Executive Summary

2020 will be remembered as the year that eCommerce came of age.

2020 will be remembered as the year that eCommerce came of age. Seemingly overnight, COVID-19 reshaped our world: officials issued stay at home orders, brick-and-mortar retailers were forced to close and almost all of our daily habits had to change. Yet, even when restrictions ease and old routines return, the pandemic has forever changed how we shop. Instead of a quick run to the store, many consumers now browse and place orders on their computers and smartphones, with both new and experienced online shoppers purchasing greater quantities and varieties of products than ever before.

The impact on eCommerce companies has been dramatic. Our survey of small eCommerce stores found that 96.5% saw a rise in web traffic in 2020, with over a third reporting an increase between 100% and 200%. Higher web traffic, in turn, has resulted in increased sales: 77% of stores that experienced over 100% increase in web traffic also more than doubled their annual revenue.

The results of our survey show that the eCommerce boom is not limited to the giants of the field like Amazon. In fact, the pandemic economy has created a new fleet of eCommerce rocket ships with revenues between $100,000 and $5,000,000, many with the potential to become national or global brand names. Of those experiencing over 100% revenue growth, almost 80% agree that COVID-19 has accelerated their business growth. And of those agreeing, 89% expect this growth to persist, representing a permanent shift toward online shopping.

Of those experiencing over 100% revenue growth, almost 80% agree that COVID-19 has accelerated their business growth. And of those agreeing, 89% expect this growth to persist, representing a permanent shift toward online shopping.
The survey results show the impact of the growing ranks of online shoppers. Overall, revenue growth appears to be driven by new customers. Of those stores seeing average order values increase by more than 20%, over half attribute their business growth to more people shopping online due to COVID-19. However, only 22.5% believe that higher order values from existing customers have contributed to their growth.

Alongside the rise in people shopping online, online marketing represents a second major driver of eCommerce success. At the outset of the pandemic, stores benefited from falling cost-per-clicks (CPCs) and customer acquisition costs (CAC) on Facebook and Instagram. This is a result of major brands pulling their spend from these platforms, allowing smaller brands to move in and fill those gaps.

These marketing investments paid off. Lower CPCs encouraged eCommerce stores to be aggressive in their online marketing, with 84% of survey respondents having increased their online marketing in the last year. Of those increasing their spend by more than 20%, almost 85% experienced over 50% revenue growth, and 70% achieved over 100% revenue growth.

However, spiking demand and surging revenues can bring challenges. The sudden changes in consumer behaviour, driven by COVID-19 have made it difficult to accurately forecast demand. In addition, global supply chains suffered production and workforce disruptions, with knock-on effects for stores’ inventory management. This unpredictability led to missed opportunities, which are particularly painful for businesses that have a difficult working capital profile even in the best of times.
Small stores are typically required to pay 30% upfront for goods before they are even produced, with the remaining 70% due before the item is shipped, draining cash reserves that are also used to fund online marketing. So it’s not surprising that, while 75% of scaling eCommerce stores say their businesses have surged this year, nearly 50% of respondents chose managing inventory as their top challenge. Furthermore, over 90% of stores reported an increase in inventory purchasing costs over the last 12 months, with nearly half experiencing at least a 20% increase and roughly 25% seeing inventory costs going up by over 100%.

This 2020 State of eCommerce report provides a snapshot of an industry in the midst of dramatic growth and transformation. It explores emerging trends, uncovers new insights and highlights the key challenges for small eCommerce businesses. While this year has been unlike any other, the survey results show that there is no going back: consumers from all backgrounds have made the pivot to online shopping. It is also clear that these digitally-savvy shoppers are adaptable, quickly shifting their habits when needs change. Stores must be resilient and ready to take advantage of unexpected opportunities.

