EQ²

Ecommerce Quarterly
EQ2 2012

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EXECUTIVE SUMMARY

Average order value (AOV) is one of the most important key performance indicators for any ecommerce business. And online marketers who use AOV to discover new visitor segments will see an immediate impact on their bottom line.

There's plenty to be said about AOV for common customer segments—such as new versus returning visitors, or shoppers with an affinity to a brand/category—but to achieve long-term revenue and growth, successful ecommerce businesses will identify customers who spend the most money and get them to buy again and again. As website traffic continues to make a drastic shift from traditional desktop and laptop computers to smartphones and tablets, EQ2 2012 takes a look at two visitor segments—platform type and inbound traffic source—that stand out as potential game-changers.

Lastly, EQ2 2012 tells the real story behind web browsers. While the amount of visitors accessing websites via traditional methods plummets, one web browser has nabbed a significant portion of market share and left the once-mighty Internet Explorer in the rearview mirror in a unique and revealing way.

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ABOUT THE EQ

As ecommerce companies look for ways to increase customer engagement and sales in a highly competitive online shopping environment, they're faced with challenges centered on massive amounts of data. This Big Data conundrum extends beyond the collection and storage of information about customers and prospects; the critical component of business intelligence is the ability to transform this never-ending stream of data into meaningful insights to create more relevant shopping experiences.

Managing this data is a big part of delivering relevance. Using a combination of historical and real-time data to target each website visit can delight customers who then become extremely loyal and share their experiences with others. Ecommerce businesses that tackle Big Data head-on focus their attention on three primary visitor segments, groups that will be explored (with examples of each) in every release of the EQ:

- **Predefined:** New versus returning; referring traffic sources; technographics; geography.

- **Custom or Proprietary:** Demographics; proximity to location.

- **In-Session Behavior:** Shopping cart activity; brand or category affinity.

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Technology providers like Monetate play an essential role in helping businesses understand this data and their audiences. Through the use of the Monetate Agility Suite and advice from Monetate's website optimization experts and content resources, businesses are now able to realize the unfulfilled promise of ecommerce: Delivering relevant messages to customers at the right place and at the right time.

The EQ also provides takeaways and ideas that point to the importance ecommerce businesses must place on delivering a more engaging shopping experience to customers in ways that provide measurable impact. As more online businesses look to maximize their investments in technology and marketing, these tactics will become even more critical to consider.

The EQ is published four times a year, after the conclusion of every calendar year quarter.

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BATTLE OF THE GIANTS: APPLE VS. GOOGLE

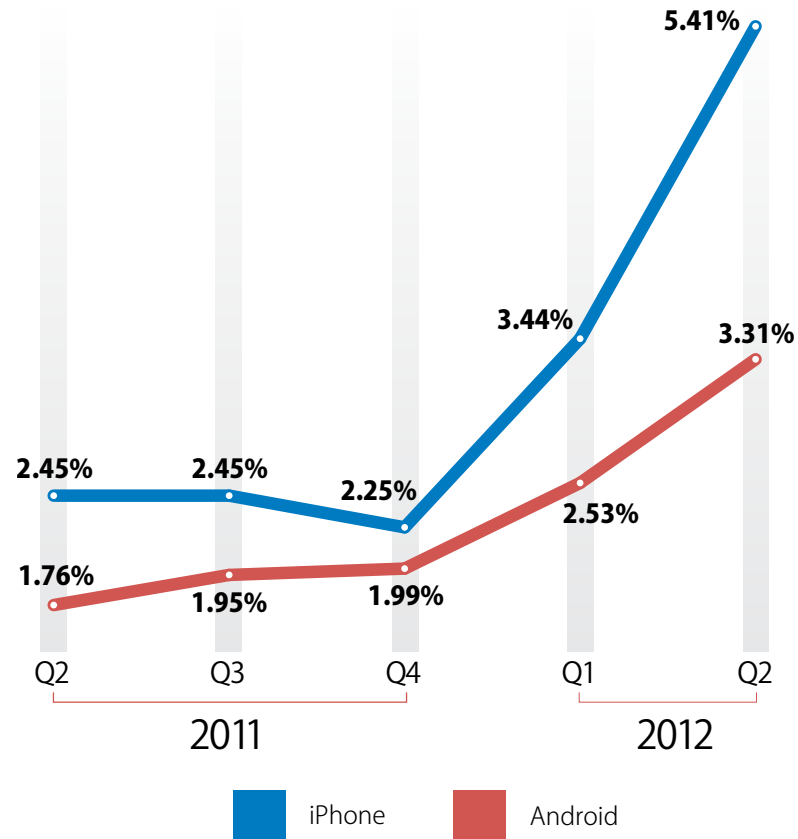Platforms and devices impact conversion and average order value.

