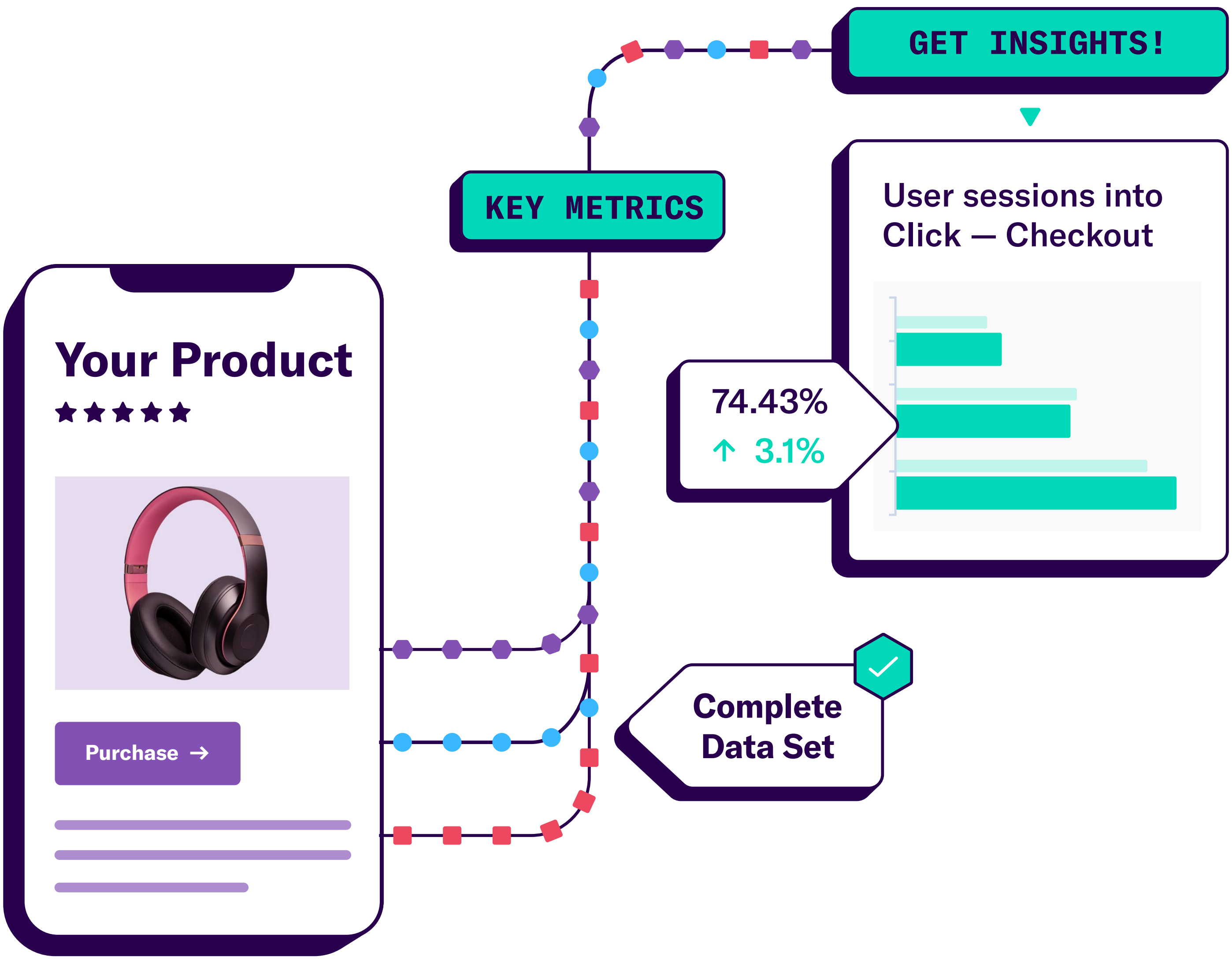
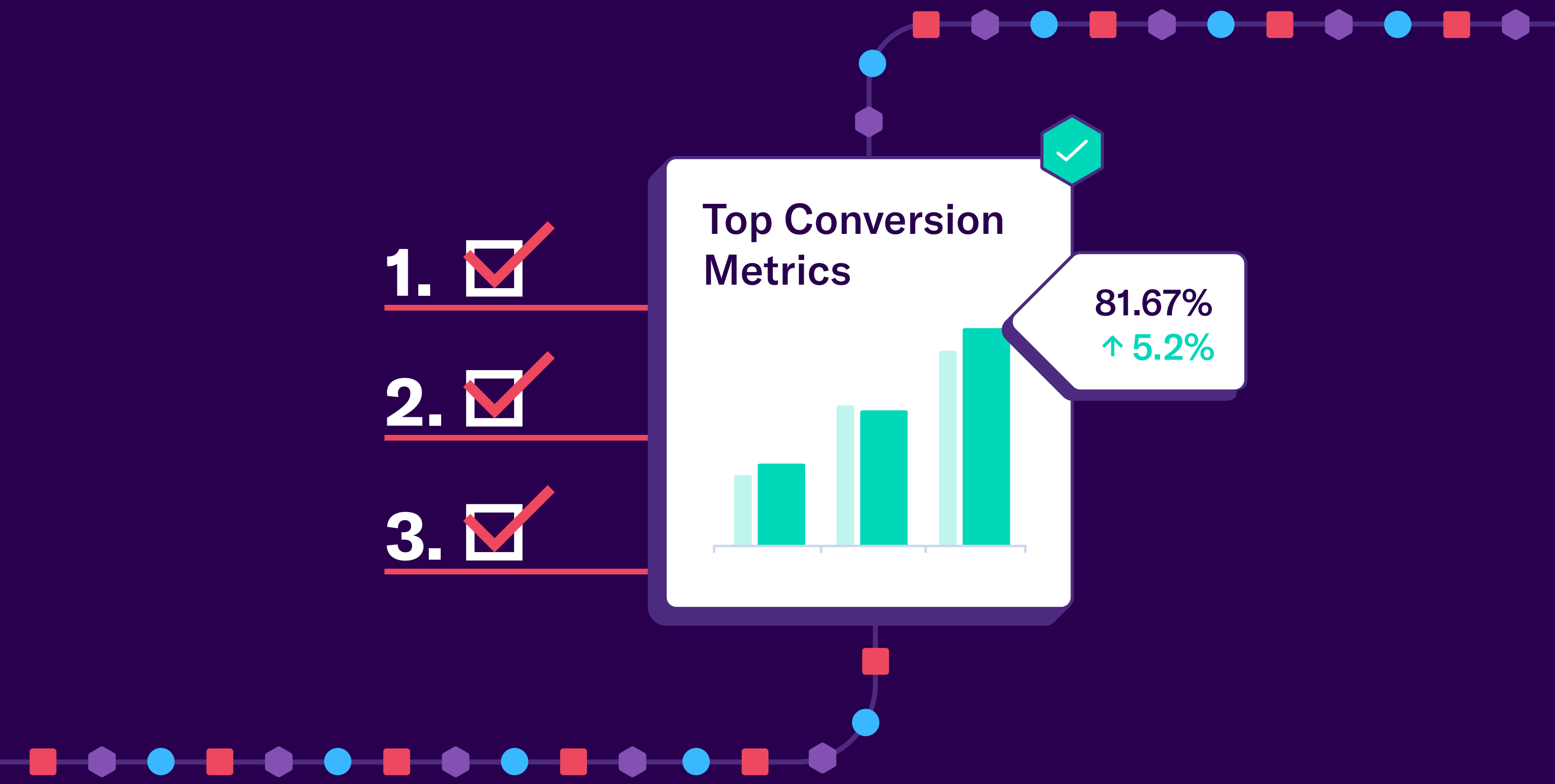
# Top 12 eCommerce Metrics

