



Elevating eCommerce: How Does Your eCom Platform Impact Customer Acquisition?

A Fospha Research Report 2023



www.fospha.com

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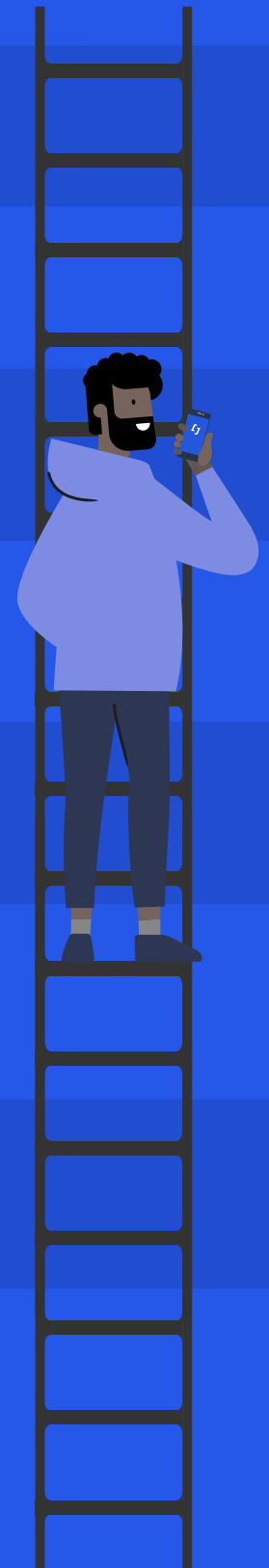
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The choice of an eCommerce platform is a critical decision for brands. It not only shapes the customer experience, but also influences your ability to scale and maintain a competitive edge. The right eCommerce platform can be a powerful tool for attracting new customers, retaining existing ones, and streamlining operations to allow for substantial growth.

There's a common wisdom that off-the-shelf solutions like Shopify or Magento aren't equipped to support the expansive operations of larger brands. Large brands often opt for a custom platform, believing these offer better scalability and enhanced conversion metrics. At Fospha, we wanted to understand if this belief is backed by data.

We analyzed conversion rates (CVR) and new customer acquisition across our most popular platforms: Shopify, custom CRMs and Magento. Our findings reveal an interesting trend that contradicts the common wisdom – even at large scales, Shopify is the most effective platform, delivering the highest Conversion Rates. and attracting the highest percentage of new customers.

This report will present the data and discuss how brands can leverage the right eCommerce platform to their advantage.





Who are Fospha?

The marketing measurement platform for eCommerce.



- 1 Increased competition is pushing up costs, squeezing margins and threatening growth targets.
- 2 Headwinds like iOS17, cookie deprecation and the privacy-first movement make it harder than ever to reliably see what's going on.
- 3 Cross channel reporting with a single source of truth becoming more difficult as the number of channels increases, each with their own attribution methodology.

Fospha Marketing is a new type of marketing measurement.

Using machine learning to combine multi-touch attribution and marketing mix modelling in one view, our platform gives clear, actionable insights on where to spend to maximise your growth.

Our cutting-edge approach shows you the impact of all clicks and impressions, restoring visibility you lost with iOS14 and future-proofing you against further privacy changes.

Fospha clients achieve on average:

+75%
Spend growth

+33%
Return on advertising spend

-9%
Customer acquisition cost

Getting started with Fospha:

- 1 Fast, with a live platform in **24 hours**
- 2 Easy, requiring just **10 minutes** setup
- 3 Affordable, with pricing from just **\$950/month**

To get started, click [here](#) to apply for a free trial.



Huel®

“If you're trying to scale a D2C brand – invest in Fospha!”

Ben Bokaie, Head of Performance

SPOKE

“The most sophisticated attribution model I've ever worked with”

Jake Higgins, VP Growth

CUUP

“The reporting I've been looking for my whole career”

