

Rebuilding Growth at EskweGifts

A Customer Acquisition Crisis and a Strategic Response

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Table of Contents

Executive Summary	3
The Key Insight: EskweGifts Is Facing a Customer Acquisition Crisis	3
Why Is This Happening?	3
Collapse in New User Sign-Ups	3
Over-Reliance on Repeat Buyers	4
Misdiagnosed as a Retention Problem	4
Business Implications	5
Diagnosing the Decline: From Exploratory Data to Behavioral Segmentation	5
Segmenting First-Time Buyers: From Hypotheses to Persona Design	6
Assessing Variable Variability	6
Chosen Dimensions for Quadrant Analysis	7
Insights from the Quadrant Analysis	7
Defining the Core Persona	7
Strategic Objective: A SMART Target to Reverse the Decline	8
Recommended Action Plan: Four High-Leverage Initiatives	8
Conclusion: Rediscovering Growth Through Strategic Visibility	9

Executive Summary

Despite operating in a rapidly expanding Philippine e-commerce market, EskweGifts has experienced a 34% year-over-year revenue decline. This troubling trend runs counter to broader industry momentum and signals serious internal challenges. A deep dive into customer behavior, acquisition patterns, and order volume trends revealed that the issue does not stem from customer dissatisfaction or churn. Rather, the company is suffering from a severe breakdown in customer acquisition. This document presents a diagnosis of the problem, an analysis of high-value customer segments, and a data-informed strategic roadmap to reignite growth by restoring visibility and targeting first-time buyers more effectively.

The Key Insight: EskweGifts Is Facing a Customer Acquisition Crisis

At first glance, EskweGifts appears to have a loyal and engaged customer base. Internal funnel metrics show that 90% of new users who sign up go on to make a purchase, and 93% of those become repeat buyers. These are exceptional retention metrics by industry standards. However, this retention success masks a more alarming development: the company has become overly reliant on a shrinking base of returning customers.

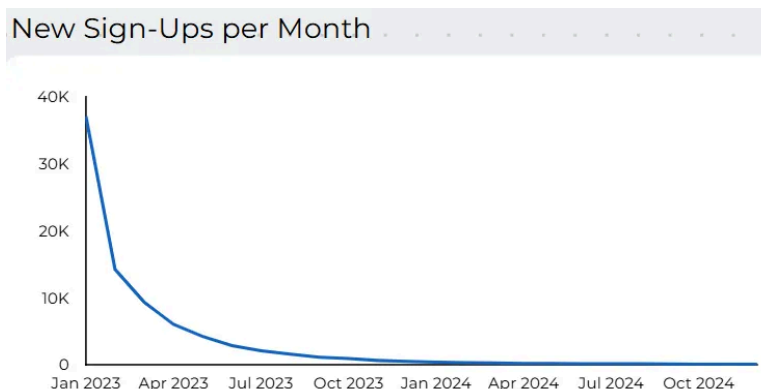
New user acquisition has fallen by 97.5% since EskweGifts' launch peak in January 2023. This collapse in fresh user inflow has created a bottleneck in revenue growth. With no new customers entering the funnel, even strong loyalty cannot compensate for the loss of reach. Our core insight is simple but urgent:

EskweGifts is not failing because people dislike its products—it's failing because not enough people know about them.

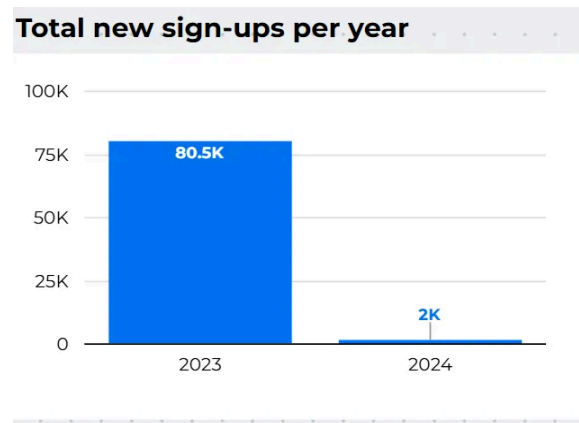
Why Is This Happening?

Collapse in New User Sign-Ups

EskweGifts saw a surge of nearly 37,000 new user sign-ups during its January 2023 launch, driven likely by promotional efforts and heightened early interest.



