

# Setting up Ecommerce Analytics and Knowing what Metrics to Track

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If you've ever run a retail store (or even if you've only *imagined* running one), you know what it's like to track signals of interest and purchase intent: watching how prospects move through your store, observing which items draw their attention, noting which products they pick up and turn over in their hands and which ones they pass right over. In a brick-and-mortar store, you get to track bodies and physical responses, listen to how consumers speak to employees about your products, hear what they whisper about your offering to the friends they're with.

With an online shop, of course, you don't get to observe with eyes and ears. Enter site analytics for your online store, which does the "watching" and "listening" *for* you by tracking virtual signals of intent analogous to body language (mouse movements, clicks, and so on).

Simply put, [ecommerce analytics](#) entails collecting, measuring, and reporting visitors' behavior with the goal of helping you optimize the performance of your site. It's an infinitely more robust—and an infinitely more organized!—system than empirical observation is, insofar as it reveals the *nuances* of consumer psychology. What's more, it helps you identify larger patterns of user and prospect behavior—patterns you wouldn't be able to observe on your own. Any good analytics platform will display your data in charts, graphs, and other visuals that tell a story about your prospects—a story whose ending *you* have control over if you interpret the data correctly.

In other words, this data is *actionable*: You'll use its insights to find bottlenecks, drop-offs, and opportunities to improve user experience... and ultimately, to close more sales.

## Why Should I Use Web Analytics?

It's simply *not enough* to know what your monthly revenue is or which of your products are selling. Your resources are necessarily finite; and you're probably not in a position to throw money at gut-instinct experiments to determine which elements of your site are drawing prospects deeper into your conversion funnel, and which simply aren't compelling them—or worse, causing them to exit. You're getting hundreds of clicks into (and around) your website every day; collectively, these clicks offer an account of what your prospects *want* and *don't want*. Having that statistical information at your fingertips means *knowing* (rather than guessing) how prospects find you, what products they're adding to their carts but not *buying*, where prospects are dropping off in [the buyer's journey](#), what your most compelling content is, and more. The decisions you make, backed by this data, can do wonders for your bottom line.

The reality is that analytics are no longer a "nice-to-have" site feature; they're a business imperative. They indicate how you can better serve and engage your visitors, all of whom have high expectations of their website experiences nowadays. They also help you make better decisions more nimbly—and we don't have to tell you how important agility is, no matter *what* industry you're in.

Luckily, data is more accessible than ever. There are plenty of analytics tools out there; and any good ecommerce platform will come with at least *some* analytics capabilities out-of-the-box. Below, we'll reference the capabilities you'll have with [Commerce Plus](#); but regardless of the platform you choose to run your online store on, this list of metrics you should be tracking will be applicable to you.

## **Analytics 101**

That said, remember, we're *just setting you up* right now. To say that there's a wealth of information available to you through analytics is an understatement, and it can feel overwhelming at first. So below, we'll focus on the most important metrics—the data you'll need early on to fine-tune your initial efforts and get your site running well post-launch. That means we won't be looking at metrics like customer lifetime value yet: There's no determining that at this stage. We'll also be sticking primarily with *on-page analytics*: the metrics that describe what visitors are doing *once they arrive on your website*, as opposed to how effective your off-page promotional activities are. (There's no sense in showing you how to analyze your email campaigns before we tell you how to run a good email campaign!)

*This* is the time for basic, high-level reports. You'll dig deeper into more complex data as you grow. (Even *then*, you'll always want to open your analytics dashboard with an idea about the data that's relevant to your business *in that moment*. You'll nearly always get pulled into the rabbit hole of inconsequential metrics otherwise.) So what KPIs *should* you be tracking at this point? We're glad you asked.

## **Important Ecommerce Performance Metrics to Track**

When it comes down to it, what you're ultimately hoping for out of your (and your customers') ecommerce experience can be reduced to one word: efficiency. As an ecommerce business, you're not working with machines and materials; but you still want prospects to become aware of your business, learn about your offering, and convert from visitors into buyers in the quickest, most seamless, and most organic way possible—all while you keep costs low and profits high. Analytics won't tell you (at least not explicitly) what to change on your site for optimal efficiency. But it will certainly offer some big clues—on every page and at every step of the customer journey—for how to do so.

