Targeting Success A Case Study of Expansion into Brazil

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Overview of Target:

Target Corporation stands as one of the premier retail giants in the United States. Originating in 1902 as the Dayton Company, it rebranded to Target Corporation in 1962. Target distinguishes itself by offering stylish and affordable products, often collaborating with designers and brands to provide exclusive collections. With a robust online presence via its website and app, Target facilitates seamless online shopping, delivery, and in-store pickup services, catering to the evolving needs of modern consumers.

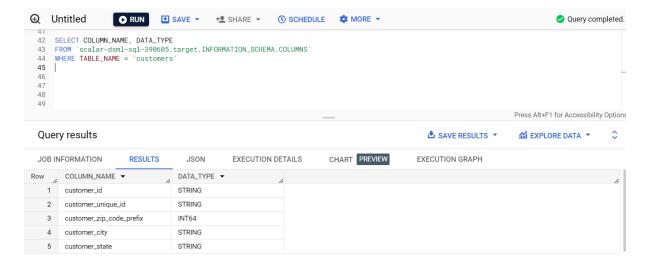
Purpose of Case Study:

In its expansion endeavors, Target has ventured into the vibrant market of Brazil, sharing invaluable insights from a dataset comprising 100,000 orders spanning 2016 to 2018. The objective of this case study is to extract meaningful insights and provide actionable feedback based on the shared dataset. Through meticulous analysis and interpretation, we aim to unveil opportunities for optimization and strategic growth, driving Target's continued success in the dynamic landscape of retail.

1. Import the dataset and do usual exploratory analysis steps like checking the structure & characteristics of the dataset:

1. Data type of all columns in the "customers" table.

```
Ans- SELECT COLUMN_NAME, DATA_TYPE
    FROM `scalar-dsml-sql-390605.target.INFORMATION_SCHEMA.COLUMNS`
    WHERE TABLE_NAME = 'customers'
```



• INSIGHTS:

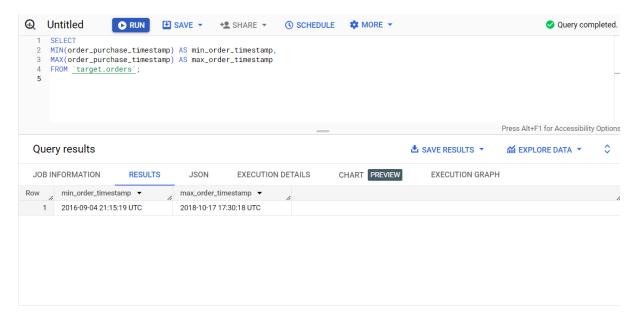
Customer Data: The customer table contains unique identification numbers and location data, offering insights into demographics and geographic distribution.

• RECOMMENDATIONS:

Enhanced Data Collection: Collecting additional information such as date of birth, gender, and contact details enables personalized marketing campaigns and direct communication with customers, enhancing engagement and driving sales.

2. Get the time range between which the orders were placed.

Ans- SELECT MIN(order_purchase_timestamp) AS min_order_timestamp, MAX(order_purchase_timestamp) AS max_order_timestamp FROM `target.orders`;



• INSIGHTS:

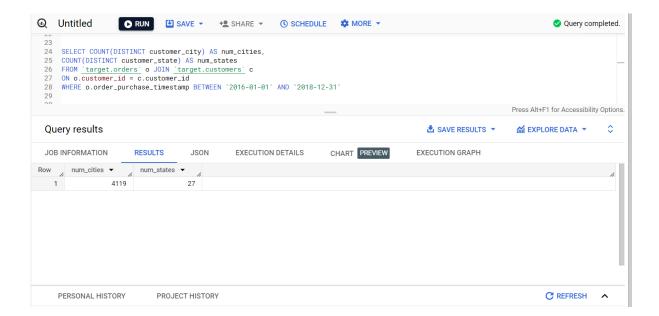
Data is accessible from September 2016 until October 2018, encompassing the entirety of 2017 and the initial three quarters of 2018.

