ECOMMERCE ANALYTICS FOR ABSOLUTE BEGINNERS

**The numbers you need to know to get your business off the ground.*

Ramon Bez

A high-impact guide written for entrepreneurs by entrepreneurs. | shopify

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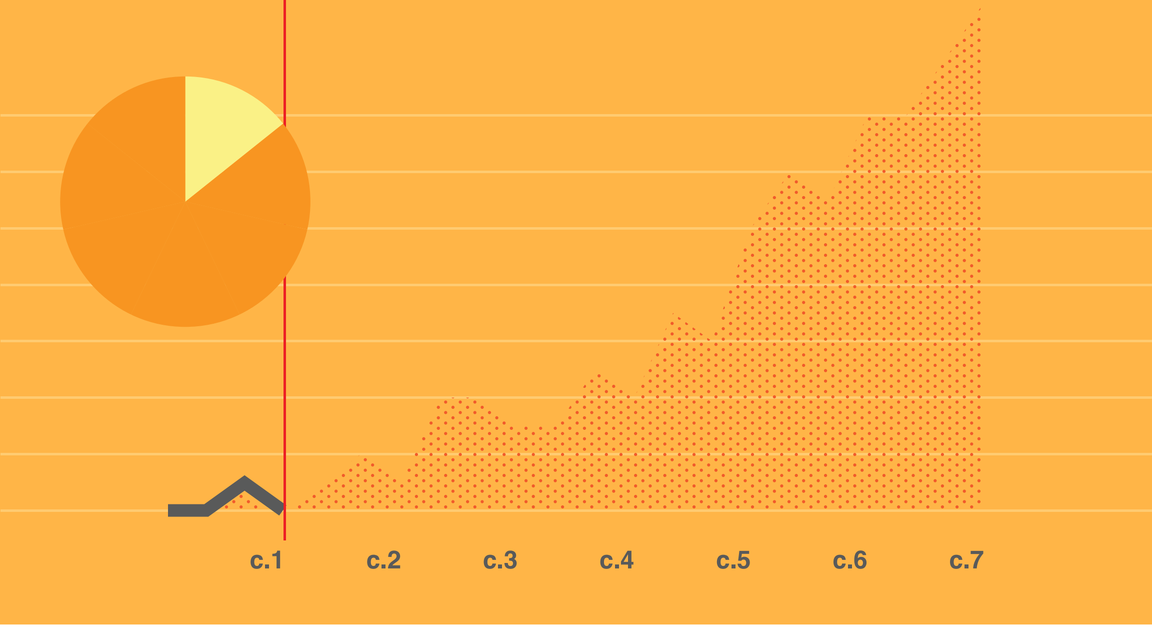


CHAPTER 1

Why You Need Ecommerce Analytics

When you run a retail store, you get a feeling for how your business is doing because you see people coming in, you talk to them and can physically see their reactions. In an online store you don't have access to customers in the same way, so analytics become your eyes and ears.

However, the signals you get from analytics are very different from the words people say and the facial expressions they project offline. You don't get to hear your customers' stories online, so you need to "visualize" them based on the numbers you see on your dashboard. This guide is about helping you to understand and get comfortable with this new language.

While ecommerce experts refer to hundreds of data points on a regular basis, this guide is specifically designed for beginners, identifying the terms you need to know and the numbers you should be looking at. No more, no less. With a deeper understanding of your customers' actions, you can better serve them, engage them and ultimately increase sales. Equipped with the basics, you'll have what it takes to make the right decisions as you get your business off the ground.

How Data Can Illustrate Stories

There's as much art as there is science in analytics, because a good data analyst will be able to tell you a story from the numbers she is analyzing.

Among thousands of clicks, visits, bounces, seconds, conversions, etc. (we'll explain each of those terms later in this guide, but for now let's call them "data points"), there are dozens of stories to be told.

You can learn, for example, from the total number of visitors to your site in a given week, that only a few of them (say, 50%) enjoyed your website enough to even spend some time on it. A small percentage of those 50% actually made a purchase, while another part got stuck at the checkout page, became frustrated and left.

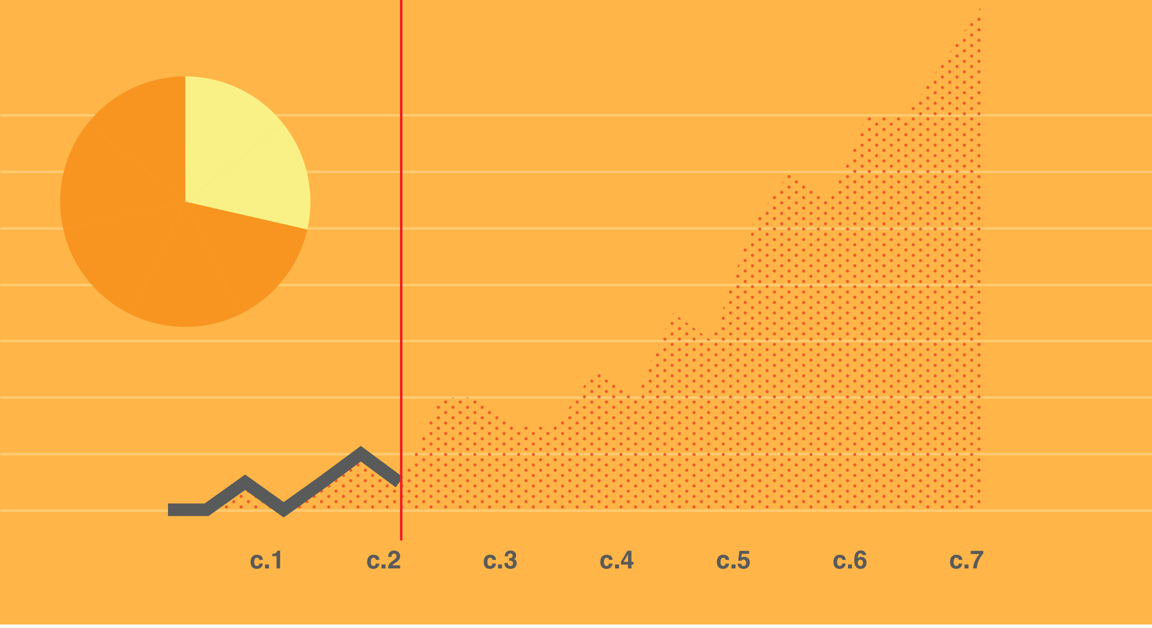
That's a story of a group of individuals who, by reasons you will be wondering about, took very different actions on your online store. Having that kind of knowledge (and we'll show you how to look into this in this guide) will already put you ahead of most of your competition, but it will also end up raising more questions with it: Is 50% good or bad? How many seconds (or minutes) is enough to be considered "some time"? How many people should I expect to buy from that sample? How do I find out why some of them aren't buying?

