



## Do You Know What Your Ecommerce KPIs Are?

*Finally, actionable and educational business intelligence for multichannel ecommerce companies*



a White Paper by

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Do you really know the state of your ecommerce company's financial health at any given moment? Can you name your top five customers? Do you know which product has the highest profit margin—and whether you make more selling it on one channel versus another? How about whether certain products are costing you more than they should because they're warehoused too far from where most of your customers live?

There are a number of top metrics *all* multichannel ecommerce companies should have at their fingertips to provide key insights into their business and financial health—and guide smarter decision making. Ask yourself if you have easy access to the following information about your multichannel business:

- **Sales and profit:** Both big picture and details about your company's sales and profit in one simple view, including total sales and average order value (AOV) for all your sales channels.
- **Inventory and shipping:** Basics on what inventory items need to be reordered, which SKUs or groups of SKUs are driving significant revenue, gross profit, post-ship profit, and/or total profit.
- **Customers and marketing:** Pinpointing your top customers, which customers drive the bulk of your profit, and whether or not your email campaigns are bringing high-value customers back to buy more.

Granted, it's not easy to manually pull together these metrics to reveal important insights into your company's financial performance—and you may not even know what to look for. Even if you do know what data might be helpful, the information is likely scattered among several systems and apps that don't talk to each other.

The good news is, you don't need to plumb the depths of all the systems you use to manage and operate your multichannel ecommerce business just to isolate the information you need manually.

## Top Metrics and How to Calculate Them

### Sales and Profit

Calculating your total sales by the day, week, or month seems pretty straightforward. But knowing your average order value—total revenue divided by the number of orders—allows you to better plan discount initiatives, track the value of new and returning customers more effectively, and project the number of new customers you'll need to hit revenue targets. Knowing your average order profit—your AOV minus shipping, inventory, payment processor fees, and taxes—helps you quickly see what orders bring in the greatest profit.

As a multichannel business, you may find it challenging to determine your total revenue across all of your stores. You should be able to see your all-in profit of your business after filtering your order data through collectible amounts after fees, and revenue after shipping costs. Knowing total sales by channel reveals which channels are most profitable so you can



*Track performance by how much money each of your stores brings in each day, monitor fluctuations over time, and compare the relative performance of each channel to quickly spot positive or negative trends.*



spot positive and negative trends and make necessary corrections. For example, understanding that your margins differ greatly on your branded store versus your marketplaces can inform where to focus marketing efforts and ultimately how much those efforts are worth to your overall bottom line. In this way, your ability to easily access insights about your sales and profitability can have a direct impact on your marketing and customer retention strategies.



**Investigate the need for regional fulfillment centers by uncovering what parts of the country your customers are coming from and where it costs the most to deliver.**

with each item can you get a picture for the profit margin of your inventory, it's ideal selling costs, or the potential for your business to grow and prosper.

## Inventory and Shipping

Knowing what products you need to reorder when is just the beginning. To truly optimize your shipping and inventory strategy, you should be able to see which SKUs or groups of SKUs are driving significant revenue, gross profit, post-ship profit, or total profit. You could spend countless hours calculating gross profit, post-ship profit, and total profit, and likely still be guessing at which SKUs are putting the most into your coffers.

For example, take the average number of Widget #27 you've sold per day in the last three months and subtract the number of days it takes you to receive a vendor order. When that number hits zero, the reorder should have already been submitted and the vendor order should be on its way. Take it all one step further and consider the cost of shipping every order individually. Only by tracking the actual shipping costs associated

## Customers and Marketing

Calculating how much of your profits come from specific customers can provide you with powerful insights you can use to tailor marketing campaigns and take the steps needed to replicate the experience of those profitable, loyal customers for other customers with similar profiles and preferences. The key to developing a spot-on marketing strategy is knowing your best customers better so you can market to them in a way that improves their buying experience and deepens their loyalty even more. This also makes it easier to pinpoint where you can upsell, cross-sell, and convert customers from one channel to another to increase your profits and their satisfaction with your business. Given what you know about your marketplace fees and expenses, for example, you need to be aware of exactly how much of a discount you'd be willing to offer customers to entice them to buy from your custom site, where shopping cart fees are minimal.

It's important to have the "what" of your financials within easy reach, but it's equally crucial to know the "why and how." That's where Webgility's Unify software comes in. The context Unify provides empowers

Rank	Customer	\$	Units	Quantity
1	N. Jones	\$5,200	12	12
2	W. Thomas	\$3,300	10	22
3	A. Denton	\$2,300	9	31
4	B. Wong	\$1,100	9	40
5	F. Marks	\$1,000	5	45
6	D. Green	\$900	4	49
7	R. McGrorty	\$840	3	52
8	A. Jagwani	\$840	3	37
9	B. Dunes	\$840	2	25
10	T. Sinclair	\$700	2	42

**Know the amount (after variable costs) each customer generates toward your fixed costs or bottom line. See how much your top customers contribute toward your profit and how much they make up of your total profit.**



you as a businessperson to not only see how your company is doing, but also delve into the factors that may be contributing to the overall picture so you can keep the momentum going or course-correct as needed. Running a successful multichannel commerce business is a mix of art and science. Unify helps with the data management and analytics, so you can view key business metrics at a glance, in context, and make better decisions to boost sales, control costs, and increase customer loyalty.

Unlike over-complicated and expensive tools, Unify provides an out-of-the-box solution to show you what you need when you need it across all channels and all parts of your business: inventory, multichannel selling, shipping, fulfillment, customer retention, pricing, and more.

### **The more you know, the smarter—and more profitable—you become.**


You shouldn't need a bottomless budget or an advanced degree in analytics to turn your financial data into the insights required to fuel growth. Unify users find that the ability to access their sales and profit data instantly saves a lot of time.

"I'm a numbers guy," says Mathew Goldsmith, owner of MBN Toys & Collectables, which is in its first year of business and sells online through eBay and Amazon marketplaces. "I like to figure out the correlations between the numbers and what's going on" with customers. "It's nice to be able to see the metrics at a glance to see if the patterns are consistent and if they're growing." And if sales aren't growing, Goldsmith says, he wants to be able to do something about it. "Is it a lack of inventory? Is it price competition? I find these numbers very helpful." Without one solution to bring the data together, he adds, he has to go into eBay and Amazon separately and, using their way of presenting the data, try to find the needle in the haystack. "It's a giant pain in the neck."

Webgility's Unify can figure it all out for you, so you can keep an eye on costs and make the necessary changes in your fulfillment strategy.

"Shipping costs are big for us, our largest expense outside of inventory" says Goldsmith. "It's really nice to see what our average shipping costs are." As a new business, he adds, he has his eye on *anything* that can affect profitability.

Interpreting ecommerce data is in Webgility's DNA. In fact, we've processed millions of multi-channel orders from thousands of enterprising ecommerce businesses.

By connecting to all of your systems, Unify lays out the details of your company's financial health in real time, which is when the fun starts. With the data spread out in front of you, you can see clear, actionable recommendations for what to do differently. The longer you use Unify, the smarter you get, allowing you to act as an in-house data analyst and leaving you to fine-tune your business strategy more confidently than ever. 

[Start your free trial of Unify.](#)

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