In the first 6 months or so, you'll track a slightly different set of metrics—and analyze them through a

different lens—than you will after your business and website are well-established. For now, you want to ensure that you're seeing a steady increase in first-time site visitors, and that those visitors are expressing interest in your product, experiencing easy navigation, and encountering no obstacles to purchase. The collective data from early conversions and drop-offs should help you make some important decisions moving forward.

When you see metrics that you think could be improved, go into those pages and put yourself in your visitors' and prospects' shoes. What would need to change about the user experience to improve *that* metric? Brainstorm and test solutions—with some combination of [A/B testing](#) and patience—until you see the numbers in your dashboard positively impacted. And don't overlook your growing customer base as a source of insight! Reach out and ask them what your site could be doing better. They may very well have insights that you can't see.

### **Sales data: What's my conversion rate?**

We're starting with this one because it's the *single most important indicator* of how well your website is performing: It tells you total efficiency in real time. In that sense, it's a more valuable metric than total revenue or average order value (both of which are valuable!) since neither takes the number of visitors into account. Of course, there are many *kinds* of "conversions" that can happen on a website: subscription signups, [CTA](#) clicks, information requests, lead magnet downloads, and more. But as an ecommerce business, there's one KPI that matters more than the others, and that's sales.

The conversion rate is the percentage of site visitors that make a purchase over a given time period:

total transactions ÷ website sessions x 100 = conversion rate

The higher the rate the better. This metric will vary based on device, demographic, and more, so you should always consider it *in relation to* another metric. Last year, for instance, [the average ecommerce conversion rate](#) was around 3.8% for desktop and 2.0% for mobile—numbers that may be useful to set your goals around, though it's worth doing some [market research](#) to determine your industry average... or you can just decide to compete against *yourself*. (Just don't forget to [optimize your ecommerce site for mobile users](#)!) If you're using Commerce Plus, you need only to integrate PageSense to see [device- and demographic-specific conversion metrics](#) for your online shop.

As your business gets going, you'll also want to track conversion rates across traffic sources. (We'll talk about these in a moment.) Visitors who find your site through organic search will likely have a different conversion rate than those who click into your site through a Facebook ad or an email campaign—indeed, *each* ad or campaign will see a different conversion rate. Look at these metrics together to determine what your most profitable traffic sources are.

If you've set up PageSense (or if you're willing to do the rather complex work of setting up Google Analytics), you can set up [funnels](#) representing typical paths to conversion to determine where visitors are falling off along their respective buyers' journeys. Early funnels might begin at your homepage and move through various product pages to the shopping cart and checkout completion. As you start initiating marketing campaigns, however, newer funnels will move from your ads to the landing pages they drive traffic to, and *then* through the journey to purchase.

Determine where the biggest drop-off is, and start your optimizing efforts there. If the majority of visitors are dropping from your product pages, maybe you need stronger product copy or better product images. If they're dropping off at checkout, perhaps you need more trust signals, more payment options, or to check your shipping costs: prospects may be experiencing sticker shock. Or maybe your best strategy is to set up an abandoned cart email campaign that reminds visitors about the items they left in the cart, along with a special offer encouraging them to complete their purchase. The point is that these are prospects who've *already expressed interest* in your offering. Put your energies there. It's much easier to optimize your conversion rate than it is to get new traffic.

### **Traffic sources: Where are my visitors coming from?**

It's great to know *how much* traffic you're getting (especially if you're just getting started—pay attention to the ratio between new and returning site visitors!); but you also need to know where it's coming from to make informed decisions about your website. Visitors can come from any number of places: organic search, email campaigns, PPC campaigns, Facebook ads, external links from other websites, and more. Keeping track of where your biggest ROI is will help you determine where to focus your efforts.

While you probably won't be doing all—or even *many*—of these things early on, it helps to discern, as soon as possible, the types of messaging your prospects are most receptive to (which of those two emails you sent out to initial subscribers got the highest click-through rate?) and where the majority of them hang out (did you get better ROI on your Facebook ad, your Pinterest ad, or your Instagram boost?).

