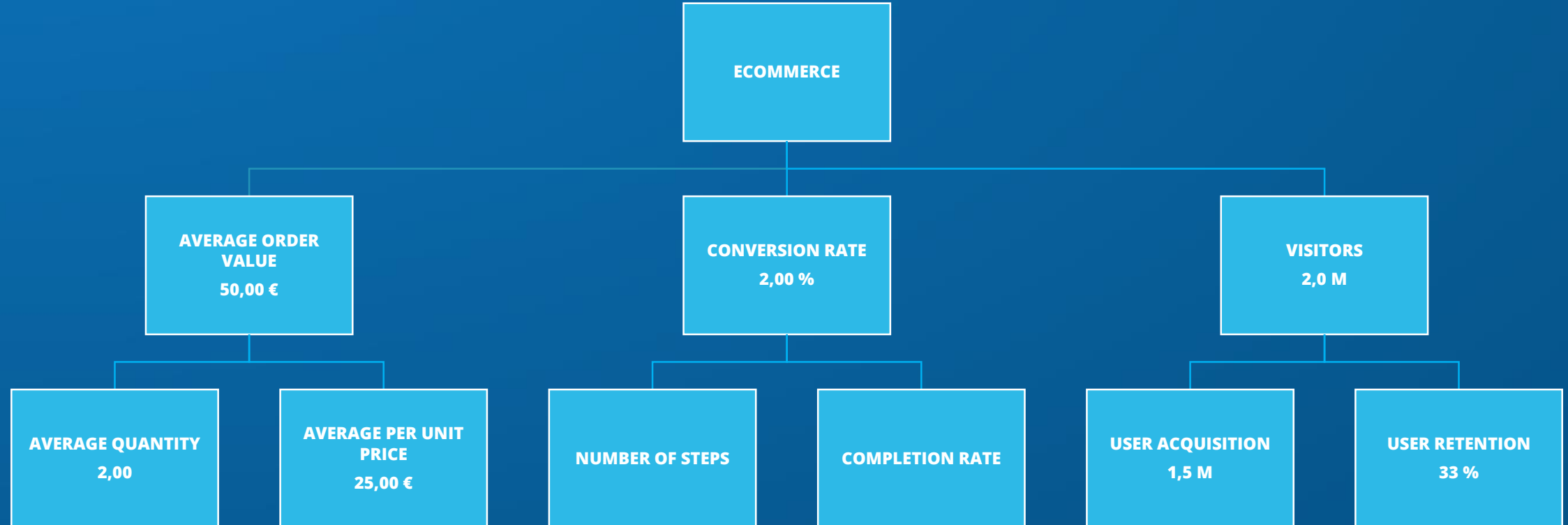
SAAS ECOMMERCE REVENUE STREAMS

SaaS revenue stream for Ecommerce

Metrics Grid

	ALL USERS	PRODUCT 1	PRODUCT 2	PRODUCT 3	PRODUCT 4	PRODUCT 5	PRODUCT 6	PRODUCT 7	PRODUCT 8	PRODUCT 9	PRODUCT 10
Revenue	523674.01	20249.16	11289.61	28299.57	11562.19	8412.84	25684.63	8757.5	107224.4	33470.47	106332.5
% of total Revenue	100.00%	3.87%	2.16%	5.40%	2.21%	1.61%	4.90%	1.67%	20.48%	6.39%	20.31%
GM											
Unique Purchases	2616	52	35	86	28	33	525	15	185	71	204
Quantity	3363	52	35	86	28	33	537	17	185	71	217
Average Order Value	200,18	389,41	322,56	329,06	412,94	254,93	47,83	515,15	579,59	471,42	490,01
Average QTY	1.06	1	1	1	1	1	1,02	1,13	1	1	1,06
Conversion rate	0,48%	0,54%	0,65%	0,61%	0,54%	0,83%	1,57%	0,73%	0,57%	0,47%	0,54%
Cart-to-Detail Rate	2,36%	2,22%	2,54%	2,60%	2,09%	4,97%	6,31%	3,01%	2,35%	2,36%	3,11%
Buy-to-Detail Rate	0,37%	0,32%	0,41%	0,31%	0,26%	0,57%	0,95%	0,32%	0,31%	0,27%	0,33%
Products / Session	2,67	3,19	3,25	3,13	3,16	2,98	2,76	3,73	3,18	3,17	2,66
# Products To Cart / Session	1,80	2,2	2,36	2,18	2,08	2,35	2,16	2,42	1,97	2,29	1,91
No Shopping Activity	40,51%	22,87%	23,18%	24,49%	20,17%	27,82%	26,65%	23,02%	23,56%	25,20%	25,41%
Session	544480	29238	19287	30001	17170	24756	41534	26701	84971	66732	95273
Gift to competition		39%	23%	50%	18%	98%	97%	46%	24%	41%	96%
RPV	€0.96	€0.69	€0.59	€0.94	€0.67	€0.34	€0.62	€0.33	€1.26	€0.50	€1.12
Ad spend	4778.33	505.65	256.79	685.12	71.35	0.00	0.00	0.00	515.71	572.51	862.10
GAW revenue	92406.8	2,348.12	1,493.48	2,062.43	433.52	0.00	0.00	0.00	1,770.39	2,083.34	7,345.81
ROAS	1933.87%	464.38%	581.60%	301.03%	607.60%				343.29%	363.90%	852.08%

