DATA ANALYTICS-
THE SECRET BEHIND A GROWING
ECOMMERCE BUSINESS

How to leverage data analytics to improve your
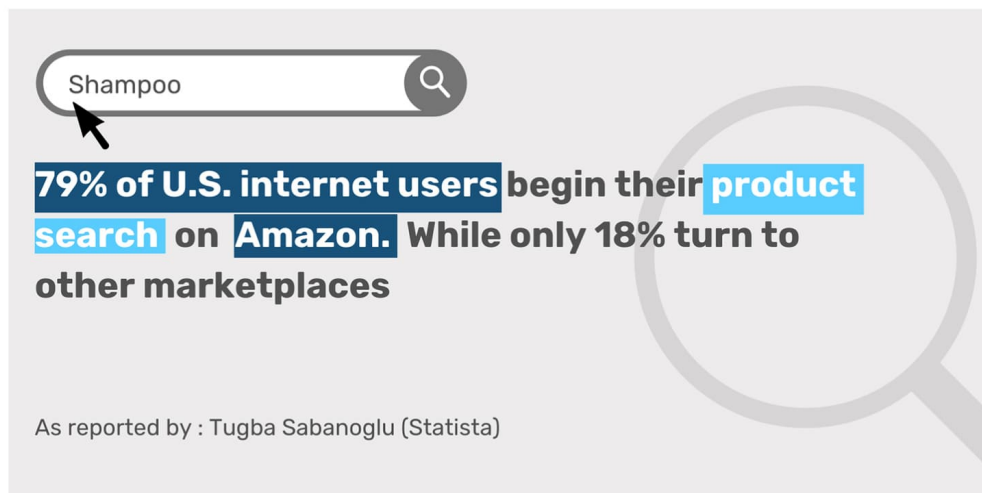eCommerce performance, and gain an
advantage over your competitors.

AT A GLANCE

▶ During the last several years, companies selling products online have witnessed a staggering amount of growth. However, the flip side of this growth is that the competition is also rising, and the retailers must understand all the dimensions of eCommerce strategy to stay on top.

▶ Brands should capitalize on this opportunity by utilizing data analytics that allows them to ensure higher stock availability, predict risks, and optimize their strategies to reach the targeted audience with greater accuracy. Knowing what is important to track, and how best to use the data to make informed strategic decisions for growth is important.

▶ Having a holistic view of the eCommerce market, and keeping an eye on the hygiene and growth metrics across all marketplaces where a brand is looking to expand its business is crucial.

The United States eCommerce industry saw a growth of 13.6% in 2021 compared with 11.4% in the previous quarter, which equated to over 215 billion dollars in retail e-commerce sales (Statista). Brands are seeing double-digit online sales, especially when it comes to selling fast-moving & essential products, which have seen huge growth during COVID. While these are some categories that are gaining momentum rapidly, others, such as clothing and luxury, are struggling to thrive during these unprecedented times. What many brands don't realise is that they haven't yet utilized the capabilities of these online marketplaces to their fullest potential.

PAXCOM
BY PAYMENTUS

There has been a significant rise in the number of online shoppers, which is expected to reach 300 million by 2023. Expansion in technological advances is offering consumers convenient access. Increasing consumer awareness and changing lifestyles have driven the expansion of the eCommerce industry, making it a prime destination for brands seeking to extend their reach. Brands often hear of the incredible eCommerce success stories and wonder what they did differently. Here are some important things to keep in mind -

▶ E-commerce platforms have changed the way people shop. This trend has shifted towards **mobile shopping,** with more than 70% of consumers making purchases on small screens rather than computers. The customer experience for content and targeting has to be moulded accordingly.

▶ **Zero moment of truth** refers to the buying process when the consumer researches a product prior to its purchase. Customers these days are preferring searching on eCommerce platforms than search engines. 79% of the American users begin their product research on Amazon, while only 18% turn to other marketplaces (Statista).

▶ 63% of shoppers expect **product availability**, while 83% **prefer accessibility**, according to the NN group, to determine their affinity towards purchasing brands.

Shampoo 🔍

79% of U.S. internet users begin their product search on Amazon. While only 18% turn to other marketplaces

As reported by : Tugba Sabanoglu (Statista)

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47% of online shoppers choose products based on price/value

66% of online shoppers choose products based on convenience

▶ Price remains a vital watchword for online shopping since 47% of customers choose products based on **price/value**, while 66% of online shoppers choose products based on convenience, according to Smartinsights.

