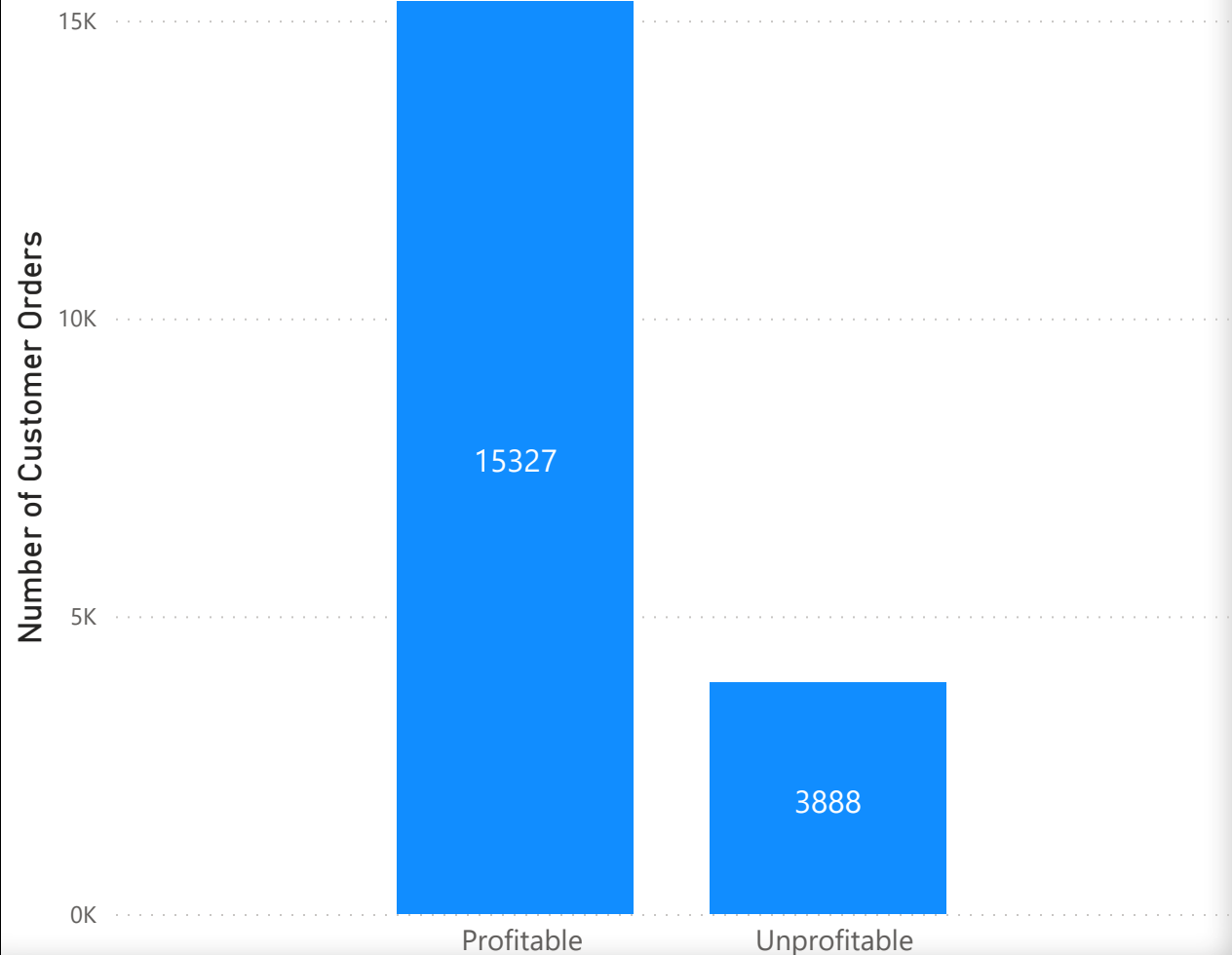


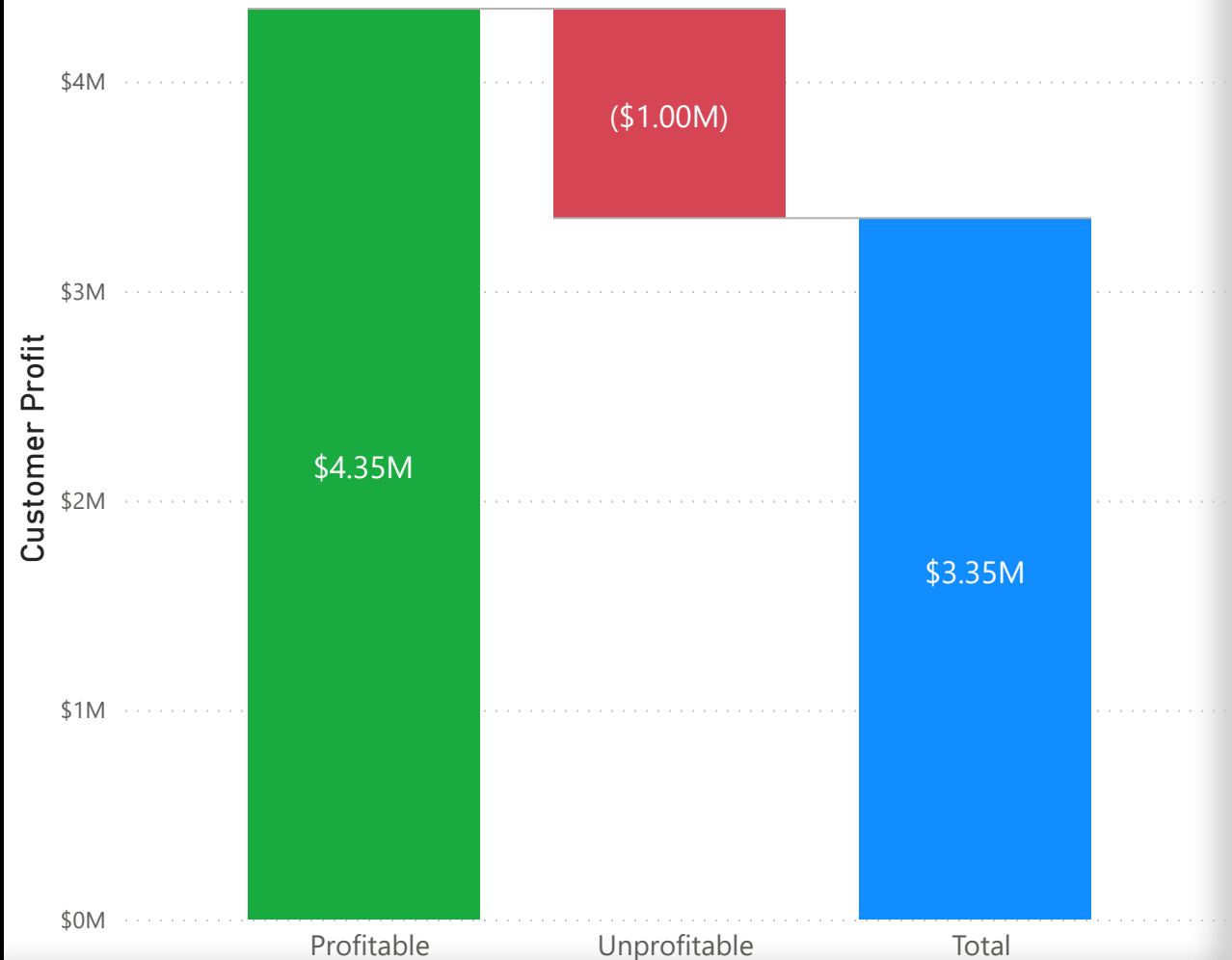
The Effect of Unprofitable Orders

Objective: Determine if unprofitable orders are worth fulfilling, given total customer profit and assuming that unprofitable orders may enable customers to carry out profitable orders in the future.