• **RECOMMENDATIONS**: N/A

ASSUMPTIONS:

Presuming the initial order occurred in September 2016, it's inferred that the company initiated operations in Brazil around that period.

3. Count the Cities & States of customers who ordered during the given period.



- **INSIGHTS**: This analysis tells the count of cites and states of the customers who have placed the orders.
- **RECOMMENDATIONS**: N/A
- ASSUMPTIONS: I am assuming that we need to consider all the states and cities even though there might not be any customers from those cities, hence choosing the table "geolocation".

2. In-depth Exploration:

1. Is there a growing trend in the no. of orders placed over the past years?



- **INSIGHTS** Analyzing the order counts over the years can reveal there is a growing trend in the number of orders placed. A steady increase in orders over the years may suggest growth in Target's operations.
- RECOMMENDATIONS Based on the analysis, There is a growing trend in the number
 of orders placed over the past years, Target may need to allocate resources, optimize
 logistics, and prepare for increased demand in the future years.
 - ASSUMPTIONS : N/A

2. Can we see some kind of monthly seasonality in terms of the no. of orders being placed?

```
Ans-

SELECT

EXTRACT(YEAR FROM order_purchase_timestamp) AS year,

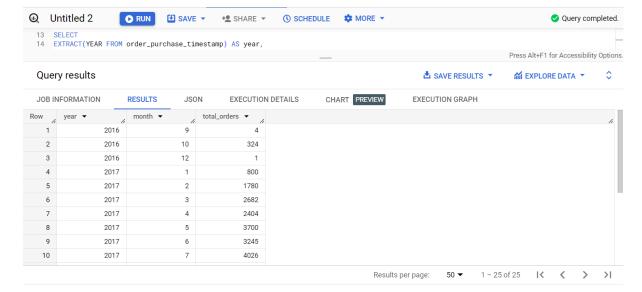
EXTRACT(MONTH FROM order_purchase_timestamp) AS month,

COUNT(order_id) AS total_orders

FROM `target.orders`

GROUP BY year, month

ORDER BY year, month;
```



INSIGHTS -

We can see that May 2017, June 2017, July 2017 saw the highest sales.

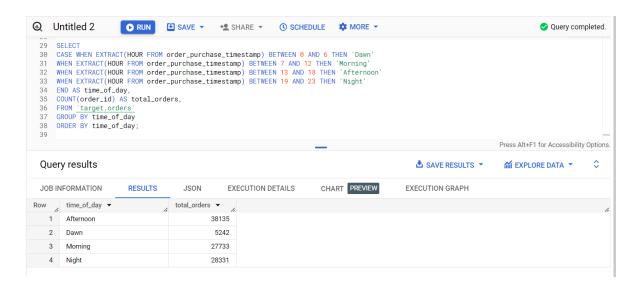
- RECOMMENDATIONS There is evidence of monthly seasonality, Target can plan marketing campaigns, promotions, and inventory management accordingly to maximize sales during peak months.
- **ASSUMPTIONS**: N/A

3. During what time of the day, do the Brazilian customers mostly place their orders? (Dawn, Morning, Afternoon or Night)

0-6 hrs : Dawn 7-12 hrs : Mornings 13-18 hrs : Afternoon 19-23 hrs : Night

```
Ans- SELECT
```

```
CASE WHEN EXTRACT(HOUR FROM order_purchase_timestamp) BETWEEN 0
AND 6 THEN 'Dawn'
WHEN EXTRACT(HOUR FROM order_purchase_timestamp) BETWEEN 7 AND
12
THEN 'Morning'
WHEN EXTRACT(HOUR FROM order_purchase_timestamp) BETWEEN 13 AND
18 THEN 'Afternoon'
WHEN EXTRACT(HOUR FROM order_purchase_timestamp) BETWEEN 19 AND
23 THEN 'Night'
END AS time_of_day,
COUNT(order_id) AS total_orders,
FROM `target.orders`
GROUP BY time_of_day;
ORDER BY time_of_day;
```



INSIGHTS:

Our analysis reveals that Brazilian customers predominantly place their orders in the afternoon, followed by the morning and night, respectively, with the fewest orders occurring in the early morning.

