



Increase Revenue With Internet Performance Monitoring

Internet Performance Monitoring Avoids Internet Disruptions
And Mitigates Risk For A Successful E-Commerce Business

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Overview

E-commerce is impossible without the internet, yet few companies successfully monitor internet performance. The inability to quickly identify and fix internet disruptions (downtime or latency) causes companies to lose millions of dollars a year due to disruptions across the internet stack.

In our survey of 262 respondents who are responsible for e-commerce strategy and technology in consumer goods and retail companies, we found that internet performance monitoring (IPM) is a powerful and needed tool delivering significant material and financial benefits. IPM is critical because it provides full visibility into the internet stack and enables companies to quickly identify issues across the end-user experience, applications, networks, and websites before they impact business.

Key Findings



Internet performance monitoring provides e-commerce companies with the ability to reduce financial losses and increase revenue.



Companies lose hundreds of thousands of dollars per month due to disruptions. In the month before this study, 37% estimated their companies lost \$100,000 to \$499,000, and 39% lost \$500,000 to \$999,999.

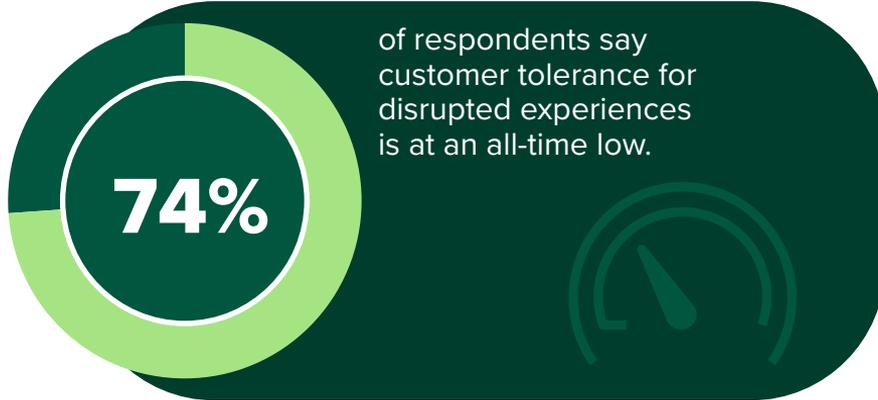


Only 29% of respondents report their companies monitor the full internet stack. Without adequate visibility, respondents' companies are experiencing 76 disruptions per month on average.

Customers And Employees Expect Flawless Digital Experiences

As digital experiences become essential to business and everyday life, tolerance for disruptions is at an all-time low. Whether it's a search function, inventory database, or e-commerce platform that is slow or unavailable, consumers want flawless experiences and are ready to go elsewhere if those expectations are not met. And the same now applies to the workforce. From video conferences and email to online working documents and cloud-based customer management resources, employees are bringing the same expectations to work. This means when companies do not meet these expectations, customers and employees alike are more likely to find somewhere else to go.

Customers And Employees Expect Frictionless Digital Experiences



Internet Disruptions Cause Widespread Damage

Internet disruptions (whether in the form of downtime or increased latency) are more than inconvenient. They damage businesses in many different and critical ways that can't be ignored. E-commerce leaders must understand that the most significant damage from internet disruptions is increased customer churn (66%), lack of consumer confidence (64%), and lost revenue (61%).

Importantly, disruptions also damage companies internally by increasing employee churn (55%) and reducing workforce productivity (49%).



“To what degree do internet disruptions contribute to the following negative outcomes at your company?”

● Large or moderate negative business impact

Increased customer churn 66%

Lack of consumer confidence in our brand/
damaged reputation 64%

Lost revenue 61%

Poor customer experience 58%

Increased employee churn 55%

Lost market share 51%

Reduced workforce productivity 49%

Millions Of Dollars Are Lost Annually To Internet Disruptions

Companies are losing millions of dollars per year to internet disruptions (downtime or latency). Among respondents, 88% estimate their companies lost over \$100,000 due to disruptions in the month leading up to this survey, which equals \$1.2 million annually (not including holiday or seasonal bursts), and 51% lost over \$500,000. Without IPM, these losses will continue to rise as internet dependency increases. As the internet stack increases in complexity, comprehensive IPM will become even more critical.

