



The MarketLive Performance Index

Key Benchmarks and the Tactics That Drive Results



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The MarketLive Performance Index represents the pulse of e-retailing. In it, aggregate data from a robust range of merchants is tied to actionable tactics to drive e-commerce success. Using previously-undervalued performance metrics, the MarketLive Performance Index provides a holistic view of consumer behavior.

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The MarketLive Performance Index: Key Benchmarks and the Tactics That Drive Results

By now, e-commerce merchants know the importance of Web analytics. By tracking clicks and paths on the site, analytics programs reveal the precise details of customer behavior, illuminating popular pathways to merchandise and flagging problem areas where visitors tend to abandon the shopping journey. And by gathering statistics consistently, e-retailers have concrete benchmarks against which they can measure progress and improvement.

But the mountains of data that analytics programs produce can pose as many problems as they solve. If every click is trackable, discerning which of those clicks are important – that is, which indicators on which pages are worth watching – can be a conundrum as labyrinthine as the maze of paths through the site itself.

And pinpointing key metrics is only half the battle. To make analytics more than a theoretical exercise, online merchants must also understand the tactics that impact the numbers they're tracking, and what actions influence those metrics. Given the dozens of elements on every page of an e-commerce site, the equation is complex. And given that emerging features such as user-submitted content, viral marketing and blogs seem to defy quantifiable results, the forest of measurement only seems destined to thicken and become more opaque in the foreseeable future. It's no surprise that when industry researcher Forrester asked members of its Web Analytics Peer Research Panel about the biggest challenge they face with regard to Web analytics, 53 percent of respondents said taking action on findings was the most significant non-technical hurdle they faced.

Part of the problem lies in the metrics merchants usually track; there are either too many factors impacting them, leaving site owners to guess at what changes might improve results, or too narrow – focusing on limited circumstances that reveal only a partial view of the landscape. Using the MarketLive Performance Index – data from a collection of MarketLive e-retailers – we've identified an undervalued set of metrics that are both actionable and precise. They're pure indicators of the effectiveness of e-commerce sites, connected with winning tactics that not only impact the data – but ultimately drive sales.

What Merchants Track Now – and Why It's Not Enough

Traditionally, retailers have focused on two key metrics to gauge the effectiveness of their e-commerce sites: The conversion rate, and the shopping cart abandonment rate. Both are worth tracking – but neither provides a complete picture of the consumer's shopping experience.

Conversion Rate: Missing the Forest for the Trees

A site's conversion rate – that is, the ratio of orders to overall visits – pinpoints the beginning and end of the online shopping journey, but does little to describe the voyage in between.

Key Metric - Site Conversion

Formula: Orders/Visits

MarketLive Performance Index	Average	Highest
Overall (All Sites)	3.9%	10.1%

Selected Categories:

Catalogers	5.6%	10.1%
Apparel, Accessories & Footwear	5.0%	9.6%
Housewares & Furniture	3.0%	4.8%

Source: MarketLive Performance Index Q1-2007

So much can transpire between arrival on a site and clicking the "submit order" button. Visitors may leave immediately, logging a visit but failing to engage with the site at all; or they may browse, forward a product to a friend, and sign up for an email newsletter before leaving – a more engaged interaction, but one which doesn't factor into the conversion rate. How a shopper arrives at a site, and with what expectation, is another factor that impacts conversion, but isn't measured by it. Did a paid search ad promise a promotion that was in fact no longer valid or was messaging hidden on the site, prompting the visitor to leave without purchasing? Or was a visit prompted by that "email to a friend" feature, with the sole aim of vetting someone's future purchase?

Merchants who study the conversion rate in isolation have no signposts as to how to boost it. They may know shoppers are abandoning their path to purchase, but have no idea as to why or when. As Forrester puts it, “[Conversion rate] is seriously flawed in that it does not lead directly to any kind of tangible improvement in a Web site’s customer experience. It’s too ambiguous and too binary — it’s either ‘up’ or ‘down’ — to be directly relevant.”

Should conversion rate be tracked? Of course. It’s a snapshot of a site’s overall contribution to the bottom line. But in order to drive conversions upward, merchants need more granular data to prioritize the tactics that will make a difference.

Cart Abandonment Rate: One Grove Among Many

If conversion rate is too broad to produce actionable tactics for e-retailers, then abandonment rate – the measure of how many shoppers who put items in shopping carts go on to complete purchases – is too narrow to accurately describe the entirety of the customer experience.

Key Metric - Cart Abandonment

Formula: $100\% - (\text{Orders}/\text{Carts})$

MarketLive Performance Index	Average	Lowest
Overall (All Sites)	57.9%	39.5%

Selected Categories:

Catalogers	49.5%	39.5%
Apparel, Accessories & Footwear	56.0%	42.8%
Housewares & Furniture	63.0%	49.3%

Source: MarketLive Performance Index Q1-2007

The path through checkout is fraught with a particular set of perils that are unique to its terrain. By now these hurdles are well-documented. Forrester reports that “sticker shock” – higher-than-expected shipping charges and overall price – topped the reasons for cart abandonment. Fears over security and privacy are additional impediments, with Consumer Reports/WebWatch reporting that 25 percent of consumers say they’ve stopped buying online due to concerns about the safety of their personal and financial information.

Of course merchants must take price and security concerns seriously – and do their best to clear the path to purchase of these obstacles. But the cart abandonment rate alone can’t determine the holistic effectiveness of the site. As with conversion rate, merchants need more information in order to make the specific tactical decisions that will drive sales.