Depending on the type, size, industry and stage of your company, the answers to these questions will be vastly different. It's not enough to know that some people made a purchase while others didn't. The story only ends once we learned more about them because you will want to know why they didn't, and then do something about it. And the answers to those questions depend on the context.

For example, in the context of a social networking site such as Facebook, the average time spent by users on the site needs to be much higher than on an ecommerce site. Social networks need you to spend as much time as possible there, so you'll be more likely to click on ads. Online stores may be happy that you spent only a few seconds on it, but managed to buy something on that quick visit.

Even among ecommerce stores there will be a difference. For complex and expensive products, for example, people need to research more. So it's often a good sign that they spend several minutes on the site, learning more about the product. But if you're selling something cheap and simple, a lot of time on site probably means shoppers are just confused.

Our purpose is to help you become fluent in ecommerce analytics, be able to tell your own stories from the numbers you see in your analytics dashboards and improve them. In the following chapters of this guide you'll understand what are the data points that should be important to your store, how to measure them and how to use them to sell more online.



CHAPTER 2

Analytics for Ecommerce Beginners

You will be learning about many analytics indicators in this guide, but if you're beginning your journey as an ecommerce entrepreneur, this is where you should start.

As a beginner in ecommerce, your top priority should be to achieve **Product/ Market Fit**, which is an indication that you are providing real value to your current customers (we're going to breakdown Product/Market Fit in detail shortly). Your focus should be on getting this right. Nothing else matters.

You are only ready to scale once you have achieved Product/Market Fit. "Scale" means investing time and money in marketing to grow sales and make a profit. Scaling prematurely is a very dangerous practice, one that can lead to losses and even bankruptcy.

One of our ecommerce clients (I work at **Compass**, the #1 Rated Reporting App on Shopify), for example, saw that their number of visitors was growing well and that their first customers were really enjoying their products. They viewed this as a sign that they were ready to start scaling growth. So they launched a massive increase in advertising spending.

But they didn't pay enough attention to other metrics, such as Bounce Rates and Returning Visitors (more on these below), which indicated that they were not as well positioned for growth as they thought.

Because their landing pages, overall design and navigation still needed work, the cost for acquiring each customer became too expensive, which resulted in big losses. To correct it, they had to scale back down, look closely at the right metrics, and improve them. Then they started investing in marketing again.

The stage in your company's evolution where you pursue Product/Market Fit is called the **Validation Phase**, because it is where you validate if you have a store with the qualities to safely start scaling.

In essence, a store that has achieved Product/Market Fit is one that offers a successful solution to a customer's problem or unmet need. If the product truly fits the market, people are willing to exchange money for it. Moreover, Product/Market Fit stores have:

1. Products that their customers really like
2. A great shopping experience, so customers come back to the store over and over again
3. A big enough customer base so that they can scale growth around it

You now must be wondering how will you know if your store satisfies any of the above criteria. If you're buying into the idea of analytics and data-driven decisions, you won't be happy with such vague terms as "products customer really like." You need concrete data.

The good news is there are five metrics you can objectively follow to make sure that your store fits the criteria, avoid the problems faced by the example above and know when you are to scale. They are:

- **Customer Lifetime Value (LTV):** Lifetime value is how you will profit from your average customer during the time they remain a customer. For example, if your average client comes back to your store three times to buy something, spends on average $100 per purchase and your profit margin is 10% ($10), their LTV is $30. This is important because LTV is directly linked to profitability, since a company with high LTV will be able to spend more to attract customers and will have a higher margin. **Read more about LTV here**. Compass calculates your LTV instantly, in your **Revenue Report**.

- **Returning Visitors:** The percentage of users who return to your site after their first visit. It's a clear indication that people liked what they saw. According to Compass' studies, a good ratio of returning visitors to new visitors is above 20%.

- **Time on site:** The average amount of time users spend on your site per visit. It depends on the product (as we saw in chapter 1), but in general, spending time on a website shows that people have a good experience. According to our analysis, a good average time on site is above 120 seconds.

- **Pages per visit:** The average number of pages that users navigate on your site in a single visit. A high number of pages per visit (around 4) indicates that people are interested in what you are selling.

- **Bounce rate:** The percentage of users who visit a single page on your website and then leave *before taking any action*. A high bounce rate (usually above 57%) means that your site is not giving a good first impression. High bounce rate was the primary cause of the losses in the example above, and it's especially harmful when you're investing in advertising. A user may bounce because of poor design, unmet expectations, or **slow page loading time**.

