E-Retail Performance Report

2017 UK Edition

Are UK E-retailers achieving their growth potential and delivering against constantly evolving customer needs?

We investigated the performance of the Top 240 online retailers to find out...
In a rapidly growing market, it’s possible for success to come too easily. With ever-increasing sales masking the true level of performance.

At the time of writing, the Office for National Statistics reports UK online spending is growing 15.6% year-on-year. It now amounts to £1.1 billion of spending each week – 16.4 pence of every pound spent by UK shoppers (excluding fuel).

In simple terms, if you’re a digital retailer achieving 15% growth year-on-year, that’s the same as standing still.

So, while in traditional retail even the most successful are forced to innovate or die, the UK’s leading e-retailers are able to take a more relaxed approach. Tweaking the dials, monitoring the competition, but safe in the knowledge that unless they seriously mess up, next month’s sales figures will bring them more good news and plaudits.

This easy growth can be harmful. It can lead to complacency and failure to reach true potential. It can also hand competitors a chance to catch up – good news for the many hungry, growing e-retailers looking to supplant existing major players.

Our report looks at the extent to which leading retailers are failing to achieve their true growth potential in the UK. Where are they letting customers down? What opportunities exist for those seeking to take advantage? Judging by our findings, there’s plenty of room for improvement and now is the time for up-and-coming retailers to take the initiative.

At Visualsoft, we help such brands to seize opportunities. Through our Shared Success model (where retailers benefit from our best-advice and expertise for a share of increased profits rather than upfront fees) we are working in partnership to take on the current big-players, maximising the true potential of the growth opportunities within each market.

Dean Benson
CEO
Methodology

We selected over 240 of the leading UK e-retail companies* across a range of sectors.

Our research team analysed each against seventeen criteria. These were selected by our expert panel to be the factors most likely to create incremental sales in the current market.

Our aim was to identify how hard the leading e-retailers in the UK were pushing to maximise their true growth potential.

Our results have been compiled, analysed and are broken down in the pages that follow.

* Retailers selected from the IRUK 500 report

Specifically, we looked for:

• The quality of page speed and avoidance of likely visitor loss.
• Effective use of social media channels.
• The use of multichannel options to complement their main site.
• Effective use of Google tools.
• Effective use of apps.
• Offering a responsive website
• Effective use of onsite search – e.g. suggestive search and recommendations.
• Effective use of navigation options allowing shoppers to easily and quickly find products.
• Acceptance of multiple currencies.
• Use of cross-selling and upselling on product pages.
• Effective use of pop-ups and overlays – e.g. to remind customers of special offers or countdown of delivery slots.
• Effective use of secondary calls to action – e.g. wish lists, sharing of purchase.
• Wide variety of payment methods.
• Multiple delivery options available.
• Effective email sign-up.
• Number of steps to purchase.
• Buying assistance – e.g. live chat, virtual assistant.
# Retailers included in the study

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Summary of Findings

Page Speed
54% of e-retailers rated as poor, with sites taking over 9 seconds to load. 12% took 15 seconds or longer to load. Google estimates that these e-retailers will be losing a minimum of 29% of all potential visitors through load time alone.

Only 2% rated as excellent, taking under 4 seconds to load and expected to experience low levels of potential visitor loss.

Social Media
Instagram and Facebook are playing an increasingly dominant role in the growing proportion of e-retail sales driven through social media (6% of the total). The average reach per retailer with an account is over a million for each channel (2.25 million for Instagram and 1.75 for Facebook).

Multichannel
Only 39% of leading e-retailers are making use of multi-channel options such as Amazon and eBay.

Fewer than a third of e-retailers (31%) use Google Shopping tools to increase sales opportunities.

Onsite Experience
17% of top e-retailers fail to optimise onsite search with functions such as autocomplete, well-targeted product suggestions or relevant recommendations.

Live chat functions are not well used by UK e-retailers, absent from 61% of leading sites despite the importance placed on such services by online shoppers.

On average, it takes 3 steps to purchase from the UK’s leading sites.

29% of e-retailers have reduced this to 1 or 2-steps to gain extra advantage.

Over 1 in ten e-retailers have 5 or more steps before purchase.

Payment Options
Almost one in five (19%) are failing to offer a payment choice other than a mainstream credit or debit card.

PayPal is the most popular alternative payment method (71%)

Only 8% allow vouchers (other than own-brand gift cards) as an alternative payment method.

Over a third (38%) offer no option to pay with international currency, limiting their appeal and potential growth.
Delivery Options

17% of e-retailers didn’t offer premium delivery options despite this being expected by the majority of customers.

Only 19% offered incentivised free delivery, e.g. for large orders or new customers.

Store collect was offered by 62% of our sample – an impressive number given that not all have their own bricks-and-mortar stores.