The survey respondents are leaders of fast-growing online stores across verticals and serving all corners of the world, representing a new class of promising brands with global ambitions. Wayflyer was founded to empower these small businesses to reach their full potential. These insights are part of our effort to equip owners with the data-driven insights they need to succeed in today’s dynamic online marketplace.
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The lasting impact of COVID-19 on eCommerce
As COVID-19 reshaped our world in a matter of weeks, major retailers were forced to close their doors and all of us were forced to stay at home or shelter in place. Almost all of our daily habits and schedules had to change and one of the biggest changes was to the way we approach buying goods, especially items like food and apparel. Instead of a quick run to the store, consumers turned to their computers and smartphones to browse and place orders.

Our survey of small eCommerce stores found that 96.5% of eCommerce stores saw an increase in web traffic in 2020 with 33% of those seeing an increase between 100% and 200%. That web traffic increase directly resulted in sales with 77% of companies that experienced over 100% increase in web traffic also experienced over 100% increase in yearly revenue. Nearly 75% of respondents saw a revenue increase of 50% or greater over the last 12 months, 60% saw above 100% revenue growth, and 8% even reached 400% growth. Consumers are not only “screen shopping” but following through and making a real difference to scaling the bottom lines of these eCommerce stores.

The majority of businesses who responded to our survey had revenue between $100,000 and $5,000,000, highlighting that this boom in eCommerce has not just benefited the giants of the field, such as Amazon.

Instead, it has created a new fleet of rocket ships with the potential to become national or global brand names in the future. Of those respondents experiencing over 100% revenue growth, almost 80% either agree or strongly agree that COVID-19 has accelerated their business growth.

eCommerce stores who responded to the survey said revenue growth had been driven by both new customers shopping at their store and existing customers spending more. Of those who had experienced an increase in average order value above 20%, just over half believed that more people shopping online due to COVID-19 contributed toward their revenue growth. Only 22.5% believed that existing customers increasing their average order value due to COVID-19 had contributed towards their growth.

Of those experiencing over 100% revenue growth, almost 80% agree that COVID-19 has accelerated their business growth. And of those agreeing, 89% expect this growth to persist, representing a permanent shift toward online shopping.
COVID-19 shoppers have boosted website traffic.

% of respondents who believe that more people are shopping online increased purchases from new customers was a driver of why COVID-19 accelerated their business growth who experienced the following website traffic over the last 12 months.

High website traffic goes hand in hand with high revenue growth.

% of respondents who experienced over 100% revenue growth over the last 12 months who experienced the following website traffic change over the last 12 months.

Insights

Of the respondents who believed that more people shopping online increased purchases from new customers was a driver of why COVID-19 accelerated their business growth, 92.1% experienced an increase in their website traffic of over 20%, and 67.5% experienced an increase in their website traffic of over 100%

N = 114 | Source: Wayflyer State of eCommerce Survey Q4 2020

Insights

Of the respondents who experienced revenue growth of over 100%, 76.2% also experienced an increase in website traffic of over 100%

N = 101 | Source: Wayflyer State of eCommerce Survey Q4 2020
COVID-19 has contributed to most rocket ships’ growth.

% of respondents who experienced over 100% revenue growth over the last 12 months who believed the following in relation to whether COVID-19 accelerated their business growth

<table>
<thead>
<tr>
<th>Category</th>
<th>0% – 100%</th>
<th>100% – 200%</th>
<th>200% – 400%</th>
<th>400% +</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>1.9%</td>
<td>10.7%</td>
<td>27.5%</td>
<td>41.7%</td>
</tr>
<tr>
<td>Agree</td>
<td>1.9%</td>
<td>9.7%</td>
<td>34.9%</td>
<td>35.9%</td>
</tr>
<tr>
<td>Neither agree</td>
<td>34.9%</td>
<td>15.6%</td>
<td>15.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>or disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>62.4%</td>
<td>62.4%</td>
<td>62.4%</td>
<td>62.4%</td>
</tr>
</tbody>
</table>

Insights: Of the respondents experiencing above 100% revenue growth, 77.7% either agree or strongly agree that COVID-19 has accelerated their business growth.

Small companies have mostly benefited from COVID-19.