The MarketLive Performance Index and the “Engagement Matrix”

To identify the metrics that matter, we began collecting and tracking data from a range of MarketLive e-retailers. The result, the MarketLive Performance Index, represents the pulse of e-retailing. It combines data from a robust range of merchants, from those earning \$2 million to \$200 million in annual online sales, and includes online stores of every type, from online pure-plays to brick-and-mortar retailers to traditional catalogers, selling goods from appliances to zinnias.

The MarketLive Performance Index will be updated quarterly, with data broken out by industry and business type, and available on MarketLive’s Web site, www.marketlive.com.

MarketLive Performance Index

Conversion	Average
Conversion Rate	3.94%

Abandonment	Average
Cart Abandonment Rate	57.88%
Checkout Abandonment Rate	48.64%

Revenue	Average
Average Order Size	\$153.75
Revenue Per Visit	\$5.14

Engagement	Average
“1-and-out” - % of all visits	32.94%
Visits to Carts	8.82%
Pages Per Visit	13.35
Time Per Visit (Minutes)	7.29
% of Sites with Reviews	32.00%

Source of Traffic	Average
Search Engines	25.13%
Bookmarked/Typed	31.71%
Other Sites	43.15%

Source: MarketLive Performance Index Q1-2007

In compiling the Index, we give focus to an undervalued set of performance indicators that illuminate key junctures on the path to purchase, where consumers decide whether an e-commerce site and its products match their needs. These metrics measure levels of engagement – whether and to what extent the site’s merchandising and content encourages visitors to become browsers, and browsers to become buyers.

Using data from this “engagement matrix” in conjunction with conventional analytics, merchants finally have a holistic view of consumer behavior – and actionable tactics at every step along the path to purchase.

At the Trailhead: Reducing the “1-and-out”

The “1-and-out” metric, also known as the single access ratio, measures the number of single-page visits to the site – usually to the home page, but not always. A high “1-and-out” ratio is undesirable since it indicates visitors are not engaging deeply with the site and are not buying anything. Calculating the percentage of visits that are single-page visits, and then tracking the percentage of those single-page visits that are specifically bouncing off the home page, merchants gain instant insight into how many visitors are willing to engage further and become browsers. In a 2006 study of online consumer behavior, Jupiter Research found that merchants have just four seconds on a single entry page in which to capture attention and motivate clicks deeper into their sites – so first impressions are vital.

Key Metric - “1-and-out” Single Page Visit

Formulas: $\text{Single-Page Visits} / \text{Visits}$; $\text{Home Page SPV} / (\text{SPV} / \text{Visits})$; $\text{Home Page SPV} / \text{Visits}$

MarketLive Performance Index	Average	Lowest
“1-and-out” (Single Page Visit)	32.9%	21.9%
Home Page % of “1-and-out”	25.1%	6.6%
Home Page “1-and-out” as % of All Visits	7.6%	2.4%

Source: MarketLive Performance Index Q1-2007 *SPV=Single-Page Visits*

Specific marketing and merchandising tactics affect the “1-and-out” rate. If the percentage of single-page visits to your site is high, consider these factors:

Visitor Acquisition.

In a study of the MarketLive Index e-retailers who had the highest and lowest “1-and-out” rates on their home pages, we discovered that those with higher numbers of single-page visits also had a larger percentage of traffic derived from search engines.

“1-and-out”

“1-and-out”	Highest	Lowest	Variance
Average Home Page “1-and-out” Rate	15.4%	2.4%	-84%
Percent of Traffic From Search Engines	35.1%	25.1%	-28%

Note: “Variance” refers to the difference between the sites with the highest “1-and-out” rates and the sites with the lowest “1-and-out” rates in terms of traffic from search engines. Sites with lower “1-and-out” rates also had less traffic from search engines.

Source: MarketLive Performance Index Q1-2007

Certainly, search engines are driving sales for e-retailers – and spending on paid search grew accordingly, up 92 percent from 2005 to 2006, according to the Search Engine Marketing Professionals Association. But for small- to mid-sized merchants who struggle to maintain and manage campaigns with limited resources, the temptation is great to set keywords in bulk to point to the home page – driving users there regardless of whether home page content matches the expectations set by the search ad.

The fix is twofold: First, consider which pages are most relevant for your campaigns. If you’re promoting a single item, link directly into the product page; if the focus is seasonal, design a themed category or landing page to match and use that rather than the home page. Second, for campaigns that must point to the home page, give prominent placement to merchandising and directive text that provides more consistency with the marketing message – right down to the specific ad words used.

Home Page Merchandising.

With more than 25 percent of all “1-and-out” visits for MarketLive Index merchants occurring on the home page, it’s vital to study your home page and ensure that there’s a healthy mix of merchandising, reflecting a diverse range of customer interests.

“1-and-out”

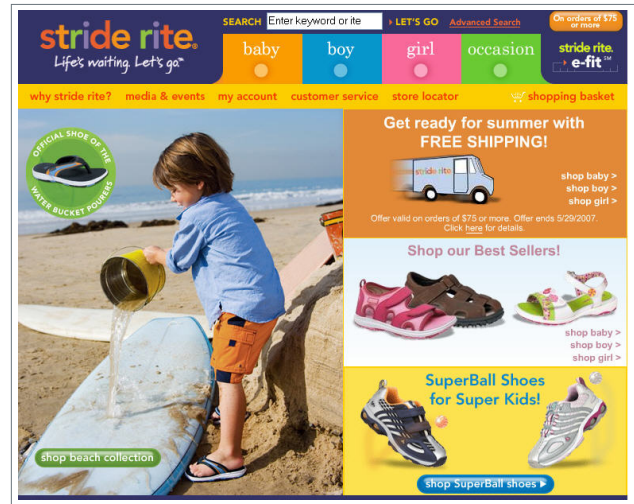
“1-and-out”	Highest	Lowest	Variance
Home Page “1-and-out” as % of All Visits	15.4%	2.4%	-541%
Number of Home Page Merchandising Elements	5	8	+60%
Home Page Conversion Rate	0.09%	0.4%	+344%
Percentage of Revenue Contributed by Home Page	2.6%	2.9%	+11%

Note: The chart shows the difference between the sites with the highest and lowest “1-and-out” rates for three home page metrics. The sites with lower “1-and-out” rates had more home page merchandising elements, a home page conversion rate three times higher, and drove 11 percent more revenue through the home page.

