

ForU Data Report

Prepared for

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Introduction and Background

The director requested this report to examine and compare the performance of the calendar years 2017 and 2018 at ForU Corporation. The ForU director requested for an examination and comparison of the performance between the years 2017 and 2018. The data used in the report was gathered by a small team in the data insight department over the last two months. The three team members analyzed sales records, customer presence, and seller participation across Brazil. In this report, recommendations were made to maximize customer presence and provide a solution to scarce seller participation in Roraima, Amapa, Acre and Amazonas.

Note: The report has five major parts: purpose, background, findings, conclusions and recommendations. The primary people involved in this data research and analysis are Amir Zelman, Joshua Martinez Perez and Raghav Hossain at the request of the director, John Droescher.

Purpose

The purpose of the report lies in the question of figuring out how we are performing and present a tangible solution to the company's sales performance and improve the company's overall customer presence.

Background

When questioned about the ForU's performance, the team's first step was to narrow the search down to what really is the purpose of this research on performance. After conversing with the director, the question was narrowed down to finding which states are underperforming compared to other states in calendar years of 2017 and 2018.

Note: It is advised to look at the data tables in context of choices made to include and exclude some states that would misrepresent the indexes of the tables and make other states, where performance is significantly lower due to lower order volume, look as inexistent.

Findings

ForU offers products to all 26 states of Brazil, and we do have customers and sellers from all states. However, we do not currently perform the same for all states. Some states have more sellers and buyers than others. The findings made will be presented in three different sections: Customer Presence compared to Seller Participation and Average Purchase Cost.

Customer Presence compared to Seller Participation

All the data samples used for this research were from the calendar years of 2017 and 2018. To perform analysis on this data, the process ought to transition from a broader perspective into a more granular sense in order to develop tailored solutions to the company's needs. Data show that there has been significant growth in the amount of customers that the company has from 2017 to 2018.

