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DoubleClick Q1 2004 E-Commerce Site Trend Report

Executive Summary

Q1 2004 DoubleClick SiteAdvance web analytics data shows that consumers are becoming more considered and sophisticated in their online shopping behavior. They are spending more time on websites, looking at more pages, using search functions more frequently, and are more likely to use their shopping cart as a comparison shopping tool. Overall conversion rate was up in Q1, driven by an increase in carting frequency, but partially offset by an increase in checkout abandonment. Since non-buying segments continue to represent the vast majority of site visitors, converting even a small portion of these consumers can dramatically improve the bottom line for e-commerce merchants.

Overview and Objective of Data

The DoubleClick Q1 2004 E-Commerce Site Trend Report contains aggregate data from DoubleClick's SiteAdvance web analytics software that is used by multi-channel retailing sites. The data is based on 160 million unique visitors and represents 2.1 billion pageviews, 17.7 million online shopping carts and \$800 million in total e-commerce sales. Unweighted arithmetic averages are used so no individual site influences the statistics. DoubleClick began collecting and compiling this data in Q2 2003.

The objective of this data is to provide recommendations to help e-commerce merchants optimize site performance. Site analytics are also assessed at the visitor segment level to help optimize online marketing efforts.

Q1 2004 Overview

- While visitors spent more time per site making online buying decisions, they converted at higher rates than in Q4.
- Onsite search continued to be an important tool in helping visitors make buying decisions: onsite search average order size increased 24% from Q4 to Q1.

- Visitors were 25% more likely than in Q4 to put something in an online shopping cart, but came back 14% less frequently to reclaim those carts, indicating an increase in “shopping around” or comparison shopping.
- While shoppers carted products more often, they were more likely to abandon carts and for every dollar sold, \$5 was left in an abandoned cart, representing an extraordinary remarketing opportunity.

Site Usage

The average number of sessions per user is roughly constant at 1.57 and has varied from a low of 1.47 in Q2 of 2003 to 1.64

in Q4. The number of pageviews per session was up from 9.84 in Q2 '03 to 11.43 in Q1 '04. But while the number of pages viewed was higher, users were spending less time per page: from 32.47 seconds per page in Q2 '03 to 29.44 in Q1 '04.

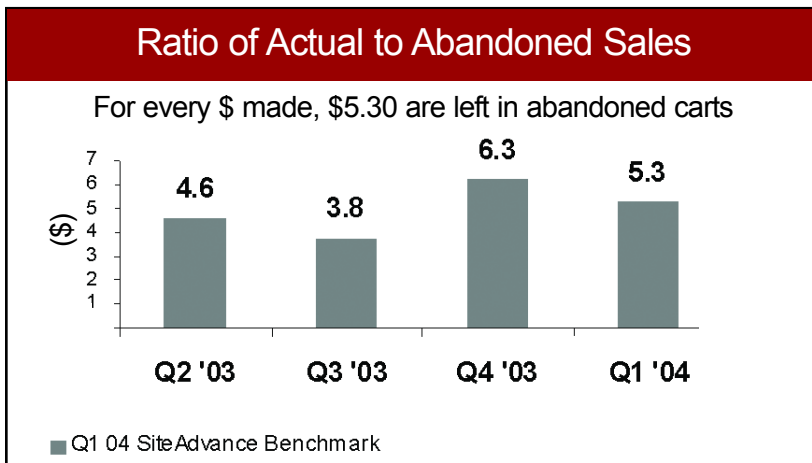
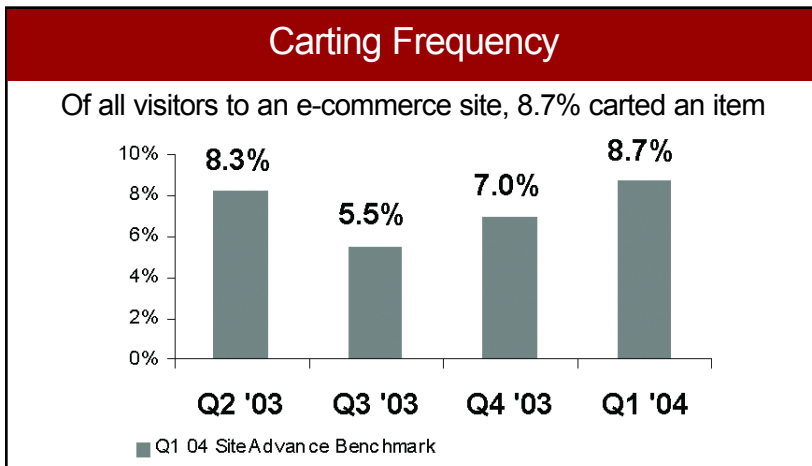
The home page is the most common start of all sessions, accounting for 42% of site sessions and 6% of all page views; more importantly, the drop offs from a single page session (consumer viewing the home page and leaving) decreased from 27% in Q2 '03 to 21% in Q1 '04.

