User Funnel Analysis

User funnel analysis is a way to understand how users interact with a website or an application. It helps businesses analyze the conversion rate from the page the user visited the website or the app to the page user left the website or the app.

By tracking user flow as they move through the various stages of the funnel, companies can identify areas where users are giving up or getting stuck, then take action to improve user experience and increase conversions.

For example, if a lot of users leave the website after adding items to the cart, the company may look for ways to make the checkout process faster and easier.

Data in hand

Link to dataset: https://statso.io/user-funnels-case-study/

The dataset is collected from an e-commerce platform based on the flow of users on their platform. Below are all the features in the dataset:

1. user_id: represents unique user identifiers
2. stage: represents the stage of the user's journey through the funnel
3. conversion: indicates whether the user has converted or not

In this project, the stages where users give up the most and the least are identified. Are there any specific stages where users tend to convert more frequently or less frequently have been calculated. This can be understood by the conversion rates. The training data has 17176 entries on 3 features.

Analysis

The funnel analysis reveals that the biggest drop-off occurs at the first stage, where only half of the users who open the app or website go to the product page and the penultimate stage from cart to checkout. This suggests that there is a problem with the app' s or website's onboarding, usability, or value proposition. Some possible reasons for this drop-off are:

- The platform does not provide enough guidance or motivation for users to create their search on products.
- The platform's interface is too complex or confusing for new users.
- The platform does not offer enough features or benefits to differentiate itself from other e-commerce platforms.

Based on these insights, we recommend the following actions to improve the funnel performance and increase user engagement and retention:

- Implement a welcome screen or tutorial that explains the platform's main features and benefits and encourages users to create their orders.

- Simplify the platform's interface and navigation and make it more intuitive and user-friendly.
- Highlight the platform's unique selling products and value recommendations and show users how the platform can help them get good quality products at competitive prices.

We expect that these actions will reduce the drop-off rate at the first stage of the funnel and increase the number of users who navigate to the product pages. We will monitor the funnel data and measure the impact of these actions on the funnel performance and user behaviour.

The funnel analysis reveals opportunities for optimization across various stages of the user journey. By addressing issues such as cart abandonment, low first-time purchase rates, and suboptimal retention strategies, the E-commerce Platform can enhance customer satisfaction, loyalty, and revenue. Continuous monitoring and iterative improvements are essential for sustained growth and competitiveness in the e-commerce market.

For this e-commerce platform the bottlenecks are the 1st stage from homepage to product page and the penultimate stage from cart to checkout. 50% of users who open the homepage are not proceeding further to product page. Moreover, only 8% of users who added products to the cart are proceeding for checkout.

A bottleneck in funnel analysis is a stage where a large number of users drop off or fail to convert to the next stage. It indicates a problem or inefficiency in the process that prevents users from achieving their desired goal. By identifying and fixing bottlenecks, we can improve the overall performance and conversion rate of your funnel.