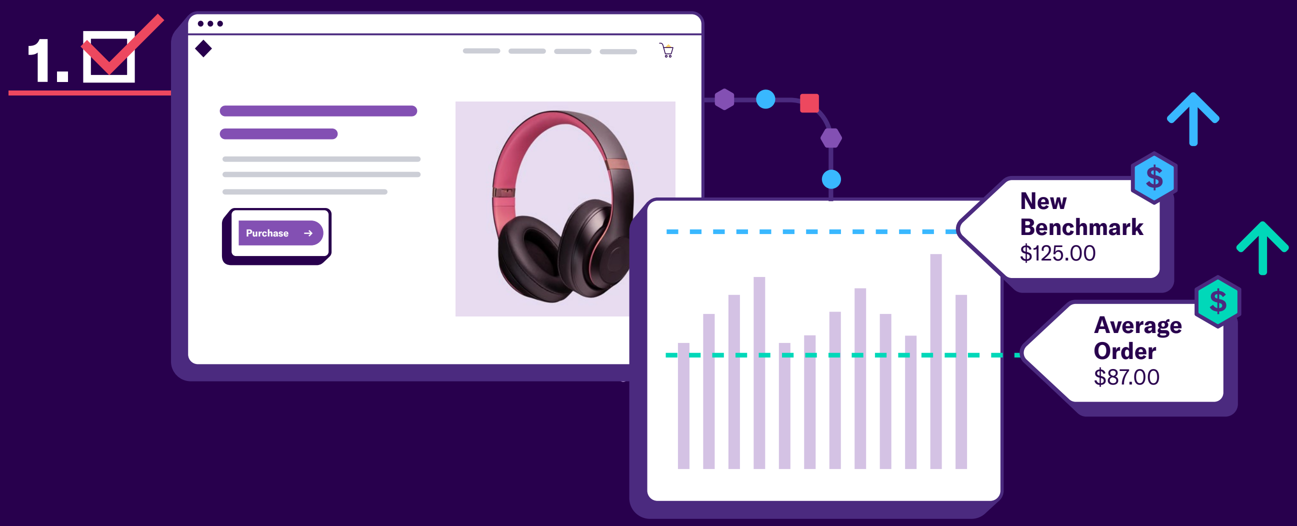
*Boost conversion and increase order value with this essential list*






*When it comes to measuring success for your eCommerce business, there are countless metrics that you can use. It can be overwhelming to figure out! The key is narrowing down your focus to the metrics that matter most, and then making sure that your organization has a shared meaning of those metrics so that you're all on the same page when it comes to building a great shopping experience.*

*Whatever your goals are for this year — whether boosting conversion, decreasing customer acquisition costs (CAC), or increasing your average order value (AOV) — the following top 12 eCommerce metrics will help you stay on track.*




# 1. Average Order Value (AOV)

**Average Order Value is the average amount customers spend on each purchase.** Once you know how much customers typically spend when they buy from you, you can strategize about how to boost that number.

Calculating your AOV is simple. Take your total revenue over a given period of time and divide it by the number of orders placed during that same time. For example: if your total revenue for the month was $500K, and you had 2,500 orders placed that month, then your average order value would be $200.

**PRO TIP**

If you've already got a good handle on your general AOV, then consider breaking it down by device, time zone, or target audience. Be sure to keep an eye out for anomalies (like a few super high or low order values) that skew your average.

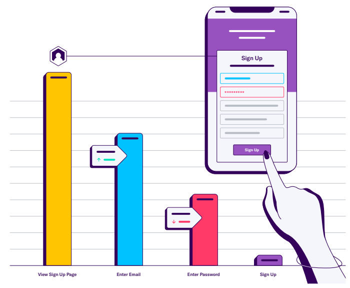
**AOV = (total revenue) / (total # of orders)**

# 2. Conversion Rate

Building inbound traffic is great, but it's only worth it if you can turn those visitors into paying customers! That's why it's so important to know what your conversion rate is and how you can improve it.

