

E-COMMERCE REPORT

Q1





ONLINE SPEND UP

53%

YEAR-ON-YEAR

The remarkable momentum of the Irish online economy continued unabated in Q1 2015.

Consumer spend online was up an exceptional 53% YOY.

This increase in spend is the result of a 26% increase in website traffic combined with and average spend per visit increasing by 21%.

Angela Merkel recently hailed the Irish economy as the “growth engine” of Europe, with 4.8% growth in 2014. Our online economy is thundering ahead 11 times faster than the economy at large.

Retail enjoyed a 59% rise in online spend YOY from a 23% increase in traffic.

Average spend per visit increased by 30%.

As one would expect, the retail figures came in lower than Q4’s Christmas splurge. Retail traffic was only down 8% on Q4 2014, but revenue was down 25% as prices were slashed in the new year’s sales.

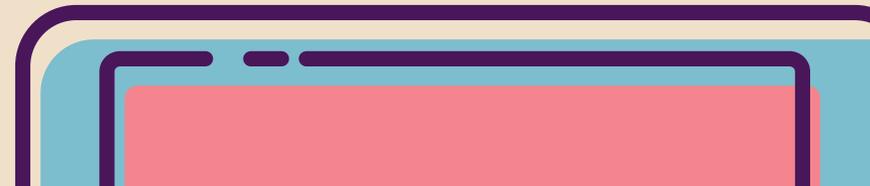
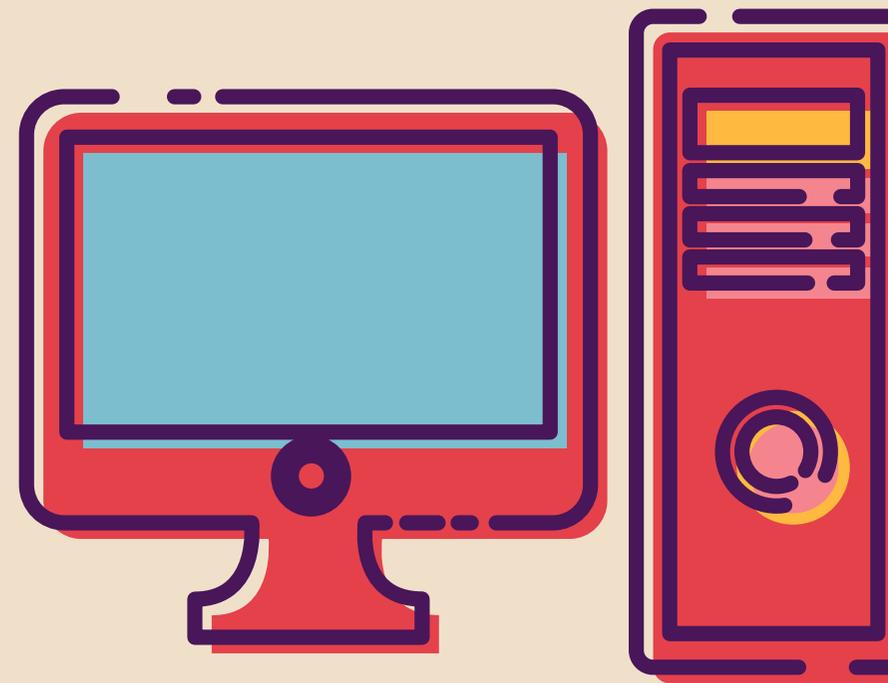
The Central Statistics Office reports retail, excluding motor sales, growing at 0.8% in January & February combined (March figures were not released at time of publishing). This puts the online retail economy growing a monstrous 74 times faster than retail at large.

The 74 fold chasm between the growth in overall retail spend and online retail spend is emphatic evidence of a new Irish consumer emerging from the seven year spending lurch with dramatically different shopping habits.

The travel industry benefited from a 29% lift in online revenue which was linked to a 36% increase in traffic. The longer purchase cycle in travel explains the traffic lift being higher than the revenue lift at this point. We fully expect to see revenue growth increase in Q2 as the people reaserching in Q1 become the people booking in Q2.



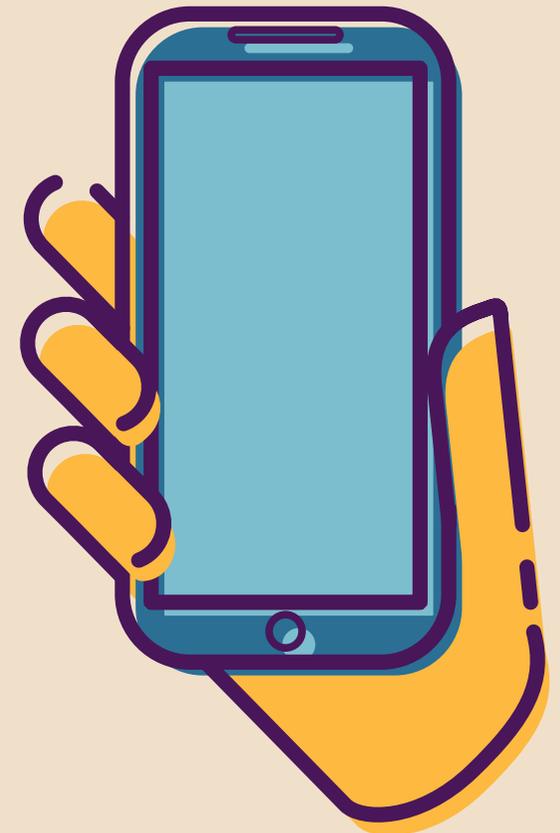
"MOBILE TRAFFIC PROFILE IS CHANGING
BILEDON"
DON"