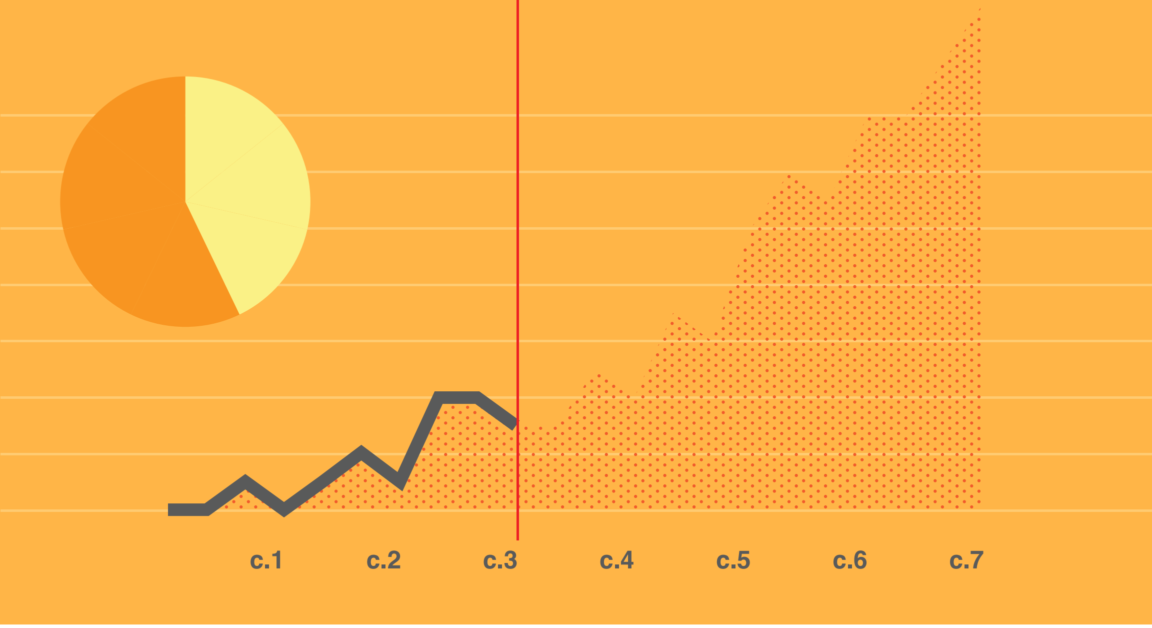
Except for LTV, which you need to calculate yourself, the metrics above can be easily accessed via your **Google Analytics**. They appear on the first page of your Google Analytics, as soon as you log in, and they look like this:

While Google Analytics will give you the absolute numbers, **Compass** will compare these numbers with the average of your peers and indicate if they are performing well enough to scale or if they still need work (e.g. fix high bounce rates).

If any metrics are below average, try putting yourself in the shoes of your customer, brainstorm ideas on what can be improved, and test solutions until you see those numbers improving.

It also helps to talk to customers. They may provide insights that you otherwise couldn't see.

When all of the above metrics are looking good, you can move on the next phase of your company's evolution, the **Efficiency Phase**.



CHAPTER 3

Analytics for Customer Acquisition Efficiency

In the last chapter, we talked about how to use analytics to achieve a Product/Market Fit for your online store.

But getting to Product/Market Fit isn't enough. You still need to grow your customer base **efficiently** to make sure that your revenue outweighs your fixed costs and your store can become profitable.

In a physical business, such as a factory, "efficiency" usually means better managing physical resources, such as raw materials and machinery, to keep costs low and profits high, since these are the most costly parts of the operation.

Since an online store requires few physical resources, its biggest expenses aren't tied to materials or machinery. Instead, the main job to be done by your website is to turn visitors into buyers, which means that your biggest costs will be marketing, sales and customer support. For an online business, becoming more cost-efficient means better managing customer acquisition efforts.

During the **Customer Acquisition Efficiency Phase**, your goal is to ensure that your website doesn't stand in the way of visitors buying your products. It's making sure that your website is clear, easy to navigate, has pages that load quickly and gives visitors the best possible shopping experience.

In other words, the efficiency phase is where you make sure everything is working well. Then you can safely start scaling growth.

Launching an ecommerce store is like building a new car. Unless you're sure about the structural quality of it, you won't feel safe driving it at 100 miles per hour. You do a few tests first and work on the bits that need fixing to certify that it can run faster without breaking down. Then you can accelerate.

In ecommerce, you test your store by running small-budget advertising campaigns and monitoring key metrics (see below) to assess if they're performing well. If they are, it's safe to increase your marketing budgets and start scaling. If not, your conversion rates will be too low, customer acquisition costs too high and you'll lose money (more on these metrics below).

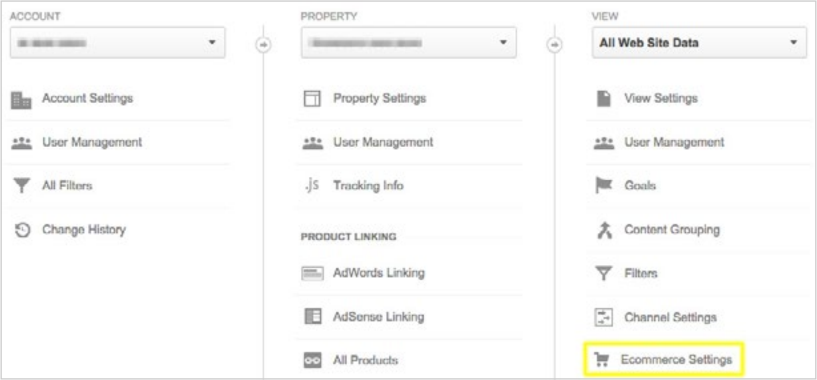
The main metrics you want to watch for while you're improving your customer acquisition efficiency are:

1. Conversion Rates

The percentage of people that visited your website and either signed up or made a purchase is your **conversion rate**. This is important because the lower your conversion rate is, the more expensive and time consuming it will get to make a sale.

Install **Ecommerce Tracking** in Google Analytics to monitor conversions from your Google Analytics and Compass dashboards.

To do that all you have to do is **Click Admin** (**read detailed instructions here**) from the menu bar at the top of any screen in Google Analytics, choose Ecommerce Settings and then Enable Ecommerce (go ahead and enable Enhanced Settings also):



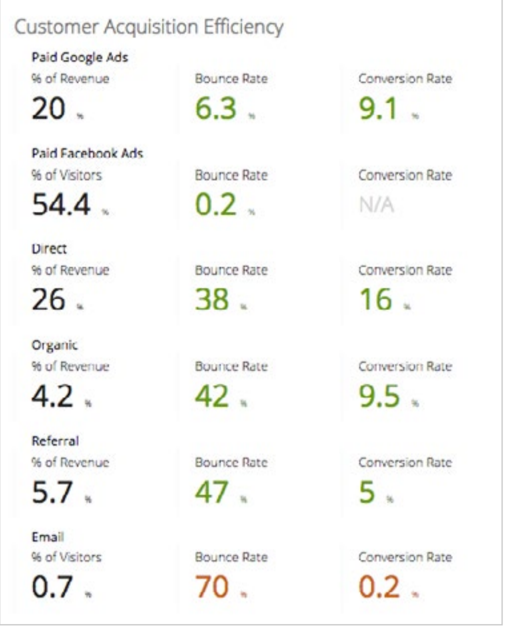
In Google Analytics you'll see your overall conversions in the Ecommerce report, like this:

Google Analytics Ecommerce report

Knowing if your current conversion rate is good or bad can be tricky, since it depends on your industry, size and type of product. For instance, websites selling expensive all-inclusive package tours to Italy will have a lower conversion rate (often lower than 1%) because it's a complex purchase, which requires users to do a great deal of research before buying it.