▶ In addition to this, **shipping speed** is considered to be of paramount importance. 46.2% of customers prefer delivery within two days while making a purchase, according to Shippo. So, when brands cannot meet those expectations, they switch to competitors.

▶ The majority of shoppers read between one and ten **reviews** before making a purchase decision, and 12% say they read more than 10 (based on a survey by Bizrate Insights). The reviews also provide insights to the brand about what aspects are important to their customers, and how their products are performing on them. This makes it an important aspect to analyze and maintain the online reputation, which leads to better customer satisfaction.

▶ Consumers rate **content** as extremely important when purchasing, and 32% have been deterred from buying because of incomplete content or insufficient information, according to Episerver's report. Content also plays a crucial role in improving organic rankings for brands.

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A lot of larger brands, despite dominating the offline market, are falling behind the competition in the online marketplace. Is being present on these marketplaces enough? Or do they need to look at a broader perspective before declaring them as the industry winners? These brands are still struggling to establish themselves in eCommerce due to their conventional approach and underestimating the importance of selling products on the internet. While others who have started leveraging these online platforms, and have taken their first steps towards Omni Channel growth, are still lacking in a lot of aspects. Competition from smaller brands, order fulfillment, customer experience, visibility, returns, finding the right marketplaces, increasing marketing spend, etc., are some of the factors holding them back. Many brands have everything correct, from the right talent to sufficient eCommerce budgets, they have it all on their plate. What they are lacking is the ability to utilize these resources to their fullest.

We discussed how a customer's purchase decision is affected by several factors. **Here are some elements that need to be considered by brands while devising an eCommerce strategy:**

Eliminating Sales loss by avoiding Out of Stock Instances. When consumers repeatedly see a product out of stock on a product page, it makes them shift to competing brands. As a result, 37% of customers end up buying items from different brands than their initial preference. According to the consumer association report, the out-of-stock frequency for online purchases in the United States has more than doubled compared to in-store availability due to increased consumer demand. Due to stockout, the average U.S. retailer suffers a sales loss of 35%. In addition, brands that have a vast portfolio on multiple platforms might face issues tracking inventory manually. By the time they can consolidate the reports from the different channels, significant sales loss and customer shift towards competitor brands would have occurred. Using the correct tools for tracking and analyzing inventory, sales, buy box, sellers, and stock status is essential to identify sales trends across zip codes and channels, plan for events and seasonality, and optimize fill rates to reduce your sales loss.

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A GLOBAL CONSUMER PRODUCT BRAND PARTNERED WITH PAXCOM TO IMPROVE ITS ONLINE PERFORMANCE

Problem Area: The brand was a market leader in offline space, yet holding a minuscule share online.

Diagnosis: They were unaware of their out-of-stock instances on the eCommerce channels on which they were selling their products, which led to sales loss.

AMAZON

What we did?
Kept an eye on the stock status through daily stock tracking via **Kinator**

Result:
Increase the Stock availability from
63% to **94%**

Solution: Started tracking seller-level stock status multiple times in a day across all serviceable zip codes through Paxcom's eCommerce tracking software, Kinator.

Result: As our eCommerce experts worked with this brand, they tracked and analyzed on-shelf availability to identify SKUs, locations, and sellers that were causing the gaps. This helped the brand to plug the problems and optimize stock availability leading to an increase in sales for the brand, and they reclaimed the market leader spot.
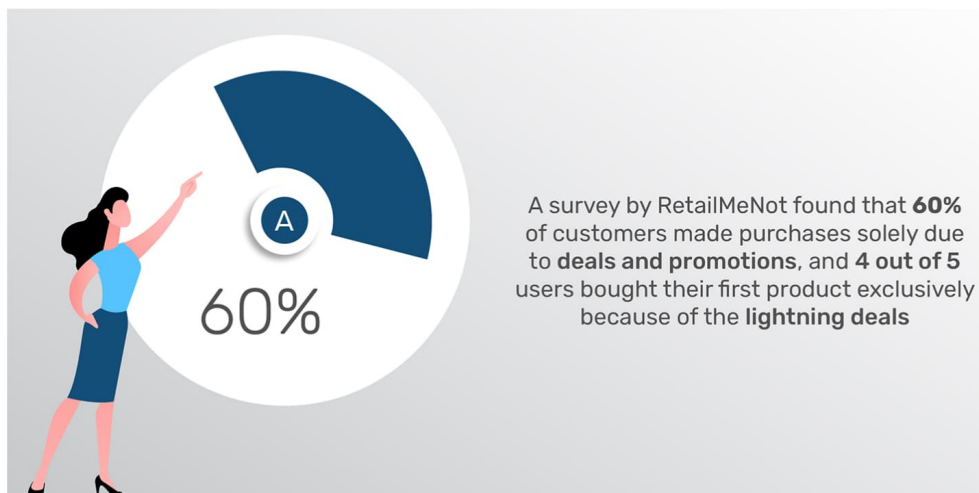
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Pricing & promotions are playing a significant role in the sale of products online.