Metrics Grid

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Average QTY	1.06	1	1	1	1	1	1,02	1,13	1	1	1,06
Conversion rate	0,48%	0,54%	0,65%	0,61%	0,54%	0,83%	1,57%	0,73%	0,57%	0,47%	0,54%
Cart-to-Detail Rate	2,36%	2,22%	2,54%	2,60%	2,09%	4,97%	6,31%	3,01%	2,35%	2,36%	3,11%
Buy-to-Detail Rate	0,37%	0,32%	0,41%	0,31%	0,26%	0,57%	0,95%	0,32%	0,31%	0,27%	0,33%
Products / Session	2,67	3,19	3,25	3,13	3,16	2,98	2,76	3,73	3,18	3,17	2,66
# Products To Cart / Session	1,80	2,2	2,36	2,18	2,08	2,35	2,16	2,42	1,97	2,29	1,91
No Shopping Activity	40,51%	22,87%	23,18%	24,49%	20,17%	27,82%	26,65%	23,02%	23,56%	25,20%	25,41%
Session	544480	29238	19287	30001	17170	24756	41534	26701	84971	66732	95273
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GAW revenue	92406.8	2,348.12	1,493.48	2,062.43	433.52	0.00	0.00	0.00	1,770.39	2,083.34	7,345.81
ROAS	1933.87%	464.38%	581.60%	301.03%	607.60%			343.29%		363.90%	852.08%