A great deal of attention continues to be paid to sales of smartphone and tablet devices from Apple and Google.

As these technology behemoths battle it out, there appears to be a correlation between a decrease in Android smartphone market share[1] and the amount of website traffic that comes from users of these devices.
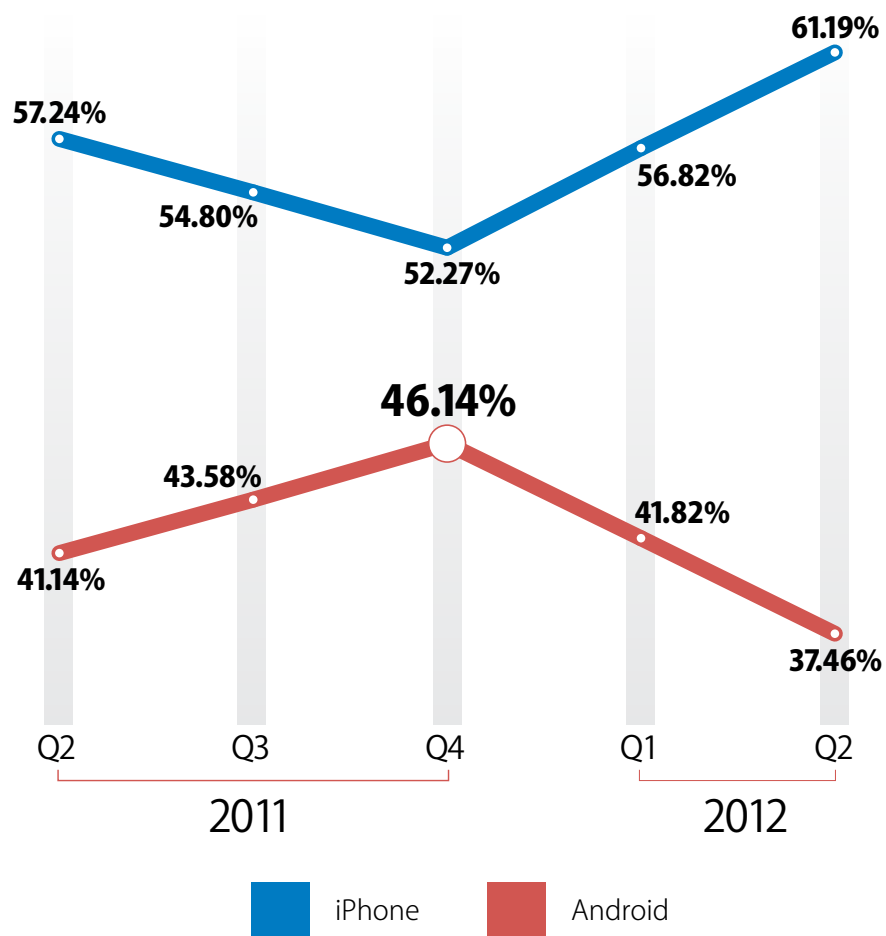
Leading ecommerce websites receive 3.31% of their total visits from smartphones running Android, up from 1.76% last year and an increase of 85% in total shopping sessions. These same websites receive 5.41% of their traffic from iPhones compared to 2.45% a year earlier, an increase of 117% in total shopping sessions over the same time period.

