

A dark blue background with scattered white, yellow, and red confetti dots.

# 6 MOST IMPORTANT METRICS FOR ECOMMERCE





## TABLE OF CONTENTS

- What are the Most Important Metrics for eCommerce?
  - Traffic
  - Conversion Rates
  - Average Customer Acquisition Cost
  - Average Order Value
  - Customer Lifetime Value
  - The Percentage of Returning Customers or Customer Retention Rate



It's almost impossible to survive and grow your online store without having an idea about the metrics for eCommerce.

Have you ever wondered driving with closed eyes in a road full of cars? I am sure not!

If you are selling online, and you don't have an idea about the metrics for eCommerce, it's like driving with closed eyes!

***If you are selling online, and you don't have an idea about the metrics for eCommerce, it's like driving with closed eyes!***

The most successful eCommerce entrepreneurs have a common obsession regarding eCommerce performance metrics.

But to save time and be more productive, it is very important to focus on the right metrics. – those that matter the most.

We know that you are stuck and thinking that there are trillion metrics that you can look at to measure the performance of your store, from Google Analytics metrics for eCommerce to social media. Choosing the right metrics and tracking them may be a hassle, especially if you are at the very beginning of your eCommerce journey.





Every marketing campaign or any promotion means that you have to deal with some data. Without these efforts, you won't be able to grow your business.

We know that there is a love-hate relationship when you try to grow your business. There is no doubt that you love to have a number for everything and enjoying the growth of these. But on the other hand, you hate analysing these eCommerce KPI metrics and trying to figure out something logical to help you with your future strategies.

That is the reason why we decided to list the most important metrics for eCommerce that you can track.

These metrics for eCommerce websites will absolutely create a huge impact on your business when you optimize them.

We know that you are impatient to learn about eCommerce KPI metrics.

So, keep reading to learn how to become a Pro when it comes to metrics for eCommerce.





# What are the Most Important Metrics for eCommerce?

The best KPIs for measuring the performance of an eCommerce business are not so many.

## *Traffic*

One of the key metrics for eCommerce is the traffic of your online store. It's very crucial to understand the traffic of your online store. There are many hidden parts in this 'total traffic' number that can be very useful to spot the opportunities for your growth.

You have to understand where your visitors are coming from and where in the world they are living. You have to understand how your visitors found your store.

These will help you plan your advertising to target your visitors. Also, you will be able to figure out your best channels, and even the importance of international shipping.





## How to get more traffic to your online store

### *1- Social Media*

Social media is a great and huge channel to reach your audience. After finding out your best platform, you can start engaging with your customers from there.

### *2- Search Engine Optimization*

With the right SEO strategy, you will convince search engines to rank your site higher. Knowing that approximately 30.5% of your traffic comes from search engines, there is no need to mention its importance.

### *3- Collaboration with Influencer Marketers*

If you manage to build up a strong relationship with influencers they will get your products in front of their huge audience, and this will drive a great number of traffic, social proof and sales to your online business.





## Conversion Rates

The conversion rate is the percentage of your online visitors who decide to make a purchase from your store. It's a great indicator for success and one of the most critical metrics for eCommerce.

The formula to calculate conversion rate:  $(\text{Number of Sales} / \text{Number of Visitors}) \times 100$

Let's explain it with an example:

Imagine that you have around 100.000 visitors to your online store on a monthly basis and your conversion rate is 0.1%. This means that you have only 100 sales per month. Which also means that you are losing an important amount of money every single time that you don't optimize this metric.

If you manage to improve your conversion rate only by 1 point, this means that you have a chance to reach 1000 sales!

To be able to optimize your conversion rate, first of all you need to learn the tracking.





## How to track your Conversion Rate

To begin, you need to login to your Google Analytics account, or Sign up if you don't have one. Then, you should add the Google Analytics code in the head section of all of your pages. It's very important to integrate your shopping cart with Google Analytics.

After the integration, add the eCommerce tracking code on the shopping confirmation page. Make sure that you have a technical assistance to not break something!

Finally enable eCommerce reporting on Google Analytics, and you will start seeing some very valuable numbers!







## How to improve your Conversion Rate

### *1- High Quality Images*

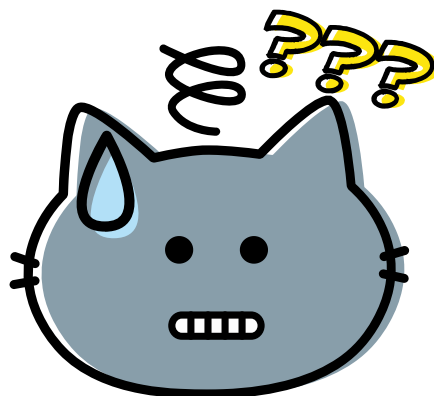
Lots of case studies have indicated that using larger and high-quality images improves sales.