% of respondents with yearly revenue equal to or less than €1,000,000 who believed the following in relation to whether COVID-19 accelerated their business growth

<table>
<thead>
<tr>
<th>Category</th>
<th>0% – 100%</th>
<th>100% – 200%</th>
<th>200% – 400%</th>
<th>400% +</th>
</tr>
</thead>
<tbody>
<tr>
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<td>15.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>or disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>62.4%</td>
<td>62.4%</td>
<td>62.4%</td>
<td>62.4%</td>
</tr>
</tbody>
</table>

Insights: Of the respondents who have yearly revenue worth $1,000,000 or less, 62.4% either agree or strongly agree that Covid-19 accelerated their business growth.
COVID-19 has seen businesses grow with increased order values.

% of respondents who experienced over 20% average order value growth over the last 12 months who believed the following in relation to why COVID-19 accelerated their business growth

Insights
Of the respondents who experienced over a 20% increase in average order value, 73% either agreed or strongly agreed that COVID-19 accelerated their business growth

N = 100 | Source: Wayflyer State of eCommerce Survey Q4 2020

COVID-19 shoppers are contributing towards order value growth.

% of respondents who experienced over 20% average order value growth over the last 12 months who believed the following in relation to whether COVID-19 accelerated their business growth

Insights
Of the respondents who experienced an increase in average order value above 20%, 52.9% believe that more people shopping online due to COVID-19 contributed towards their business revenue growth, whereas only 22.5% believe that existing customers increasing their average order value due to COVID-19 has contributed towards their business revenue growth

N = 128 | Source: Wayflyer State of eCommerce Survey Q4 2020
Increases in average order value correlate with new COVID-19 shoppers.

% of respondents who believed more people are shopping online due to COVID-19 that experienced the following average order value change over the last 12 months

<table>
<thead>
<tr>
<th>Change Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 5%</td>
<td>11.0%</td>
</tr>
<tr>
<td>(5%) - 0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>(10%) - (5%)</td>
<td>2.8%</td>
</tr>
<tr>
<td>(20%) - (10%)</td>
<td>0.9%</td>
</tr>
<tr>
<td>(50%) - (20%)</td>
<td>1.8%</td>
</tr>
<tr>
<td>(100%) - (50%)</td>
<td>0.0%</td>
</tr>
<tr>
<td>0% - 5%</td>
<td>11.0%</td>
</tr>
<tr>
<td>5% - 10%</td>
<td>3.7%</td>
</tr>
<tr>
<td>10% - 20%</td>
<td>11.9%</td>
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<tr>
<td>20% - 50%</td>
<td>22.9%</td>
</tr>
<tr>
<td>50% - 100%</td>
<td>28.4%</td>
</tr>
<tr>
<td>100% - 200%</td>
<td>8.3%</td>
</tr>
<tr>
<td>200% - 400%</td>
<td>0.9%</td>
</tr>
<tr>
<td>400% +</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Insights

Of the respondents who believed that more people shopping online was a driver of why COVID-19 accelerated their business’ growth, 67% experienced an increase in their average order value of over 20%, and 37.6% experienced an increase in their average order value of over 100%.

N = 109 | Source: Wayflyer State of eCommerce Survey Q4 2020
Most companies are positive about COVID-19 ongoing impacts.

% of respondents who believed the impact of COVID-19 on their business growth was either likely or very likely to continue who believed the following in relation to whether COVID-19 accelerated their business growth:

- Very likely: 44.2%
- Likely: 37.5%
- Neither agree or disagree: 9.2%
- Disagree: 6.7%
- Strongly disagree: 2.5%

% of respondents who either agreed or strongly agreed that COVID-19 accelerated their business’ growth who believed the following in relation to whether the impact of COVID-19 on their business growth will continue:

- Very likely: 32.8%
- Likely: 51.7%
- Neither likely nor unlikely: 5.2%
- Unlikely: 2.6%
- Very unlikely: 0.0%
- Don’t know what will happen: 7.8%

Insights:

- Of the respondents who believed the impact on their business growth due to COVID-19 would either likely or very likely continue after COVID-19 ended, 81.7% either agreed or strongly agreed that COVID-19 had accelerated their business’ growth.