Of course, you'll pair this metric with the first metric we discussed. "Traffic" and "traffic sources" can be deceptive metrics, because they don't tell you whether your business is increasing in revenue as your traffic increases. So which of these channels is bringing in the "highest quality" traffic (the traffic that converts to sales)? We suggest you *first* work on promoting content in the channels that initially bring in the highest returns, and slow down efforts in the channels that are underperforming. You can turn your attention to the latter once you've got a good feel for those other channels.

### **Page performance: What are my best- and worst-performing pages?**

This is where you'll start thinking more specifically about site content. Take a look at the traffic

numbers for each of your pages—your product pages, [blog posts](#), [About page](#), [FAQ page](#), and so on. What pages do the majority of visitors land on *first* when they arrive on your site? (These are called "landing pages.") From what pages do the majority of visitors *leave* your site ("exit pages")? Remember that landing pages can see high traffic numbers for a variety of reasons: those pages rank high on Google, you've driven traffic to them through ads, other sites are linking to them, and so on. Of course, you'll want to focus on optimizing those landing pages *first*. They're the first impression of your store for the majority of visitors—who, we promise, will judge you quickly. They're also your opportunity to draw visitors deeper in with calls to action, special offers, or links to your best-selling products.

Don't just look at the number of pageviews for each page; consider *average time* spent on the page... and consider it in the larger context of visitor behavior. If your pages with a high "average time on page" are *also* your "exit pages," it may mean that the content on those pages is too long or complex; and while visitors *are* spending time trying to understand it, you're eventually turning them off. (You can see [how far visitors are scrolling down the page](#)—and where they're giving up—with the help of a scrollmap.) *If*, on the other hand, visitors are spending a lot of time on a particular page before converting, that means you're offering them a lot of good information.

Another metric to pay attention to is bounce rate: the percentage of visitors who land on a page of your site and leave before taking any other action. Note that bounce rates and exit pages are *not* the same thing (a "bounce" is a single-page visit; an exit page is simply the *last* page a visitor looks at before exiting your site), though both can offer insights into why visitors are leaving. High bounce rates—above 60%—mean visitors are pretty quickly unimpressed. ([Benchmark bounce rates for ecommerce and retail sites](#) range from 20%-45%.) Go into those pages, and—considering where the majority of those visitors came from—ask yourself what their experience might be. If they arrived on that page by clicking on a Facebook ad, was their experience on the page consistent with what your ad had promised? Was it simply a badly-*targeted* ad, and they realized when they arrived on your site that your offer wasn't for them? Is your landing page poorly designed? Did they experience slow page loading time? And so on.

If your homepage has a particularly high bounce rate, maybe you're not shouting your [value proposition](#) or your [free shipping](#) loudly enough. If your product pages have high exit rates, re-consider your product descriptions, your prices, or the quality of your product photography. If visitors are viewing products but not placing them in the cart, consider adding [testimonials](#), product reviews, or [videos](#) to your product pages. Additionally, you can offer [live chat](#). The questions users ask in these chats will give you clues about why they're exiting. If visitors are exiting during *checkout*, take a close look at your checkout forms, your [shipping policy](#), or your [return policy](#). (A [conversion rate optimization platform](#) will show you if prospects are exiting just *after* viewing your returns policy.) And so on.

**Product performance: What are my most popular products?**

This one's easy enough, and it's certainly the holy grail of any ecommerce business. Analytics can tell you how much revenue each product has generated, how many unique purchases there are of a particular item, how many unique purchases there are of a particular *set* of products, and the quantity sold in each transaction. But product "popularity" isn't always about what people are *actually* buying; it's also what they're *considering* buying. Which of your products are being *viewed* most often? Which ones are most often getting added to carts? Check product views, adds-to-cart, and revenue over time to look for trends in seasonality. Look to see what product *categories* are doing best. (And don't forget to check those numbers against refunds!)