### *2- Trusted Badges*

Adding trusted badges is a good option to demonstrate the trustiness of your online store. These 3rd parties collect data and confirm the authenticity of your website.

### *3- Customer Reviews*

With this way, you will help all of your customers to have an idea about previous shoppers, and know that they are in a trusted store.

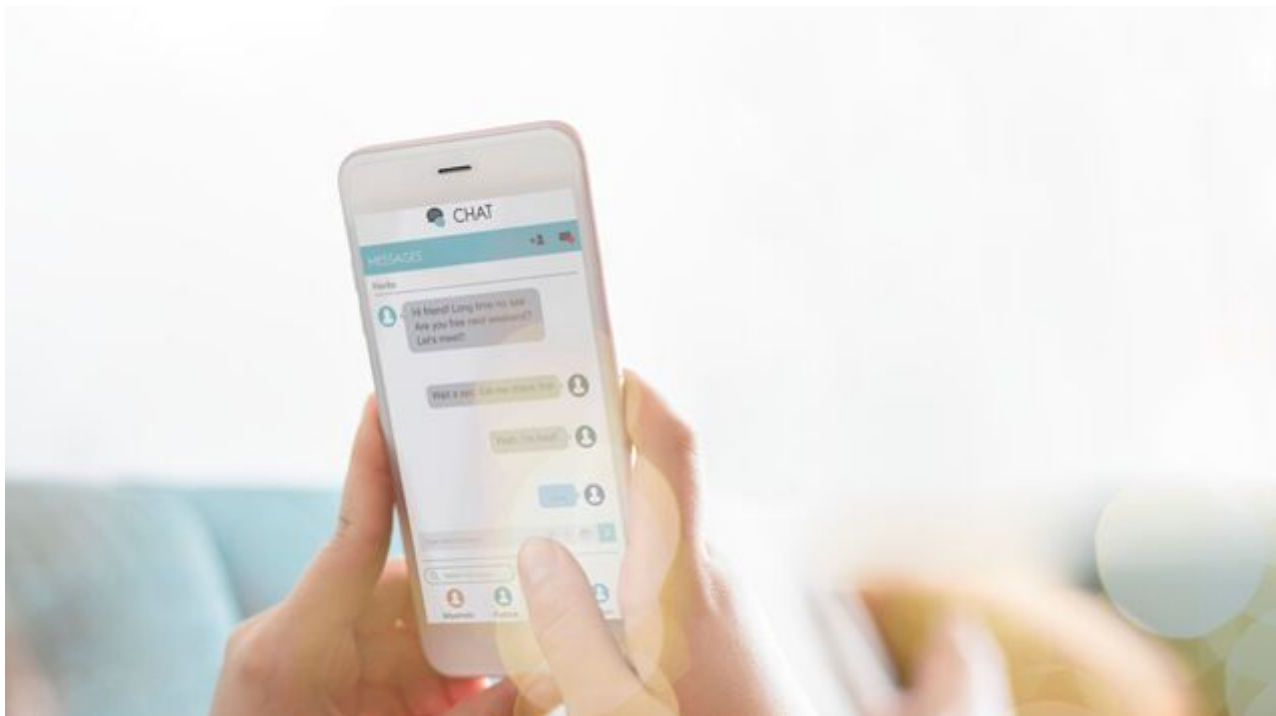




## 4- Live Chat

According to recent studies, online customers feel more comfortable when they have a live assistance, same as the one in the physical stores.

With the addition of the live chat, customers can easily communicate and ask any questions regarding your products.





## Average Customer Acquisition Cost

Have you ever wondered what happens if you spend more to get a customer than what a customer is spending for your store?

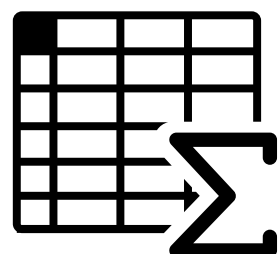
This is one of the most important metrics for eCommerce. This metric measures how much it costs to acquire a new customer. This includes everything from marketing costs to salaries or in other words any expenses that incur while you are trying to convert a visitor into a customer.

Total Expenses / Number of Visitors = Customer Acquisition Cost

You have to analyse all of your acquisition channels to figure out which one is the best for your business. If you spend your marketing budget in the right places, you will only be paying as much as is needed for an acquisition.

*If you spend your marketing budget in the right places, you will only be paying as much as is needed for an acquisition.*

Make sure that you know the maximum cost and try not to exceed it.