Top Ecommerce metrics

1 CLV

2 CAC

3 Customer profitability score

4 Repeat rate

5 Retention rate

6 AOV

7 CES

THE BIGGEST LIE OF DIGITAL ERA:
EVERYTHING THAT CAN BE MEASURED GETS MEASURED

WE HAVE NO CLUE WHO THE CUSTOMER IS

CONSUMERS MORE DISCONNECTED THAN EVER

WE ARE SELF-CENTERED
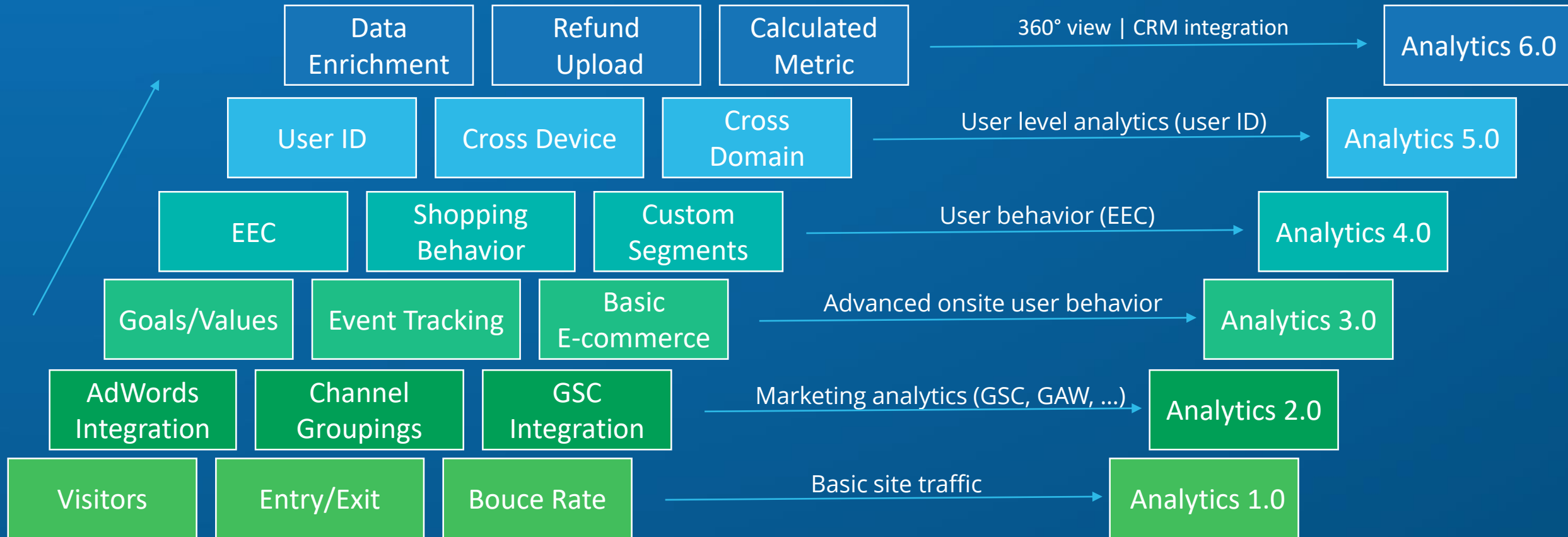*How can we get more clicks? More shares? More impressions? How can we lower CPC?*
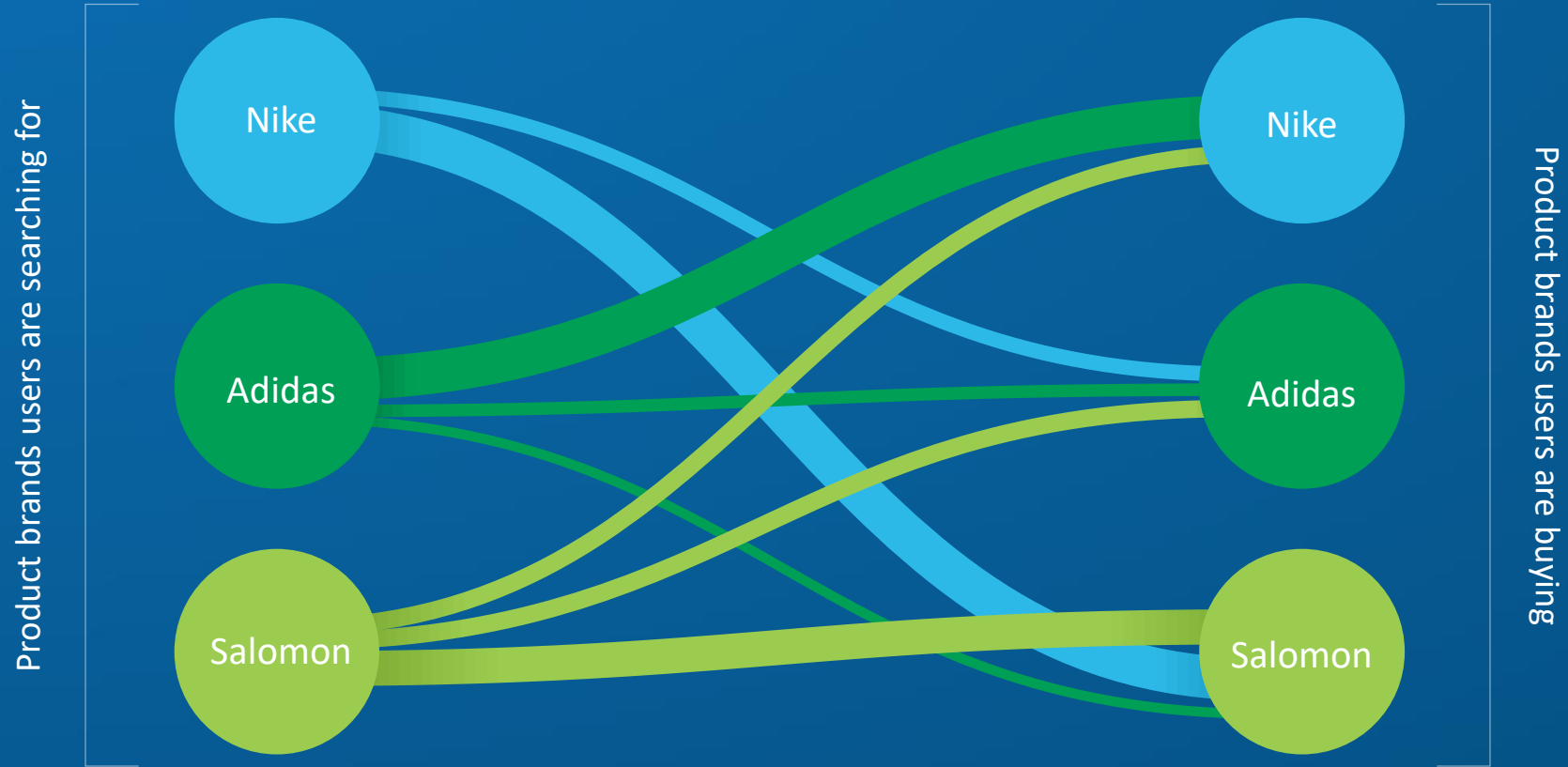
WE ARE UNABLE TO ANALYSE THE USER