Despite the growth in iPhone market share, shoppers on Android-powered smartphones continue to convert better (1.26%) than iPhone users (1.00%).

SMARTPHONE SHARE OF TOTAL WEBSITE TRAFFIC

iPhone: Q2 2.45%, Q3 2.45%, Q4 2.25%, Q1 3.44%, Q2 5.41%

Android: Q2 1.76%, Q3 1.95%, Q4 1.99%, Q1 2.53%, Q2 3.31%

2011 | 2012

■ iPhone   ■ Android

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SMARTPHONE MARKET SHARE

iPhone:
- Q2 2011: 57.24%
- Q3 2011: 54.80%
- Q4 2011: 52.27%
- Q1 2012: 56.82%
- Q2 2012: 61.19%

Android:
- Q2 2011: 41.14%
- Q3 2011: 43.58%
- Q4 2011: 46.14%
- Q1 2012: 41.82%
- Q2 2012: 37.46%

2011 — Q2, Q3, Q4
2012 — Q1, Q2

Legend: iPhone (blue), Android (red)

Less than a year ago, the Google versus Apple smartphone debate did not have a clear frontrunner: Leading ecommerce websites received just 6% more traffic in Q4 2011 from iPhones than from smartphones running Android.

Following the release of the popular iPhone 4S in October 2011, consumers' appetites for Jelly Bean, Ice Cream Sandwich, Honeycomb, or Gingerbread running on devices like the Galaxy, Nexus, Evo, Thrill, or Droid have greatly diminished as almost 25% more visits now come from iPhones.

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There's a different story when comparing website traffic from Android-based tablets to the iPad. Although the iPad is the most dominant device in terms of tablet-based traffic (88.31%), in just one year the Amazon Kindle Fire and other Android tablets have swiped 10% of market share away from Apple. It will be interesting to see how Google's Nexus 7 impacts tablet market share in the second half of 2012 and beyond.
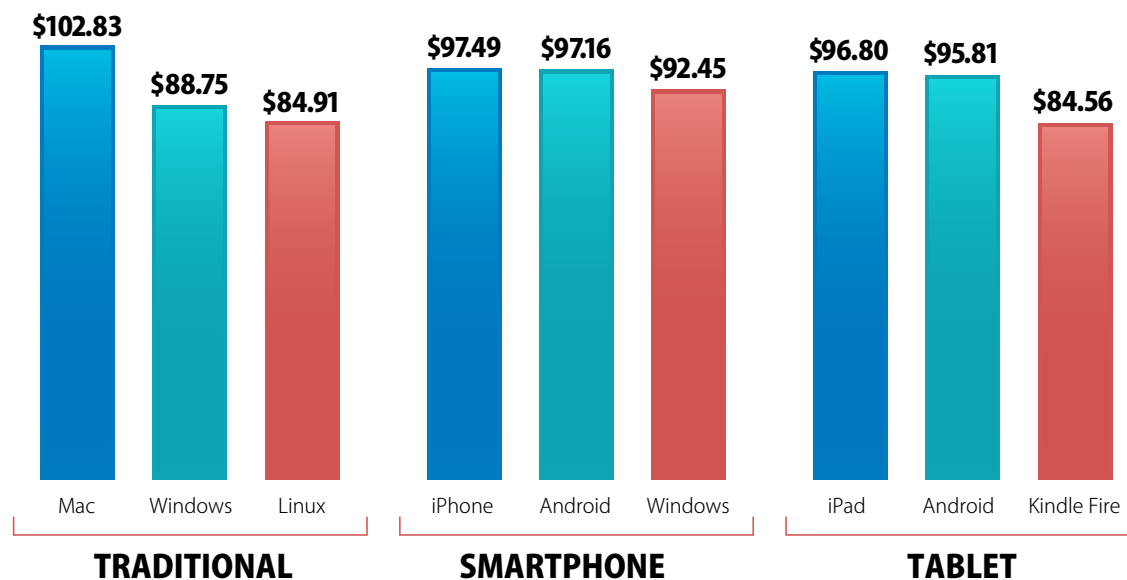
Similar to smartphones, conversion rates on Android tablets (3.58%) have crept ahead of the rival iPad (3.19%).