Source: MarketLive Performance Index Q1-2007

MarketLive merchants with the lowest rate of single-page visits on their home pages use an average of eight merchandising elements – blocks of images and text apart from navigation and footer content. For those same merchants, home pages drove more than three times as many conversions compared with those with the highest home page “1-and-out” rates. To maximize home page effectiveness:

- Cater to multiple shopping behaviors. If your site sells apparel, product categories for both genders should be represented. If kitchenware is your specialty, then feature bakeware sets as well as individual tools. Beyond varying product types, you should also offer a mix of themed categories that appeal to shoppers with different motivations – seasonal favorites, sale or clearance items and new additions.
- Convey action and activity. Use verbs to describe promotional offers and category descriptions; graphic cues such as arrows and bullets can highlight clickable action links. Additionally, strive for a mix of dense and simple imagery to convey a sense of robustness – simply filling promotional slots with single item images isn’t as effective as swapping in a list of top sellers or “most viewed items today,” which implies that the site is buzzing with activity.
- Update frequently. MarketLive Index merchants averaged 1.19 repeat visits per month, with 28 percent of repeat visits occurring within 7 days and another 12 percent within 7 to 14 days ; if your home page isn’t updating monthly or more frequently still, you’re missing out on generating fresh interest from visitors committed enough to your site to return.



These MarketLive Index top performers communicate effectively to multiple target audiences. The home pages feature large, attractive imagery; Keds uses images depicting both genders and a child to convey the range of their product line, while Stride Rite uses embedded navigation in their promotional slots to further target by “baby,” “girls,” and “boys” product categories. The Keds site features a global drop-down “Shoe Finder” for those shoppers who want to locate the most relevant products for their size fast, while the Polaroid snapshots cater to leisurely browsers. Stride Rite’s right-hand column calls out shipping discounts and best sellers – appealing to bargain hunters and seekers of popular products.

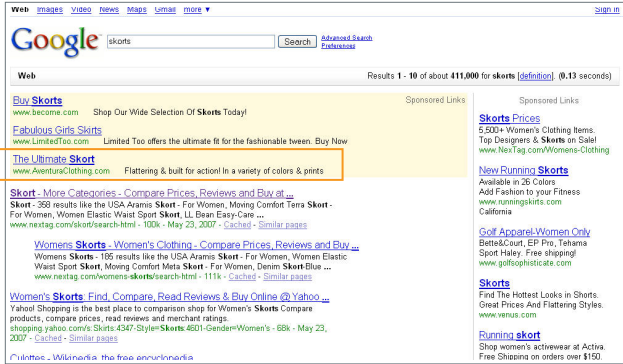
Pages Beyond “Home”

While the home page receives the single highest percentage of “1-and-out” visits, the MarketLive Index indicates that 75 percent of single-page visits occur beyond the home page. To track the why and how of those bounce visits, establish a baseline “1-and-out” rate for interior pages – and look for spikes in single-page visits that might signal an ineffective paid search campaign or natural search results link. In particular:

- Any significant number of single-page visits to “404-not found” or “500-server error” pages should trigger an immediate investigation: They represent visitors who are coming to the site through an outmoded link that should no longer be crawled or used.
- Single-page visits to search results pages indicate that terms passed to your site through a search engine are producing hits that promise relevance, but don’t deliver. Paid campaigns that point to category or product pages may produce single-page spikes if the messaging of the ad isn’t carried through to site content.



A paid search ad on Google promotes “The Ultimate Skort” from an apparel brand manufacturer, but the link leads to the page below, which has the site’s highest “1-and-out” rate – 16 percent of all bounce visits, and 8 percent of total visits. To a first time visitor, it may appear that there are just three choices for skorts – the landing page does not effectively express the merchants depth of product offering compared with the paid search ad’s promise of a “variety of colors and prints.”



Along the Path: The True Meaning of Carts

You might believe you’re already tracking this metric – the visits-to-carts ratio, also known as the “cart open rate.” But if you’re using carts purely as a comparison against eventual orders, then you’re missing the power of this metric.

Key Metric - Visits to Carts (Customer Engagement Rate)

Formula: $Carts/Visits$

MarketLive Performance Index	Average	Highest
Overall (All Sites)	8.8%	18.0%

Selected Categories:

Catalogers	10.9%	18.0%
Apparel, Accessories & Footwear	10.6%	17.2%
Housewares & Furniture	6.8%	9.7%

Source: MarketLive Performance Index Q1-2007

But clicking on one of the skorts reveals a much broader range of product choices – namely, a rainbow of color options (as shown at top right). The merchant could reduce the “1-and-out” rate connected to this campaign dramatically either by linking directly to the product page that shows the many color styles and featuring the printed skorts as cross-sell options, or by using the original category page to highlight the variety of colors available, with text or additional imagery.

In fact, the visits-to-carts metric is the purest indicator of the power of your site’s content and merchandising. It measures what percentage of shoppers have effectively found products on your site that match their needs, at a price that appeals to them. And unlike cart abandonment and conversion rates, visits-to-carts is unaffected by security and fulfillment concerns.

