
Five Strategies for Success:

Increasing Your Average Order Value

Getting customers to buy multiple items — and spend more money on each order — is a great way to increase sales and revenue. Here are five easy-to-implement strategies you can use to get your customers to spend more in your online store.

Average Order Value

Average Order Value (AOV) is the measure of how much money your customers spend each time they place an order through your online store.

It's a simple calculation ($\text{revenue} \div \text{number of orders} = \text{AOV}$) that can reveal a lot about your customers and your business during a specific time period.



MARKETING
EFFORTS
EFFECTIVENESS



CUSTOMER
BUYING
HABITS



IDENTIFY
VALUED
CUSTOMERS



EXPECTED
REVENUE
EARNINGS

For example, your AOV can tell you how effective your latest marketing efforts were based on how much you had to spend to get each order. Your AOV can also give you insights into your customers' buying habits—especially when calculated for specific customer segments—and help you identify your most valued customers. And paired with your conversion rate, your AOV can be used to project how much revenue you can expect to earn from a certain number of site visit.

Why Focus on Increasing AOV?

In many eCommerce markets, acquiring new customers is difficult and expensive, often requiring a significant investment in demand generation marketing and advertising.



Increasing your AOV is one of the most effective and comparatively inexpensive ways to increase revenue and cash flow (a sign of any healthy business). Whereas increasing site traffic usually involves researching and executing complex marketing plans to attract new customers, increasing your AOV could be as simple as installing a plugin for your shopping cart.

Optimizing for higher AOV can also help you strengthen your business against unforeseen dips in traffic. In fact, you may get less traffic overall but see higher revenues due to increased AOV and more targeted marketing practices. Regardless of why your site may attract fewer visitors, your business will be in a better position than if you hadn't already taken steps to optimize your AOV.



So how can you get your customers to buy more items and spend more money with each purchase? This guide outlines five strategies you can enable with little or no extra investment.

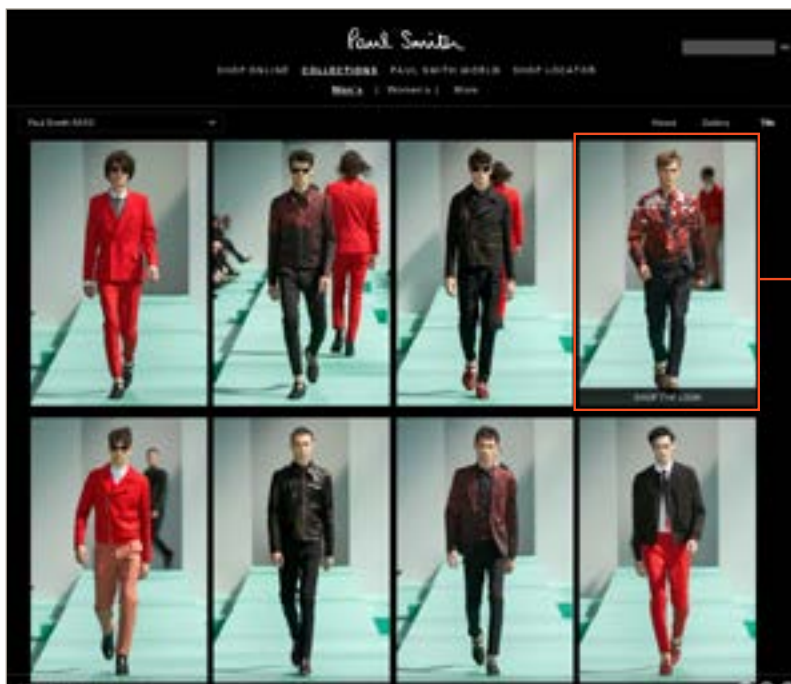
1

Product Bundles

Product bundling makes buying multiple items at once easy. Bundles often group a primary product and its accessories (such as a guitar, tuner, and instrument case); or products that are used for a similar purpose (such as face cleanser, toner, and moisturizer).

