

# E-Commerce Customer Segmentation

## Trend Analysis & Insights

Understanding customer behavior patterns and sales performance to drive strategic growth initiatives

**Objective &  
Problem  
Statement**

Business goals  
and analytical  
framework  
overview

**01.**

**Performance  
Overview**

Key metrics and  
Trend Analysis

**02.**

**Customer  
Insights**

RFM analysis  
and  
segmentation  
finding

**03.**

**Strategic  
Recommendations**

Actionable insights  
for growth  
optimization

**04.**

# Project Objectives

## **Performance Tracking/ Trend Analysis**

Identify high-value customers and segment by recency, frequency, and monetary value using RFM methodology

## **Customer Insights After analysis**

Identify high-value customers and segment by recency, frequency, and monetary value using RFM methodology



**\$8.30M**

Total Sales

**4,372**

Total Customers

**\$374.05**

Average AOV

**98.19%**

Repeat Rate

## Sales Performance

Strong revenue generation with healthy customer base and robust average order values

- Total revenue of \$8.30M demonstrates market strength
- Customer base of 4,372 provides substantial market reach
- AOV of \$374.05 indicates premium customer purchasing behavior

## Customer Loyalty

Exceptional repeat purchase behavior indicating strong customer satisfaction and brand loyalty

- 98.19% repeat order rate shows outstanding customer retention
- High loyalty reduces customer acquisition costs significantly
- Strong foundation for long-term revenue growth projections

## Growth Opportunities

Regional expansion potential and customer value optimization strategies for sustained growth

- Europe dominance suggests expansion opportunities in other regions
- RFM segmentation reveals untapped customer value potential
- Return rate optimization can improve profitability margins

# Trend Analysis



## E-COMMERCE CUSTOMER SEGMENTATION

Total Customers

4372

Total Products

3887

Month

All

2010

2011

Total Orders

22K

Vs Last Month Order ▲ 2.6%

Vs Last 7 Days Orders ▼ 0.8%

Total Sales

\$8.30M

Vs Last Month ▲ 2.4%

Vs Last 7 Days ▲ 5.1%



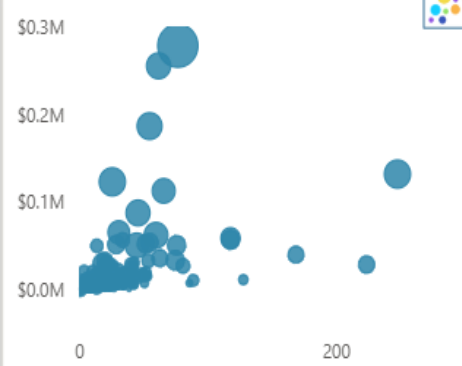
Recent Orders

CustomerID	Products	Date	Order Cost	Sales	Orders
16085	CERAMIC CHERRY CAKE MONEY BANK	10 Dec 2011	1.45	\$1.45	1
16085	CERAMIC HEART FAIRY CAKE MONEY BANK	10 Dec 2011	1.45	\$2.90	1
16085	CERAMIC STRAWBERRY CAKE MONEY BANK	10 Dec 2011	1.45	\$1.45	1
16085	FOOT STOOL HOME SWEET HOME	10 Dec 2011	9.95	\$9.95	1
16085	HANGING BUTTERFLY T-LIGHT HOLDER	10 Dec 2011	1.25	\$7.50	1
16085	HEART OF WICKER LARGE	10 Dec 2011	2.95	\$8.85	1
16085	HEART OF WICKER SMALL	10 Dec 2011	1.65	\$4.95	1
16085	LARGE WHITE HEART OF WICKER	10 Dec 2011	2.95	\$8.85	1
16085	LE JARDIN BOTANIQUE CUSHION COVER	10 Dec 2011	3.75	\$3.75	1
16085	MINI PLAYING CARDS FUN FAIR	10 Dec 2011	0.42	\$1.68	1
16085	MINI PLAYING CARDS GYMKHANA	10 Dec 2011	0.42	\$1.68	1