Visits-to-carts also tracks a whole segment of behavior that's not reflected in site conversion or cart abandonment alone. According to Forrester, 41 percent of shoppers who've abandoned carts before checkout used them purely for research purposes; they may not go on to buy, but they're engaging with your site on a deeper level than those who merely browse.

By applying visits-to-carts to specific features of your site, you'll reveal its true power – illuminating which tactics are effective at engaging browsers and motivating them further along the path to purchase. Charting visits-to-carts in relation to conversion rates illuminates shopper behavior in each of the following key areas.

Site Search.

For 43 percent of online consumers, typing either a keyword or item number into the search box is the first thing they do when they arrive at an e-commerce site – making search the top product discovery method overall, according to MarketingSherpa. Tracking whether search results lead browsers to open a cart, as well as whether they lead to sales, is a way of pinpointing whether the tool is both producing relevant results and driving consumers to engagement – or leading them astray.

Cart Open Rate - Site Search

	(Non-Catalogers)	(Catalogers)
Cart Open Rate: Site Search	Average	Average
Site Searches-to-Carts	23%	47%
Site Search Conversion <small>(Searches/Orders)</small>	4%	8%
Site Search % of Revenue Contribution	27%	56%

Note: We found that catalogers' performance metrics for search were markedly higher than for other business types because shoppers so frequently type item numbers directly from printed catalogs into the site search box and thereby locate items for purchase. For that reason, we've segmented search metrics by catalogers and all other business types.

Source: MarketLive Performance Index Q1-2007

The overall conversion rate of between 4 - 8 percent for site search might lead merchants to assume their search performance is respectable. But studying the relation to the searches-to-carts ratio reveals that, in fact, site search represents a large missed opportunity: another 19 - 39 percent of searches engage the shopper enough to initiate a cart, but those shoppers then drop out later in the process. Studying searches-to-carts for individual search terms will identify which products deserve top priority; invest in robust merchandising and cross-sells for the products at the top of the list to capitalize on their pent-up potential.

By contrast, if your searches-to-carts rate and your conversion rate from the search page are both low, this consistency signals that overall site search is neither serving up relevant results nor leading to sales. To make search results pages more engaging and actionable, consider these tactics:

- Account for variants and misspellings. How does your search tool interpret plurals of common search terms, and can it offer suggestions for alternate spellings? Don't let shoppers be waylaid by errant keystrokes.
- "No results" shouldn't mean "dead end." Offer alternatives for shoppers whose search brings up zero results.
- Offer quick options for narrowing results. Today's more advanced search tools not only return a set of results – they also suggest categories and sorting methods based on the term the customer types. At the least, you should offer the ability to sort or filter results by attributes such as price and product type.
- Study search terms by traffic vs. carts – and concentrate on the top and bottom. For search terms that generate high traffic and many carts, maximize the potential of those results pages with tailored cross-sells and promotions. Frequently-used search terms that generate few carts should be red flags indicating that consumers have a need that your on-site search isn't fulfilling.

Product Page Content.

The product page is where the rubber meets the road. If product pages are viewed often but don't inspire visitors to open carts, there is little chance visitors will ultimately be inspired to purchase. Studying the visits-to-carts ratio for these pages along with overall conversion rate will give you ample insight into the effectiveness of the content, photography, and shopping tools offered on this page.

Visits to Carts - Product Pages

Visits to Carts: Product Pages	Highest	Lowest	Variance
Product pages to carts	12.7%	6.0%	+111%
Product page conversion	1.9%	0.59%	+223%

Note: This chart compares sites with high and low visit-to-carts rate, in terms of product page performance. Those sites with lower visits-to-carts overall had low product-to-cart ratios as well, while those with higher visits-to-carts overall achieved product-to-cart rates more than 100% higher. Conversion for those with higher overall visits-to-carts and products-to-carts was more than 200% higher than those with lower products-to-carts.

Source: MarketLive Performance Index Q1-2007

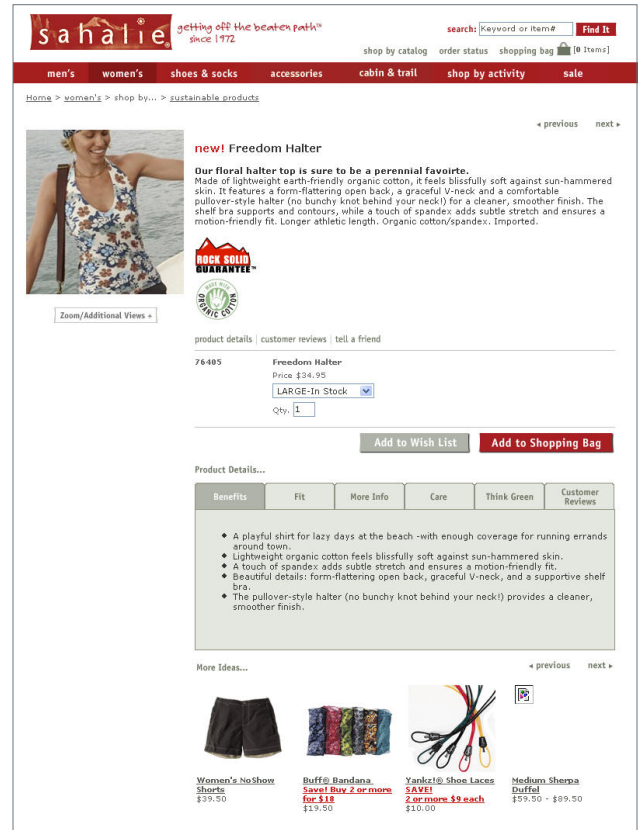
Merchants whose product page conversions are low might assume that their cart and checkout are to blame. But once again, the visits-to-carts metric adds much-needed clarity. The disparity between high-and low-scoring merchants is 223 percent by checkout – but half of that disparity starts on the product page, where visitors to low-scoring sites are failing to open carts at twice the rate of more successful merchants.