There are lots of ways to create bundles. In the fashion industry, many online stores offer a “Shop the Look” option, which enables customers to purchase an entire outfit (often 3 or 4 items) in a single click. Not only is this a great technique for increasing AOV, it also helps personalize the customer shopping experience.

While bundles may be discounted to entice customers to buy, they don’t always have to be. Sometimes the convenience of having items prepackaged together is sufficient to entice customers to buy. Test different bundling/ pricing strategies to determine which ones will provide the best conversion and revenue results for your business.



Who's Using Shop the look?

See how these merchants are using Magento Enterprise Edition's promotion tools to create successful, stylish product bundles.

[Harper's Bazaar](#)

[Paul Smith](#)

[Stylist Pick](#)

[Need Supply](#)

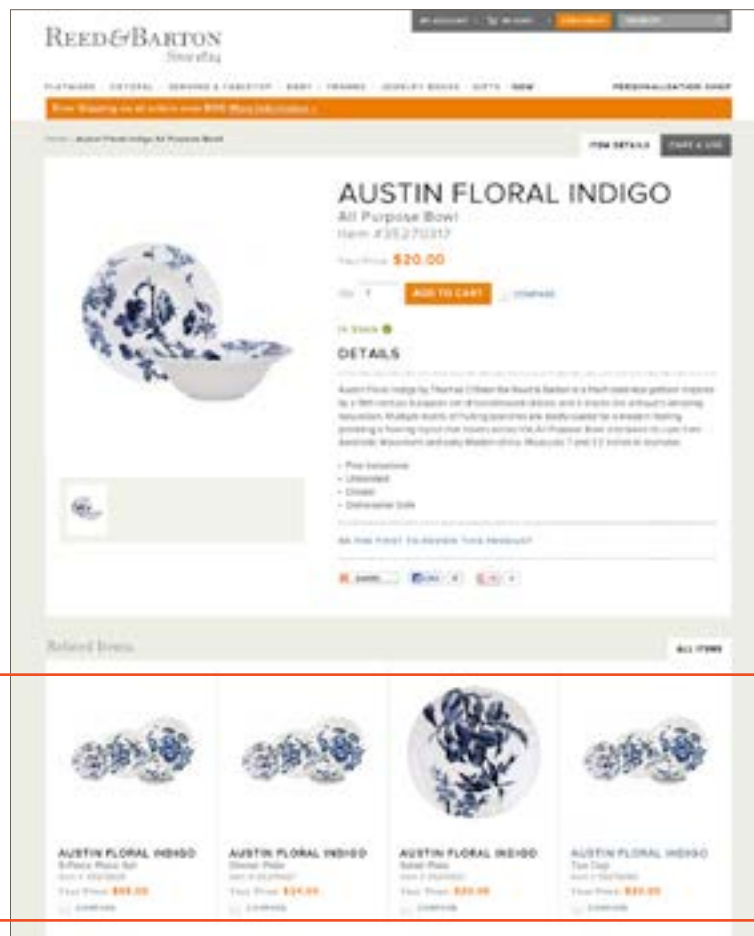
2

Up-Sell and Cross-Sell

Customers browsing your site are usually in shopping mode and ready to buy. This is your opportunity to suggest other products that may interest them—and increase your AOV. Here are two effective marketing strategies you can use:

Up-Sell - Suggest a larger or more expensive version of a product a customer is viewing.

For example: If the customer is looking at your 10-watt floodlight, recommend the 20-watt version.



Cross-Sell - Suggest additional items related to the one your customer is viewing.

For example: If the customer is looking at smartphone covers, recommend compatible chargers or headphones.

