Bidnamic

Advanced techniques for increasing average order value in Google Shopping campaigns

Bidnamic 2021
Google Shopping resources

Average order value

Increasing competition makes it harder to keep new customer acquisition costs at an affordable level. Focusing on average order value (AOV) — total revenue over a given period divided by the number of orders — is one way to address this.

Calculating AOV

$$\frac{\text{Total revenue}}{\text{Number of orders}}$$

Use data over a specified time period for both metrics

What's important

Understanding the average value shoppers are spending in your store can help you calculate a more competitive CPC: winning more traffic without risking profitability.

If a shopper adds a £25 belt to their £100 trouser suit order, for example, revenue for that purchase is increased by 25%. Yet the acquisition cost remains the same.

Doing this well requires investment in great merchandising — presentation, discoverability, upsells and cross-sells — offering flexible payment terms, and making it easy to find and use discounts and codes.

All of which can be done faster, better and easier using smart technology.

Pro tip

Bidnamic's platform identifies products that might be low value and low margin but provide low cost per click 'gateways' to much larger average order values.

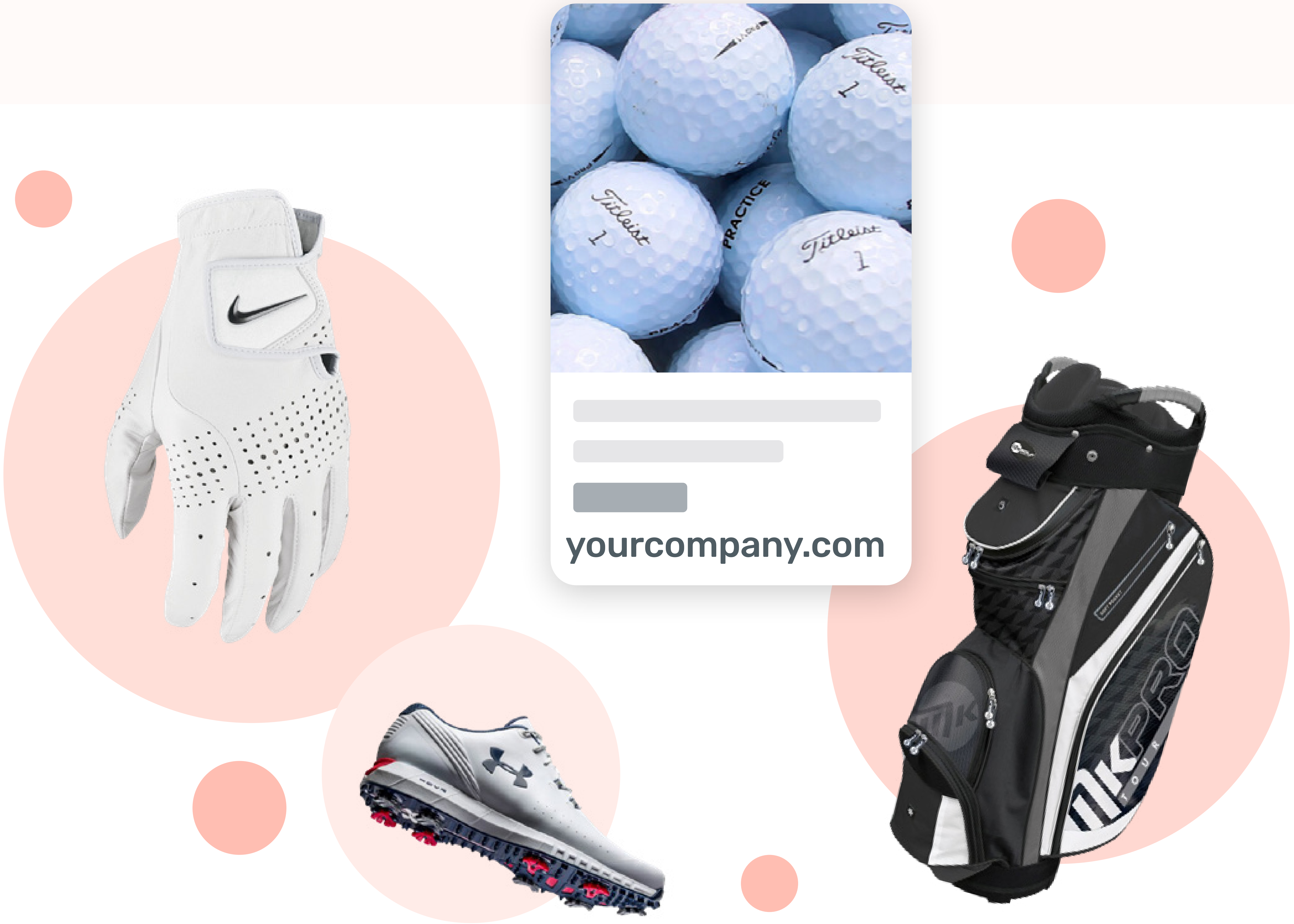
Identifying gateway products provides opportunities to bid more competitively, and the data can also inform wider product merchandising tactics.

