



WHY IS DIGITAL GROWTH
SO EFFORTLESS FOR SOME?

Growth Metrics

Why You Should Check These
Numbers in Your eCom Shop Now



From Gross Revenue to
Contribution Margin

P. 04

Setting Benchmarks
With AOV and CAC

P. 08

Forecasts for Revenue,
Spend & Profitability








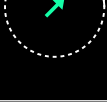
P. 12

Assortment Performance
& Sorting

P. 17



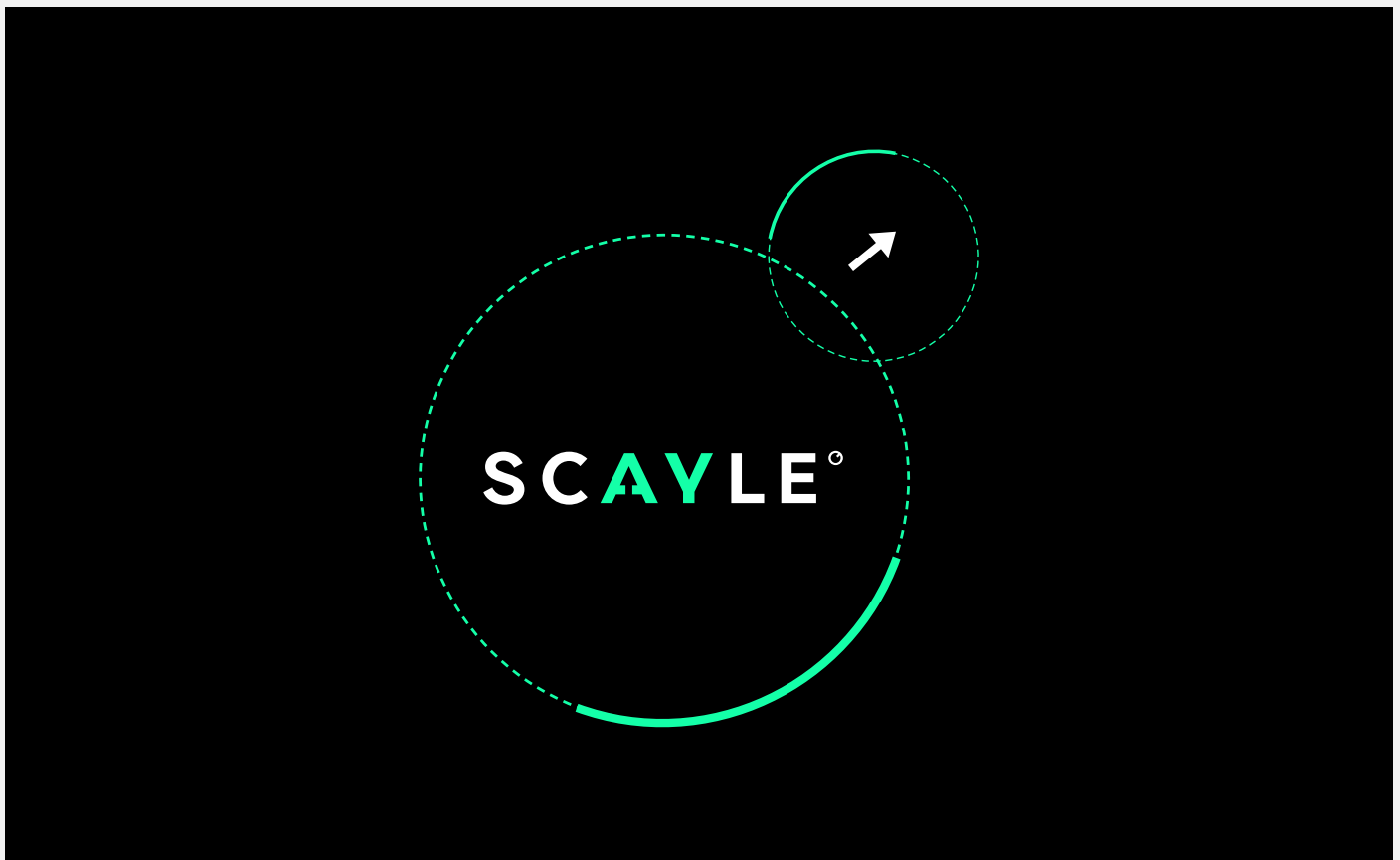
Content

TL;DR		
01	Page 03 From Gross Revenue to Contribution Margin	
02	Page 08 Setting Benchmarks With AOV and CAC	
03	Page 10 Marketing Spend & Effectiveness	
04	Page 12 Forecasts for Revenue, Spend & Profitability	
05	Page 14 Profitable Visibility With SEO	
06	Page 15 Shop Availability & Error Monitoring	
07	Page 17 Assortment Performance & Sorting	
08	Page 19 The Power of Content Performance	

