Midterm Executive Summary

Analyzing a company’s sales and growth can provide insights into its overall performance and give direction for future focus points within the business. The goal of this project is to identify areas of growth with the sales categories of the start-up e-commerce company, OLIST. OLIST provides support to small- and medium-sized businesses looking to reach more customers. It is an online marketplace based in Brazil. Within this summary, we will outline our objectives, findings, and considerations.

The goal of this project is broken up into three main objectives: 1) provide a three-month forecast of overall future sales for OLIST, 2) determine the company’s three best-selling categories, and forecast the growth over the next three months in those categories, and 3) determine the fastest-growing category, and forecast its growth over the next three-months.

First and foremost, it is important that we define some terms used within this project. Within the data we did not have information about profit, so we defined sales as the quantity of items being sold. We felt that using quantity would keep all products on an even playing field regardless of their individual cost (i.e. the cost of one watch versus the cost of soccer ball). Secondly, we defined growth using the basic formula: (past-present)/past. For example, if we consider yearly growth from 2017 to 2018, the equation would become: (quantity of products sold in 2017 - quantity of products sold in 2018)/quantity of products sold in 2017.

Using these definitions, we successfully created a model for the first objective that could predict the next three months worth of OLIST’s overall sales. Perhaps not surprisingly, we found that on Black Friday, the volume of sales more than tripled. As a result, we recommend that OLIST use this model to plan future inventory and coordinate work schedules.

Addressing the second objective, we found the best-selling categories at OLIST are bed bath table, furniture decor, and health beauty, respectively. That is, these three categories have sold the highest quantity of products between January 2017 and July 2018.

From 2017 to 2018, we expect bed bath table sales to grow by 85%, furniture decor sales to grow by 69%, and health beauty sales to grow by 141%.

Finally, regarding the third objective, we found the fastest-growing category was construction tools lights. This was done using a yearly growth rate from May, June, and July of 2017 to the same period in 2018. During this period in 2017, only 1 product from this category had been sold compared to 206 products in the same period in 2018, a growth of 205 times the value in 2017. We speculated that the construction tools lights products were new to OLIST in May, June, and/or July 2017, which is why the category poses such low sales volume initially.

From 2017 to 2018, we anticipate construction tools lights sales to grow by 7121%.