Annual Sales Performance & Strategic Recommendations

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- Customer Retention & Strategic Recommendations

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Introduction

GOAL: UNDERSTAND CUSTOMER BEHAVIORS, IMPROVE ENGAGEMENT, AND CREATE GROWTH STRATEGIES

DATASET: UK-BASED ONLINE RETAIL ALL-OCCASION GIFT-WARE

PERIOD: DECEMBER 2010-2011

Executive Summary

- Total sales: **£9M** from **4,372** unique customers.

- Customer Retention: Average retention rate is **26%**.

- Revenue: Average revenue is £ 55,30 per customer. Average cumulative growth is **16%.**

- Key Customer Segments: 14% Champions (with highest RFM scores), 14% Loyal Customers (with high RFM scores), **16%** Lost Customers.

Customer Retention

Cohorts	Initial_month	After_1_month	After_2_months	After_3_months	After_4_months	After_5_months	After_6_months	After_7_months	After_8_months	After_9_months	After_10_months	After_11_months	After_12_months
2010-12-01	26850	10881	9183	12111	10092	12622	11829	11978	11966	14984	14361	23006	7409
2011-01-01	11031	2392	3072	2371	3824	3307	2880	2971	3976	5174	6535	1514	
2011-02-01	8788	1488	1937	2442	2218	2056	2205	2666	2969	2932	435		
2011-03-01	11151	1478	2498	2378	2436	2125	2797	3568	4230	985			
2011-04-01	7320	1435	1329	1299	1395	2088	1935	2215	531				
2011-05-01	6087	1123	890	920	1494	2345	1946	802					
2011-06-01	5652	939	733	1513	1723	2504	622						
2011-07-01	5024	525	1353	1387	1839	529							
2011-08-01	4822	1608	2872	2780	906								
2011-09-01	8343	2483	2719	874									
2011-10-01	11878	3643	907										
2011-11-01	11249	1152											
2011-12-01	996												
Total	119191	29147	27493	28075	25927	27576	24214	24200	23672	24075	21331	24520	7409

