

# E-Kart Customer Retention Strategy Report

## Business Context

E-Kart, a fast-growing e-commerce leader, is looking to fuel its next wave of growth by enhancing customer retention. While the platform has built a sizable and diverse customer base, sustaining long-term engagement remains a challenge in the face of evolving consumer behaviors and increasing competition.

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## Problem Statement

Despite E-Kart's expanding user base, a significant portion of customers exhibit low order frequency and long inactivity periods. With over half the customers inactive for more than 56 days, churn has emerged as a key barrier to revenue optimization. This report aims to identify behavioral and demographic patterns linked to churn, segment customers based on value, and propose actionable retention strategies that align with customer needs and business goals.

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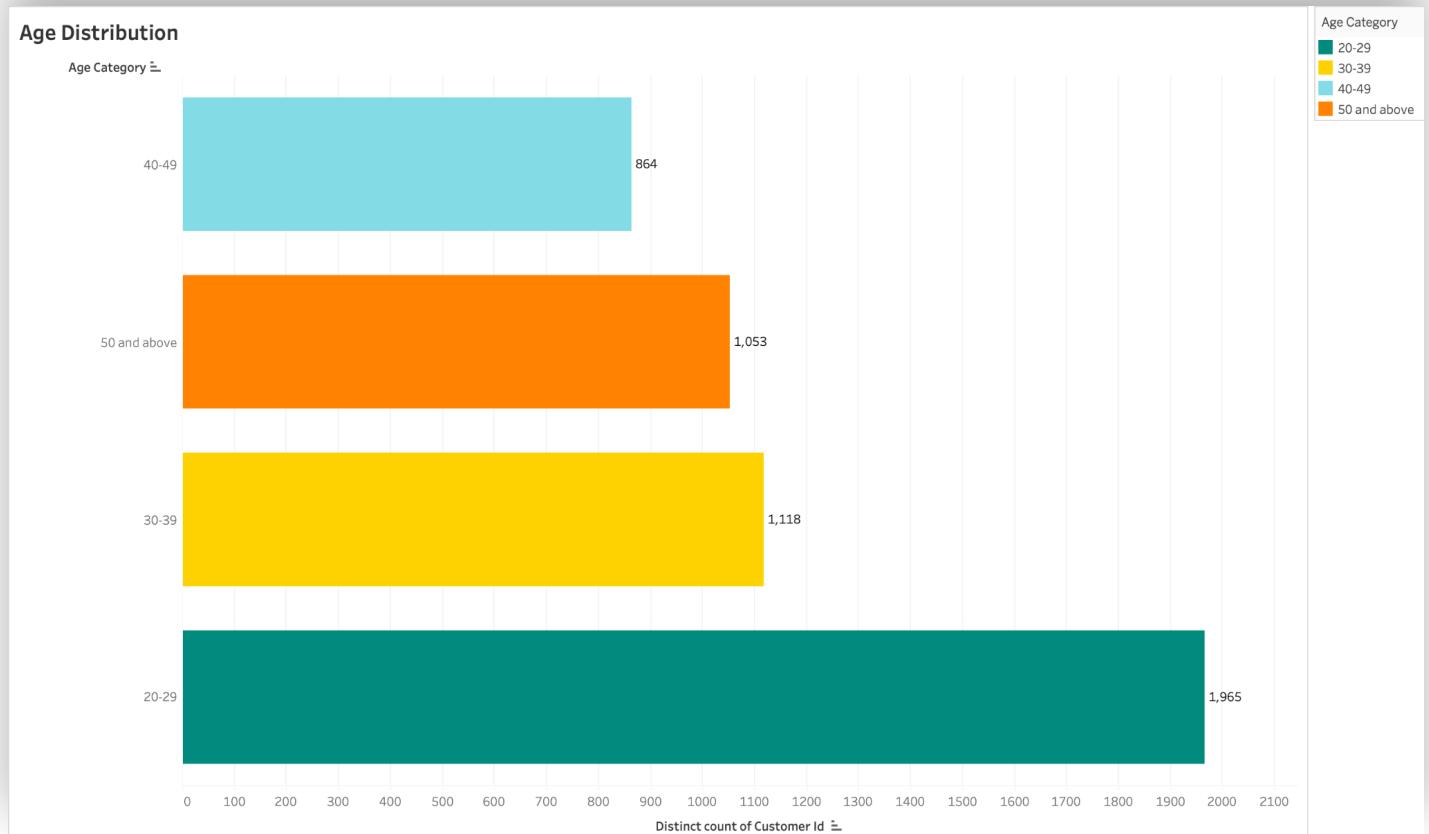
## Purpose of the Report

This analysis dives into customer profiles and segmentation, transactional behavior, demographical churn analysis, time-based analysis and recency-frequency-monetary (RFM) segmentation to:

1. Understand who the high-value customers are
2. Identify early signs of disengagement
3. Pinpoint the drivers of churn across different demographics
4. Offer targeted strategies to retain, re-engage, and grow customer lifetime value

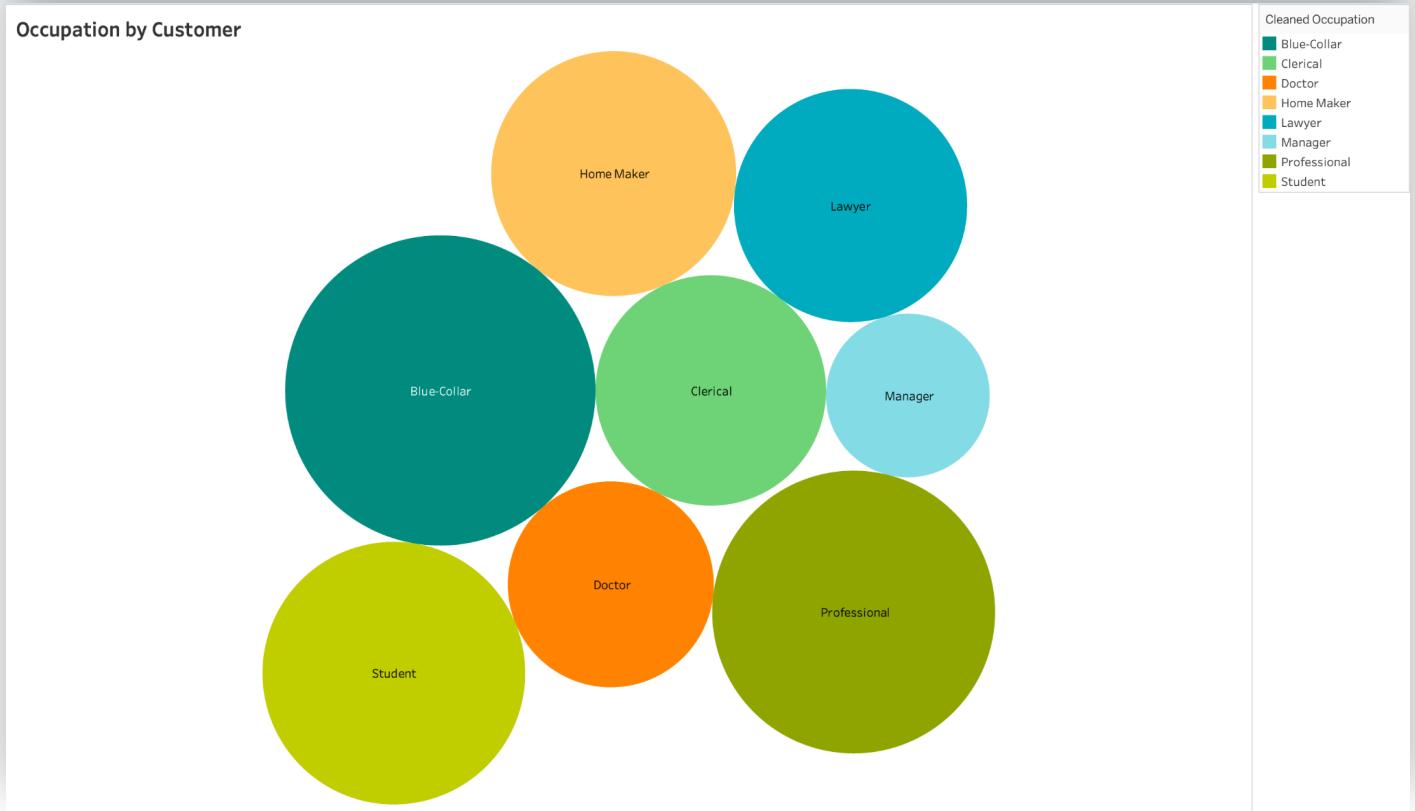
# Segment I : Customer Profiling

## 1. Age Distribution



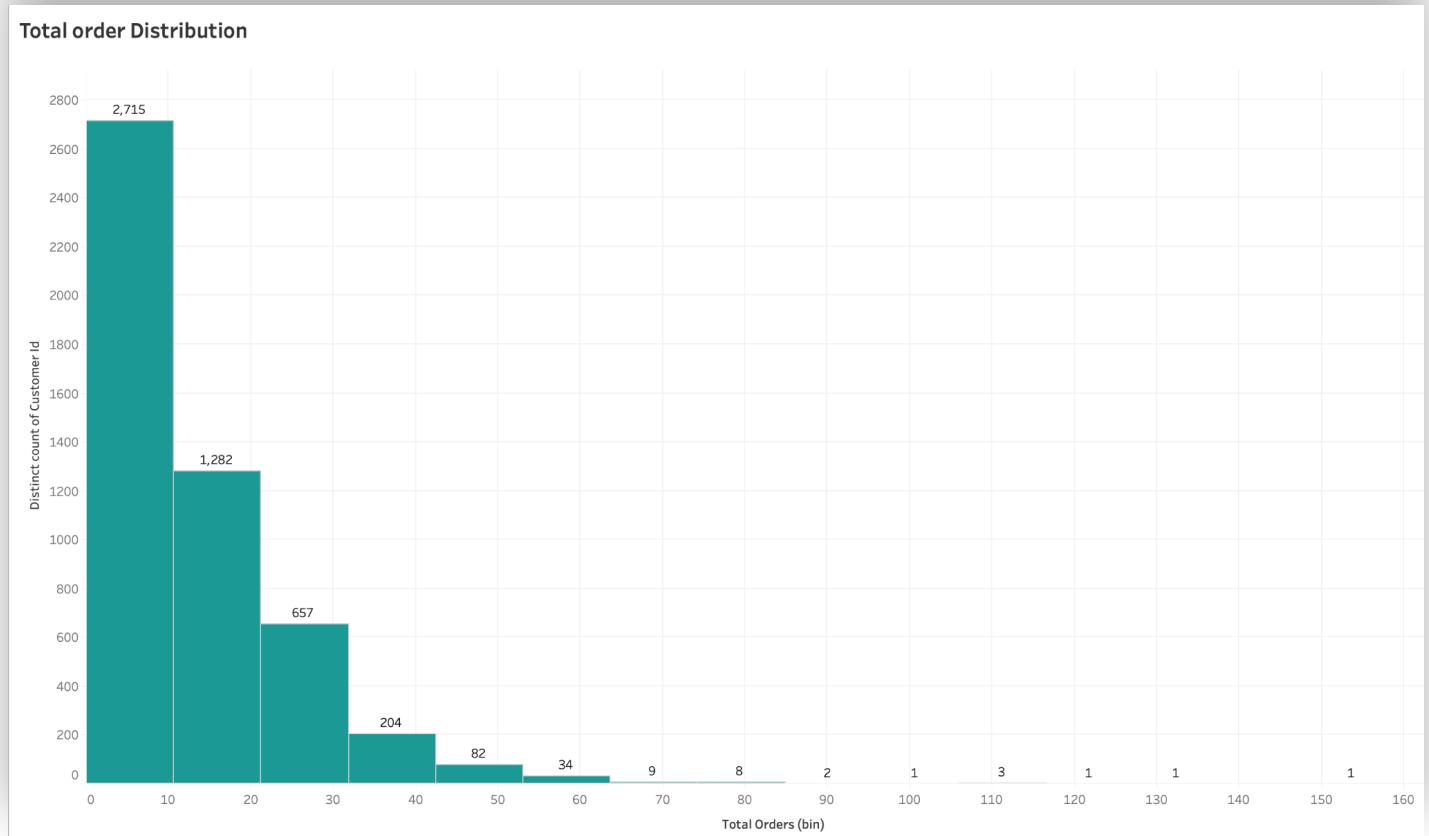
The age distribution of E-Kart's customer base reveals that a significant portion, 39.3%, falls within the 20 to 29 age group, highlighting a predominantly young and digitally savvy audience. In contrast, the 40 to 49 age category represents the smallest segment of the customer base.