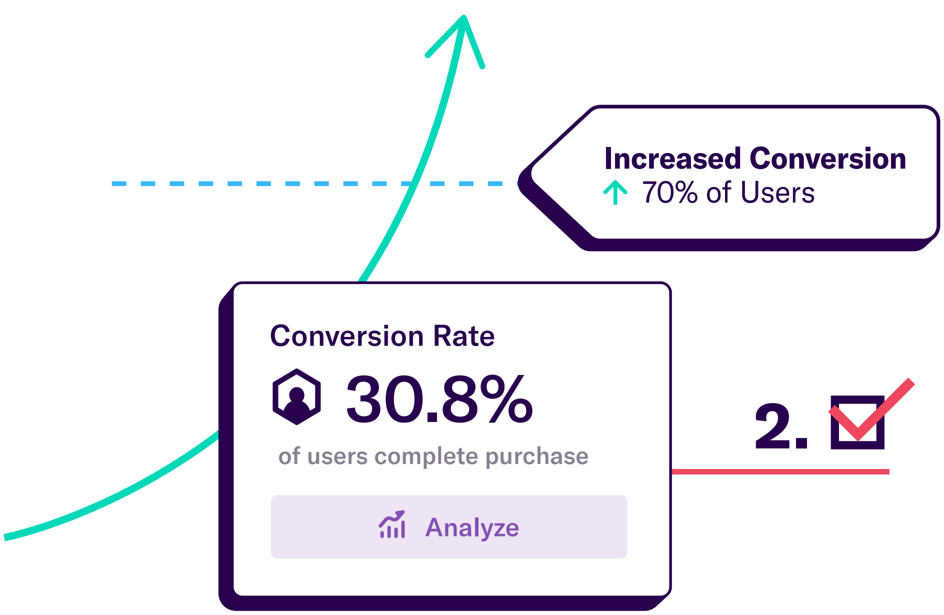
**Conversion rate is calculated by dividing the number of visitors who make a purchase (i.e. convert) by the total number of visitors to your site.** Multiply this number by 100 to get the percentage rate.

**CR % = ( # of visitors who convert / total # of visitors ) x 100**



Check out our **eComm Guide to Conversion Rate Optimization** for a systematic approach to improving your conversion rate.

A higher conversion rate means that you're targeting the right audience, working efficiently, and creating an experience that makes the value of a purchase clear to each customer.



# 3. Customer Lifetime Value (CLV)

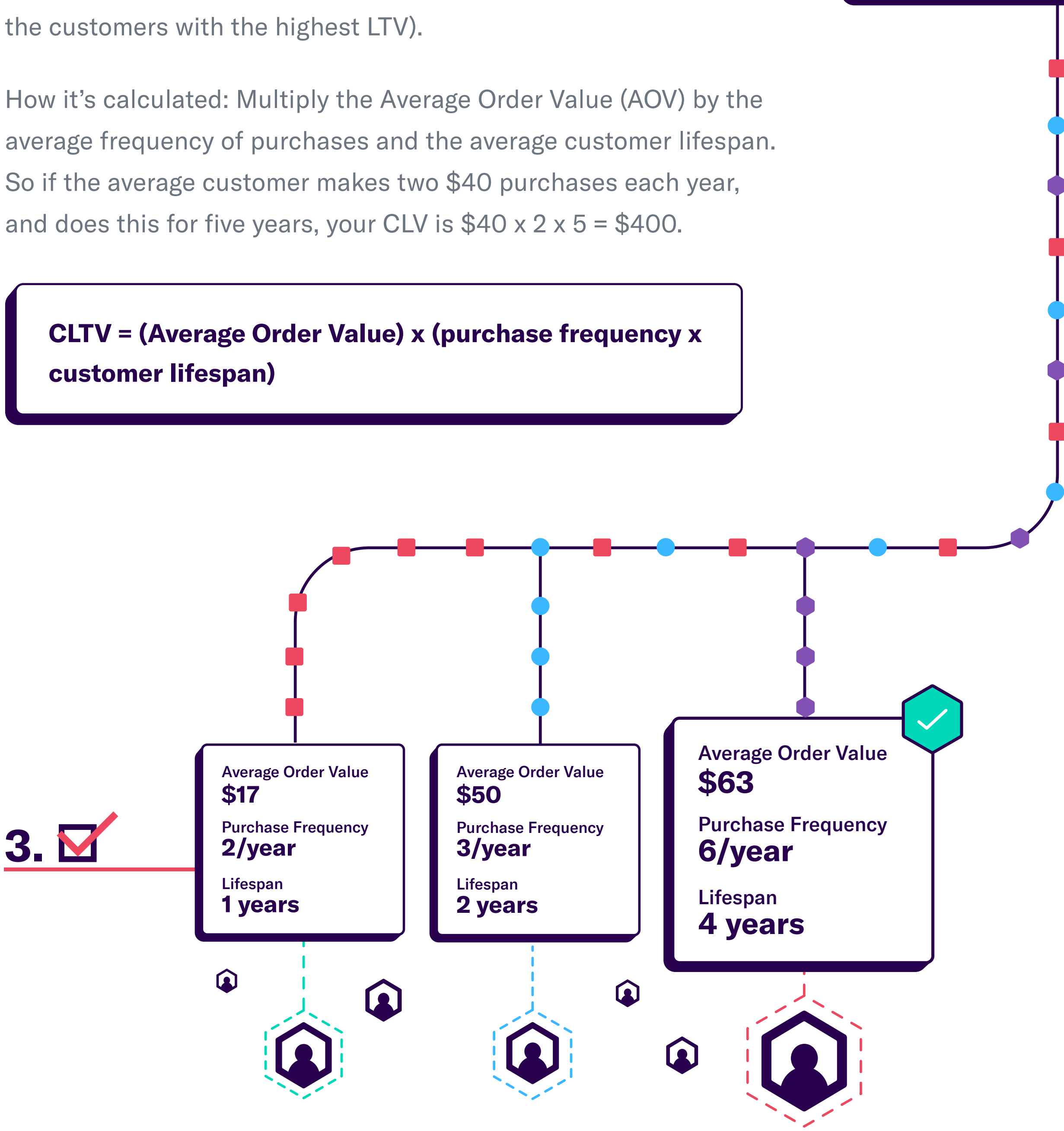
**Customer Lifetime Value (also known as CLTV, CLV, or LTV) is the amount the average customer spends on your product during their relationship with the company.** It's useful for understanding how much you should spend to acquire customers, and for identifying the customers you should be pursuing (hint: it's usually the customers with the highest LTV).

