

Customer Behavior Analytics

Requirements Analytics Document

Report details

- **Report title:** Business Analytics Research
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 - **Scope:** Customer engagement, conversion, pricing effectiveness
 - **Audience:** Product, Marketing, Revenue, and Strategy stakeholders
 - **Confidentiality level:** public/portfolio use
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Analysis Research 1

Why are some customer segments highly engaged but not converting into purchases?

1. Business Context

The business has observed strong customer engagement signals—such as extended research time, frequent site visits, and high interaction with ads—yet overall conversion rates and revenue remain below expectations.

This disconnect raises concerns that:

- The company may be attracting the *right audience* but failing to convert them
- Resources invested in engagement may not be translating into revenue

Understanding this gap is critical for improving conversion rates without increasing acquisition costs.

2. Business Problem

Highly engaged customers represent a significant opportunity cost. If these users do not convert:

- Marketing ROI declines
- Product engagement metrics become misleading

- Revenue growth stalls despite high traffic

The business needs to identify **which engaged customers are not purchasing and why**.

3. Research Objective

To identify customer segments that show high engagement but low purchasing behavior and uncover behavioral or demographic factors contributing to non-conversion.

4. Research Angles & Hypotheses

Engagement vs Conversion

- Do customers with high research time or ad engagement have lower purchase amounts?
- Is there a threshold where engagement no longer increases conversion?

Customer Segmentation

- Are high-engagement, low-conversion patterns concentrated within specific:
 - Income levels?
 - Age groups?
 - Education or occupation categories?

Decision Friction

- Does longer time-to-decision correlate with purchase abandonment?
- Are these customers more price-sensitive or discount-dependent?

Channel & Device Behavior

- Does engagement differ by purchase channel or device used?
 - Are mobile users more engaged but less likely to convert?
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5. Key Metrics Analyzed

- Average time spent on product research
- Engagement with advertisements
- Purchase conversion rate
- Average purchase amount
- Time to decision

- Purchase intent indicators
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6. Expected Business Impact

- Identify friction points in the customer journey
 - Improve targeting of conversion-focused initiatives
 - Refine engagement KPIs to reflect revenue contribution
 - Inform UX, pricing, or messaging optimizations
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7. Stakeholder Value

This research enables stakeholders to:

- Focus on **conversion efficiency**, not just engagement
 - Adjust messaging or UX for high-intent but hesitant customers
 - Prevent misallocation of marketing resources
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Analysis Question 2

Are discounts driving incremental revenue or simply reducing margins?

1. Business Context

The company regularly uses discounts and promotions to stimulate sales. However, despite frequent discounting, overall revenue growth remains flat, raising concerns about pricing effectiveness.

Leadership needs to understand whether discounts are:

- Creating new demand
 - Or simply lowering prices for customers who would have purchased anyway
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2. Business Problem

Overuse of discounts can:

- Erode profit margins
- Condition customers to wait for promotions
- Reduce perceived brand value

Without clear evidence of incremental impact, discount strategies may be harming long-term profitability.

3. Research Objective

To evaluate the effectiveness of discounts by analyzing their impact on customer purchase behavior, revenue, and frequency across different customer segments.

4. Research Angles & Hypotheses

Revenue Impact

- Do customers who use discounts generate higher total revenue over time?
- Is average purchase amount lower for discounted purchases?

Behavioral Differences

- Do discounts increase purchase frequency or only reduce price paid?
- Are discount users more likely to return or churn?

Customer Segmentation

- Which segments respond positively to discounts?
 - Low-income vs high-income
 - New vs repeat customers
 - Loyalty program members vs non-members

Cannibalization Risk

- Are loyal or high-intent customers purchasing at discounted prices unnecessarily?
 - Would these customers have converted without incentives?
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5. Key Metrics Analyzed

- Purchase amount (discounted vs non-discounted)
 - Purchase frequency
 - Revenue per customer
 - Discount usage rate
 - Loyalty program membership
 - Purchase intent indicators
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6. Expected Business Impact

- Optimize discount targeting strategies
 - Protect margins while maintaining sales volume
 - Identify segments where discounts drive true incremental value
 - Reduce unnecessary promotional spend
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7. Stakeholder Value

This research allows stakeholders to:

- Make data-driven pricing decisions
 - Design smarter, segmented promotions
 - Balance revenue growth with profitability
 - Improve long-term customer value
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Executive Summary

This analysis focuses on two critical business challenges: **conversion inefficiency among engaged customers** and **the true effectiveness of discount strategies**. Together, these research questions help the organization improve revenue outcomes without increasing acquisition costs or over-relying on promotions.