

E-commerce Acquisition Analysis

Driving Growth through Strategic Investment



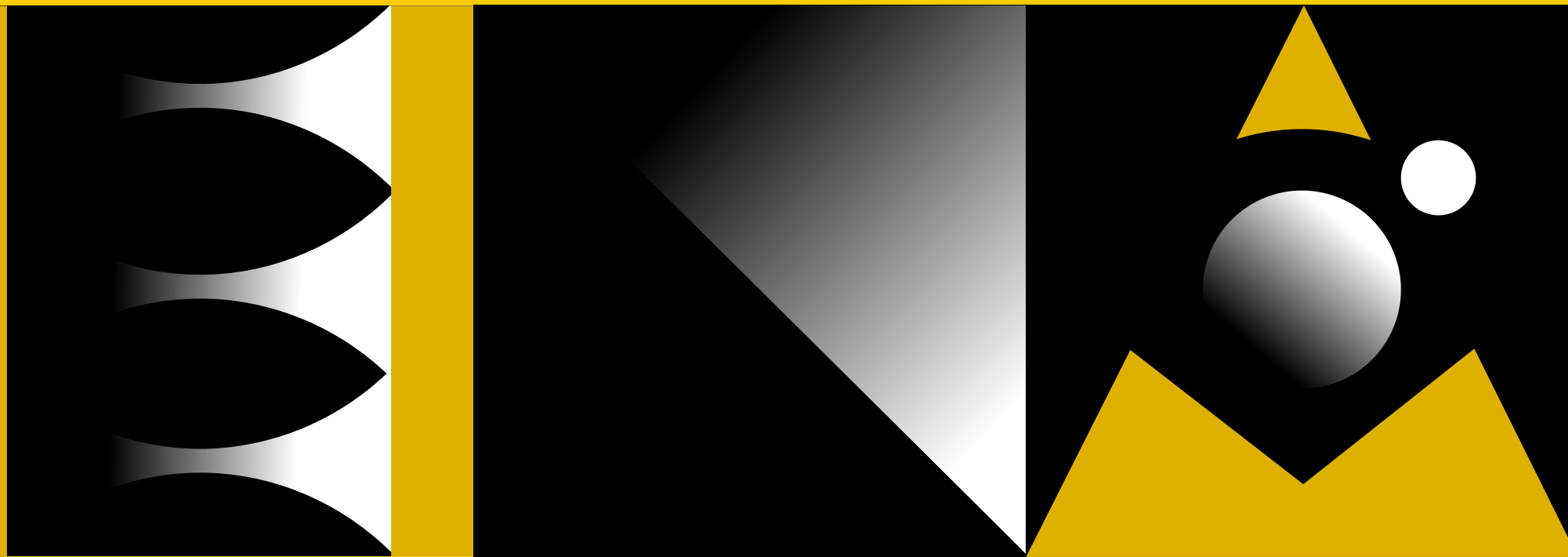
Data Ninjas Team 7

MGMT 590 - Big Data in the Cloud

Final Project

Business Challenge

- Client has expressed interest in an **e-commerce retail store** acquisition
- Requirements:
 - Detailed **analysis on purchase worthiness**
 - Data-driven **purchase price recommendation**



Methodology

- **Collaborative analysis** between *Operations Analyst* (Priya), *Customer & Market Analyst* (Holly), and *Financial Analyst* (Darrell)
- Used **Google Cloud Services, BigQuery**, and **Gemini** to generate in-depth market insights
- Followed **DIVE methodology**: Discover, Investigate, Validate, Extend



Overview of Key Insights and Findings



Key Insights: Financial

Excessive Discounting Leading to Negative Profitability

Discounts **greater** than 20% lead to negative profitability across various categories, totaling a loss of **\$135,369**.

The overall projections for 2018 indicate that while a **14%** avg sales growth varies across categories, profitability is expected to improve **significantly** across the board.

Opportunity for Recovery

Cap discounts at 20%: Avoid deeper discounts that consistently result in unprofitable transactions.

Maximize Profit from Underperforming Categories, focus on retention strategies based on customer loyalty.

