

# E-Commerce Customer Segmentation

## Trend Analysis & Insights

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

# 01.

**Objective & Problem Statement**  
Business goals and analytical framework overview

# 02.

**Performance Overview**  
Key metrics and Trend Analysis

# 03.

**Customer Insights**  
RFM analysis and segmentation finding

# 04.

**Strategic Recommendations**  
Actionable insights for growth optimization

# 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

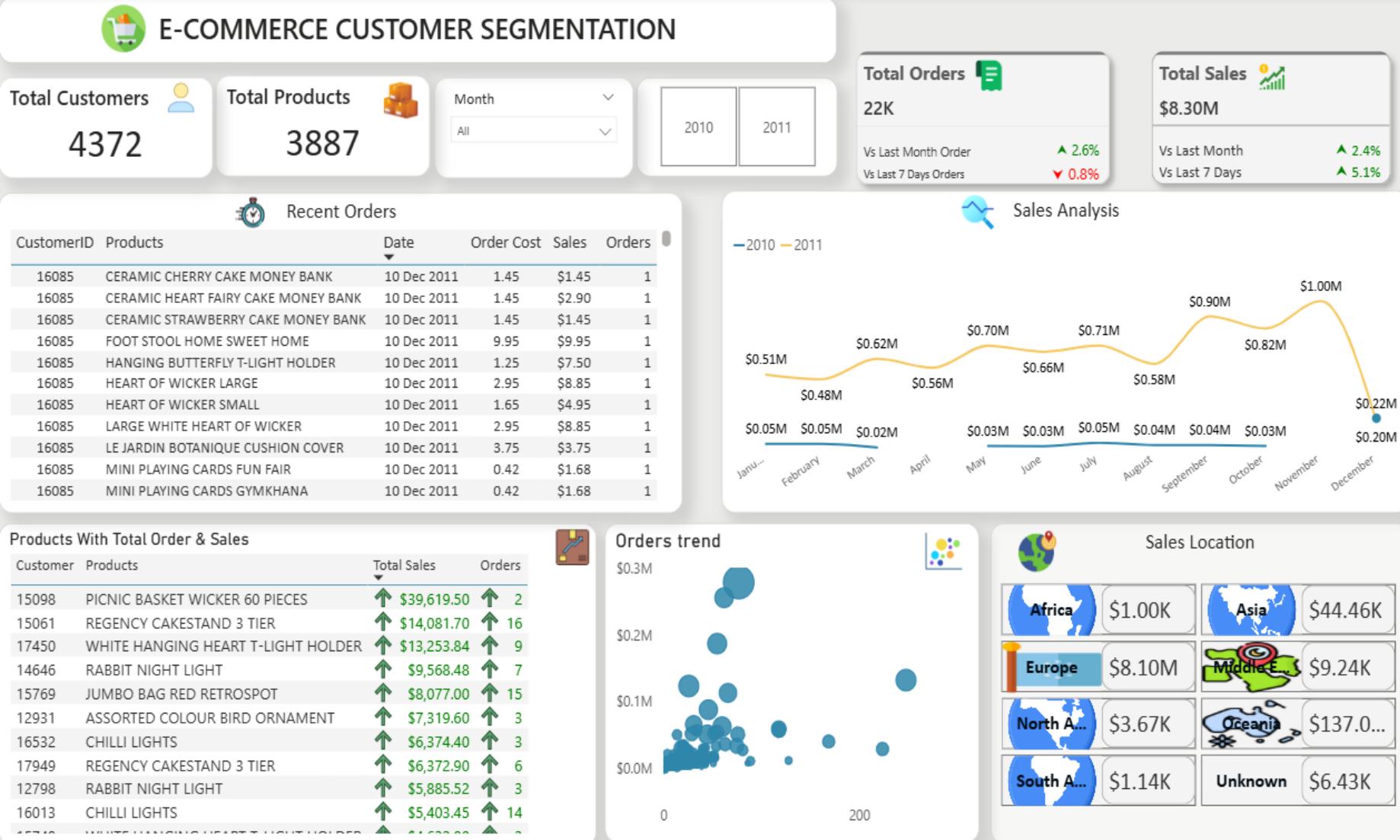
- 98.19% repeat order rate shows outstanding customer retention
- High loyalty reduces customer acquisition costs significantly
- Strong foundation for long-term revenue growth projections

## 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



## 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

## E-COMMERCE CUSTOMER SEGMENTATION

Repeat Orders Rate: 98.19% (High)

Repeat Customers per orders: 4293 (Medium)

Customer Segmentation: Low

Customers	Total Orders	Sum of Sales	Year	Month
17450	14	\$71,855.00	2011	September
18102	15	\$61,666.10	2011	September
14646	12	\$48,977.52	2011	October
14646	6	\$37,302.73	2011	September
17450	13	\$36,255.75	2011	November
14646	6	\$31,899.48	2011	January
14646	9	\$31,040.44	2011	November
12415	3	\$30,438.19	2011	June

Sales By Continent:

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Return Orders: 3654 (Medium)

Returns Amount: (\$611K) (Medium)

Return Rate: 16.5% (Medium)

Return%: 6.86% (Medium)

Year-over-Year Growth Rate:

Retention Trend:

Month	Retention Rate (%)
January	22.33%
February	36.99%
March	33.66%
April	37.86%
May	37.51%
June	38.36%
July	42.30%
August	44.53%
September	34.89%
October	39.35%
November	40.45%
December	49.45%

## 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

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# 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