RECOMMENDATIONS:

Based on these findings, we recommend that the e-commerce platform intensify its outreach efforts during the afternoon, utilizing email alerts, promotions, notifications, and SMS messages to capitalize on peak ordering times.

3. Evolution of E-commerce orders in the Brazil region:

1. Get the month on month no. of orders placed in each state.

Ans
SELECT CONCAT(EXTRACT(YEAR FROM order_purchase_timestamp), '-',

EXTRACT(MONTH FROM order_purchase_timestamp)) AS year_month,

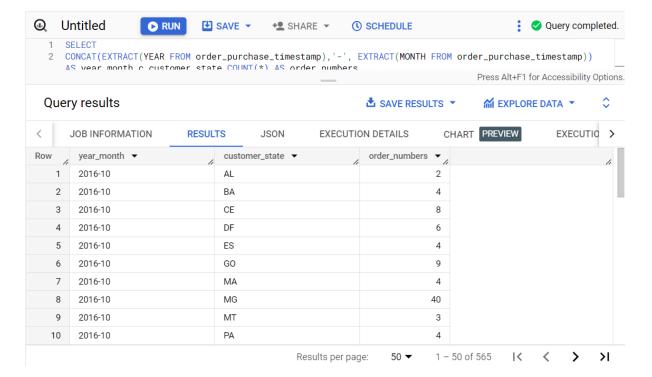
c.customer_state,COUNT(*) AS order_numbers

FROM `target.orders` o JOIN `target.customers` c

ON o.customer_id = c.customer_id

GROUP BY year_month, c.customer_state

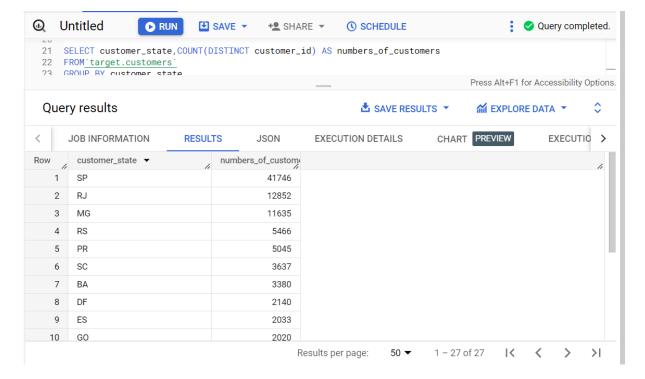
ORDER BY year_month, c.customer_state;



- INSIGHTS N/A
- **RECOMMENDATIONS** N/A
- ASSUMPTIONS: N/A

2. How are the customers distributed across all the states?

```
Ans-
SELECT customer_state,
COUNT(DISTINCT customer_id) AS numbers_of_customers
FROM`target.customers`
GROUP BY customer_state
ORDER BY numbers_of_customers DESC;
```



INSIGHTS:

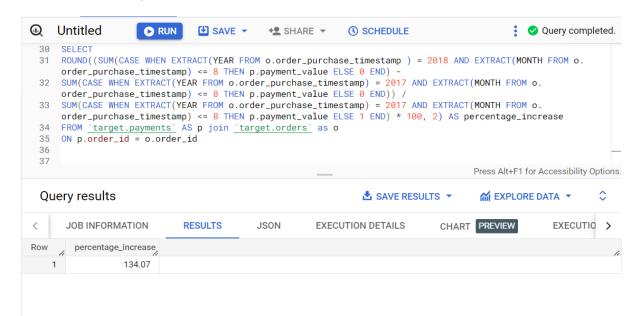
Our analysis of customer distribution across Brazilian states reveals that São Paulo (SP), Rio de Janeiro (RJ), and Minas Gerais (MG) are the top states with a significant customer base, while Acre (AC), Amapá (AP), and Roraima (RR) have fewer clients.