Increasing Average Basket Value

90% encourage shoppers to register their email for more information, although our researchers found that many retailers could give sign up opportunities higher profile (especially within mobile versions of their site).

14% are not up-selling or cross-selling to users of their site.

An absence of pop-ups and overlays is a major missed opportunity – almost of third of sites (30%) are not using these as methods to increase sales.

Almost one in five (19%) are failing to offer a payment choice other than a mainstream credit or debit card.
Increasing page load speed is the cumulative effect of lots of small factors that work together. Using clever design techniques to reduce required assets, deferring as much CSS until the page is rendered, using asynchronous JavaScript and pushing as much tracking as possible into Google Tag Manager will help keep page load speed high.

Ensure you have a solid hosting platform designed to cater for more traffic than expected, with a CDN or reverse-proxy such as Varnish / nginx for caching static content. For those unexpected traffic surges, use a queuing service such as ControQ.com.

Neil Innes
Chief Technology Officer

A key weakness in leading e-retailers is the speed of their service for those accessing sites from a mobile device.

- **54% of e-retailers rated as poor**, taking over 9 seconds to load. Over one in ten (12%) took 15 seconds or longer to load. Google estimates that these e-retailers will be losing a minimum of 29% of all potential visitors through load time alone.

- **32% rated as fair**, taking between 6 to 8 seconds to load. However, even this group will be losing about a quarter of all potential visitors (24 to 28%).

- **12% rated as good**, taking 4 to 5 seconds to load and losing fewer than 20% of potential visitors (an estimated 10 to 19%).

- **Only 2% rated as excellent**, taking under 4 seconds to load and expected to experience low levels of potential visitor loss.

Research shows that 50% of people will expect a site to load in less than 2 seconds. For every additional second it takes a mobile page to load conversions can drop by up to 20%.
“Monitoring the conversation around your brand, industry and competitors allows you to identify opportunities to generate leads and build relationships with customers.

“Employ social listening tactics to delve deeper into your demographic for insights that build out your social media strategy, ensuring you are offering relevant messaging, the correct product range and leveraging all opportunities for conversion. We want to turn engagement into conversion and advocacy.”

Erin Simons
Head of Social Media

The UK is leading the world in the amount of online sales being driven through social media. According to the latest data* 6% of overall traffic to sites now comes from social sources – **a 300% increase over the last 12 months**. For mobile traffic (which now accounts for over half of all shopping activity online) the contribution is even higher – **8%** of all visitors.

Despite the rapidly growing importance of social, there is a wide disparity in those retailers maximising their presence through the variety of channels available.

The growing dominance of Instagram and Facebook is also evident, with the average reach per retailer with an account well over a million **(2.25 million for Instagram and 1.75 for Facebook accounts)**.

There are also a significant number of retailers who don't facilitate shoppers' sharing their purchases and wish lists through social media. **13% of the leading UK e-retailers lose the opportunity to achieve sales** from a shopper’s network of friends and contacts by failing to put sharing buttons on their sites.

* source: Salesforce Shopping Index Q2 2017
There are increasing opportunities for growth by retailers maximising all available channels and referral tools. Despite this, many of the UK’s leading e-retailers are missing out.

**Marketplaces (e.g. eBay/Amazon)** - retailers are taking advantage of growth opportunities offered by other digital channels. Retailers such as Primark, for example, have taken the step of having Primark stores on other channels. Many will sell a selection of products, such as trending items, to a whole new market of online consumers.

**Google** – data from Google in the US estimates that the average retailer using its services in June 2017 received 14% of its sales from Google product listing ads (up from 5% at the start of 2015). In the EU, its level of influence has led to investigation of possible anti-competitive practices. Whatever the outcome of this process, it’s clearly a highly influential shop window with which to reach consumers.

**Mobile Apps** – with the majority of UK online shoppers now using mobile as their primary device, apps clearly have a role to play. 4 out of 5 shoppers worldwide, use a retailer’s mobile app*, but research shows that many quickly fall by the wayside if not adding something new to what’s available through a mobile website.

**Responsive Websites** – making it as easy as possible for customers to shop through a mobile device is now more important than ever with 57% of all online sales coming from such a device.

Despite the growth potential from all these options, it is only responsive websites which are commonplace amongst leading UK e-retailers (98% of retailers), with just over half (51%) backing this up with a mobile app.

