Demandware Shopping Index

Analyzing the activity of over 100 million shoppers, this report identifies the two primary drivers of digital commerce growth: an increase in shoppers and their visit frequency.

Shoppers are moving faster than ever before, hopping from device to device, buying anywhere. Only those retailers that evolve at a shopper's pace will thrive.

move faster, grow faster

Demandware Shopping Index

The Demandware Shopping Index measures digital commerce growth. It considers shopper frequency, conversion rates, average order values and net change in shoppers.

Shopper Spend: 19% share of growth

Shopper spend, the product of shopper frequency, conversion rate and average order value, contributed 19% of the growth in digital commerce. Overall, shopper spend is up 6% year-over-year (YoY).

Shopping Attraction: 81% share of growth

Shopping attraction, the change in the number of shoppers visiting a site, provided 81% of the growth. Overall, shopping attraction is up 25% YoY.

In Q4 2014, shoppers made more visits to commerce sites, up 12% YoY, thanks in large part to cross-device shopping.

The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of registered users.

Key Findings

- The Demandware Shopping Index reveals 32% digital commerce growth
- Cross-device shopping is here
- Smartphone traffic and orders are up sharply
- Shoppers are visiting AND carting more frequently
- Shopping visit duration is shrinking
- Android is taking share from iOS
- Discounts and free shipping are on the rise

Cross-Device Shopping

Shoppers are moving across devices more than ever in their journey, as 21% (more than 1 in 5) of all multi-visit shoppers in Q4 used multiple devices including computers, smartphones and tablets, up 14% from Q4 2013.

Shoppers also found a new favorite device pair this year - the most popular device pairing for cross-device shoppers was computer and smartphone, which topped last year's preference of computer and tablet. This reinforces the growing prevalence of mobile shopping.

What Really Matters

Unifying the shopping experience across devices is pivotal. As shoppers move from device to device, they expect retail sites to seamlessly shift with them. Retailers should ensure elements most personal to the shopper, like their shopping cart, promotions and even recommendations, follow the shopper across devices.

The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of registered users making multiple visits.

Device Trends

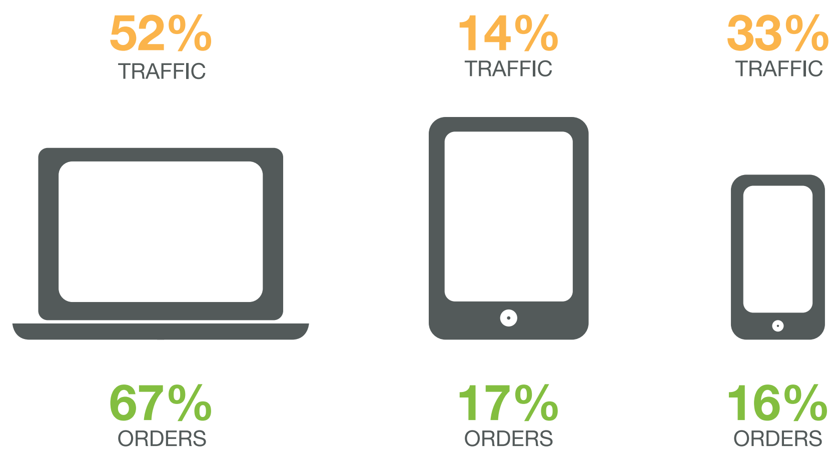
Shoppers continue to reach for their smartphones at an increasing rate, as phones accounted for 34% of all total commerce traffic and 16% of all orders in Q4 2014, up from 23% and 10%, respectively, in Q4 2013.

Globally, the device shift is dramatic, as smartphones increased their share of orders by 61% and of traffic by 40%. Overall visit share from computers was down 16%.

Tablets showed steady, though quieter, growth: 17% of orders and 14% of traffic in the fourth quarter, up 9% and 4% YoY.

What Really Matters

Shoppers buy anywhere, increasingly moving between devices as part of their shopping journey. Retailers should continue to invest in mobile to keep up with shopper expectations and provide better tools and experiences native to the device.



Traffic and Order Share By Device, Q4 2014

The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of registered users making multiple visits.
Due to rounding, values may not sum to 100% .