- Of the respondents who either agreed or strongly agreed that COVID-19 had accelerated their business’ growth, 84.5% either believed the impact on their business growth due to COVID-19 would either likely or very likely continue after COVID-19 ended.
Order values have grown a lot for the large majority.

% of respondent’s companies that had the following order average value change over the last 12 months

Insights  Over 90% of respondents saw an increase in average order value (AOV) over the last 12 months. Just over a third of respondents saw an increase in AOV of 100% and above.

eCommerce companies enjoyed huge website traffic inflows.

% of respondent’s companies that experienced the following change in website traffic over the last 12 months

Insights  97% of respondents saw website traffic increase over the last 12 months with 60% of respondents seeing an increase of 100% or greater. Over a quarter of respondents saw an increase of 200% or greater.
Most companies feel COVID-19 has had a positive impact on their business growth.

% of respondents who feel the following way about whether COVID-19 has accelerated their business’ growth

- Strongly agree: 32.9%
- Agree: 34.1%
- Neither agree or disagree: 15.6%
- Disagree: 11.6%
- Strongly disagree: 5.8%

Insights
Two-thirds of respondents agree or strongly agree that COVID-19 has accelerated their business’ growth. 17% disagree or strongly disagree with this statement.

Companies generally feel COVID-19 has increased the number of shoppers online.

% of respondent’s who hold the following beliefs explaining the way they feel about COVID-19 impacting their business growth

- More people are shopping online, which has increased purchases from new customers: 69.0%
- Existing customers have increased their purchase value: 22.8%
- Less people are shopping online, which has decreased purchases from new customers: 2.3%
- Existing customers have decreased their purchase value: 9.4%
- Other: 26.3%

Insights
More than two-thirds of respondents believe that more people are shopping online and this has increased purchases from new customers. Less than a quarter of respondents believe that existing customers have increased their purchase value.

N = 173 | Source: Wayflyer State of eCommerce Survey Q4 2020

N = 171 | Source: Wayflyer State of eCommerce Survey Q4 2020
Most companies feel the effects of COVID–19 will continue after it’s gone.

% of respondents who feel that the impact from COVID–19 on their business is likely to continue after COVID–19 ends

Almost 70% of respondents feel that the impact from COVID–19 on their business is likely or very likely to continue after COVID–19 ends. Roughly 10% think this is unlikely or very unlikely.
Marketing: those who dared won
As we’ve seen, the change in consumer behaviour driven by the COVID-19 pandemic drove significant demand for online commerce.

People worked from home, most brick and mortar retail outlets were shut and people began to increase their online purchases, even buying products online that they'd only ever bought in the real world before.

A second major driver of eCommerce success in the early days of the COVID-19 pandemic was the significant drop in CPCs and customer acquisition costs on Facebook and Instagram at the end of Q1 and in Q2 this year. At the time, all eyes were on the major brands who were pulling their spend from platforms such as Facebook and Instagram. Very little attention was paid to the smaller brands that quickly moved in to fill those gaps. The withdrawal of major brands from online social advertising resulted in lower CPC rates for those brands that remained. This meant that eCommerce stores that were still advertising online were able to get a lot more for their marketing spend: they could acquire customers at a lower cost than ever before and in a shorter period of time.

Lower CPCs encouraged many eCommerce store owners to be aggressive in their online marketing. 84% of the eCommerce stores who responded to our survey increased online marketing over the last year. Those that did increase their online marketing investment reaped the benefits. Of the respondents who increased their marketing spend by more than 20%, almost 85% of them experienced over 50% revenue growth and just below 70% of them experienced over 100% revenue growth. Of those who increased marketing spend by more than 50%, 87% of them experienced over 50% revenue growth and over 70% experienced over 100% revenue growth.
Fast growing companies are spending more on marketing.

**Insights**

Of the respondents who increased marketing spend by more than 50%, 86.7% experienced over 50% revenue growth, and 72.4% experienced over 100% revenue growth.

N = 98 | Source: Wayflyer State of eCommerce Survey Q4 2020

**Insights**

Of the respondents who increased marketing spend by more than 20%, 84.9% experienced over 50% revenue growth, and 69.8% experienced over 100% revenue growth.