Number of Profitable and Unprofitable Orders



Customer Profit by Category

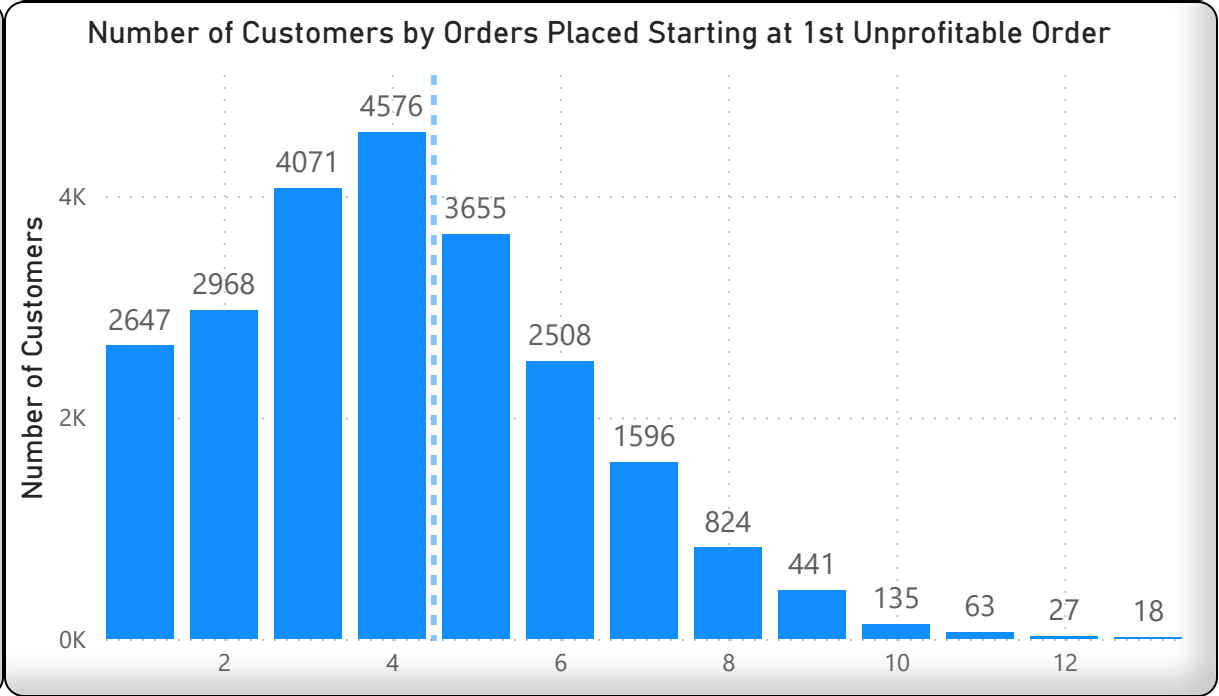
