Retail Store Sales and Customer Loyalty Improvement Report

## Problem Understanding

**Background**

The retail store has experienced a decline in sales and customer loyalty over recent months. To address this, the store aims to:

* Increase sales by 5%.
* Improve customer loyalty by understanding the root causes of the decline.

**Objective**

The primary objectives of this project are to:

* Identify key drivers contributing to the decline in sales and customer loyalty.
* Design solutions tailored to address specific challenges.
* Develop clearly defined targets for both sales and customer loyalty to guide strategic improvements.

**Possible Key Factors for Decline**

* **Sales Trends:**
  + A decline in sales observed in specific product categories or regions.
  + Seasonal fluctuations affecting overall sales performance.
* **Profit Margins:**
  + Reduced profit margins due to increased discounts or promotional activities.
  + High costs associated with certain products leading to lower profitability.
* **Customer Behaviour:**
  + Decrease in repeat purchases indicating declining customer loyalty.
  + Shift in customer preferences leading to reduced demand for certain products.
* **Market and Competition:**
  + Increased competition in certain regions affecting customer retention.
  + Market saturation resulting in slower sales growth.
* **Customer Segments:**
  + Identification of specific customer segments experiencing higher churn rates.
  + Changes in purchasing patterns among different demographics.

## Project Plan

**Phase 1: Data Collection and Preparation**

* **Objective**: Gather and clean data from sales, customers, products, and regions.
* **Tasks**:
  + Consolidate data into a unified dataset.
  + Handle missing values and standardize formats.
* **Deliverable**: Clean dataset ready for analysis.

**Phase 2: Exploratory Data Analysis (EDA)**

* **Objective**: Analyse key metrics to identify trends and patterns.
* **Tasks**:
  + Assess sales, profit margins, and customer loyalty trends (Churn Rate Assessment).
  + Segment customers and compare performance across categories and regions.
* **Deliverable**: Initial insights into sales and loyalty.

**Phase 3: Identify Key Drivers of Decline**

* **Objective**: Find factors contributing to the decline in sales and loyalty.
* **Tasks**:
  + Perform correlation and regression analysis to identify key drivers.
  + Analyze customer churn to understand loyalty issues.
* **Deliverable**: List of key decline drivers.

**Phase 4: Develop and Validate Solutions**

* **Objective**: Design strategies to boost sales and loyalty.
* **Tasks**:
  + Propose targeted marketing, product, and pricing strategies.
  + Validate strategies using predictive modeling and scenario analysis.
* **Deliverable**: Validated strategies with projected outcomes.

**Phase 5: Implementation and Monitoring**

* **Objective**: Implement strategies and monitor performance.
* **Tasks**:
  + Develop an implementation roadmap and assign responsibilities.
  + Set up deck and dashboards to track progress.
* **Deliverable**: Implementation plan and performance tracking system.

**Phase 6: Reporting and Review**

**Objective**: Document outcomes and refine strategies.

* **Tasks**:
  + Compile findings and create visualizations.
  + Review outcomes and identify areas for continuous improvement.
* **Deliverable**: Final report, presentation deck

## Solution Approach

Major aspects that were taken into consideration which may improve the performance of the Company and ultimately result in achievement of the objectives determined.

* **Day Demographics Analysis**
  + **Peak Business Timings:** Identifying the time periods when the maximum number of sales/orders are received across the U.S. by the retail store.
  + **Store Availability and Timings:** Evaluating the opening and closing times of various stores in different regions. Since each region may have distinct peak business hours, store timings can be personalized to increase efficiency and optimize staff management in offline stores.
  + **Festival-Based Discounts:** Offering special discounts and promotions during festivals rather than providing random discounts throughout the year. This strategy can help attract more customers and increase sales during peak shopping seasons.
* **Product Demographics Analysis**
  + **Discount and Purchase Ratio:** Monitoring the discount-to-purchase ratio in various regions, either through a centralized system or manual tracking. Adjusting discount strategies based on market conditions and competitor pricing is essential to ensure profitability.
  + **Product Stock Availability:** Ensuring product availability at the nearest store to the customer to minimize delivery times and enhance customer satisfaction. This strategy can positively impact customer loyalty and reviews, as timely delivery is a key factor in customer experience.
  + **Regional Product Preferences:** Conducting a detailed analysis of the types of products ordered by customers in different regions. This allows the company to offer region-specific discounts and product bundles, based on purchase patterns of the population which can increase customer loyalty and drive profitability.
* **Location Demographics Analysis**
  + **Channel Profit Tracking**: Identify the most profitable sales channels. The online channel is expected to generate the majority of orders, although this may vary and should be regularly assessed.
  + **Order and Delivery Irregularities**: There are noticeable inconsistencies between the order placement, shipping initiation, and delivery dates. Exploratory Data Analysis (EDA) indicates that most products are delivered after 10 days, with only about 13% of orders delivered on time within this period. This delay can lead to negative customer reviews and requires improvement.