TL;DR

Growing your eCom venture effectively and sustainably is only possible if you got your numbers right. Therefore, analyzing your online shop's most vital statistics regularly is essential to long-term success. It might be hard to decide which metrics will have the most significant impact on your business because the relevancy of some of these figures will change over time.

Depending on the current status of your business and your strategic targets, different metrics will help you achieve different goals at different stages of your projects. Therefore, we asked our experts: Which stats specifically are not only crucial to an effective digital growth strategy but are also often underestimated? Find out which metrics can actually hold you back from unleashing your full potential.





From Gross Revenue to Contribution Margin

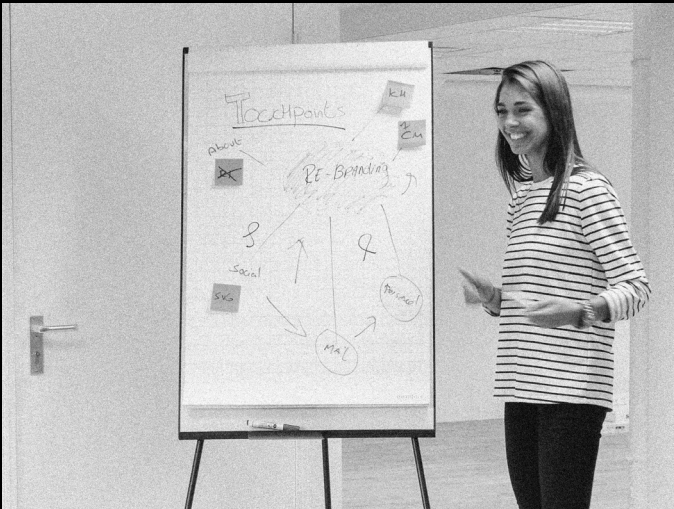
How profitable is your product portfolio really? To show which products actually make you win or lose money, one of the most popular and important metrics is the contribution margin. It calculates the difference between revenue and variable costs and subsequently what is left to cover fixed costs. If the contribution margin is lower than the fixed costs, you're losing money. This way, the contribution margin helps you decide which products to add or remove from your assortment. However, if your main focus is growth and gaining new customers, you'll have to view the contribution margin as a strategic lever. Therefore, be sure to evaluate it on different profitability levels, e.g., also for sale campaigns and brand investment. Your marketing spend for gaining new customers will increase your long-term payouts and nurture your digital growth. It's easy to underestimate the single factors influencing your margins. Therefore, define your

business-specific goals and challenges first. Did you just launch your shop and seek to gain new customers? Then gross sales are probably more important than profitability. Depending on your industry, return rates may reach 50%. Make sure you'll always consider that in your forecasts and always in line with your offered return time – no matter if that's two weeks, 30 days, or even 100 days.

Furthermore, it's essential to have a broad perspective. Sale campaigns are often approached way too conservatively, **neglecting long-term and cross-selling effects**. Higher product discounts may trigger more sales among non-discounted products. Moreover, discounts will reduce costs per order and your marketing CRR in a specific timeframe. Ultimately, that will lead to better conversion rates. Customers might visit your shop more often,

leading to more sales in the long run. The closer you monitor the before-and-after impacts of price campaigns at different levels, the better

you'll be able to forecast the outcome. Long-term contribution margin analysis is the key to success.



The contribution margin contrasts revenue with fixed costs to determine the profitability of a product. It is used to evaluate sales and helps with initial price calculations and readjustments.

Variable costs not to miss when calculating contribution margins:

- ✓ Returns & cancellations
- ✓ COGS (costs of goods sold)
- ✓ Logistical costs (on average)
- ✓ Marketing spend
- ✓ Payment & customer service (in some cases)



Check

- Margins before and after Marketing spend
- Long-term payout
- Impact of return rates



Common mistake

- Conservative approach on sale campaigns

"Be bolder and make customer lifetime value support your digital growth."