## 2. Occupation By Customer



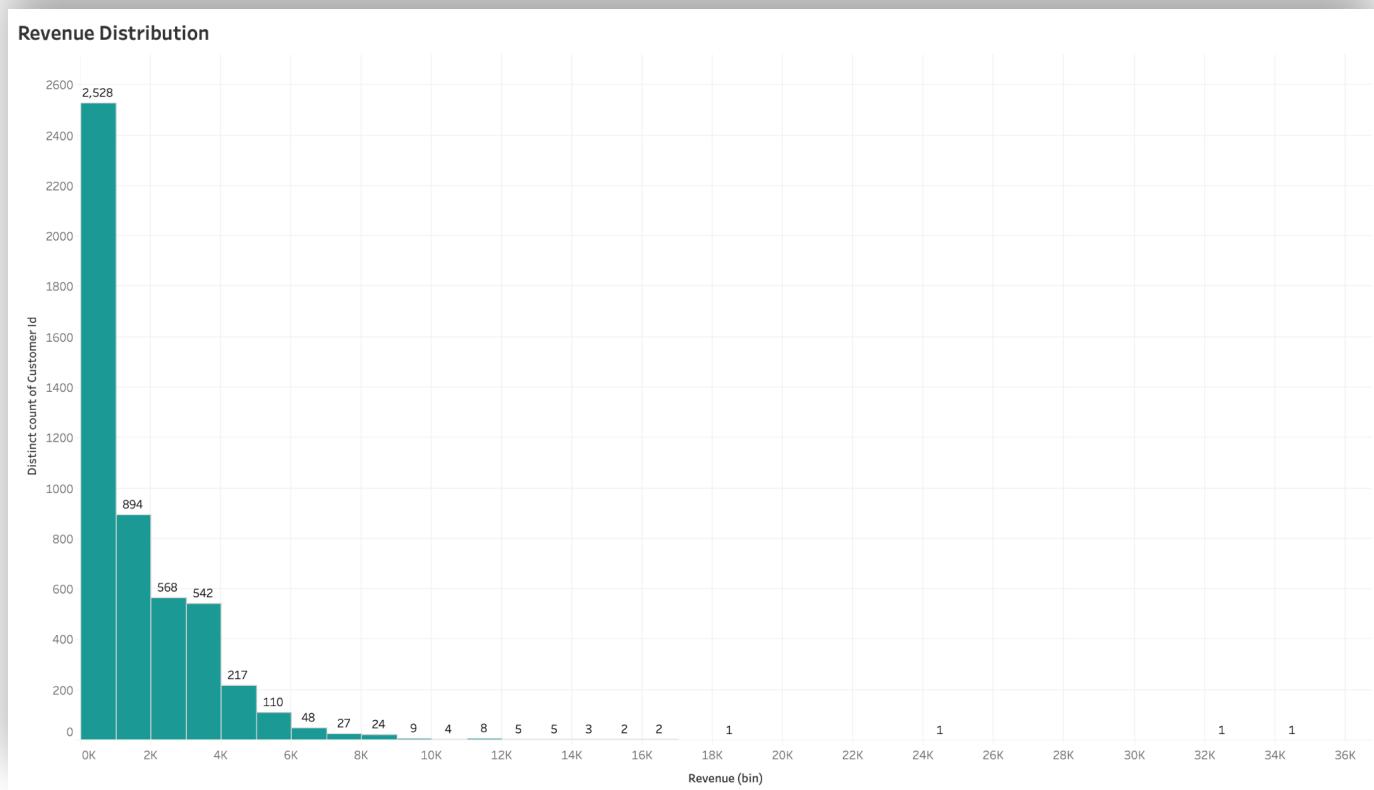
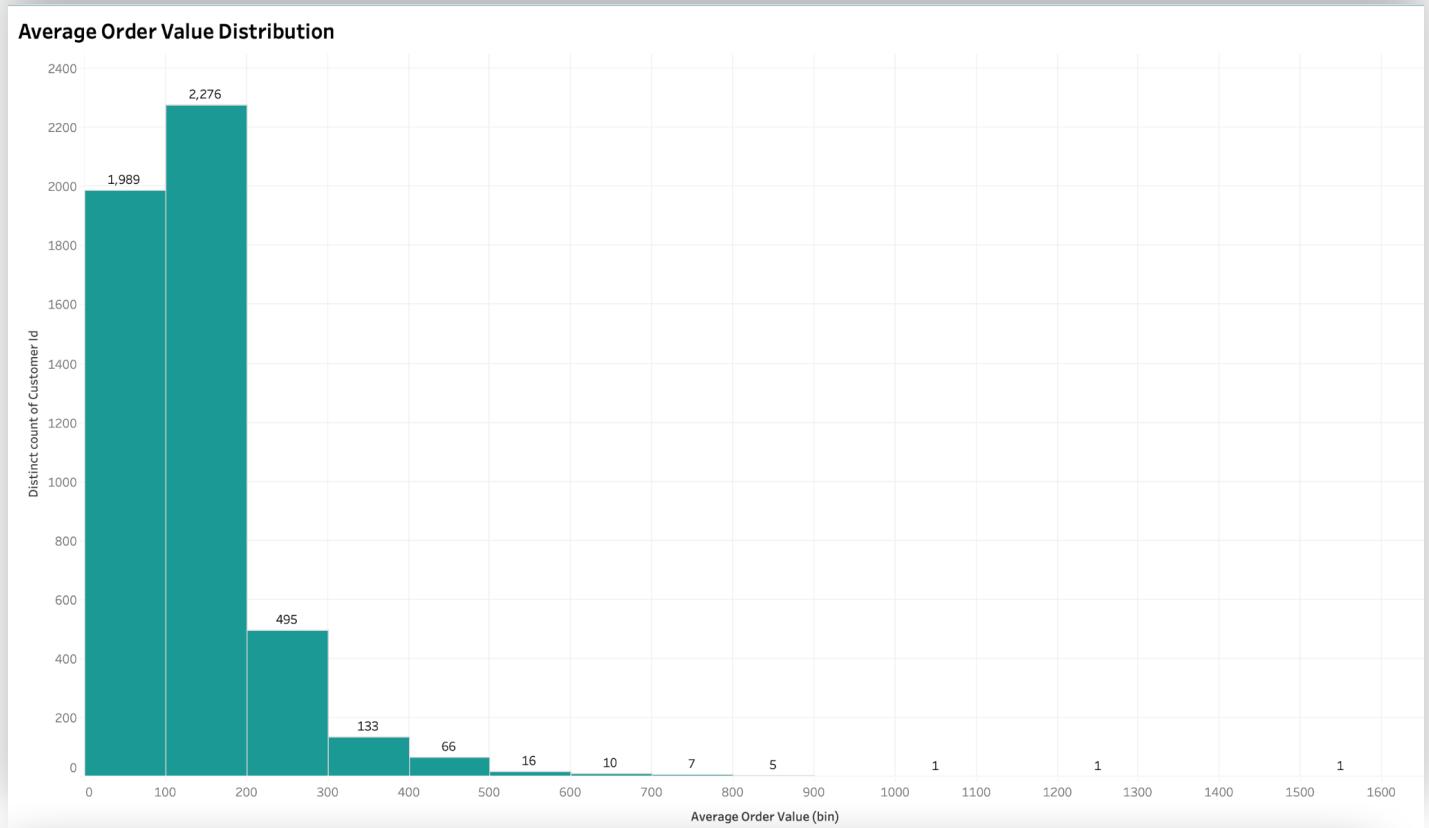
The majority of E-Kart's customers are blue-collar workers (19.98%), salaried professionals(16.60%), and students(14.32%). The student segment is large, but salaried professionals and blue-collared workers contribute more significantly to revenue generation. The clientele comprising the smallest segment comprises managers and medical professionals.

### 3. Total Order Distribution



The chart shows a highly skewed distribution of total customer orders. Most customers (over 2,700) placed fewer than 10 orders, while only a small number placed more than 50. This suggests a large base of low-frequency buyers and a very small group of highly loyal or high-frequency customers, highlighting the potential for targeted loyalty or re-engagement strategies.

## 4. Revenue and Average order Value Distribution



From the above charts, the majority of E-Kart's customers have an Average Order Value (AOV) between \$100 and \$200, indicating that most transactions are moderate in size. In terms of total revenue, the highest contribution comes from customers spending between \$1 - \$1000, followed by those in the \$1000 to \$2,000 range. This suggests that while a large portion of customers make smaller purchases, a significant portion of revenue is driven by a smaller group of high-value spenders.

### ***Key Insights:***

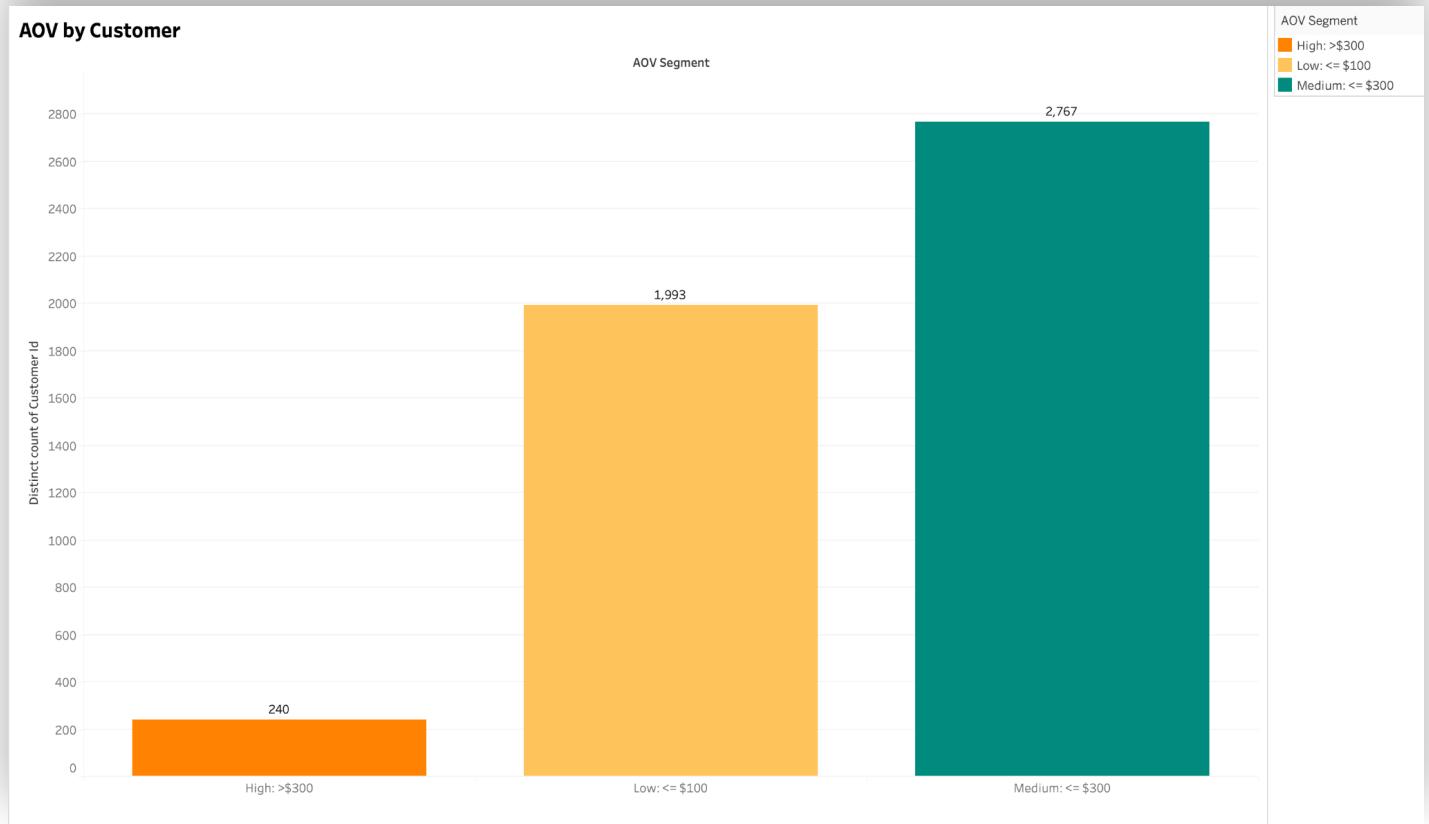
- The 20–29 age bracket (39.3%) is E-Kart's most significant demographic, signaling a mobile-first, tech-savvy audience.
- Salaried professionals and blue-collar workers, though smaller in number compared to students, deliver the highest revenue share.
- frequency segment ripe for loyalty initiatives.
- AOV clustering between \$100 and \$200 shows moderate spend patterns; high-value purchasers drive disproportionate revenue.
- Skewed Order Distribution Insight: A large base of low-frequency customers indicates a transactional relationship with E-Kart, suggesting low brand loyalty.