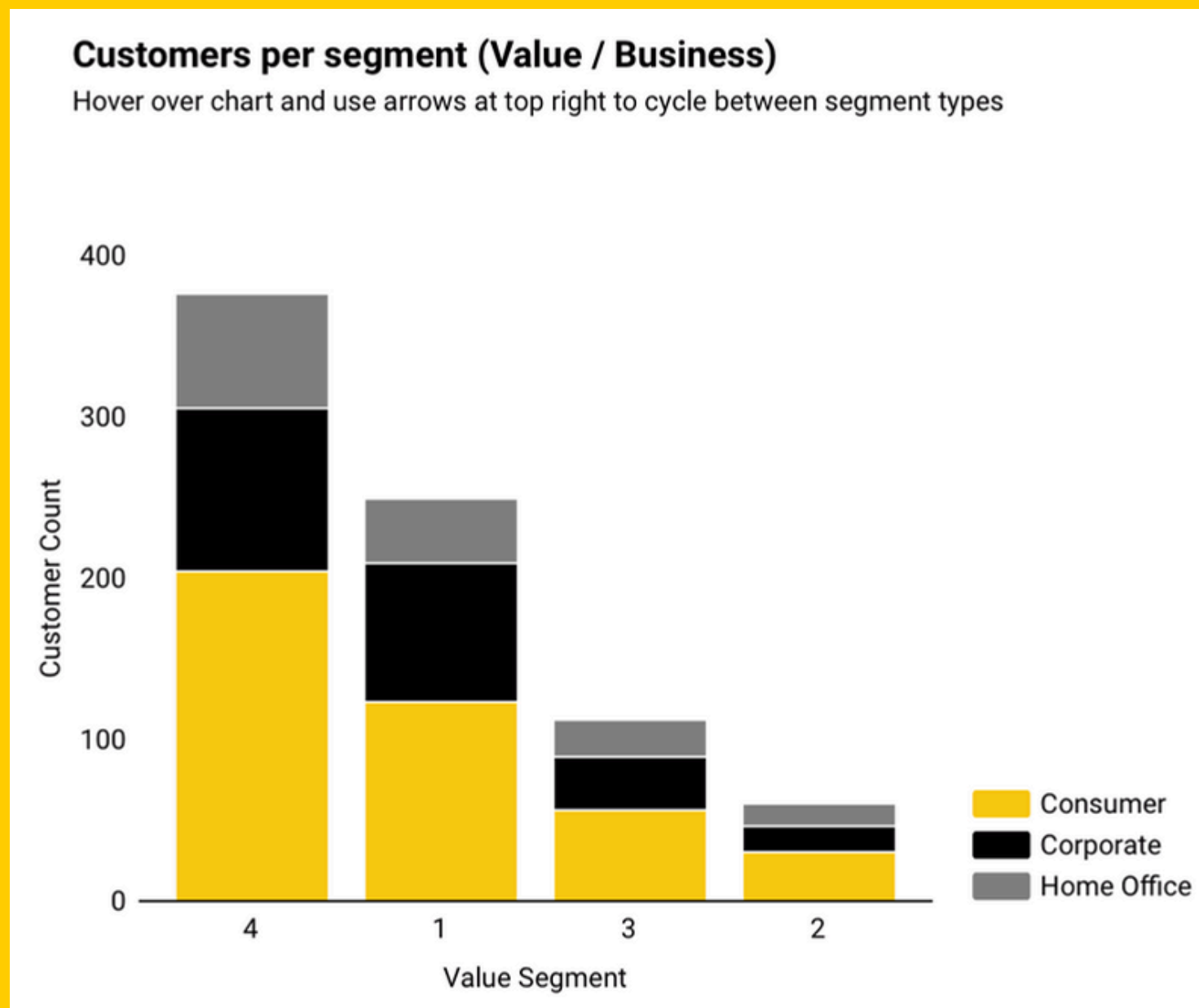
2014 - 2017 Highlights

Sales Growth = **16%**

Profit Growth = **23%**



Key Insights: Customers and Market



Analyzing Customer Behavior Trends

- Clear customer value tiers demonstrate strong customer loyalty foundation with high-value customers (38%) driving premium margins
- Forecast model predicts strong Q1 seasonal peaks, with expected \$111K revenue in November 2018

Market Positioning

- Market growth is decelerating, indicating market maturity and need for new products