1. First cohort have around 12% higher retention rate over the year than other cohorts

2. Initial month have the highest number of customers over the year (29% of all)

3. Significant 80% drop of customer retention rate after the initial month

Strategic Recommendations

Retention

Engage

- Unique & Personalized Products

- Attractive Promotions & Discounts

- Strong Social Media & Advertising

- Easy & Intuitive Shopping Experience

- Positive Reviews & Word-of-Mouth

Stay loyal

- Consistently High Product Quality

- Excellent Customer Service

- Loyalty Programs & Exclusive Offers

- Memorable Unboxing Experience

- Emotional Connection to the Brand

Return

- Occasion-Based Shopping

- Email Reminders & Discounts

- New Product Collections

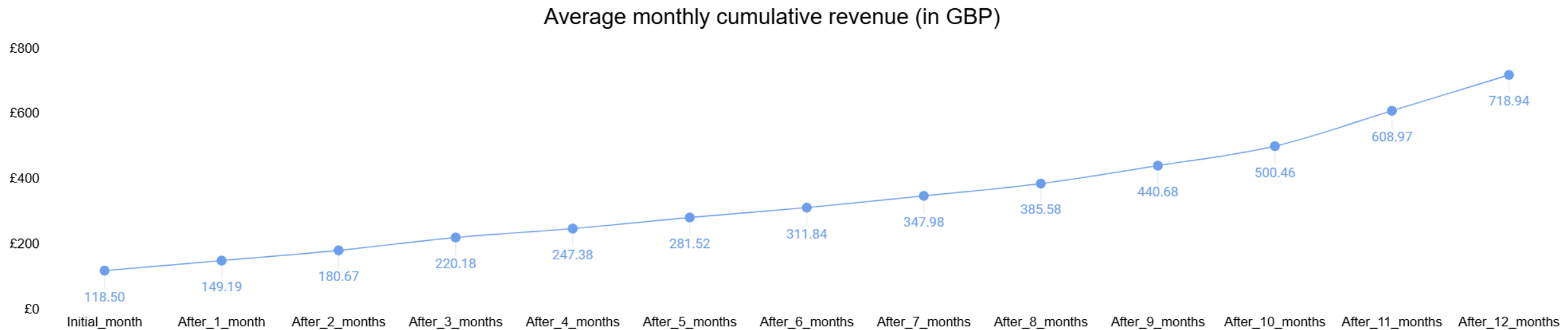- Improved Experience

- Positive Past Experience

Revenue Analysis

Average revenue in GBP
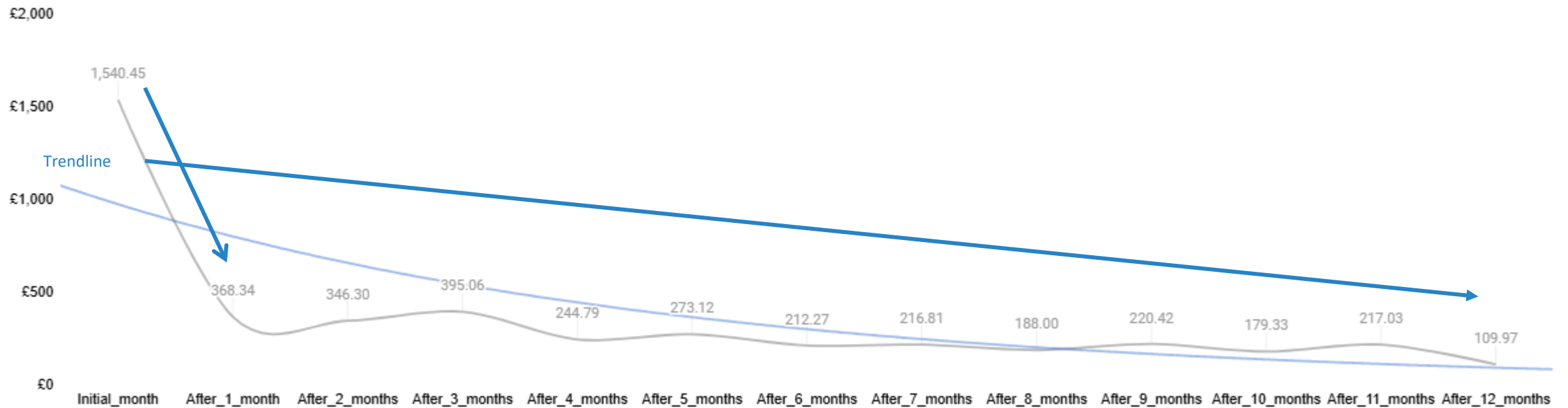
- 76% drop of avg revenue after the initial month
- Overall revenue decreasing over the year

Revenue Analysis

Average monthly cumulative revenue (in GBP)

- Performance and effective marketing strategies

- Efficient operational scaling

- Predictable financial performance

Revenue Analysis

Cumulative growth %

- Early slowdown during initial and 4th month
- Stable fluctuations with no heavy spikes in mid-period (4th-10th months)
- Decline after peak in the end of the year (11th-12th months)