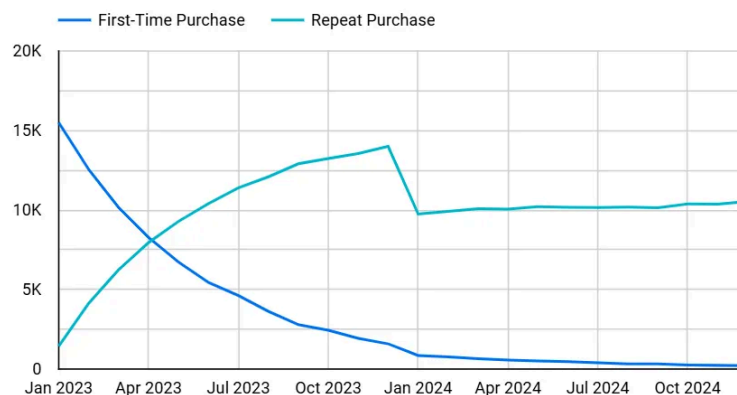
However, this momentum was not sustained. New sign-ups declined rapidly over the following months and had nearly flatlined by early 2024. This 97.5% drop was not accompanied by any replacement strategy, leaving the company increasingly dependent on its early adopters.



Over-Reliance on Repeat Buyers

As new user sign-ups fell, repeat buyers naturally became a larger proportion of the total customer base.

No. of buyers over time by purchase type

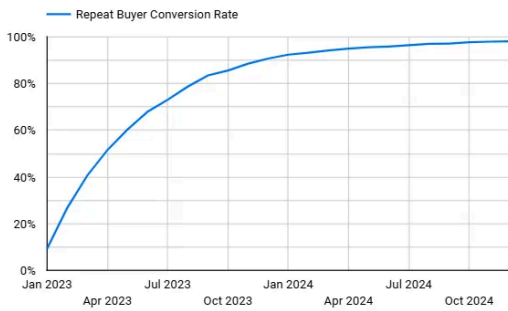


This was not the result of a deliberate loyalty-building strategy, but simply a consequence of acquisition failure. Eventually, even repeat customers began to taper off their activity. Order volume from returning users started declining in January 2024, contributing to an overall stagnation of the business.

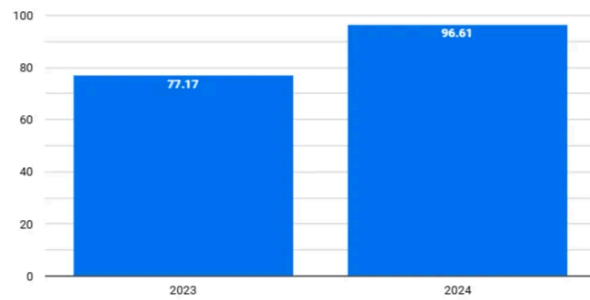
Misdiagnosed as a Retention Problem

At a surface level, a 34% year-over-year revenue drop could suggest poor customer satisfaction or high churn. However, data shows otherwise: conversion from sign-up to first purchase remains strong at 90%, and 93% of those customers return.

Percentage of repeat buyers over time



Yearly average rate of conversion of First-Time to Repeat buyers



This is not a retention problem. The problem is upstream—it's a failure to attract new potential customers into the funnel in the first place.

Business Implications

The impact of this trend is severe:

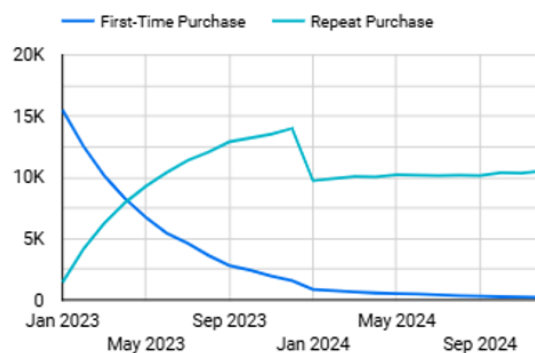
- Revenue dropped 34% YoY
- Total active customers declined by 11.7%
- Total order volume decreased by 33.6%, in lockstep with user decline

Unless this acquisition gap is addressed, EskweGifts' growth will remain stalled and could even reverse further. Retention alone cannot drive scale. For long-term sustainability, the company must restore and diversify its acquisition pipeline.