Low visits-to-carts from the product page signals that customer expectations are not being met – that the price doesn't match the perceived value of the product, or crucial information is missing that would help allay any doubts or questions about it. To boost product page productivity:

- Revamp descriptive text. Is it easily scannable, comprehensive and jargon-free? Details such as material, dimensions or sizing and care instructions are all crucial to instill confidence in shoppers and encourage them to click the “add to cart” button.
- Use enhanced imagery to show products from every angle and in every color. It's another way to ensure that shoppers' expectations match the reality of the product.
- Give prominence to that “add-to-cart” button. Incredibly, Forrester reports that shoppers who were surveyed about why they didn't open carts often said the process of adding items was simply too difficult. The “add to cart” button should be in a color that contrasts with others on the page; it should have prominent placement above the fold. But beyond these basics, also test other actionable items on the page – do dependent drop-down selectors work, and is their wording clear? Are instructions clear for fields that accept typed text? Do links to sizing charts or zoom images open in new windows that leave the main product page and its “add to cart” button visible?

If visits to carts from product pages are high, but conversion rates are lower than expected, reexamine the content. Is vital information communicated in the cart that could be moved to the product page? Special shipping considerations, in-stock status, product guarantees and return information should all be listed on the product page. And while exact delivery costs may need to be calculated based on location, listing price ranges for each type of shipping will provide additional clarity.

This product page from a MarketLive Index leader offers a comprehensive array of information that suits the merchant's target audience.



In addition to a brief basic description set in a tone consistent with their target audience, details about the product – from fit to care instructions – are displayed in tab format, while image zoom and multiple views give shoppers a comprehensive view of the product.

Two icons communicate instant information: One reminds shoppers about the merchant's product guarantee, while another signals that the product is organically made – an important consideration for the ecologically-conscious shoppers that frequent the site.

Finally, in-stock status is clearly communicated near the “add to cart” button, which is prominent and above the page fold.

Navigation.

As Web shoppers become increasingly sophisticated, navigation has expanded beyond mere product categories to better express the needs of core customer groups. By offering many paths to products, merchants connect shoppers with products more efficiently – and provide a richer, more engaging experience.

But developing new navigation schema can seem a hit-or-miss proposition. Pages per visit, a metric long used to measure how efficiently consumers can achieve their goals, is a double-edged sword: on the one hand, a high number of pages per visit can signal confusion as shoppers click desperately around the site hunting for their quarry; but a high ratio could also indicate that shoppers are deeply engaged with the site – viewing multiple products that interest them, saving items to the cart or a wishlist and forwarding them to friends. Conversion rates for navigation elements can also be misleading, because shoppers on sites that offer few paths to products have no other recourse but to click through the limited selection of categories in hopes of finding what they need.

But using visits to carts in tandem with other revenue and traffic metrics adds a level of precision. At the highest level, it's a good indicator of whether navigation elements are helping drive sales. In a sampling of MarketLive Index sites, we compared those that employed "theme" navigation – categories beyond basic product types, such as shopping by activity or by room – with those that did not, and found that overall performance for the theme navigation group was higher.

Views to Carts - Navigation

View to Carts-Navigation	Standard Product Based Navigation	Alternative "Theme" Navigation	Variance
Visits to Carts – All Navigation Categories	8.9%	11.5%	+28.6%
Conversion Rate – All Navigation Categories	3.9%	5.4%	+37.5%
Revenue Per Visit – All Navigation Categories	\$4.67	\$6.56	+40.5%

Note: This chart compares sites with standard navigation versus those employing "theme" categories, and finds that "theme" navigation performs better in terms of cart additions, overall conversion, and revenue per visit.

Source: MarketLive Performance Index Q1-2007

The visits-to-carts discrepancy forms the basis for what becomes a significant gap, with "themed" navigation sites ultimately earning 40 percent more revenue per visit. But these numbers tell us only that one group of sites is more effective overall than the other; to gauge the true impact of navigation elements, we have to drill down further.

A detailed comparison of two sites – one using an array of navigation options, one using basic product-based categories – reveals the true impact of providing imaginative and relevant options.

Views to Carts - Navigation

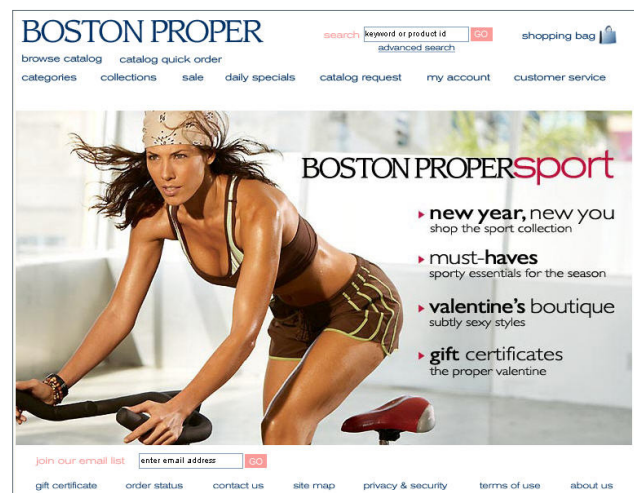
View to Carts-Navigation	Site 1:	Site 2:	Variance
	Standard Product Based Navigation	Alternative "Theme" Navigation	
Visits to Carts – All Categories	1.5%	2.7%	+75%
Pages Per Cart – All Categories	564	235	-58%
Pages to Carts – All Categories	0.17%	0.42%	+147%
Pages to Orders – All Categories	0.05%	0.12%	+137%

Note: This chart shows precise performance metrics for two sites. The one using "theme navigation" has a higher visit-to-cart rate; shoppers click through fewer pages before adding items to a cart; and the rate at which they add items to carts and then go on to complete orders are significantly higher than for the site with standard navigation.

