

Demandware Shopping Index

2015 Q1

Analyzing the activity of over 200 million shoppers, this report measures Digital Commerce growth, and the trends and sources that are driving that growth.

As shoppers evolve their shopping patterns, it is critical for retailers to change their approach to servicing shoppers and guiding their experience. More than ever before, that experience must be seamless across channels and devices.



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Demandware Shopping Index

The Demandware Shopping Index measures digital commerce growth and is based on an analysis of the shopping activity of over 200 million shoppers worldwide. This index considers shopper frequency, conversion rates, average order values and net change in shoppers.

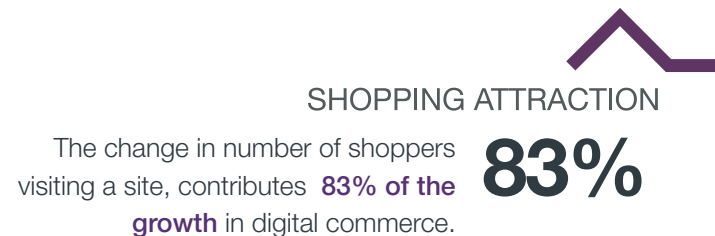
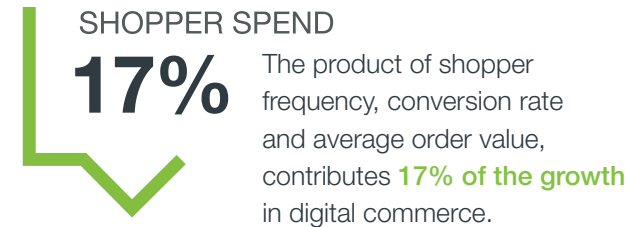
Shopping Attraction: 83%

The change in number of shoppers visiting a site contributes 83% of the growth in digital commerce.

Shopper Spend: 17%

The product of shopper frequency, conversion rate and average order value, contributes 17% of the growth in digital commerce.

In Q1 2015, visits per shopper were up 9%, thanks in large part to cross-device shopping.



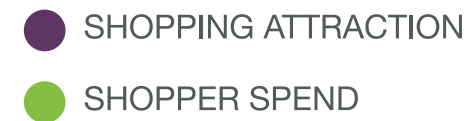
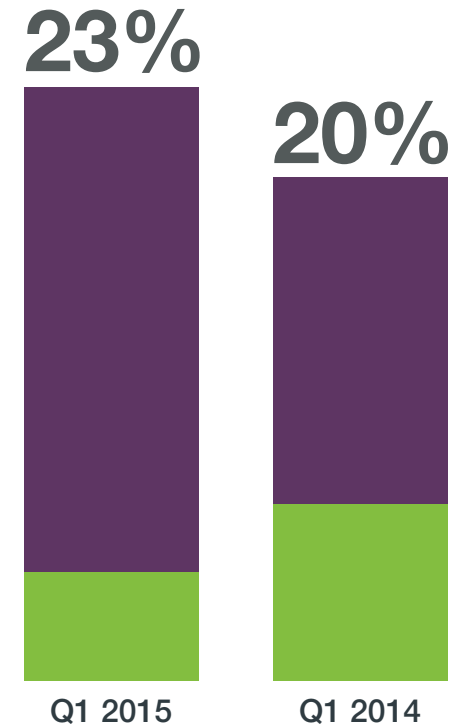
Digital Commerce Growth Accelerates

Retailers enjoyed an accelerated growth rate in the most recent year-over-year (YoY) period. Globally, the Shopping Index increased from 23% this year, compared with 20% in the prior YoY period (Q1 2014 vs. Q1 2013).

Shopping Attraction was the driver of this acceleration, with 18% YoY growth of in-market shoppers, besting the 13% growth recorded in the previous YoY period. Shopper Spend rose 4% YoY, though it trailed the previous YoY period's growth of 7%, and contributed 17% of the growth, down from 35% contribution.