Alexander Bellin
Chief Revenue Officer
at ABOUT YOU





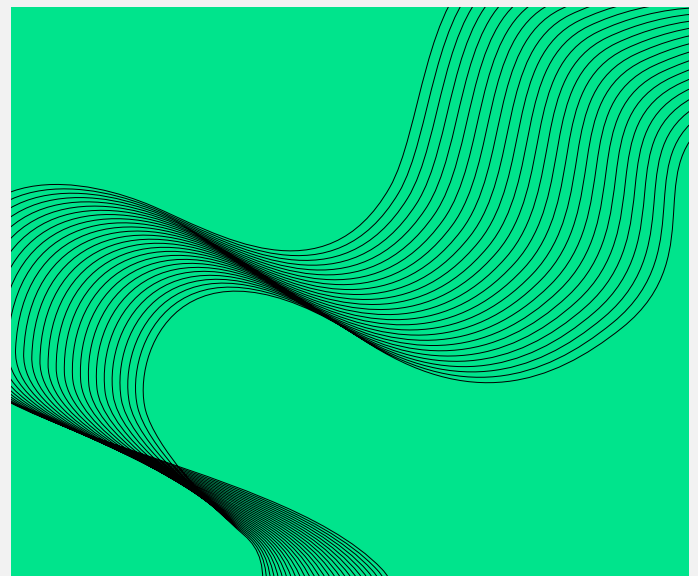
Setting Benchmarks With AOV and CAC

When it comes to shop KPIs, it is most important to realize how metrics connect and how to influence them. While your conversion rate might foremost tell you how many people visit your online shop and actually buy something, it might also tell you something about the state of your shop and campaigns. If there are any problems with a shop or campaign, you're most likely to view it immediately on account of your conversion rate. **Checking daily or even hourly** is, therefore, worth the effort.

Remember, though, that depending on your industry, conversion rates might vary immensely as people are more reluctant to buy a car than bargain clothes.

The average order value (AOV) is also a really valuable metric among your various shop KPIs. It does not only calculate how much people spend in your shop on average per purchase. It also allows you to set benchmarks and ana-

lyze which of your activities will lead to **higher basket values and contribution margins**. For instance, it might be more likely that customers will add higher-priced products to an order of five products than when simply ordering a single item. The AOV is also expected to grow for seasonal demands, e.g., winter clothes in autumn. Not only the total AOV is essential but also its results for **different channels and countries**.





Similarly, the customer acquisition cost (CAC) assumes two equally essential functions. On the one hand, it tracks the average cost of gaining one customer. That includes all sales and marketing costs. The acquisition of new customers might be pretty pricey at first but will eventually pay off when they become loyal, returning customers more likely to buy. On the other hand, the CAC also gives you a pretty good idea, which channels and countries are easy growth invests and where you might be entirely off the track. Therefore, you should always **calculate your CAC by marketing channel**, and consider regional differences.



Check

- Cross-reference impacts of conversion rate, AOV, and CAC
- Channels & countries



Common mistake

- Not using marketing attribution methods beyond the last click when looking at channel-based CACs



"Get control over your AOV and CAC by analyzing results by source and channel."

Rico Adler
Head of Solution Consulting
at ABOUT YOU



Marketing Spend & Effectiveness

Marketing can be a bottomless pit. A good example is the customer acquisition cost. Especially new companies start with a really high investment into marketing in order to attract new customers. But not all of those will actually convert. So if the CAC simply just keeps increasing, this is more than a bad omen. No wonder the CAC is often called the "start-up killer". You can avoid this trap by continuously tracking CACs on country, channel and even campaign level and **defining limits on marketing investment** with reference to your new customer share.

Be sure to use a solid channel mix and know what your key revenue drivers are. Most importantly, you will have to answer three questions: How fast do you need to break even in a country? Can you really afford not to be profitable for two years? And what is your expectation on the lifetime evolution of acquired customers?

The **customer lifetime value (CLV)** is probably the most important metric to steer your marketing spend on because CLV does not only take into account the specific order but also future

orders. In the end, it doesn't really matter whether you are profitable on the first order of a customer but how many orders you need from one specific customer to turn the customer profitable (break-even point). By looking at repurchase rates, you can predict customer behavior and therefore can predict how often a specific customer will repurchase in a specific time period.

Simplified Example

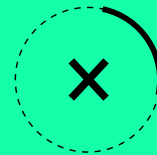
When you turn a profit of 10 euros on an order and you know the specific customer will repurchase two times after the initial order in the first 24 months. Then you can invest 30 euros in the initial marketing effort to win this customer for the first order in case you want to break even after 24 months. In this scenario, you have no retention or repurchase costs whatsoever. So you add up your profits of each order and compare it to the CAC.