How it's calculated: Multiply the Average Order Value (AOV) by the average frequency of purchases and the average customer lifespan. So if the average customer makes two $40 purchases each year, and does this for five years, your CLV is $40 x 2 x 5 = $400.

**CLTV = (Average Order Value) x (purchase frequency x customer lifespan)**

## PRO TIP

Investing in personalization and customer support can go a long way towards improving your CLV.



# 4. Cart Abandonment Rate

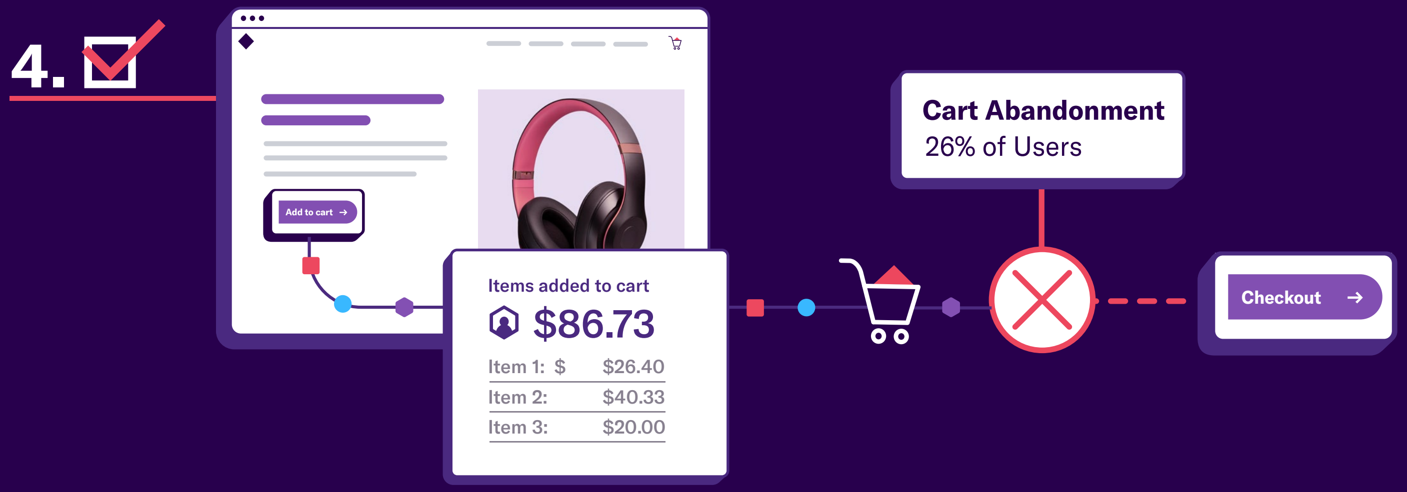
**Cart abandonment rate is the percentage of customers who add items to their shopping cart but fail to complete their purchase.** You can calculate your cart abandonment rate by dividing the total number of completed purchases by the number of shopping carts created. Then subtract that number from one and multiply by 100 to get the percentage.

**Cart Abandonment Rate = (1 - (# of completed purchases / # of shopping carts created)) * 100**

There's nothing more painful than seeing potential customers who make it all the way to the checkout screen leave your site before they submit the payment.

## PRO TIP

A [good analytics tool] can show you all of the actions that customers are taking in your checkout flow and can help you identify what might be causing customers to drop off at the last moment.



# 5. Customer Acquisition Cost (CAC)

**Customer Acquisition Cost (CAC) is the average amount your company spends to acquire a new customer.** CAC is useful for measuring the efficiency of marketing and sales activities, and for knowing if the amount your company spends to acquire new customers is worth the revenue they bring in.

How it's calculated: Divide the total cost of marketing and sales activities by the number of users who become new customers.

**CAC = Total cost (marketing + sales) / Number of new customers**

## PRO TIP

You can work to lower your CAC by refining your audience targeting and optimizing your conversion funnel — both ongoing efforts that benefit from ongoing experimentation over time.

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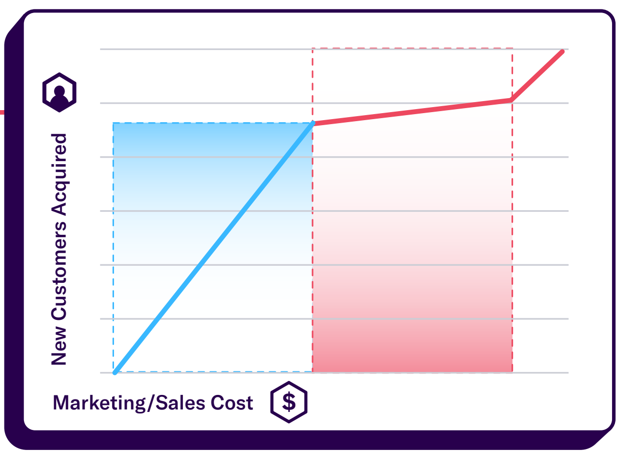



**Effective Customer Acquisition**

13.33 CAC

Marketing Cost: $14,000

New Users: 1050 new users

**Ineffective Customer Acquisition**

206.18 CAC

Marketing Cost: $40,000

New Users: 194 new users

# 6. Add-to-Cart Rate

**Add-to-cart rate is a great way to track your customers' intent to purchase items on your website.** To calculate your add-to-cart rate, divide the number of sessions during which customers added an item to their cart by the total number of sessions for a certain time period. Then just multiply by 100 to get the percentage.