Source: MarketLive Performance Index Q1-2007

The visits to carts rate is not only higher overall for the navigation scheme that includes "themed" categories; it also takes less than half as many pages to generate carts – at a rate almost 1.5 times more efficient than the site that only offers basic classifications. The higher pages to carts ratio in turn drives a higher ratio of orders to pages viewed.

This MarketLive Index top performer devotes ample home page navigation to theme-based categories – from the "daily specials" for loyal bargain-hunters to "collections" that change with the season. Home page text further emphasizes seasonal merchandising by referencing embedded navigation for New Year's resolutions and Valentine's Day twice.



Sharing the Journey: Attaching ROI to Reviews

By now there's been plenty of press about customer product reviews and their role as a bridge between traditional e-commerce and the user-driven world of Web 2.0. Customers trust "others like them" to provide frank assessments, with 72 percent of consumers reporting that they look to friends and family for product recommendations, according to Forrester.

Key Metric - Percent of Sites with Customer Reviews




Formula: $Sites\ with\ Reviews / Total\ Sites$

MarketLive Performance Index	32%
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Source: MarketLive Performance Index Q1-2007

And the impact of reviews on commerce is becoming ever more clear. ForeSee Results reports that shoppers on sites with reviews are 5 percent more likely to make a purchase and 4 percent more likely to return to the site again for future needs, while MarketingSherpa found that 58 percent of consumers prefer sites with customer reviews.

The best way to track the effectiveness of reviews on your site is through comparison. Using identical products with different SKUs, or similar products that are similarly priced, experiment with adding customer review functionality to one of the two. For one MarketLive merchant, the results were startling:

 <p>Primo Viaggio SIP by Peg Perego \$219.95 ★★★★★</p> <p>More Info</p>	 <p>Centre DX Infant Car Seat Base by Combi \$49.95 \$44.99 10% off rate this product</p> <p>Add to Cart</p>	 <p>Primo Viaggio SIP Mod by Peg Perego \$219.95 rate this product</p> <p>More Info</p>
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The baby carrier at the far left, which has a customer 4 star rating, not only generated more than 10 times as many clicks as the identically priced product from the same manufacturer at the far right – it also produced more revenue, and engaged customers to spend more time on the product page:

Product Reviews

% Change

Conversion	+26%
Time on Page	+57%

Source: MarketLive Performance Index Q1-2007

If you have customer reviews but discover they're not impacting revenue, time on the site or cart additions, consider these enhancements to make them more effective.

- Use "qualifiers" that help shoppers identify reviewers with similar interests and experience. Ask reviewers to specify geographic location, types of products owned, interest area, or other specifics relevant to the product at hand; display how many other reviews they've submitted on the site to convey their experience and credibility.
- Display overall ratings above the fold on the product page, as well as on the index page; use "top rated products" as a category or sub-category. Doing so maximizes the power of the review feature, and drives engagement at multiple levels of your site.

The Final Push: Easing Checkout

Cart additions signal a heightened level of engagement with your site – but they're not the best metric against which to measure orders. To gain precise insight into the behavior of shoppers who actually intend to complete their purchases, focus on the checkout abandonment rate – the number of customers who begin the checkout process compared with the number of actual orders.

Key Metric - Checkout Abandonment

Formula: $100\% - (Orders / Checkouts)$

MarketLive Performance Index	Average	Lowest
Overall (All Sites)	48.6%	31.4%

Selected Categories:

Catalogers	43.7%	33.7%
Apparel, Accessories & Footwear	44.5%	31.7%
Housewares & Furniture	52.7%	40.5%

Source: MarketLive Performance Index Q1-2007

Customers who start the checkout process have committed the ultimate act of engagement with your site. A high checkout abandonment rate signals that even these keenly-motivated shoppers are encountering obstacles that force them to abandon their quest. Merchants who see a large number of would-be buyers abandoning checkout should consider these danger areas:

The First Click.

It's an alarming trend: increasingly, e-commerce merchants are placing a boulder-sized impediment on the checkout path—forced registration. Rather than allowing shoppers to proceed through checkout anonymously, they're being required to establish a site account first – and thereby provide extensive personal and demographic information before even beginning the formal process of providing delivery and billing information for their purchase.

For e-retailers, the temptation is easy to understand: With so many shoppers abandoning the purchase process, forcing registration provides a means of capturing customer data regardless of whether the transaction is completed. But data from the MarketLive Index shows just how dangerous this temptation is.

Checkout Abandonment

Checkout Abandonment	Fall-Off: Checkout Sign-In Page to Step 1	Variance From Guest Fall-Off Rate
Guest Access Anonymous Checkout	8%	
Mini-Registration (supply email only)	9%	+12.54%
Full-Registration	23%	+187.54%

Source: MarketLive Performance Index Q1-2007

On sites where clicking from the cart to checkout resulted in a page offering the option of either signing in as a registered user or proceeding through checkout as a “guest,” just 8 percent of shoppers abandoned the process at that point.

The screenshot shows a checkout page with two main sections. The left section is for 'Returning Account Holders' and includes fields for email and password. The right section, highlighted with an orange box, is for 'New Customers & Guests' and contains a 'CONTINUE' button. The text in the highlighted section says: 'Click Continue to complete your order now. You'll have the opportunity to create a personal account later, if you wish to do so.'