Obviously, you'll want to promote the products that are *already* selling well to increase exposure. Then compare those products to the ones that *aren't* selling. Are there differences in on-page elements that might be making a difference in sales? [A/B test](#) your underperforming product pages with those elements to find out. Are there products that sell well *despite* not being viewed very often (we'll call this a good views-to-conversions ratio)? If so, feature those products more prominently on your homepage or in your ads. If you discover that customers are buying multiple units of a product, consider a volume discount to increase average order value. Many customers might not think to order in bulk until the option is presented to them.

### **Checkout behavior: What are my abandonment rates?**

Here's another crucial metric: the percentage of prospects that add a product to your cart but don't follow through with the purchase. ([Average shopping cart abandonment is about 70%.](#)) These prospects were willing to do the work of navigating your site, choosing a product, reading up on it, and marking it as "desirable." As with all analytics, you'll want to look for patterns to discover why they didn't finalize the transaction.

We're actually talking about *two different* KPIs here. *Cart* abandonment and *checkout* abandonment are different things with different user psychologies. The reasons users abandon a cart (they're using it for "wish list" purposes; they want to compare prices on other websites and might come back if your price is right) *aren't* the same reasons users abandon a checkout process (they're not seeing enough trust signals; they experience "sticker shock" when they see shipping costs; your checkout forms ask for too much personal information, involve too many steps, or demand that they sign up for an account; they don't see their preferred payment option; and so on). So as you look at your [funnel analysis report](#), distinguish between these two metrics.

If users are abandoning during *checkout*, you'll want to see *exactly where* in the process they're dropping out so you can better optimize that moment—whether it's reducing form fields or increasing trust messaging. If users are dropping out on the third page of your multi-page checkout form, experiment with a single-page form. If users are dropping out on your shipping page, you may need to offer them cheaper options.

For users who are exiting *before* checkout, it's a different story. Shopping carts are naturally high

exit "pages": Customers like to compare prices or use carts as wish lists. Congratulate yourself that your site is navigable enough that users found their way to the purchase stage. Again, consider sending abandoned cart emails... and while you're at it, take a look at your competitors' sites and see if there isn't something more appealing about *their* product than *yours*. If visitors are abandoning their carts to purchase the *same* product from your competitors after comparison shopping, you'll want to know why. You may need to come up with a better offer.

### **Shopping behavior: What else can I learn from prospects' actions on my site?**

We've already given you quite a bit of information here—*certainly* enough to give you a strong start on your analytics journey—so we won't dig in too deeply to these other metrics. But here are some *other* questions site analytics can answer for you. (You can file them all under "site engagement"):'

What are visitors searching for once they *arrive* on your ecommerce site? (This will indicate which products you should feature on your homepage, what categories you should add to your navigation menu, what keywords you should add to your web copy—or even what products you should add to your store.) How are your coupons performing? How often do users get error messages—when filling out checkout forms, for example, or trying to add a product to the cart before choosing the size they want? High error rates mean your UX isn't great in these places; go in and make things clearer to users.

What products do customers frequently buy *together*? This will help you determine what products to offer in upsell and cross-sell promotions. What are your most popular internal links? How far below the fold of your [blog posts](#) or product pages are users scrolling? What products are most often added to your wish list? Use *that* data for promotions and special offers. Which products or content are visitors sharing directly from your site to social media? Use *that* data to determine which products to promote on which channels. What are your most popular [CTA buttons](#), site-wide?

[Ecommerce analytics can answer all of these questions and more](#). Of course, the more content your site offers, the more data you'll have to work with. But the great thing about analytics is that they're valuable no matter *how* small your site is. You just need to know how to interpret the intelligence you're given from a user, visitor, and prospect perspective so you can best optimize your site design, your language, and your navigation... and ultimately up those sales.

Of course, taking on that perspective requires that you flex your sympathy muscle. But that's something we *know* you have.

*By now, we've hopefully piqued your enthusiasm for the kinds of actionable data you can gather from visitors to optimize your ecommerce site. In the next section, we'll dig in to your [privacy policy](#).*

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*After all, now you have to let visitors know about all that data you're collecting from them.*