### ***Action Steps:***

- Develop segmented campaigns targeting younger audiences with gamified experiences and loyalty perks.
- Launch referral and milestone-based reward programs to incentivize repeat purchases.
- Increase personalization for high-frequency/high-AOV customers with early access or exclusive deals.
- Target low-order customers: “Use retargeting campaigns for users with less than 10 orders. Focus on cross-selling and onboarding to increase frequency.”

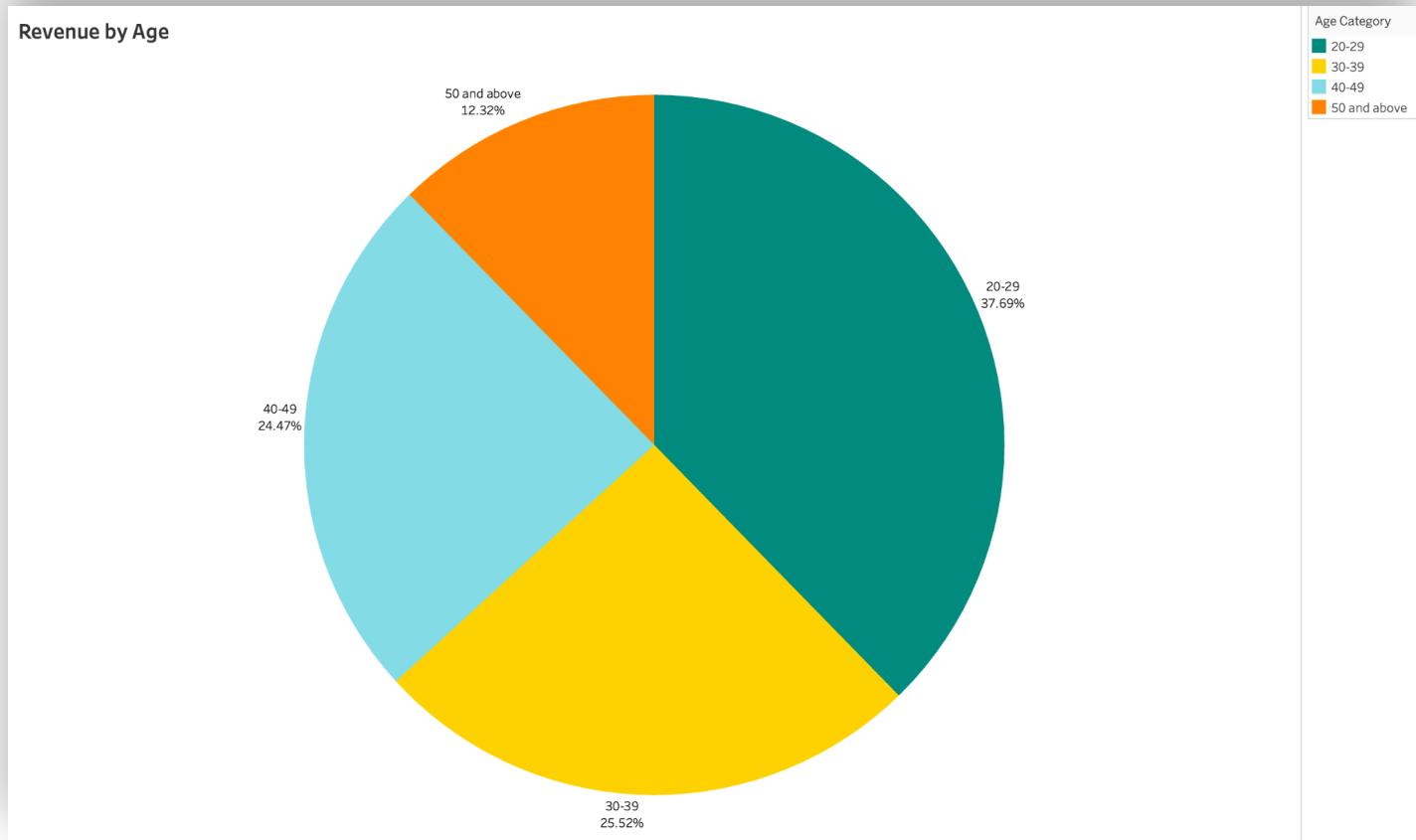
## Segment II : Customer Value Segmentation

### 1. Average Order Value (AOV) Segments



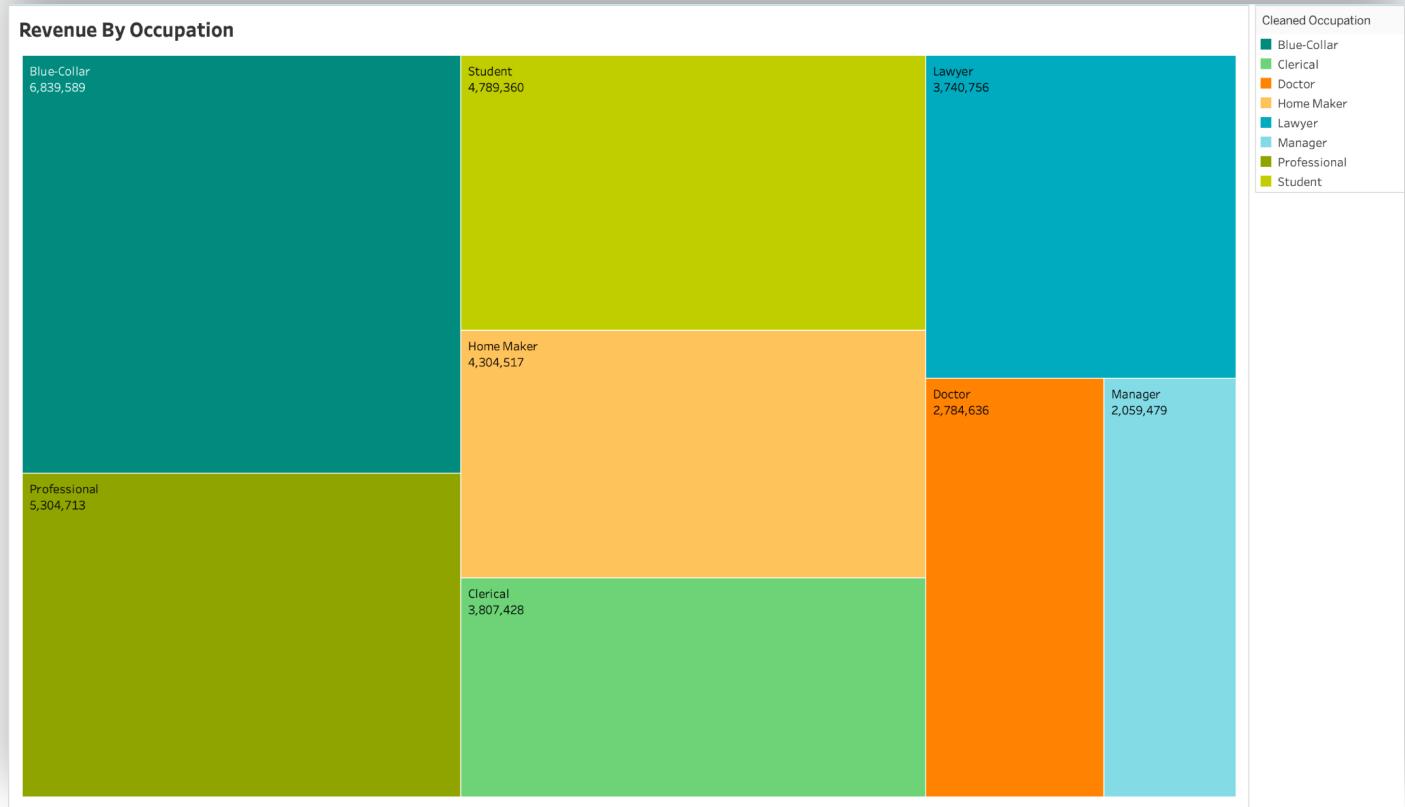
The majority of E-Kart's customers fall into the medium AOV segment, with values below \$300. A smaller portion of customers belong to the low-AOV category, with purchases below \$100, while the high-AOV segment, consisting of customers spending above \$300, represents a smaller but highly valuable portion.

## 2. Revenue by Age Group



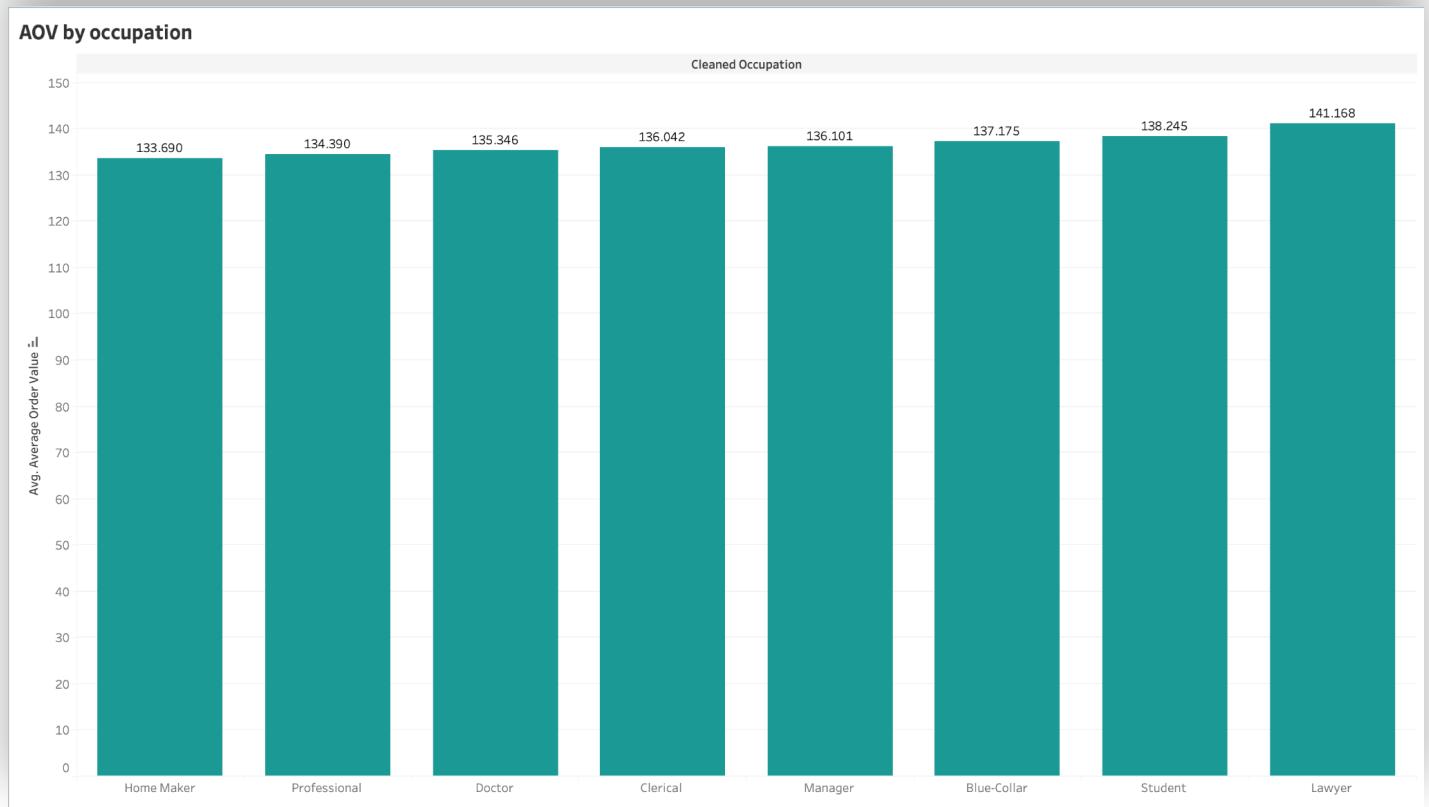
The age group 20–29 significantly outperforms other age groups in terms of revenue contribution, with a strong correlation to high-value customers. Category 50 and above generates the least.

