



MARKETPLACES: GROWTH POTENTIAL AND ATTRACTIVENESS

by Dmytro Kainara

12.2021

INTRODUCTION

Problem

Productech Ltd operates exclusively on the Amazon US marketplace, which introduces significant risks. Therefore, it is crucial to consider diversifying marketplaces and expanding the company's sales reach

PURPOSE OF RESEARCH

is to assess the attractiveness of various marketplaces for Productech Ltd

OBJECTIVES OF RESEACH

Analyze Productech's sales performance by region and SKU

Develop a model to identify the most attractive markets for Productech's expansion

Evaluate the potential of local marketplaces

For more info:

CALCULATIONS | **DATA**

TABLE OF CONTENTS

Sales Analysis

Primary analysis of sales
Productech Ltd



Modeling

Evaluation of the most attractive
markets and regions



Recommendations



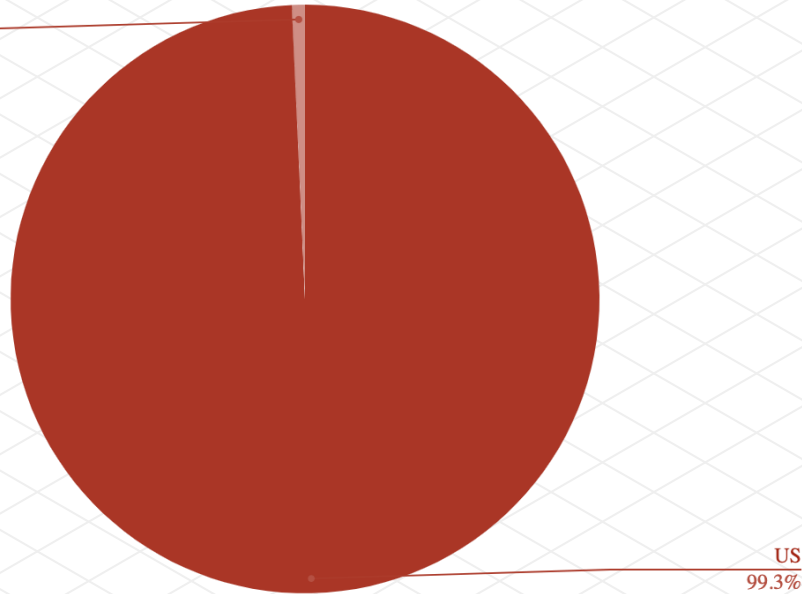


01 Sales Analysis

Primary analysis of sales Productech Ltd



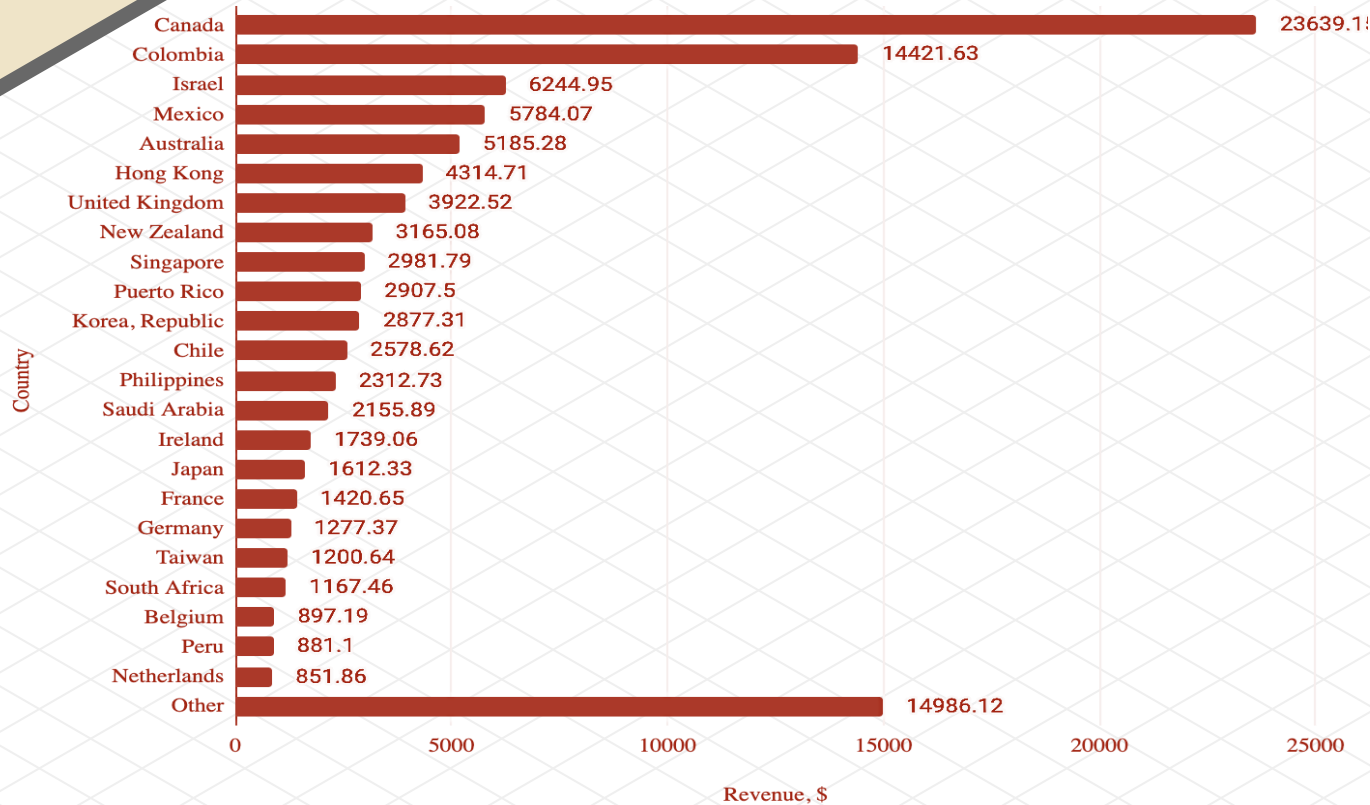
Sales of Productech Products on Amazon by Country