Revenue Analysis

Cohorts	After_1_month	After_2_months	After_3_months	After_4_months	After_5_months	After_6_months	After_7_months	After_8_months	After_9_months	After_10_months	After_11_months	After_12_months
						REVENUE PREDICTION (in GBP)						
2010-12-01												
2011-01-01												496.47
2011-02-01											316.00	373.06
2011-03-01										277.32	337.46	398.40
2011-04-01									236.87	269.00	327.33	386.44
2011-05-01								214.69	245.37	278.65	339.07	400.30
2011-06-01							394.80	437.46	499.98	567.79	690.91	815.68
2011-07-01						216.78	241.90	268.04	306.34	347.90	423.33	499.78
2011-08-01					445.61	493.61	550.81	610.32	697.55	792.17	963.93	1,138.00
2011-09-01				173.71	197.68	218.98	244.35	270.75	309.45	351.42	427.62	504.84
2011-10-01			206.99	232.56	264.65	293.16	327.13	362.48	414.28	470.48	572.49	675.88
2011-11-01		121.82	148.45	166.79	189.81	210.26	234.62	259.97	297.12	337.43	410.59	484.74
2011-12-01	69.62	84.32	102.75	115.45	131.38	145.53	162.39	179.94	205.66	233.56	284.20	335.52
Average												542.43

- Strong performance from June and August cohorts

- Slightly higher revenue for October cohorts

- Average revenue across cohorts - £542.43

Strategic Recommendations

Revenue

Strategy	Why it works	How to implement
• Offer personalized products	• Enhances emotional value	• Create AI-powered customization features, personalized recommendations, and 'build-your-own' gift bundles
• Leverage seasonal campaigns and promotions	• Giftware demand spikes during holidays and special occasions	• Launch holiday-focused marketing campaigns with themed bundles, limited-time offers, and urgency-driving countdown timers
• Upselling and cross-selling	• Increase in the average order value (AOV)	• Display related products at checkout, offer bundle discounts, and use tiered pricing incentives
• Focus on subscription and loyalty programs	• Builds long-term relationships	• Introduce a subscription service, a rewards program, and VIP perks
• Enhance customer experience and website usability	• Reduce in cart abandonment and builds trust	• Optimize website speed, add gift-finding tools, improve product presentation, and offer reliable shipping options

RFM & Customer Segmentation

Customer segments by RFM (Note: bubble size indicates avg monetary value in GBP)
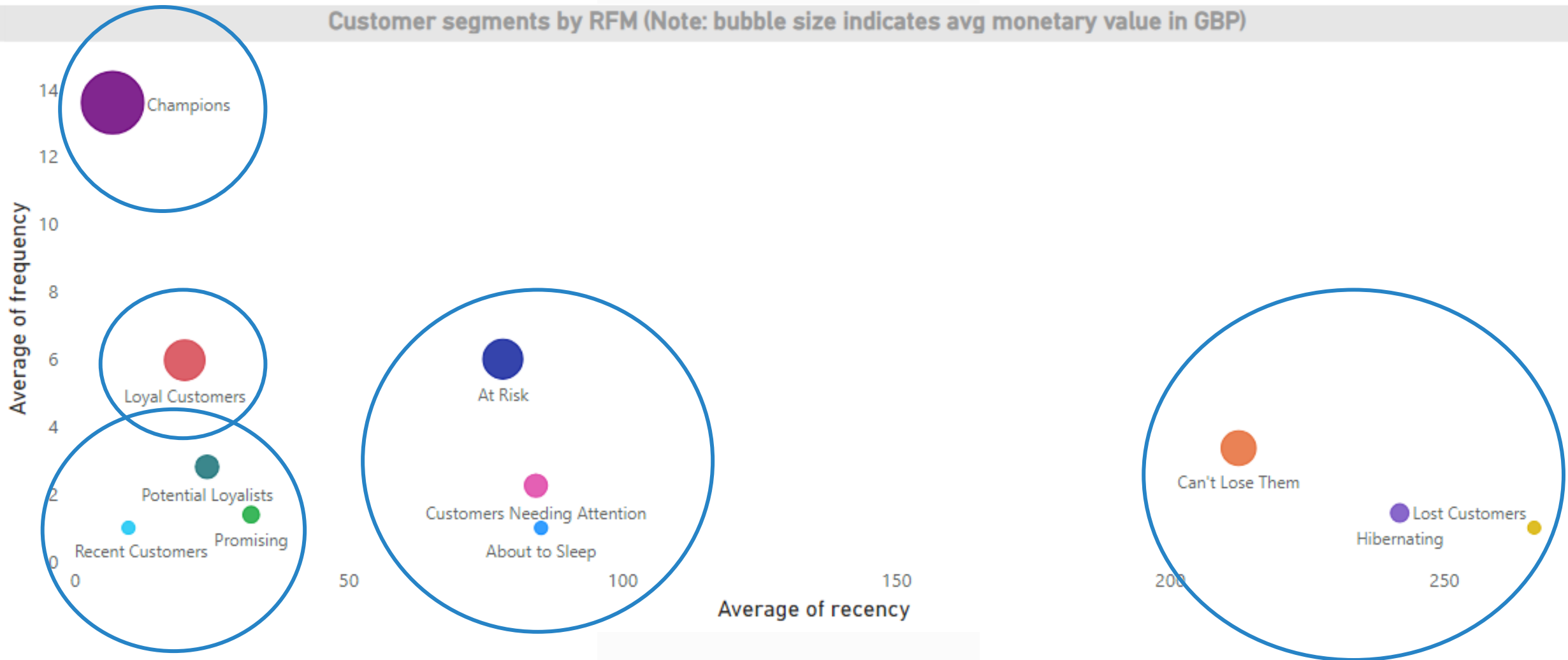
RFM & Customer Segmentation