### 3. Revenue by Occupation



The salaried segment is the primary driver of revenue, highlighting its crucial role in E-Kart's financial performance. Although students represent a smaller portion of the revenue, they still make a notable contribution despite their generally lower purchasing capacity.

## 4. AOV by Occupation



The average order value is found to be the highest among individuals in the legal profession, students, and those employed in blue-collar jobs. Although the difference in average order values between these groups is relatively small, this narrow range is crucial as it allows businesses to accurately identify and focus on these high-spending segments. By doing so, E-Kart can tailor their promotional strategies more effectively to maximise sales and customer engagement within these specific demographics.

***Key Findings:***

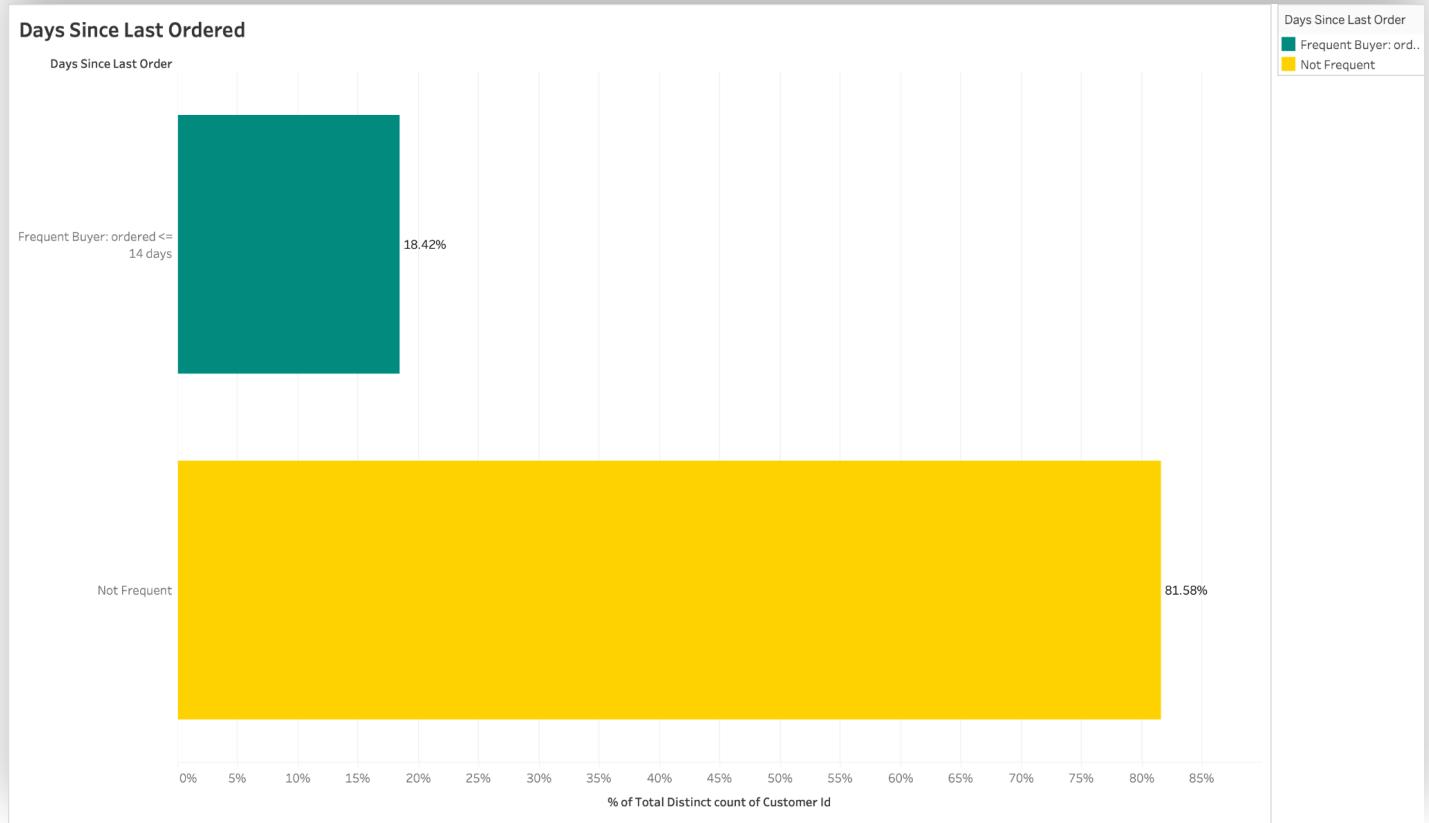
- The 20–29 age cohort drives the majority of high-value purchases. This demographic's strong purchasing power highlight its significance, making it a key focus area for strategic marketing and business development initiatives.
- Most customers spend less than \$300 each time they shop, which makes up the majority purchases, but these orders bring in less money individually.
- Salaried professionals sustain revenue leadership; students offer long-term growth potential as purchasing power increases.
- Lawyers and professionals exhibit top-tier AOV metrics, highlighting niche high-value segments.

***Action Steps:***

- Initiate lifecycle-based segmentation for students transitioning into higher purchasing power.
- Craft exclusive bundles or premium offers for high-AOV occupations.
- Optimize pricing strategies to align with segment-specific perceived value.

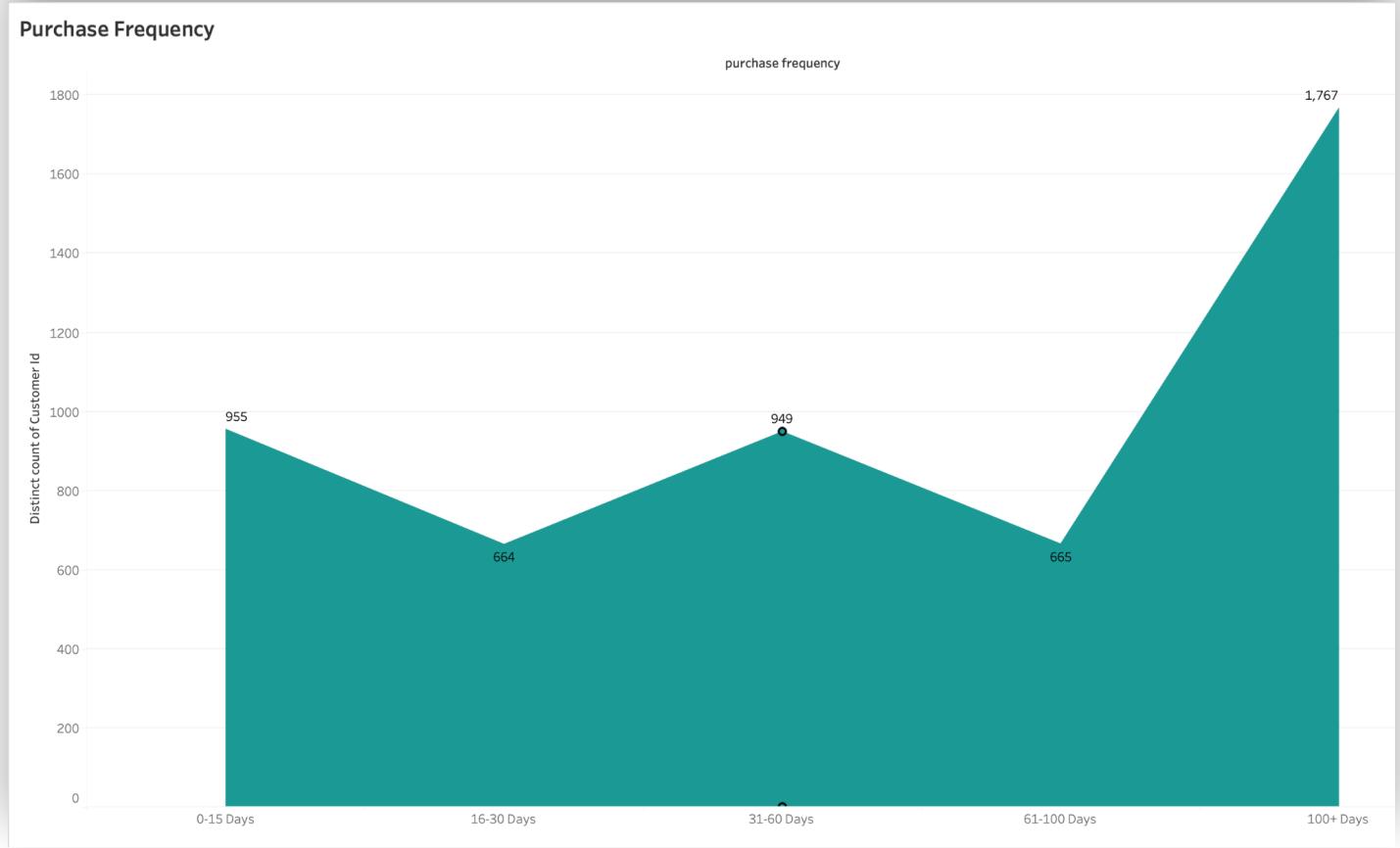
## Segment III : Churn Analysis

### 1. Days Since Last Ordered



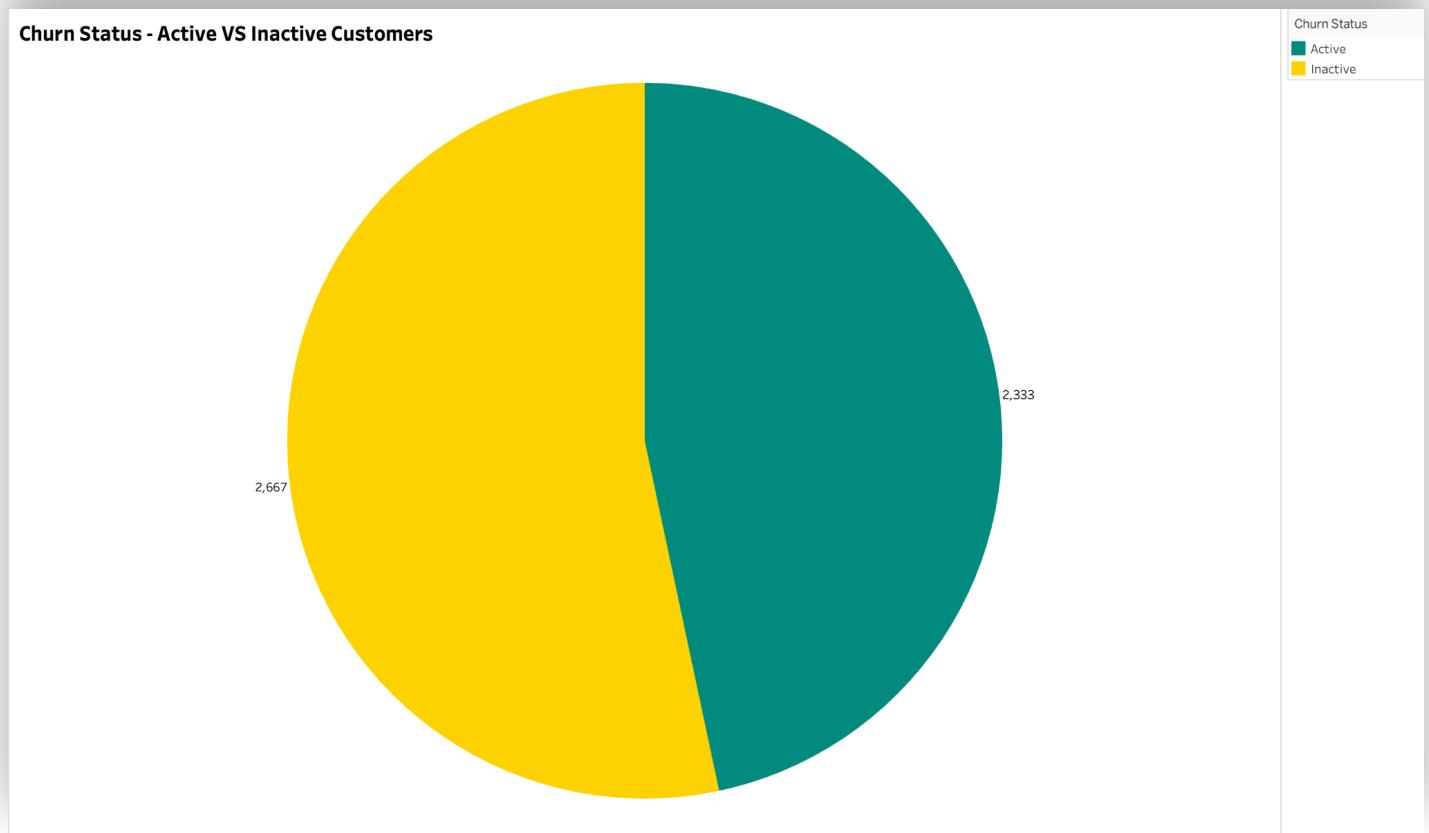
This chart shows that only 18.42% of customers are frequent buyers, having made a purchase within the last 14 days. In contrast, a vast majority—81.58%, have not placed a recent order, indicating a large portion of the customer base may be inactive or at risk of churn. This highlights a key opportunity for re-engagement strategies and targeted marketing efforts to boost retention.