Figure 1: Comparison of Amount of Customers and Sellers per State

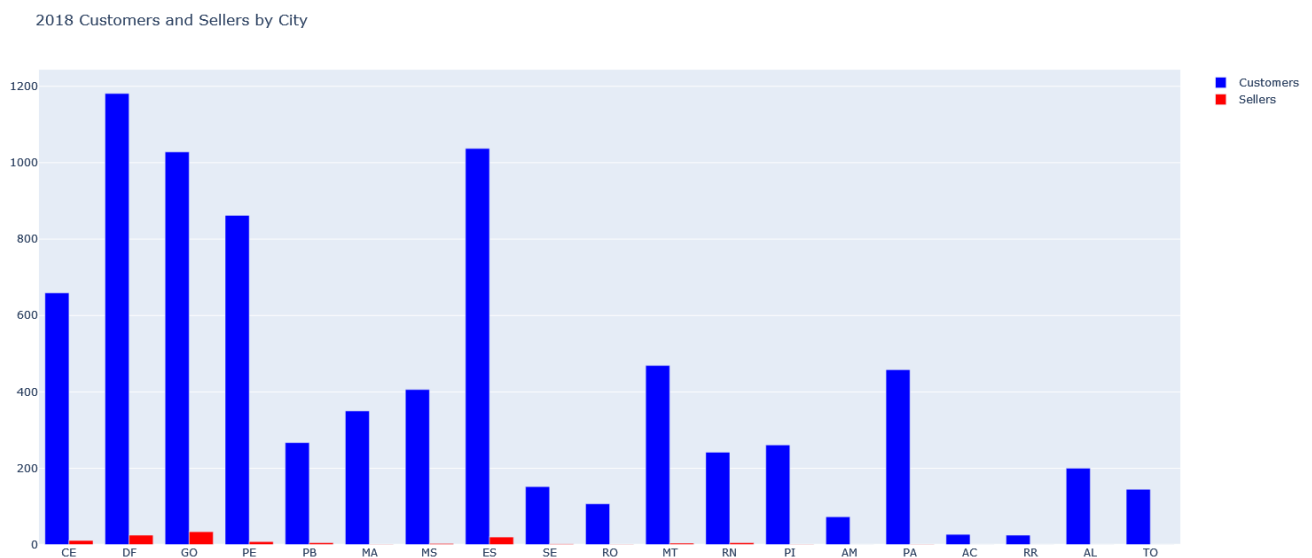
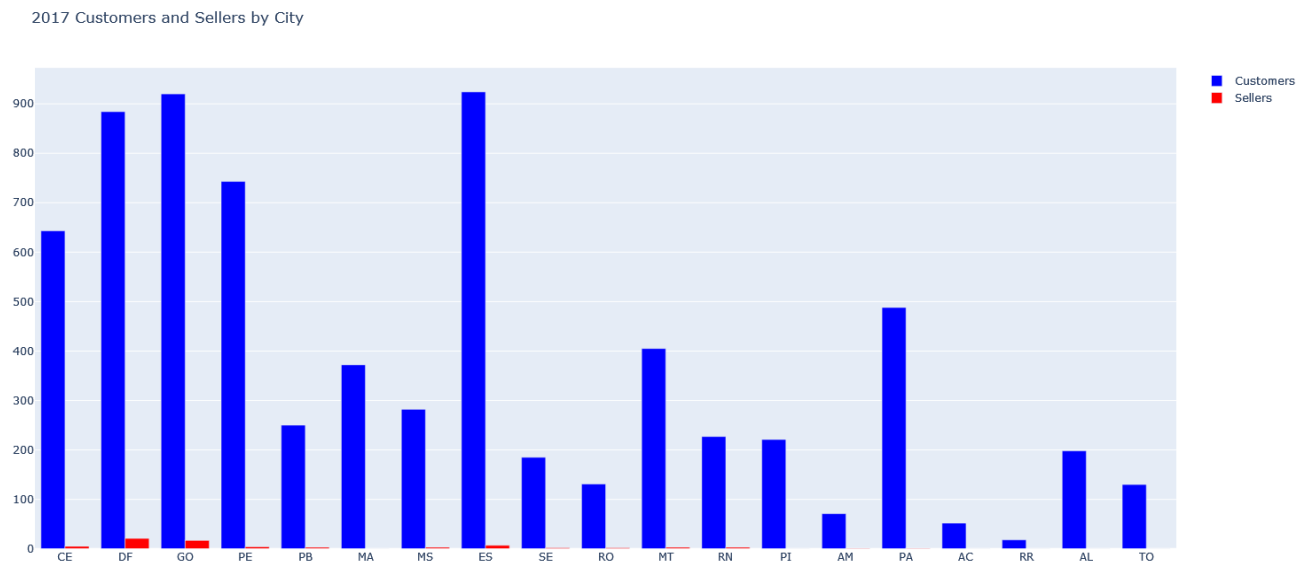


Figure 2: Comparison of Amount of Customers and Sellers per State



After graphing, the output created were Figure 1 and 2, in which the amount of customers and amount of sellers are compared by states. There is significant growth in customer base per state. All other states have seen a small growth from the year 2017 to 2018. However, states such as Acre, Roraima, Amazonas and Amapa have not seen any significant growth. The total sum of customers in these states between the two calendar years being Amazonas: 142 customers, and only one seller. In Amapa, 67 total customers, 77 customers in Acre, and 43 customers in Roraima. Yet the amount of sellers in these states is zero. All of these four states are northern states within Brazil (refer to dashboard). On the other hand, seller participation within these mentioned states is almost nonexistent.

Having a closer look at the number of sellers in each of these four states in 2017, created a new question. What is causing these states to have such a low amount of customers? And to have a closer view, here are tables that compare the two years and four states in question.