Another metric you should take a close look at is your retention rate. It tells you how loyal your customers are and can move the needle with regard to your long-term marketing return. For instance, you can optimize your retention rate cost-effectively within your CRM strategy by configuring automated newsletters and push notices to **reactivate customers**. Remember that your overall marketing efficiency will increase once you retain customers.



Check

- CAC limits per channel
- New customer share
- Customer loyalty



Common mistake

- Underestimate the costs of customer acquisition, especially when launching a new business/brand

"New customer acquisition is always a high investment at first. Set clear limits within your strategy."

Bero Aretz
Director Performance Marketing
at ABOUT YOU



Forecasts for Revenue, Spend & Profitability

Reliable forecasting is your safest bet for digital growth. Especially at the beginning of a new venture, forecasting is taken lightly because there are no reference points. However, forecasting revenue, marketing spends, and product profitability will allow you to identify opportunities faster and cut risks. That makes it one of the most crucial indicators for your business. So you should implement a **monthly and yearly forecasting** routine and ensure that your stock planning always matches your revenue forecasts.



Growth Metrics

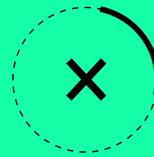
To set up effective forecasting, you'll need to define strategic goals right at the start from top to bottom: general targets for different countries and **all channels individually**. Beware of unrealistic goals, though. You should also always **review all your targets bottom up** and let the respective experts check if management goals are achievable.

Once you start collecting and analyzing data, pay particular attention to learnings you can immediately apply to similar activities, e.g., major campaigns for Black Friday or Christmas. Don't just automate your campaigns. Instead: Try, track, and apply. Not just for one year but continuously, **constantly adapting** to current market changes. This will eventually give you an excellent foundation to anticipate problems and steer your success.



Check

- ✓ Monthly and yearly forecast insights per country and channel



Common mistake

- ✗ Unrealistic goals not reviewed by a department with respective expertise

"One important task in eCommerce is to align revenue forecasts with stock planning. Never underestimate the impact of forecasts on profitability."