A survey by RetailMeNot found that 60% of customers made purchases solely due to deals and promotions, and 4 out of 5 users bought their first product exclusively because of the lightning deals.
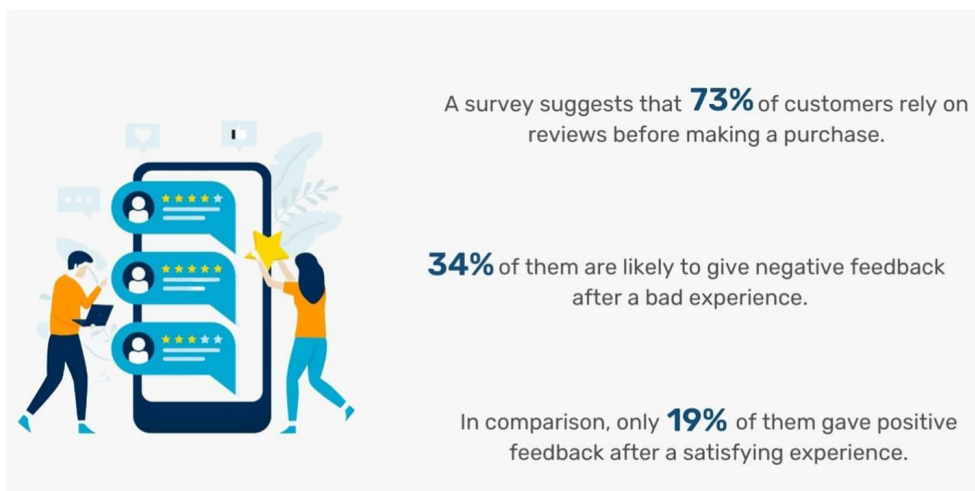
Apart from this, 74% of Americans said that promotions/offers are always on their mind throughout the buying process. There are thousands of brands listed across multiple eCommerce channels, and to be on the top of the game, a brand needs to know its competitor's actions, especially regarding what prices they are offering to their customers,promotions they are running, and how frequently they make changes in them. Hence, tracking competitors' pricing and promotions to understand their strategies better, and to ensure that correct discounts are running while red-flagging any price deviation from the plan is essential to identify and design more competitive campaigns and better use the available budgets. Buy box tracking is also important to know if your authorized sellers are losing online sales to others.

This helps brands utilize their budgets more strategically to devise a competitive pricing and promotions strategy, and analyze the sales impact of the same. It is also important to ensure that a close eye is kept on the execution of this strategy to gain maximum benefit. Tracking and auditing the discounts and promotions running on each SKU helps red-flag any deviation from the plan. Tracking whether the buy box is with the authorized sellers helps know if they are losing online sales to others, and identify opportunities to plug the sales loss.

A
60%

A survey by RetailMeNot found that **60%** of customers made purchases solely due to **deals and promotions**, and **4 out of 5** users bought their first product exclusively because of the **lightning deals**

Reviews are a goldmine of customer feedback and significantly affect a brand's online reputation.73% of customers rely on reviews before making a purchase, 34% of them are likely to give negative feedback after a bad experience. In comparison, only 19% of them gave positive feedback after a satisfying experience, according to the Reviewtrackers survey.

A survey suggests that **73%** of customers rely on reviews before making a purchase.

34% of them are likely to give negative feedback after a bad experience.

In comparison, only **19%** of them gave positive feedback after a satisfying experience.

Reviews have a substantial impact on a buyer's consideration journey throughout the research and purchase funnel. Customers expect brands to respond within two days, thus, when brands use every piece of feedback constructively to shape the customer's journey, it shows that they care about their customers, increasing their likelihood of retaining them. **Brand managers need insights to help them develop a robust strategy to give customers what they want and maintain their online reputation. But when your presence is on multiple channels, it gets challenging to analyze the scattered data.**

That's where detailed sentiment analysis can help, a technique where you use Natural language processing (NLP) OR Machine Learning to infer consumers' sentiment from their comments/reviews. With it, brands can access all the information available across multiple channels and receive relevant, valuable data on customer reactions to price, delivery, product, packaging, performance, and quality. It is also crucial for brands to identify the areas where their competitors' are outperforming them so that they can take prompt action to maintain their brand's position in the marketplace.