Mostly due to bad implementation of web analytics.

IT ALL REVOLVES AROUND THE PEOPLE AND EVENTS IN OUR LIVES

We should be moving from session-based analytics to user-based one. Measure user lifecycle (not sessions), cross all devices, screens and media, capturing all user actions cross different touchpoints.

Web analytics features

Data Enrichment	Refund Upload	Calculated Metric	360° view | CRM integration → **Analytics 6.0**
User ID	Cross Device	Cross Domain	User level analytics (user ID) → **Analytics 5.0**
EEC	Shopping Behavior	Custom Segments	User behavior (EEC) → **Analytics 4.0**
Goals/Values	Event Tracking	Basic E-commerce	Advanced onsite user behavior → **Analytics 3.0**
AdWords Integration	Channel Groupings	GSC Integration	Marketing analytics (GSC, GAW, …) → **Analytics 2.0**
Visitors	Entry/Exit	Bouce Rate	Basic site traffic → **Analytics 1.0**

But then sometimes all this results in totally unexpected results

Product brands users are searching for

Nike
Adidas
Salomon

Nike
Adidas
Salomon

Product brands users are buying

We were so wrong

Product brands users are searching for

Nike

Adidas

Salomon

Nike — 0% brand stickiness

Adidas — 25% brand stickiness

Salomon — 50% brand stickiness

Brand stickiness report

Product Brand	Sales Performance		
	Product Revenue ↓	**Unique Purchases**	**Quantity**
AdGroup: Nike	€917,302.41 % of Total: 4.30% (€21,332,614.22)	156,066 % of Total: 3.54% (4,406,372)	156,066 % of Total: 3.54% (4,406,372)
1. Nike	€459,500.64 (50.09%)	78,012 (49.99%)	78,012 (49.99%)
2. Adidas	€391,000.47 (42.62%)	62,074 (39.77%)	62,074 (39.77%)
3. Puma	€38,200.40 (4.17%)	7,940 (5.08%)	7,940 (5.08%)
4. Converse All Star	€28,600.90 (3.13%)	8,040 (5.15%)	8,040 (5.15%)
5. Mizuno	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)
6. Merrell	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)
7. New Balance	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)
8. Pepe Jeans	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)
9. Reebok Classics	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)
10. Salomon	€0.00 (0.00%)	0 (0.00%)	0 (0.00%)

Nike has a brand stickiness of 50 %

Use this report to ....

Dynamic remarketing

Promote the products users are actually enggaging with on the website.

Research low stickiness

Do you have enough products on stock? Are your prices compepative?

Sitelink extensions

For brands with low stickiness include secondary brands as Sitelink extensions.