Kathrin Paramasivam, VP Growth

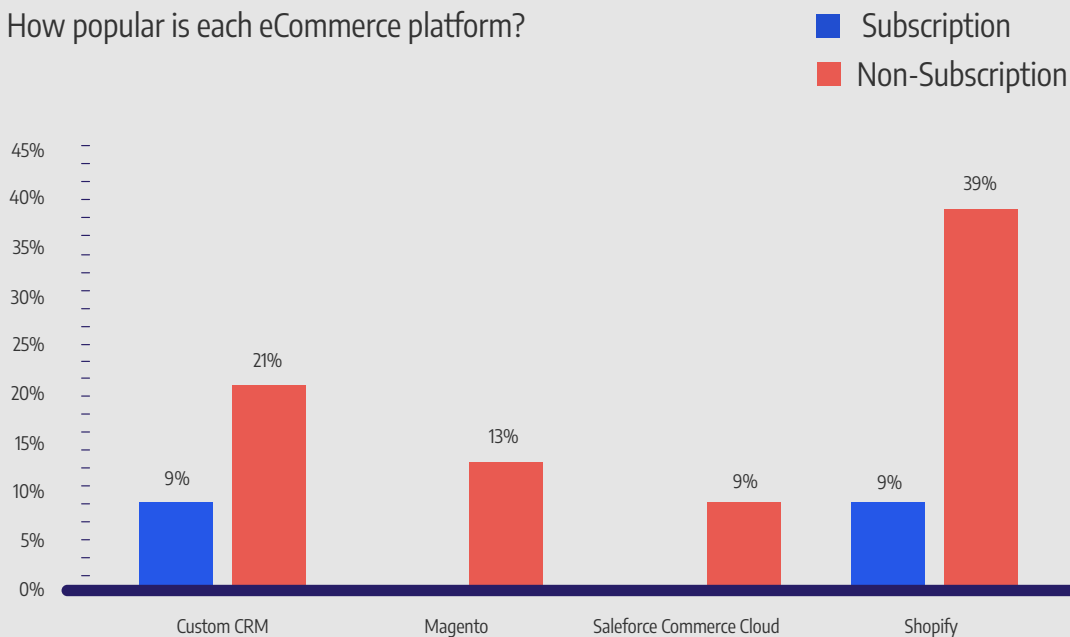
Unsurprisingly, Shopify is the most popular platform



01.

We'll jump in by summarizing the brands included in the study, to set the stage for the rest of the analysis.

How popular is each eCommerce platform?

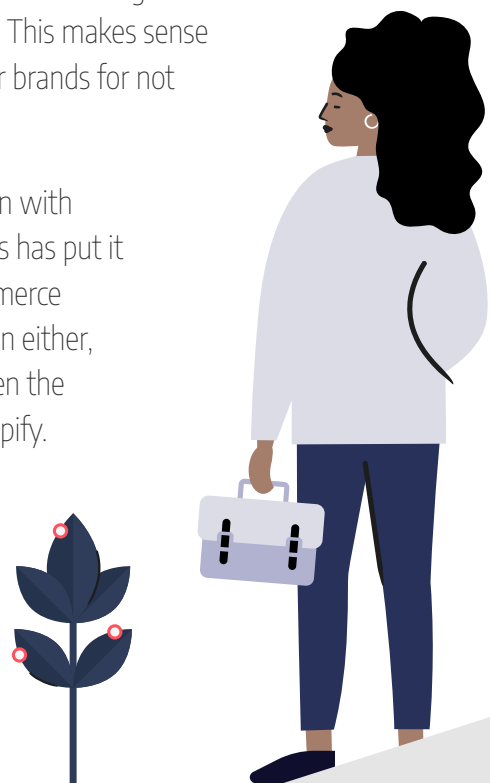


In total, 19% of our brands are subscription businesses, while 81% are non-subscription.

Shopify is by far the most popular platform, with the biggest difference being for brands with a one-off purchase model, not subscription services. This makes sense - Shopify is known for being very accessible and loved by smaller brands for not requiring code and technical expertise to get started.

More recently, Shopify has worked hard to cultivate its reputation with bigger brands, signing big names like Heinz, Spanx and Huel. This has put it on territory traditionally occupied by players like Salesforce Commerce Cloud (SFCC) & Magento. SFCC has a wider initial feature set than either, but requires complex custom code for set up. Magento is between the two - a large app store, but also a higher technical barrier vs Shopify.

Despite Shopify's moves into enterprise, many brands we speak to retain the impression that to really succeed at scale, you need to invest in custom or headless solutions.