Onsite Search continues to be an important element in terms of both user functionality and driving sales. 14.7% of sessions included search (steady from Q4), while the percent of sales from search also held steady at 8.2%. The average order value from search increased from \$90.62 in Q4 to \$112.94 in Q1.

From Carting to Buying

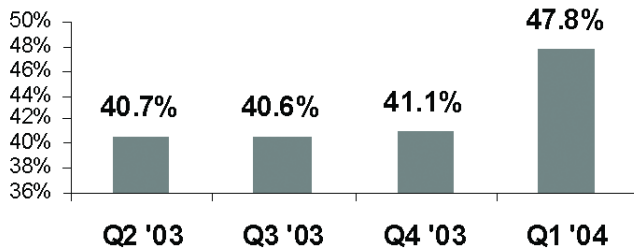
More than half (56%) of all visitors who put an item in a shopping cart began the checkout process, but 60% of total carts were abandoned (flat from Q4).

The average size of the abandoned cart was \$352.74, down from a high of \$415.62 in Q4 and roughly equal to the values of Q2 and Q3. Abandoned carts continue to represent a significant amount of lost revenue: for every dollar spent, \$5 is left in a cart.



Checkout Abandonment

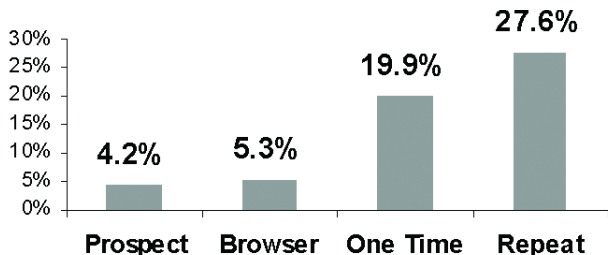
Nearly half of all carts are now abandoned at the check-out stage



■ Q1 04 SiteAdvance Benchmark

Carting Frequency by Visitor Segment

Repeat customers are more than five times as likely as Browsers to cart an item



■ Q1 04 SiteAdvance Benchmark

Some visitors do return to purchase from those carts, with 24% of sales from previously carted products. This return behavior declined precipitously from Q2, when 36% of sales came from previously carted products.

More than half (52%) of visitors who started the checkout process actually completed that purchase: overall conversions rates are 4%, and increased from 3.5% in Q4. This upward trend in online conversion was driven by an increase in carting frequency, but partially offset by an increase in checkout abandonment.

The average order value decreased slightly from Q4 (from \$141.41 to \$137.58), driven by a slight decrease in average unit value (\$49.00 in Q4 as compared to \$48.29 in Q3). The average units sold per quarter has remained stable at around 2.85.

Visitor Segment Analysis

Visitors can be segmented into prospects (1 visit, no purchase), browsers (1+ visits, no purchase), first time customers (1 visit, 1 purchase), one time customers (1+ visits, 1 purchase) and repeat customers (1+ visits, 1+ purchases). Non-buying visitors represent the majority of all website visitors at 95%. Repeat customers are one of the smallest segments (at 1%), but clearly most valuable. They convert at the highest rates (20%), spend the most time per session (7.69 seconds on average), look at 16.83 pageviews per session, and spend the most: on average \$180. First visit and one-time customers represented the best opportunity to convert to repeat customers. Buying segments carted products six times more frequently than non-buying segments.

However, because non-buying segments represent 95% of all site visitors, they drove 58% of all product cartings and 78% of all abandoned carts. Identifying and re-marketing to this large base of non-buying visitors who cart a product and abandon the checkout process represents a significant revenue re-capture opportunity.

Conclusions

Benchmark site analytics such as these can be used by marketers to improve their overall conversion rates. In an

increasingly crowded online e-commerce world, the home page environment continues to be the essential gateway to the sale but carting analysis and optimization will likely have the most dramatic impact on the bottom line. Consumers are increasingly discerning in their shopping behavior, more likely to cart items but also more likely to abandon them as they comparison shop. Consumers are using cart functionality to achieve a range of goals. These could include wardrobe development (in the case of apparel retailers) and determining shipping costs. Sites need to investigate where in the checkout process consumers abandon in order to ascertain how consumers are using the carts. This can ultimately lead to improved site functionality and lower cart abandonment.

Abandoned carts also represent increasing opportunity to drive a conversion through re-targeted strategies. Marketers can use information from abandoned carts to encourage visitors to purchase through a promotional or product reminder email. To encourage more shoppers to convert to customers, streamline the checkout process and track key metrics all along the path to purchase: even a 1% increase in carting frequency can generate a conversion rate increase of 1%, representing thousands of dollars in increased sales. Advanced techniques like the visitor segment analysis described above can help marketers determine highest value customers and how to most effectively market to them.

For information on DoubleClick's analytics solutions, please call: 1.866.459.7606. DoubleClick SiteAdvance clients receive a quarterly account review, which includes access to this data.

The DoubleClick Strategic Services Group is available for site analytics audits that include benchmarking your own results against category performance. For more information, contact: strategicservices@doubleclick.net