TABLET MARKET SHARE

1.54%

98.46%

6.58%

5.11%

88.31%

Q2 2011

Q2 2012

iPad Android Kindle Fire

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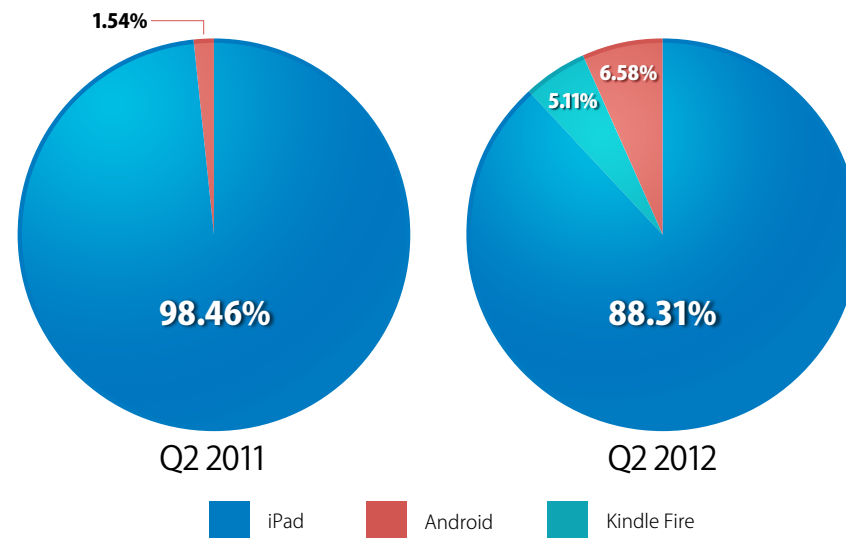
EQ TAKEAWAYS

• Whether on an iPad or Android device, consumers are shopping more on tablets and represent one of the fastest-growing customer segments. Convert more tablet browsers to buyers by testing alternate payment methods—such as PayPal—that don't require a shopper to reach for a credit card.

• Understand your specific smartphone and tablet opportunities. Use quantitative data (web analytics) and qualitative data (usability testing) to start identifying what's broken and fix what doesn't work. Both smartphones and tablets could present a significant AOV opportunity for your business.

Q2 2012 AVERAGE ORDER VALUE BY DEVICE

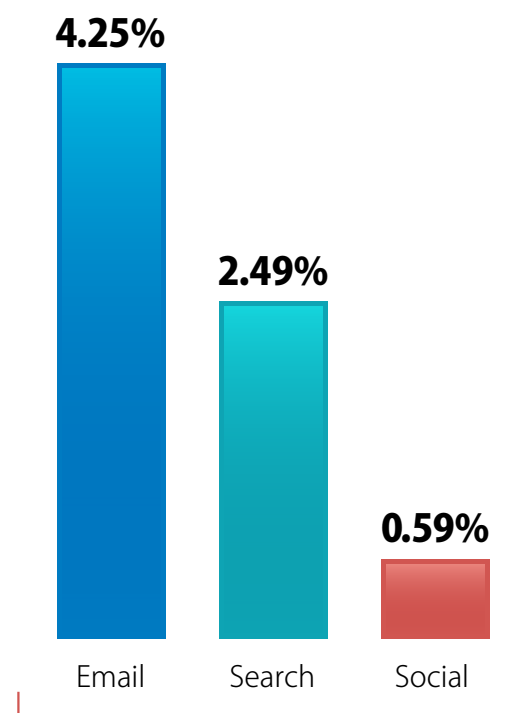| TRADITIONAL			SMARTPHONE			TABLET		
Mac	Windows	Linux	iPhone	Android	Windows	iPad	Android	Kindle Fire
$102.83	$88.75	$84.91	$97.49	$97.16	$92.45	$96.80	$95.81	$84.56