### 2. Purchase Frequency



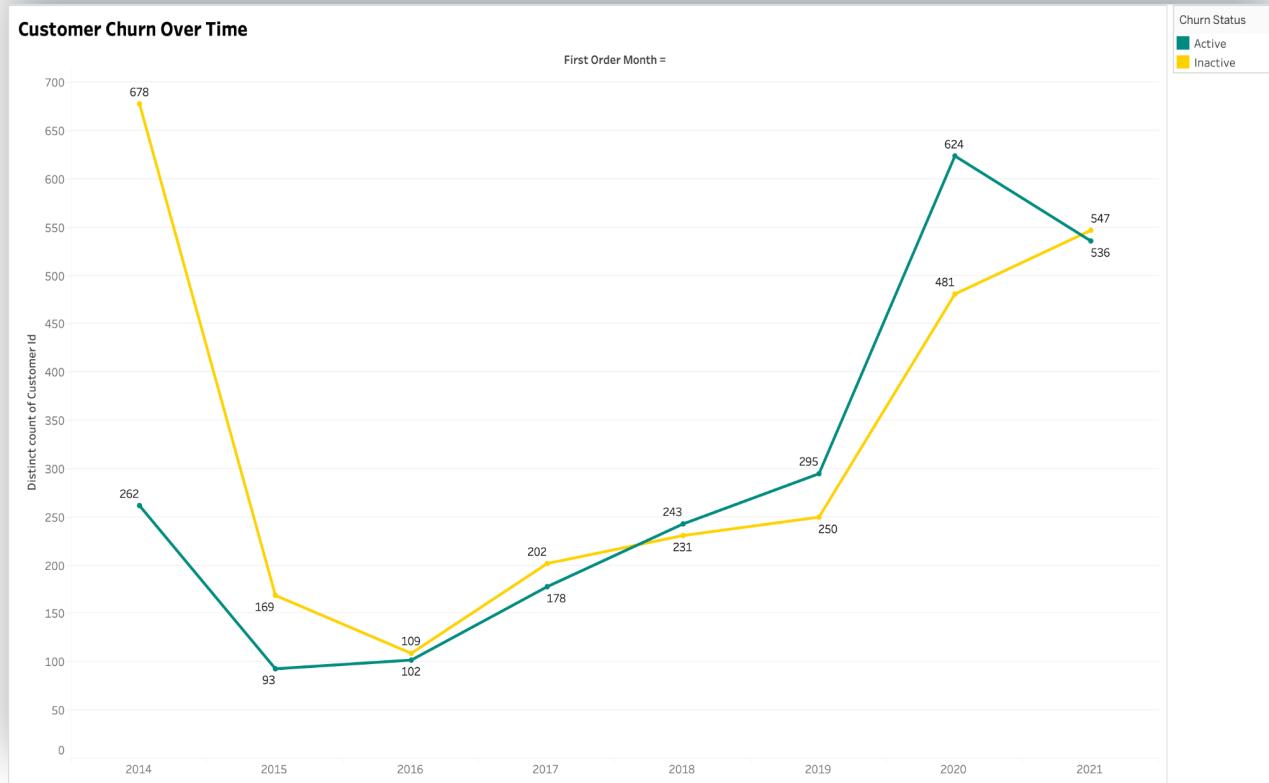
The purchase frequency chart reveals a clear U-shaped distribution, with the highest customer counts at the extremes—1,767 customers in the 100+ days category and 955 customers in the 0–15 days segment—indicating both churn risk and strong recent engagement. A moderate peak at 31–60 days (949 customers) suggests recurring purchase behavior, though it doesn't surpass the recent buyers. In contrast, the 16–30 days (664) and 61–100 days (665) segments show a noticeable dip, highlighting potential drop-off points where post-purchase engagement may be lacking. This pattern suggests a need for targeted reactivation and retention strategies across the mid-frequency zones to maintain customer loyalty.

### 3.Churn Status



More than 53% (2667 out of 5000) of users have been inactive for over 56 days, pointing to a significant drop in engagement. This reflects a major churn risk, particularly for mid- and high-value users.

## 4. Churn over time



This chart illustrates customer churn trends from 2014 to 2021. Following a sharp drop in 2015, both active and inactive customer numbers steadily climbed, reaching their peak in 2020. However, by 2021, a noticeable surge in inactive users suggests rising churn challenges. This post-2020 spike may be attributed to shifts in consumer behavior due to the pandemic, increased competition, or pricing adjustments. While the active customer base did grow, the disproportionate rise in inactive users indicates retention issues that may have emerged as market conditions and customer expectations evolved.

***Key Insights:***

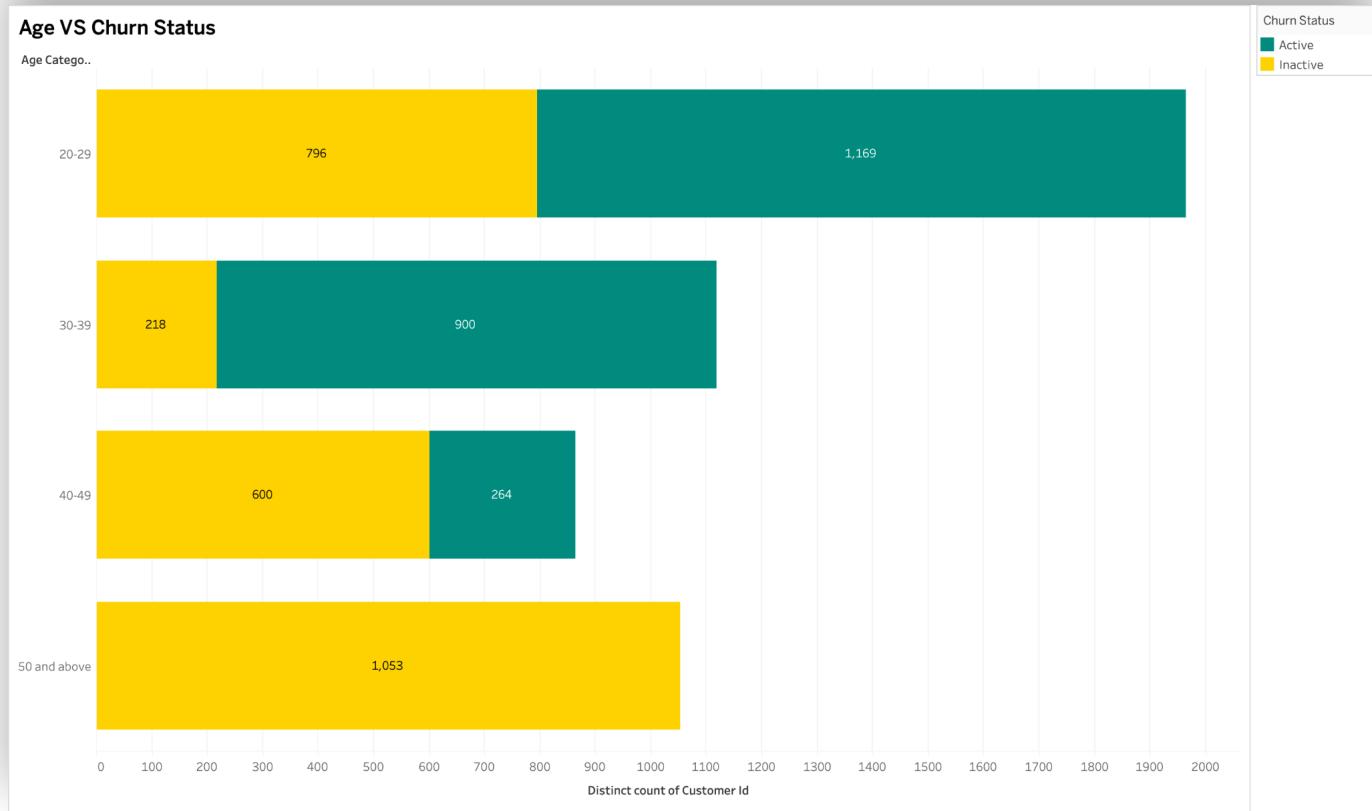
- Only 18.42% of customers purchase within 14 days, indicating low short-term engagement.
- Over 1,700 users have gone without making a purchase for more than 100 days, indicating significant churn risks.
- Over half of the base is inactive >56 days, making mid/high-value users particularly vulnerable.
- Post-2020 churn growth indicates a necessity for revised reactivation strategies in the context of platform fatigue or heightened competition.

***Action Steps:***

- Deploy automated re-engagement emails for users inactive >30 days.
- Implement a churn prediction model based on RFM scores and last activity.
- Introduce post-purchase follow-up touchpoints to encourage second-time purchases.
- **Segment-wise strategy:**
  - **100+ Days:** Reactivation campaigns, win-back offers, and re-targeting ads
  - **0–15 Days:** Loyalty rewards and personalized recommendations
  - **16–30 Days:** Post-purchase engagement through tips, tutorials, and limited-time offers
  - **31–60 Days:** Nurture campaigns to sustain purchase momentum
  - **61–100 Days:** Surveys, “We Miss You” offers, and content-based re-engagement

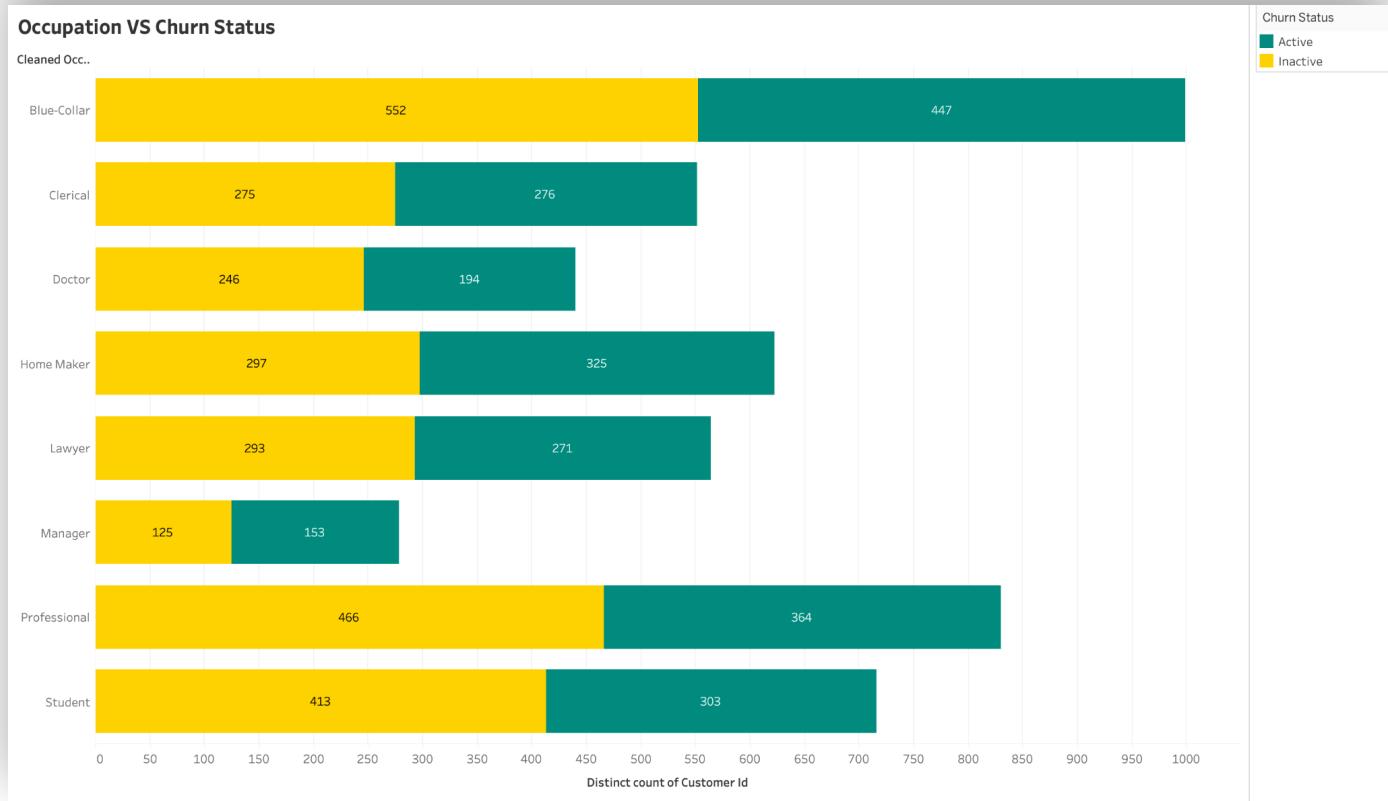
## Segment IV : Demographic Drivers of Churn

### 1. Churn Rate by Age Group



The highest churn rates occur among the 50+ and 20-29 age groups. Younger customers, who fall within the 20-29 age bracket, might display more interest-based or trend-driven behaviour, often influenced by the latest trends and fads in the market. On the other hand, older users, particularly those in the 50+ age group, may encounter difficulties with the platform's interface, finding it complex or challenging to navigate.