Estabilsh RLSA

On brands that are „stilling" most of the conusmers from the primary brand.

THE MOST LOYAL USERS COME FROM DIRECT TRAFFIC

But do they?

It's quite common to see channels like Paid Search, Organic Search and Email outperforming Direct

	Default Channel Grouping	Acquisition			Behaviour			Conversions E-commerce ▾		
		Sessions ? ↓	% New Sessions ?	New Users ?	Bounce Rate ?	Pages/Session ?	Avg. Session Duration ?	E-commerce Conversion Rate ?	Transactions ?	Revenue ?
		79,488 % of Total: 100.00% (79,488)	32.74% Avg for View: 32.74% (0.00%)	26,024 % of Total: 100.00% (26,024)	31.39% Avg for View: 31.39% (0.00%)	7.80 Avg for View: 7.80 (0.00%)	00:04:43 Avg for View: 00:04:43 (0.00%)	1.30% Avg for View: 1.30% (0.00%)	1,031 % of Total: 100.00% (1,031)	€55,230.08 % of Total: 100.00% (€55,230.08)
☐	1. Paid Search	25,332 (31.87%)	27.78%	7,036 (27.04%)	25.97%	8.69	00:04:17	1.30%	330 (32.01%)	€19,924.43 (36.08%)
☐	2. Organic Search	18,502 (23.28%)	33.74%	6,242 (23.99%)	28.64%	8.62	00:05:12	1.33%	247 (23.96%)	€12,250.82 (22.18%)
☐	3. Direct	14,052 (17.68%)	53.80%	7,560 (29.05%)	30.42%	8.56	00:07:24	1.48%	208 (20.17%)	€11,359.11 (20.57%)
☐	4. (Other)	11,427 (14.38%)	23.52%	2,688 (10.33%)	42.77%	5.19	00:02:42	1.12%	128 (12.42%)	€5,240.45 (9.49%)
☐	5. Display	6,815 (8.57%)	22.49%	1,533 (5.89%)	43.68%	4.61	00:02:07	0.92%	63 (6.11%)	€3,194.87 (5.78%)
☐	6. Social	1,313 (1.65%)	34.96%	459 (1.76%)	29.40%	7.10	00:03:28	1.52%	20 (1.94%)	€1,099.40 (1.99%)
☐	7. Referral	1,300 (1.64%)	32.62%	424 (1.63%)	25.23%	11.26	00:10:48	1.23%	16 (1.55%)	€866.76 (1.57%)
☐	8. Email	747 (0.94%)	10.98%	82 (0.32%)	30.12%	6.97	00:03:21	2.54%	19 (1.84%)	€1,294.24 (2.34%)

IGNORE CONVERTERS
FOCUS ON THE ONES WHO DIDN'T CONVERT
98,70 % of users!
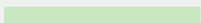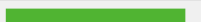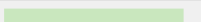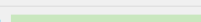
Use Session Quality report to deliver more actionable insights

Sessions	Sessions with Transactions	Sessions without Transactions
159,124	2,008	157,116
% of Total: 100.00% (159,124)	% of Total: 100.00% (2,008)	% of Total: 100.00% (157,116)

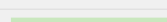|	Session Quality	Sessions	Sessions with Transactions	Sessions without Transactions
	1	58,293	0	58,293
+	2-5	53,294	40	53,254
+	6-20	27,555	363	27,192
+	21-50	15,816	893	14,923
+	51-100	4,166	712	3,454