The example in the image above (over 4% conversion rate), however, is from a high performing company selling cheap and simple menstrual products. According to our data, an average conversion rate for such products is between 2% and 3%.

In your **Compass' Benchmark dashboard** you can monitor your conversion rate in each acquisition channel (Google Ads, Facebook Ads, Google Search, etc.) and compare them against your peers to know what a good conversion rate should be for your store. If your conversion rate number is green, it means that you're doing well. If it's red, you need to work to improve it.



Compass Customer Acquisition dashboard

If your conversion rate is low, use Google Analytics' report Behavior > Site Content > Landing Pages to identify which of your pages have high bounce rates and low conversion rates. Follow **this infographic** to learn what a standard landing page should look like and work on improving them.

Also, make sure that your entire sales funnel, from shop visits to payments, is well organized and easy for people to navigate. You can learn more about how to **improve conversion rates here**.

2. Page Load Time

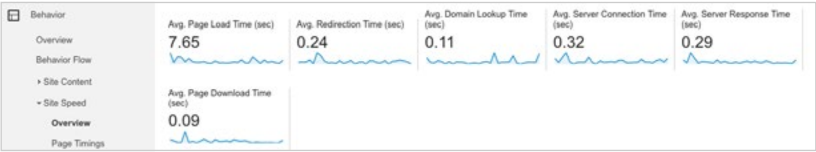
Our study shows that page load time can have an impact on revenue of as much as 16%. Increasing speed has become a fundamental product requirement. People need websites to load faster and information to be readily presented. Every second counts when it comes to the time it takes for a page to load and if your visitors can't find what they're looking for, it will have a direct negative effect on business results.

If your pages are taking too long to load, conversion rates will be greatly affected, which will have a negative impact on your Customer Acquisition Efficiency. If we put ourselves in the shoes of an average consumer, this shouldn't come as a surprise. With higher competition and lower attention span, users get frustrated after **waiting for just 400 milliseconds** for web pages to load.

Monitor your Average Page Load Time in your Google Analytics and Compass dashboards to know if your pages are loading fast enough. The biggest responsible for slowing websites down is usually the image used on the page.

While photos, logo and other images aspects help shoppers visualize products, they should be fully optimized to be contained in the smallest files possible. Use **Photoshop** or **Pixlr** (free online software) to reduce image size and reduce quality. Just be careful not to let images look 'pixelated' in your website, such as the ones below:

Visit your Google Analytics **Behavior** > **Site** Speed report to learn if your pages could be loading faster. You can find more information about how page load speed impact revenues **here**.



Google Analytics Site Speed report

3. Customer Acquisition Cost (CAC)

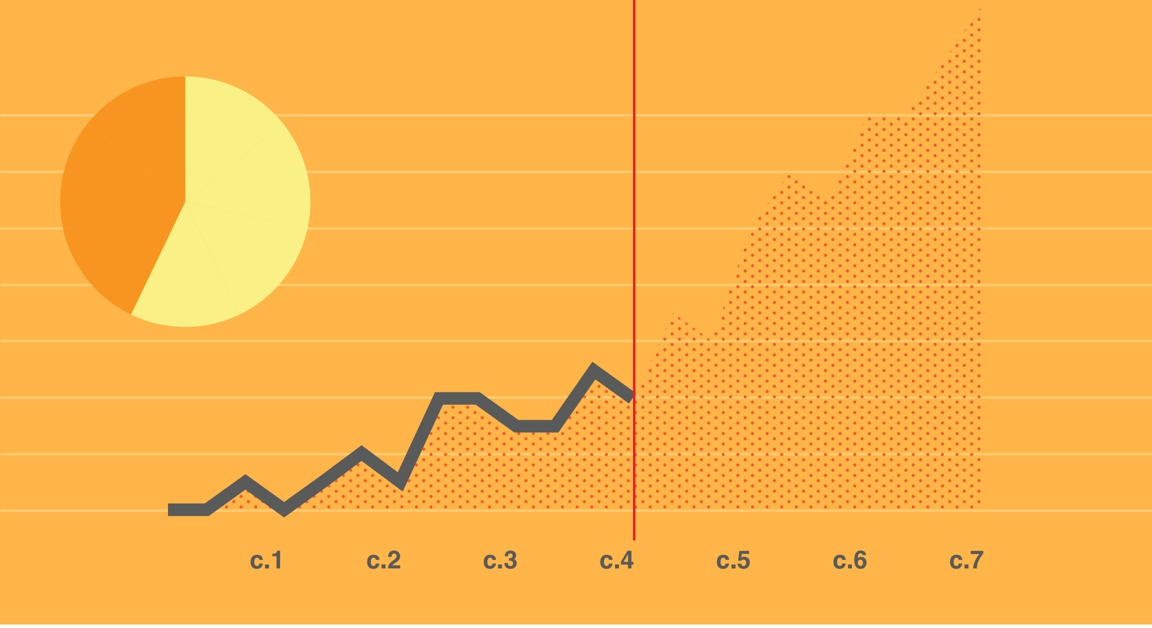
If you're spending more money than you're making, your business won't be profitable. So the metric that matters most to you is the ratio between Customer Lifetime Value (explained in the previous chapter) and Customer Acquisition Cost (CAC). CAC measures the amount of money you're spending to acquire each customer. Since customer acquisition is the main expenditure in ecommerce, if your CAC is higher than the lifetime value per customer (see chapter 3), you will be operating at a loss.

CAC requires a simple calculation of the amount you spend in marketing versus the number of sales you generate from that amount. For example, say you are spending $10,000 per month on Facebook advertising. And from those $10k you generate 1,000 sales. Your monthly CAC from those campaigns will be $10.