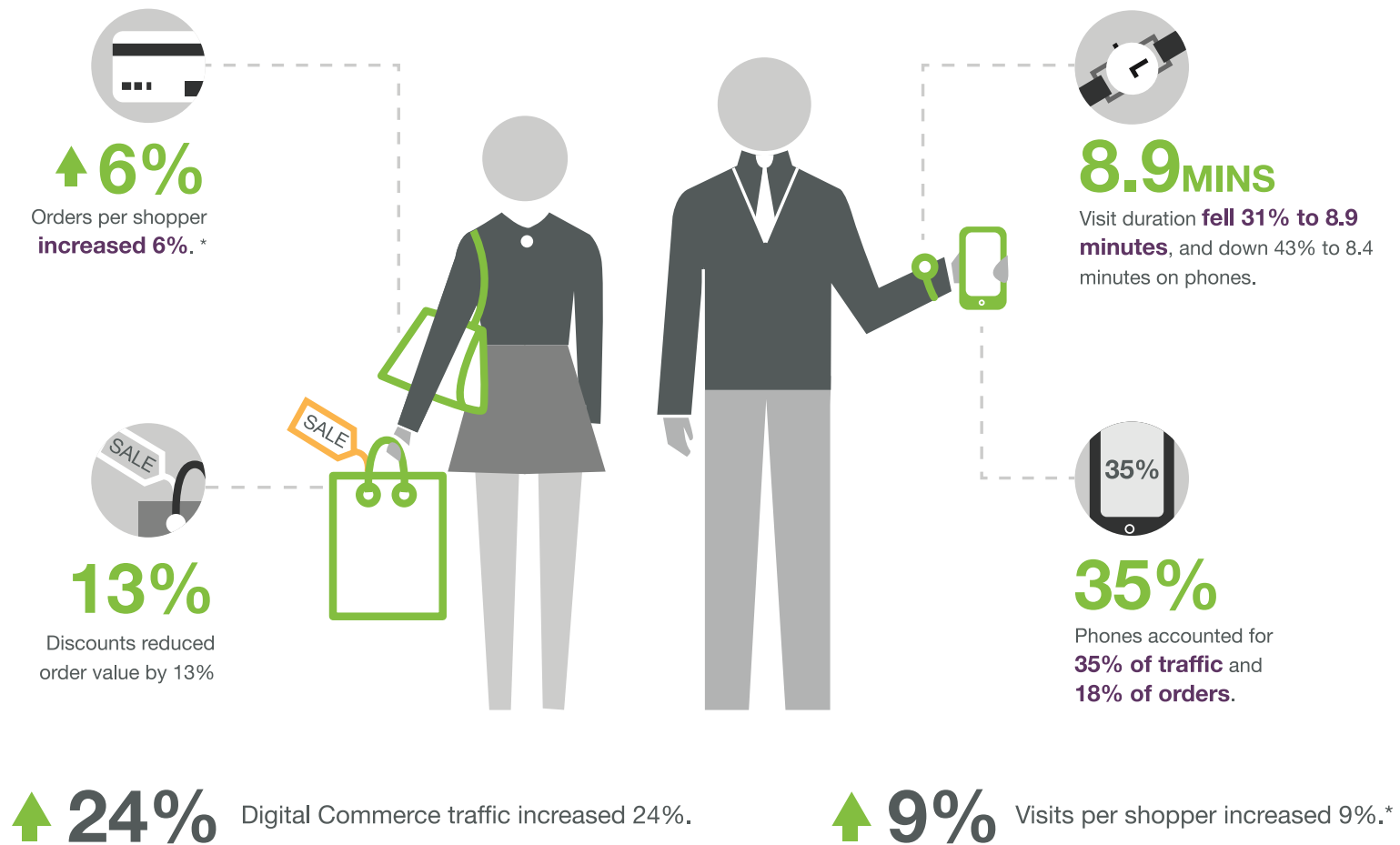
What Really Matters

With the two key index levers - attraction and spend - both pointing up, digital commerce continues to perform and provide high growth. In particular, the rise in the number of online shoppers is further proof that digital commerce is the engine driving overall retail.



Shopper Insights

Shoppers are exhibiting a massive behavioral shift in shopping patterns. Shopping is no longer a distinct activity. Rather, the increase in shopping visit frequency, reduced time per visit and ubiquitous use of phones as a shopping device proves that shopping is embedded throughout a consumer's digital routine.



The analysis reflects a comparison of digital commerce sites transacting in Q1 2015 and Q1 2014, and reflects activity of all shoppers.

