

# **E-Commerce Customer & Sales Analysis Report**

**Period Analyzed: December 2010 - November 2011**

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**Date: June 1, 2025**

## **Executive Summary**

This report provides a clear and practical overview of how the e-commerce business performed over a one-year period. It looks at sales figures, customer behavior, product performance, and customer loyalty using RFM (Recency, Frequency, Monetary) analysis. The findings reveal strong customer loyalty and solid revenue, but also highlight challenges like high return rates and slow-moving products. Based on the data, the report outlines actionable recommendations to help increase customer retention, improve product strategies, and grow overall profits

## **Sales & Revenue Overview**

- Gross Revenue (excluding returns): \$10.64 million
- Net Revenue (after returns): \$9.75 million
- Total Orders: 24,446
- Valid Orders (excluding returns): 20,610
- Average Order Value: \$516.48
- Unique Customers: 4,373
- Average Purchases per customer: 6
- Return rate (overall): 15.69%
- Return rate (by product): 4.93%

### **Key Insight:**

The business generates solid revenue with a healthy average order value. However, the return rate is a concern and needs attention to reduce lost revenue and improve customer satisfaction.

## **Sales Trends Over Time**

### **Monthly Revenue Trends**

- Peak months: November and December.
- Low Points: February and April.
- Insight: Sales dip after the holiday season and again in early Q2, but begin to recover in August.

### **Recommendation:**

Run special promotions during slow months (especially February and April) and ensure stock levels are ready to meet demand during the busy Q4 period

### **Weekly Order Trends**

- No orders on Saturdays.
- The highest activity is on Thursdays.
- Peak activity builds from Sunday to Thursday, drops on Fridays.

**Recommendation:**

Assess if limited operational hours or product types are contributing to zero Saturday activity. Test a Saturday campaign or extend operational coverage to explore growth.

**Hourly Traffic Patterns**

- Activity starts at 7 AM, peaks at noon, and declines until 8 PM.
- Customer traffic aligns with traditional working hours.

**Recommendation:**

Schedule email campaigns and promotions between 9 AM and 12 PM to catch peak purchasing intent. Ensure the mobile experience is smooth for lunchtime shoppers.

**Product Performance & Inventory Insights****Top Products by Revenue vs Quantity**

- Some products generate high revenue from fewer purchases (e.g., Dotcom Postage).
- Others, like the White Handle Heart T-light holder, perform well in both quantity and value.
- Paper Craft Little Birdie had a 100% return rate, misleading its performance value.

**Recommendation:**

Cross-reference sales with return-adjusted metrics before making stocking decisions. Investigate products with unusually high returns for quality or marketing issues.

**High Return Rate Products**

- Focused on items with over 40% returns and at least 20 sales.
- 2 products had 100% return rates

**Recommendation:**

Flag these products for quality reviews and customer feedback analysis. Consider removal or re-sourcing if issues persist.

### **Underperforming Products**

- Items with fewer than 5 sales and under \$50 in revenue over 6 months.
- These represent low ROI inventory

### **Recommendation:**

Conduct a stock clearance sale, and reconsider including these items in future inventory plans.

### **Country-Level Insights**

#### **Top 5 Countries by Revenue**

1. United Kingdom
2. Netherlands
3. Ireland
4. Germany
5. France

#### **Top 5 Countries by Orders**

1. United Kingdom
2. Germany
3. France
4. Ireland
5. Belgium

- UK customers lead both in number and value, with 3,922 out of 4,373 total customers.
- Belgium places more orders but generates less revenue

### **Recommendation:**

Focus on growth and marketing in Germany and France, where customer interest is strong. Work on improving shipping speed and local experience in these regions.

### **Return Rates by Country**

- Some countries, like the Czech Republic (60%) and Italy, have very high return rates.
- However, most of these countries had only 1-2 customers, making it hard to conclude.

**Recommendation:**

Ignore return trends in countries with very few orders and customers. For countries like Italy and Japan with more potential, review which products are being returned and why.

**Customer Segmentation & Loyalty Analysis****New vs Returning Customers**

- 70% of customers are repeat buyers.
- New customers contributed just 4.17% of revenue.

**Recommendations:**

Create better first-time customer experiences with welcome discounts, follow-up emails, and onboarding campaigns. At the same time, keep rewarding loyal buyers.

**Customer Segments (RFM Analysis)****By Customer Count:**

- Loyal Customers (Score 7-9): Largest group.
- Champions (Score 10-12): Second largest.

**Recommendation:**

- Reward champions with exclusive deals, early access, or loyalty programs.
- Design win-back campaigns for At-Risk and Dormant groups( e.g., personalized emails, special offers).

**By Spending Value:**

- Champions: Average spend of \$6.6k.
- Loyal Customers: Drop to \$1.2k.
- At-risk Customers~\$ 600.
- Dormant customers ~ \$200.

**Recommendation:**

Focus retention and upselling efforts on loyal customers. Reconnect with Dormant users through personalized messages or exclusive deals.

**High-Value Champion Customers**

- Identified a group of Champions who spent over \$50,000

**Recommendation:**

These VIP customers are ideal for tailored marketing, early access, referral rewards, and one-on-one support.

**Key Recommendations Summary**

- Slow months: Launch targeted campaigns in February and April; prepare for Q4 demand.
- Peak Shopping Hours: Focus marketing between 9 AM - 12 PM.
- High Return Products: Investigate high return products and either improve or remove.
- Dead Inventory: Review or liquidate underperformers; revisit stocking decisions.
- Customer Retention: Design loyalty perks for Champions & Loyal customers
- New Customer Growth: Improve first-time buyer experience.
- At-Risk Segment: Launch win-back campaigns for Dormant and At-Risk segments.
- Country Expansion: Focus marketing and support in Germany & France.

**Conclusion**

The e-commerce business shows strong potential, driven by a loyal customer base and high-spending regulars. While there are challenges like seasonal sales dips and product returns, the data highlights clear growth opportunities. With smart inventory choices, better customer engagement, and strategic country-level marketing, the business is well-positioned for sustainable growth and stronger profits