Key Insights: Operations

Analyzing Operational Trends

- **Shipping:**

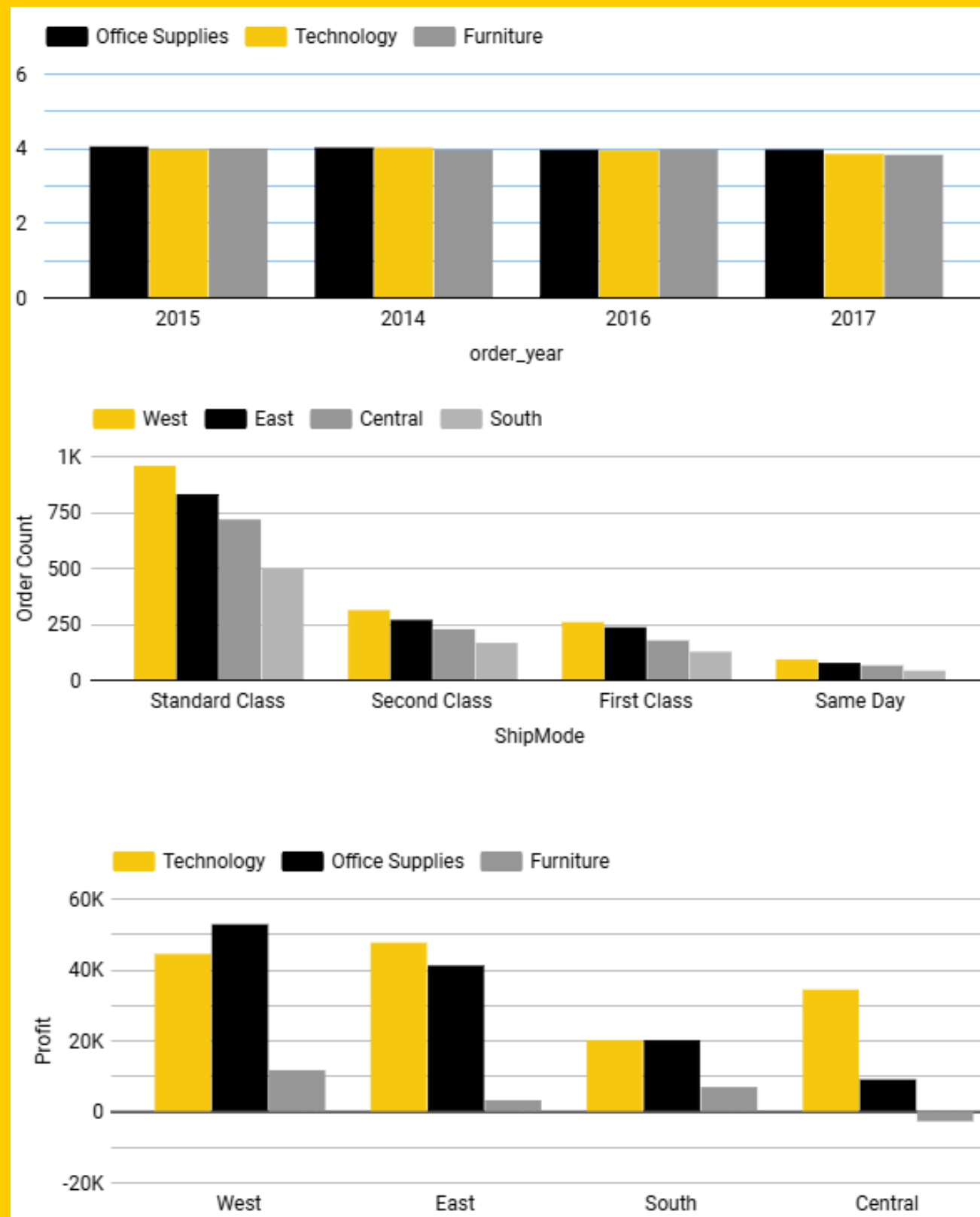
- Overall average shipping time: 4 days
- Slowest shipping method is also the most common

- **Categories:**

- Furniture is operationally inefficient
- Furniture profit margin: 2.5%

- **Regional Performance:**

- Central region consistently underperforms
- West leads with strong profits



Strategic Recommendations

Immediate Action

- Restructure discount policy and pricing strategy
 - Cap discount to 20%
 - Recovers up to \$160K in profits

Mid-Term Actions

- Restructure or divest furniture category
- Audit underperforming Central region
- Develop tier-specific retention programs
- Optimize the distribution plan to improve the delivery time for all ship modes

Long Term Actions

- Allocate 60% of FYQ1 marketing budget to VIP/Champion customer acquisition during predicted Q1 seasonal peak
- Invest in software that enables predictive analytics and seasonal optimization.

Acquisition Pricing Recommendations

- **Target acquisition range:** 0.8 to 1.2x revenue
- **Rationale:**
 - Strong underlying customer economics but significant operational inefficiencies
 - Customer segmentation provides clear roadmap for value creation
 - Immediate \$160K profit recovery opportunity through discount restructuring