What are gateway products?

A gateway product is a product with a high click-through rate (CTR) that often leads to a multi-product purchase.

For instance, a user may search for golf balls and click an ad which tickles their fancy. Before completing their purchase they add related products to their cart like a glove or new shirt, resulting in a much higher order value from just one click.

Being able to do this requires access to SKU-level performance data, so you can identify your gateway products and ensure you bid higher than you would do based solely on the gateway product margin.

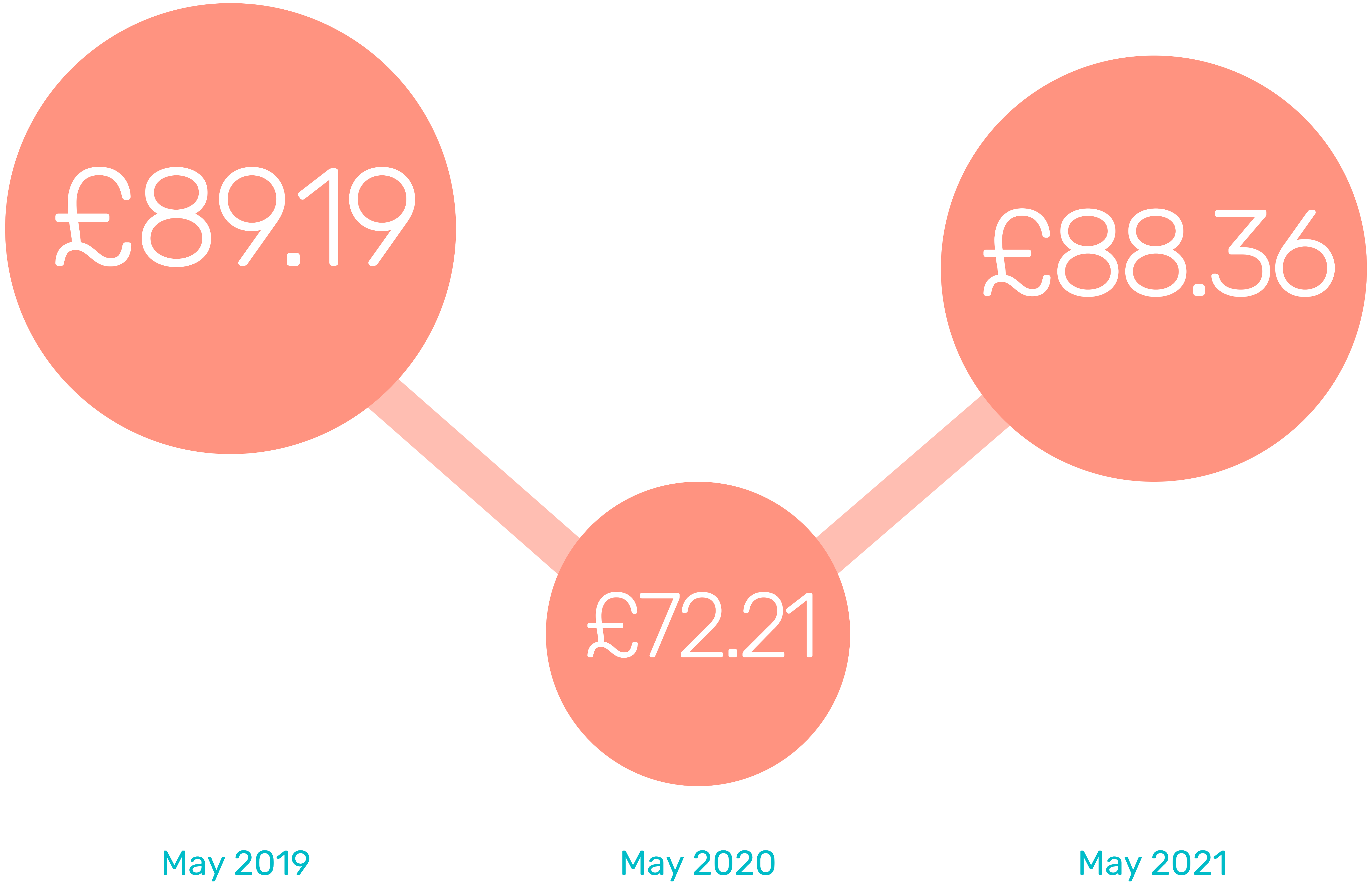


Average order value: 2019-2021

The fiscal effects of the global pandemic are apparent in comparisons of ecommerce market data from May 2019 and May 2020: In the UK, the AOV of online retail sales across all industries fell 19.04%[1].

As the UK began wide scale vaccine rollouts and lockdown restrictions were lifted, consumers began to purchase more items per transaction compared to the same time period one year prior[1].

However, the trajectory of AOVs in 2021 is beginning to resemble that of the AOV path in 2020, not yet reaching the same value consumers spent across all industries in 2019.



1. https://www.irpcommerce.com/en/gb/ecommercemarketdata.aspx

Six factors that help boost average order value

01 User experience (UX) and user interface (UI)

A great UX doesn't necessarily encourage customers to add additional products to their basket, but a poorly performing website can deter users from browsing your online store.

Page loading speed also affects bounce rates. Every extra second it takes your page to load, conversion rate drops by 17%.

Read more in our guide to conversion rate optimisation.

02 Free shipping

Offering free shipping for order spends over a given value gently nudges customers to browse the website longer and add more items to their basket. Retailers can utilise smart pop-ups to advise customers of the value to spend before they qualify for free delivery.

Soft reminders prompt customers to experience the endowment effect - the marked feeling of loss of money or possession. Here, users want to avoid the sense they're losing money in shipping costs.

03 Merchandising

Merchandising is the presentation and display of products and matching counterparts. Brick-and-mortar stores have a greater advantage using physical environment, but it's still possible to create a similar sense of identity with recommended products around your product range.