2018 Customers and Sellers by City

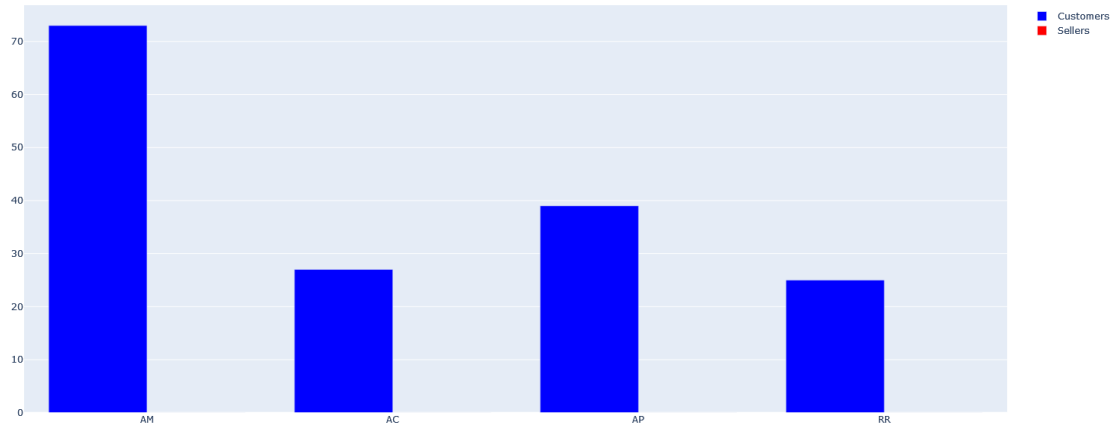


Figure 3

2017 Customers and Sellers by City

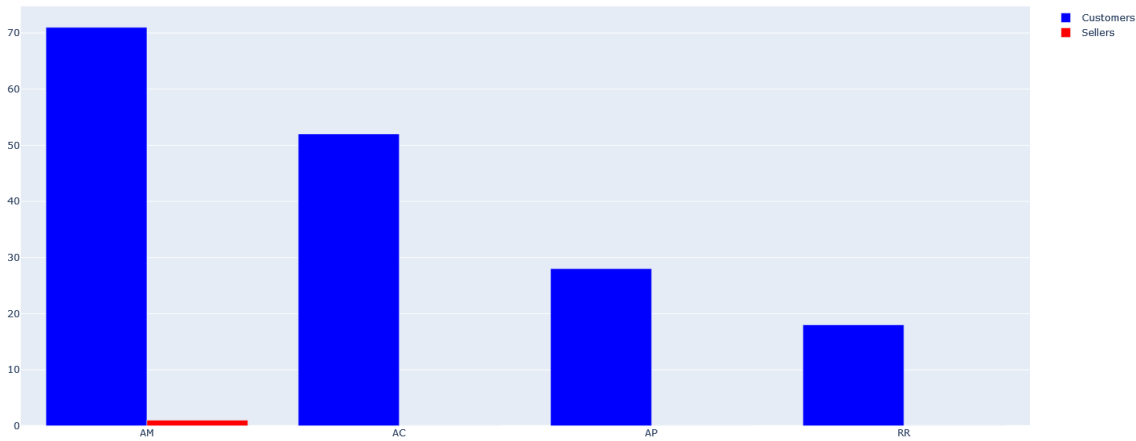


Figure 4

It is evident how these four states lack customer participation especially seeing how three out of the four states had significant customer growth yet, seller participation and presence vanished.

Now, the question that remained to answer was “why did this happen?”

