Consumer Behaviour Analytics for Online Clothing Store

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Background

U.S. e-commerce sales accounted for **22.0% of total retail sales in 2023**, and **21.2% of total sales in 2022**, according to the Commerce Department.

Revenue is expected to show an annual growth rate **(CAGR 2024-2029)** of **8.99%**, resulting in a projected market volume of **US$1,881bn** by 2029 whereas the number of users is expected to amount to **333.5m** by 2029.

User penetration is estimated at the level of **84.5%** for 2024 giving the average revenue per user (**ARPU**) of approximately **US$4.47k** but is expected to hit **97.1%** by 2029**.**

# Challenges in E-commerce

Intense Market Competition

Fashion is one of the fastest growing area of online retail globally with the overall market value of US$821bn in 2023, expected to reach a value of over US$1.2tn by 2027.

Customer Acquisition Cost

Rising marketing expenses and competition for digital ad space can significantly strain profitability.

Conversion Rate Optimization
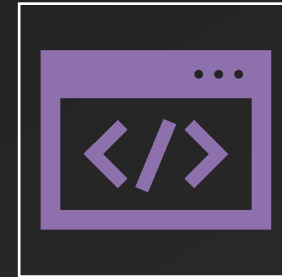
Users often show interest but are not completing a purchase, thus implementation of targeted retention strategies is of high importance.

Analytics

01

Customer Segmentation:
What are the categories of customers regarding spending habits?

02

Satisfaction Analysis:
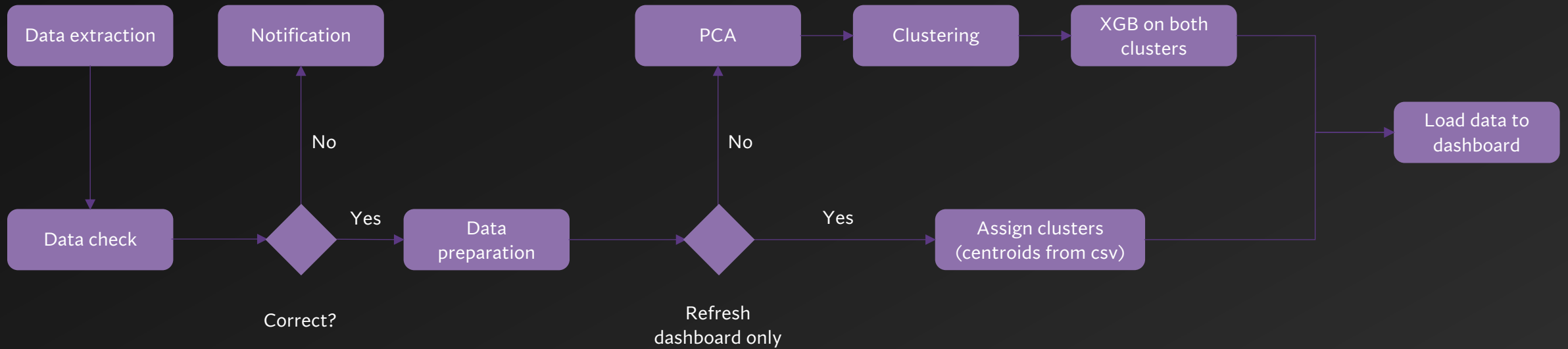Which factors affect customer satisfaction?

03

Retention Strategies:
Which factors influence the time gap since the last purchase?

What strategy can be recommended to the business to increase customer retention and enhance customer satisfaction?

Analysis process

Recommendations

Targeting **customers under 20**:
- ➤ Social media campaigns and collaboration with influencers
- ➤ Trendy and affordable products for teenagers
- ➤ Flexible payment options and student discounts

Targeting **female customers**:
- ➤ Offer variety of styles and size inclusivity
- ➤ Maintain a blog with fashion trends and styling tips
- ➤ Introduce curated style guides and lookbooks for inspiration

Leveraging experience of **existing customers**:
- ➤ Implementation of mobile app
- ➤ Engaging newsletters and SMS marketing
- ➤ Personalized product recommendations

References

➢ https://www.digitalcommerce360.com/article/us-ecommerce-sales/

➢ https://www.statista.com/outlook/emo/ecommerce/united-states