In comparison, this site below requires that users begin the checkout process by submitting only their email address – a sort of “mini-registration” familiar to shoppers who've used Amazon.com. This barrier has an effect on falloff, but it's minimal – one percentage point, or 12.57 percent overall.

The screenshot shows a 'Secure Checkout' page with a progress indicator 'Step 1 2 3 4 5'. The first step is 'Enter Your Email Address', which is highlighted with an orange box. Below this is a radio button for 'New Customers select box at left. You can create a password later.' and another for 'Returning Customers select box at left. enter password.' with a password field. A 'CONTINUE' button is at the bottom.

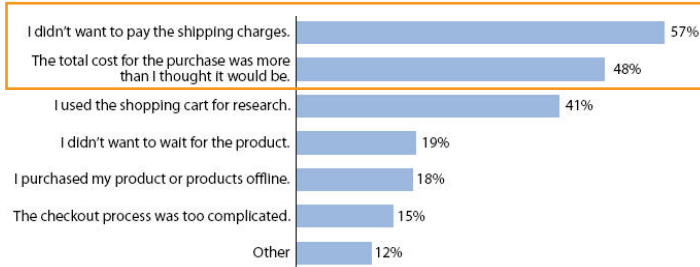
But this site, which requires shoppers to click to a separate registration page and supply a password in addition to their email address, sees a falloff of more than 23 percent from the sign-in page to the first step of checkout – a difference of more than 63 percent when compared with guest checkout.

The screenshot shows a checkout page with two main sections. The left section is for 'Returning Account Holders' and includes fields for email and password. The right section, highlighted with an orange box, is for 'Create A New Account' and contains a 'REGISTER' button. Below this is a section for 'MY ACCOUNT - REGISTER' with fields for email address and password, and a 'CONTINUE' button.

The message is clear: shoppers prefer to start the checkout process without being forced to surrender more information than necessary to complete their order. If merchants must collect information up front, then the “mini-registration” model – which avoids labeling the extra step as a separate registration process, and collects only an email address initially – will minimize the damage to overall conversions.

Move Information Back Up the Path to Prevent Last-Minute Snags.

Forrester's data on abandonment shows that for those buyers who start down the path to purchase intending to buy, the top hurdles to purchase amount to "sticker shock" – surprises about the mounting cost of the transaction.



To avoid ambushing shoppers with shipping costs and total transaction price during checkout, merchants should retrace their steps on the path to purchase, moving critical information earlier in the buying process.

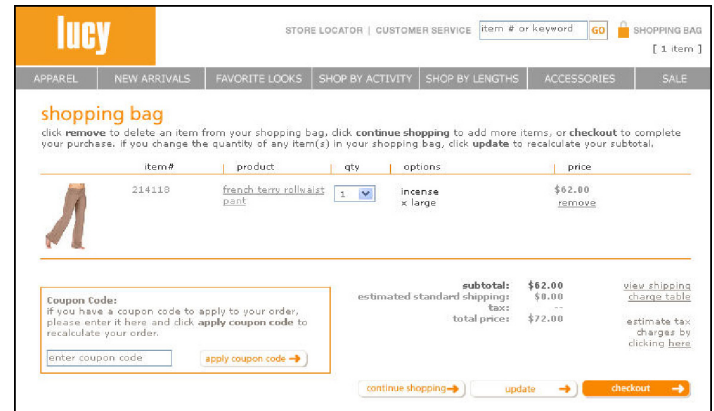
- Make shipping information ubiquitous. Shoppers should be cognizant of shipping costs early on their journey – certainly before they click from cart to checkout, and ideally even before they add items to the cart in the first place. Display links to shipping information on product pages and in the global footer; once in the cart, provide the exact cost for your default shipment method, with the option to view additional options.
- In the cart, provide tools for precise calculation. Let shoppers see an accurate estimate of their final transaction cost by allowing them to calculate tax, change the shipping method, apply discounts and add extras such as gift wrap. Doing so gives customers vital information early in the process, rather than on the final step of checkout – and prevents the surprises that cause checkout abandonment.

Data from the MarketLive Index proves the power of these best practices. One retailer saw a 14 percent decrease in checkout abandonment, and a 6 percent increase in conversions overall, after implementing improvements in the cart that put more information at shoppers' fingertips earlier on the path to purchase.

Pre-Cart Enhancements



Post-Cart Enhancements



The new shopping cart provides an array of information for customers. Not only can shoppers see the estimated shipping charges, but they can also click to calculate tax and to apply coupon discounts. The product photo provides visual confirmation of which product is in the basket, and in what color – allowing shoppers to see their items and make corrections before proceeding to checkout.

Enhanced Cart

	% Change
Checkout Abandonment	-14%
Conversion	+6%

Source: MarketLive Performance Index Q1-2007

Use Signposts to Drive Shoppers to Completion.

Shoppers forewarned of the total cost of their order still need assistance navigating the checkout process. If your site employs several pages for checkout, label each step prominently and place it in the context of the overall order so shoppers know how many pages remain at each step of the process.

Checkout is also a process fraught with security and privacy concerns, so move third-party certification badges into the main content area; link to your privacy policy from a statement emphasizing that customer information won't be resold. Displaying these signs of trustworthiness prominently will bolster customer confidence – and prevent abandonment in the final, crucial stage of purchase.

Conclusion: Making Analytics Matter

Armed with the metrics that form the “engagement matrix”, merchants can gain actionable insight into customer behavior on their sites. And with the MarketLive Performance Index serving as the benchmark for e-retailing, site owners have real numbers from merchants like them against which to compare their own results.