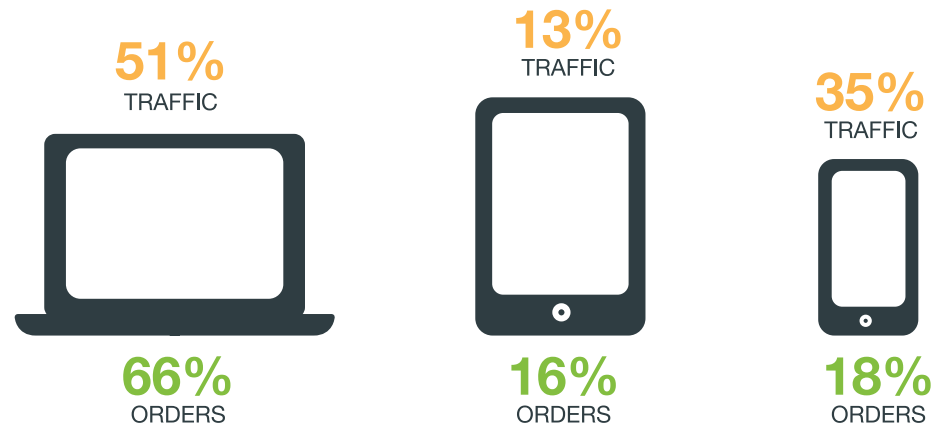
*The analysis reflects a comparison of digital commerce sites transacting in Q1 2015 and Q1 2014, and reflects activity of registered users.

Device Trends

It comes as no surprise to see phones continue their march to the top, as they remain on pace to become the most-trafficked retail shopping device by the end of this year. The growth is staggering – global traffic share growth of 38% and order share growth of 59%. The latter figure affirmatively answers the question ‘do shoppers buy on phones?’ as conversion rates are increasing, and in one market, the UK, order share on phones reached 24%.

What Really Matters

Tap devices – phones and tablets – are undeniably carrying digital commerce growth. Seamless mobile experiences are the expectation. Retailers that underestimate the importance of devices and provide only limited mobile functionality or create friction in shopper experiences will feel the pain and sales reduction of an unsatisfied shopper.



Global Traffic and Order Share, by Device

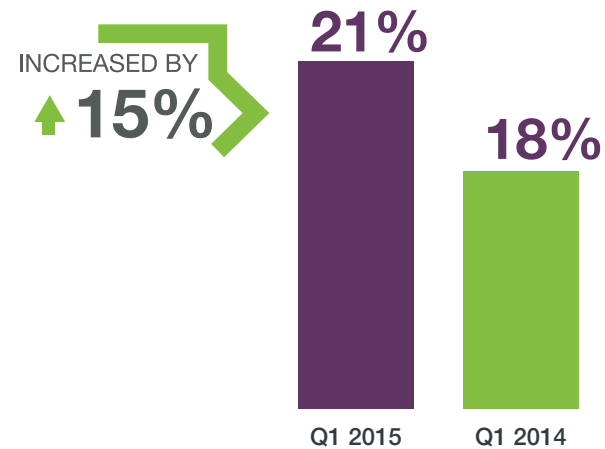
For country-specific values, see appendix.

Cross-Device Shopping

21% of shoppers chose to visit the same site with more than one device type during the quarter, up from 18% a year ago, and the same rate established during the busy Q4 shopping quarter.

What Really Matters

Shoppers have put retailers on notice – regardless of device, it's all shopping to them. From phone to tablet and even on traditional computer screens, the shopping journey must not be isolated. Retailers must adopt shopper-first strategies to unify the shopping experience across devices.



Cross-Device Shopping Rate, Global

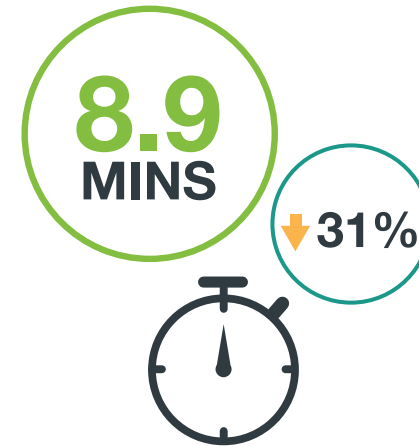
Time on Site

While shoppers visit more often, the duration of those visits is shrinking. The average time per visit is down 31% to an average of 8.9 minutes from Q1 2014 to Q1 2015. Phone visit duration fell most significantly, down 43% to 8.4 minutes over the same time period.