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SOCIAL MEDIA CHEAPSKATES

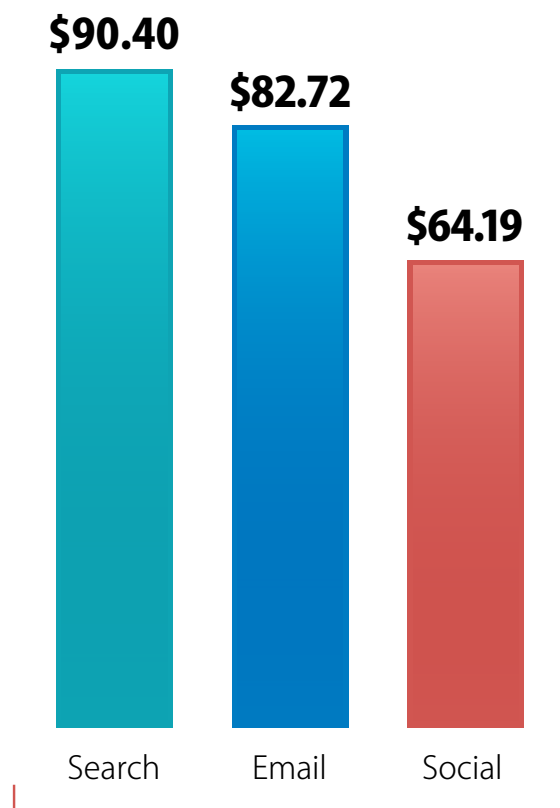## Shoppers from social networks are not big spenders.

Key performance indicators, including conversion rate and average order value (AOV), still rank among the more viable ways to measure the success (or failure) of online marketing campaigns. And as more marketers test Facebook Ads and Sponsored Stories, or Twitter's Promoted Tweets or Accounts, examining these performance metrics reveals that more traditional inbound channels continue to produce better results.

The AOV of website traffic from search is $26.21 higher than traffic from social networks. Email remains a proven inbound marketing channel, delivering an AOV that's $18.53 higher than traffic from websites such as Facebook, Twitter, and Pinterest. And as reported in EQ1 2012, conversion rates from social networks remain dramatically lower than search and email.

Q2 2012 CONVERSION RATES BY TRAFFIC SOURCE

	4.25%	2.49%	0.59%
	Email	Search	Social

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Q2 2012 AVERAGE ORDER VALUE BY TRAFFIC SOURCE

$90.40

$82.72

$64.19

Search   Email   Social

EQ TAKEAWAYS

• Requiring a user to register before making a purchase is a big reason why conversions don't occur on a website. To help increase conversion from websites like Facebook or Twitter, consider implementing social login that allows shoppers to use their social network identity for registration.

Using social login also can provide additional data such as birthdays, gender, and special interests that can be used to create a more relevant experience when visitors return to your website, helping to increase conversion and AOV.

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Timing Is Everything

Remember the replatforming initiative you started back in February that keeps getting delayed? For most ecommerce businesses, the holiday season will make or break the entire year.

A recent Forrester Consulting Thought Leadership Paper, "Getting the Most From Your Replatforming Project," reveals that for 95% of ecommerce businesses, AOV decreased following a redesign and replatforming.[2] By not timing a replatforming initiative correctly, especially around the holidays, any potential increase in AOV could be lost—or even worse, as many ecommerce businesses have experienced, AOV could drop even lower.

The message is loud and clear: It's critical for ecommerce businesses to complete a technology project like replatforming well before the holiday season. Increases in AOV—like the noticeable improvement of $14.08 when comparing all traffic in the second quarter of 2012 with the third quarter of last year—means that projects targeted for completion later in the year could result in businesses missing out on additional revenue.

Make sure backend systems are tried, tested, and ultimately stable. Don't wait until September to deploy new features and functionality (either unfinished or not started). The eve of holiday shopping is not the time for unpredictable performance and untested ideas.

GETTING THE MOST FROM YOUR
REPLATFORMING
PROJECT

FORRESTER®

A Forrester Consulting Thought Leadership Paper Commissioned By Monetate

July 2012

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WHO'S REALLY WINNING THE BROWSER WAR?