Alexander Bellin
Chief Revenue Officer
at ABOUT YOU

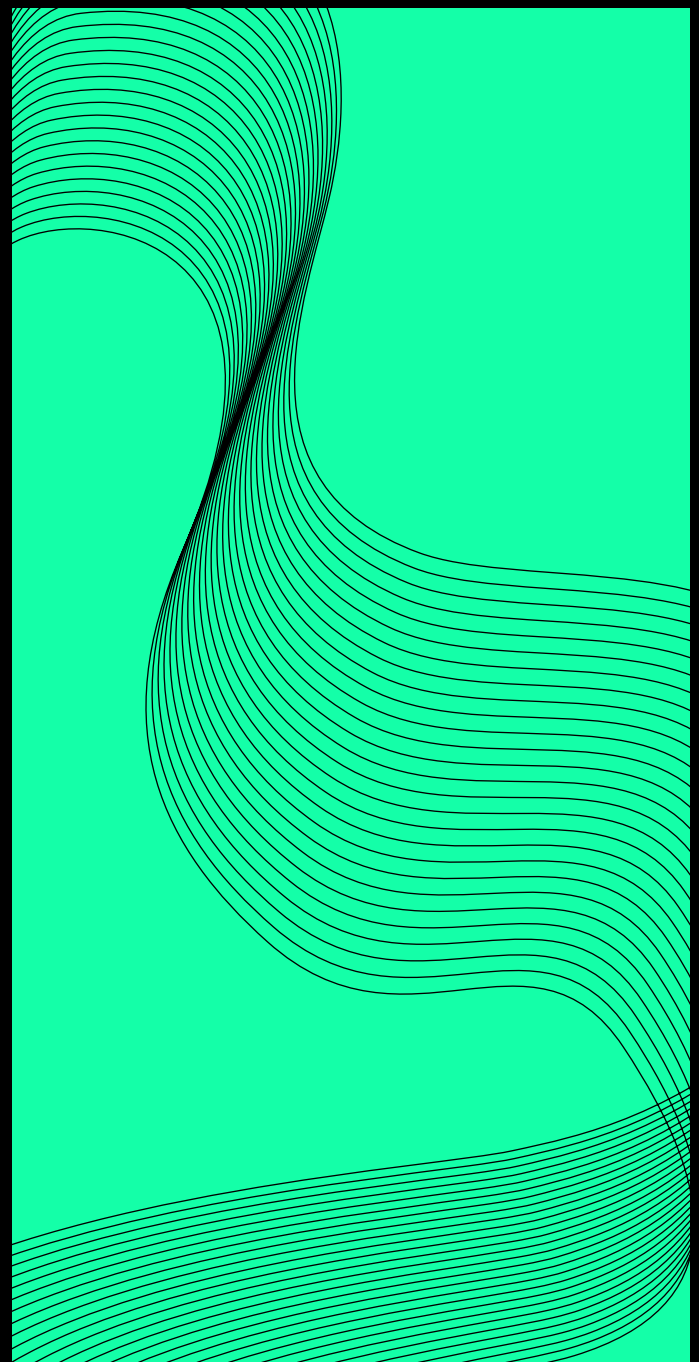




Profitable Visibility With SEO

At first glance, gaining visibility for your webshop might sound like a comparatively easy task. And it can be – if you have a dedicated SEO strategy. Foremost, you need to define **long-term and next-step goals**. Remember: Sometimes, doing a lot won't result in a lot. So you need to be careful not to waste your efforts on a strategy that won't fit your business development goals. Make sure to continuously nurture those pages, which are essential to your strategy.

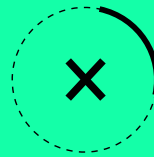
Once you know what you want to achieve, you need to find a tracking tool that fits your purpose. While Google Analytics is good enough for many, some other more specialized tools might provide you with additional data regarding visibility and ranking opportunities – some powered by AI algorithms. Don't limit your insights and use those tools, which will help you focus on keywords and landing pages **driving traffic and revenue**. Seriously take into account that high visibility does not automatically convert. So track which keywords do not only increase visibility but also convert to traffic and ultimately impact your primary goals.





Check

- Visibility of keywords, landing pages, and their impact on sales



Common mistake

- Nurturing not relevant content
- Blocking yourself with low-priority issues

"Creating interesting and inspiring content is important. But it needs to be aligned with the core of your SEO interests."

Manuel Gerlach
Head of SEO
at ABOUT YOU

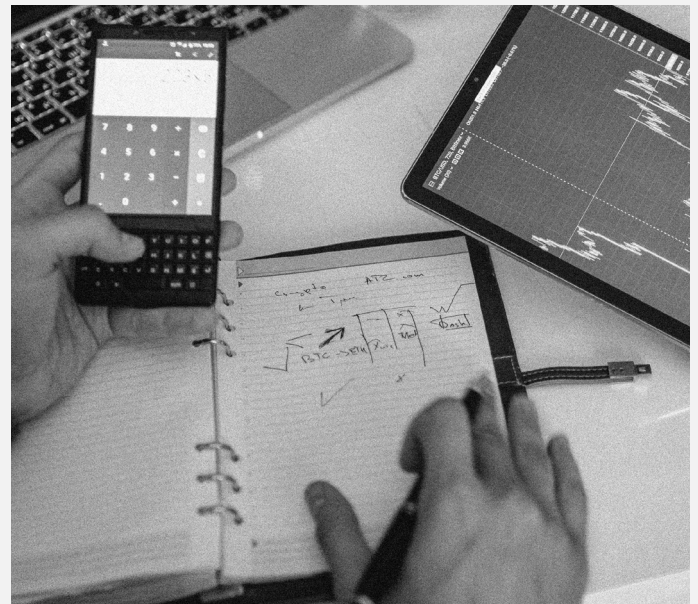


Shop Availability & Error Monitoring

What would be a worst-case scenario for your business? The shop is down and you don't know why, right? But we don't even need to take it that far. When your checkout fails you right during peak sales, it will have a similarly devastating impact. It will not only cost you a lot of money. It will also result in many not so favorable customer experiences. Perhaps those customers who didn't get to finish their purchase will never return and spread the word why. **Setting up real-time alerts** to spot short-term problems is, therefore, the absolute minimum you should do.

However, short technical hiccups might not be the only problem you encounter when it comes to the availability and stability of your shop. A fast-moving environment with multiple deployments on a weekly and monthly basis requires robust and detailed error monitoring on multiple shop aspects. When you just let your shop and online marketing campaigns run unattended for a week, you might not even notice that potential customers are led

to sold-out products or error pages. Equally important are stable and state-of-the-art SEO functionalities. Errors or missing features compared to your competitors might **easily harm your rankings**. It can take several weeks, even months, to recover from a ranking loss.