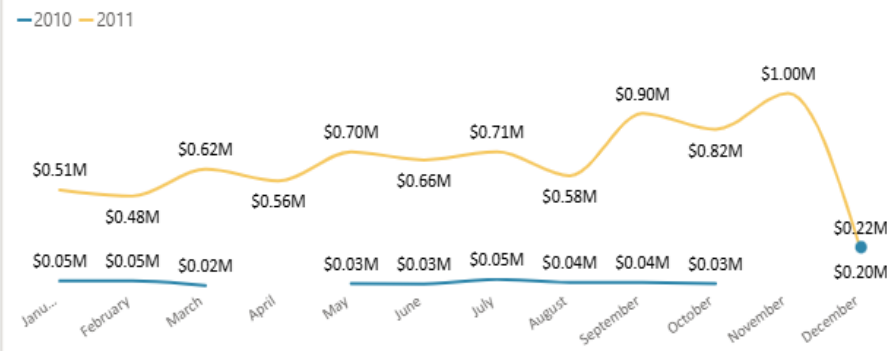
### Products With Total Order & Sales

Customer	Products	Total Sales	Orders
15098	PICNIC BASKET WICKER 60 PIECES	▲ \$39,619.50	▲ 2
15061	REGENCY CAKESTAND 3 TIER	▲ \$14,081.70	▲ 16
17450	WHITE HANGING HEART T-LIGHT HOLDER	▲ \$13,253.84	▲ 9
14646	RABBIT NIGHT LIGHT	▲ \$9,568.48	▲ 7
15769	JUMBO BAG RED RETROSPOT	▲ \$8,077.00	▲ 15
12931	ASSORTED COLOUR BIRD ORNAMENT	▲ \$7,319.60	▲ 3
16532	CHILLI LIGHTS	▲ \$6,374.40	▲ 3
17949	REGENCY CAKESTAND 3 TIER	▲ \$6,372.90	▲ 6
12798	RABBIT NIGHT LIGHT	▲ \$5,885.52	▲ 3
16013	CHILLI LIGHTS	▲ \$5,403.45	▲ 14

### Orders trend



Sales Analysis



### Sales Location

Africa	\$1.00K	Asia	\$44.46K
Europe	\$8.10M	Middle E...	\$9.24K
North A...	\$3.67K	Oceania	\$137.0...
South A...	\$1.14K	Unknown	\$6.43K

## Key Trends

- **Seasonality Drives Sales:** Strong surge in **November (holiday season)**, followed by a December dip.
- **High-Value Product Focus:** A few **decor/home products dominate sales**, suggesting the need to expand best-selling categories.
- **Regional Imbalance:** **Europe accounts for nearly all sales**, while other geographies remain **untapped opportunities**.
- **Revenue per Order Increasing:** Sales % growth is higher than order % growth → customers are **spending more per purchase**.
- **Customer Segmentation Required:** Bubble chart shows clear **whale customers (high spenders)** vs **long tail of small buyers**.



# Performance Insights

## Customer & Products Overview

- **4,372 customers** and **3,887 products** tracked.
- **22K total orders**, generating **\$8.30M total sales**.

## Growth & Trends

- Sales improved by **2.4% vs last month** and **5.1% vs last 7 days**.
- Monthly sales trend shows **steady growth** from Jan (\$0.05M) to Dec (\$1M peak).

## Top Products & Customers

- **High-value products:** Picnic Basket Wicker (\$39.6K), Regency Cake Stand (\$14K), White Hanging Heart T-Light Holder (\$13.2K).
- Sales are **product-driven**, with a few items generating the bulk of revenue.

