

Order Conversion Rate (OCR)



The first [KPI](#) that is measured by analysts is probably the order conversion rate. It is one of the prime most important numbers that are presented to the senior management.

Generally a conversion rate refers to the percentage of events leading to another event. In the e-commerce world it usually refers to the percentage of visits that convert into orders. Most web analysts define the conversion rate as the percent of site visitors who do something that the company wants them to do. This could be to submit an order, sign up for an email, send a lead and so on. It also measures the movements from the entry page to a particular page.¹⁾

Definition of OCR and BCR

Order Conversion Rate (OCR) is defined as the number of orders taken divided by the total number of visits to the website during the same period.

Buyer Conversion Rate (BCR) is defined as the number of customers converted divided by the total number of visitors to the website during the same period.²⁾

An example

If a website is visited 50,000 times a month and gets 1,000 orders the conversion rate is

$$1,000 \div 50,000 = 2 \%$$

That means that 2 visits out of 100 turn into an order.

The rate gives very important information on revenue projection by multiplying it with the [Average Order Value](#). For example:

Number of Visits x Conversion Rate x Average Order Value = Projected Revenue

$$10,000 \times 2 \% \times 10 \$ = 2,000 \$$$

Hence, for a campaign that aims at 10,000 visits a revenue of 2,000 \$ can be projected.³⁾

What is a good order conversion rate?

Whether a conversion rate is good or bad always depends on the market, the industry, the competition, buying power and so on. A good way to compare a conversion rate is to evaluate the

rate to a same time period one or more years/month before, to see whether it is increasing or decreasing. The average conversion rate of a website is around 2 %.⁴⁾

How to increase order conversion rate?

Since a conversion does not happen at one stage, firstly you have to determine where optimization resources can be allocated. During this multistep process, many visitors leave the website and finally do not click on the order-button. This is often shown in a typical “[order funnel](#)”. Each step to the final conversion is a micro conversion. Each step has to lead successfully to the next step.

Any company committing resources to optimize the process should use diagrams to determine where in the hierarchy its current efforts decline and what other areas might be more lucrative for optimization efforts.

After analyzing “where” most the visitors are being lost, improvements have to be implemented:

- Improve the total number of visitors, e.g. by promotion campaign, [SEO](#), [SEM](#) or banners
- Improve the numerator by providing quality information and an easy transaction on the website. Therefore avoid annoying the consumer by handling errors carefully, highlighting consumer goals or following web conversions.
- Select information about the target group by market research and test the website

Problems with order conversion rate

Nowadays some e-commerce experts recommend not worrying about the rate every day. The two main reasons for this recommendation are:

1. The order conversion rate just shows how the minority did something, but it does not explain why the majority did not do anything.
2. It is not always the main aim of visitors to go to a homepage to buy something. Customers also intend to research, look for information, read a blog or just need advice. Companies that are only concerned about OCR ignore major parts of the homepage traffic.

More information about this discussion: [Stop Obsessing about conversion rate](#)

Conclusion

The order conversion rate is a good, efficient and easy way to control the success of e-commerce and therefore it is an important KPI. But it is only one out of many KPI´s and should be complemented by others. It is also very important to think about the other 98% of visitors. Special web analysis tools should be used to identify areas of the sales/order funnel that should be optimized.⁵⁾

— [Yvonne Riedel](#) 2011/08/26 20:42

Further Information

http://en.wikipedia.org/wiki/Conversion_rate

[Top 10 E-Commerce Websites by conversion rate](#)

[Conversion Rate Web Marketing](#)

1)
Cf. Kaushik, Avinash: *Web Analytics- An hour a day*, Indianapolis, 2007, Wiley Publishing Inc.

2)
Cf. Peterson, T. Eric: *On visits and visitors*, Web 26. Aug 2011 [On Visits and visitors](#)

3)
Cf. Andrei, Luca: *Conversion Rate*, Web 25. Aug 2011 [Conversion Rate](#)

4)
Cf. Juon, Catherine; Greiling, Dunrie; Burkle; Catherine: *Internet Marketing, Start to Finish*, p 148 ff, 2011, Que Publishing, Indianapolis

5)
Cf. Saleh, Khalid; Shukairy, Ayat: *Conversion Optimizations, The Art and Science of converting Prospects to the Customers*, p 20 ff, 2011, O´Reilly Media, Sebastopol

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