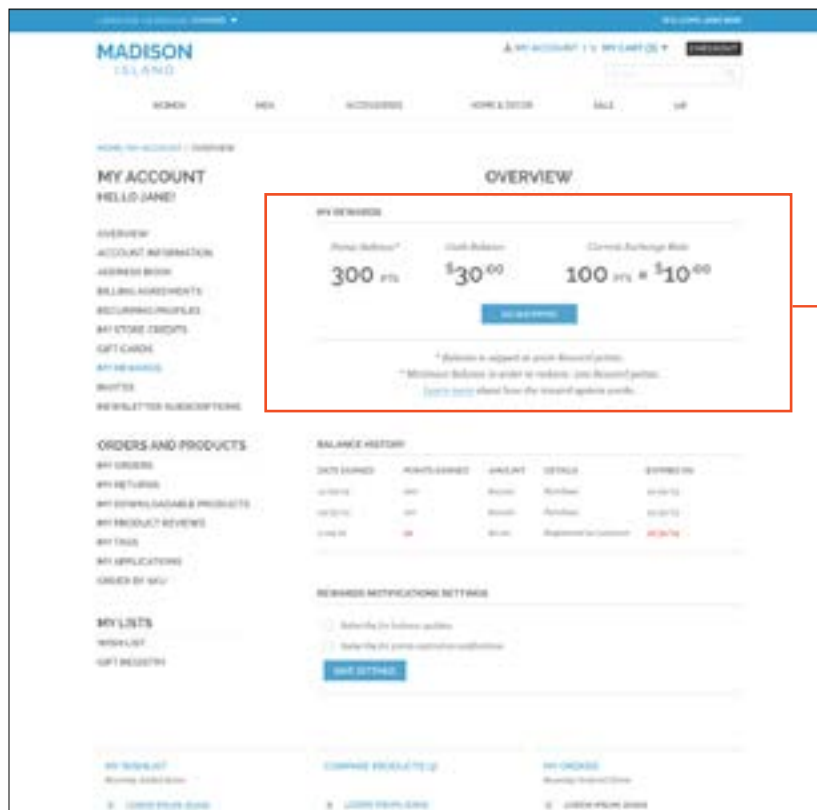
→ Using Magento Enterprise Edition's powerful product attributes feature, Reed & Barton cross-sells related dinnerware items within the same pattern set.

3

Customer Rewards

If you want customers to spend more, you need to give them an incentive. Here are a few incentives that can help increase your AOV:

Promotions/Discounts – Offer discounts for spending more money or buying additional items. Or, offer valuable services such as free shipping when customers spend a certain amount.



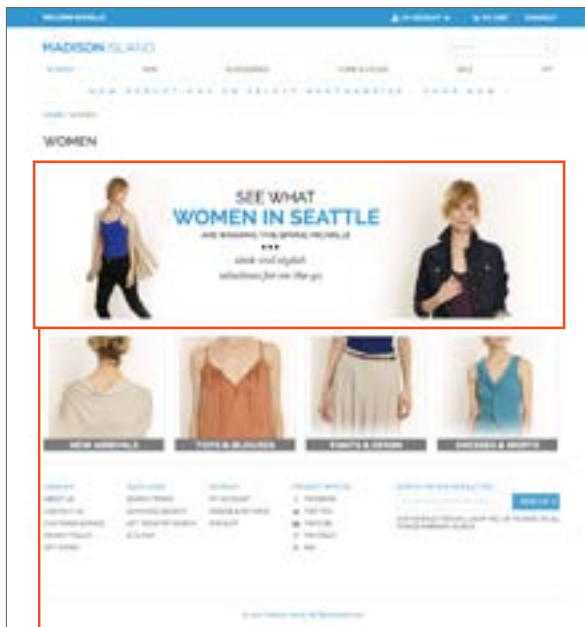
To help increase AOV, Magento Enterprise Edition's promotions tools offer a rewards point system.

Rewards Points – Rewarding customers with points for spending more money on your site is a great way to increase AOV while at the same time fostering customer loyalty. The more customers buy, the more points they earn. Points can later be redeemed for discounts, free gifts, and other incentives.