Diagnosing the Decline: From Exploratory Data to Behavioral Segmentation

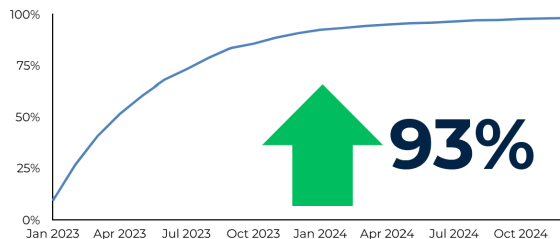
To fully understand the root cause of the company's revenue decline, we conducted a structured exploratory data analysis (EDA), focusing on key performance trends from January 2023 to late 2024. This included examining shifts in order volume, customer activity, and sign-up behavior over time.

Initial findings revealed that 2023 was marked by relatively stable month-over-month orders, with a promising start during the company's launch. However, beginning January 2024, a significant and abrupt drop in monthly order volume occurred.

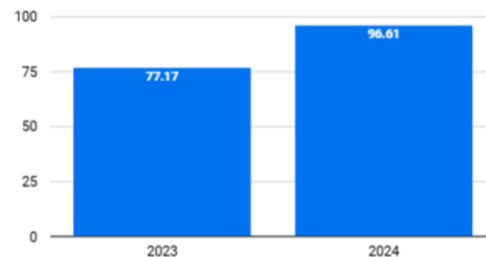


This decline was not gradual, but resembled a step-like descent that stabilized at a much lower baseline—suggesting that customer activity had not vanished entirely, but plateaued at a reduced level. Further, customer churn was not the primary issue; analysis showed that retention remained exceptionally high, with a 90% signup-to-first-purchase rate and a 93% repeat buyer rate.

Repeat Buyer Conversion Rate Trend



Yearly average rate of conversion of First-Time to Repeat buyers



This pointed to a different problem altogether: new customers were simply not arriving.

With the top-level problem identified as a customer acquisition collapse, our next step was to investigate the behavioral patterns of EskweGifts' first-time buyers. Who were they? What products did they buy? And could understanding their preferences help us rebuild the company's growth strategy?

Segmenting First-Time Buyers: From Hypotheses to Persona Design

To better understand EskweGifts' first-time buyers and identify the most actionable market segments, we set out to build a customer segmentation model. The goal was to identify variables that meaningfully distinguish buyer behavior and could inform targeted marketing strategies. While the original plan involved a full quadrant analysis based on relevance, variability, and actionability, time constraints limited the scope of statistical testing. As a result, the segmentation was based primarily on variability analysis, supported by business logic and observed trends in customer behavior.

Assessing Variable Variability

We explored seven candidate variables for potential use in segmentation:

1. **Age Distribution** – With a standard deviation of 12.4 years around a mean age of 39, age distribution among first-time buyers showed high variability. This suggests a diverse age range—spanning from older Gen Z to Gen X—which makes age a viable segmentation variable.
2. **Gender** – Although women made up 64.6% of first-time buyers, the threshold for gender dominance (typically >70%) was not met. Gender had moderate variability but was ultimately not selected for quadrant segmentation.
3. **Location** – Metro Manila accounted for 60% of first-time buyers, with Visayas also showing strength. However, the concentration in these regions implied low variability, making location unsuitable for segmentation in this context.

4. **Product Preference (SKU)** – The SKU-level order data (5005 products, ranging from 40 to 104 orders per item) suggested high variability in product choice. However, this was too granular to translate effectively into segment-level strategy and was excluded from further analysis.
5. **Customization Preference** – Customization had very low variability: ~99% of first-time buyers preferred customized items. While not useful for differentiating between groups, this insight confirmed the overwhelming popularity of customization and informed strategic positioning.
6. **Product Quantity** – The average quantity purchased (1.71 items) and a low standard deviation (1.10) indicated uniformity in quantity per order. This low variability made it a weak segmentation factor.
7. **Price Preference** – Purchase value ranged from ₱150 to ₱5,593, with a standard deviation of ₱652.15—approximately 75% of the mean (₱868.73). This high variability indicated strong differences in willingness to spend among first-time buyers, qualifying price as a high-potential segmentation variable.