You should calculate the maximum you can spend on each customer acquisition based on your CAC / LTV (Customer Lifetime Value) ratio. For example, if your average profit per order is $10, and your customers buy from you 10 times on average, your LTV is $100. So you will want to spend less than $100 to acquire each customer to make a profit. You can learn more about **running a profitable business here**. Compass calculates this instantly for you in the **Revenue Report**.

Improving Conversion Rates, CAC and Page Load Time will be a constant effort for anyone running an online business but it's important that you prioritize them early on. Keep monitoring and optimizing them, as it's normal to see variations over time.

Once you improve your Customer Acquisition Efficiency metrics, you can start scaling growth, which is the subject of the next chapter of this guide.



CHAPTER 4

Analytics for Scaling Growth

Once you've made the necessary adjustments in your store, as advised in chapters two and three, you are ready for the Scaling Phase.

In ecommerce, scaling means growing sales. There's nothing wrong with having a slow-growing company that simply helps pay the bills. But if you have a popular product and a lot of people want it, why not try to sell as much as possible?

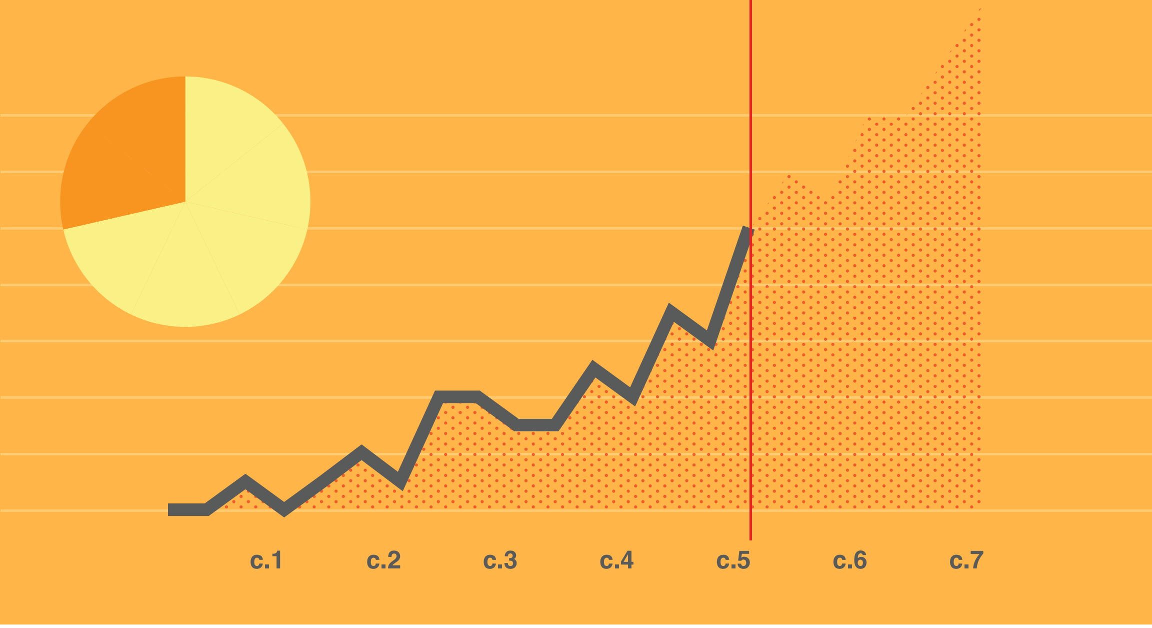
As you're scaling growth, the main business metrics you need to watch are:

- **Transactions:** Make sure growth is steady by improving your number of transactions weekly or even daily.
- **Average Transaction Value:** Selling more items or higher-priced products per transaction will help you improve your overall business performance.
- **Revenue:** Make sure that your monthly revenue numbers are going up.
- **Unique Visitors:** If all your other metrics are trending up, then your unique number of visitors will naturally reflect more sales and revenue. Just be careful not to pay too much attention to this metric before the above numbers are also positive. Make sure to manage your LTV / CAC (explained in the previous chapter) ratio while you grow in unique visitors so that you remain profitable.

While you still need to monitor your Conversion Rates, Bounce Rates, CAC and other metrics in each of your channels (we'll cover this in more detail in the next chapter), the metrics above are the most important for scaling growth. They are the ultimate measure of your performance.

Track these metrics weekly in a spreadsheet (**click this link to download it for free**) that you should use as a general overview of your store's performance. Add your metrics to each corresponding week and compare them against the previous week. Your main goal should be to always do better than the week before. Alternatively, **Compass' Executive Report** can do that for you automatically.

In the next chapter, we'll talk about the different acquisition channels you can use and the most important metrics in each of them. Acquisition channels, by the way, are the places where you can reach out to your potential customers and invite them to buy from you.



CHAPTER 5

Customer Acquisition Metrics

By this point, you should have a good understanding of your company's position in the development cycle. You now know, by looking into your metrics in Google Analytics and Compass' dashboards, whether you're in **Validation**, **Efficiency** or **Scaling phase**.

This chapter focuses on helping companies that are either in the Efficiency or Scaling phases to better manage their customer acquisition efforts.

If you're in the **Validation Phase**, keep working on achieving a good Product/Market Fit – that should be your top priority. The information in this chapter will help you plan your next steps.

If you're in **Efficiency Phase**, you're ready to use the acquisition metrics presented in this chapter, which will help you optimize your store for future growth.

Right now, you should invest small resources in marketing, with low-budget advertising campaigns, to bring just enough traffic to generate data. Then analyze the data to gain insights into the best ways to optimize the core metrics of your product. Once those have been optimized, you can move on to the **Scaling Phase** and invest more heavily in the channels that have worked best for you.

In the last chapter, we talked about some of the most important business metrics to evaluate your company's growth during the Scaling Phase. In this chapter, companies that are ready to scale will learn how to use analytics to manage each marketing channel while investing more in them to grow.

There are dozens of acquisition channels out there, but for the purpose of this guide we will focus on the most popular channels for ecommerce today, which are SEO, SEM, Facebook Ads and Email Marketing.