4

Personalization and Recommendations

Customers usually respond when presented with product offers that meet their needs. The more relevant the product offers, the more likely they will buy. There are two key methods for helping customers find the products most relevant for them:



Who's Using Product Recommendations?

See how these Magento merchants are using personalization tools and product recommendations to increase AOV.

[Birchbox](#)

[DiBruno](#)

[Brothers](#)

[Erno Laszlo](#)

[Murad](#)

[Zumiez](#)

Personalization – Marketing is most effective when it's 1:1. And when customers are shopping online, it's easy to identify them and personalize their shopping experience. This can be as simple as personalizing a welcome message with your customer's name, or as sophisticated as personalizing promotions with customer-specific landing pages that feature a specially curated product catalog.

Recommendations – Customers often don't know exactly what they want or need, and are looking for help selecting products. As a merchant you can use information you've collected about your customers to help recommend products for them:

Search Queries – Recommend products based on a customer's search terms.

Geographic Location – Suggest relevant products based on customer's climate/ weather, state regulations, and other regional specifics.

Buying History – Use a customer's past purchases to recommend other products.

Customer Segments – Use the purchase histories of customers with similar demographics to recommend products.

5

Easy Returns

One of the biggest concerns customers have about shopping online is whether or not they can return the items they purchase.

If a customer thinks that returning something will be costly or difficult, he/she will buy fewer items to minimize their return risk. However, research shows that the more items customers buy, the more they actually keep (meaning they don't return more items when the process is easy, they just want to know that easy returns are an option).



The screenshot shows a dark blue header with the text "About Shipping & Returns". Below the header, there are three white text boxes. The first box says "Bonobos offers free ground shipping on all US orders." The second box, which is highlighted with a red border, says "Our return policy is simple: any item, any time, any reason. And we'll pay for shipping on your returns and exchanges as many times as it takes to make sure you're happy." The third box says "To make a return, simply visit www.bonobos.com/returns. For questions regarding our policy or for international returns and exchanges, please email ninjas@bonobos.com." A red arrow points from the bottom of the second box to the explanatory text below.

→ Magento Enterprise Edition customer Bonobos is maximizing Average Order Value by offering free shipping on both orders and returns.

The Bottom Line: Simplify and Personalize Wherever Possible

Customers want to buy more, and will buy more—if you make the shopping experience easy and relevant to them.

The five strategies outlined in this guide are all very different in how they get customers to increase the amount they spend in every order. But each of these strategies is similar in that they both simplify and personalize the shopping experience. Whether you're bundling two or more products into a single SKU or offering free return shipping, you're eliminating the friction that slows customers down and prevents them from buying more.

And whether you're recommending products based on a customer's demographics (location, age, and gender) or actions (purchase history, search queries, and product views), you're "connecting" with your customers and personalizing the shopping experience with individualized content.



As you implement these five revenue-enhancing strategies, think about other ways you might be able to simplify and personalize the shopping experience for your customers—and optimize your AOV even further.

Maximize Your Success with

Magento's All-in-One eCommerce Solution

Magento Enterprise Edition gives you the tools you need to take complete control of your online channel.

Merchants who use Magento to run their online stores gain numerous benefits:



Attract & Retain
More Customers



Make Buying
Easy



Grow & Scale
with Confidence



Cultivate Brand
Loyalty



Customize & Refine
Your Site

About Magento

Magento offers flexible, scalable eCommerce solutions designed to help businesses grow and succeed online. The Magento platform is trusted by more than 150,000 businesses, including some of the world's leading brands. Customers choose Magento because our cost-effective solutions enable businesses of all sizes to control and customize the look and feel, content, and functionality of their online stores.

Magento is part of eBay Inc., a global leader in commerce technology. Our relationship enables us to offer our customers, partners, and community members a wealth of experience and resources in commerce-related technologies, as well as access to world-class, branded capabilities from eBay Marketplaces, PayPal, eBay Enterprise, and others.

To learn more about how Magento Enterprise Edition is helping merchants grow their online businesses, visit:
www.magento.com/enterprise