

# Dashboard Report – Cohort Analysis E-Commerce Dashboard

## Objective:

- Retention Rates (Time-based):** Measure how quickly customers return (within 1, 2, and 3 months).
- 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.