## A new contender is ready to claim victory.

In May 2012, both the media and blogosphere were abuzz when web traffic analysis tool StatCounter released weekly browser share data that indicated Google Chrome surpassed Microsoft Internet Explorer as the most popular web browser worldwide.[3] However, our research reveals the rapid rise of Safari as a preferred choice of online shoppers throughout the day.

When combining Mobile Safari with its desktop counterpart, ecommerce businesses get more than one-fourth of their traffic (28.76%) from Safari, an increase of 9.04% in one year, making it second only to Internet Explorer. Comparatively, Chrome's market share (17.15%) increased 6.27% in one year.

Outside of the enterprise—in other words, after work computers are shut down for the day—Safari slips in as the dominant web browser with 31.42% market share between the hours of 6 p.m. and 6 a.m. In fact, all web browsers other than Internet Explorer see an increase in usage after the typical workday comes to an end, when users have the ability to choose the web browser that they want to use.

The once-dominant Internet Explorer—a browser that claimed more than 90% of market share a decade ago—is now used by just over one-third (37.50%) of consumers who visit leading ecommerce websites, while losing 6% more market share between 6 p.m. and 6 a.m.

Q2 2012 BROWSER MARKET SHARE

- Internet Explorer — 37.50%
- Safari — 28.76%
- Chrome — 17.15%
- Firefox — 15.80%
- Other — 0.79%

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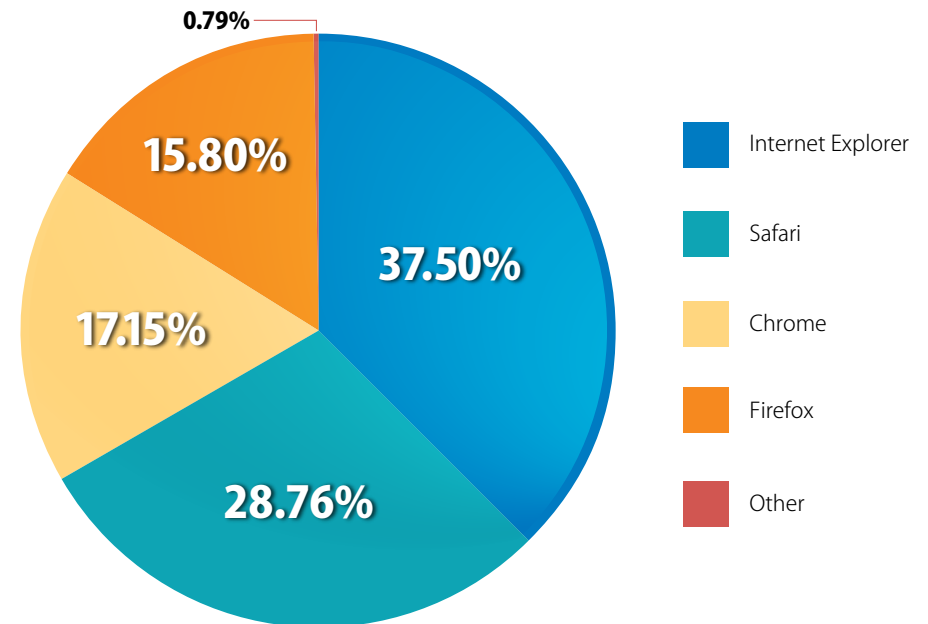
EQ TAKEAWAYS:

• With Internet Explorer's dominance in the enterprise waning, when will you stop supporting older versions in order to move your business forward with new platforms, tools, and technology?

• With the pending release of Internet Explorer 10[4], online marketers need to understand what "Do Not Track" policies in both the US and worldwide could mean to their business, and proactively inform their customers about how this could affect the user experience. The first step is to do a thorough audit of any new browser versions' impact on website performance, functionality, and usability, and then support these findings with qualitative user testing.