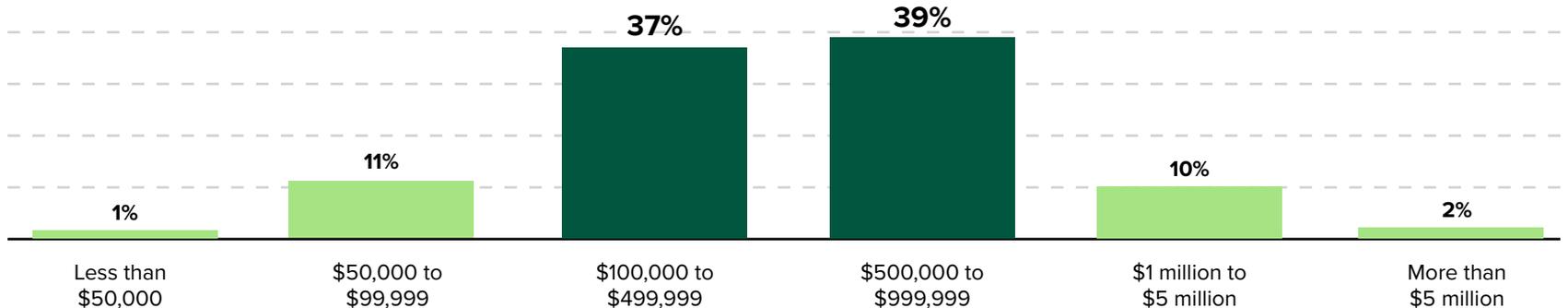
Across all the different components of the internet stack, respondents' companies experience 76 internet disruptions per month on average. Such a high number emphasizes how significantly disruptions damage business.

Estimated Monthly Financial Loss Due To Internet Disruptions



The average number of internet disruptions per month:

76



Comprehensive Internet Performance Monitoring Is Uncommon

To understand the damage internet disruptions cause across e-commerce companies, we must understand the current IPM efforts. While a majority of respondents' firms monitor internet performance, only 29% report their companies monitor performance across the full internet stack and enterprise. Given the importance of internet performance and the impact disruptions have on business success, this number should be closer to 100%. Without the appropriate technologies and tools, gaining visibility into the internet stack can be challenging — but that's no excuse, given the losses companies are sustaining. The internet is the life force of e-commerce, and monitoring performance to identify and fix disruptions quickly should be a top priority.



Only 29%

of respondents' companies monitor internet performance as much as they should.

“Which of the following best describes internet performance monitoring efforts at your company right now?”

We do not monitor internet performance.

9%

We're still testing internet performance monitoring on smaller systems.

20%

We only monitor internet performance for our most critical systems.

43%

We monitor internet performance across the full internet stack and enterprise.

29%

The Inability To Identify Internet Disruptions Threatens Business

It's no surprise that respondents report quickly identifying disruptions is incredibly challenging, given how few have invested in IPM.

Where along the digital pipeline disruptions occur is irrelevant to customers. Too often, companies rely on a process of elimination to locate disruptions. Quickly identifying the source is critical, even if it's outside the company's control. It allows the company to mitigate the disruption's damage by communicating with customers or reaching out to third-party providers immediately. E-commerce companies must overcome these challenges, or they'll continue losing millions of dollars per year.

Respondents whose companies have implemented IPM report significantly fewer challenges identifying disruptions. This indicates that investing in IPM has direct material benefits.

65% of respondents say even small disruptions cause customers to halt their purchase cycle.



Firms Struggle To Quickly Identify E-Commerce Internet Disruptions In A Variety Of Areas

● Very challenging ● Challenging ● Moderately challenging

Software-as-a-service (SaaS) applications



ISP connectivity or reachability



APIs/gateways



E-commerce platforms



Point-of-sale devices in physical locations



Hosting partners



Internet stack components



Websites



Base: 262 decision-makers who are responsible for e-commerce strategy and technology in the consumer products goods and/or manufacturing and retail industries
 Source: A commissioned study conducted by Forrester Consulting on behalf of Catchpoint, February 2023

Few Companies Successfully Manage Internet Performance

Without the right technologies and tools, identifying and fixing internet disruptions is hard — and few companies are doing it well. Remarkably, while 29% of respondents' companies are monitoring the full internet stack across their enterprise, only 17% report they're doing it with great success. And with IPM, anything less than great success is a risk.

With so few companies successfully addressing internet performance, new tools are needed to solve the problem.

61% agree they need tools to anticipate, detect, and fix internet performance problems quickly.

