

E-COMM  REPORT

2015 Q2

TRAFFIC TO IRISH
E-COM SITES UP



28%

YEAR-ON-YEAR

LET'S TALK ABOUT TRAFFIC

Traffic is the foundation of all online activity.

Whether a purchase is completed

in-store, over the phone or online, all purchases influenced by online must register as traffic first.

Traffic to Irish e-commerce websites was up 28% in Q2 compared to the same period last year.

WHAT CHANGES IN USER BEHAVIOUR ARE DRIVING THIS INCREASE IN TRAFFIC?

Let's look at devices used to

gain insights into people's online behaviour.

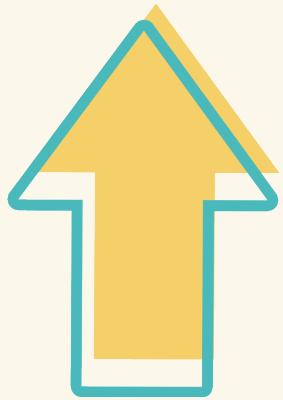
Desktop (inlc. Laptop) is holding it's own. Although it's share of traffic decreased from 54% to 46%, the volume of desktop traffic in Q2 actually grew by 9% . The desktop enjoys a captive audience between 9am-5:30pm and the laptop is still the sofa and bed device of many.

So if desktop's share is decreasing, is tablet benefiting? In short, no. Tablet's share of traffic is holding steady. Surprisingly the surge in mobile usage is not increasing tablet's share of traffic as you might expect.

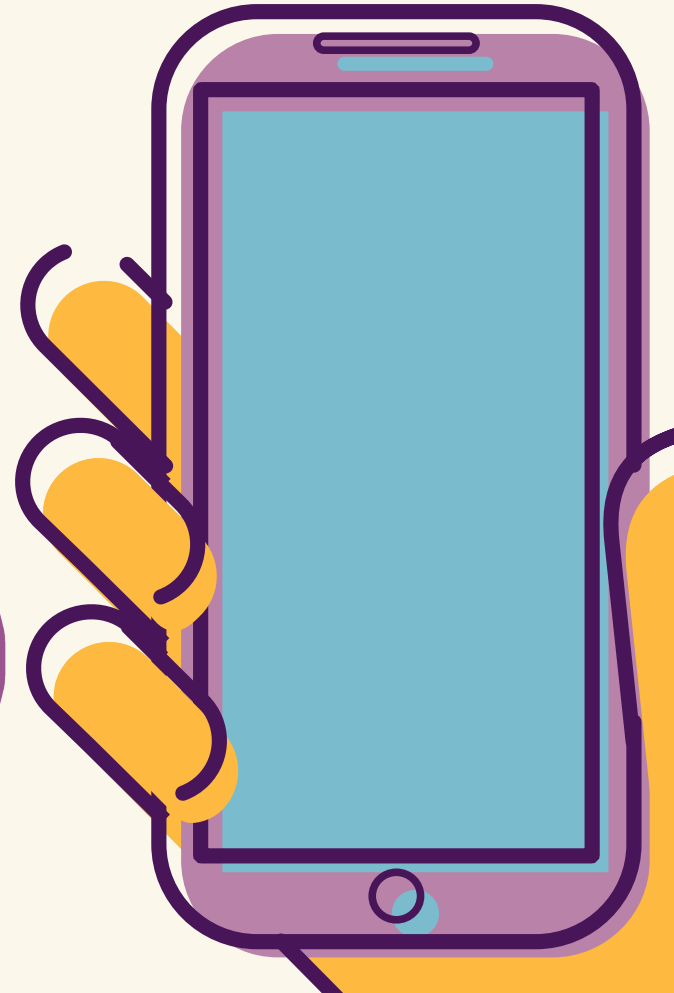
So why isn't tablet's traffic share growing? In Q3 2014, Apple launched the iPhone 6 and iPhone 6 plus. Among the benefits of the next generation of iPhone, is larger screen size coupled with higher resolution. Subsequent to the launch, in Q1 2015, Apple set a new record for iPhone sales selling 74 million phones (that's 1 for every 100 people on planet earth!). Simultaneously there was an 18% drop in iPad sales. This is a key factor influencing the lack of growth in tablet traffic share in Q2 as the iPhone 6 usage eats into tablet usage.