• RECOMMENDATIONS:

To address states with fewer customers, we suggest conducting targeted market analysis and promotions at the state level to increase brand awareness and attract new clientele.

4. Impact on Economy: Analyze the money movement by e-commerce by looking at order prices, freight and others.

1. Get the % increase in the cost of orders from year 2017 to 2018 (include months between Jan to Aug only).



INSIGHTS:

The cost of orders has surged by approximately 134% from 2017 to 2018, representing a substantial increase, more than doubling within this period.

• RECOMMENDATIONS:

The remarkable growth observed warrants a thorough analysis of the business decisions and strategies implemented during this period. Lessons learned can be leveraged to inform and optimize future business practices.

ASSUMPTIONS:

N/A

2. Calculate the Total & Average value of order price for each state.

```
Ans-

SELECT customer_state,

ROUND(SUM(p.payment_value),2) AS total_order_price,

ROUND(AVG(p.payment_value),2) AS average_order_price

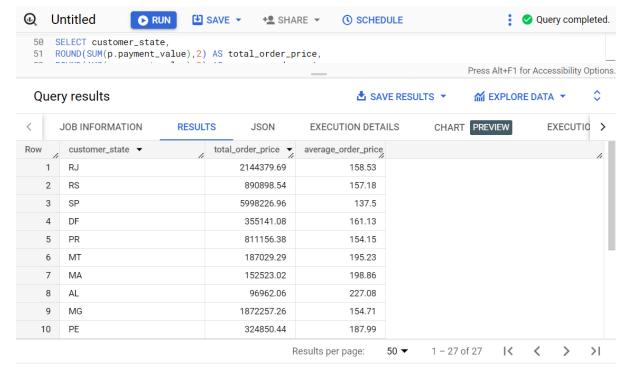
FROM `target.payments` AS p JOIN `target.orders` AS o

ON p.order_id = o.order_id

JOIN `target.customers` AS c

ON o.customer_id = c.customer_id

GROUP BY customer_state;
```



• INSIGHTS:

- -The query result provides valuable insights for businesses, offering a deeper understanding of customer shopping behavior and potential revenue fluctuations.
- -A low average order value may indicate that customers are purchasing only one or a few products per order, or products with lower prices, but with higher frequency.
- -Conversely, a high average order value may suggest a customer base that orders less frequently but purchases more products or higher-priced items.

• RECOMMENDATIONS:

- -Utilize these insights to segment the customer base into various groups, such as small vs. big spenders and low vs. high-frequency shoppers, based on their purchase history. -Leverage this metric to inform decisions regarding pricing strategies, product assortment, and promotional activities.
- ASSUMPTIONS: The order price for each state is assumed to be the price of each order, excluding freight costs.

3. Calculate the Total & Average value of order freight for each state.

```
Ans-

SELECT customer_state,

SUM(i.freight_value) AS total_freight_value,

AVG(i.freight_value) AS average_freight_value

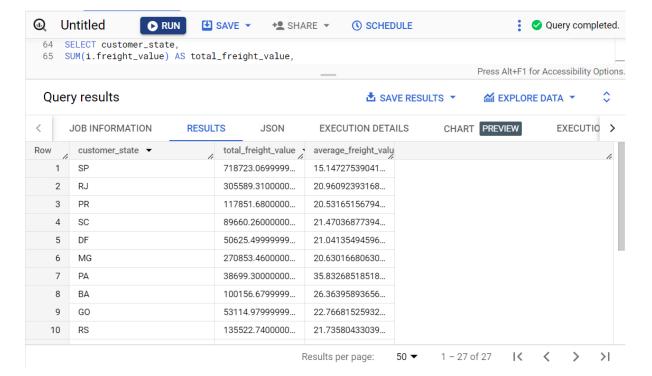
FROM `target.order_items` AS i JOIN `target.orders` AS o

ON i.order_id = o.order_id

JOIN `target.customers` AS c

ON o.customer_id = c.customer_id

GROUP BY customer_state;
```



INSIGHTS:

By analyzing the data provided, we can determine state rankings based on the average freight value, representing the transportation costs associated with a single purchase from each state.