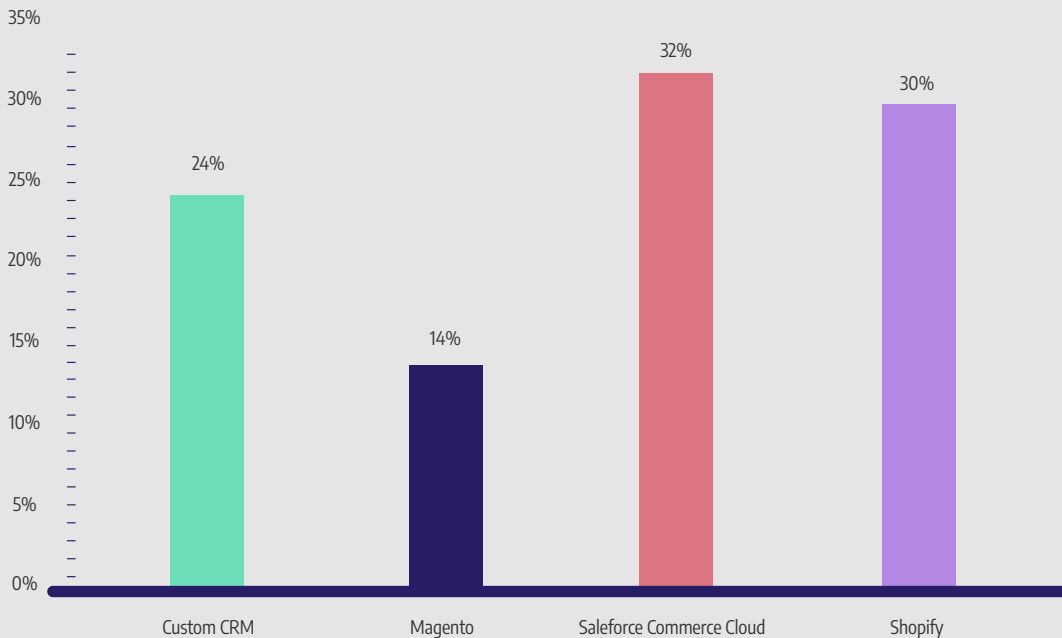


Salesforce leads order volume as the most popular platform for bigger brands



02.

Average sales as % of total sales



This study examines both larger and smaller brands, defined as >\$10 million in annual revenue and <\$10 million in annual revenue, respectively.

When it comes to store size, Salesforce is the frontrunner for the largest of brands. Salesforce is designed as an enterprise-level solution, and large brands often have extensive product catalogs, high transaction volumes, and complex business processes that work well with this type of platform.

Interestingly, average sales for Shopify are almost just as large, despite the historic feeling that Shopify is best suited for smaller or developing businesses. Shopify has made big strides in this area in the last 5+ years, and its ease of integration and scalability now appeals to a wider range of brands.



Custom platforms strongest for retention



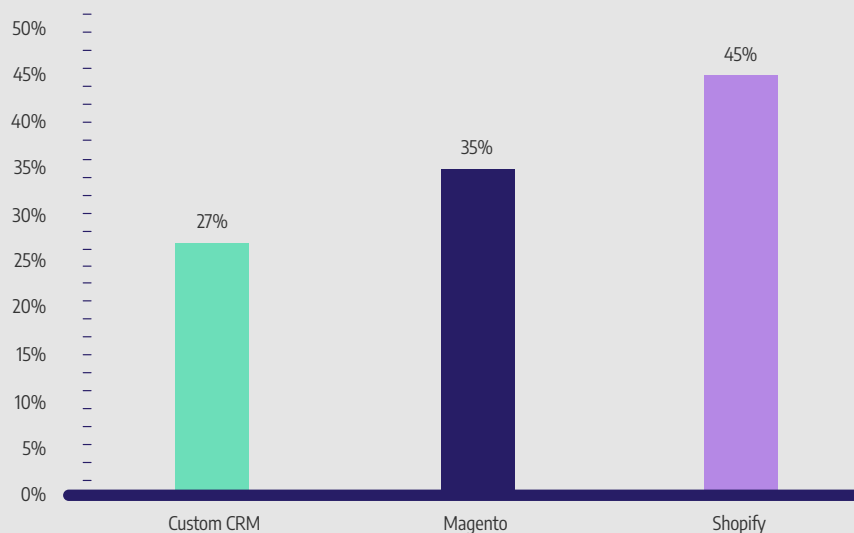
03.

Factors such as user experience, site speed, payment options, customization and adaptability to trends all impact a brand's ability to attract and convert new customers. Your choice of eCommerce platform can have a significant impact on many of these factors.

% New conversions by eCommerce platform

Salesforce excluded from analysis due to small sample size

Subscription brands excluded due to primary focus on new conversions



Brands with a custom CRM solution yield on average fewer new conversions versus repeat conversions – showing more success with retention. Meanwhile brands with off-the-shelf solutions like Magento & Shopify yield a greater % new customers.