Q2 2012 BROWSER MARKET SHARE (6PM–6AM)

0.93%

31.42%

31.41%

19.82%

16.41%

- Safari
- Internet Explorer
- Chrome
- Firefox
- Other
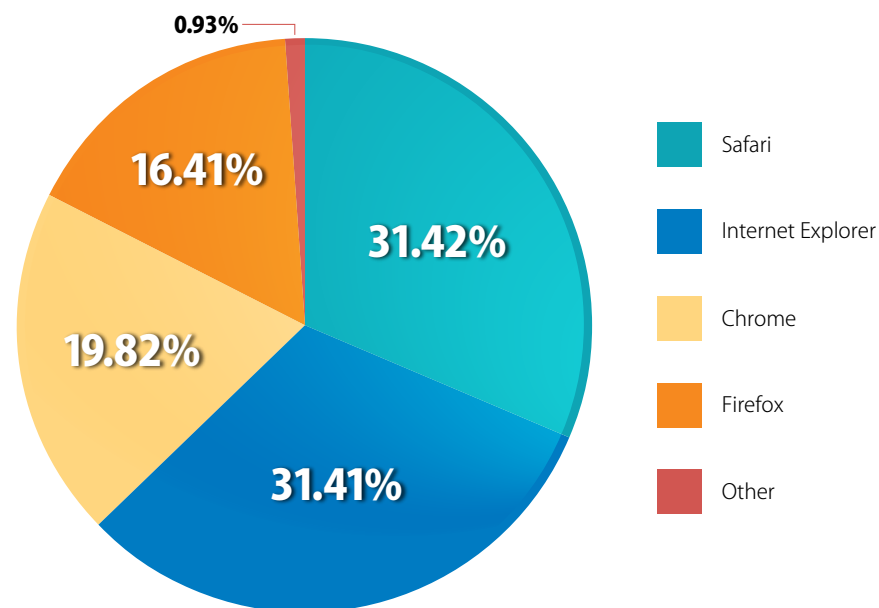
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BENCHMARK REPORTS

Website Traffic Device Market Share	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Overall — Traditional	93.47%	92.36%	91.64%	87.82%	83.92%
Tablet	2.26%	3.17%	4.06%	6.12%	7.24%
Smartphone	4.27%	4.47%	4.30%	6.06%	8.84%
Tablet — iPad	98.46%	96.91%	94.52%	89.16%	88.31%
Kindle Fire	NA	NA	0.93%	4.46%	5.11%
Android Tablet	1.54%	3.09%	4.54%	6.38%	6.58%
Smartphone — iPhone	57.24%	54.80%	52.27%	56.82%	61.19%
Android Phone	41.14%	43.58%	46.14%	41.82%	37.46%
Windows Phone	0.75%	0.84%	1.02%	0.87%	0.88%
Other	0.87%	0.78%	0.57%	0.49%	0.46%

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	Conversion Rates by Device	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Overall	**Traditional**	3.05%	2.65%	3.47%	3.03%	3.34%
	Tablet	2.93%	2.55%	3.23%	2.86%	3.17%
	Smartphone	0.96%	0.93%	1.25%	1.15%	1.09%
Tablet	**iPad**	2.94%	2.57%	3.25%	2.86%	3.19%
	Kindle Fire	NA	NA	2.06%	1.98%	2.22%
	Android Tablet	2.18%	2.02%	3.15%	3.50%	3.58%
Smartphone	**iPhone**	0.93%	0.87%	1.13%	1.04%	1.00%
	Android Phone	1.03%	1.04%	1.40%	1.33%	1.26%
	Windows Phone	0.78%	0.73%	1.02%	1.13%	1.02%
	Other	0.08%	0.06%	0.09%	0.08%	0.03%

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Inbound Referral Traffic Market Share	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Search	29.06%	29.95%	32.11%	33.15%	34.79%
Social	2.53%	2.56%	2.66%	3.07%	2.85%
Email	4.66%	4.27%	5.03%	4.36%	4.38%