RECOMMENDATIONS:

- States with high average freight values should undergo freight auditing and cost reduction studies to optimize transportation expenses.
- Implement strategic adjustments such as increasing lead times for deliveries, shipping on non-peak days, consolidating smaller shipments, shipping products less frequently but in larger quantities, and reducing pallet space.
- Focus efforts on bringing merchants of frequently purchased goods closer to the same zone or plan ahead to preserve storage space for these goods.

5. Analysis based on sales, freight and delivery time.

1. Find the no. of days taken to deliver each order from the order's purchase date as delivery time.

Also, calculate the difference (in days) between the estimated & actual delivery date of an order.

```
Ans-

SELECT order_id,

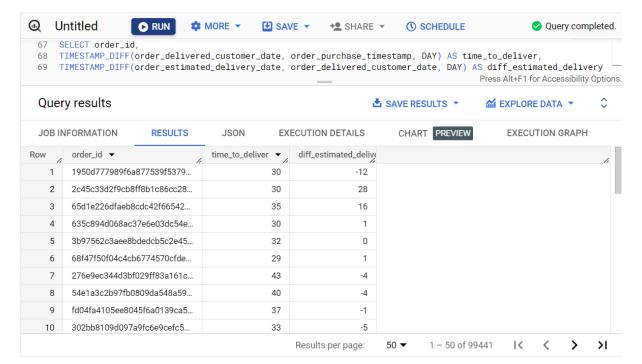
TIMESTAMP_DIFF(order_delivered_customer_date,

order_purchase_timestamp, DAY) AS time_to_deliver,

TIMESTAMP_DIFF(order_estimated_delivery_date,

order_delivered_customer_date, DAY) AS diff_estimated_delivery

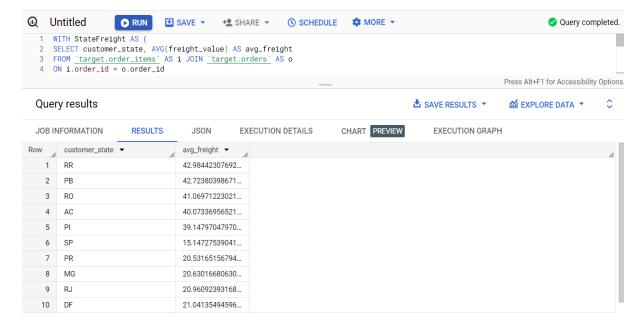
FROM `target.orders`;
```



- **INSIGHTS** <u>Delivery Time</u>: This provides an understanding of the average time taken to deliver orders to customers after the purchase date. A shorter delivery time indicates better shipping efficiency.
 - <u>Difference in Estimated & Actual Delivery:</u> This helps identify how well the estimated delivery dates align with the actual delivery dates. A negative value indicates orders were delivered earlier than expected, while a positive value indicates delays.
- RECOMMENDATIONS Analyzing delivery times and the differences between estimated and actual delivery dates can help identify areas for improvement in Target's logistics and delivery processes. If the "diff_estimated_delivery" is consistently negative, it indicates that Target is delivering orders before the estimated delivery date, which can enhance customer satisfaction.
- ASSUMPTIONS: N/A

2. Find out the top 5 states with the highest & lowest average freight value.

```
Ans- WITH StateFreight AS (
    SELECT customer_state, AVG(freight_value) AS avg_freight
    FROM `target.order_items` AS i JOIN `target.orders` AS o
    ON i.order_id = o.order_id
    JOIN `target.customers` AS c
    ON o.customer_id = c.customer_id
    GROUP BY customer state
    (SELECT customer_state, avg_freight
    FROM StateFreight
    ORDER BY avg_freight DESC
    LIMIT 5)
    UNION ALL
    (SELECT customer_state, avg_freight
    FROM StateFreight
    ORDER BY avg_freight ASC
    LIMIT 5);
```



INSIGHTS:

- States with the highest freight value indicate that customers pay freight charges for each order on average.
- Conversely, states with lower freight value suggest that customers pay a standard, lower freight cost for each order on average.

