

e-commerce STUDY

2015 -v- 2014

with special attention to 2015 retail.





45%

GROWTH IN ONLINE REVENUE IN 2015

MOST POPULAR DEVICES FOR E-COMMERCE TRAFFIC



Mobile

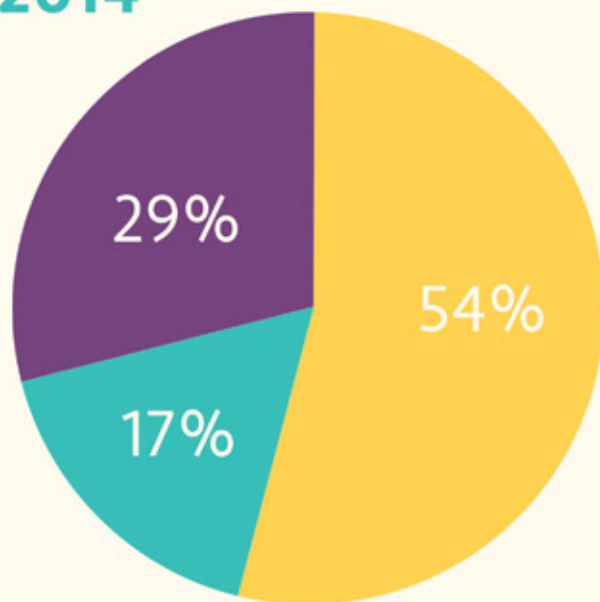


Desktop

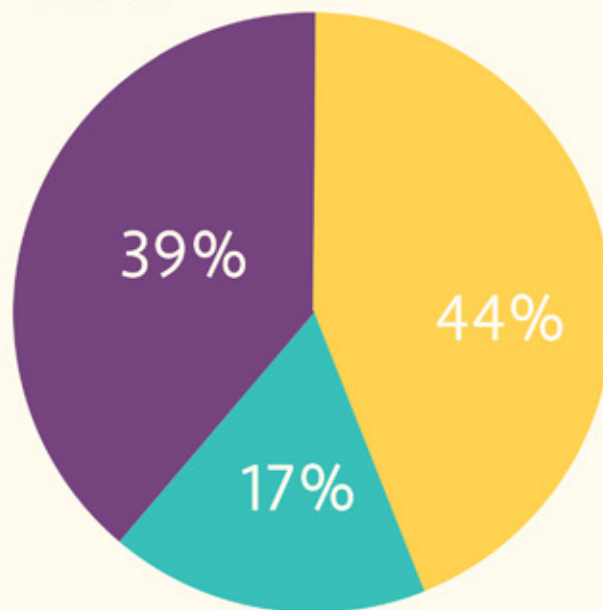


Tablet

2014



2015



Irish e-commerce merchants enjoyed 45% growth in online revenue in 2015.

GNP grew by 5% over the same period. Comparing figures we find that Ireland's online economy is charging ahead 9 times faster than the economy at large.

Traffic to e-commerce websites grew by 27%. This was largely driven by mobile traffic which has surged by 39% and overtook desktop as e-commerce traffic's most popular device in Q4 2015. No doubt, Christmas shoppers browsing in-store to buy online fuelled this increased mobile activity.