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**“Consumer behaviour is changing with an increasing number of customers starting their purchase journey on market places like Amazon and eBay. Recent studies show that 44% of customers visited Amazon compared to 34% going to Google.”**

**“Selling on market places is a great way to increase visibility of a product range, using the correct strategy can help customer acquisition and brand awareness.”**

**Chris Fletcher**
Channel Development Manager

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**Using All Channels**

The least common growth option is the use of multi-channel options (just 39% of retailers) and just under a third of all retailers (31%) are not making effective use of the tools Google has to offer. Therefore, retailers looking to erode market share of rivals should take the leap and make use of what these giant online marketplaces have to offer.
Growth doesn’t just come from bringing more people to a site, but also increasing the percentage of customers that convert.

The basic level of service that customers expect from online retailers develops rapidly. Today’s innovation quickly becomes tomorrow’s minimum standard. An online retailer’s ability to keep up with this best practice, especially in relation to online customer service, is vital in maximising rates of conversion and growth.

**Current best practice includes:**

**Effective site search is crucial to conversion** – Research shows that those using a site’s search function are 216% more likely to convert into sales and average spend tends to be significantly higher. These shoppers are most likely to have a specific product in mind and therefore have a strong intent to buy - if they can find what they want. Therefore, working to optimise search is an important factor in maximising growth. Either by offering autocomplete functions, well targeted product suggestions or relevant recommendations – including on mobile devices.

**Allowing common-sense and intuitive navigation** is also key to conversion. Studies indicate that half of shoppers will make use of a navigation menu to begin narrowing their search. Also, that a bad experience with navigation makes 37% of shoppers frustrated enough to abandon a site and never return.

**Providing the option of live chat** (or a virtual assistant that can answer basic queries) also boosts conversion. A recent study found that customers choosing a live chat function were 40% more likely to convert than the average.

**Every additional step to purchase is likely to cause customers to drop out** of the sales process, therefore it makes sense that streamlining this process will increase conversion rates. The fewer the clicks, the greater the growth.
Online Customer Service and Ease of Purchase (cont.)

Of these options, the UK’s leading e-retailers perform best on optimised navigation with 100% of our sample offering effective ways to narrow down product selection.

Still well-used, but by no means universal, is effective site search. We found that 17% of top e-retailers are not making best use of these techniques and are therefore missing out on sales.

Live chat functions were the least well used by UK e-retailers, absent from 61% of leading sites despite the importance placed on such services by online shoppers.

On average, it takes 3 steps to purchase from the UK’s leading sites. 29% of e-retailers were gaining extra advantage by reducing this to a 1 or 2-step purchase. Over 1 in 10 are losing out, with 5 or more steps before purchase inevitably losing customers from their sales funnel.

“Successful retailing online can be simplified if viewed using tried and tested principles which offline retailers have followed for years. For me, those six key principles are having the right Planning, Promotion, Product, Presentation, Placement and Price.

If you treat online shoppers as you would those who come in-store, it’s quite easy to understand user journey, and how you can then provide the optimum online shopping experience.”

Tim Johnson
Chief Sales Officer
Flexible Payment and Delivery Options

Another feature that shouldn’t be underestimated is flexibility in delivery and payment options.

As online shopping becomes more widely used, so does the variety of needs and tastes it needs to accommodate. Delivery preferences typify this, with a growing split between those seeking speed and shoppers who put economy first.

UPS reports that the majority of online shoppers (64%) expect at least 2-day delivery to be an option as a premium choice. However, the numbers who select such options are still in the minority (29%), compared to 62% who opt for the cheapest available delivery.

People also want the option to mix their online and bricks-and-mortar shopping where possible, with 32% expecting ‘click and collect’ to be an option, even if actual uptake is actually only 9% of purchases.

Failing to meet these expectations (even if they’re less frequently used) can be an expensive mistake. 31% say that they expect premium shipping options to be available and a similar percentage (30%) will prefer retailers where they know this choice is available.

46% of shopping cart abandonment has also been attributed to frustration with shipping options (for example, the lack of ability to select time slots).

Payment options can have a similar impact. Research indicates that offering at least the top three most popular payment options can increase conversion by 30%.

This is also a factor with international customers, providing US shoppers with their most popular payment options and billing in dollars rather than pounds can pay dividends. Lack of local payment options for international customers can lose sites up to 13% of customers according to some industry estimates.

Allowing non-bank card payments (e.g. vouchers, mobile payments) can also increase the appeal of sites. This can aid speed of purchase and the confidence of consumers to use payment methods with which they are comfortable, or whichever is most convenient at the time of purchase.
Flexible Payment and Delivery Options (cont.)

Our leading UK e-retailers’ performance on these elements is mixed.

Payment options:
- 19% are failing to offer a payment choice other than a mainstream credit or debit card.
- PayPal is the most popular alternative payment method (71%)
- Vouchers are much less well promoted as a payment method, with only 8% making a virtue of allowing customers to use cards such as One4All or other common voucher types.
- Over a third offer no option to pay with international currency, limiting their appeal and potential growth.