N = 106 | Source: Wayflyer State of eCommerce Survey Q4 2020
High website traffic and shoppers spending more.

% of respondents who believed more people shopping online increased purchases from new customers due to COVID–19 that experienced the following average order value change over the last 12 months

<table>
<thead>
<tr>
<th>Change Range</th>
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<tbody>
<tr>
<td>0% - 5%</td>
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<tr>
<td>400% +</td>
<td>10.7%</td>
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<td>500% +</td>
<td>0.0%</td>
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<td>700% +</td>
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<td>800% +</td>
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<td>900% +</td>
<td>0.0%</td>
</tr>
<tr>
<td>1000% +</td>
<td>0.0%</td>
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</tbody>
</table>

**Insights**

Of the respondents who experienced an increase in their average order value of over 20%, 72.9% also experienced an increase in website traffic of over 100%.

N = 103 | Source: Wayflyer State of eCommerce Survey Q4 2020
Growth in average order value a key driver of revenue growth.

% of respondents who experienced over 50% revenue growth over the last 12 months who experienced the following average order value over the last 12 months

- 400% +
- 200% - 400%
- 100% - 200%
- 50% - 100%

N = 120 | Source: Wayflyer State of eCommerce Survey Q4 2020

Insights

Of the respondents whose revenue growth was above 50% in last 12 months, 42.5% experienced average order value growth of more than 100%.

Many eCommerce companies have vastly increased marketing spend.

% of respondents companies that increased their marketing spend by the following amount over the last 12 months

- 400% +
- 200% - 400%
- 100% - 200%
- 50% - 100%

N = 170 | Source: Wayflyer State of eCommerce Survey Q4 2020

Insights

84% of respondents increased their marketing spend over the last 12 months. 59% increased their marketing spend by >20%. 46% increased their marketing spend by 100% or greater.
In 2019, Facebook and Instagram were often the main channels for ads, and rarely not used.

% of respondent’s companies that spent the following relative amounts on marketing within social media channels in 2019 (ranked with 1 being highest relative spend for that channel)

![Bar chart showing social media channel usage in 2019](chart1)

**Insights** Facebook and Instagram were the main channels used by small eCommerce businesses to drive awareness of their stores and products in 2019.

N = 169 | Source: Wayflyer State of eCommerce Survey Q4 2020

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In 2020, Facebook and Instagram were still often the main channels for ads, and rarely not used.

% of respondent’s companies that spent the following relative amounts on marketing within social media channels in 2020 (ranked with 1 being highest relative spend for that channel)

![Bar chart showing social media channel usage in 2020](chart2)

**Insights** Facebook and Instagram continued to dominate in 2020, with Google increasing its market share slightly.

N = 164 | Source: Wayflyer State of eCommerce Survey Q4 2020

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Wayflyer State of eCommerce: 2020
Managing inventory: the working capital dilemma
The increase in online shopping, driven by COVID-19, created an opportunity for small eCommerce founders globally to win new customers and drive sales.

But as the world shut down in a matter of days and demand for online goods surged, eCommerce battled with a missed opportunity. While 75% of scaling eCommerce stores say their businesses have surged during this time, nearly 50% of all respondents said that managing inventory during this unpredictable time has remained the number one challenge.

The sudden changes in consumer behaviour, driven by COVID-19, have made it difficult to accurately forecast demand. In addition, global supply chains suffered production and workforce disruptions, with knock-on effects for stores’ inventory management. This unpredictability led to missed opportunities, which are particularly painful for businesses that have a difficult working capital profile even in the best of times. While percentages can vary slightly, small eCommerce stores typically have to spend 30% upfront for goods before they are even produced, with the remaining 70% due before the item is shipped.

This is a huge drain on cash flow, which they also need to spend on online marketing before they can recoup their investment. It’s critical that eCommerce stores get inventory forecasting right and this is made very difficult when consumer demand changes dramatically and abruptly.

In addition, over 90% of eCommerce stores who responded to our survey said they had seen an increase in their inventory purchasing costs over the last 12 months. Just under half have experienced an increase of 20% or more. Roughly 25% have seen inventory costs go up by over 100%.
eCommerce has faced significant increases in inventory costs.