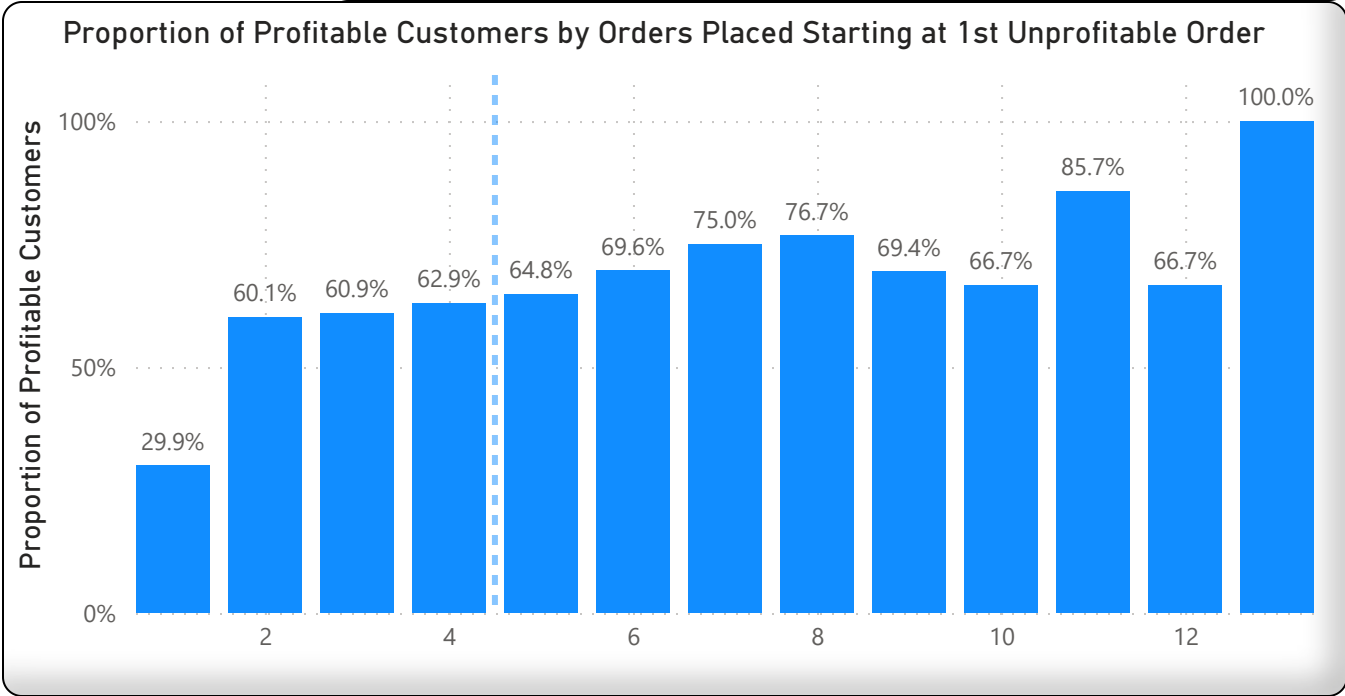
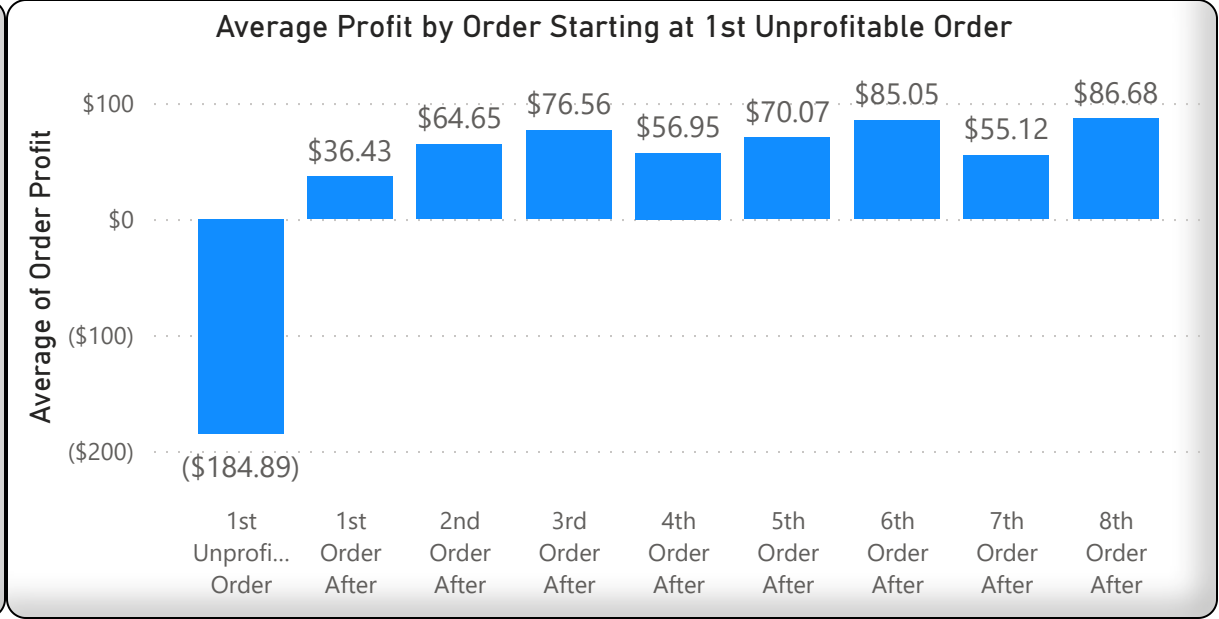
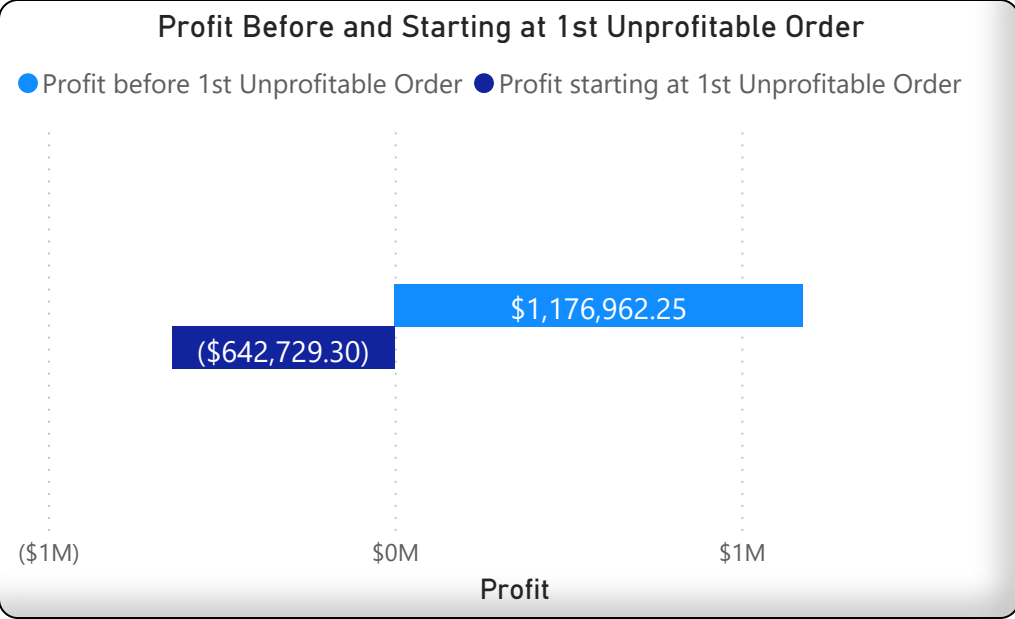