Secondary dimension ▾ Sort Type: Default ▾   advanced

Default Channel Grouping	Acquisition			Behaviour			Conversions E-commerce ▾		
	Sessions ↓	% New Sessions	New Users	Bounce Rate	Pages/Session	Avg. Session Quality	E-commerce Conversion Rate	Transactions	Revenue
	159,124 % of Total: 100.00% (159,124)	33.00% Avg for View: 1.27% (2,496.98%)	52,511 % of Total: 2,596.98% (2,022)	31.44% Avg for View: 31.44% (0.00%)	7.67 Avg for View: 7.67 (0.00%)	8.1 % of Total: 100.00% (8.1)	1.28% Avg for View: 1.28% (0.00%)	2,029 % of Total: 100.00% (2,029)	€103,277.15 % of Total: 100.00% (€103,277.15)
1. Paid Search	48,438 (30.44%)	26.23%	12,707 (24.20%)	26.83%	8.27	9.0(110.41%)	1.30%	631 (31.10%)	€35,858.73 (34.72%)
2. Organic Search	39,466 (24.80%)	35.09%	13,850 (26.38%)	28.34%	8.43	8.5(105.15%)	1.27%	502 (24.74%)	€23,944.78 (23.18%)
3. Direct	29,161 (18.33%)	54.87%	16,002 (30.47%)	30.48%	8.42	8.1(100.48%)	1.40%	408 (20.11%)	€21,666.03 (20.98%)
4. (Other)	22,267 (13.99%)	23.60%	5,256 (10.01%)	42.34%	5.37	6.4 (79.25%)	1.16%	259 (12.76%)	€9,415.82 (9.12%)
5. Display	11,675 (7.34%)	18.64%	2,176 (4.14%)	44.65%	4.78	5.9 (72.16%)	0.89%	104 (5.13%)	€5,158.62 (4.99%)
6. Social	3,549 (2.23%)	38.12%	1,353 (2.58%)	28.71%	6.23	7.0 (86.73%)	1.30%	46 (2.27%)	€2,698.48 (2.61%)
7. Referral	2,943 (1.85%)	33.47%	985 (1.88%)	26.23%	11.07	10.2(125.17%)	1.12%	33 (1.63%)	€1,698.43 (1.64%)
8. Email	1,625 (1.02%)	11.20%	182 (0.35%)	32.92%	7.12	10.0(123.77%)	2.83%	46 (2.27%)	€2,836.26 (2.75%)

Use Session Quality report to deliver more actionable insights

Session Quality	Sessions	Sessions with Transactions	Sessions without Transactions
1			
Direct Traffic	10,178	0	10,178
Organic Traffic	12,553	0	12,553
All Users	58,293	0	58,293
2-5			
Direct Traffic	10,342	3	10,339
Organic Traffic	14,044	7	14,037
All Users	53,294	40	53,254
6-20			
Direct Traffic	4,883	72	4,811
Organic Traffic	7,614	69	7,545
All Users	27,555	363	27,192
21-50			
Direct Traffic	3,032	203	2,829
Organic Traffic	4,215	244	3,971
All Users	15,816	893	14,923
51-100			
Direct Traffic	726	125	601
Organic Traffic	1,040	175	865
All Users	4,166	712	3,454

WE ARE NOT THE SAME
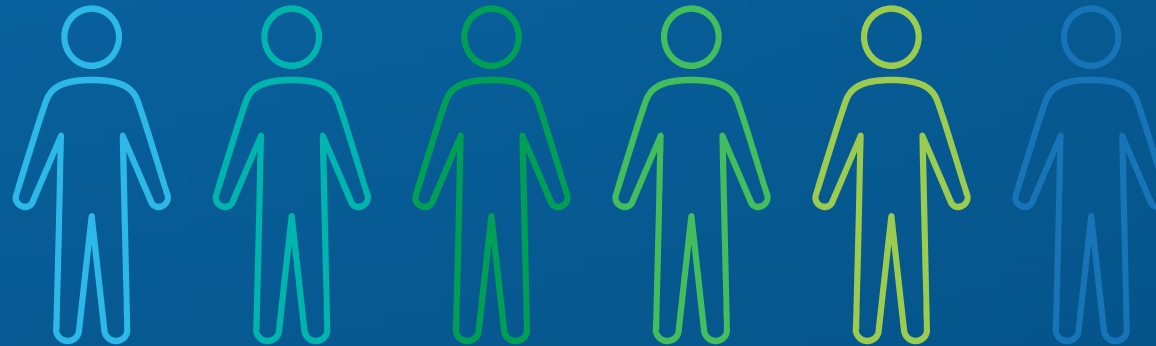
12 types of search users