2015 WAS

THE YEAR OF

MOBILE
GEDDON



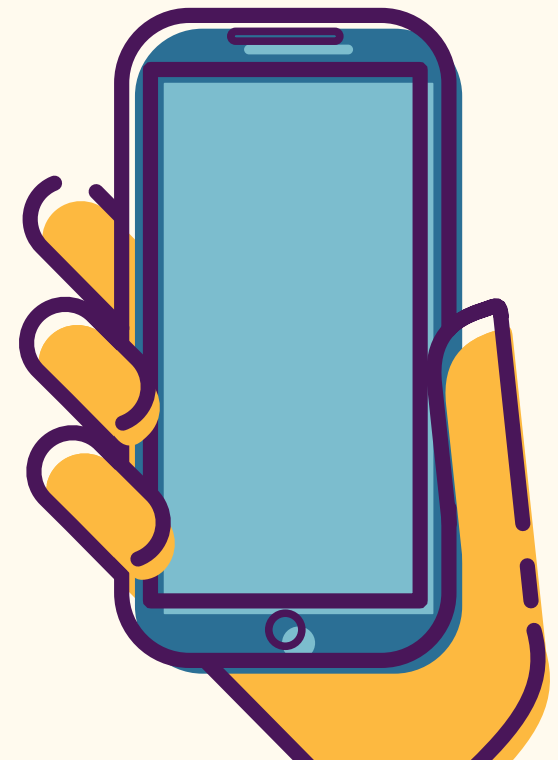
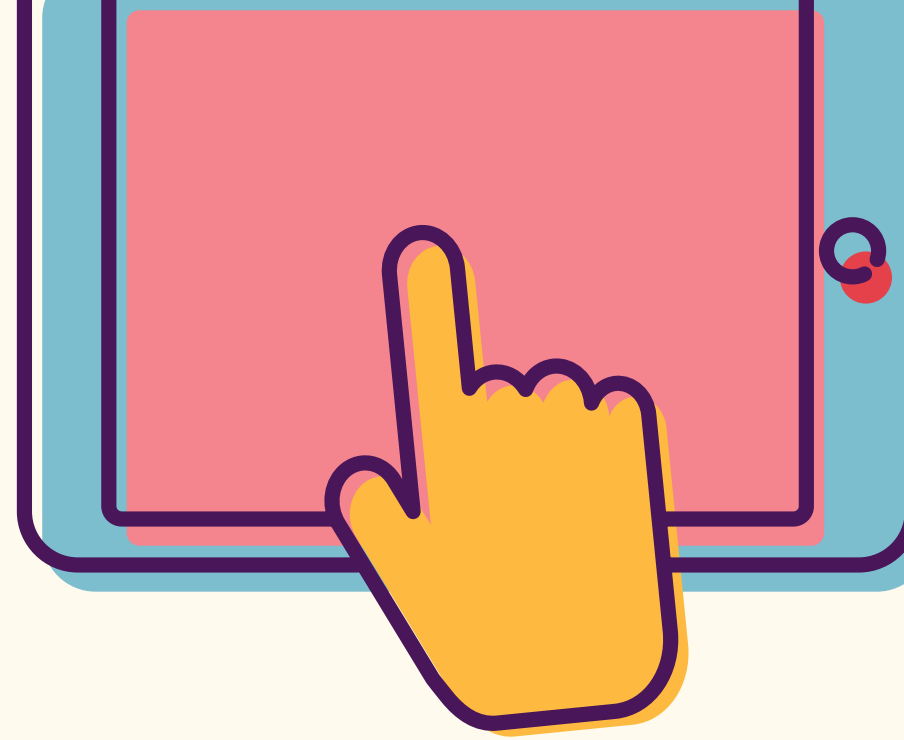
G'WAY OUTTA THAT



2015 was, of course, the year of 'Mobilegeddon'.

Google threatened to reduce traffic to websites that weren't mobile optimised with an algorithm update that would favour 'mobile-friendly' websites and label them as such in the search results. Their bark was worse than their bite; not a single website in the study saw a decrease in mobile traffic, despite there being a number of non-mobile optimised websites contributing data. However, those who didn't invest in mobile optimised websites in 2015 will benefit greatly from doing so in 2016 as Google's search ranking edits often iterate over a longer time period.

This means that those who escaped punishment this time around are still vulnerable to losing valuable search traffic from growing mobile searches in 2016 and beyond.



AVERAGE ORDER VALUE GREW BY 10%



Number of transactions increased by 30%. As more and more retailers roll out free delivery and free returns the obstacles to buying online are increasingly being removed. Add to that the proliferation of pickup services such as Parcel Motel and it's clear that it's never been easier to shop online.

Average order value grew by 10%. One of the factors influencing this growth in spend per transaction is the fact that repeat purchasers spend more, sometimes as much as double what first-time purchasers spend. So as an e-commerce merchant grows its base of repeat customers its average order value grows in tandem.

TOP PERFORMERS

We recognise how lucky we are to have access to such a broad data set, so we took the opportunity to mine the information to try to find common characteristics among the top performing websites. We've looked at the top 20% of participants in terms of revenue growth year on year which revealed the following commonalities among them:

1. Top performing websites got more than 50% of traffic from mobile devices.

2. While conversion rates improved marginally, it was greater traffic levels which drove revenue growth. By and large, this increased converting traffic came from Google search, both paid and organic.