The Effect of Unprofitable Orders

Effect of 1st Unprofitable Order

Effect of 2nd Unprofitable Order

Effect of 3rd Unprofitable Order



Click for Details

1st Unprofitable Order Effect
2nd Unprofitable Order Effect
3rd Unprofitable Order Effect

Effect of 1st Unprofitable Order

☐ Customer acquired and Profitable through 1st Unprofitable order

☐ Customer acquired but Unprofitable through 1st Unprofitable Order

☐ Customer turned Unprofitable through 1st Unprofitable Order

19215

Customers

\$3.35M

Customer Profit

Customer ID	Customer Profit	Customer Profit - Category	Number of Orders Placed Starting at 1st Unprofitable Order	Orders Before 1st Unprofitable Order	Orders Starting at 1st Unprofitable Order	Effect of 1st Unprofitable Order
1428	(\$3,868.56)	Unprofitable	1	Profitable	Unprofitable	Customer turned Unprofitable through 1st Unprofitable Order
14086	(\$3,442.50)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14313	(\$3,000.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14113	(\$2,550.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14090	(\$2,351.25)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14398	(\$2,328.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
2207	(\$2,290.56)	Unprofitable	2	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14306	(\$2,280.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14236	(\$2,255.25)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14271	(\$2,232.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14118	(\$2,205.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
18111	(\$2,184.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14229	(\$2,178.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
3673	(\$2,153.27)	Unprofitable	5	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14080	(\$2,152.50)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
8000	(\$2,006.79)	Unprofitable	2	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
7847	(\$1,994.95)	Unprofitable	4	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14187	(\$1,920.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
10747	(\$1,914.97)	Unprofitable	4	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
14100	(\$1,890.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
1518	(\$1,861.46)	Unprofitable	5	Profitable	Unprofitable	Customer turned Unprofitable through 1st Unprofitable Order
14402	(\$1,800.00)	Unprofitable	1	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
9928	(\$1,763.34)	Unprofitable	6	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
3516	(\$1,744.41)	Unprofitable	4	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
10169	(\$1,689.78)	Unprofitable	2	Profitable	Unprofitable	Customer turned Unprofitable through 1st Unprofitable Order
10531	(\$1,687.64)	Unprofitable	2	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order
2652	(\$1,634.37)	Unprofitable	4	Profitable	Unprofitable	Customer turned Unprofitable through 1st Unprofitable Order
11662	(\$1,597.29)	Unprofitable	7	First Order Negative	Unprofitable	Customer acquired but Unprofitable through 1st Unprofitable Order