**Add-to-Cart Rate: (sessions with cart item viewed) / (total sessions)**

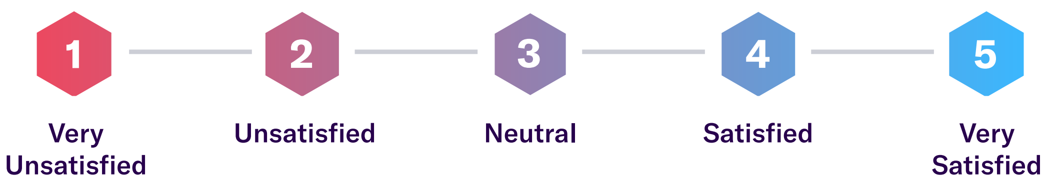
## PRO TIP

Consider adding a live chatbot that can encourage hesitant shoppers by answering common questions they might have about your products.

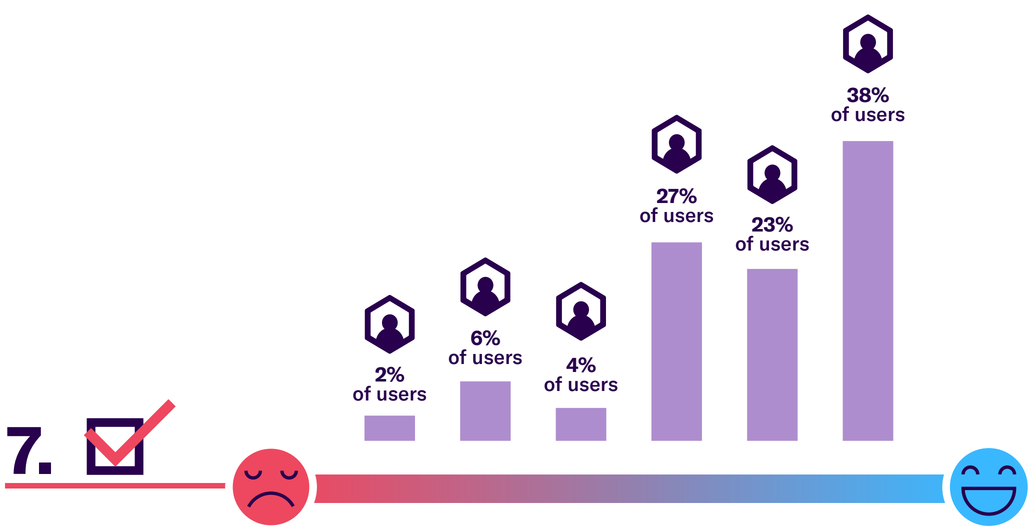
To improve this metric, take a closer look at the placement of the add-to-cart buttons on your website: are they clearly visible? easily accessible on every product page?

# 7. CSAT Score

CSAT is short for **customer satisfaction score**, and is a good measurement for your product quality and standard of customer service. Typically, the score is generated from your customers' response to the question: "How would you rate your overall satisfaction with the [goods/service] you received?" with possible answers ranging on a one-to-five scale:




You can then calculate the average from your responses to get your CSAT score. Whether you ask your customers through a survey, email, pop-up, or even SMS, this question is a quick and easy way to gauge how customers are feeling about your products.



# 8. Repeat Customer Rate

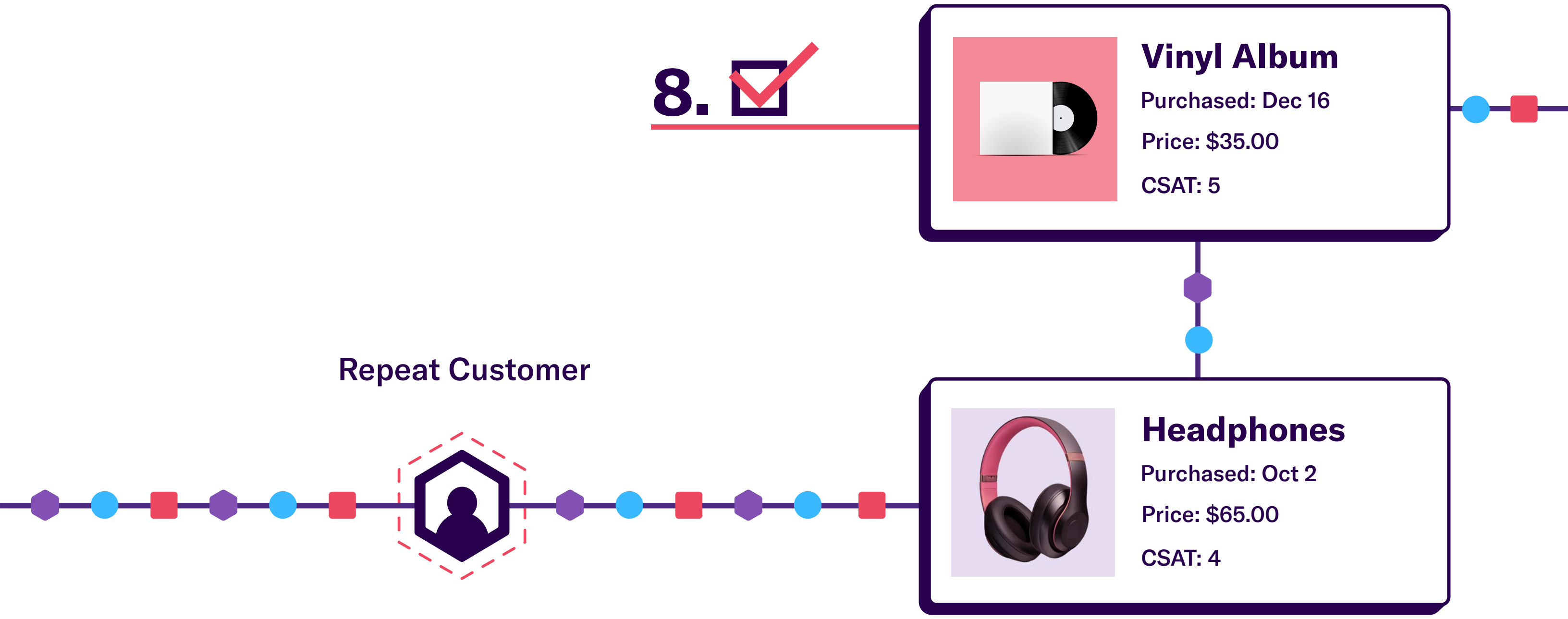
**Repeat customer rate is the percentage of your customers who have made more than one purchase from your online store.** This only includes those customers who have successfully completed at least two purchases — not those who still have their second intended purchase sitting in their cart.