US Dominance in Productech Sales on Amazon

The US market share of sales on Amazon was **99.29%**. However, the share of sales to other markets is insignificant and amounts to only **0.71%** of total sales.

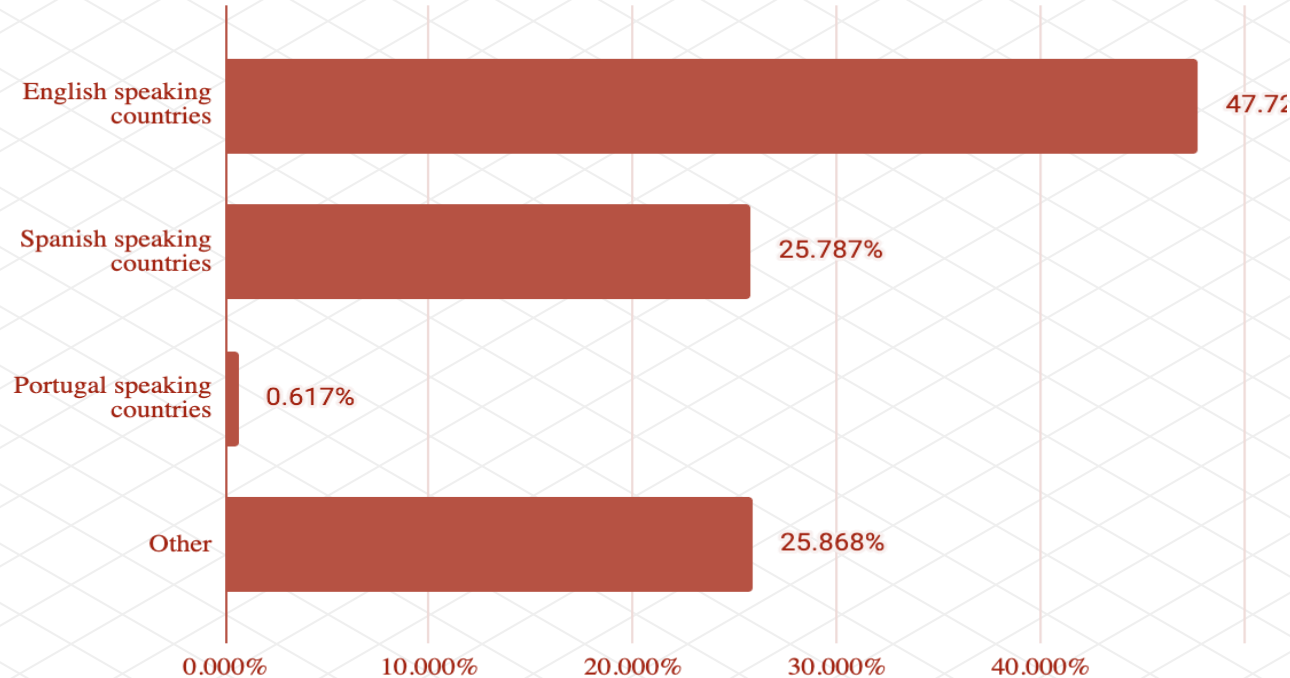
Sales of Productech Products on Amazon by other Countries



Global Deliveries Overview

In addition to the US, Productech delivered to 70 countries worldwide. The main markets were Canada and Colombia (22% and 13%, respectively). Detailed information on deliveries to these countries is shown [here](#).