% of respondent’s companies that experienced the following inventory purchase cost per unit change over the last 12 months

Insights

91.8% of respondent companies have experienced an increase in their inventory purchase cost per unit change over the last 12 months.

Almost half (46.2%) have experienced an increase in their inventory purchase cost per unit charge of 20% or more. Over one-quarter have seen an increase of >100%.
Managing inventory is currently eCommerce companies biggest concern.

% of respondent’s who feel the following are one of their biggest business problems

- Managing inventory: 48.6%
- Increasing sales: 32.9%
- Managing shipping and returns: 30.6%
- Bringing quality customers to your website: 27.2%
- Hiring and retaining employees: 16.8%
- Understanding competition: 12.7%
- Cybersecurity: 6.4%
- Other: 14.5%
- None: 5.8%

Insights

Almost half of all respondents said that managing inventory was their biggest business problem. Managing inventory is always challenging for eCommerce stores as they typically have to spend 30% upfront for goods before they’re produced, with the remaining 70% due before the item is shipped. This is a significant drain on a company’s cash flow. Managing inventory was even more difficult in 2020, as COVID-19 led to high but unpredictable consumer demand.
Few companies stock up early for Black Friday.

% of respondents who stocked inventory for Black Friday in the following months for 2019 and 2020

2019 2020

0% 10% 20% 30% 40%

Insights

Of the respondents who stocked for Black Friday in 2019, only 44.2% purchased their stock either 3 months or earlier before the event, and 29.8% purchased either in October or November.

Of the respondents who stocked for Black Friday in 2020, only 44.7% purchased their stock either 3 months or earlier before the event, and 28.1% purchased either in October or November.

Companies are stocking inventory for Christmas earlier.

% of respondents who stocked inventory for Christmas/holidays in the following months for 2019 and 2020

2019 2020

0% 10% 20% 30% 40%

Insights

Of the respondents who stocked for Christmas in 2019, only 43.1% purchased their stock either 3 months or earlier before the event, and 21.6% purchased either in November or December.

Of the respondents who stocked for Christmas in 2020, only 50.4% purchased their stock either 3 months or earlier before the event, and 15.8% planned to purchase either in November or December.
Audience overview & methodology
Survey respondents were mostly present in US, UK and Australia.

% of companies that actively prioritise selling in the following geographies

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern America US</td>
<td>69.8%</td>
</tr>
<tr>
<td>Northern America CA</td>
<td>62.6%</td>
</tr>
<tr>
<td>Europe UK</td>
<td>41.3%</td>
</tr>
<tr>
<td>Europe Other</td>
<td>24.7%</td>
</tr>
<tr>
<td>Asia-Pacific Australia</td>
<td>23.6%</td>
</tr>
<tr>
<td>Europe Ireland</td>
<td>23.6%</td>
</tr>
<tr>
<td>Asia-Pacific Other</td>
<td>18.2%</td>
</tr>
<tr>
<td>Northern America Mexico</td>
<td>12.8%</td>
</tr>
<tr>
<td>Other</td>
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<tr>
<td>Other</td>
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<td>South America</td>
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</tr>
<tr>
<td>Other</td>
<td>1.1%</td>
</tr>
<tr>
<td>Other</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

N = 182 | Source: Wayflyer State of eCommerce Survey Q4 2020
Survey respondents’ companies were mostly Apparel & Accessories, Health & Beauty and Home & Garden companies.

% of respondents companies engage in the following business verticals
Respondent’s companies were typically smaller than €5m yearly revenue.

% of respondents’ who had the following yearly revenue

- 1,000 - 10,000: 7.8%
- 10,000 - 30,000: 8.4%
- 30,000 - 60,000: 6.0%
- 60,000 - 100,000: 8.4%
- 100,000 - 200,000: 7.8%
- 200,000 - 500,000: 5.4%
- 500,000 - 1,000,000: 12.6%
- 1,000,000 - 2,000,000: 3.6%
- 2,000,000 - 5,000,000: 1.8%
- 5,000,000 - 10,000,000: 0.6%
- 10,000,000 +: 0.6%

Respondent’s eCommerce business’ were typically growing rapidly.

