Home World-Retail: Assess Sales Outlets' Performance

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General findings

- Loyalty program customers are conservatives and they do not tend to spend extra money, even though they pay a monthly fee of 20 dollars
- customers that join the Membership program buy more, in larger quantities, and for a higher amount of money for each purchase.
- "Shop 0" is our online store and it generates 100K dollars in the given period.

What are chain looks like?

Home World LTD, a building materials shop, with 31 locations.

One of our location is actually Ecommerce shop.

What defines our customers ?

All of store customers have membership cards. Moreover, they can become members of the store's loyalty program for $20 per month

What do we want to achieve and why?

We want to assess the sales performance outlets so we can come up with actions to improve operations and increase sales.

Exploratory data analysis

Membership consumers have more quantity purchased than Loyalty

Average Quantity of Items per Customer
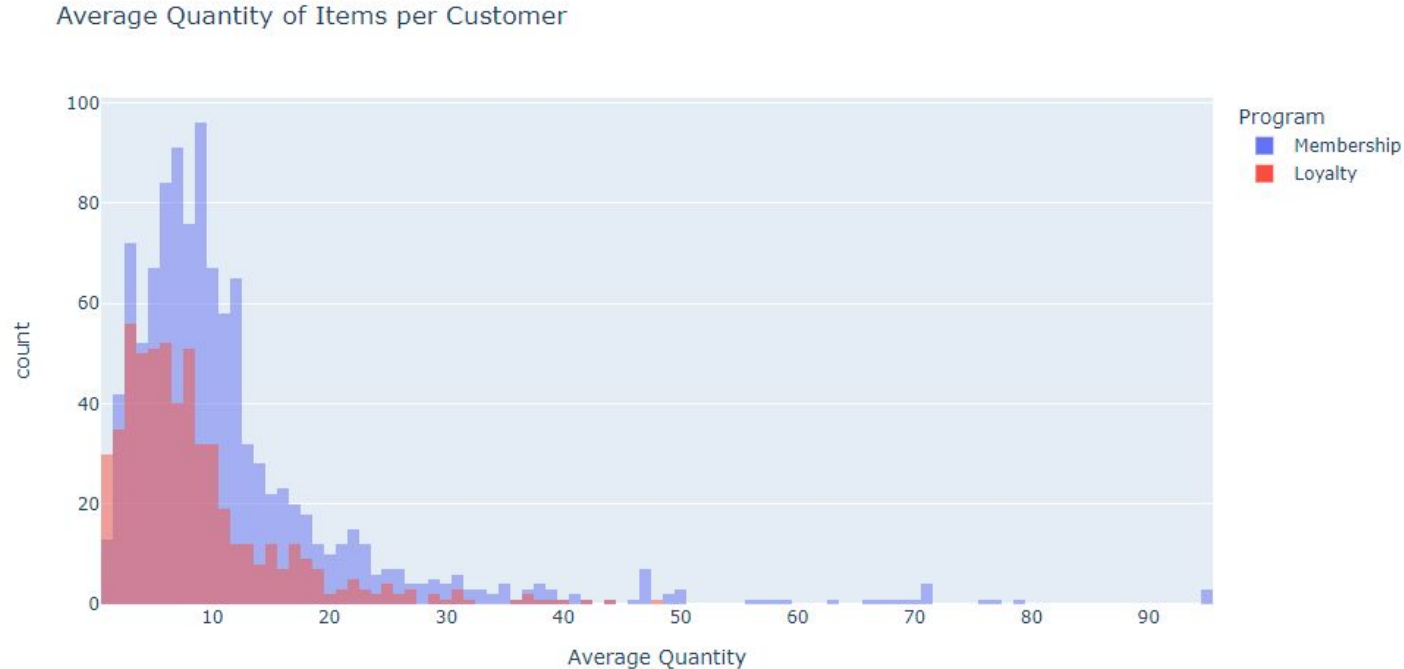
- Membership consumers have a lot of quantity purchases around 2.5, but they also have a "tail" of large quantities, such as 80.
- Loyalty customers are build material "experts", if they come in and buy something, they know exactly what they want and can do it more efficiently.

Membership consumers purchase at any price between 1 and 1244 dollars.