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Most Firms Aren't Successfully Addressing Internet Performance In E-Commerce Business

25%

Practicing agile methodologies



17%

Establishing a center of excellence for internet performance



17%

Monitoring internet performance



16%

Using platform engineering teams



15%

Increasing the number of site reliability engineers (SRE) focused on delivery



10%

Implementing chaos engineering



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Without IPM, Customer Experience Suffers

Over half of respondents told us their companies get stuck in a reactive position when addressing damaging customer experience (CX) issues more than once a week. And with 62% reporting the internet stack is so complex that it makes identifying and remediating disruptions harder than ever, this won't change unless companies decide to invest in comprehensive IPM.

But a lack of funding is the top challenge preventing respondents' companies from achieving robust IPM. With proper investment, they will be in a strong position to overcome many of the other challenges reported in this study, such as insufficient monitoring solutions (47%).

Shockingly, 44% said their companies don't know where to start or what to monitor. And, while only one-third lack buy-in from leadership, they must first develop a comprehensive observability strategy and invest accordingly.

Challenges Preventing Companies From Achieving Full-Stack Internet Performance Monitoring



IPM Is Critical To Business Success

IPM is the ability to identify the source of internet disruptions quickly and efficiently. This allows companies to then fix the problem and get back to business as usual faster than before. When we asked e-commerce leaders in consumer product goods and retail what impact this would have at their company, we found the benefit of investing in robust IPM is staggering. Notably, every respondent told us it would have a positive impact on their business, and 75% said that benefit would have a “Large impact” or “Significant impact.” With companies losing so much to internet disruptions — and having so much to gain from investing in robust IPM — it’s no surprise IPM would have such a big impact.

The Positive Business Impact Of Quickly And Efficiently Identifying Internet Disruptions



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Base: 262 decision-makers who are responsible for e-commerce strategy and technology in the consumer products goods and/or manufacturing and retail industries
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Catchpoint, February 2023

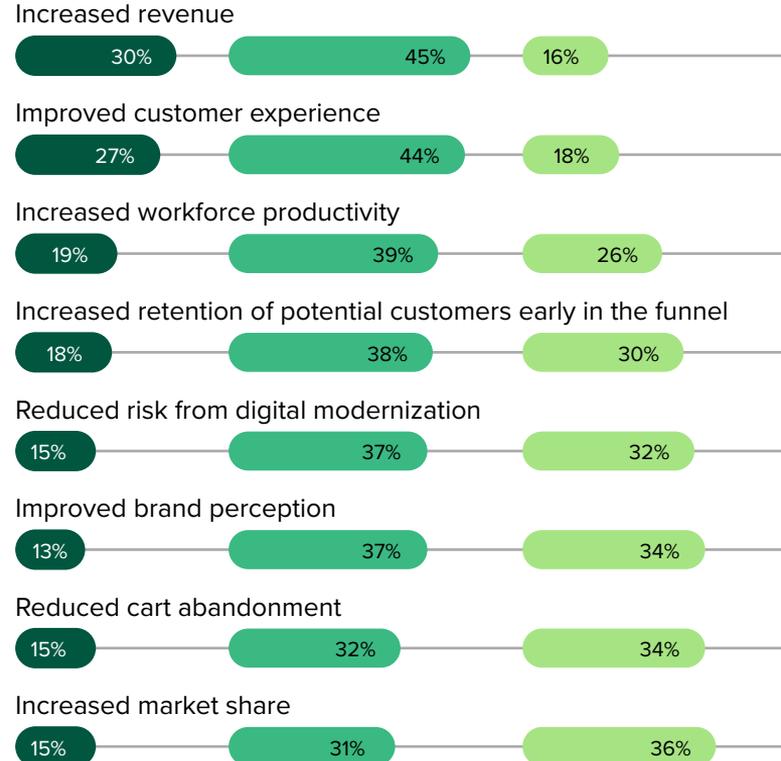
Investing In Robust IPM Improves CX And Increases Revenue

In line with our previous finding, 75% of respondents told us that investing in robust IPM would deliver a large or significant increase in revenue. And beyond that, 16% expect a moderate bump. We found that increased revenue is driven primarily by an improved customer experience, increased workforce productivity, and increased retention of potential customers early in the funnel.

With internet disruptions happening an average of 76 times a month and companies losing hundreds of thousands of dollars per month due to those disruptions, e-commerce leaders stand to gain significant profit from investing in IPM. As their current efforts have been shown to be insufficient, many need new tools to anticipate, detect, and fix internet disruptions quickly. Investing in IPM tools offers significant ROI.