Shopper Activity

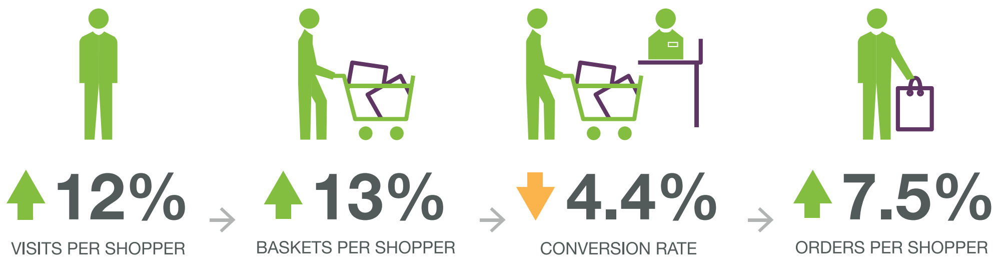
Shoppers are more active than ever, boosting overall traffic with a 12% increase in visits per shopper in Q4 2014 vs Q4 2013.

Shoppers are also increasing the rate at which they add products to their shopping cart, up 13%, indicating a strong sign of shopping intent.

Despite the high frequency of visits, conversion rate is down 4.4%. Taken together, there is positive growth in orders per shopper of 7.5%.

What Really Matters

Shopping carts are exceedingly portable, carried on myriad devices in pockets and purses, at the office and at home. Shoppers are a tap or click away from buying at any time. Retailers can take advantage by reaching shoppers with relevant offers and product recommendations at any time.



The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of registered users.

Time on Site

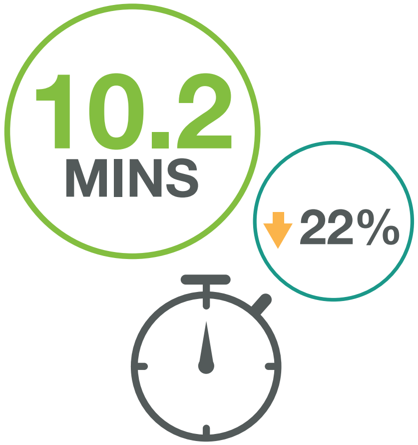
While shoppers visit more often, the duration of those visits is shrinking. The average time per visit is down 22% to an average of 10.2 minutes from Q4 2013 to Q4 2014.

Smartphone visit duration fell most significantly, down 37% to 9.6 minutes over the same time period.

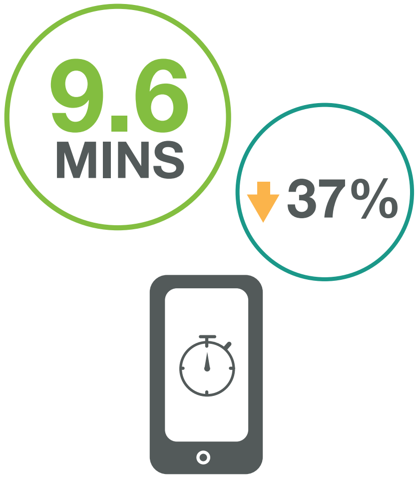
What Really Matters

With time spent on social media properties and media/entertainment sites increasing, particularly on mobile devices, consumers are seeking, and finding, more digital content than ever. This decrease in shopping time means retailers will look to drive engagement with compelling brand and shopping-related content, and shopping tools that attract and retain shopper attention.

AVERAGE TIME PER VISIT, Q4 2014



VISIT LENGTH ON SMARTPHONE, Q4 2014



The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of all shoppers.

Operating System

Android devices, which hold 84%[1] of the global smartphone market*, have been known to lag behind iOS in terms average order value and overall share of online spending. Year over year, however, Android enjoyed significant gains in order share.

Android devices now drive 21% of orders made from tap devices, a surge of 39% and 30% of traffic, up 16%.

What Really Matters

Android is taking a larger share of the fastest growing devices. Retailers need to create exceptional mobile shopping experiences for both iOS and Android.

The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of all shoppers.

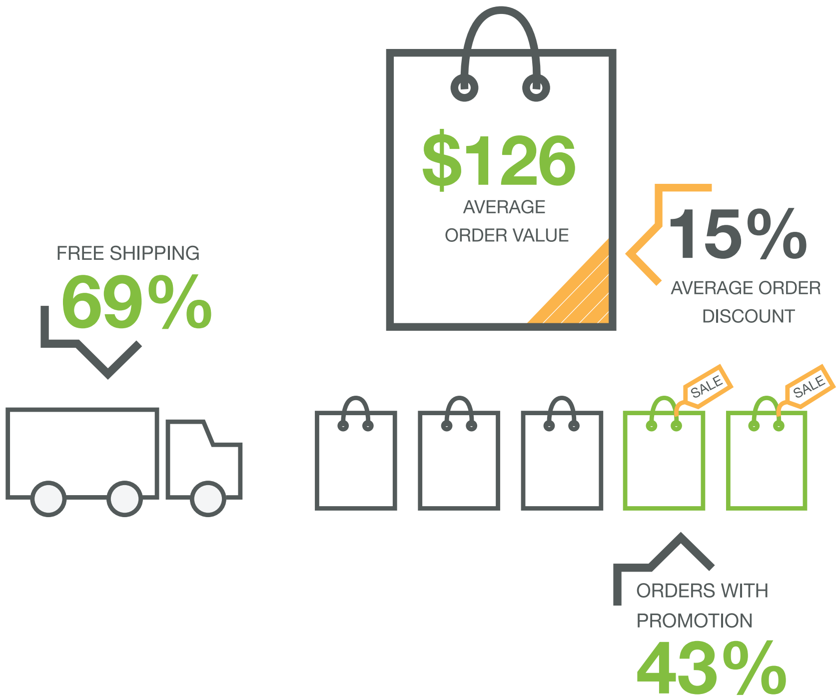
[1]Source: IDC Q3 2014, http://www.idc.com/prodserv/smartphone-os-market-share.jsp