"Shop the look" has become an increasingly popular feature with customers and businesses alike. It's typically used by fashion and home decor retailers, with social media channels like Instagram, Pinterest and TikTok developing features to boost active shopping from their platforms.

04 Product bundles

Marketplaces like Amazon often recommend adding product bundles made up of items customers regularly buy together.

The customer is presented with the opportunity to purchase everything they're likely looking for - or may not know they need - and often at a slightly discounted price.

05 Promotions

Offering promotions has a direct influence on basket behaviour, with a proven effect on average order value as a consequence. Site-wide limited time offers nudge customers towards making purchases, buying additional products to take advantage of the temporary promotion.

06 Alternative payment methods (APMs)

APMs like buy now, pay later (BNPL) have gradually become more prevalent in the ecommerce landscape. Research demonstrates their popularity among younger generations as 26% of millennials utilise BNPLs[1].

FinTechs like Klarna offer shoppers the opportunity to pay in three instalments or after 30 days. They generally require a minimum spend, encouraging shoppers to add more products to basket, and increase their order value.

Do you have room to improve?

Read on to discover the advanced techniques used by leading online retailers to increase conversion rates.

1. https://www.pymnts.com/buy-now-pay-later/2021/how-bnpl-is-building-an-ecommerce-foothold/

Payment alternative overcomes barriers to affordability, driving average order value

Case study

Cox & Cox sought new ways to empower customers to invest in ‘whole looks’, and Klarna’s instalment payment option enabled customers to buy more

Klarna Pay in 3 offers a safe, simple and seamless way to extend the company’s online checkout. Available on spends over £30, it lets users split purchases into three equal payments over 60 days.

There is never any interest or fees added meaning the customer will pay the same product price as they would if they were to use a debit card.

▶ View full case study

> **“With Klarna Pay in 3, our shoppers are still making considered purchases. They are not filling their baskets but rather spending just a little bit more, upgrading on quality, fabric or feature”**

Klarna.

Klarna is now one of Europe’s largest banks and is providing payment solutions for 90 million consumers across more than 200,000 merchants in 17 countries.