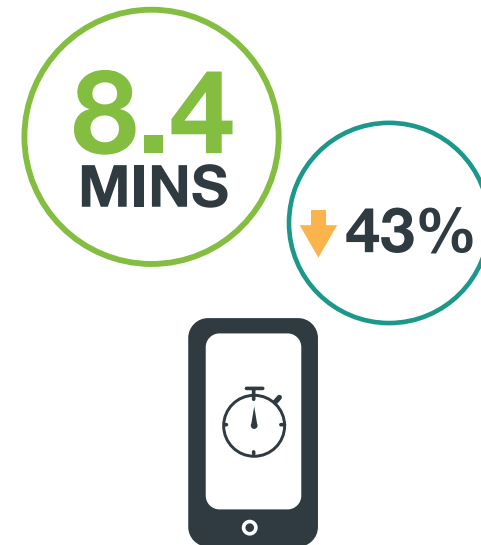
What Really Matters

The significant decline of visit duration suggests that shoppers are at best interrupted, and at worst likely to shop around. While earlier in this Shopping Index we found shopper spend trending up, the episodic nature of the shopper may push retailers into a difficult, though appropriate position – inspire and direct shoppers simultaneously before time runs out.

AVERAGE TIME PER VISIT, Q1 2015 (GLOBAL)
8.9 mins, down 31%



AVERAGE TIME PER PHONE VISIT, Q1 2015 (GLOBAL)
8.4 mins, down 43%



Shopping Activity

Amidst all the metrics, top-line centric retailers should be satisfied if not thrilled that the traffic expansion is being met by strong shopping intent, as measured by basket and order growth.

What Really Matters

Shoppers are leaving a larger footprint than ever. With huge gains in baskets created, retailers have more chances to 'get it right' and know their shopper. This bodes well for those that are creating relevant shopping experiences with tools like personalization and behavioral triggers to motivate and re-engage shoppers.



Above metrics are global. For country-specific values, see appendix.

Order Value & Discounts

63% of all orders shipped for free, and in the active apparel vertical, that number reached 76%. The average order discount is up 9% to 13% overall, though varies widely by vertical.

What Really Matters

The high rate of free shipping suggests that free shipping is an expectation. As retailers consider their overall promotional strategy, free shipping should be high on the list. However, retailers should be aware that shopper expectations of order discounts vary by the vertical in which they are shopping.



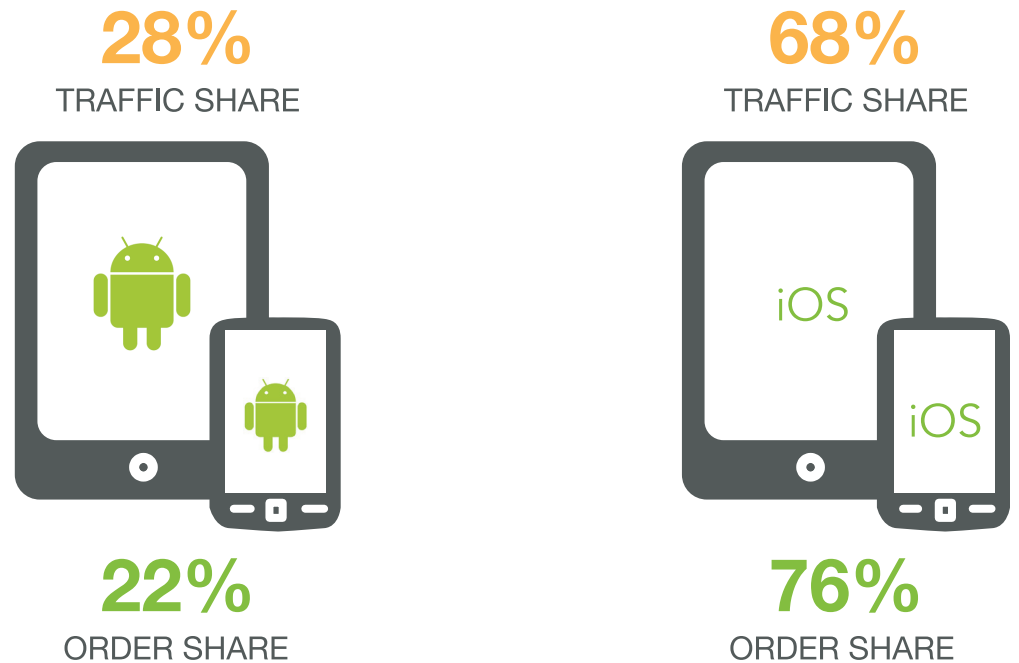
Above metrics are global. For country-specific values, see appendix.