Order Value & Discounts

The average order was discounted 15%, up 10% from the fourth quarter of last year. Overall, 43% percent of all orders included a merchandise discount. And more orders are shipping for free – 69% of all orders, up from 65% in the fourth quarter of 2013.

What Really Matters

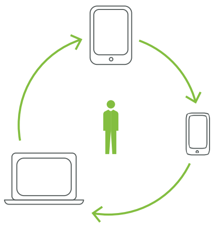
Promotions have always been and will always be a reality of retailing, and clearly retailers are using that lever appropriately, as shopper spend is increasing.



The analysis reflects a comparison of digital commerce sites transacting in Q4 2014 and Q4 2013, and reflects activity of all shoppers.
Discount rate is calculated as the discount on merchandise purchased and does not include items already on markdown.

Predictions

By the end of 2015, look for more shopping evolution and milestones.



Cross-device shopping will continue its march to ubiquity, as 1 in 4 shoppers will shop on multiple devices.

Smartphones will become the primary traffic-driver, surpassing computers as the most popular shopping device

Tap devices, smartphones plus tablets, will account for 40% of orders.

About the Shopping Index

- This comprehensive report analyzes activity of over 100 million shoppers to identify trends and opportunities for retailers to elevate the shopper experience and grow revenue.
- As a leader in enterprise digital commerce with more than 1,100 global retail sites running on Demandware Commerce, processing billions of dollars in gross merchandise value in 2014, Demandware is uniquely positioned to offer actionable insights into shopping behavior.
- In addition to identifying trends, the Demandware Shopping Index measures the pace of digital shopping growth, assigning values to crucial consumer metrics.
- The Demandware Shopping Index is the first in a regular series of scheduled reports covering shopping trends.

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Appendix

Cross-Device Shopping

Percent of multi-visit shoppers that use multiple devices

Region	2014 Q4 Shoppers	2013 Q4 Shoppers	Year over Year Increase
Global	21%	18%	16%
USA	22%	19%	15%
UK	22%	20%	13%
Germany	17%	14%	27%
France	19%	16%	22%

Device Trends

Traffic and order share by device, Q4 2014 and Q4 2013

	Traffic			Orders		
Region	Traffic Share Computer	Traffic Share Phone	Traffic Share Tablet	Order Share Computer	Order Share Phone	Order Share Tablet
Global	52%	33%	14%	67%	16%	17%
USA	51%	37%	12%	72%	15%	14%
UK	46%	31%	23%	53%	23%	24%
Germany	63%	25%	12%	75%	11%	14%
France	62%	26%	12%	79%	10%	11%

Appendix

Time on Site

Visit duration in minutes

Region	2014 Q4	2013 Q4	Year-over-year
Global	10.2	13.1	-22%
USA	10.0	12.9	-23%
UK	11.1	14.2	-22%
Germany	9.8	12.5	-22%
France	9.0	10.8	-17%

Time on Site, by device

Visit duration in minutes

Region	Computer 2014 Q4	Computer 2013 Q4	YoY Computer	Phone 2014 Q4	Phone 2013 Q4	YoY Phone	Tablet 2014 Q4	Tablet 2013 Q4	YoY Tablet
Global	10.3	12.1	-15%	9.6	15.2	-37%	11.2	14.0	-20%
USA	10.3	11.8	-12%	9.4	15.5	-39%	10.5	13.2	-20%
UK	11.2	13.4	-16%	10.0	14.8	-33%	12.5	15.7	-20%
Germany	9.6	11.6	-18%	9.8	15.7	-38%	11.2	13.8	-19%
France	8.7	9.8	-11%	9.1	13.9	-35%	10.4	13.3	-22%