MOBILE TRAFFIC UP



64%



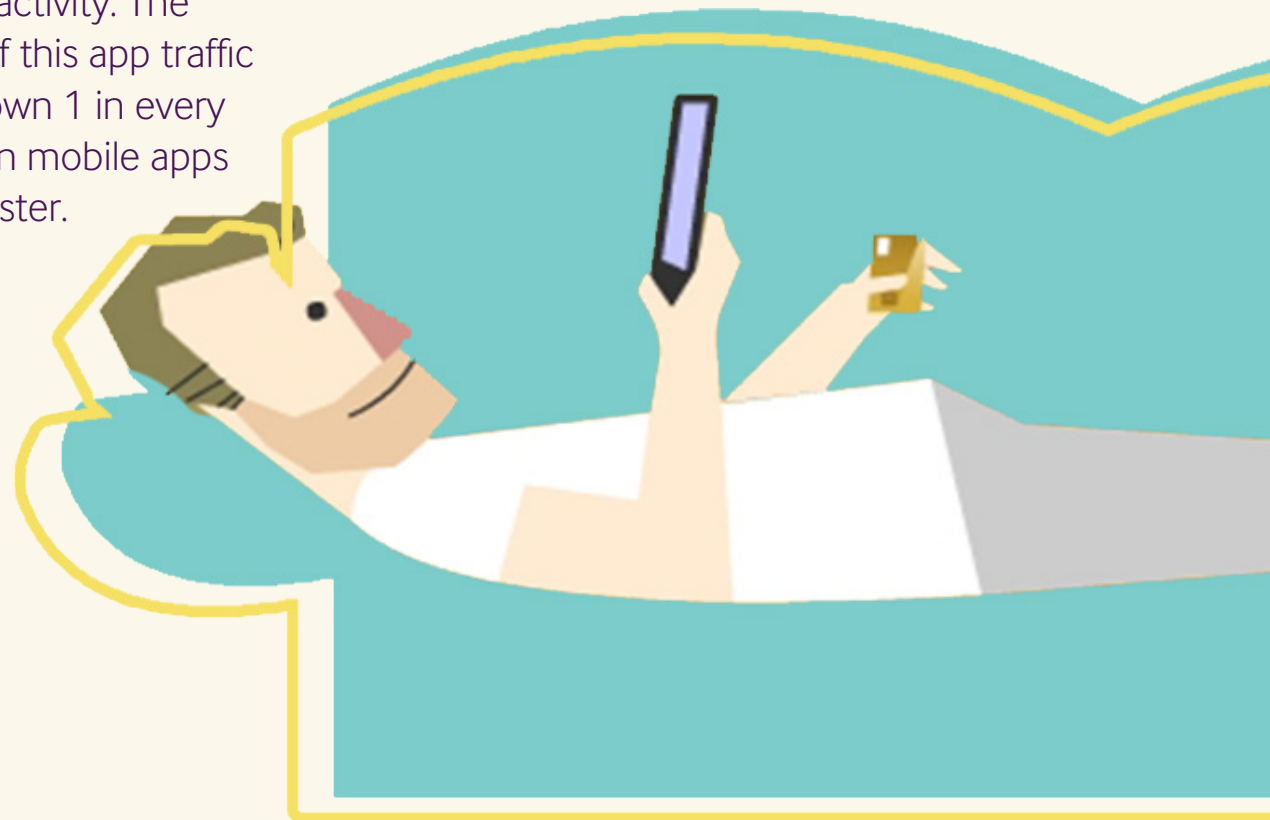
The stand out story of the devices is the continued rise in traffic from mobile phones. Q2 saw a 64% leap year-on-year. This monstrous growth figure means mobile has leapt from 29% to 38% share of website traffic. There are two factors underpinning this growth:

1/ People are squeezing in more and more 'mobile moments' during their day. Transport time, bedtime and even toilet time are prime face-in-phone moments.