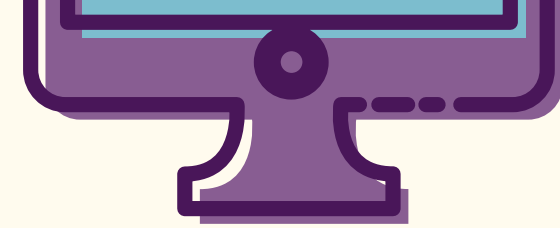
3. The top performing retailers all embraced Black Friday and enjoyed 5 times greater revenue growth year on year on Black Friday 2015 than the study average.

4. Social traffic didn't make a marked direct response impact.

5. Email, perhaps surprising to some, was a common top source of traffic. Email delivered 10%+ of total website traffic and 10%+ of total revenue for nearly all of the top performing websites. An oldie but a goodie.

6. Ad blockers had no impact on traffic levels despite their increased mobile exposure and becoming a chief talking point in digital media this year. This is due to the fact that display advertising, which is the root cause of and focus of ad blocking, is a negligible traffic source for all the top performing websites.

7. Last but not least, exporting. Top performing websites are selling to the literal world wide web and enjoyed, on average, 20% more international revenue than the study average.



Q4

YEAR ON YEAR GROWTH Q4, 2015



Q4 is make or break for retailers. Quarterly revenue figures tend to double in what retailers dub 'The Golden Quarter'. For this reason, we've split our retailers' data and analysed their performance over the critical Q4 period.

According to our data, online retailers enjoyed bumper revenue growth of 54% year on year in Q4 2015.

Website traffic increased by 28% over the same period.

Retail Excellence Ireland report that overall retail sales grew by 6% in Q4. When we compare their findings with ours we see that the retail sales of the online cohort of retailers is growing a dramatic 9 times faster than the combined offline and online retail market.



BLACK FRIDAY

REVENUE INCREASED

116%

YEAR ON YEAR



There were a couple of factors contributing to the unstoppable momentum of e-commerce in Q4 2015. December was the wettest month on record in the British Isles in over a century. The rainy weekends kept shoppers away from the high street, preferring to shop from the comfort and convenience of their sofa.

However, the big story from Q4 is the extreme impact of the Black Friday phenomenon here in Ireland. Retailers slashed prices to attract customers to spend big and spend early. In 2014, 1 in 4 of our study participants enjoyed their biggest online take of the year on Black Friday. In 2015 it was 1 in 2! On average, retailers saw 116% revenue growth compared to Black Friday last year.

Savvy shoppers seeking big ticket items were gripped by a midnight shopping frenzy. Some retailers saw average order values triple in the hours after midnight when offers went live.

It is evident that Ireland's online economy thundered ahead in 2015. Irish consumers are squeezing significantly more 'mobile moments' into their days which is driving more online traffic and in turn more online revenue. Smart e-commerce merchants with sophisticated online marketing strategies which are utilising multiple online channels are reaping the rewards, big time!

As the economy loosens up and online shopping habits become further embedded, we can expect the online opportunity to continue to flourish in 2016.

THE SCOPE OF THE STUDY

Wolfgang Digital measured the growth in online shopping by comparing e-commerce data from 2014 and 2015.

We analysed traffic and revenue. The e-commerce websites that took part in the study are in the retail and travel verticals, with a combined revenue in excess of €100 million in 2015.

They represent 2% of the Irish e-commerce spend.

Average figures were used so the websites with larger turnover didn't skew the findings.

Contributing companies include:

Lifestyle Sports

The Kilkenny Shop

Littlewoods Ireland

McElhinneys

VOYA

The Guinness Storehouse

Camino Ways

WOLFGANG DIGITAL

Wolfgang Digital, *the digital marketing scientists*, are a dublin based digital marketing agency. They are current holders of the “**Best Agency Award**” in Ireland and recently won the coveted “**Grand Prix**” prize in the **European Search Awards** in Berlin.



WOLFGANG DIGITAL

Wolfgang Digital offer a range of digital marketing services and are particularly adept at helping businesses boost their online revenue. If you want to talk to us drop an email to brendan@wolfgangdigital.com