To calculate this, take the number of your repeat customers and divide that by the total number of customers; then multiply by 100 for the rate.

**Repeat customer rate = (# of repeat customers / total # of customers) x 100**

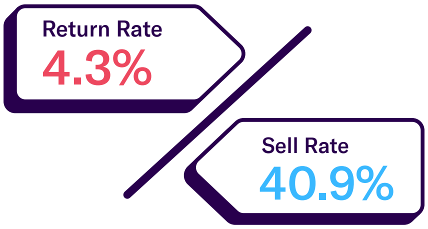
## PRO TIP

This metric is also great at indicating your customers' overall satisfaction with your products. If they love them, they'll keep coming back for more.



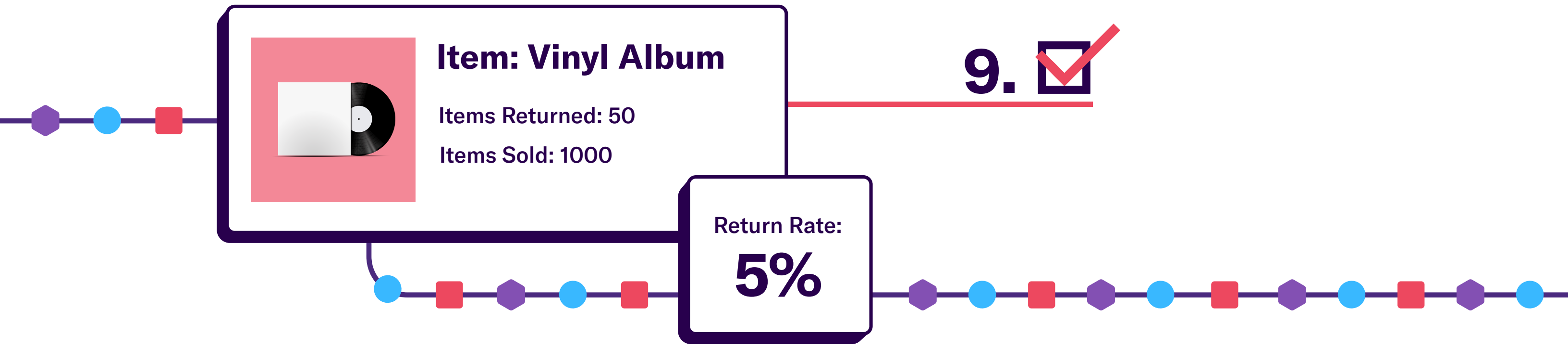
# 9. Return/Refund Rate

**Your return rate measures the number of items that were returned versus the total number of items that were sold.** That calculation looks like this:




**Return Rate = ( # of items returned / # of items sold) x 100**

You can calculate your refund rate the same way; however, it's important to consider its business impact as a distinct metric. If customers are returning your products and wanting to be refunded (i.e. not interested in exchanges), this could impact your repeat customer rate and overall customer retention.



