10 E-Commerce KPIs You Should Know by Heart

You've picked a strategy and begun the exciting journey of growing your e-commerce business, but without a proper way to track progress, it can be hard to know if you're headed in the right direction. Identifying and measuring your Key Performance Indicators (KPIs) is crucial to understanding if you're on your way to achieving real growth.

Knowing exactly which ones to pick can be hard to do, so we asked several of our customers and partners which KPIs and Metrics helped them on the road to success, narrowing it down to **10 basics for getting started.**

Our checklist below provides an overview of what they are, why they're important, and how to benchmark them properly to improve your performance and get you kicking goals!

KPI	What is it?	Benchmark Goal	Why is it important?
Time to Market (TTM)	The total amount of time it takes from the conception of your product or service until it's ready for the market.	Each product/service will have its own TTM, but aiming for shorter TTMs without a sacrifice in quality is the ultimate goal.	First-past-the-post generally gets the biggest market share, so knowing how quickly you can launch a new product or service and acting on it can give you a competitive advantage.
Total Cost of Ownership (TCO)	The overall total cost of a product or service from start to finish, i.e. its purchase price and operation costs.	Helps properly evaluate the acquisition and operation costs of growth strategies (e.g. starting a marketplace) so you know exactly where to invest.	Low TCOs are the target when evaluating exactly how expensive it will be to launch any new project or growth strategy.
Revenue Growth Rate (RGR)	The rate of your revenue growth over a period of time, measured as a percentage.	As simple as it sounds, keeping track of this metric is the way to make sure your revenue is growing at a sustainable rate alongside your business.	Growth rates tend to accelerate with initial expansion and then settle as the business matures, but 10% per year is the golden standard.
Conversion Rate (CR)	The rate at which visits/clicks to your online business channels convert to an actual purchase.	An e-commerce basic, knowing how successful you are at converting visitors to customers is key to knowing if your online strategies are working for you.	There are multiple ways to benchmark conversion rates - by industry, channel, location, etc. - but a good average is between 2-5%.

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Customer Acquisition Costs (CAC)	How much it costs on average to acquire a new customer, including money spent on marketing, advertising, and sales staff.	Helps you track exactly how much you are spending to get new customers, and whether it's actually paying off.	Closely linked to your Customer Lifetime Value (see below), your CAC should generally be less than your revenue to guarantee a steady profit margin.
Customer Lifetime Value (CLV)	How much a customer is likely to spend with you on average over the length of your relationship.	Helps you track how much you can expect to earn from a customer, allowing you to focus on those who are the most valuable.	Your CLV to CAC ratio should ideally be 3:1, i.e. the cost to acquire a new customer should be three times less than their lifetime value if you want to see growth.
Average Order Value (AOV)	The average amount of money a customer spends on a single order (including multiple products) with you.	Knowing the average order value can help drive new strategies to increase spending. This is important since it's cheaper to encourage larger orders than to acquire new customers.	AOVs vary according to the product/service, but you can use this metric alongside CLVs to identify your most valuable customers and tailor marketing to them for a positive return on investment.
Customer Retention Rate (CRR)	The percentage of customers you retain over a given period of time.	Helps measure the efficacy of your marketing and customer service strategies, and whether they may need some tweaking. Having a low CRR, i.e. a high-turnover rate, will mean more money spent acquiring new customers and ultimately lower revenue.	A good CRR really varies from industry to industry and the period of time you've been operating within it. The best way to determine a 'good' percentage is to compare your own data with a company in your industry of a similar size and age.

Customer Satisfaction Score (CSAT)	How satisfied customers are with your products and services. Usually measured with customer feedback surveys.	Customer feedback is essential for gaining perspective on what you're doing well and what needs to be improved to keep them coming back.	A CSAT of 80% or above is generally considered a good score across most industries.
Net Promoter Score (NPS)	A valuable customer loyalty metric, this score measures how likely a customer is to recommend your service or product to another.	This metric not only gives you an indication of how satisfied your customers are, but also insight into the potential for organic growth through word-of-mouth referrals.	Again, defining a good NPS really depends on the industry, but achieving a score above 50/100 is a pretty strong indication that you're generating more supporters than detractors.

Now you know the basics, it's time to start applying them to your own business. Having proper performance indicators in place will guarantee that you don't miss out on any opportunities to achieve authentic and long-lasting growth.

Interested in key e-commerce growth strategies for the future?

Check out this whitepaper.