2/ It's also worth noting that people don't need to spend more time online to visit more webpages now. The double impact of 4G broadband infrastructure improving and 4G smartphone penetration increasing, means less time is spent watching swirly icons and more time is spent consuming content. Improved mobile internet speeds means more webpages can be viewed in the same amount of time.

It's important to emphasise that this isn't a story of mobile cannibalising desktop or tablet, as those devices are still growing their levels of traffic. The fact of the matter is that mobile is simply growing faster, much faster.

Another important point to note is that we are measuring website traffic but not app traffic. This means we are actually underreporting on the size of mobile and tablet activity. The main beneficiary of this app traffic is Facebook who own 1 in every 8 minutes spent on mobile apps according to Forrester.



WHAT ABOUT CONSUMER SPEND ONLINE?

Has this increase in traffic to e-commerce websites led to a proportional increase in spend on e-commerce website?

No, spend is growing much faster. In fact, online spend is increasing more than twice as fast as traffic.

Consumer spend online in Q2 has surged by 62% year-on-year.

To gain insight into what is driving this growth, we spoke to the best performing participant in this quarter's study, McElhinneys of Ballybofey, Co. Donegal, a business that has enjoyed a fivefold increase in online revenue year-on-year.

We asked their Head of Marketing and E-Commerce, Roisin Woods what contributed to this extraordinary performance:

“We’ve put a large focus into a) getting all our stock online; b) rigorously updating our digital marketing efforts to ensure the items we have in stock are being advertised and once items go out of stock we pause the ads for that item; and c) personalising recommendations and communications. This on-going activity has had a tremendous impact on customer satisfaction and conversion rates.





“To capitalise on the weak Euro we have used Google AdWords to target Northern Irish and UK searchers advertising the favourable exchange rate and the superior value on offer as a result. This has won us new customers and has increased our online revenue accordingly.

“We are using some advanced digital marketing tactics to communicate different messages to repeat customers than to potential new customers. This has had a significant impact on results and budget allocation. At McElhinneys, we are a customer-centric company both in-store and online, priding ourselves a high level of customer service. This commitment has driven us to deliver our customers relevant communications.”

A common trait between McElhinneys and many of the other high performance participants in this quarter’s study is the significant evolution of their online offering over the last 12 months. It’s clear that on-going innovation is a pre-requisite for online success.

LET'S PUT THIS GROWTH IN ONLINE SPEND INTO CONTEXT

According to the CSO, the Irish economy is growing at 6.5% per annum. Our figures demonstrate that the online economy is charging ahead 10 times faster at 62% growth in consumer spend online year-on-year.

In 2014 it was estimated that 5% of the Irish economy was online. If we apply the CSO figures and our growth figures to this we learn that 7% of the Irish GDP is now online.

The UK is the world's most evolved e-commerce economy and their digital economy is currently 10% of GDP.

This indicates that despite the rampant growth outlined in the study, there is still a large share of Irish consumers' spend up for grabs for online retailers.

2015 is a very exciting time to be trading online. The big players have all established their presences online over the last 12-24 months, but given the fast moving nature of the digital world, size is no guarantee of success. Our participants' online performance is strong evidence that an always evolving digital marketing offering is key to online success.

THE DATA

Wolfgang Digital measured the growth in online shopping by comparing e-commerce data from Q2 2015 to Q2 in 2014.

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 €80 million in 2013.

This represents 2% of the €4 billion e-commerce market in Ireland – a very healthy sample size.

Contributing companies include:

MOTHERCARE

LIFESTYLE SPORTS

THE KILKENNY SHOP

LITTLEWOODS IRELAND

MCELHINNEYS

VOYA

THE GUINNESS STOREHOUSE

SURF HOLIDAYS

CAMINO WAYS

ABBEY TRAVEL



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