There could be several factors impacting this – for example, Shopify & Magento's user-friendly interfaces and built-in features might appeal to businesses seeking rapid market entry and attracting a broader audience. Equally, brands with a custom CRM may have the ability to implement more niche, personalized features tailored to their unique business needs, fostering higher engagement and thus more returning customers.

Ultimately, the choice between custom CRMs and platforms like Magento or Shopify depends on a brand's strategic priorities, whether that be new customer acquisition or retention.

Even big brands see better Conversion Rate with Shopify



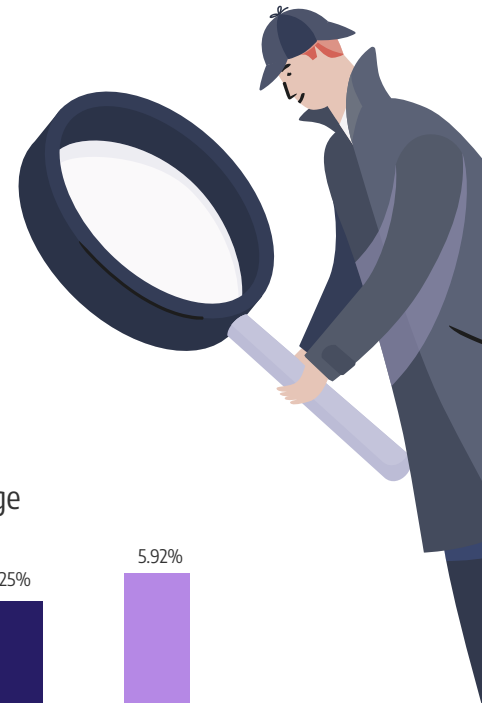
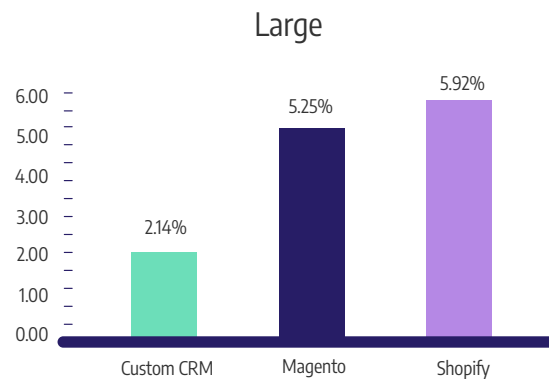
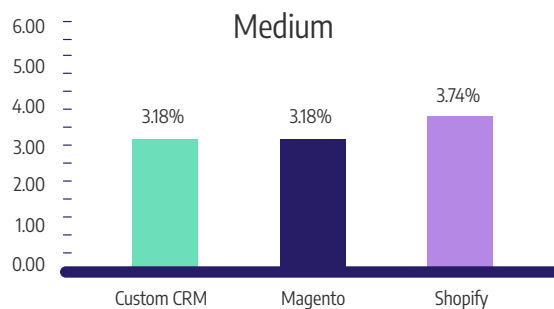
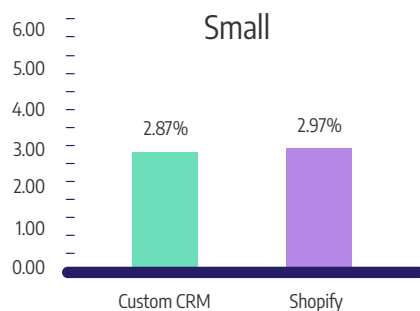
04.

Ease of checkout is a crucial way in which your eCommerce platform can impact CVR. A well-designed, fast-loading site with a seamless checkout process enhances user satisfaction, reduces bounce rates and increases conversions. There are other factors, too - effective SEO strategies and integration with marketing tools attract relevant traffic, contributing to higher Conversion Rates.

All of these eCommerce platforms sell their ability to help you boost your Conversion Rate. Below we put those claims to the test, segmenting the data into small, medium and large companies to allow for businesses at different stages.

Conversion Rate: small, medium and large brands

Magento excluded due to small sample size



The traditional school of thought on eCommerce platforms is that the off-the-shelf solutions, Magento and Shopify, are fast ways for small brands to get started but struggle to handle the needs of scaled enterprises. Interestingly, this data debunks that entirely.

In all 3 sample sizes, Conversion Rate is highest with off-the-shelf platforms. The differences are less significant with small, with there being very little to split Shopify and custom platforms, but for large businesses the delta is very pronounced.