Delivery options:
- 17% of e-retailers didn’t offer a premium delivery offering.
- Only 19% publicised incentivised free delivery, e.g. for large orders or new customers.
- Click & collect in store was well publicised. Even though not all retailers have a physical presence, it was still offered by 62% of our sample.
One final area to consider is how well e-retailers are up-selling and cross-selling to customers on their site. Gaining incremental sales from active customers is key to maximising growth potential.

Email databases are the most used method amongst our sample of leading e-retailers. 90% encourage shoppers to sign up for more information, although our researchers found that many retailers could make such options higher profile (especially within mobile versions of their site).

While the majority seek out opportunities to up-sell or cross-sell other products to users of their site, 14% are still not making use of this technique to increase sales.

The major missed opportunity however are the use of pop-ups or overlays to communicate targeted messages to shoppers on their sites – absent from just under a third (30%) of the sites assessed.

“Pop-ups can be such an effective way to engage with your customers while they’re on-site. Getting the timing right is key to driving both engagement and sales. Think about how both customers and prospects behave when they’re browsing your site; by defining this user experience, you can show different audiences key messages at just the right time for them.

“That is ultimately what will either get them to convert, get them spending more, or capture their email address for future targeting, without annoying visitors.”

Lindsey Roberts
Head of Email Marketing

So why are pop-ups and overlays so underused by leading e-retailers? In the past, these techniques have been misused with ill-judged and ‘spammy’ overlays leading to frustration and lower conversion rates.

However, by picking the right moment and adding to the customer experience, these can be a major tool for achieving growth.

For example:

Pre-empting exit – even on the best sites, as many as 97% of visitors are likely to leave without making a purchase. Using overlays that anticipate when a potential customer is about to leave, offering messages about particular deals or with prompts to use services (such as live chat or chat bots), can significantly reduce these lost customer rates.

Scroll-triggers – especially useful at converting people browsing sites (for example, reading blog posts) with messages relevant to the products referred to on the page.

Signposting – for example, when customers have been tempted in by the low prices on your ‘sale’ page, using tools to tempt them to also browse latest stock or high margin ranges.

Upselling – giving customers extra options to consider when moving through the buying funnel, with services such as gift wrapping or premium delivery.

Targeted sales advice – well-timed advice forms can show attentiveness and increase chances of conversion. Particularly useful when there is a complicated product – such as those featuring personalisation or on higher value, more considered purchases.
Conclusion

Given that our sample of e-retailers are picked from those considered our nation’s best, it’s surprising to see how many are failing to complete the checklist of best-practice options.

But this is good news for fast-growing e-retailers looking for new opportunities.

To gain an advantage in the market, they should be particularly focused on:

• Mobile site page load speeds – keeping every possible potential customer.
• Maximising their reach through social media – especially Instagram and Facebook.
• Exploring the options presented through multiple channels – e.g. eBay and Amazon.
• Maximising traffic to be gained through effective use of Google Shopping tools.
• Optimising their onsite experience, especially through the best onsite search functions, live chat and navigation tools.
• Offering as wide a range of delivery and payment options as possible, meeting the needs of all customers.
• Using every possible method to upsell and cross-sell to customers, particularly harnessing the potential of pop-ups and overlays.

The key to achieving these goals is forming a good relationship with technology partners you can trust. Partners that will keep you up to date with the latest tools and techniques to maximise growth.

“This research has yielded some incredibly interesting results, illuminating just how many top household-name retail brands could be doing more to improve their e-commerce offering.

“Customer needs are evolving all the time and, if online retailers are to flourish and reach their full growth potential, they must explore all potential avenues for improvement. This presents a particularly strong opportunity for emerging e-retailers who are looking to gain market share and grow their online brand.

“From optimising mobile load speeds to maximising their social media reach, right through to exploring the options presented by third party shopping channels such as eBay, Amazon and Google, growing e-retailers who look to proactively optimise their online offering will find themselves in a strong position to take advantage of the opportunities presented by such an increasingly competitive online marketplace.”

David Duke
Chief Operations Officer
And that's where Visualsoft comes in

If you've read this far, you'll know that there are huge opportunities for retailers who are yet to implement some of the tactics and conversion-boosting approaches recommended by our eCommerce experts.

The points in this report are not just recommendations, they're industry expectations, and retailers who fall short will see their profits hit the hardest as customers look to retailers that meet their needs.

The tricky part, now, is where to begin?
We can help you identify the key areas most important to your brand through a tailored digital strategy, and get to work on improving your site to increase conversions and offer your customers a superior online experience.

With Quarter 4 well underway and a New Year on the horizon, now is the time to take action, make plans and better invest in your online store and digital channels.

Contact us today and start making leaps past your competition.

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