Desktop traffic has grown in real terms but its traffic share has dropped from 58% to 48%. By contrast, tablet has stayed steady in terms of traffic share at 18% while mobile has surged from 24% of traffic to 34% of traffic.

The figures suggest that most of the people who will own a tablet, now have one. Mobile usage continues to power ahead, eating into desktop's share. Google made news last week (21/4/2015) by updating its ranking algorithm to give preference to mobile optimised sites in its rankings for mobile searches. The move, which was announced in advance, has been nicknamed "Mobilegeddon" and has caused a flurry of activity globally as businesses seek to optimise their websites for mobile devices in order to avoid losing valuable mobile traffic.

It is highly unusual for Google to announce an algorithm update in advance. If you follow Google's share price you will be aware that mobile traffic is very close to the hearts (and wallets) of Google's shareholders.



THE
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The **“75% of money spent online goes abroad”** stat has been doing the rounds for quite some time now. It’s a concerning figure, but the fact that Ireland represents a miniscule $\frac{1}{4}$ of a percent of the global economy, suggests that we should be paying at least equal attention to how our Irish online businesses are doing internationally.

Many Irish businesses find that their growth suddenly grinds to a shuddering halt when they hit the ceiling of their Irish market opportunity due to our relatively tiny domestic market. This so called “Irish Problem” has never been more surmountable.

The word wide web means there are far fewer boundries to trading internationally in 2015.

SOLVING "THE IRISH
PROBLEM" VIA THE
WORLD WIDE WEB

SO, HOW ARE IRISH WEB SITES FARING INTERNATIONALLY?

On average, 43% of revenue from participant websites is from outside Ireland. This figure is skewed by the travel industry which, as one might expect, enjoys a sky high 72% of revenue generated internationally.

Our retail participants are generating a significant 33% of their revenue from international customers, with 1 in 4 making the majority of their revenue from international sources. This high performance 1 in 4 offers a glimpse into the most extensive of growth opportunities for Irish businesses.

We dove into the performance of these high performing export websites to identify the common factors among them.

Here's what we found:

IT'S A LONG-TERM GAME:

The high performers have been trading internationally for more than 3 years.

FOCUSED EFFORTS:

They typically have 1-2 major export markets generating the lion's share of revenue then a longtail of approx 40-50 markets generating small amounts of revenue. It appears this longtail occurs organically and provides useful insights into what the next major export market might be.

TRANSLATION NECESSARY?

Remarkably, the majority of the high performing websites in the study have not translated their websites, yet they are making sales in multiple non-english speaking countries.

GOOGLE MAKES THE WORLD WIDE WEB GO ROUND:

Search, and in particular paid search, was the most important source of traffic and revenue in export markets for both new entrants and those with a long established presence.

IN CONCLUSION, the flipside of the "75% of money spent online goes abroad" stat is that there are export markets far bigger than ours, ready to spend money with the Irish businesses bold enough to enter them.

THE DATA

Wolfgang Digital measured the growth in online shopping by comparing e-commerce data from three quarters: Q1 2015 to Q1 in 2014, and Q1 2015 to Q4 2015.

We analysed traffic and revenue. The e-commerce websites that took part in the study are in the retail and travel verticals, with a combined revenue in excess of €80 million in 2013.

This represents 2% of the €4 billion e-commerce market in Ireland – a very healthy sample size.

Contributing companies include:

MOTHERCARE

LIFESTYLE SPORTS

THE KILKENNY SHOP

LITTLEWOODS IRELAND

MCELHINNEYS

VOYA

THE GUINNESS STOREHOUSE

SURF HOLIDAYS

CAMINO WAYS

ABBAY TRAVEL

WOLFGANG DIGITAL

Wolfgang Digital, ***the digital marketing scientists***, are a dublin based digital marketing agency. They are current holders of the “**Best Agency Award**” in Ireland and recently won the coveted “**Grand Prix**” prize in the **European Search Awards** in Berlin.



WOLFGANG DIGITAL

Wolfgang Digital offer a range of digital marketing services and are particularly adept at helping businesses boost their online revenue. If you want to talk to us drop an email to brendan@wolfgangdigital.com