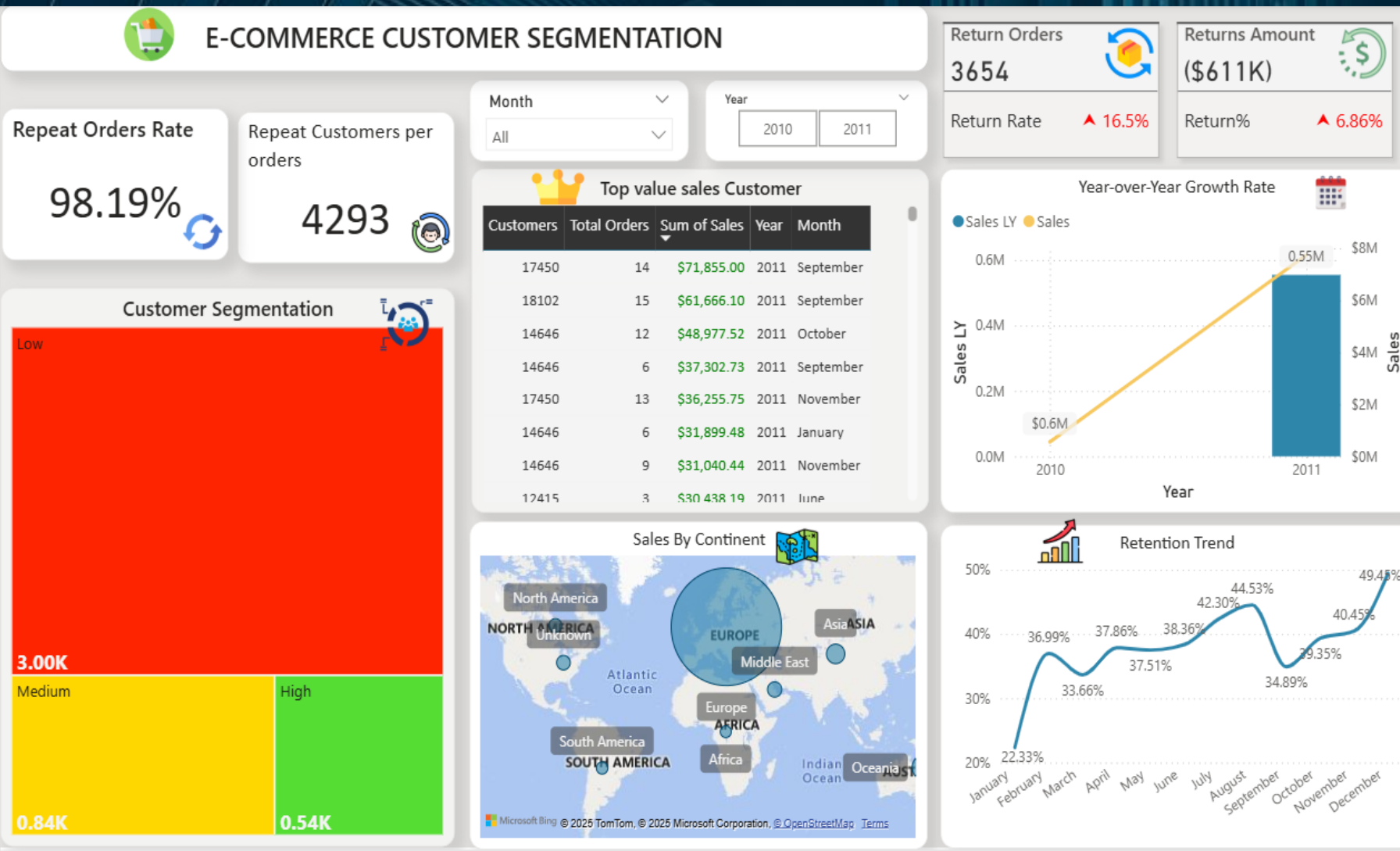
## Geographic Sales Distribution

- **Europe dominates with \$8.1M (~98% of total sales).**
- Other regions contribute marginally: Asia (\$44K), North America (\$3.7K), Africa (\$1K), South America (\$1.1K).

## Order Behavior

- Orders trend analysis shows **many small-value orders** but a few **large, high-value orders drive major revenue**.
- Long-tail distribution highlights **opportunity to upsell low-order customers**.

# Customer Insights



## Key Trends

- **Strong Loyalty but Skewed Value:** Nearly all orders are from repeat customers, but **majority are low-value buyers** → high potential for **customer up-selling/cross-selling**.
- **High Return Rate (16.5%):** Significant profit leakage; root cause analysis (product quality, logistics, customer mismatch) is needed.
- **Explosive Growth (10x YoY):** Indicates successful scaling, But requires careful monitoring of **returns & retention**.
- **Heavy Reliance on Europe:** 98%+ sales in Europe → expansion into **Asia & North America** could reduce risk.
- **Retention Improving:** Gradual increase throughout the year suggests **effective loyalty strategies** are working.
- **Whale Customers Drive Revenue:** A few top customers account for large sales → business must ensure **long-term retention of high-value customers**.



# Performance Insights

- Strong **Repeat Orders Rate** of **98.19%**, showing high customer loyalty.
- **4,293 repeat customers** → healthy base of returning buyers.
- **Return Orders (3,654)** and **Return Amount (\$611K)** → **16.5% return rate**, a key area to reduce losses.
- **Top customers drive majority of sales** – one customer contributed **\$71.8K**.
- **Sales Growth:** From **\$0.6M in 2010** to **\$6M+ in 2011** (10x growth).
- **Retention improved steadily** → peaked at **49.4% in December**.
- **Sales concentrated in Europe (~98%)** → dependency risk, expansion to other continents is an opportunity.
- Indicates **most customers contribute low sales**, but strong potential to **move Medium → High value** with targeted strategies.
- **Year-over-Year Growth** confirms rapid scaling and successful expansion.



# Challenges vs Strategic Solutions

## Current Challenges

High return rate of 16.5% affecting profitability margins

Inconsistent retention rates across monthly periods

Regional concentration risk with Europe dependency issues

V/S

## Strategic Solutions

Implement quality control and delivery experience improvements

Implement quality control and delivery experience improvements

Implement quality control and delivery experience improvements

# Strategic Implementation

1

## Customer Focus

Nurture high-value customers with targeted loyalty and retention programs

3

## Market Expansion

Reduce European dependency through Asia and Americas expansion

5

## Performance Monitoring

Track retention metrics and adjust strategies continuously



2

## Quality Enhancement

Address return rates through improved quality control and delivery

4

## Optimization

Leverage RFM insights for personalized customer experiences





# Thank You

**Questions and discussion on customer segmentation  
insights**

Ready to implement data-driven strategies for enhanced  
customer loyalty and business growth