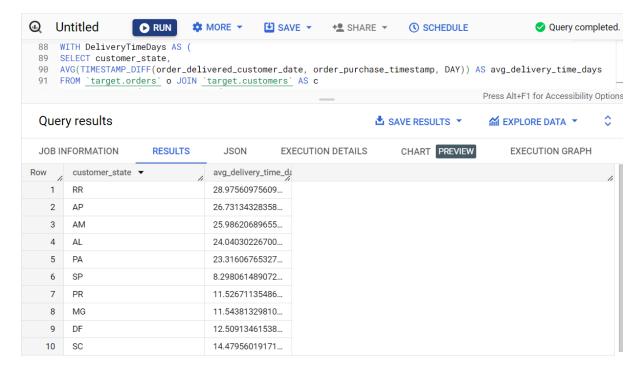
• RECOMMENDATIONS:

 Conduct freight auditing and cost reduction studies for states with high average freight values to optimize transportation expenses.

- Implement strategic adjustments such as increasing lead times for deliveries, shipping on non-peak days, consolidating smaller shipments, shipping products less frequently but in larger quantities, and reducing pallet space.
- Focus efforts on bringing merchants of frequently purchased goods closer to the same zone or plan ahead to preserve storage space for these goods.

3. Find out the top 5 states with the highest & lowest average delivery time.

```
Ans-
         WITH DeliveryTimeDays AS (
         SELECT customer_state,
         AVG(TIMESTAMP_DIFF(order_delivered_customer_date,
         order_purchase_timestamp, DAY)) AS avg_delivery_time_days
         FROM `target.orders` o JOIN `target.customers` AS c
         ON o.customer_id = c.customer_id
         GROUP BY customer_state )
         (SELECT customer_state,avg_delivery_time_days
         FROM DeliveryTimeDays
         ORDER BY avg_delivery_time_days DESC
         LIMIT 5)
         UNION ALL
         (SELECT customer_state, avg_delivery_time_days
         FROM DeliveryTimeDays
         ORDER BY avg_delivery_time_days ASC
         LIMIT 5);
```



INSIGHTS:

- States with the longest delivery times indicate that, on average, customers experience lengthy waiting periods to receive their orders.
- Conversely, states with the shortest delivery times suggest that customers prioritize prompt delivery of their requested goods.

RECOMMENDATIONS:

- Analyze and address flaws in the logistics operation for states with the longest delivery times to enhance the overall customer experience.