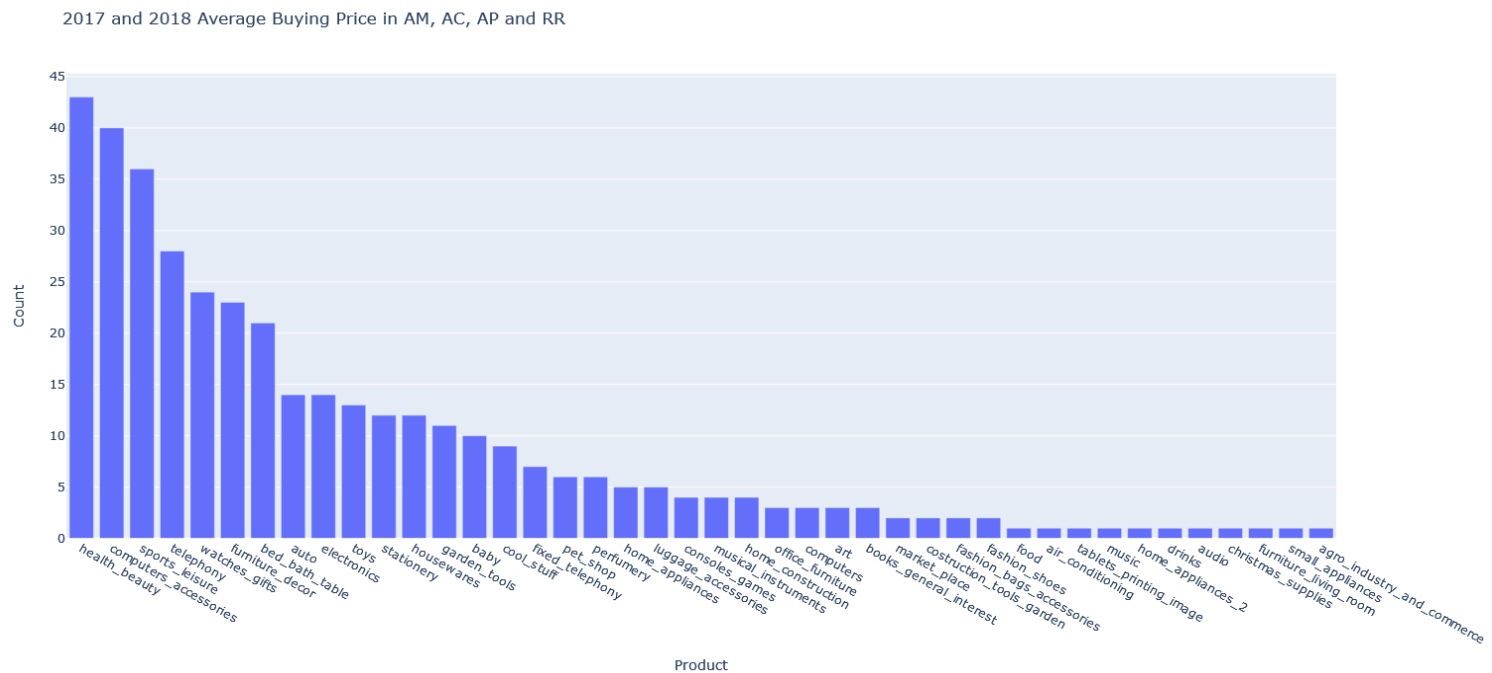


Figure 5

However, based on Figure 5, the highest selling category across these states is health and beauty products. Something also found within the data is that most of the products bought by customers in these states come from Sao Paulo. Sao Paulo being a major city where most of the distributors of the goods sold across the platform are located, counting with 1,833 sellers over the years 2017 and 2018 (refer to dashboard). Sao Paulo being the major seller of these products of interest across these four states having 252 units of Health and Beauty products sold, and 218 units of Sports Leisure products sold in 2018 alone (refer to the dashboard). The people from Amazonas, Amapa, Acres and Roraima mostly buy from Sao Paulo, which is located in the southern part of the country which leads to higher freight costs (refer to dashboard). The customers present in these states have no other option but to resort to purchasing their products from other states that offer these products, which has led to higher freight values in order for

their purchases to be delivered to them. Unlike other northern states that, although pay amounts are almost equal to these 4 northern states in Brazil, products such as health and beauty, computer accessories and sports leisure are offered by other states, this can be concluded due to the lack of presence from the sellers in these states. Which led the team to perform insights in the average purchase amounts per state. However, the question of why the company lacks seller participation or engagement in these four states still remains unanswered due to the lack of information in our database.

Note: This report will contain a final recommendation to the corporation officials regarding data availability.