We encourage you, however, to experiment with channels that best fit your audience. If your typical buyer spends more time on Pinterest than Facebook, for example, you should look into how to leverage Pinterest for growth, not Facebook. Same for events, blogs, magazines, Snapchat, direct mail, etc. If you know your audience well, you know where they are.

By learning more about analytics, your audience and their favorite channels, you should be able to replicate these learnings to any acquisition channel out there.

1. Search Engine Optimization (SEO)

If you have a product that people regularly search for online, such as "flights" or "shoes," search engines can be a great free channel for growth. When you're optimizing your site to gain more organic traffic (traffic from search engines), the metrics you should be looking out for are:

- **Search volume:** You can only grow with SEO if there are a lot of people searching for your product in Google or Bing. Keyword Planner is useful to learn if the keywords you want to be ranked for can generate enough traffic for growth. If not, you'll never be able to generate enough traffic from them to scale growth.

- **Average ranking position:** In your SEO Report in Google Analytics you can see the average position of the keywords that are bringing you traffic. Position 1 means you're the first result in Google for that keyword, the one that generates the most traffic. You can learn more about how to **improve your SEO ranking here**.

- **Bounce rate:** After people have clicked on a search result in Google, they will land on your site. If their expectations aren't met, people will leave and you'll get high bounce rates. Google uses bounce rates as a measure for ranking too, so high bounce rates are not only bad for sales, but for SEO.

- **Conversion rate:** If you have a steady volume coming in from organic traffic, you want to make sure that visitors coming from Google or Bing are converting into buyers as frequently as possible. Optimize your entire conversion funnel, from the landing page to payment, to better leverage SEO to grow sales.

- **Revenue:** You want to generate sales and revenue from visitors coming from search engines. Monitoring revenue coming from organic traffic is the best measure to see if your improvements in SEO are having a positive impact. Your Compass Revenue Report will show you exactly how much your revenue you're generating from SEO.

You can learn more about SEO with Shopify's **Ecommerce SEO Checklist**.

2. Search Engine Marketing (SEM)

Advertising on search engines, such as Google and Bing, can help you attract the right audience to your site. Work on both SEO and SEM strategies – they complement each other well. The metrics below are based on Google AdWords, which is the advertising solution from Google:

- **Search volume:** As with SEO, if you're investing in Search Engine Marketing you want to make sure that the keywords you're targeting have high traffic volume. Research in Keyword Planner before you start investing in SEM.

- **Cost per Click (CPC):** You can control how much you are willing to pay per click in SEM by adjusting your CPC in your Google AdWords dashboard. The more you pay per click, the higher your ad will show in your prospective customer's search results, which will generate more traffic. The trick here is to pay enough to drive traffic, but not so much that your cost per acquisition (see below) will be too high, which will hinder your profitability.

- **Average ranking position:** This metric, shown in your Google AdWords dashboard, is directly related to CPC. The more you spend in your keywords' CPC, the higher your ranking position will be, which will generate more traffic.

- **Click-through rate (CTR):** Your ad may get shown to a lot of people, but it will only be effective if the right people click on it. Work on your ad copy so that it's enticing for the people looking for your product. This will raise your CTR (also shown in your Google AdWords dashboard) and generate more traffic.

- **Bounce rate:** It may be that people are clicking on your ads, but when they get to your site they bounce (leave without performing any action). If your campaigns have high bounce rates, work on your landing pages and ads so they "tell the same story." Make sure you monitor bounce rates in every SEM campaign in your **Google Adwords dashboard** and your overall SEM bounce rate in your Compass Acquisition report.

- **Conversion rate:** Optimizing your SEM conversion rate will have a big impact on your profits. Optimize your entire conversion funnel, from the landing page to payment, to better leverage SEM for sales. You can find the conversion rate of each campaign in your Google Adwords dashboard and the overall SEM (Google Adwords) conversion rate in your Compass Benchmark Report.

- **Customer Acquisition Cost (CAC):** CAC in AdWords is calculated based on your average conversion rate and average cost per click.

For example, if your conversion rate is 10%, that means you need 10 clicks to make one sale. If every click costs $2, your CAC will be $20. If a Customer Acquisition Cost of $20 is too high for you to make a profit, you'll be losing money while you generate sales. You can monitor your SEM's CAC in your Compass Acquisition Report.

3. Facebook Ads

Leveraging advertising in social media can be tricky, since people use social networks to connect with friends, not buy products. Nevertheless, social media is where people spend most of their time online, and Facebook is the most popular of them, so we encourage you to experiment with Facebook Ads to grow sales. The main metrics in Facebook advertising are:

- **Impressions:** If your ad has low impressions, it means that it's not being shown to enough people. This means your target market is too narrow. Widen your audience by including more relevant interests.
- **CTR:** This is the percentage of people that are clicking on your ad after seeing it. If this is too low, the messaging or design of your ads need some work. Or you're showing your ads to the wrong audience.
- **Cost per click (CPC):** In Facebook, a click will cost more depending on the type of audience you are targeting. A high CPC will translate into higher CAC. Learn more about **how Facebook calculates CPC here**.
- **Bounce rate:** Same as SEM, previously mentioned.
- **Conversion rate:** Conversion rate is an important metric and each advertising campaign may have a different conversion rate. If you identified a particular campaign with a bad conversion rate (in Google Analytics, go to **Acquisition** > **Campaigns** to find out), work on your landing pages and ads to make sure that they both have a consistent and clear message, highlighting the value of your products.
- **CAC:** Same as SEM, previously mentioned.

4. Email marketing

Email marketing is, on average, the best performing channel for sales in ecommerce. The challenge is building an email list, which takes time (and we strongly **discourage you from buying email lists**). The main metrics you should be watching for when leveraging email are:

- **Number of email subscribers:** If you want to grow sales by using email, the numbers matter. The bigger your list, the better your chances of making a sale. Work on getting as many email subscribers as possible from your potential clients. Learn more about how to **grow your email list here**.

- **Sales from email:** Of course, simply having a big list of email addresses isn't enough. You need to be able to sell to them. There are two aspects to this. First, you need a list of people who will be inclined to buy from you. Second, you need to work on the content of your emails to make that happen. Read more about these two metrics below.

- **Conversion rate from visitors to email subscribers:** Building a list requires adding forms to your website and asking people to subscribe. The conversion from visitors to subscribers will depend on how well you can convince them to sign up.

