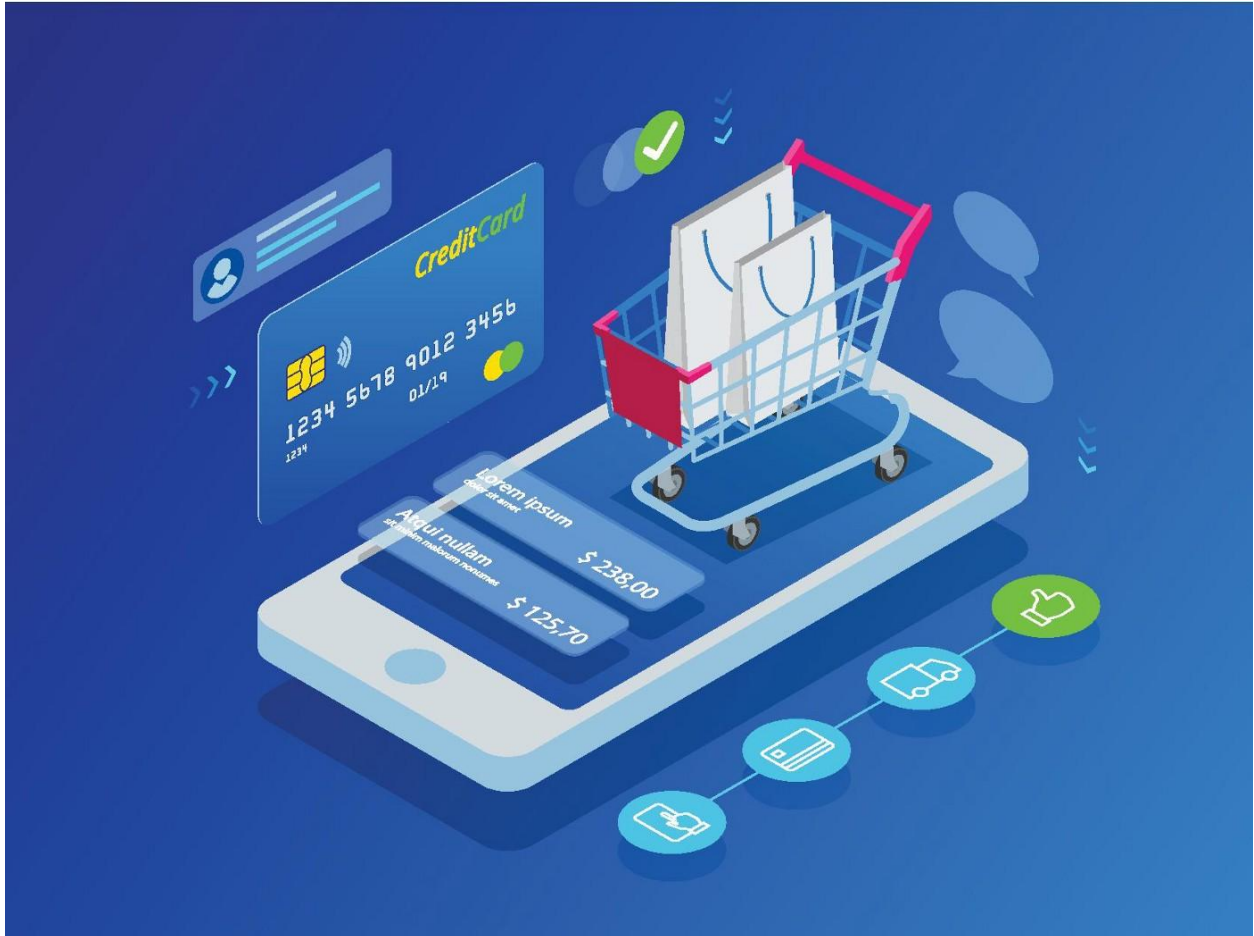# E-commerce Analytics: Let's Talk About Conversions

E-commerce analytics are essential for tracking your business's growth.

This is the fourth in a series of posts about e-commerce and beverage alcohol. The

previous post provided an outline on how to identify and track your best customers:

Customer Behaviors: How to Track Your Best Customers.

E-commerce is currently at an all time high due to the climate presented by the Covid-19

pandemic. According to McKinsey, e-commerce in the United States has experienced 10

[years of growth in the first 3 months of the pandemic.](#) The reason that it is crucial to understand key performance metrics and data is because it provides guidance and helps any business in making data-driven decisions. Since the e-commerce environment is rapidly changing along with consumer preferences and expectations, it is essential to understand behavioral data and forge a personalized user experience. This post intends to outline crucial steps in tracking your e-commerce performance and conversions using a variety of metrics that will help you capitalize on Thirstie's data offerings.

What is E-commerce Analytics?

E-commerce analytics is a tool that allows businesses to understand onsite consumer behavior and track steps in the entire purchasing process. Since there are a variety of metrics and data points within e-commerce analytics, you are given a multitude of perspectives which capture exactly what your users are doing on your site. Each metric is important in its own way, but depending on the nature of your business and industry (which in this case focuses on the beverage alcohol industry), there are certain components of e-commerce analytics that might better help mold your decision making process. In particular, in the beverage alcohol industry, the brand is not involved in the fulfillment of the order. Fulfillment is a transaction solely between a licensed retailer and the consumer, but you can track what the consumer does on the website and when the customer decides to purchase. Thirstie Access employs the power of enhanced

e-commerce tracking using a variety of web analytics tools which collect data across the different steps of the customer journey.