Operating System

Android devices again experienced order share growth, up 18% YoY, driven largely by European markets. IOS remains comfortably ahead in usage across digital commerce, with an even larger lead in the luxury vertical.

What Really Matters

Given the strong growth of tap devices, it is essential that retailers optimize their ecommerce sites, and apps, for both iOS and Android.



Global Traffic and Order Share, by Operating System

For country-specific values, see appendix.

About the Shopping Index

- This comprehensive report analyzes activity of over 200 million shoppers worldwide to identify trends and opportunities for retailers to elevate the shopper experience and grow revenue. The Demandware Shopping Index measures the pace of digital shopping growth, assigning a numerical value to crucial shopper metrics.
- As a leader in enterprise digital commerce with more than 1,200 global retail sites running on Demandware Commerce and processing billions of dollars in gross merchandise value, Demandware is uniquely positioned to offer actionable insights into shopping behavior.
- The Demandware Shopping Index is published quarterly. Data footnotes are noted inline throughout the report to provide additional clarity on the analysis.
- The Shopping Index is not indicative of Demandware's operational performance or its reported financial metrics including GMV growth and comparable GMV growth.



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Appendix

Device Trends

Traffic and Order Share by Device, Q1 2015 v. Q1 2014

Traffic Share	2015 Q1			2014 Q1			YoY		
Country	Computer	Tablet	Phone	Computer	Tablet	Phone	Computer - YoY	Tablet - YoY	Phone - YoY
Global	51%	13%	35%	60%	14%	25%	-14%	-7%	38%
USA	50%	11%	38%	58%	13%	29%	-13%	-13%	33%
UK	42%	22%	36%	54%	23%	23%	-22%	-3%	53%
Germany	59%	14%	27%	71%	12%	17%	-17%	18%	58%
France	61%	11%	29%	69%	12%	19%	-12%	-12%	52%
Canada	53%	15%	32%	61%	15%	24%	-14%	2%	35%
Vertical	Computer	Tablet	Phone	Computer	Tablet	Phone	Computer - YoY	Tablet - YoY	Phone - YoY
Active Apparel	53%	11%	35%	64%	13%	24%	-17%	-10%	50%
General Apparel	52%	14%	34%	60%	15%	25%	-13%	-3%	33%
Luxury Apparel	47%	13%	40%	55%	15%	30%	-14%	-13%	31%
Health & Beauty	48%	9%	42%	57%	12%	31%	-15%	-19%	35%
Home	52%	17%	31%	62%	18%	19%	-17%	-5%	60%

Appendix

Device Trends

Traffic and Order Share by Device, Q1 2015 v. Q1 2014

Order Share	2015 Q1			2014 Q1			YoY		
Country	Computer	Tablet	Phone	Computer	Tablet	Phone	Computer - YoY	Tablet - YoY	Phone - YoY
Global	66%	16%	18%	73%	15%	11%	-10%	3%	59%
USA	69%	13%	18%	75%	14%	11%	-8%	-5%	58%
UK	52%	24%	24%	62%	22%	16%	-16%	8%	52%
Germany	75%	14%	12%	81%	12%	7%	-8%	12%	76%
France	77%	12%	11%	83%	11%	6%	-7%	6%	92%
Canada	73%	14%	14%	77%	14%	9%	-5%	-2%	46%
Vertical	Computer	Tablet	Phone	Computer	Tablet	Phone	Computer - YoY	Tablet - YoY	Phone - YoY
Active Apparel	70%	13%	17%	78%	13%	9%	-10%	-2%	85%
General Apparel	67%	16%	16%	74%	16%	11%	-9%	6%	53%
Luxury Apparel	64%	16%	19%	69%	18%	13%	-7%	-9%	52%
Health & Beauty	71%	12%	17%	77%	13%	10%	-9%	-5%	76%
Home	60%	18%	23%	68%	17%	15%	-12%	3%	49%