- **Conversion rate from subscribers to sales:** Once you have built a list of people interested in your products, you want to send them regular emails that are interesting, entertaining and will convince them to buy from you. Work on the designs of your emails and the selection of products to make sure that you sell to your list.

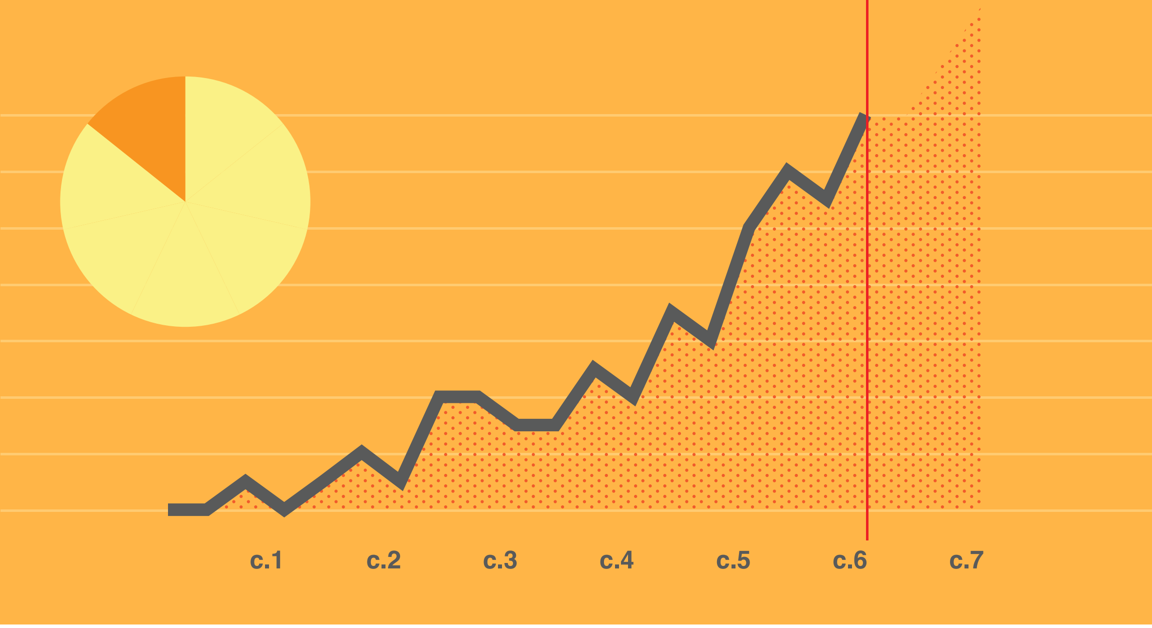
- **Open rate:** If people don't open your emails, there is no chance of you selling to them. A quality email list can generate open rates of 20% to 30%. Test your email subjects to make sure they are enticing and can convince people to open them.

- **Click-through rate:** Once your subscribers have opened your emails, you want them to click on a product, promotion or piece of content and go back to your site to buy from you. The percentage of people that click on a link in an email is the click-through rate.

- **Unsubscribe rate:** Some people might not be happy to receive your emails. If you're not careful with the type of content you're sending to your list, people will unsubscribe. If too many people (more than 1%) unsubscribe from your emails, it's a sign that you're not sending them what they signed up for.

To learn more about email marketing, check out Shopify's guide, **How to Grow Your Ecommerce Business with Email Marketing**.

In the next chapter, we'll show how to tie everything together and incorporate analytics in your company's routine.



CHAPTER 6

How to Incorporate Data into Your Company's Routine

When you come across companies that incorporate data in their weekly routines, you can really see the difference in performance.

Merchants that are in the habit of analyzing data, getting insights from their analytics and putting these insights into action are the ones who become the most successful.

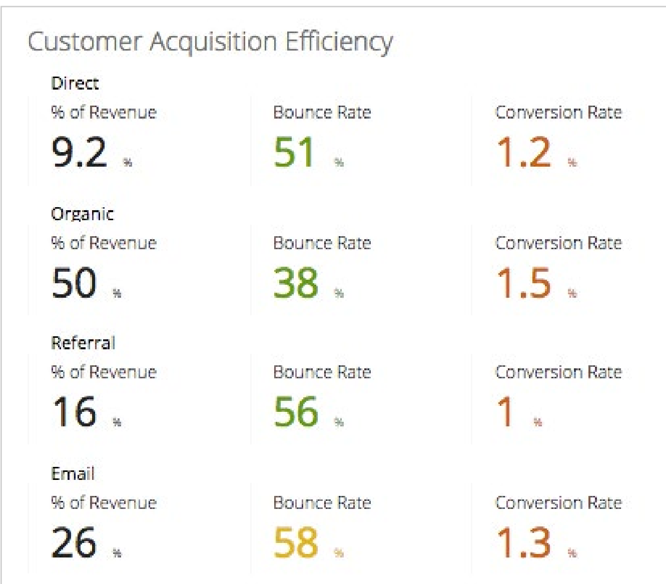
Making data analytics a habit is simple. Whether you're a solo entrepreneur or part of a team, all you need to do is implement weekly check-ups, in the following way:

Weekly Check-ups

Successful companies focus on solving their biggest bottlenecks first. Start every week by opening your analytics and taking a clear view of what your priorities should be for the coming days.

By understanding, for example, that your Average Page Load Time is high in comparison to your peers (or your previous week), and that page load time directly impacts conversions, you'll know that its reduction should be a top priority for you. Consider **optimizing your store's images**.

If you're using Compass, set it for Report mode, then select Weekly Report to see your improvement from last week. The color coding system will make it simple to identify the main metrics you should be focusing on. Green means your numbers are above average, yellow means you're just about average and red means this area needs work.