We have previously discussed essential metrics that relate to [customer acquisition and retention,](#) along with [customer behaviors and demographics](#) — once you have managed to track how you are bringing customers to your site, the next step is to understand conversion specific e-commerce metrics that can help you uncover different behavioral trends on your website.

Conversion Metrics: The Key to Your Success

In e-commerce, the term conversion is used when a visitor to your website is converted into a consumer, but there are several steps that come before the final transaction which are significant for you to understand. Many visitors may come to your site, add a product to your cart, initiate a checkout but they might not make it to the final transaction. Understanding these metrics can help you improve any areas of or events within the checkout process which might be preventing the final purchase from occurring.

Conversion metrics are essential for understanding your overall performance.

Conversion rates can be split into two different types: *session-based conversion rates* and *user-based conversion rates*. A *session* can be thought of as a visit to your website. Session-based conversion rates are measured by dividing the number of transactions by the total number of sessions, whereas a user-based conversion rate is calculated by dividing the number of transactions by the total number of users. Since a single user can account for multiple sessions, we focus on the user-based conversion as a more robust

metric to use. [The industry benchmark for the median user conversion rate for 2020 is set at 2.3%.](#)

*User Conversion Rate % = [(#) transactions / (#) users] * 100*

When observing conversion rates, we can further dissect them to understand which acquisition channel is driving the highest transactions per user, in order to understand how these channels are performing. Overall, Thirstie Access has seen the highest user conversion rate coming from Email, Referrals, and Direct channel groupings. From a year to date standpoint, conversions from the above channels for Thirstie Access are 4.96%, 2.07% and 1.26% respectively.

In addition to tracking conversions by acquisition channel, it is also helpful to understand how different device types play a role. For example, we see that mobile devices are playing a huge role in acquiring a higher volume of traffic, as the majority of the users are coming from this customer segment as compared to desktop. However, the overall user conversion rates between desktop and mobile devices are not too far apart, which could indicate that there is a larger portion of transactions taking place on desktop devices.

Understanding your average order value is another essential metric to track, as it helps gain greater insight into the average dollar amount a customer spends when making a

purchase from your website. In general, increasing your average order value is an effective way to increase overall revenue, so a higher value is preferred. Since the beginning of the pandemic up until now, the average order value for the alcohol e-commerce industry as a whole has been growing in a positive direction. The average order value for Thirstie Access brands across the whole spectrum of price points is currently $95.94. It can be helpful to dive deeper into the average order value and segment it by different customer demographics like geographic location, device types, gender, and age groups.

Average Order Value ($) = ($) total revenue / (#) orders placed

Abandonment Metrics: Tracking Users Who Drop-Off

Shopping cart abandonment is a helpful measure of site behavior because it highlights the number of visitors that add something to their cart but then leave your site without making a purchase. It shows the rate of interested potential customers who leave without buying anything, compared to the total carts created. Essentially, this number should be on the lower side, as a higher than usual rate could indicate that there are issues with the checkout process. Recent studies have shown that the average cart abandonment rate for the e-commerce retail industry is currently 74.52%.

*Shopping Cart Abandonment Rate % = [1 — [(#) completed purchases / (#) shopping carts created]] * 100*

Checkout abandonment rates are also a critical metric, as they capture how many visitors initiate a checkout process, but then leave your site without purchasing anything. While it is similar to cart abandonment, it helps navigate whether or not there are any issues within the checkout process itself that is triggering abandonment. This metric can be improved using a variety of strategies such as offering different payment methods, free shipping or promotions, targeting your ads, or using abandoned cart email campaigns to recover users.

*Checkout Abandonment Rate % = [1 — [(#) completed purchases / (#) initiated checkouts]] * 100*

Conversion Metrics Matter, But How Can We Improve Them?

Different customer demographics will display different conversion metrics.

Optimizing for an overall higher conversion rate and conversion specific metrics is a good approach at improving your overall profitability and measuring the effectiveness of your e-commerce performance. In addition to understanding what each of these metrics imply towards your businesses performance, it is also important to understand how you

can improve them over time. You should take note of the fact that benchmark data does not mean that your business has to reach that same target, rather it allows you to realistically establish a target for your brand in particular.

There are a few ways in which you can work towards improving your conversion rates and really focus on targeting a particular audience and attracting them towards your brand to turn them into paying customers. By sharpening your online advertising, you will be able to stand out against competitors and engage visitors towards your site better. This allows you to not only help promote your brand and product, but also ensure that any discounts, promotions and offerings are being effectively communicated to your audience and can help boost sales. Another important step is to optimize your landing page and try out different approaches to see how your conversions are being impacted. Allowing yourself to better understand your customer demographics can also help you tighten focus on a specific consumer group and drive your conversion in a positive direction. It is also important to note that conversions vary for different demographic groups, so utilizing demographics can help you determine which strategies work best for your target audience.