

3.7: Data to Support the Multichannel Shopping Experience

Learning Objectives

- Summarize the data that could be collected to support the multichannel shopping experience of the future

Measurement of retail performance is important, but especially for multi-channel retailers as it provides a basis for comparing performance across channels. Among a number of other details, brick & mortar stores track:

- Traffic: the number of shoppers in-store within a given period
- Average Inventory: $(\text{beginning inventory for a period} + \text{ending inventory for the same period}) / 2$
- Return on Inventory: $\text{Revenue} / \text{Average Inventory}$
- Inventory Turn-over: $\text{cost of goods sold in a period} / \text{average cost of goods in inventory}$
- Gross Margin Return on Inventory Investment: $(\text{sales} - \text{product costs}) / \text{average inventory}$
- Cost Per Sale: $\text{marketing costs} / \text{sales revenue}$

Many of these same metrics are the same for e-tailing. However, fragmented channels, especially those that are not necessarily transaction-oriented, require different measures. Think about social networks or websites that provide engagement or information, but are not necessarily intended for transaction. How can we assess their impact? What about apps? How can their impact be measured, when they do not generally have comparable functionality to the firm's full website?

First, a firm will need to establish whether it is interested in having ongoing monitoring of performance or monitoring a specific campaign with a defined beginning and end.

Marketers consider a number of metrics that assess interaction and engagement online, using these as indicators of impact. Traffic is measured through website visits, separated by unique and returning, as well as hits, which are requests for a file from a web server, and impressions, which is the number of times an ad loads on a viewer's screen. They measure engagement through page views, duration of time spent on the site, and events, which includes clicks, page views, downloads, video plays, etc. Engagement is also measured by the click-through rate (CTR), which is the number of visitors who click on a link divided by the number of visitors who were served the link, and conversion rate, which is the number of visitors who complete any desired action divided by the total number of visitors.

For social networks, marketers track followers or friends to measure reach. They measure engagement in the context of likes, shares, mentions or retweets. For apps, meaningful measures might be downloads and the number of users in a given period. They also often measure daily active users (DAU) and monthly active users (MAU), which are the number of users that opened the app in a given day and month, respectively. Another helpful way marketers assess active users is to calculate the level of "stickiness" and app has for potential users. That is DAU / MAU . This reflects how indispensable the app is implying that the higher the percentage the more users are returning to the app and engaging with it at a high frequency.

A final set of metrics for marketers to use to assess apps relates to profitability. The measures are cost per user (acquisition costs divided by total users), average revenue per user (revenue in a period divided by users during that same period) and gross margin per user, which is the average revenue per user (ARPU) minus the cost per user (CPU).

Overall, metrics for assessing retail performance are similar online and offline, focused upon measuring traffic and engagement. In tracking these metrics, retailers can be most effective in prioritizing channels and investing appropriately to support customer interaction.

Practice Questions

<https://assessments.lumenlearning.co...essments/9163>

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