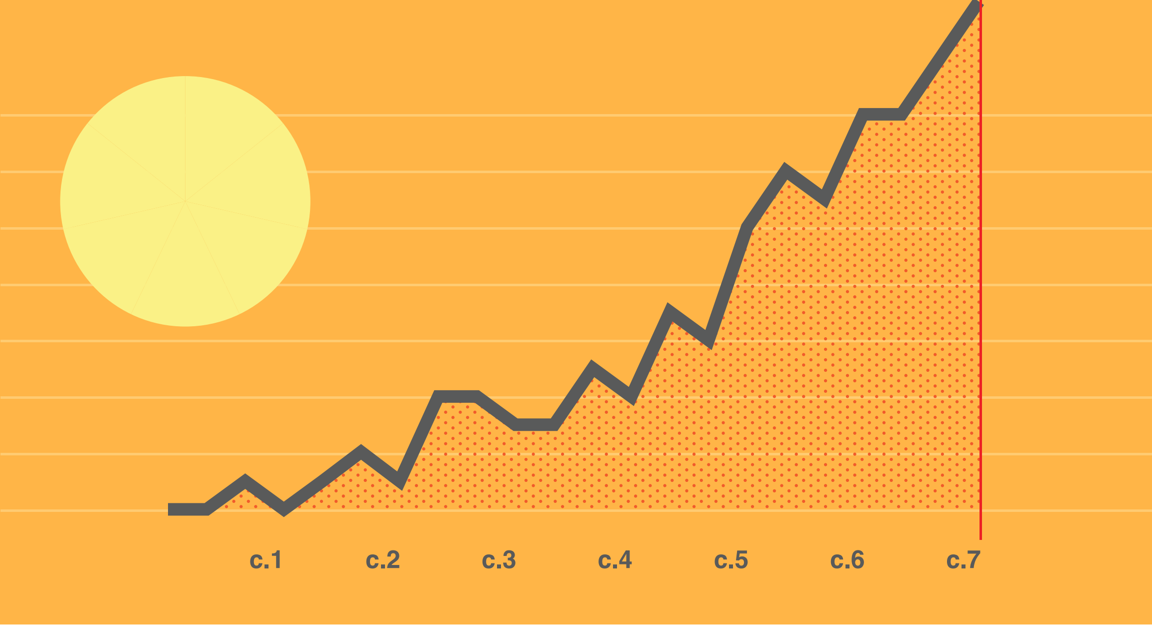


As you can see in the example above, conversion rates are a big problem for this store. They should be focusing their efforts in optimizing their landing pages, store experience and sales funnel to improve their conversion numbers and sell more.

You can also simply keep track of your metrics in a spreadsheet or a whiteboard. The important thing here is to prioritize what's important to work on this week. You need to understand if you're improving your numbers over time, always comparing your data with the previous week.

Once you found out what your biggest problems are, brainstorm ideas that can positively impact the red metrics in your dashboard. Put these ideas into action and follow the same check-up next week to verify if your numbers have improved. Repeat this process every week until all your metrics are green.

That's it. When you're fluent in analytics and incorporate data into the decision-making process of your company, nothing can stop you.



CHAPTER 7

Conclusion

Amazon is the most prominent player in the ecommerce space. With data on $150 billion in transactions, they have almost perfect visibility to drive decisions.

Next to them, small and medium-sized online merchant don't stand a chance. Smaller entrepreneurs, lack the breadth of data and internal expertise to drive clear decisions and execute confidently so they can grow online.

Small and medium-sized merchants (SMEs) need to collectively become a viable alternative to shoppers against the increasing monopolizing power of ecommerce giants.

That will only happen if they can build websites that are as up to the standards that consumers are now used to. And **the only way to level the play field is by understanding, analyzing and acting upon data**.

Consumers don't care if we're a single-person team or are doing this on the side. They've grown to be accustomed to a certain threshold of quality, and merchants need to be able to live up to them.

The good news is that data is now more accessible than ever. **Google Analytics**, **Google Sheets** and **Compass** all have free versions that, when used with intelligence, can be extremely powerful in providing actionable data that can make a difference in improving consumers' shopping experience.

Most businesses don't fail due to lack of work or dedication. Most businesses fail for executing very well the wrong things. The trick is to understand which data points are important for each development stage and use that knowledge to make changes that will actually have a deep impact in your bottom line.

We hope to have given you the tools and contextual understanding to focus your efforts on what can really help you sell more in this guide. If you have any questions, please reach out to us at ramon@compass.co.

About Compass

At Compass we built an ecommerce data network to enable small and medium-sized merchants to learn from each other's strengths. We designed it to make it easier for you to track, read and understand your data.

Compass has achieved this by building a foolproof, completely automated interface that provides merchants with:

- A single view of all their data
- Peer benchmarks
- Recommendations
- Best practices to drive revenue and increase profitability

It's easier to sign up for Compass than for Facebook. Just type in your name and email and connect to Google Analytics – the data source used by most online merchants and other data sources, such as Shopify, PayPal, Stripe and Facebook Ads.

Once you've done that, you can see data from your entire online business instantly on your Compass dashboard.

Inside Compass, a **Revenue Report** brings together your different revenue channels to help you keep a finger on the pulse of your business. Many times, transaction sources will have incorrect revenue numbers because of cancellations, refunds and partial refunds. We're playing the role of analyst for you to make sure your revenue numbers are correct.

The **Executive Report** helps you control performance and set objectives. You can see your own performance and compare it to that of your peers and your previous year. You can also forecast for the coming month and use that as a base to set objectives going forward.

The **Benchmark Report** enables you to identify problems. Here, we color-code your key metrics in an easy-to-read format. When your web metrics are green, your shop should be working properly.

The **Acquisition Report** assesses the ROI for each acquisition channel so you can make more money by investing in the channels that are profitable.

We built the **Insights Report** to help you take the final step in building a successful ecommerce business. The Insight Report is a "what-if" scenario, based on your own data and benchmark data, to identify the biggest metrics to drive revenue. In this report, we provide you with links to blog posts to help you tackle specific issues yourself or connect you with experts who can help you address these issues.

As you can see, Compass brings together all your key data so that you can manage and run your business effectively. We provide you with all the vital benchmarks to make sense of your data and offer recommendations to enable you to grow your revenue and maximize your profitability.

ABOUT THE AUTHOR

Ramon Bez

Ramon Bez is a growth marketer with ten years of experience in using data to find opportunities for sustainable and profitable growth. In his last company, TourRadar, he helped raise revenues from $500k to $1M in under a year. Now he works as Content & Growth Marketer at Compass, the #1 Reporting App in Shopify.