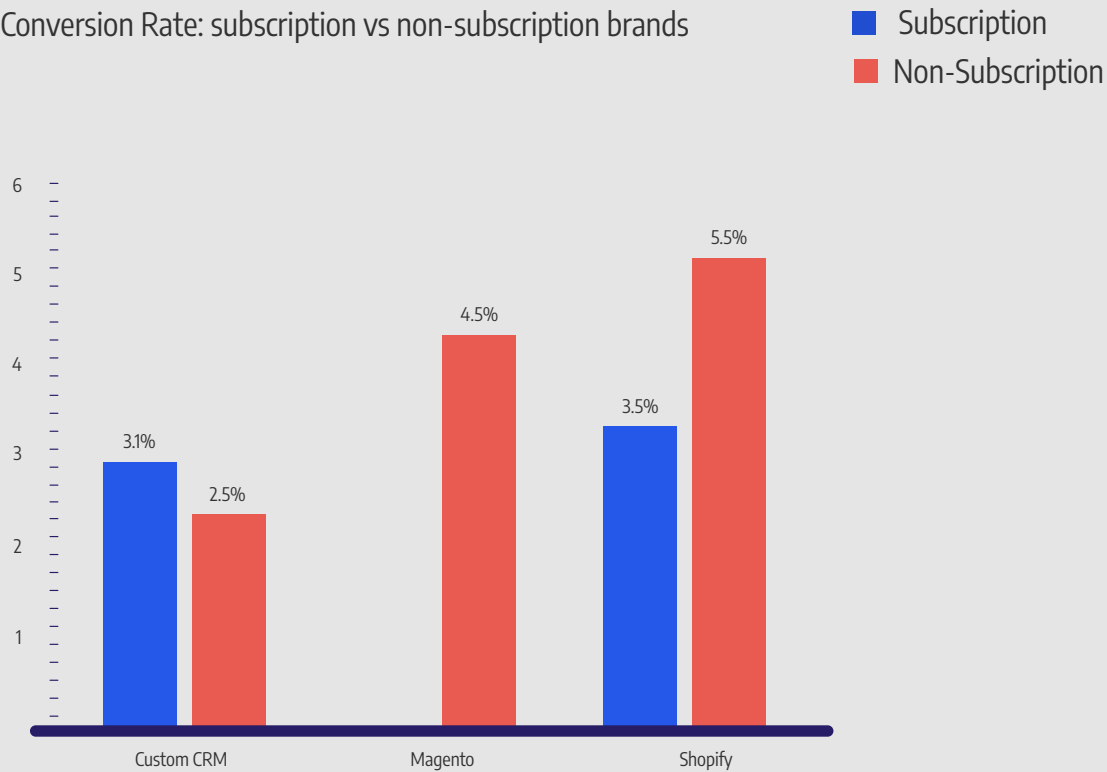
This demonstrates that highly customized solutions are not always necessary for large brands, with Shopify and Magento equally able to support scale.

Previous trends bucked for subscription brands, with limited difference between platforms



05.

Conversion Rate: subscription vs non-subscription brands



Cutting this same view on Conversion Rate by business model also yields some interesting results. While for eCommerce brands offering one-time purchases the same pattern plays out, with off-the-shelf platforms like Shopify and Magento offering significantly improved Conversion Rates, this is not reflected for subscription brands. Here we see that there is negligible difference in rate, implying that subscription brands gain fewer advantages from an off-the-shelf solution.



Summary

06.



The eCommerce platform you choose is just one element of unlocking sustainable growth, but it's crucial to get it right.

There's no single best eCommerce platform – it all depends on your brand's requirements. Some brands want full control and unrestricted access to customization, which lends itself best to a custom solution. Equally, off-the-shelf solutions are great for brands that want to get set up fast, and grow without the added responsibility of maintaining their own eCommerce platform.

What we've found is custom platforms are strong for retention, while off-the-shelf solutions are better for new customer acquisition. They're also more reliable from a CVR perspective, with an easier UI enhancing your chances of securing the sale.

Key Conclusions :

- 1 Shopify offers the highest Conversion Rate, and the differences become more pronounced with larger businesses, and those with one-off purchase business models.
- 2 Off-the-shelf solutions are better for new customer acquisition, while custom solutions are better for retention.
- 3 A robust measurement solution is the final piece of the puzzle, providing a breakdown of new versus repeat customers and enabling you to accurately assess performance by bringing all your different data together.