BRAND FAMILIARITY SEGMENTS	BEHAVIORAL SEGMENTS			
	QUALIFIED USERS	IN-MARKET USERS	CLOSE TO PURCHASE USERS	RECENT BUYERS
HIGH VOLUME BUYERS	X	X	X	
ALL PAST BUYERS	X	X	X	X
USERS FAMILIAR WITH THE BRAND	X	X	X	
NEW HIGH QUALITY USERS	X			
NEW USERS	X			

https://www.red-orbit.com/blog/12-types-of-google-search-users

Digital Maturity Matrix
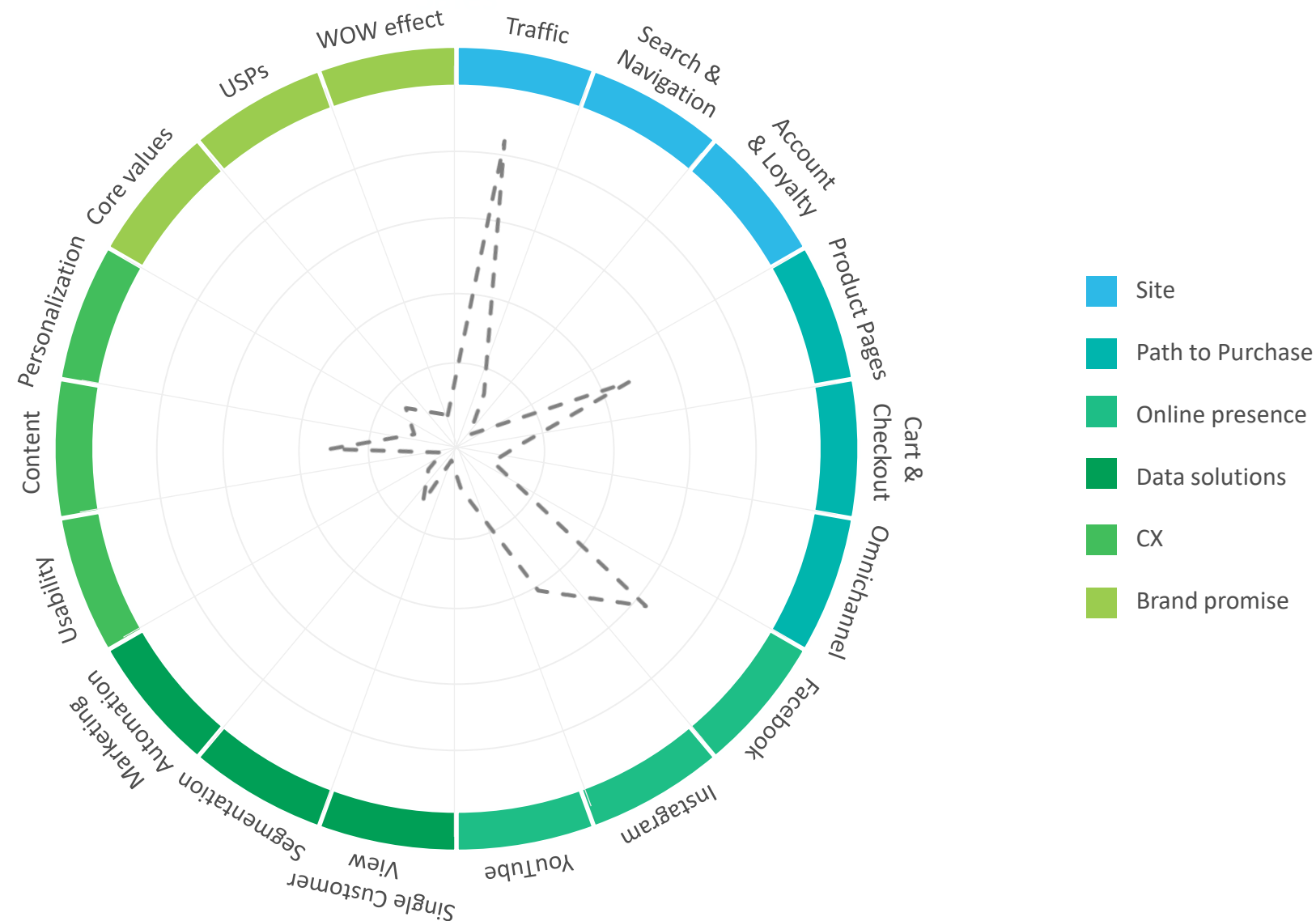
Thank you

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