

Assessment 1



26776 Foundations of Business Analytics - Spring

GreenLeaf Essentials



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Table of Contents

S. No	Topic	Page Number
1	Introduction and Company Background	3
2	Business Problem	4
3	Data-driven ways to overcome the business problem	5
5	References	7

Introduction and Company Background

GreenLeaf Essentials, founded in 2019, is a leading online retailer of environmentally sustainable and eco-friendly products. The company started with a mission to integrate sustainable practices and principles into the daily lives of its customers, which was recognised and beloved as the company has grown to offer a wide range of quality products, including organic food items, household items, and personal care products based on demand from their customers. GreenLeaf Essentials strives to serve consumers with choice products and make daily-use products that align with their values of sustainability and ethical consumption.

GreenLeaf operated a hybrid business model with both a physical store and an online platform to ensure customers who want to see and feel the products personally find it easy, and also to find those for whom ordering online is convenient. GreenLeaf Essentials gives a lot of importance to consumer satisfaction and education which is why the company regularly hosts workshops and events fostering sustainable living and environmental awareness among its clientele.

GreenLeaf Essentials is powered by an integrated IT infrastructure, which hosts the cloud-based POS system, CRM, and e-commerce solution, for ease of operation and to provide customers with the best experience. It also provides ample opportunities for customer feedback aimed at the continuous development of new offerings and meeting market needs.

GreenLeaf Essentials aspires to be the leading edge of change in the community, constantly working towards introducing newer and better eco-friendly products and good practices and ensuring that they always provide a sustainable choice to consumers who are looking to be more sustainable on a daily basis.

Business Problem

GreenLeaf Essentials has experienced a 15-20% drop in sales over the past year compared to the previous year. This decline has resulted in tightened cash flow, postponed expansion plans, and increased scrutiny on spending.

Breakdown of Business Problem

As described by Jordan, Business Owner of GreenLeaf Essentials, The business problem can be as follows:-

1. Pricing concerns: Based on feedback collected, Customers are reporting that GreenLeaf pricing is higher than competitors.
2. Product Availability Issues: Some items are usually out of stock leading to customers having to purchase the same from competitors.
3. Lack of New Products: Customers are complaining that the overall products for sale are not up to date and trendy and customers are going to competitors to find newer designs and variety.
4. Online Shopping Experience: Issues with navigation or checkout processes are reported and customers desire faster shipping options which are not adequately addressed.
5. Competitor Strengths: New competitors, such as EcoMart with lower prices, Local Roots with a strong community focus and GreenGrocer Online with convenient online shopping and competitive pricing have attracted customers away from GreenLeaf Essentials. The strengths of these competitors in areas like pricing, convenience, and product variety have made them more attractive to customers.

Due to all the above reasons, customer preferences are leaning towards broader product ranges, attractive pricing or convenience.

Data-driven ways to overcome the business problem

In order to analyze and come to conclusions that will help us make informed decisions, we must put in place a few processes that will help us collect relevant data upon which we can make informed decisions. These processes and data metrics are as follows:

1. **Comprehensive Customer Feedback System:** Develop a structured feedback system using digital forms, in-store kiosks, and automated follow-up surveys, all connected to the CRM to make the data centralised and available to all systems that need to work with it. Data that we can generate from this will be a customer satisfaction score which can be calculated quarterly or yearly. If this had been implemented earlier, we would have seen signs that sales figures would be dropping by seeing the falling customer satisfaction score. We must also collect new product desires and suggestions for improvements.
2. **Advanced Inventory Management System:** Since customers have highlighted a regular lack of inventory, implementing an advanced inventory management system that automatically monitors stock, measures the rate of sales for an item and sets thresholds below which automatic stock reorder requests are submitted to vendors would help curtail this issue. Data that can help us achieve this are Inventory turnaround rates, historical frequencies where we did not have stock of a certain item, Restocking Lead time, supplier performance metrics and sales patterns to predict stock outages.
3. **Detailed Sales Analytics:** We need to make use of tools like loyalty programs that can help collect, analyse and calculate trends and patterns based on seasonal, holiday as well as time of day of sales, and so much more. Data that can be generated from this is daily, weekly and monthly sales figures to predict patterns and make decisions. We can also take average transaction values per sale by product category to see what isn't performing well and include them on our feedback forms as questions as well.

4. Pricing Strategy Optimization: Conduct a comparative pricing analysis in the market to understand your competitor's prices and yours and how you are justifying the higher or lower prices. Data that can help us understand market pricing is competitor pricing data and promotional activities. A metric that might help here is a price elasticity-based demand analysis which will determine how sensitive the market is to price variations and changes.
5. Product range and social trend analysis: Analyze sales data to identify gaps in product offerings and trends in customer preferences from Feedback forms and then introduce those products that customers demand.
6. Improve Online Experience: Improve the UI/UX design of the website and take customer feedback to make the site more user-friendly and intuitive. Data we will receive from this will be Website Analytics which will include inbound traffic, average session time, conversion rates, etc. We can make this feedback part of the customer satisfaction score as well to ensure continuous improvement principles are implemented.

These are the ways that a data-driven approach can help solve business problems and ensure that informed decisions are made after understanding patterns and trends from the data.

References

- OpenAI. (2024). *ChatGPT* [Large language model]. <https://chatgpt.com/>