% of respondents’ eCommerce business’ that had the following revenue growth over the last 12 months

- 0% - 5%: 0.0%
- 5% - 10%: 2.3%
- 10% - 20%: 2.9%
- 20% - 50%: 2.9%
- 50% - 100%: 5.4%
- 100% - 200%: 0.0%
- 200% - 400%: 0.0%
- 400% +: 7.8%

N = 167 | Source: Wayflyer State of eCommerce Survey Q4 2020

N = 175 | Source: Wayflyer State of eCommerce Survey Q4 2020
The majority of respondents were C-suite or Founders.

% of respondents who had the following job position within their business

<table>
<thead>
<tr>
<th>Job Position</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder</td>
<td>39.8%</td>
</tr>
<tr>
<td>Co-Founder</td>
<td>22.2%</td>
</tr>
<tr>
<td>Co-Chief Executive Officer</td>
<td>10.5%</td>
</tr>
<tr>
<td>Co-Chief Executive Officer</td>
<td>1.8%</td>
</tr>
<tr>
<td>Chief Finance Officer or Finance Director</td>
<td>4.1%</td>
</tr>
<tr>
<td>Chief Operating Officer or Operating Director</td>
<td>4.1%</td>
</tr>
<tr>
<td>Chief Commercial Officer or Commercial Director</td>
<td>0.6%</td>
</tr>
<tr>
<td>Chief Marketing Officer or Marketing Director</td>
<td>5.3%</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>0.6%</td>
</tr>
<tr>
<td>Operating Manager</td>
<td>1.8%</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>2.9%</td>
</tr>
<tr>
<td>Marketing analyst</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other</td>
<td>5.3%</td>
</tr>
<tr>
<td>Prefer not to disclose</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

N = 171 | Source: Wayflyer State of eCommerce Survey Q4 2020
Most respondents’ companies sold goods on their own website.

Most companies didn’t have subscription products, but for those who did, they performed well.

Reasons for changing dependence on subscription revenue were varied.

% of respondents who used the following store platforms to sell their products

% of respondents’ companies proportion of your business revenue from online subscription products increased in the last 12 months

% of respondents’ companies that had the following reason(s) for why the proportion of their revenue coming from subscription products change

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N = 181 | Source: Wayflyer State of eCommerce Survey Q4 2020

N = 182 | Source: Wayflyer State of eCommerce Survey Q4 2020

N = 182 | Source: Wayflyer State of eCommerce Survey Q4 2020

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Wayflyer State of eCommerce: 2020
Methodology

— Collected over 220 responses to our survey over 16 days: Oct-20 and Nov-20. Respondents were a mix of Wayflyer customers and non-customers, and were screened to ensure that they worked for an eCommerce company.

— Once collected - cleaned approximately 40 low quality responses (e.g., respondent didn’t work at an eCommerce company, survey completion time well below expected duration, or respondent skipped most questions). This left slightly over 180 clean responses.

— First level splits used all the usable responses available.

— Second level splits used all the usable responses that had answered both questions.

— Please note, questions often referred to last 12 months. This should be interpreted as approximately Oct-19 to Oct-20, not Jan-20 - Oct-20
Online marketing best practices
Wayflyer’s top 5 tips for online marketing
Configure your platforms correctly to give yourself the best chance of success!

It’s critical to have all of your marketing systems connected and talking to one another. Collecting accurate data across these platforms allows you to optimise your campaigns, giving you the best chance of success.

- Are you capturing conversion events in Google ads and using those events to optimise your campaigns?
- Is your Facebook pixel installed correctly, allowing you to advertise to audiences who have already shown an interest in your products?
- Is your store passing transaction IDs to Google Analytics, allowing you to analyse channel performance?
- Have you added your payment platforms to your GA Referral Exclusion list, ensuring you have accurate last click channel and campaign performance information?