## 2. Churn Rate by Occupation



Churn rates are highest among blue-collar workers, followed by professionals and then students, indicating a clear stratification linked to economic and behavioral factors. These trends highlight the need for differentiated retention strategies tailored to the economic realities and behavioral patterns of each occupational group.

***Key Insights:***

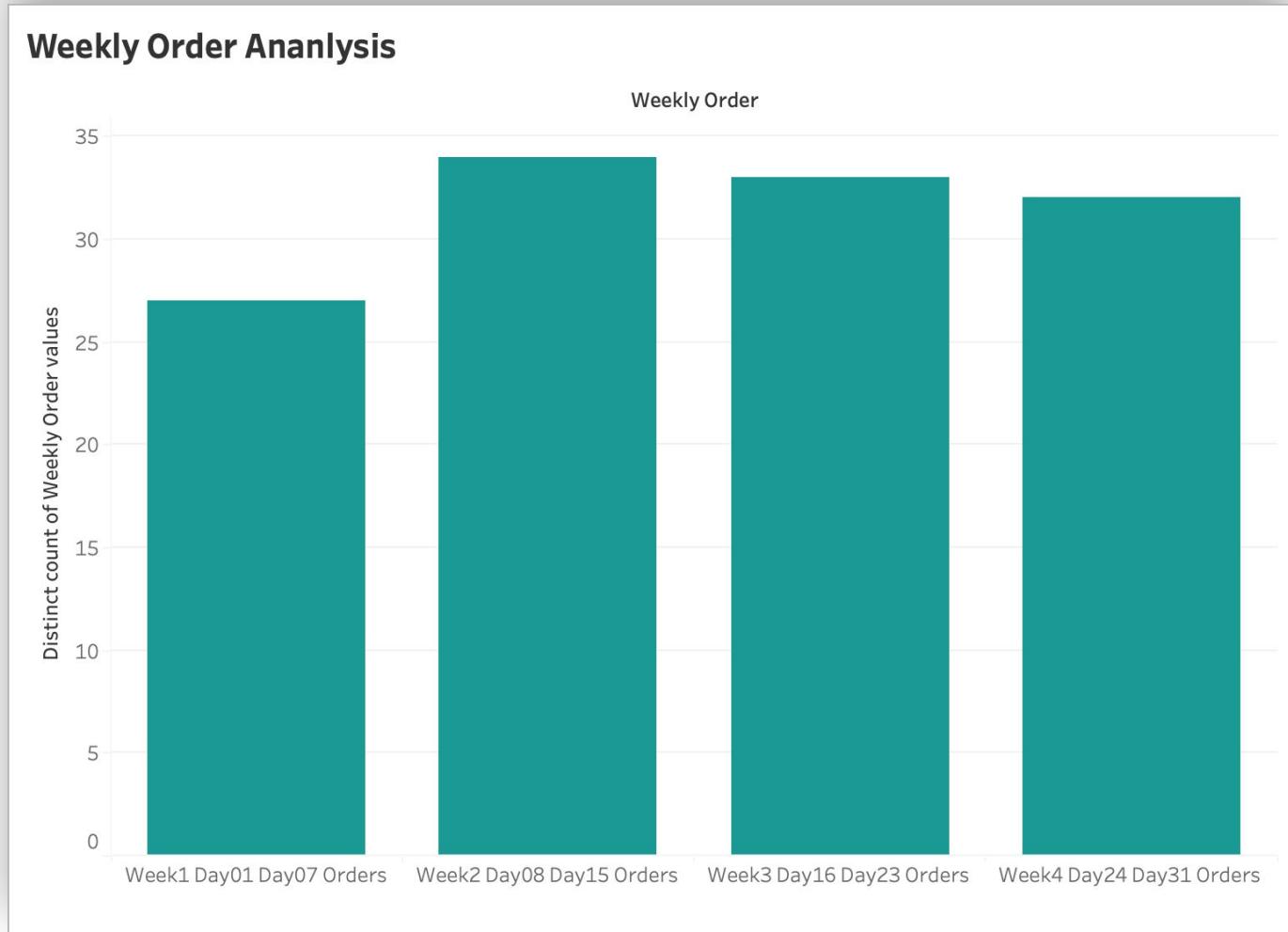
- Elevated churn among 20–29 suggests trend-based volatility requiring continual engagement refreshers.
- High churn in 55+ indicates usability and relevance issues with the platform.
- Blue-collar churn may stem from price sensitivity and less brand loyalty; professionals churn from unmet experiences and premium expectations.

***Action Steps:***

- Simplify navigation and UX for older users, including guided shopping tutorials.
- Use influencer-driven and trend-based promotions to retain younger audiences.
- Offer flexible payment options or incentives for price-sensitive occupational groups.
- Develop value packs and EMI options tailored specifically for blue-collar workers.

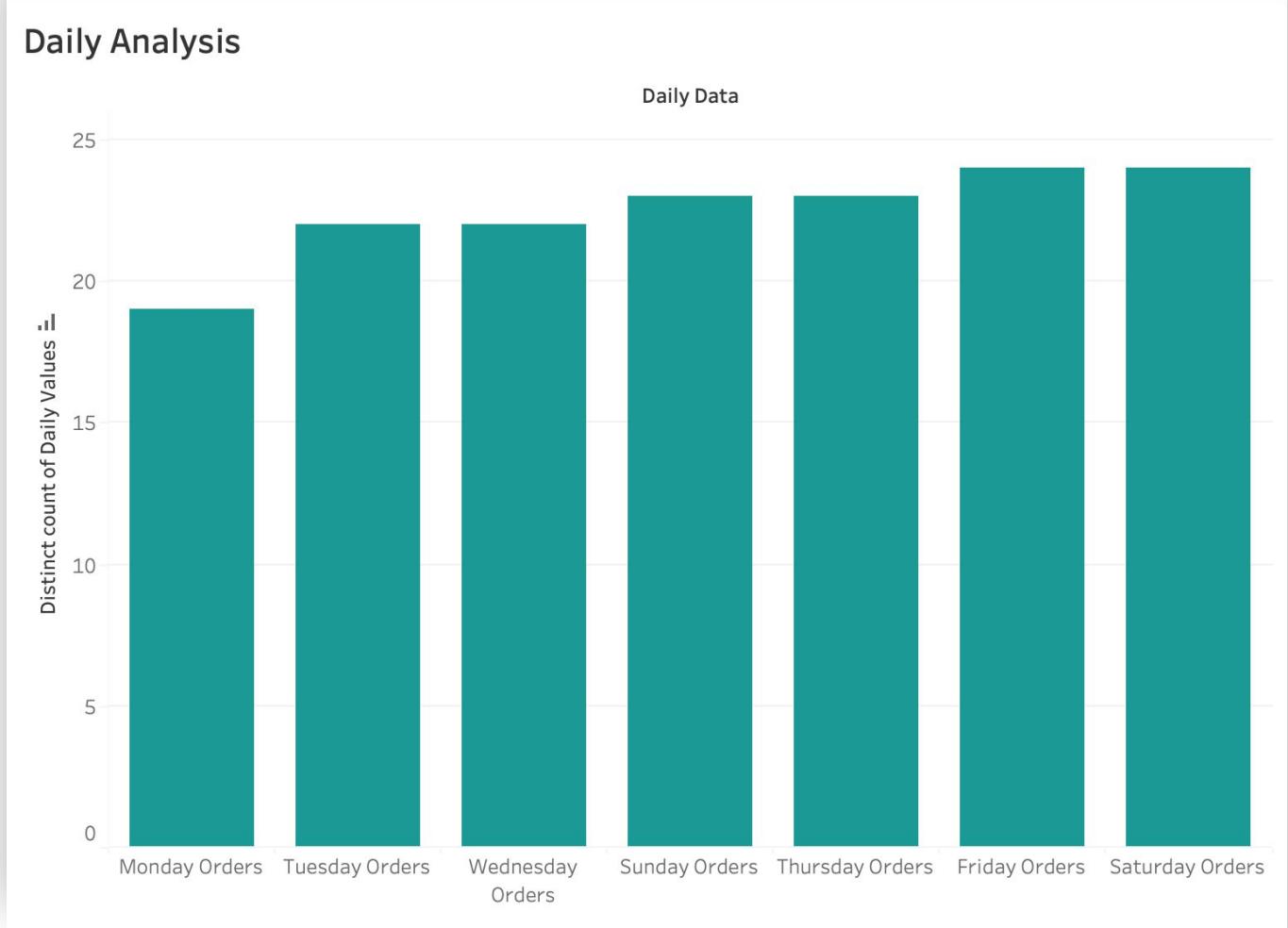
## Segment V : Time-Based Behavioural Analysis

### 1. Weekly Analysis



This chart reflects the distinct count of weekly orders divided into four week-long intervals. Week 1 shows the lowest activity, with a significant rise in Week 2 and a consistent high across Weeks 2 to 4. This trend might indicate increasing user engagement or the success of ongoing promotions.

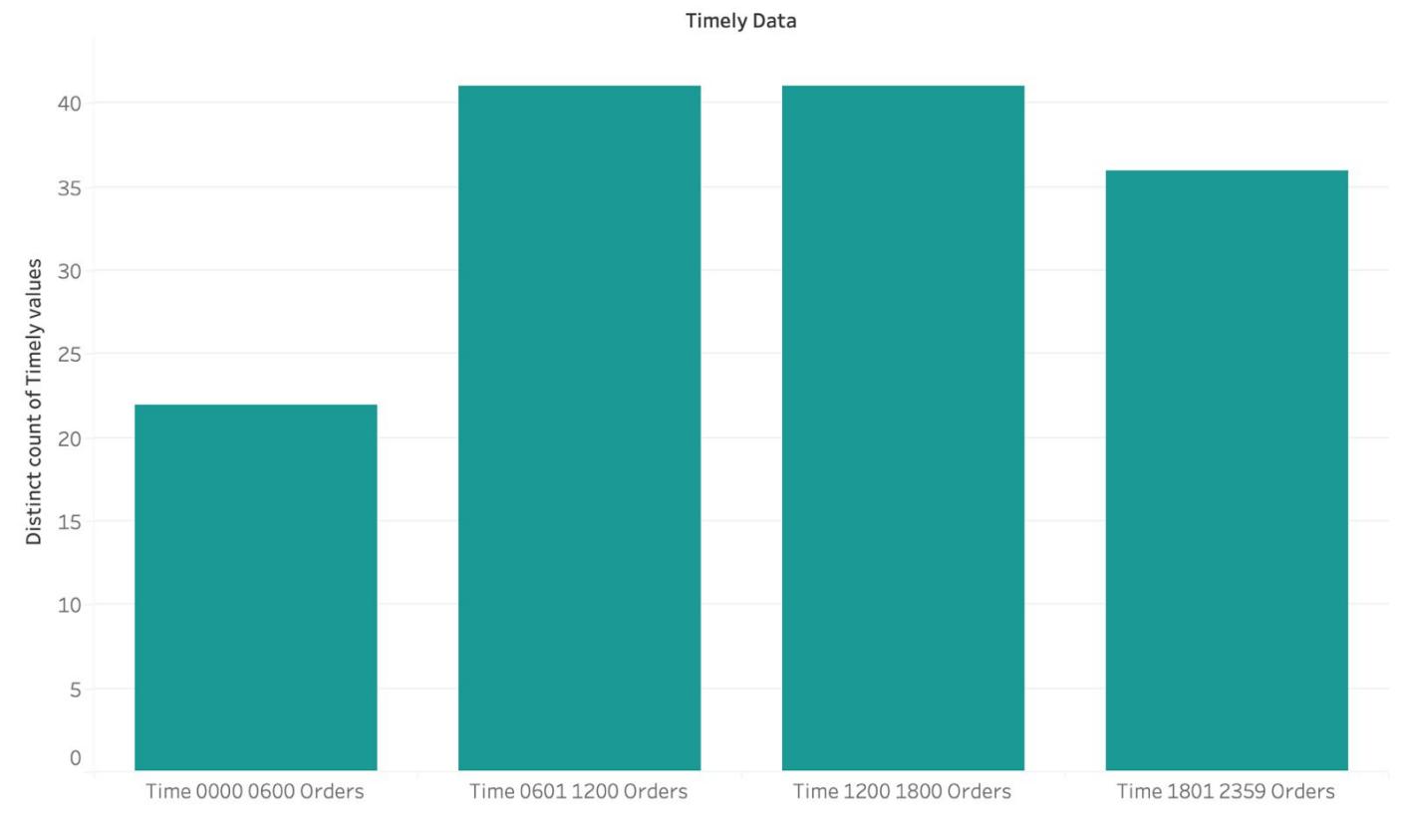
## 2. Daily Ordering Patterns



This bar chart showcases the distinct count of daily order values across each day of the week. From Monday to Saturday, there's a noticeable upward trend in the volume of orders, with Monday registering the lowest and Friday/Saturday achieving the highest counts. The variation in orders is not extreme but suggests increasing user activity toward the weekend.