Conversion Rates by Traffic Source	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Search	2.53%	2.12%	2.96%	2.40%	2.49%
Social	0.35%	0.37%	0.56%	0.48%	0.59%
Email	3.65%	3.56%	4.21%	3.82%	4.25%
Google	2.26%	1.87%	2.64%	2.10%	2.17%
Facebook	0.56%	0.57%	0.88%	0.75%	0.93%

(Overall)

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Average Order Value by Platform	Q1 2012	Q2 2012
Mac	$108.32	$102.83
Windows	$91.56	$88.75

	Average Order Value by Device	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Overall	Traditional	*	$106.96	$106.38	$95.41	$91.86
	Tablet	*	$100.91	$106.80	$96.83	$96.11
	Smartphone	*	$106.46	$121.35	$104.96	$97.39
Tablet	iPad	*	$100.67	$106.55	$96.68	$96.80
	Android Tablet	*	$108.50	$116.13	$99.17	$95.81
	Kindle Fire	*	NA	$87.16	$86.42	$84.56
Smartphone	iPhone	*	$103.92	$117.05	$102.21	$97.49
	Android Phone	*	$107.73	$126.20	$107.49	$97.16
	Windows Phone	*	$118.90	$114.74	$97.72	$92.45

* Incomplete Data

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Average Order Value by Traffic Source	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Search	*	$104.24	$101.25	$91.70	$90.40
Social	*	$60.70	$64.69	$63.76	$64.19
Email	*	$84.58	$91.60	$79.08	$82.72

* Incomplete Data

Browser Market Share	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Internet Explorer	49.37%	47.15%	46.17%	40.77%	37.50%
Chrome	10.89%	12.75%	13.80%	16.01%	17.15%
Firefox	19.29%	17.74%	16.96%	16.32%	15.80%
Mobile Safari	6.43%	7.48%	8.57%	11.43%	15.11%
Safari	13.30%	14.28%	14.05%	14.81%	13.65%
Kindle Fire	0.00%	0.00%	0.05%	0.27%	0.37%
Opera	0.32%	0.31%	0.28%	0.33%	0.36%
Other	0.41%	0.29%	0.12%	0.06%	0.06%

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Q2 2012 Browser Market Share by Time of Day	Morning	Afternoon	Evening	Overnight
Internet Explorer	44.46%	40.01%	31.71%	29.93%
Chrome	14.08%	17.91%	19.52%	21.25%
Firefox	15.60%	16.44%	16.06%	18.16%
Mobile Safari	12.78%	11.53%	15.90%	15.58%
Safari	12.48%	13.48%	15.90%	13.95%
Kindle Fire	0.31%	0.29%	0.52%	0.42%
Opera	0.24%	0.28%	0.33%	0.45%
Other	0.05%	0.06%	0.06%	0.17%

KEY: Morning: 6AM – 12PM
       Afternoon: 12PM – 6PM
       Evening: 6PM – 12AM
       Overnight: 12AM – 6AM

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METHODOLOGY

The EQ analyzes a random sample of more than 100 million online shopping experiences using "same store" data across each calendar quarter.

For all media inquiries, questions, and feedback regarding the information in this report, or to obtain copies of previous releases of the EQ, contact:

Marifran Manzo-Ritchie
Director of Corporate Communications
(215) 987-4441
mmanzoritchie@monetate.com

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4. IE 10′ s 'Do-Not-Track' Default Dies Quick Death (June 6, 2012)

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ABOUT MONETATE

Monetate drives billions of dollars of revenue every year for some of the best-known brands in the world, including Best Buy, QVC, Urban Outfitters, Aeropostale, The Sports Authority, and PETCO. The company's comprehensive product suite and conversion expertise enable marketers to deliver a more relevant customer experience with unprecedented agility.

Leading marketers rely on Monetate's cloud-based browser technology to achieve a new level of speed and control, which allows them to run 16 times more optimization campaigns compared to industry averages. The Monetate Agility Suite includes advanced products for testing, merchandising, targeting, and cross-channel consistency, providing an opportunity to bypass IT restraints and react in real time to customer demands. Monetate also helps marketers implement best practices, and drive online revenue through its expert strategic services and content publishing teams.

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