## Average Order Value

AOV is the average money that customers spend when they make a purchase from your store.

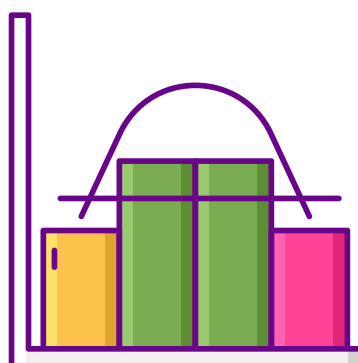
Revenue / Number of Orders = Average Order Value

When you know the AOV, you will be able to understand the value of your customers and you will be in a more powerful position to plan your future strategies.

This is one of the most important metrics for eCommerce because it demonstrates how crazy people are about your products.

You can increase your AOV by offering some up-selling and cross-selling products.

Also offering a free shipping and a discount on a minimum purchase are great options too.





## Customer Lifetime Value

One of the key metrics for eCommerce success is the Customer Lifetime Value.

This number indicates the overall revenue of any customer throughout the customer lifecycle.

It's calculated by subtracting the acquisition cost from the revenue earned from the customers.

It's hard to predict Customer Lifetime Value because you have to know the lifetime of the customers, the point they leave, their frequencies and many more.

But once you manage to measure it for high valued customers, try to analyse their behaviour and replicate it to the rest of your customers.





## How to increase CLV

### *1- Increase your AOV*

### *2- Build Long Term Relationships*

Be honest and transparent to your customers. Inform them with any news. Keep them engaged.

Reward your best customers and appreciate them. When customers love you, they will be more willing to buy more products from your store.

### *3- Brand Loyalty*

Offering high quality products and having a great customer support could establish this.

In the past few years, Apple has created great examples of brand loyalty that you can use as an inspiration for your eCommerce business.





## *The Percentage of Returning Customers or Customer Retention Rate*

A large number of eCommerce entrepreneurs, focus very much on getting new customers and forget about the ones that are already at the door of their businesses.

After some customers have bought a product from your store, they can come back again and buy some other products or the same one, too. And getting past customers to purchase again from your store, is much cheaper than acquiring new ones.

Here is the formula to calculate the retention rate:

$$\text{Customer Retention Rate} = ((\text{CE} - \text{CN}) / \text{CS}) \times 100$$

CE: Customers at the end of the period

CN: New customers of the period

CS: Customers at the starting of the period





This rate is one of the best metrics for eCommerce businesses because it measures customer loyalty and helps in figuring out how the returning visitors are translated into revenue. It also is a feedback for your customer service, your prices and your customers' trust in your business.

Many eCommerce platforms provide detailed reports with the number of returning customers. Shopify has a reporting about new vs. returning customers.

To improve your customer retention percentage, you will have to deliver an extraordinary service to your customers. For example, a 'thank you' note will mean a lot for them.



Also, starting a loyalty program is a good idea. Rewarding your customers for staying loyal to you will make them buy from your online store again.

Communication is very important at this point. You have to send newsletters regularly to inform them about upcoming sales, product releases, any updates and other issues.

If possible, you may want to organize meet ups with your customers. Meeting them in person will take your relationship to another level. This will build a great trust for your business and give you the opportunity to get any feedback that is lost during the online communication.



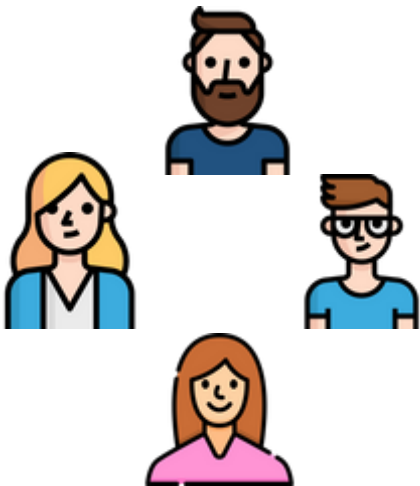


## Final Words

Putting all of these metrics for eCommerce together on a regular basis is the key point in running a successful online business. As the time passes by, you will get more comfortable with these numbers and have a deeper understanding of your business in the light of these metrics for eCommerce.

When you have some questions that these eCommerce core metrics can't answer, you will be in a position to add some new metrics to your analysis.

But starting and understanding the basics is the most important part in building a successful eCommerce business. Good luck with it!



**Are you a small online business owner?  
Or a professional eCommerce manager?**

**It doesn't matter!**

**Get Personalization  
and start uplifting your profits!**



**START YOUR TRIAL NOW**

# THANK YOU

Want more content on  
eCommerce?

# DISCOVER

# PERSONALIZATION