Not reacting quickly enough to problems is one of the **most common cardinal sins** when it comes to digital growth. And yet, many still don't take quality assurance seriously enough

because they underestimate the impact of issues that might result from negligence.

So make sure **communication between**

departments works. Set up short-term quality routines and ensure marketing activities are cut off immediately and for as long as fixing the respective issue takes.



Check

- Detailed error monitoring and alerting for business-critical parts of the on-line shop
- Alerts for shop availability
- Short-term campaign and SEO tracking
- Efficient communication channels between departments



Common mistake

- Not enough focus on a stable and reliable monitoring setup
- Slow or no reaction by the marketing department

"Be able to identify shop issues faster than any channel lead of your online marketing department. Everything else will waste your marketing budget and push customers into a bad user experience leading to negative long-term effects."

Florian Wüst
Product Director Shop Application
at ABOUT YOU



Assortment Performance & Sorting

If you always wondered why subpages don't convert as they ought to, you should pay more attention to your assortment performance.

Which products make it on your winner list? Which are constant losers? How about their availability? Your sorting and product feeds should be **based on smart logic** considering item-related and personalized factors. Pushing bestsellers to the top of your category page might not always be a good idea when the products are not available in the customer's size. People get quickly frustrated when they cannot actually buy what you're advertising to them.

By optimizing your assortment sorting, you can directly influence the performance of pages that usually don't have the best conversion

rates. If you can **personalize the customer experience** on these pages, even better. Integrate what you've learned from purchase history, wish lists, favored colors, brands, and seasonal sales into your sorting logic. This way, you will establish a best-in-class foundation for your product strategy.





Check

- Winners, losers,
and availability**



Common mistake

- Pushing products that
are almost sold out**
- Focus on CTR or gross
revenue instead of net
revenue or profit**

"Your customers want to buy your products. So lead their focus on the items they will like AND can immediately put into their baskets."

Nikita Taran
Vice President Data [Commerce]
at ABOUT YOU





The Power of Content Performance

Customers love good content. Thus, content elements on your site are a huge asset. And because they've got so much potential, they should underlie an **online marketing logic**. When your performance ads don't convert, you naturally won't place them again. This is precisely how you should "place" your own shop banners. Closely track which content is displayed to which customers on which parts of your shop. Analyze which content elements win over others by response and conversion. Which spots perform poorly?

Start by focusing on the most visible content areas. Usually, that should be your home and category pages. Identify the most promising areas and inject promising products. Those might not always be summer dresses in summer. Also, take into account what currently moves your customers. Is the summer unusually rainy? Push light raincoats. **Proactively seek opportunities** instead of just following a strict guideline you decided upon six months ago. Moreover, use recommendation engines to optimize your offer and find those spots with a



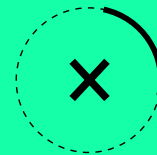
relatively good performance, which only need a bit more visibility.

But what about branding? As branding without conversion won't help you grow your business, you shouldn't leave all the high-performance elements to branding. Mix it up. Optimize one element on branding, one on conversion. Don't forget to test the **impact of the pictures** you use for either purpose. Which text, which model will get you the best results? Use AB-testing to verify your strategy.



Check

- Content element winners, losers, and potentials
- Product opportunities



Common mistake

- Using all major content elements for branding

"Let products help you increase your conversion by highlighting potential bestsellers and all-time favorites."

Femke Bohling
Director Marketing
at SCAYLE



Contact

SCAYLE is a flexible B2C SaaS enterprise shop system built on a headless and API-first architecture. An extensive feature set, including PIM, Shop Management, Checkout, and OMS, is combined with an intuitive UI. Brands and retailers use SCAYLE to stay on track with fast-changing market developments and to drive differentiation in commerce.

SCAYLE GmbH is a member of the ABOUT YOU Group and unites modern technology with a unique retail DNA. Leading brands like Deichmann, s.Oliver, Fielmann, FC Bayern, Marc O'Polo, and DEPOT choose SCAYLE's Commerce Engine. Managing directors are Christopher Metz, René Dalock, Sergio Sola, and Tobias Ring.



Rico Adler

Head of Solution Consulting
SCAYLE – Commerce Engine



Tobias Ring

Managing Director Commercials
SCAYLE – Commerce Engine