# Executive Report: E-commerce Revenue and Customer Segmentation Analysis

## I. Executive Summary

This report summarizes the findings from a quantitative analysis of the company's sales data, focusing on product profitability and customer value segmentation (RFM). The analysis confirms strong sales concentrated in a few high-demand products, while customer loyalty is healthy but concentrated.

**Key Deliverable:** All customer segmentation findings are visualized and published on an interactive **Tableau Public dashboard** for ease of exploration and ongoing monitoring.

**Key Findings:**

* **Product Demand Drivers:** The Top 10 products, such as 'PAPER CRAFT, LITTLE BIRDIE' and 'REGENCY CAKESTAND 3 TIER', drive the majority of sales volume and profit.
* **Inventory Opportunity:** A large number of low-volume products consume resources without meaningful returns.
* **Customer Champions:** A core segment of customers (RFM Champions) represents the highest value, demanding targeted retention strategies.

**Primary Recommendation:** Shift marketing and inventory focus from low-volume items to maximizing the velocity of the Top 10 Champions, coupled with a targeted retention program for the highest-value RFM customer segments.

## II. Product Profitability Strategy (Based on Sum of Profit)

This section identifies products that are highly demanded versus those that are low-volume drains, based on the profitability model (assuming a 40% gross margin).

### A. Top 10 Profitable Products (Maximize Investment)

These products are the engine of revenue and demonstrate high customer demand.

| **Rank** | **Product Description** | **Strategy** |
| --- | --- | --- |
| 1 | PAPER CRAFT, LITTLE BIRDIE | **Max Volume:** Ensure zero stock-outs and use as anchor for promotions. |
| 2 | REGENCY CAKESTAND 3 TIER | **Cross-Sell:** Pair with related party items (like 'PARTY BUNTING') in bundles. |
| 3 | WHITE HANGING HEART T-LIGHT HOLDER | **Display:** Feature prominently in all web and email campaigns due to high sales volume. |
| 4 | JUMBO BAG RED RETROSPOT | **Bundling:** Use as a premium gift wrap option or bundle with high-value purchases. |
| 5 | MEDIUM CERAMIC TOP STORAGE JAR | **Category Leader:** Use to drive traffic to the entire "Storage" category. |
| 6 | PARTY BUNTING | **Cross-Sell:** Key item for bundling with other party goods. |
| 7 | ASSORTED COLOUR BIRD ORNAMENT | **Upsell:** Promote premium versions or related sets to increase average order value (AOV). |
| 8 | RABBIT NIGHT LIGHT | **Seasonal Focus:** Use for targeted promotions during specific holidays. |
| 9 | CHILLI LIGHTS | **Complementary:** Use as a secondary promotion item for home decor purchases. |
| 10 | PAPER CHAIN KIT 50'S CHRISTMAS | **Seasonal Focus:** Flag for massive inventory investment leading up to the holiday season. |

### B. 10 Least Profitable Products (Action/Review)

These low-volume items should be reviewed for potential liquidation or bundling to free up inventory space and management resources.

| **Rank** | **Product Description** | **Recommended Action** |
| --- | --- | --- |
| 1 | BLUE LEAVES AND BEADS PHONE CHARM | **Discontinue or Deep Discount:** Clear inventory immediately. |
| 2 | 60 GOLD AND SILVER FAIRY CAKE CASES | **Bundle Only:** Package with high-profit baking kits; do not sell as standalone items. |
| 3 | HAPPY BIRTHDAY CARD TEDDY/CAKE | **Review/Replace:** Streamline the selection of greeting cards to only high-demand designs. |
| 4 | CAT WITH SUNGLASSES BLANK CARD | **Review/Replace:** Similar to above. Use low-cost production or eliminate. |
| 5 | PURPLE FRANGIPANI HAIRCLIP | **Discontinue:** Unless this item is required to complete a product line, remove it. |
| 6 | PINK CRYSTAL GUITAR PHONE CHARM | **Discontinue:** Phone charms show consistently low volume. |
| 7 | VINTAGE BLUE TINSEL REEL | **Promote Heavily:** If high stock, push through seasonal sales; otherwise, liquidate. |
| 8 | SET 12 COLOURING PENCILS DOILEY | **Bundle Only:** Use as a free giveaway or add-on for high-value orders. |
| 9 | HEN HOUSE W CHICK IN NEST | **Review:** Evaluate if the space is better used by a product with higher demand. |
| 10 | PADS TO MATCH ALL CUSHIONS | **Consolidate:** Combine related SKUs to reduce inventory count. |

## III. Customer Segmentation Strategy (RFM Analysis)

The RFM (Recency, Frequency, Monetary) analysis classifies customers into value tiers.

**The full segment distribution and performance metrics are available in the published Tableau Public dashboard.**

| **Segment** | **RFM Profile** | **Strategic Action** |
| --- | --- | --- |
| **Champions** (High R, F, M) | Purchased recently, frequently, and spend the most. | **Prioritized Retention:** Reward loyalty, offer early access to new products, and gather feedback. |
| **Loyal Customers** (Mid/High F) | Frequent buyers, but maybe not the highest spenders. | **Value Campaigns:** Encourage higher spend by promoting bundles and premium versions of their favorite products. |
| **Lost/At-Risk** (Low R, F, M) | Have not purchased recently, bought infrequently, and spent little. | **Reactivation Campaigns:** Target with personalized win-back offers and steep discounts to encourage a return. |

### Recommendation for RFM Strategy

1. **Monitor via Dashboard:** Use the **Tableau Public dashboard** as the primary tool for monitoring segment size and value changes month-over-month.
2. **Target Champions:** Launch a VIP program based on the Customer IDs identified in the "Champions" segment.
3. **Automate Campaigns:** Set up an automated email campaign for "Lost/At-Risk" customers offering a "We Miss You" discount of 25% off their next order to encourage a return purchase.