Klarna offers direct payments, pay after delivery options and instalment plans in a smooth one-click purchase experience that lets consumers pay when and how they prefer to.

Real-time recommendations based on basket content

Case study

French fashion retailer The Kooples increases average basket value

The Kooples needed a personalisation solution that supported multilingual, multi-currency websites and could respond to different consumer behaviour in their core markets.

Working with Attraqt, they saw swift improvements by being able to make recommendations based on the contents of the customer's basket, which resulted in a significant increase in sales.

9.5%
increase in average order value

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Attraqt

Attraqt enables every customer to deliver the best possible product discovery experience for their shoppers by combining the very best capabilities in search, merchandising, recommendations and personalisation.

This all-in-one solution is powered by the very latest AI to ensure that every consumer has a seamless, engaging and highly relevant journey from initial search all the way through to conversion and purchase.

Personalise page product details and checkouts

Case study

AI-based real time personalisation drives 40% average order value growth for Flava Japan

Real-time personalisation includes product recommendations that adapt to every click that the shopper makes.

Every product attribute is taken into consideration, and the products recommended are based on specific attributes the shopper shows affinity towards.

For example, a colour over a pattern, or a length over neckline. Product recommendations are based on the shopper's current journey as well as their historical data.

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40%

Increase in average order value

Vue.ai®

Vue.ai is a unified visual AI platform that is redesigning the future of retail commerce.

Using image recognition and data science, we help retailers generate product and customer intelligence, and combine these with market insights to power growth.

Deliver more compelling mobile content

Case study

Rip Curl, market leader of surfing wetsuits, surf watches and casual surf apparel, increases mobile conversions

When visiting any of Rip Curl's international websites **every customer is greeted on the mobile responsive home pages with a range of products 'recommended for you'**.

These can include products that were bought by similar customers, frequently purchased items and exciting new Rip Curl lines, and contributed to an incremental increase in month-on-month revenues.

▶ View full case study

freshrelevance

Fresh Relevance is the real-time personalisation and optimisation platform. We analyse customer data and use it to maximise the customer experience for each individual across email, website and app.

By increasing engagement across devices and channels, we help digital marketers and ecommerce professionals drive revenue and customer loyalty.

Behavioural triggers and clever exit intent strategies

Case study

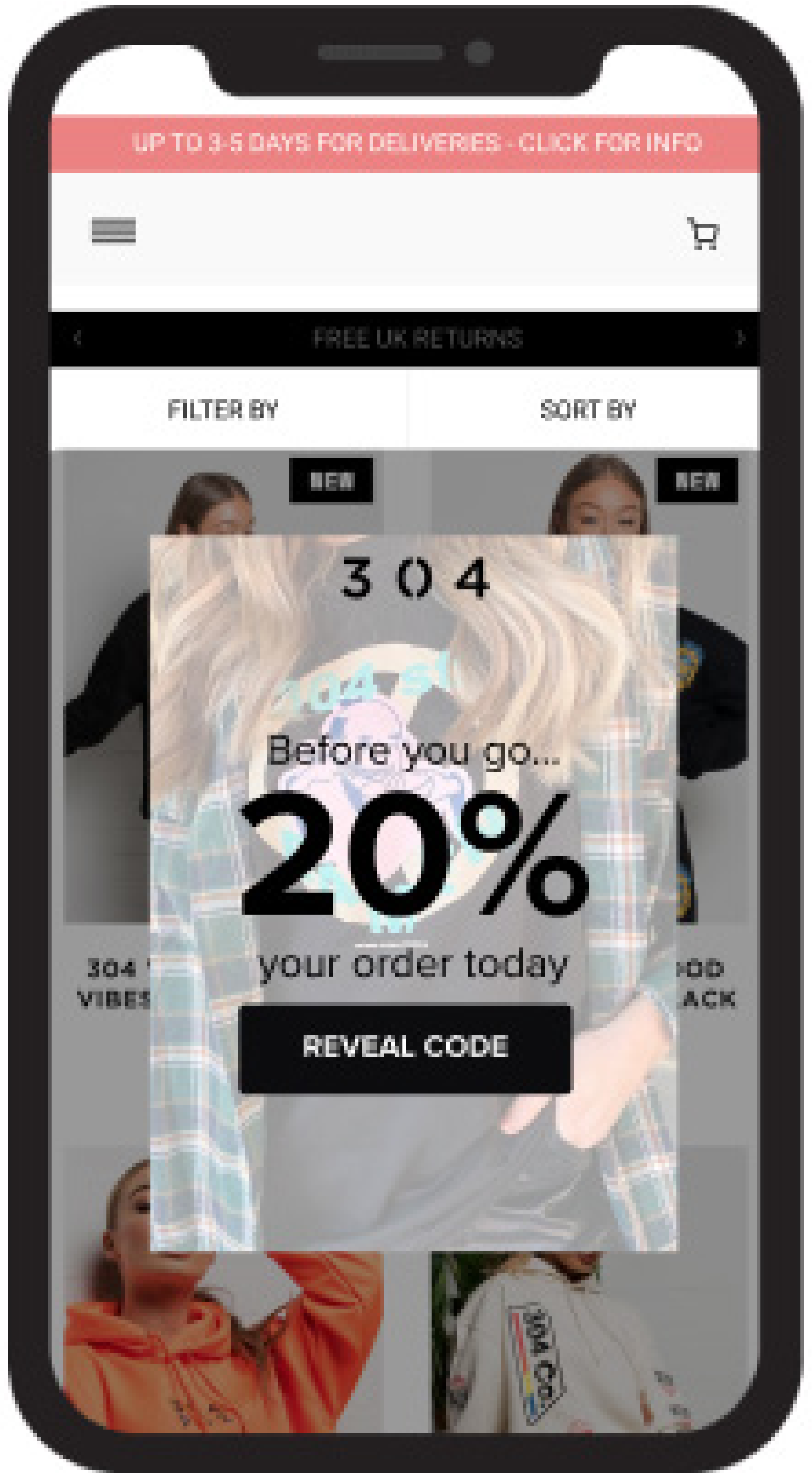
Drawn from American streetwear and British heritage, versatile lifestyle brand, 304 Clothing boosts average order value with Salesfire's intelligent overlays