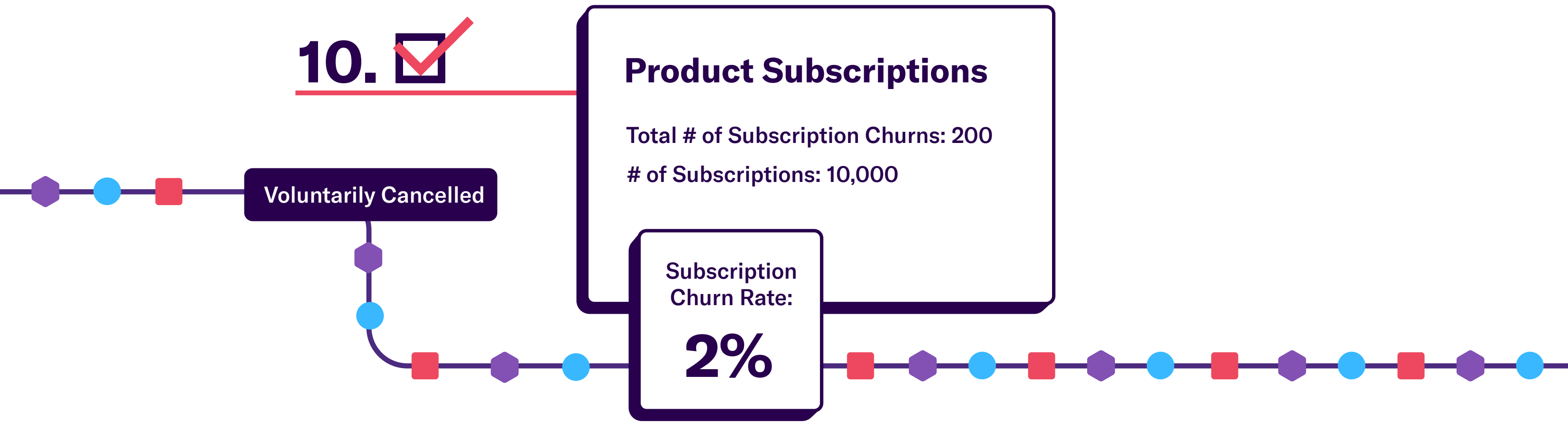
# 10. Subscription Churn Rate

**Subscription churn rate is generally calculated on a monthly or yearly basis by dividing the number of churned subscriptions by the number of subscriptions at the beginning of the selected month or year.**

**Subscription churn rate = (total # of subscription churns / # of subscriptions at beginning of selected time period) x 100**

## PRO TIP

When looking at the number of scriptions that churned, it's important to distinguish between those that were involuntarily ended (i.e., the subscription term ended and wasn't renewed) versus those that were voluntarily cancelled.

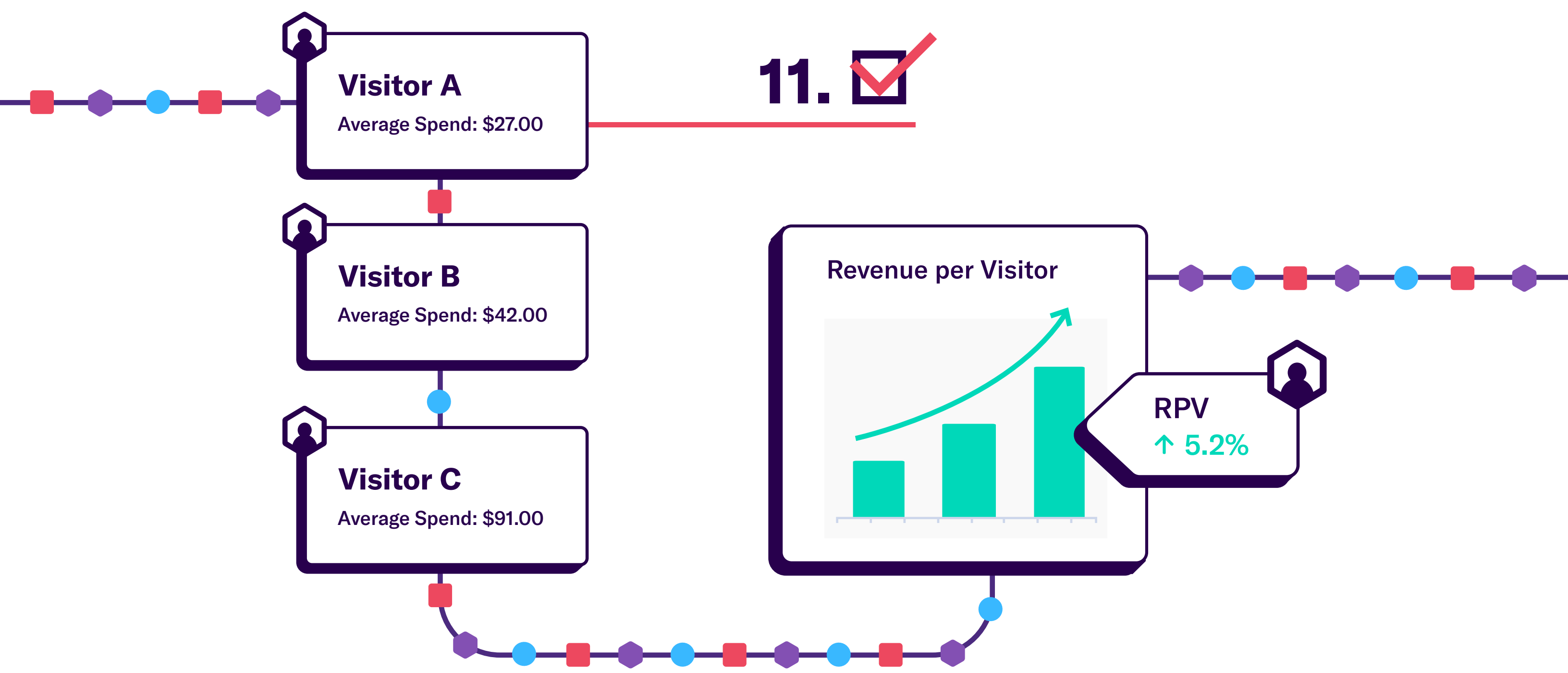


# 11. Revenue per Visitor (RPV)

**Revenue per visitor tells you how much revenue you're getting from each visitor to your website.** It takes your Average Order Value and number of conversions into account to give you a more complete picture of the value that you're getting from each customer.

**RPV = total revenue / total unique visitors (checkouts)**

Increasing your RPV means converting more visitors into paying customers (improving your conversion rate) and increasing the amount that customers spend per conversion (boosting your AOV). With that in mind, you can rewrite the equation for RPV like this: RPV = AOV x Conversion rate.