Benefits Of Investing In Internet Performance Monitoring

● Significant benefit ● Large benefit ● Moderate benefit

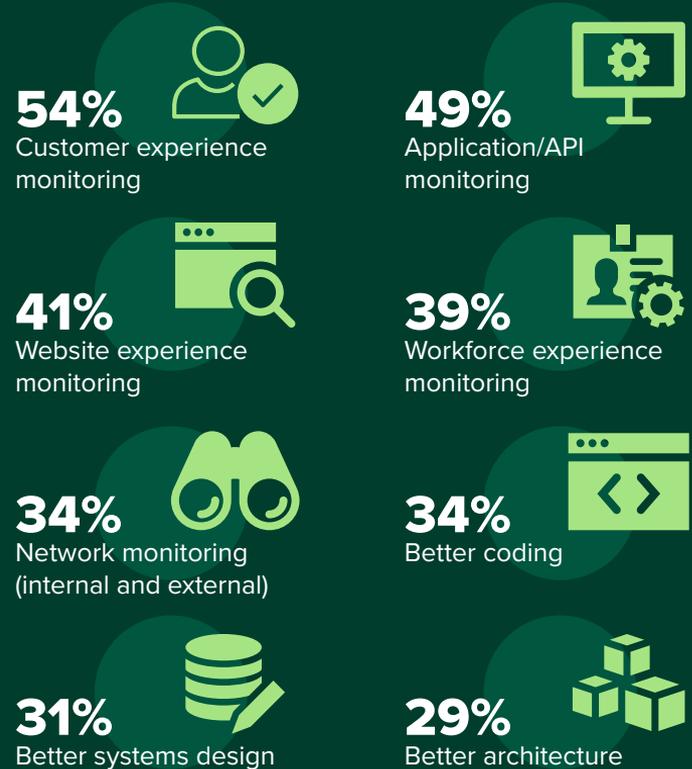


Monitor Through The Eyes Of The End User

When we asked respondents what would prevent or minimize damage from disruptions, the top answers were not better design or architecture, but monitoring. However, nearly half of respondents note their companies don't know how to start monitoring or what to monitor, which makes beginning with an understanding of end users' experiences critical.

For e-commerce leaders, the end user is not just the customer; it's also the workforce. Consider the end user's experience and work backward. With that understanding, developing a comprehensive monitoring strategy is much easier. Investing in monitoring technologies to support those goals leads to significant financial returns and fewer challenges, creating a competitive advantage for those that invest in IPM.

“Which of the following would help your company prevent or minimize negative outcomes due to internet disruptions?”



Conclusion

Few e-commerce companies monitor internet performance, and it shows. With an average of 76 internet disruptions and hundreds of thousands of dollars lost per month, companies can't afford to ignore the problem. In this study, we found that:

- **Investing in IPM pays off.** E-commerce leaders expect significant financial benefits from investing in IPM. Companies already using IPM report dramatically fewer challenges.
- **Without the right tools, identifying disruptions is hard and money is lost.** Companies that don't invest in IPM are vulnerable to huge financial losses as service disruptions drive away customers and employees.
- **Few companies are adequately monitoring internet performance.** Only 29% of respondents report their companies monitor internet performance across the full internet stack and enterprise.

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Contributing Research:

Forrester's Technology and Design
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Methodology

This Opportunity Snapshot was commissioned by Catchpoint. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 262 decision-makers responsible for e-commerce strategy and technology in the consumer products goods and/or manufacturing and retail industries at companies based in North America, Europe, or Asia/Pacific. The custom survey began in January 2023 and was completed February 2023.

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Demographics

100% of respondents said digital sales and e-commerce is an important part of their companies' business.

REGION	
North America	57%
Europe	22%
Asia/Pacific	21%

INDUSTRY	
Retail	53%
Consumer product goods and/or manufacturing	47%

TITLE	
C-level	13%
Vice president	35%
Director	52%

COMPANY SIZE	
1,000 to 4,999 employees	48%
5,000 to 19,999 employees	34%
20,000+ employees	18%

DEPARTMENT	
IT	23%
E-commerce	20%
Digital business operations	19%
Customer experience	19%
Marketing/advertising	14%
Engineering/development	5%

A dark, blue-toned photograph of a server room aisle. Two people are standing in the distance, looking at a server rack. The floor is a light-colored metal grate. The walls are lined with server racks. The overall atmosphere is technical and professional.

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