The product detail page is more than just a listing tool. eCommerce product page is your shop window and salesperson. If it doesn't look good or has missing content, it will not engage the customer to stay or make a purchase. **32% of online shoppers have been deterred from buying because of incomplete content.** Images and videos are a crucial part of the content. They give your product content the much-needed visual appeal and make it more aesthetically pleasing. Almost 70% of the consumers like to look at primary images as a part of their reviewing journey. A well-designed product display page with eCommerce-optimized images and strategic usage of the correct keywords can go a long way in enhancing organic visibility, conversion rates, and advertising performance on eCommerce channels, thereby increasing profitability.

However, only half of the eCommerce professionals spend time optimizing content, according to the Salsify report. **Regular content audits play an important part in quickly identifying and addressing the shortcomings in the product display page content, in comparison with industry benchmarks and brand guidelines. It can provide comprehensive scorecards that highlight whether the information displayed is correct and complete to improve the discoverability and buyability of your products and highlight gaps that need to be fixed.**

The mobile search industry has been dominating its desktop counterpart for some time. Total eCommerce sales from M-commerce are predicted to reach 72.9% by the end of 2021. In addition, over 40% of consumers say that they are likely to complete the purchase via mobile, with adults spending more than 5 hours on mobile browsing (Statista). Therefore, sellers need to ensure that their content is optimized for mobile search to boost revenue, otherwise, traffic to the content will be limited. Sometimes, the visibility of product searches varies between desktop and mobile to avoid these problems, brands need to create mobile-optimized content and images. In essence, make your mobile commerce platform better to align with the burgeoning smartphone-centric generation.

Search is one of the most important touchpoints for a brands' visibility and customers' accessibility. **In fact, almost half of the consumers say that they don't scroll past the first page and instead prefer to switch to the other channels.** While two-thirds of the clicks come from the first page of search results, according to Jumpshot research. With the fluctuating attention span of shoppers and limited time availability, obtaining top ranking in search and category results becomes extremely important for brands.
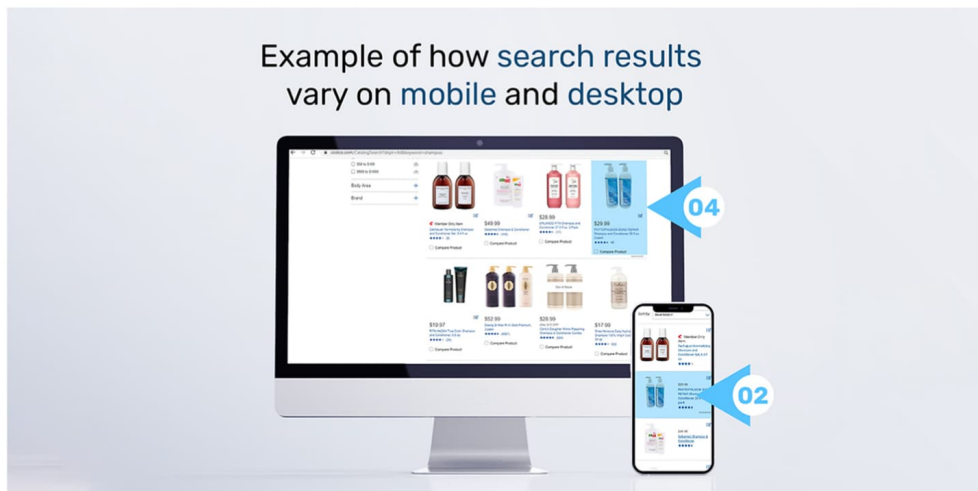
Keeping track of your share of shelf vs. competitors' on the marketplaces will help you analyze data to identify patterns, trends, and anomalies so that you can make the right business decisions to optimize organic visibility. It's necessary to know which products appear in the top 3, top 10, or top 50 search results, how your product rankings are changing over time, and where you are losing or gaining visibility to know how changes in content, marketing, or stock are affecting the discoverability of your products. These insights allow you to optimize your strategies to elevate your organic position in the top rankings.