The Effect of Unprofitable Orders



5654

Customer ID

15

Number of Orders

Caguas

Customer City

PR

Customer State

Puerto Rico

Customer Country

Order Details

Order Id	Profit	Order Date	Order City	Order Country
4730	\$13.13	3/11/2015 12:46:00 AM	Metepec	México
11763	(\$14.78)	6/21/2015 4:45:00 PM	Velletri	Italia
26712	(\$103.06)	1/25/2016 10:03:00 PM	Wollongong	Australia
28732	\$149.36	2/24/2016 9:44:00 AM	Canberra	Australia
32362	(\$248.11)	4/17/2016 9:29:00 AM	Toledo	United States
33113	(\$9.61)	4/28/2016 8:36:00 AM	Seattle	United States
34004	\$135.04	5/11/2016 8:45:00 AM	Carlsbad	United States
36526	\$82.76	6/17/2016 4:20:00 AM	Fresno	United States
36874	\$107.99	6/22/2016 6:15:00 AM	Pasadena	United States
44352	\$188.98	10/9/2016 10:07:00 AM	Ashdod	Israel
50910	\$176.78	1/13/2017 3:41:00 AM	Antalya	Turquía
55623	\$147.43	3/22/2017 10:51:00 PM	Apopa	El Salvador
65544	\$112.69	8/14/2017 6:37:00 PM	Haarlem	Países Bajos
68793	\$33.79	10/1/2017 4:54:00 AM	Cergy	Francia

Item Details

Item ID	Order ID	Product ID	Profit	Product Name	Product Category
11858	4730	191	\$8.01	Nike Men's Free 5.0+ Running Shoe	Cardio Equipment
11859	4730	365	\$5.12	Perfect Fitness Perfect Rip Deck	Cleats
29419	11763	1073	(\$14.78)	Pelican Sunstream 100 Kayak	Water Sports
66894	26712	365	(\$160.06)	Perfect Fitness Perfect Rip Deck	Cleats
66895	26712	403	(\$84.75)	Nike Men's CJ Elite 2 TD Football Cleat	Men's Footwear
66896	26712	957	\$103.45	Diamondback Women's Serene Classic Comfort Bi	Camping & Hiking
66897	26712	365	\$20.16	Perfect Fitness Perfect Rip Deck	Cleats
66898	26712	957	\$18.14	Diamondback Women's Serene Classic Comfort Bi	Camping & Hiking
71923	28732	403	\$49.72	Nike Men's CJ Elite 2 TD Football Cleat	Men's Footwear
71924	28732	818	\$18.36	Titleist Pro V1x Golf Balls	Electronics
71925	28732	1014	\$7.44	O'Brien Men's Neoprene Life Vest	Indoor/Outdoor Game
71926	28732	835	\$59.57	Bridgestone e6 Straight Distance NFL Carolina	Electronics
71927	28732	703	\$14.27	Top Flite Women's 2014 XL Hybrid	Golf Apparel
80934	32362	365	\$15.13	Perfect Fitness Perfect Rip Deck	Cleats
80935	32362	1004	\$73.08	Field & Stream Sportsman 16 Gun Fire Safe	Fishing
80936	32362	403	\$50.33	Nike Men's CJ Elite 2 TD Football Cleat	Men's Footwear
80937	32362	502	\$3.92	Nike Men's Dri-FIT Victory Golf Polo	Women's Apparel
80938	32362	957	(\$390.57)	Diamondback Women's Serene Classic Comfort Bi	Camping & Hiking
82773	33113	1014	(\$67.17)	O'Brien Men's Neoprene Life Vest	Indoor/Outdoor Game
82774	33113	235	\$6.64	Under Armour Hustle Storm Medium Duffel	Fitness Accessories

The Effect of Unprofitable Orders

- 19215 customers, 55648 complete orders, and \$3.35m in profit. Data between 1/1/2015 - 1/31/2018
- An order is considered complete when payment is received or expected to be received.
- For the 1st and 2nd unprofitable orders, sellers would need at least 4 additional orders on average to offset the loss by the unprofitable order. For the 3rd unprofitable order, sellers would need at least 3 on average.
- As more orders are placed after an unprofitable order, the proportion of profitable customers tends to rise, suggesting that if a customer has a history of multiple orders and is expected to continue to order more after an unprofitable order, then the unprofitable order loss may be negated.
- After an unprofitable order is made, the majority of customers tend to place less orders than needed on average to offset the unprofitable order cost. For example, 14,262 customers placed less than 4 orders after the 1st unprofitable order, whereas 9,267 customers placed 4 or more orders after the 1st unprofitable order.
- After an unprofitable order is made, there is a greater chance that the customer will turn unprofitable overall after all orders have been placed. For example, by carrying out the 2nd unprofitable order this enabled 281 customers to turn profitable, but this also caused 449 customers to turn unprofitable.
- The easy solution is for sellers not to carry out unprofitable orders. However, if a customer is expected to continue placing orders and an unprofitable order enables this, then exceptions can be made. Furthermore, the Details tab can help determine which products lead to negative profits. Sellers can then work on reducing costs for the product, disallow any discounts on the product, or discontinue sales on the product altogether.