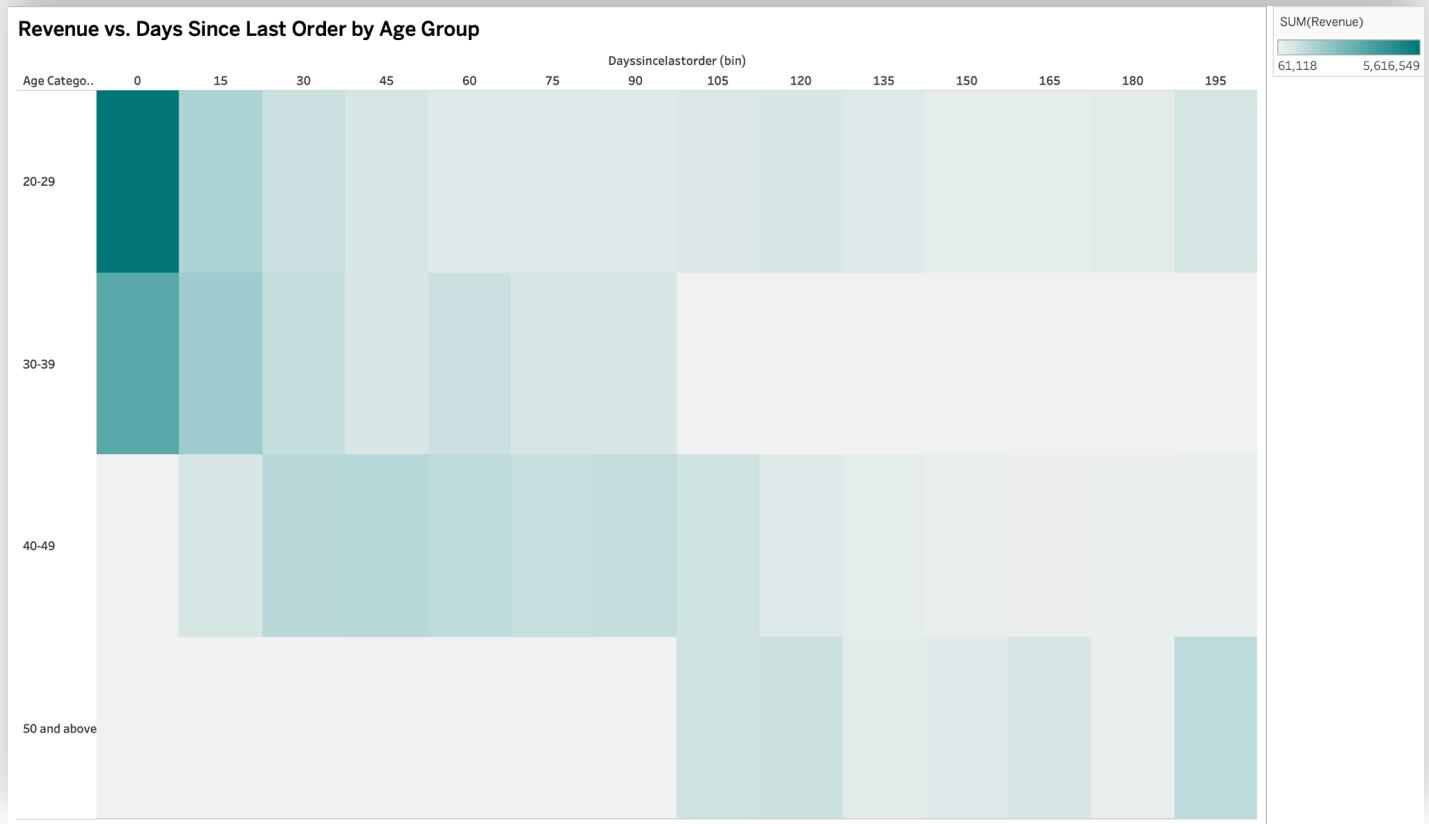
## 2. Timely Analysis

### Order time analysis



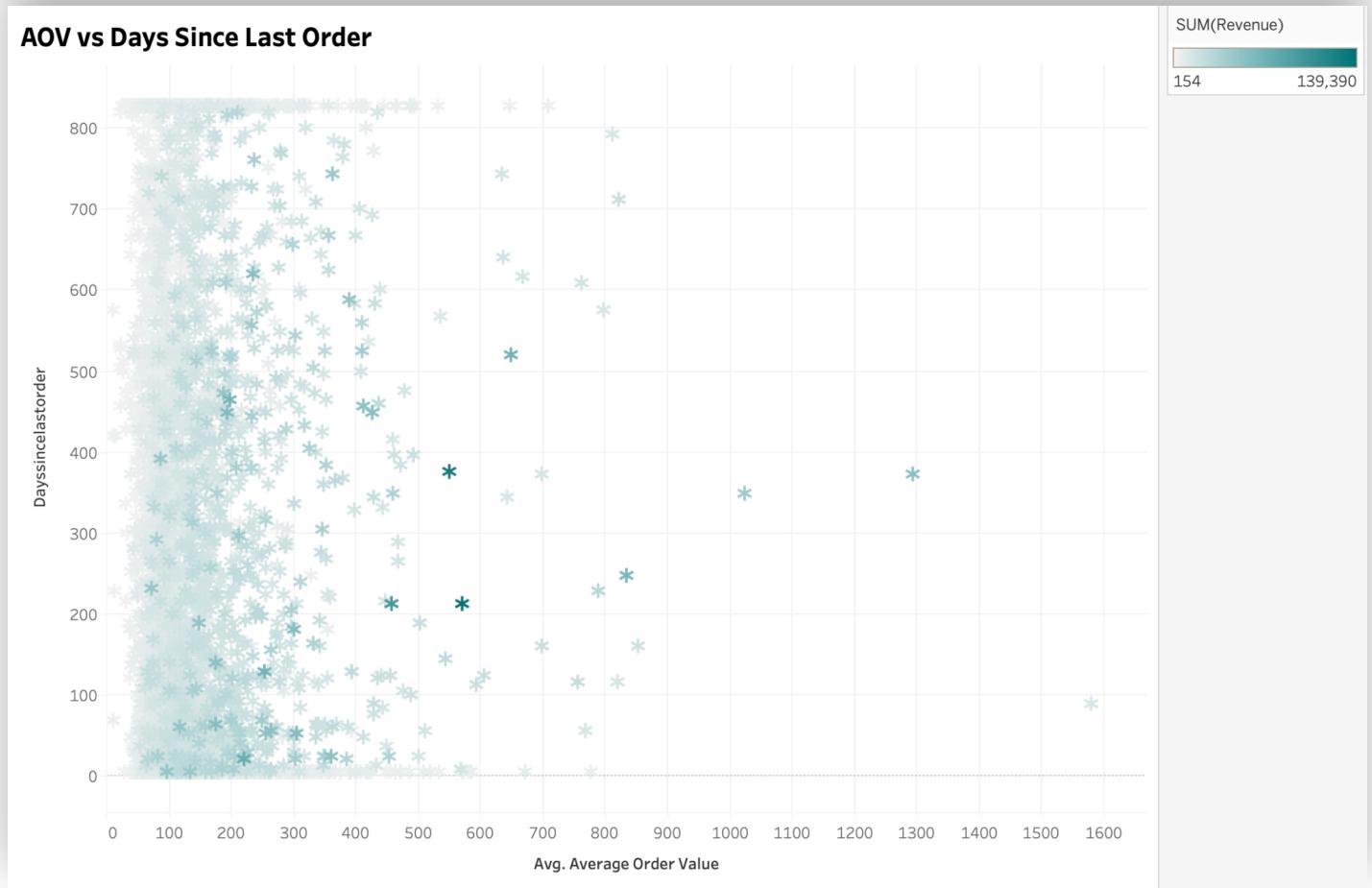
The order time analysis reveals that the highest volume of orders occurs between 06:01 and 18:00, indicating peak customer activity during the morning and afternoon hours. This is followed by a slight drop in the evening slot (18:01–23:59), which still maintains a significant number of orders, reflecting continued engagement later in the day. In contrast, the early morning hours from 00:00 to 06:00 see the least number of orders, suggesting minimal customer activity during this time. These insights can guide businesses to focus their marketing efforts and promotional campaigns during the most active periods to maximize impact.

### 3. Revenue and Days Since Last Order by Age



The 20–29 and 30–39 age groups generate high initial revenue but show rapid drop-offs, indicating the need for quick re-engagement. The 40–49 group shows steadier, more consistent spending, while the 50+ group contributes less overall but makes occasional late purchases. This suggests a need for age-specific retention strategies.

## 4. AOV vs Days Since Last Order



This scatter plot explores the relationship between Average Order Value (AOV) and the number of Days Since Last Order. Each point represents a customer, colored by total revenue contribution. The chart shows a dense cluster of customers with **low AOV (under ₹300)** and **high days since last order (often over 600 days)**, indicating many low-value customers have lapsed. A few high AOV customers are spread across the x-axis, some of whom also haven't ordered in a long time.

***Key Insights:***

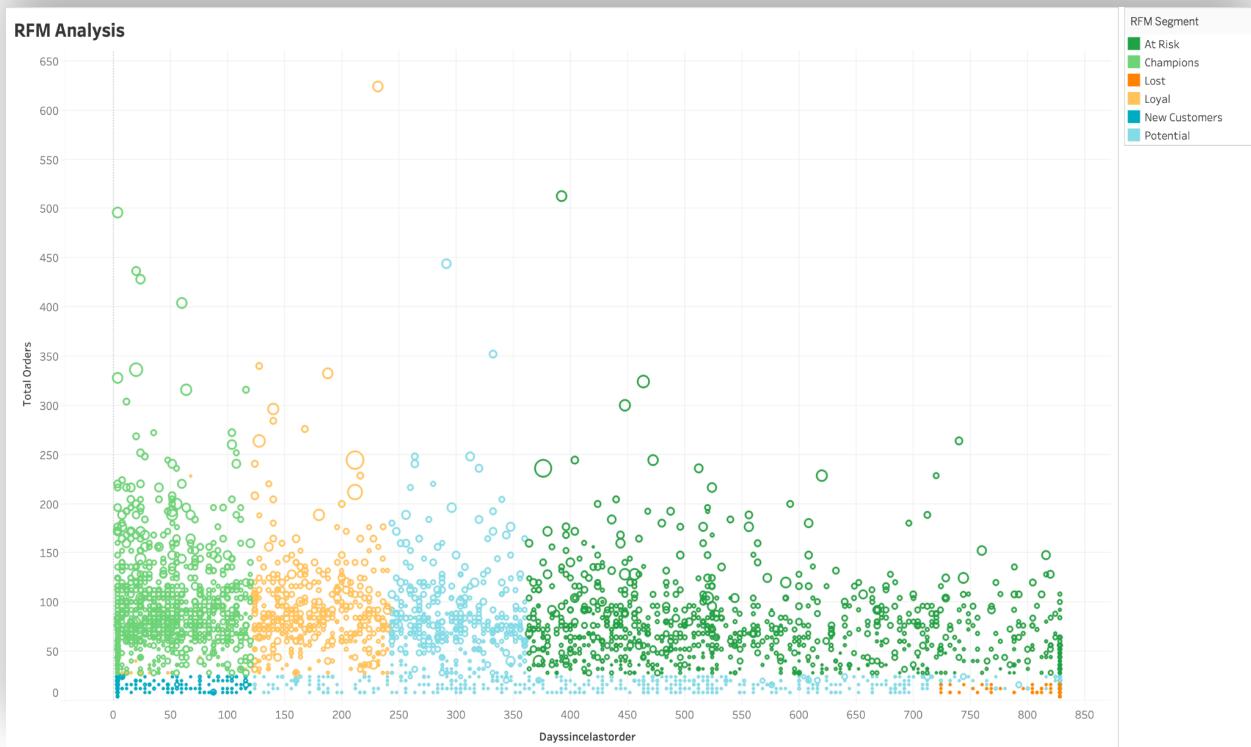
- Mid-week and mid-day are peak ordering windows; leverage these for promotions.
- Inactive users exhibit burst behavior; timed incentives can drive reactivation.
- High-value dormant users are prime targets for personalized outreach.
- Younger segments drop off quickly post-purchase, while older users show slower, steadier engagement trends.