Tracking will help brands understand the search algorithm of every platform, what makes one product appear on higher rankings vs others. With this understanding, one can identify what improvements are required for different products. Brands can also use this analysis to optimize spends i.e., reduce spending on keywords that are coming on top organically and higher on relevant keywords where visibility is not as expected.
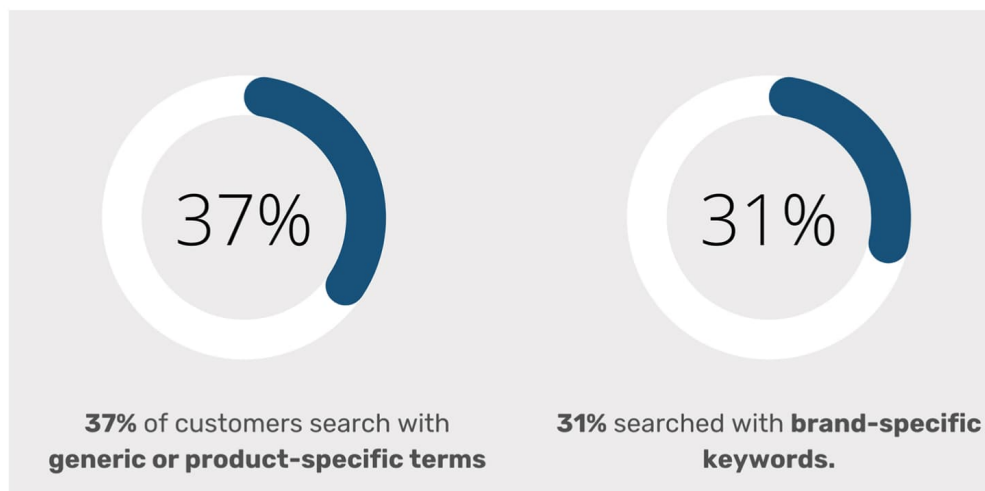
It is also important to remember that the search results on mobile devices and computers differ for numerous websites. This makes it essential to capture this data for mobile devices separately, as that is where the larger customer base shops.

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Example of how search results vary on mobile and desktop

Search marketing is one of the emerging trends in the **eCommerce industry.** 63% of consumers start their product research and discovery journey on Amazon vs. 48% on search engines, as per a Statista report. Being visible on important search terms is essential for eCommerce success. While organic visibility can be built over a period of time, the advertising options available on numerous marketplaces provide a solution to break through the clutter. According to the Nozzle insights survey, 37% of customers search with generic or product-specific terms. Comparatively, 31% searched with brand-specific keywords. This has enabled the brand's ability to be noticeable through investments in non-branded search terms. While following a holistic approach of including the correct mix of branded and non-branded keywords in your search marketing strategy will give you a competitive edge.

37%

31%

37% of customers search with **generic or product-specific terms**

31% searched with **brand-specific keywords.**

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A brand needs to keep an eye on the search terms (keywords) on which it is getting maximum visibility and consider various aspects such as:

▶ What ranking are the products getting while being searched by those particular keywords?

▶ Does this ranking change over time, or does the brand need to change the keywords regularly?

▶ What kind of keywords are being used by the competitors?

▶ What should be the proportion of the brand and generic (non-brand) keywords in the brand's keyword bundle?

These are some questions which a brand owner needs to have answers to while dealing with eCommerce marketplaces.

Identifying search metrics is essential for brands because it tells them the online visibility performance they are getting when a customer searches for their product; further, it helps devise keyword bidding and planning strategies. By tracking the % share for each keyword and category in the Top 20 search results, the brand will be able to understand what share they hold compared to the competition and whether they have sufficient % share to leave an impact on customer mindset for higher conversion rates.

FOR BRANDS –
WHAT NEEDS TO BE DONE

The right tool can help brands analyze a wide range of data, including conversion rates, product visibility, SKU availability, product categories, and more, to devise business strategies. However, only tracking these metrics is not enough, brands need to analyze and cross-reference them with sales, advertising & competition data. Taking a comprehensive overview of all key metrics and their effects on each other can help a brand make strategically sound decisions to accelerate their growth.

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WHO ARE WE -

Paxcom is a technology company providing eCommerce and Omnichannel solutions trusted by leading global brands for their eCommerce growth. It helps over 150 brands and sellers across 19 countries to accelerate their digital commerce through Channel Intelligence, Strategy & Execution, and Omnichannel solutions.

Paxcom's channel intelligence solution - Kinator, is an end-to-end eCommerce analytics solution that helps measure, analyze, and optimize all key performance metrics to boost eCommerce growth. With the latest eCommerce technologies at your fingertips, we take the guesswork out of the equation.

WHAT SETS US APART:

Paxcom brings in 7 years of eCommerce experience and a team of over 400 technology and eCommerce experts serving 100 + brands across a multitude of industries and geographies. We believe that our operational, strategic advisory, and cutting-edge analytical capabilities have earned us accolades and loyalty from our clients.
Find out how Paxcom can grow your business.

Connect with our experts at **info@paxcom.net**

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