

Dashboard Report – Cohort Analysis E-Commerce Dashboard

Objective:

1. **Retention Rates (Time-based):** Measure how quickly customers return (within 1, 2, and 3 months).
2. **Repeat Rates (Order-based):** Measure general customer loyalty by tracking the percentage of customers who eventually place a 2nd, 3rd, or 4th order.

Main Goal of the Analysis:

- Find out how well we retain new customers.
- How quickly they return (Retention).
- How deep their loyalty goes (Repeat Orders).

Period:

January 2024 – December 2024

1. Retention Rates (1, 2, and 3 Months):

- The retention rates show a clear improvement over the months.
- The 1-month retention rate increases from about 60% in January to over 90% in May.
- The 2-month retention rate develops similarly – from around 80% in January to 100% in May.
- The 3-month retention rate is exceptionally stable and often reaches 100%, indicating very strong customer loyalty.

Interpretation:

- Customer retention is improving significantly. From March/April onwards, measures in marketing or product areas seem to have been particularly effective.
- The high 3-month retention rate shows that customers who make it past the second month remain very loyal.

2. Retention Heatmap:

- The cohorts from January to June 2024 show consistently high retention rates.
- Especially the April to June cohorts achieve values between 93% and 100% for the 2- and 3-month retention.
- Cohort sizes decrease over the course of the year – possibly due to seasonal patterns or reduced marketing traffic.

Interpretation:

- Although fewer new customers are acquired, the value of existing customers is increasing.
- New customers are overall being converted more reliably into repeat buyers.

3. Action Recommendations (Retention Focus)

- **Find the Best Customers' Path:** Study exactly which **marketing channels** (where they came from) brought in the most loyal groups (the April to June cohorts). Shift more of the advertising money to those specific channels.
- **Standardize the Welcome Process:** Document and copy the first steps (the **onboarding process**) that led the April to June customers to become so loyal. Make sure every new customer gets that same, successful welcome experience.
- **Plan for Slow Periods:** Create a **seasonal plan** for getting new customers to fight against the shrinking number of new customers. This helps keep the customer flow stable throughout the year.

4. Repeat Rates (2+, 3+, 4+ Orders):

- The repeat rate for 2+ orders remains stable between 73% and 82%.
- The 3+ orders rate is consistently around 46–64%.
- The 4+ orders rate falls from 47% in January to about 27% in June.

Interpretation:

- Customers reliably make a second and third purchase.
- The transition to the fourth order is more difficult – a normal effect in the customer lifecycle.

5. Repeat Heatmap:

- The January cohort shows particularly strong results: 82% make a second order, 64% a third, and 47% a fourth.
- Other cohorts show similarly strong 2+ and 3+ rates, but the 4+ rate decreases over the months.

Interpretation:

- The majority of customers place at least a second or third order.
- Declining 4+ rates could be because younger cohorts have not had enough time yet or there are fewer incentives for regular customers.

5. Action Recommendations (Repeat Focus)

Based on the Repeat Rates analysis, which showed that customers often stop buying after the third order, here are 3 simple action plans:

- **Reward the 3-Time Buyer:** Start an automatic program that gives customers **special incentives right after their third purchase**. This could be exclusive product bundles, a free shipping upgrade, or a special discount just for their fourth order.
- **Use Smart Product Suggestions:** Use the data you have about what the 3+ buyers like to send them highly relevant and timely product recommendations. This makes the step to the **fourth purchase feel easier and more appealing**.
- **Learn from the Best Cohort:** Find out exactly what marketing channels or products attracted the customers in the **strongest 4+ Repeat Rate group (the January Cohort)**. Use those insights to focus future marketing efforts on finding similar customers.