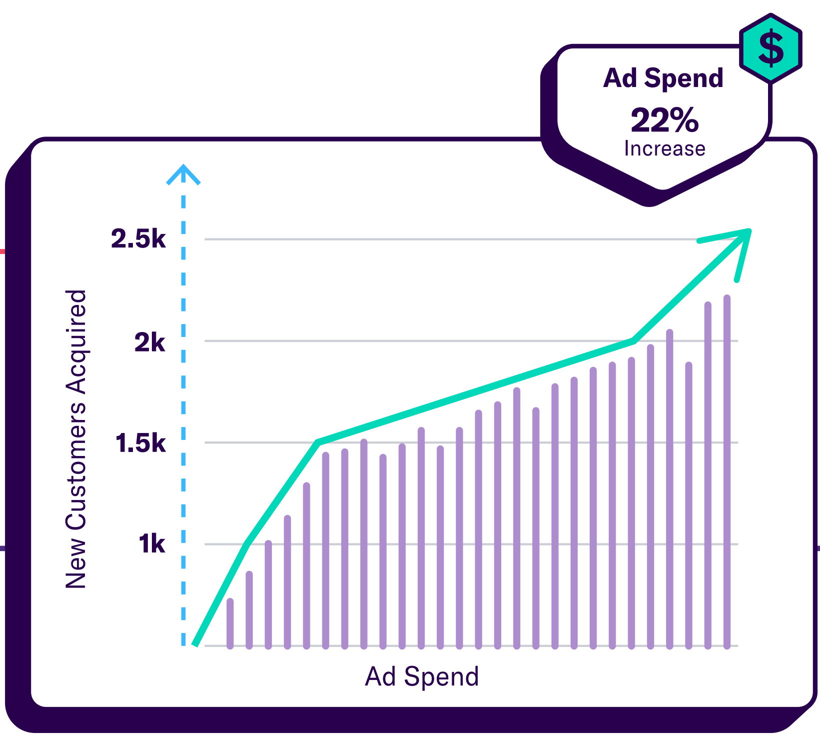
# 12. LTV-Based ROAS

Return on Advertising Spend (ROAS) is the amount of revenue generated per dollar spent on ads. ROAS looks at how effective your ad spend is in the short term. **Lifetime value-based return on ad spend (LTV-Based ROAS) measures the long-term value of your advertising efforts.**

LTV-Based ROAS combines the lifetime value of customers with the return you get on your ad spend so you can get an idea of how effective your marketing is over the long haul. Here's how you calculate it:

**LTV-Based ROAS =**
**(new customers acquired x LTV) / (ad spend)**

12.



# Move the needle on your metrics

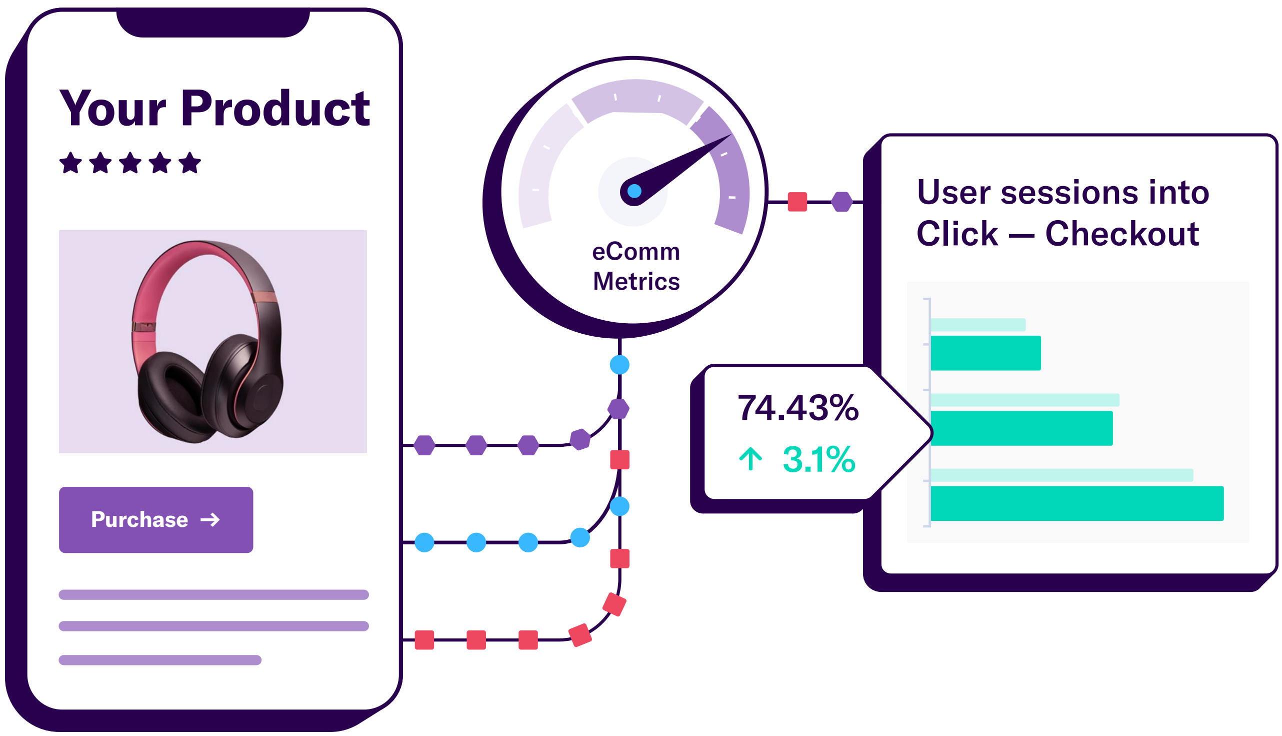
Now that you know which metrics matter most for eCommerce businesses, how do you go about improving on them? The simple answer: see how people are interacting with your website, figure out what's working and what isn't, then experiment and iterate.

A **Digital Insights Platform** can help you do all these things by telling you who's visiting your website, what they're doing, and why. With those insights, your team can answer questions like:

- **What behaviors drive conversion, repeat purchase, and brand loyalty?**
- **Does leaving reviews or reading reviews generate higher order values?**
- **Where should I allocate my spend based on channels that drive the highest LTV?**

Check out our **playbook for eCommerce metrics** — we'll show you how to create a dashboard full of reports that track how your customers' behavior maps up to these top 12 metrics and more.

Happy selling!



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