But that's only the beginning. Merchants have the best insight into their customer base and the metrics that uniquely measure success for their individual goals. And as new e-commerce trends develop, new benchmarks will emerge to define success and pinpoint areas for improvements. As the MarketLive Index continues to grow, we'll work in tandem with our leading merchants to develop fresh analytics insights; future updates to this report will be publicly available at www.marketlive.com, where MarketLive will continue to spotlight new data to track—and provide cumulative benchmarks as well effective tactics to drive overall e-commerce sales.

Winding through the mountains of data provided by analytics programs requires a substantial commitment on the part of e-commerce merchants. But the journey is one they must undertake in order to understand how visitors interact with their site, and how they can improve the experience to drive loyalty and sales. Using key metrics as a map, merchants can chart their course – and guide customers with finesse along the path to purchase.

Appendix I

Analytics Methodology for the MarketLive Performance Index

MarketLive Performance Index data is collected as follows:

- MarketLive Performance Index data is collected quarterly.
- MarketLive Performance Index data is reported as aggregate data
- All MarketLive Index merchants use the Omniture SiteCatalyst analytics package. SiteCatalyst reporting uses the following methods:
 - o Javascript tags, called beacons, are inserted into each page of a merchant website. When a customer visits a page on the site, the beacon makes the appropriate log into the SiteCatalyst to ensure that the vital statistics are collected for analysis.
 - o The beacons are used in conjunction with cookies placed on visitors' browsers, and/or virtual or regular cookies hosted via Omniture, to derive performance metrics.
 - o Merchants can specify IP addresses to exclude for sites that access their pages for monitoring and other purposes to avoid inflating the reported page view and session numbers.

• Specific metrics include:

- o Unique Visit reporting measures the number of individuals who visit the site for the first time within a certain time period. Omniture uses a variety of technologies to measure a unique visit—persistent cookies, IP addresses, user agent strings, or a combination thereof. The Unique Visit report provides a total for unique visitors with persistent cookies, along with an estimated total for additional unique visitors without persistent cookies.
- o Visit reporting measures the number of site visits by a calculation on the unique visitor cookie (placed on the visitor's browser), the page views by that visitor, and the visitor timeout period. If the visitor does not have persistent cookies, they are not included in the Visit report. Visits expire after 30 minutes of inactivity. Because Omniture Visit reporting relies on the persistent cookie, a percentage of visits is not captured by Omniture in the Visit report.
- o Return Visit reporting tracks visits to the site beyond the user's initial visit. Return visits are tracked through a virtual cookie kept at Omniture and through different technology from the Unique Visit or Visit reports. All visitors are displayed in the report—regardless of whether or not they have persistent cookies. This report includes anyone who has been to the site more than once since the site started using Omniture, starting with the second time they visited the site.

Appendix II

The MarketLive Performance Index: Detailed Charts

The following charts represent data from the MarketLive Performance Index, broken down according to industry and business type. Further categories will be added as appropriate as the Index grows.

Overall - Q1 2007

Conversion	AVG.
Overall Conversion Rate	3.96%

Abandonment	AVG.
Overall Cart Abandonment Rate	57.88%
Checkout Abandon Rate	51.13%

Revenue	AVG.
Average Order Size	\$153.75
Revenue Per Visit	\$5.14

Engagement	AVG.
“1-and-out” - % of all visits	32.94%
Visits to Carts	8.82%
Pages Per Visit	13.35
Time Per Visit (Minutes)	7.29
% of Sites with Reviews	32.00%

Source of Traffic	AVG.
Search Engines	25.13%
Bookmarked/Typed	31.71%
Other	43.15%

MarketLive Performance Index™ - Regularly tracked performance Indicators

Catalogers - Q1 2007

Conversion	AVG.
Overall Conversion Rate	5.44%

Abandonment	AVG.
Overall Cart Abandonment Rate	50.47%
Checkout Abandon Rate	49.79%

Revenue	AVG.
Average Order Size	\$182.13
Revenue Per Visit	\$7.57

Engagement	AVG.
"1-and-out" - % of all visits	33.11%
Visits to Carts	10.86%
Pages Per Visit	14.12
Time Per Visit (Minutes)	7.67
% of Sites with Reviews	17.00%

Source of Traffic	AVG.
Search Engines	19.26%
Bookmarked/Typed	38.47%
Other	42.27%

MarketLive Performance Index™ - Regularly tracked performance indicators

Apparel, Accessories & Footwear - Q1 2007

Conversion	AVG.
Overall Conversion Rate	5.00%

Abandonment	AVG.
Overall Cart Abandonment Rate	56.06%
Checkout Abandon Rate	49.96%

Revenue	AVG.
Average Order Size	\$133.98
Revenue Per Visit	\$6.65

Engagement	AVG.
"1-and-out" - % of all visits	30.91%
Visits to Carts	10.63%
Pages Per Visit	15.04
Time Per Visit (Minutes)	7.34
% of Sites with Reviews	30.40%

Source of Traffic	AVG.
Search Engines	24.63%
Bookmarked/Typed	38.93%
Other	36.43%

MarketLive Performance Index™ - Regularly tracked performance indicators

Housewares & Furniture - Q1 2007

Conversion	AVG.
Overall Conversion Rate	2.91%

Abandonment	AVG.
Overall Cart Abandonment Rate	63.02%
Checkout Abandon Rate	47.26%

Revenue	AVG.
Average Order Size	\$268.55
Revenue Per Visit	\$4.73

Engagement	AVG.
"1-and-out" - % of all visits	35.07%
Visits to Carts	6.84%
Pages Per Visit	12.35
Time Per Visit (Minutes)	7.30
% of Sites with Reviews	30.00%

Source of Traffic	AVG.
Search Engines	24.41%
Bookmarked/Typed	32.94%
Other	42.67%

MarketLive Performance Index™ - Regularly tracked performance indicators



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