If you’re using an agency, they should be able to help with all of the above. If you’re not, these online help pages should help:

https://support.google.com/analytics/answer/1009612?hl=en
https://www.facebook.com/business/help/952192354843755?id=1205376682832142
https://support.google.com/google-ads/answer/6095821?hl=en
https://support.google.com/analytics/answer/2795830?hl=en
Build a rigorous testing infrastructure to maximise efficiency and accelerate growth

To build a best-practice testing infrastructure you must do two things: allocate sufficient budget for testing and set target KPIs.

Current KPIs and target KPIs - it’s important to know these before allocating your testing budget. If you have a Customer Acquisition Cost of $100, and run a test with only $75, then you’re not going to gather enough conversion events to make an accurate decision. On the flipside, if you spend 3-4x your conversion cost on a test and it hasn’t yet led to a conversion, then you might want to consider ending that test early.

Understanding your minimum acceptable Customer Acquisition Cost/Return on Ad spend allows you to quickly increase budget on high performing campaigns and kill campaigns that are underperforming these targets. It’s important to allocate sufficient budget to these tests.

Another factor to consider is your/your company’s risk tolerance - many of your tests may underperform your current target KPIs. How much are you happy to spend on these campaigns? Companies typically allocate 10-20% of their budget for testing.
Avoid advertising to fatiguing audiences on Social platforms

Finding the right balance between prospecting campaigns and retargeting campaigns on Social platforms can be tricky! On the one hand, the retargeting campaigns are probably performing better than the prospecting campaigns, but without more prospecting, these retargeting audiences won't grow and they'll suddenly become fatigued and fed up with seeing your ad! This can lead to huge drops in retargeting performance.

Carefully monitor the frequency of your ads for given audiences. This will help you understand how big you can push your frequency before there's a drop in performance. Higher frequencies tend to lead to drop offs in performance, but each business and audience is different. Another way to prolong fatiguing audiences, besides growing the audience size through prospecting, is to have multiple ad creatives and copy for each ad.
Negative keywords and Single Keyword Ad Groups are your friends in Search!

Paying to drive people, who have no interest in your products, to your website can be very costly for e-commerce stores. Keep on top of your Search Query report to spot any rogue search queries causing your ads to appear. Negative keyword-ing these terms will save you a lot of money in the long run!

As well as ensuring your ads don’t show for irrelevant search terms, you want to make sure your headline and ad copy are extremely relevant for queries that you do want to show for. In this regard, Single Keyword Ad Groups (SKAGs) can work very well. SKAGs can take a lot of time to set up, but the practice of having only closely related and relevant keywords within an ad group allows you to ensure the headline and copy are appealing to the user who inputted the search term.
Keep up to speed with your website performance

Increasing site speed on mobile and desktop is essential. Studies have found that a 100ms delay in page speed can result in a 1% drop in revenue. We recommend measuring your current site speed using Google’s Lighthouse Performance tool, to see if you have any performance issues.

The Lighthouse tool measures performance in terms of “lighthouse score” rather than milliseconds. A Lighthouse score of <50 is poor, 50-89 is acceptable and >90 is excellent. The tool is fairly intuitive and gives RAG colours for different aspects of your site.

To improve your site speed consider removing non-essential third party apps from your store that don’t provide a measurable improvement to the customers experience. Websites can often get cluttered with third party apps that store owners don’t realise are still installed. Removing these can reduce load time considerably. Similarly, oversized images on your homepage will increase load time unnecessarily. Compressing these images appropriately will bring down load time with minimal reduction in customer experience.
Wayflyer helps eCommerce stores worldwide reach their growth potential by bridging the working capital gap and solving common marketing problems. We provide eligible eCommerce stores with affordable, non-dilutive, unsecured capital that allows the flexibility to secure advertising space and inventory.

Our analytics platform analyzes marketing performance on a daily basis, providing eCommerce stores with world-class analytics and tangible, granular recommendations designed to improve performance. Not only are eCommerce founders provided with the flexible working capital needed to stay in business, they are then equipped with the data-driven knowledge to spend that capital smarter.

www.wayflyer.com
Thank you!