Clever overlays allowed Salesfire to implement conditions based on the dynamic basket value, using the incentive of free delivery when the shopper spends over a specified value.

Shoppers visiting 304's website were encouraged to make up their order to meet the free delivery threshold, adding additional products to their basket and increasing 304 Clothing's average order value.

▶ View full case study

"Overlays bring clarity to our website, helping to increase average order value & reduce basket abandonment. We have seen unbelievable ROI & received expert advice from our Salesfire account manager."



Salesfire

Salesfire provides retailers with a range of intelligent conversion rate optimisation products, inspiring customers to progress their on-site purchase journey, and convert into paying customers.

Offering search functions, social proof, and pop-up overlays alongside abandonment emails, Salesfire prompts shoppers to complete their purchase, boosting conversion rate and average order value.

Hyper-personalisation drives AI-powered upsells

Case study

Specialist British parfumier sees average order value grow 44.4% with RevLifter's RevPage solution

RevLifter provided dynamic spend-and-save tiers to encourage customers to add more products to basket, to increase their order spend, receiving a discount in return.

Whilst increasing order values, the strategy also proved effective in delivering value to each shopper.

44.4%
average order value growth

▶ View full case study

RevLifter

Through a combination of AI, hyper-personalisation, data, algorithms, and cutting-edge UX and design, RevLifter is revolutionising the entire deal-serving process to put your customers and goals at the centre of it – where they truly belong.

Bidnamic - Google Shopping specialists with proven results

Read how Bidnamic helped these industry-leading retailers increase their average order values through Google Shopping

THE UNION PROJECT

Conversion rate

+18%

View case study **bidnamic.com/case-studies/theunionproject**

PREDATOR NUTRITION
EXCLUSIVE SUPPLEMENTS

Conversion rate

+59%

View case study **bidnamic.com/case-studies/predator-nutrition**

happy little home

Conversion rate

+30%

View case study **bidnamic.com/case-studies/happy-little-home**

EDEN.MILL
ST ANDREWS

Conversion rate

+24%

View case study **bidnamic.com/case-studies/eden-mill**

GARMENTORY

Conversion rate

+15%

View case study **bidnamic.com/case-studies/garmentory**

VOLCOM

Conversion rate

+10%

View case study **bidnamic.com/case-studies/volcom**

FODA BOX

Conversion rate

+85%

View case study **bidnamic.com/case-studies/fodabox**

To discuss any of the points raised in this report and to explore how Bidnamic's platform can help your business book a call now.

Book a call

bidnamic.com/book-a-call

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