Detailed Recency, Frequency, and Monetary Data

rfm_segment	# of Customers	% of Customers	Recency (Avg days ago)	Frequency (Avg)	Monetary value (Avg GBP per customer)
Champions	607	14%	7	14	£7,728
Loyal Customers	616	14%	20	6	£3,000
At Risk	182	4%	78	6	£2,880
Can't Lose Them	207	5%	213	3	£2,127
Potential Loyalists	485	11%	24	3	£830
Customers Needing Attention	687	16%	84	2	£804
Hibernating	435	10%	242	1	£446
Promising	407	9%	32	1	£344
About to Sleep	208	5%	85	1	£175
Recent Customers	61	1%	10	1	£170
Lost Customers	443	10%	267	1	£165

Strategic Recommendations

Revenue

High-Value Customers (Champions & Loyal Customers)	**Growing Loyalty** (Potential Loyalists & Recent Customers)	**Early-Stage & Passive Customers** (Promising & Customers Needing Attention)	**At-Risk & Lapsing Customers** (About to Sleep, At Risk, Can't Lose Them, & Hibernating)	**Lost Customers**
• Reward loyalty with exclusive perks, VIP experiences, and early access to new products	• Strengthen their connection with loyalty programs, personalized recommendations, and onboarding support	• Increase awareness through welcome campaigns, free trials, and first-time purchase discounts	• Reignite interest with exclusive offers, personalized outreach, and re-engagement campaigns	• Attempt reactivation through significant discounts and understanding their disengagement reasons
• Upsell premium products and encourage them to refer friends or leave reviews	• Offer discounts on their next purchase and educate them about the brand's offerings	• Use seasonal promotions, reminders, and faster delivery options to keep them engaged	• Offer limited-time discounts, highlight brand value, and reduce friction in the buying process	• If unresponsive, redirect resources to more promising segments
• Keep them engaged with personalized offers, loyalty programs, and seamless service	• Maintain engagement through thank-you messages and product highlights		• Gather feedback to address concerns and encourage renewal through priority retention efforts	

Conclusion

The business should focus on:

- **Customer Loyalty:** Focus on building and maintaining strong, long-term relationships with customers.

- **Revenue Optimization:** Maximize sales through personalized offers, targeted strategies, and value-driven incentives.

- **Data-Driven Segmentation:** Tailor marketing efforts based on customer behavior and preferences for better engagement.

- **Sustainable Growth:** Foster a cycle of satisfaction and loyalty that drives consistent and scalable growth.

Thank you

QUESTIONS?