Sales of Productech Products on Amazon by languages

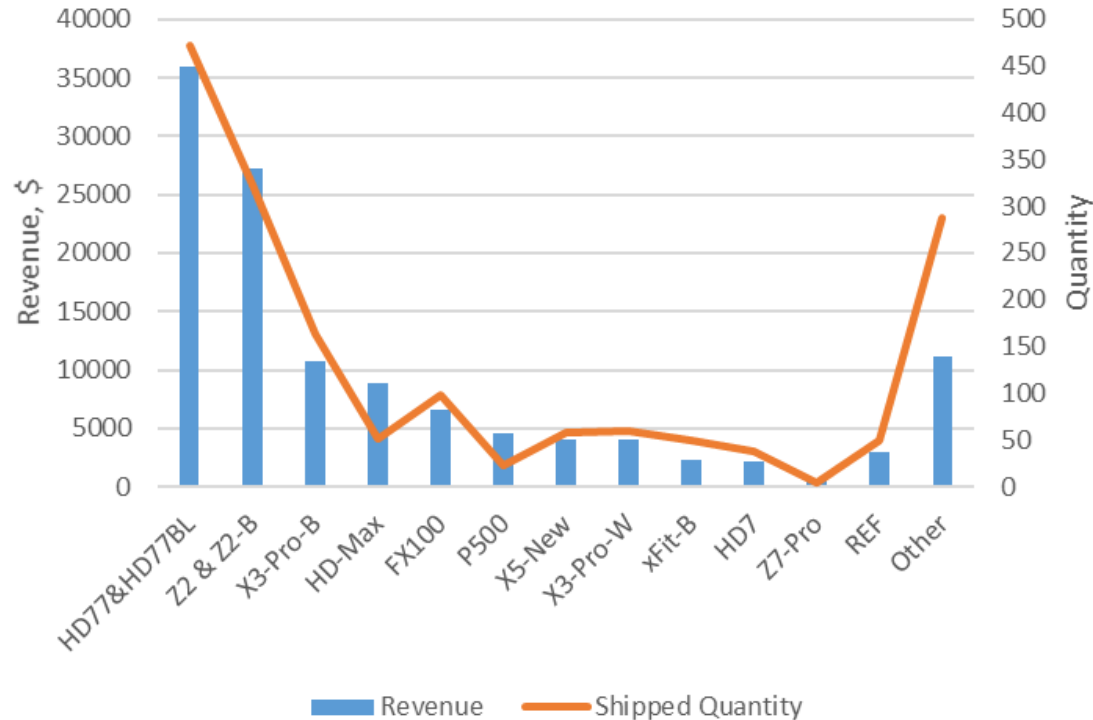


Languages Deliveries Overview

Deliveries to Spanish-speaking countries accounted for 25.8% of total sales to other countries. Deliveries to English-speaking countries accounted for 47.72%.

Deliveries to Portuguese-speaking countries accounted for 0.617%, with 0.3% each going to Portugal and Brazil.

Sales of Productech Products on Amazon by SKU



Languages Deliveries Overview

The most popular products purchased in other countries were the **HD77** and **Z2**. It is also worth noting that sales of the **Z7-Pro** to other countries amounted to 4 units.

02

Modeling

Evaluation of the most attractive markets
and regions



GENERAL INFORMATION

Correlation-regression analysis, with the construction of a linear regression model, was chosen as the modeling method.

This method is suitable for small datasets and allows for the identification of factors that affect the target indicators, as well as an assessment of the degree of their influence. The **number of purchases (Shipped Quantity)** was selected as the **target indicator**.

Revenue was excluded due to varying price levels across different countries, exchange rates, and other factors that could distort the final results.