Chosen Dimensions for Quadrant Analysis

- Customization Preference (Customized vs. Non-Customized) — selected not only for its clear distinction but because highly customized items represent EskweGifts' unique selling point and core competitive advantage.
- Price Preference (Budget: ₱150–₱517 vs. Premium: ₱518–₱5,593)

These variables were both highly observable and had sufficient variance to differentiate buyer behavior, despite the lack of formal hypothesis testing on their statistical relevance.

Insights from the Quadrant Analysis

The quadrant analysis revealed key behavioral insights:

- Approximately **99% of first-time buyers chose customized products**, regardless of price tier.
- Only about **1% of buyers opted for ready-made items**, indicating very low demand for non-custom products.
- Spending behavior was **nearly evenly split** between budget (49.6%) and premium (49.41%) tiers.

This means that first-time buyers are not uniform in their spending habits, but they do overwhelmingly prefer personalized items. The desire to customize transcends price sensitivity.

Defining the Core Persona

Synthesizing these findings, we identified a clear high-value buyer persona:

A thoughtful Millennial or Gen X woman from Metro Manila or Visayas who finds joy in personalizing gifts to make every moment special—regardless of price.

This persona highlights both the emotional and functional drivers behind EskweGifts' best-performing customers: the emotional appeal of personalization and the flexibility in budget preferences.

Strategic Objective: A SMART Target to Reverse the Decline

Having established that the revenue drop was caused by the collapse in new customer acquisition, the most urgent business objective was to rebuild the acquisition funnel and attract a steady stream of first-time buyers. To this end, we defined a SMART goal that balanced urgency with feasibility:

Increase new customer acquisition by 15–20% within the next three months, or approximately **10,000–13,000 new sign-ups**, based on the current base of 66,800 active customers.

This target was informed by industry benchmarks showing that comparable e-commerce brands in recovery mode often achieve 4–7% monthly acquisition growth through concentrated marketing. Moreover, EskweGifts' high signup-to-first-purchase and repeat buyer conversion rates present a unique opportunity: existing customers can be powerful advocates in referral-based growth, compounding the effects of external acquisition efforts.

Importantly, this target aligns not just with short-term revenue stabilization, but with long-term sustainability. Without restoring a healthy mix of new and repeat customers, the company's revenue model will remain flatlined or continue its decline.

Recommended Action Plan: Four High-Leverage Initiatives

To achieve the 15–20% acquisition growth target, we propose the following four initiatives, designed to complement one another and address the core issue from multiple angles:

- 1. Referral and Incentive Programs**
Leverage the company's high repeat buyer rate by encouraging loyal customers to refer new users. Structured rewards, such as discounts or credits for each successful referral, can be deployed to incentivize participation.
- 2. Localized Marketing Expansion**
Launch targeted campaigns in underpenetrated geographic segments—particularly in Luzon and Mindanao—and appeal to younger demographics such as Gen Z. Regional adaptations in messaging and product presentation can enhance cultural relevance and market fit.
- 3. Performance Marketing Optimization**
Revamp digital advertising efforts across social media, search, and affiliate platforms. Focus on A/B testing creatives, improving targeting based on persona insights, and tracking Return on Ad Spend (ROAS) to refine campaigns continuously.
- 4. First-Time Buyer Offers**
Introduce time-sensitive promotions for new customers, such as exclusive bundles,

entry-level discounts, or free customization trials. These incentives can reduce the psychological barrier to making a first purchase and catalyze conversion.

Each of these initiatives draws directly from our data insights and is designed to capitalize on EskweGifts' existing strengths while resolving its core weakness. Executed together, they create a self-reinforcing strategy: as new users are acquired, they are likely to convert and return—fueling further acquisition through referrals and organic brand growth.

Conclusion: Rediscovering Growth Through Strategic Visibility

EskweGifts is not struggling because it lacks product-market fit. Quite the opposite: customers who discover the brand tend to convert and remain loyal. However, loyalty cannot substitute for visibility. Without a constant inflow of new users, even the most beloved brand will falter.

This mini-thesis has shown how data-driven diagnostics revealed a single but critical failure point: a collapsed acquisition funnel. By understanding the behavioral patterns of first-time buyers and targeting them with focused marketing strategies, EskweGifts can rebuild that funnel—and with it, its growth trajectory.

The crisis, in this light, is not just a threat. It is an opportunity to reimagine EskweGifts' marketing strategy, re-engage its audience, and reignite its place in the growing e-commerce landscape of the Philippines.