***Action Steps:***

- Boost Monday engagement through targeted reminders or early-week promotions to counteract weekend fatigue.
- Leverage high weekend activity (Friday & Saturday) by scheduling major campaigns, flash sales, or new launches on these days.
- Maintain mid-week consistency with retention strategies like personalized offers to keep the steady customer base engaged.
- Capitalize on growth patterns by replicating successful Week 2 strategies (e.g. onboarding, ads) and investigating Week 3's peak for repeatable tactics.
- Target low-AOV lapsed users with reactivation emails, budget-friendly bundles, or loyalty incentives to encourage return purchases.
- Identify and nurture high-AOV customers, even if inactive, with personalized retention offers, loyalty tiers, or concierge services.
- Reward recently active VIPs (high AOV & recent orders) with exclusive perks, early product access, or referral bonuses.
- Time campaigns strategically—focus efforts between 6 AM and 6 PM, and explore late-night promos (12 AM – 6 AM) to tap into underutilized time slots.

# Segment VI : Recency Frequency Monetary (RFM)-Based Behavioural Segmentation

## 1. RFM Scatter Plot



A small cluster of customers is classified as “Champions”, characterized by the highest recency (left on the x-axis), high order frequency (y-axis), and larger bubble size (monetary value)—representing a highly loyal and valuable segment. These customers are densely concentrated in the lower-left quadrant of the chart, where recent activity and frequent purchases intersect.

Another key group is “At Risk”, shown as green markers predominantly on the far right of the plot. These customers have not made purchases in a long time (high days since last order), but still show relatively high frequency, indicating past engagement that has since dropped off.

Interestingly, customer density appears more concentrated near the edges of the chart—either very recent or very old recency—with a visible scarcity in the mid-range. This suggests that customers tend to cluster around extreme recency behaviors, rather than being evenly distributed across time.

## RFM Segment

Segment	Recency Score	Frequency Score	Monetary Score	Description
<b>Champions</b>	5 $\geq 4$	$\geq 4$	$\geq 4$	Most recent and frequent with high spending
<b>Loyal</b>	$\geq 4$	$\geq 4$	Any	Engaged and frequent customers
<b>New Customers</b>		5 $\leq 3$	Any	Very recent but not yet frequent or high spenders
<b>At Risk</b>	$\leq 2$	$\geq 4$	Any	Previously frequent but not recent
<b>Lost</b>		1 $\leq 2$	$\leq 2$	Low scores in all categories, likely churned
<b>Potential</b>	All others	-	-	Customers not strongly fitting other segments

### Recency Score (Days Since Last Order).

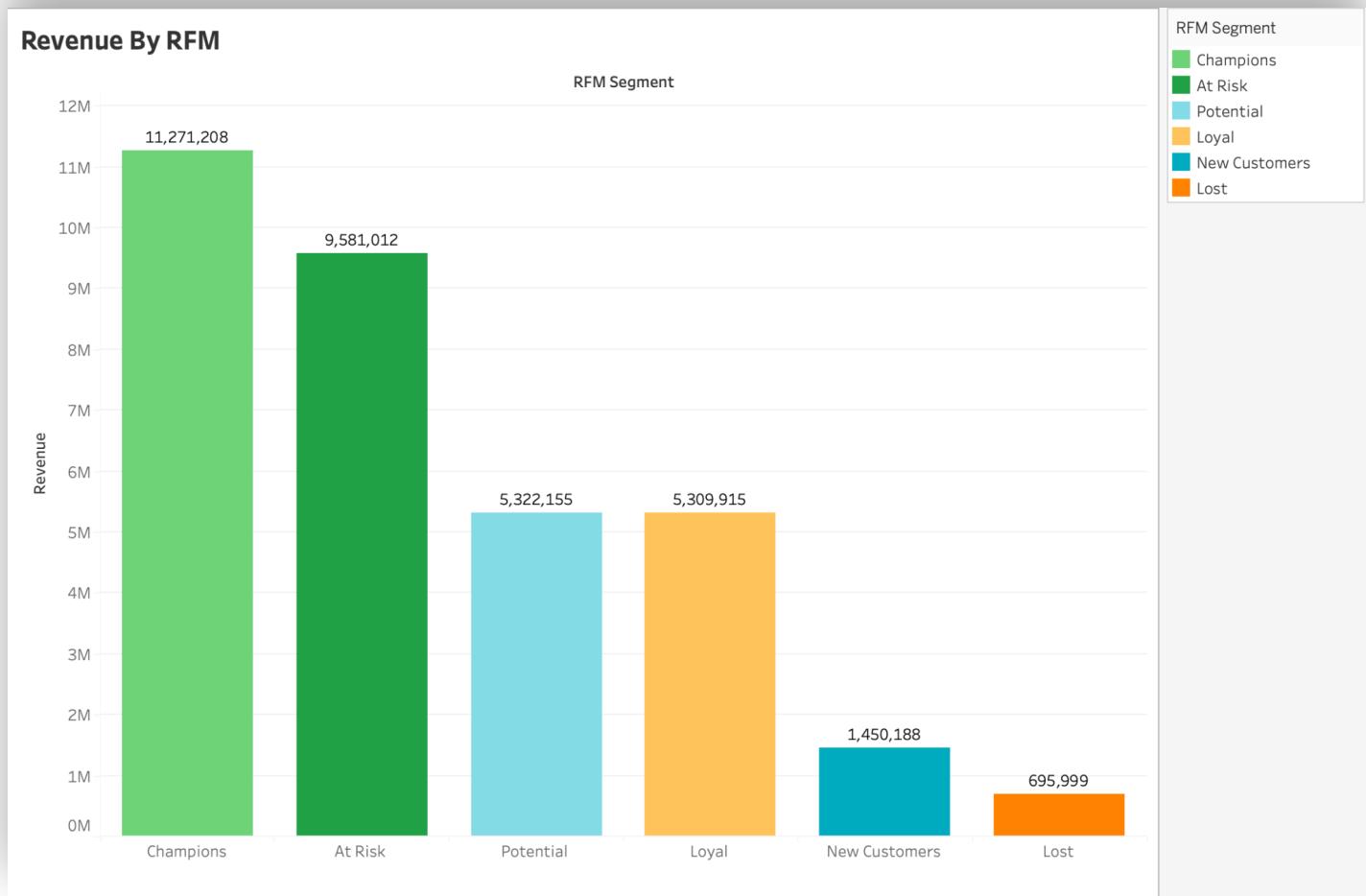
Score	Days	Meaning
5 $\leq 30$		Very recent
4 31–60		Recent
3 61–90		Moderate
2 91–180		Inactive
1 $> 180$		Very inactive

### Frequency Score (Total Orders)

Score	Orders	Meaning
5 $\geq 10$		Very frequent
4 7–9		Frequent
3 5–6		Moderate
2 2–4		Low
1 $< 2$		Very low

**Monetary Score (Revenue)**

Score	Revenue (\$)	Meaning
5 $\geq 1000$		Very high spend
4 750–999		High spend
3 500–749		Moderate spend
2 200–499		Low spend
1 < 200		Very low spend

**2. Revenue Contribution by RFM Segment**

The chart shows **Champions** as the top revenue segment (\$11.27M), followed by **At Risk** customers (\$9.58M), who still hold strong value despite lower recent activity. **Loyal** and **Potential** users contribute moderately (~\$5.3M each), while **New Customers** and **Lost** segments generate less, highlighting areas for growth and re-engagement.

### 3. Recency Patterns



The treemap shows **Potential** customers form the largest group (153), followed by **At Risk** (117). **Loyal**, **New Customers**, and **Champions** are smaller segments (~30–45 each), while **Lost** customers are the fewest (18), signaling a chance to re-engage or prioritize growth.

## Key Insights:

- **Champions are Top Revenue Drivers:** Generating \$11.27M, Champions are the highest revenue contributors, followed closely by *At Risk* customers at \$9.58M—despite reduced recent activity. This highlights *At Risk* as a high-priority segment for retention.
- **Potential & Loyal Offer Growth Opportunities:** Both segments contribute around \$5.3M in revenue, suggesting steady engagement. The *Potential* group, being the largest (153 customers), represents untapped value with the right engagement strategies.
- **New and Lost Customers Have Low Revenue Impact:** *New Customers* bring in \$1.45M, indicating limited short-term value but potential for nurturing. *Lost Customers* contribute just \$696K, confirming churn but also reflecting past importance.
- **Customer Base Skewed Toward Early and At-Risk Stages:** The largest segments by frequency are *Potential* (153) and *At Risk* (117), while *Loyal*, *Champions*, and *New Customers* range between 30–45 users. *Lost* customers are the fewest (18), indicating relatively strong retention with room for reactivation.

## Action Steps:

- **Retain At Risk Customers**  
Run personalized win-back campaigns with offers or reminders. Use churn prediction models to intervene early. Assign account reps for high-value individuals.
- **Nurture Potential Customers**  
Build onboarding flows and offer targeted incentives. Recommend relevant products and set rewards to encourage repeat purchases.
- **Grow Champions & Loyal Segments**  
Launch a referral program for Champions. Introduce tiered loyalty rewards and collect feedback to enhance their experience.
- **Convert New Customers Faster**  
Improve the welcome journey and follow-up strategy. Promote bundles or best-sellers and automate timely reminders.
- **Re-Engage Lost Customers**  
Use exit surveys to understand churn. Launch reactivation campaigns with compelling offers. Review product, service, or pricing gaps.

# Conclusion

This comprehensive analysis of E-Kart's customer base reveals several clear trends and opportunities:

- **Young adults (20–29)** dominate the user base and revenue but also exhibit high churn, emphasizing the need for trend-responsive and highly engaging marketing.
- **Salaried professionals** and **blue-collar workers** are primary revenue contributors; however, blue-collar customers also show higher churn—indicating price sensitivity and a need for value-driven engagement.
- The majority of customers place **fewer than 10 orders**, underscoring a large transactional segment with low loyalty. Meanwhile, a smaller cohort of high-frequency, high-AOV users drives a disproportionate share of revenue.
- Churn has steadily increased since 2020, with **over 53% of customers inactive for more than 56 days**. High-value "At Risk" customers offer a critical re-engagement opportunity.
- RFM segmentation highlights that "**Champions**" and "**At Risk**" customers generate **the highest revenue**, while the "**Potential**" segment is the largest, suggesting untapped growth with the right nudges.
- **Behavioral patterns** show that most orders happen midday and toward the end of the week, suggesting ideal times for campaign launches.

## Strategic Recommendations

1. **Strengthen retention among "At Risk" customers** through personalized win-back offers and predictive churn models.
2. **Convert "Potential" users** into loyal buyers using onboarding journeys, tailored incentives, and cross-sell strategies.
3. **Grow the "Champion" and "Loyal" segments** with VIP programs, referral bonuses, and early product access.

4. **Reactivate low-frequency and lapsed users** through budget bundles, guided shopping, and re-targeting campaigns.
5. **Tailor UX and marketing** by segment—simplify navigation for older users, use influencers for younger cohorts, and provide EMI options for price-sensitive segments.
6. **Time campaigns for peak activity**, particularly between 6 AM–6 PM and on weekends to maximize impact.

By strategically addressing customer behavior and churn drivers, E-Kart is well-positioned to boost customer lifetime value, reduce attrition, and drive sustainable revenue growth.