STAGES

REGRESSION

Conducting regression analysis and assessing the quality of the model

CORRELATION

Conducting correlation analysis and eliminating factors with weak correlation

PREDICTIONS

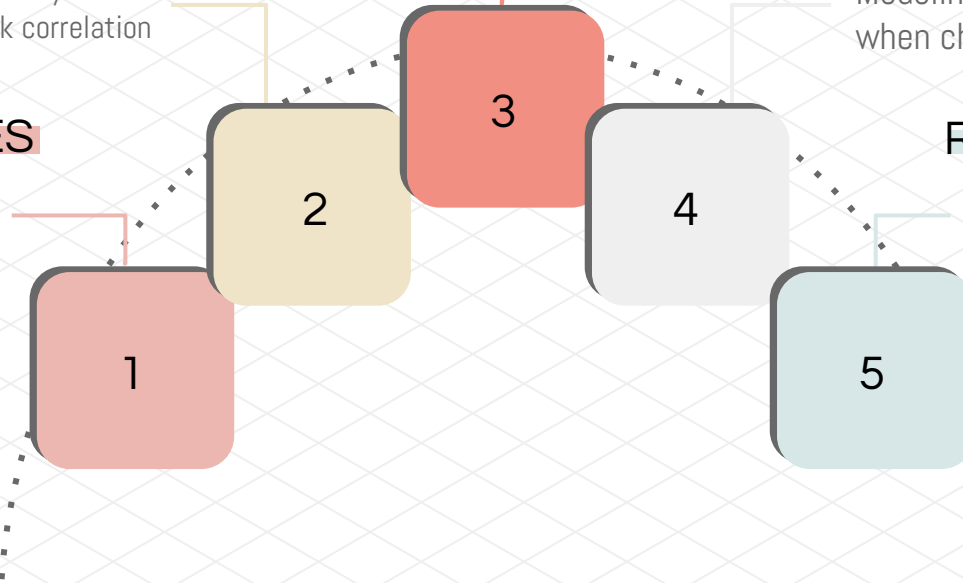
Modeling changes in target indicators when changing factor values

HYPOTHESES

Formation of hypotheses about the influence of factors and data collection

RECOMMENDATIONS

Creating recommendations



STAGE 1. HYPOTHESIS FORMULATION AND DATA COLLECTION & DATA PREPROCESSING

FACTORS	HYPOTHESIS	NULL VALUE STRATEGY	SOURCE OF INFORMATION
GDP PER CAPITA, \$	The wealthier the population, the more purchases they can afford. Therefore, regions with higher average income will generate more revenue.	None	URL
GDP, \$	The higher the country's GDP, the greater the number of purchases made in that country.	None	URL
GINI	The higher the coefficient of income inequality, the smaller the share of the population that can afford to buy electronics. In such cases, consumers will be more price-sensitive.	15 (Average)	URL
ENGLISH KNOWLEDGE	A coefficient representing the importance of the English language is used. For native English-speaking countries, the value is 1. For other countries, the EF English Proficiency Index is used. The higher the proficiency score, the more likely people are to be interested in shopping on Amazon.	0.5 (Average)	URL
SHARE OF SHIPPING PRICE IN REVENUE, %	The higher the share of transportation costs in the total price, the fewer purchases will be made by customers	None	URL
AMAZON TRAFFIC, MLN.	The higher the website traffic on Amazon, the greater the number of purchases.	Average considering country size	URL

STAGE 2. CORRELATION ANALYSIS

FACTORS	PEARSON CORRELATION COEFFICIENT (0-1)	CORRELATION ACCORDING TO CHADDOCK SCALE	CONCLUSIONS	ACTIONS
GDP PER CAPITA, \$	0.20898	Weak	The hypothesis is not confirmed	Eliminate the factor
GDP, \$	0.55968	Average	The hypothesis is confirmed	Use factor
GINI	0.13935	Very weak	The hypothesis is not confirmed	Eliminate the factor
ENGLISH KNOWLEDGE	0.39931	Moderate	The hypothesis is partially confirmed	Use factor
SHARE OF SHIPPING PRICE IN REVENUE, %	-0.50158	Average	The hypothesis is confirmed	Use factor
AMAZON TRAFFIC, MLN.	0.75600	High	The hypothesis is confirmed	Use factor

STAGE 3. REGRESSION ANALYSIS

Regression model formula:

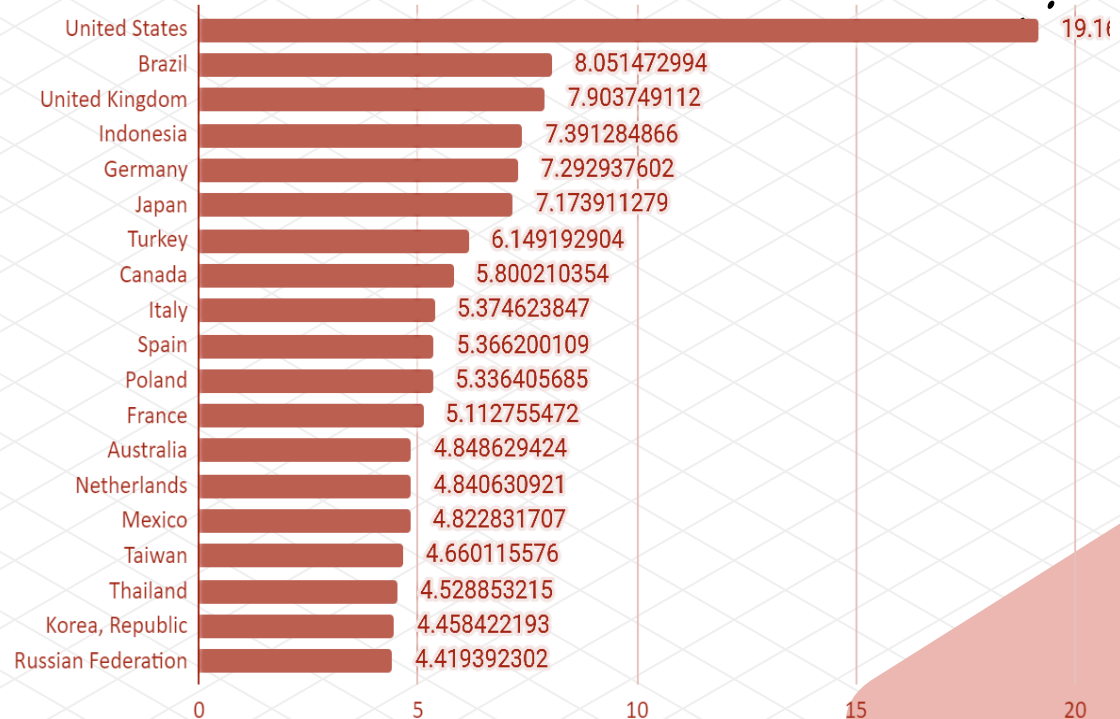
$$SQ = -5.42 + 0.297 * GDP + 1.57 * \text{English knowledge} - 4.93 * \text{Share of Shipping Price in Revenue} + 0.0097 * \text{Traffic}$$

Indicator	Value	Evaluation
R-squared (R^2)	0.74	Satisfies (Critical value 0.6)
P-value	0.00 - 0.04	Satisfies (Critical value 0.05)
F-test (F-statistic)	36.39	Satisfies (Critical value 2.53)
t-test (t-statistic)	2.06-6.7	Satisfies (Critical value 1.671)
Conclusion	The model is statistically significant	

STAGE 4.1 COUNTRIES MARKETS ATTRACTIVENESS

The most promising markets for the company, in addition to the US, are Brazil, the UK, and Indonesia.

Detailed information is provided [here](#).



STAGE 4.2 MARKETPLACE ATTRACTIVENESS

MARKETPLACE	COEFFICIENT	MARKETPLACE	COEFFICIENT	MARKETPLACE	COEFFICIENT
Amazon US	14,244	costco	5,471	Amazon ES	5,174
walmart	7,612	tokopedia	5,446	argos	5,133
Amazon JP	7,010	kohls	5,419	cdiscoun	5,019
etsy	6,929	Allegro	5,365	otto	4,968
ebay	6,684	Amazon IT	5,355	Amazon CA	4,948
Amazon DE	6,466	ebay UK	5,329	Rakuten	4,931
Shopee	6,439	Americanas	5,326	Mercado Libre	4,913
Amazon UK	6,427	magazineluiza	5,275	Casasbahia	4,810
Target	6,332	hepsiburada	5,267	Amazon BR	4,751
wayfair	5,619	Trendyol	5,188	kijiji	4,711

03 Recommendations



Recommendations

based on the analysis conducted:

EXPANSION

Introduce to new markets and marketplaces the products that are in the highest demand in foreign markets (HD77, HD-Max, Z2, X3-Pro, FX100), as well as the products with the greatest growth potential (Z7-Pro).

This will allow the company to save resources on translation and product adaptation for these markets.

COUNTRIES

Consider the possibility of the company entering the Brazilian market.

The remaining countries in **Latin America—Mexico, Colombia, and Peru**—are less attractive compared to other countries. Also promising are the markets of **Indonesia, Germany, and Japan**.

MARKETPLACES

Consider entering US marketplaces where the company is not currently present (**Target, Wayfair, Costco**), as well as those in the UK (**Amazon UK, eBay UK, Argos**) and Brazil (**Americanas, Magazine Luiza, Casas Bahia**)

THANK YOU!



DMYTRO KAINARA, PhD, Data
Analyst Marketing Department