What your best customers are worth, why repeat purchases are changing the game, and how your growth compares.
Your Best Customers are VIPs

Half of all revenue comes from the top 15% of customers, with the top 1% of customers spending 30x as much as the average customer.

Return Customers Change the Game

New marketing tactics, including remarketing, subscription commerce, and group buying, have changed the way marketers think about repeat purchases. Return customers now contribute up to 75% of revenue for among online retailers.

The Ecommerce Tipping Point

On average, it takes new ecommerce sites over 500 days to reach one million dollars in revenue, but it takes less than 500 days to go from one million to ten million.
Methodology

We got this data organically.

RJMetrics is a business intelligence platform for ecommerce companies. We analyze data for hundreds of the most successful online retailers on the planet. We also anonymize this data—hundreds of millions of transactions—and look at industry-wide trends.

In this report we share some of the most interesting takeaways we’ve found as we combed through this huge dataset. Read on for benchmarks on customer lifetime value, repeat purchase rate, company growth rate, and more.
Your best customers spend 30x more than your average ones

Customer Lifetime Value by Percentile

A retailer’s best customers are worth 30 times more than its average customers.

Marketers often focus on acquiring new customers at a very low cost. This focus can obscure the bigger picture: acquiring the most profitable customers. Optimize for ROI, even if that means spending more up front.
The top 1% spend as much as the bottom 50% put together

Treat Your Best Customers Like Royalty

Many marketers optimize towards a single cost of acquisition across all their marketing channels. Don’t get caught in this trap—some customers are far more valuable than others. Analyze your customer lifetime value by acquisition channel and adjust your spend accordingly.
Your best customers spend 5x more per order than average

Average Order Value

Not only do your best customers spend more over their lifetimes, they also spend more per order.

What behaviors can you identify in your best customers? Do they frequently purchase one type of product and then branch out to complements? If you can identify behaviors in your best customers, you can apply those lessons to the rest of your customer base.
30% of orders are under $50 and only account for 15% of revenue

Order Value vs. Revenue Contribution

Online stores frequently have a large volume of low-value orders. And yet these same stores aren’t adopting many common tactics to increase average order value—a clear opportunity.

Suggest additional products before your customer checks out based on what other customers purchase. Known as collaborative filtering, this is one of the most effective ways to increase AOV.
The typical online store gets **43%** of revenue from repeat purchases.

**Percent of Revenue from Repeat Purchases**

Repeat revenue is preferrable to revenue from new customers, hands down. Existing customers are cheaper to market to and the revenue is more predictable.

Are you doing enough to encourage repeat buying? Targeted lifecycle emails? Display remarketing?

[Bar chart showing revenue percentiles for different company revenue percentiles.]
Next-gen retailers have changed how we think about marketing.

Marketers are getting better at encouraging repeat purchases every year. New tactics like group buying, remarketing and subscription commerce are making a bigger impact every year.

Stop thinking of customer acquisition as a landgrab. Start building long-term customer relationships.

The height of group buying.
Getting the first $1 million of revenue is hard.

Time Required to Grow Revenue by $1MM

It takes well over a year for the average ecommerce company to earn $1 million in revenue. As soon as that milestone is reached, every successive million arrives faster.

It takes the average ecommerce company 570 days to reach a million dollars in revenue. For companies that continue to grow, it only takes 517 days to go from $1 million to $10 million. An order of magnitude growth in less time!
Growth slows as company size increases.

Growth Rate vs. Company Size

It’s hard to fight the law of large numbers. Large companies rarely see the same explosive growth rate that small companies do, but the absolute value of growth is still impressive.

The fastest-growing large ecommerce companies focus on viral marketing. This channel scales with a growing customer base.
How do you measure up?

If you’d like to understand how you compare on these key metrics, we’d be glad to help.

In less than a week, we can build you an online dashboard with all the insights you need to optimize your ecommerce business.

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