Average Purchase Cost

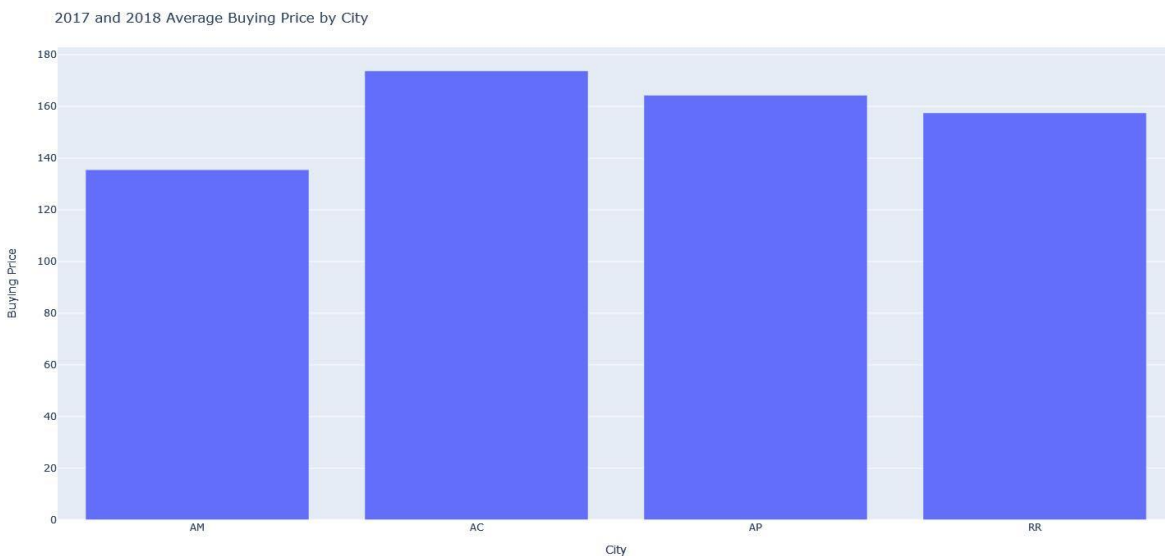


Figure 6

After further consideration on the metrics that were seen during the analysis. The team looked at the average purchase costs in each of these states.

While processing the data, the team decided to compare the average buying price which means the amount that people are spending on average compared to their average monthly income and

the team saw a great correlation between the two. On average, other states such as Rondonia spend more due to the fact that the average monthly income in this state is about 30% higher than the other states. However, Roraima is an exemption to this case due to Roraima having an average monthly income that is roughly 10% lower than Rondonia, yet Rondonia has 4 times the amount of customers that Roraima has had in the last two years (refer to dashboard). Due to this finding, there is no isolated answer that can respond to the question of why it does not count with a higher customer presence.

Another aspect that the team thought to look at these states and why there is not much customer presence is shipping costs, or freight value as it is referenced in the dashboard. On average, Amazonas pays \$33.21 Reales on shipping, Amapa pays \$34.01 Reales, Acres pays \$40.07, and Roraima being the highest pays \$43.73 per order to get their orders delivered. Compared to São Paulo, which on average pays \$15.15 Reales on freight costs per order has a significant correlation to the amount of sellers and amount of products sold by these sellers in São Paulo. Comparing the amount that Acres pays on average per order (approx. \$170), they pay about 25% of their order's worth in freight value and this happens to be approximately the same for all other three states. According to an article on Rejoiner, AlixPartners surveyed their customers in order to know why they did not feel compelled to order and the second highest reason, where 36% of the people said that the shipping costs were too high (Putnam).

Conclusions

The main issues found were as followed:

- 1) Lack of customer presence in northern states, specifically Amazonas, Amapa, Acre and Roraima.
- 2) Lack of seller participation and presence across the before mentioned states, Amazonas being the only one that had sellers in the year of 2017 having only one.
- 3) The products of interest in these states are not offered by the sellers in the northern areas.
- 4) The people from these states pay about 40% what is worth their order in shipping costs only.

Recommendations Based on Given Data

- 1) Create an incentives program for people to become sellers.
- 2) Create promotional campaigns for underrepresented states in order to grow the customer base.
- 3) Create monetary incentives for sellers to sell on demand products to promote sales for Amazonas, Acre, Amapas and Roraima.
- 4) Create partnerships with local sellers in Amazonas, Acre, Amapas and Roraima in order to facilitate online presence.
- 5) Perform periodic surveys to customers in order to know what drives their decisions when choosing ForU.
 - a) Surveys will allow the company to have tangible data and real opinions from our customers and what drives them to prefer ForU.

Encountered Limitations

Due to the lack of information to create more tailored solutions for these states where customer presence is low. The team decided to create a recommendations list for the officials due to the excessive amount of limitations encountered during the research.

- 1) Perform more data collection on customer demographics: this would allow the people performing research to create tailored solutions to customer needs.
- 2) Although this is present on the recommendations section, having customer input on what drives them to stay.
- 3) Create a database in which sellers listed are present and not only sellers that sold products. This allows the team to create more solutions based on the data of the sellers that are higher performers than others.
 - a) Having access to data like this would allow research to create solutions that benefit both sellers and customers.

Works Cited

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- Dashboard,
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