Appendix

Time on Site, by device

Visit Duration in Minutes, , Q1 2015 v. Q1 2014

	Computer			Tablet			Phone		
Country	2015 Q1	2014 Q1	YoY	2015 Q1	2014 Q1	YoY	2015 Q1	2014 Q1	YoY
Global	9.0	12.1	-26%	9.8	13.8	-29%	8.4	14.7	-43%
USA	8.9	12.0	-26%	9.5	13.2	-28%	8.6	15.2	-44%
UK	10.6	13.5	-22%	11.1	15.8	-30%	8.3	14.2	-41%
Germany	9.5	11.0	-14%	9.1	12.8	-29%	8.4	12.9	-35%
France	7.8	10.8	-28%	9.0	12.7	-29%	7.6	13.0	-41%
Canada	8.4	10.1	-17%	7.6	10.5	-27%	7.6	12.0	-36%
Vertical	2015 Q1	2014 Q1	YoY	2015 Q1	2014 Q1	YoY	2015 Q1	2014 Q1	YoY
Active Apparel	9.8	12.6	-22%	10.1	14.6	-31%	8.3	14.1	-41%
General Apparel	9.2	12.8	-28%	10.1	14.3	-29%	9.1	14.8	-39%
Luxury Apparel	7.7	10.3	-25%	8.8	12.8	-31%	7.6	12.1	-37%
Health & Beauty	7.2	10.0	-29%	8.4	11.9	-30%	6.6	12.0	-45%
Home	9.6	11.8	-19%	9.9	13.3	-26%	9.0	14.2	-37%

Appendix

Shopping Activity Q1 2015 v. Q1 2014

Country	Δ Visits	Δ Baskets	Δ Orders
Global	24%	22%	21%
USA	20%	21%	18%
UK	28%	19%	25%
Germany	<1%	17%	14%
France	42%	45%	44%
Canada	29%	47%	53%

Vertical	Δ Visits	Δ Baskets	Δ Orders
Active Apparel	43%	34%	41%
General Apparel	22%	24%	21%
Luxury Apparel	19%	24%	20%
Health & Beauty	39%	37%	28%
Home	17%	16%	21%

Order Value and Discounts, Q1 2015

Country	AOV	Discount Rate-Merch	Free Shipping Order Share
Global	\$128	13%	63%
USA	\$122	17%	55%
UK	£67	7%	68%
Germany	€143	6%	75%
France	€97	21%	78%
Canada	\$131 (CAD)	12%	60%

Vertical	AOV	Discount Rate-Merch	Free Shipping Order Share
Active Apparel	\$141	23%	76%
General Apparel	\$138	13%	63%
Luxury Apparel	\$313	5%	64%
Health & Beauty	\$78	11%	63%
Home	\$88	13%	58%

Appendix

Operating System

Traffic and Order Share by Operating System, Q1 2015 v. Q1 2014

Traffic Share	2015 Q1		2014 Q1		YoY	
Country	Android	iOS	Android	iOS	Android - YoY	iOS - YoY
Global	28%	68%	28%	71%	1%	-4%
USA	27%	68%	29%	70%	-6%	-3%
UK	24%	74%	20%	79%	21%	-6%
Germany	39%	59%	37%	63%	7%	-7%
France	32%	66%	29%	70%	11%	-6%
Canada	14%	84%	11%	88%	23%	-5%
Vertical	Android	iOS	Android	iOS	Android - YoY	iOS - YoY
Active Apparel	33%	65%	32%	68%	4%	-5%
General Apparel	27%	70%	27%	72%	0.2%	-4%
Luxury Apparel	18%	80%	20%	79%	-12%	1%
Health & Beauty	30%	65%	32%	68%	-4.9%	-4%
Home	27%	69%	21%	78%	28%	-12%

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Operating System

Traffic and Order Share by Operating System, Q1 2015 v. Q1 2014

Order Share	2015 Q1		2014 Q1		YoY	
Country	Android	iOS	Android	iOS	Android - YoY	iOS - YoY
Global	22%	76%	19%	81%	18%	-7%
USA	21%	75%	18%	82%	16%	-8%
UK	20%	79%	17%	82%	16%	-5%
Germany	31%	67%	25%	75%	26%	-11%
France	25%	74%	20%	80%	26%	-7%
Canada	14%	84%	11%	88%	23%	-5%
Vertical	Android	iOS	Android	iOS	Android - YoY	iOS - YoY
Active Apparel	24%	75%	19%	81%	24%	-7%
General Apparel	21%	77%	18%	82%	15%	-6%
Luxury Apparel	9%	90%	8%	92%	23%	-3%
Health & Beauty	19%	78%	15%	85%	26%	-8%
Home	26%	72%	22%	78%	21%	-8%