4. Find out the top 5 states where the order delivery is really fast as compared to the estimated date of delivery.

You can use the difference between the averages of actual & estimated delivery date to figure out how fast the delivery was for each state.

```
WITH FDelivery AS (
  Ans-
              SELECT customer_state,
              AVG(TIMESTAMP_DIFF(order_delivered_customer_date,
              order_purchase_timestamp, DAY)) AS avg_delivery_time_days,
              AVG(TIMESTAMP_DIFF(order_estimated_delivery_date,
              order_delivered_customer_date, DAY)) AS
              avg_diff_estimated_delivery_days
              FROM `target.orders` o JOIN `target.customers` AS c
              ON o.customer_id = c.customer_id
              GROUP BY customer_state )
              SELECT customer_state,
              AVG(avg_delivery_time_days - avg_diff_estimated_delivery_days)
              AS avg_fast_delivery_days
              FROM FDelivery
              GROUP BY customer_state
              ORDER BY avg_fast_delivery_days DESC
              LIMIT 5;
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108 SELECT customer_state,
109 AVG(TIMESTAMP_DIFF(order_delivered_customer_date, order_purchase_timestamp, DAY)) AS avg_delivery_time_days,
110 AVG(TIMESTAMP_DIFF(order_estimated_delivery_date, order_delivered_customer_date, DAY)) AS
    avg_diff_estimated_delivery_days
111 FROM <u>`target.orders`</u> o JOIN <u>`target.customers`</u> AS c
112 ON o.customer_id = c.customer_id
113 GROUP BY customer_state )
114 SELECT customer_state
115 AVG(avg_delivery_time_days - avg_diff_estimated_delivery_days) AS avg_fast_delivery_days
116 FROM FDelivery
117 GROUP BY customer_state
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 Query results

▲ SAVE RESULTS ▼

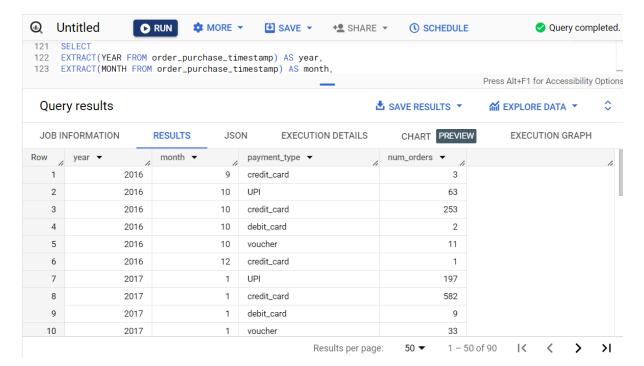
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   1
      AL
                             16.09319899244...
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      RR
                             12.56097560975...
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   3
                             12.34867503486...
   4
      SE
                             11.85671641791..
   5
```

- **INSIGHTS**: These top 5 states experience exceptionally fast delivery times compared to the estimated date of delivery, providing customers with early receipt of their ordered products.
- RECOMMENDATIONS: Analyze the logistics operation strategies and methodologies employed by these states to achieve fast delivery times and consider implementing similar practices in other states to improve overall delivery efficiency.
- ASSUMPTIONS: N/A

6. Analysis based on the payments:

1. Find the month on month no. of orders placed using different payment types.

```
Ans-
    SELECT
    EXTRACT(YEAR FROM order_purchase_timestamp) AS year,
    EXTRACT(MONTH FROM order_purchase_timestamp) AS month,
    payment_type,
    COUNT(DISTINCT o.order_id) AS num_orders
    FROM `target.orders` o join `target.payments` p
    ON o.order_id = p.order_id
    GROUP BY year, month, payment_type
    ORDER BY year, month, payment_type;
```



INSIGHTS:

- The analysis indicates that customers are more inclined to use credit cards for payment compared to debit cards, UPI, or vouchers.
- Payments without proper payment types, totalling 3, can be disregarded in the analysis.

• RECOMMENDATIONS:

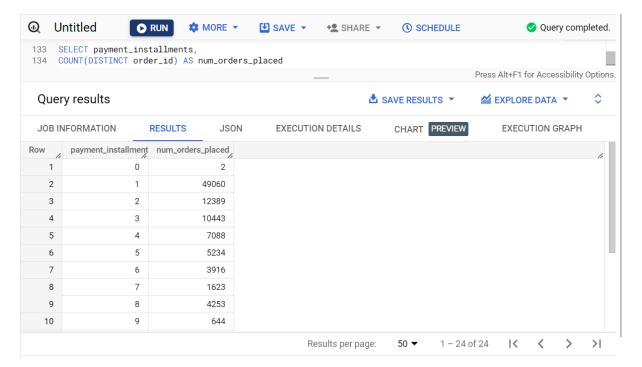
 Considering Brazilian customers' preference for paying with credit cards, offering credit-related incentives in partnership with banks may lead to an uptick in customer orders.

• ASSUMPTIONS:

- N/A

2. Find the no. of orders placed on the basis of the payment installments that have been paid.

```
Ans-
SELECT payment_installments,
COUNT(DISTINCT order_id) AS num_orders_placed
FROM `target.payments`
GROUP BY payment_installments
ORDER BY payment_installments;
```



• **INSIGHTS**: Approximately 50% of the orders placed involve at least one installment payment.

RECOMMENDATIONS: N/A