Total Revenue per Purchase
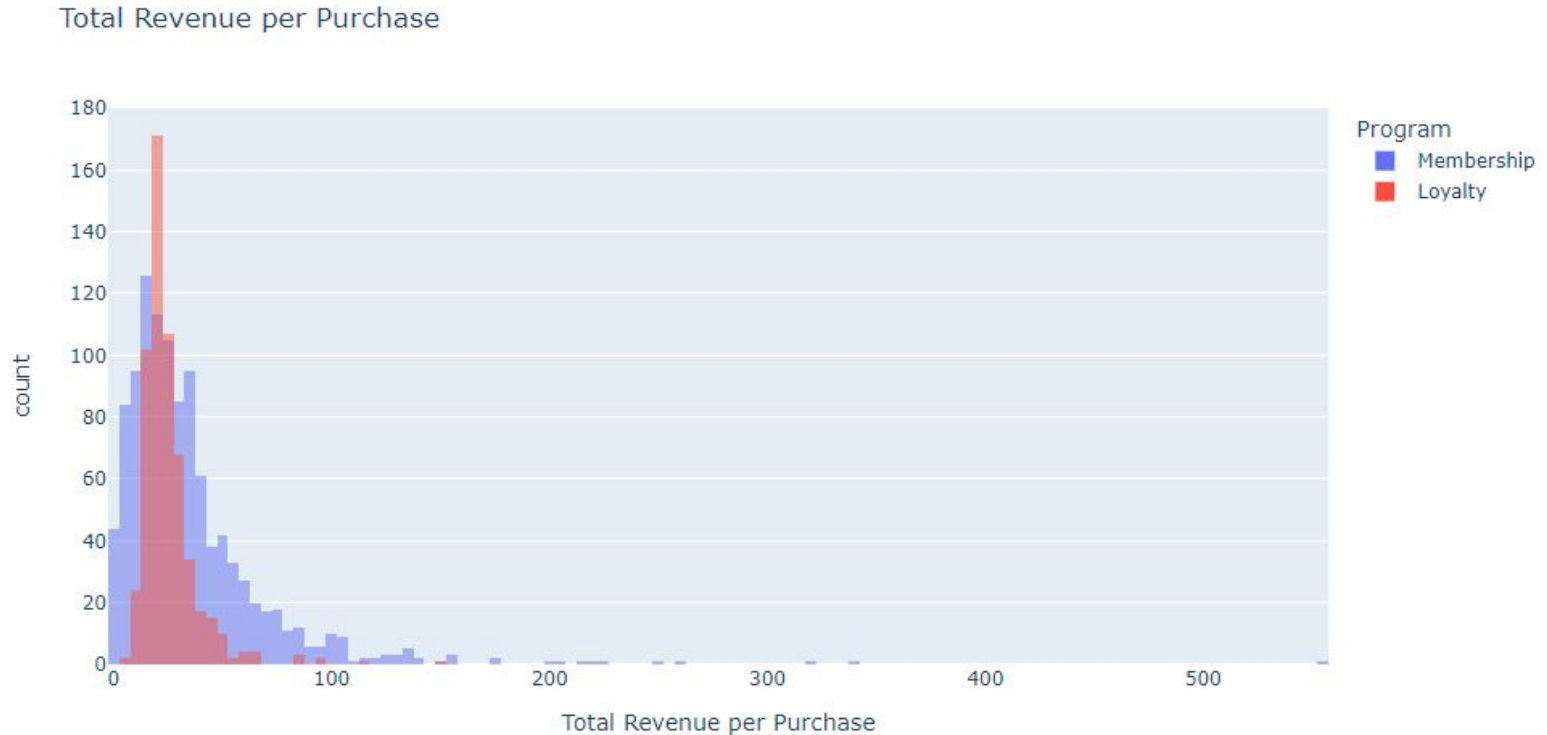
"Shop 0" (online shop) is leading by revenue with 100K dollars overall.

Accumulated Value of Revenue per Location

- Membership program are leading revenue providers for all stores.
- "Shop 16"" as almost even revenue for Loyalty and Membership customers but it has low revenue overall.

Although some stores' Loyalty program users purchase and visit more, they bring in less money

Visits per location.
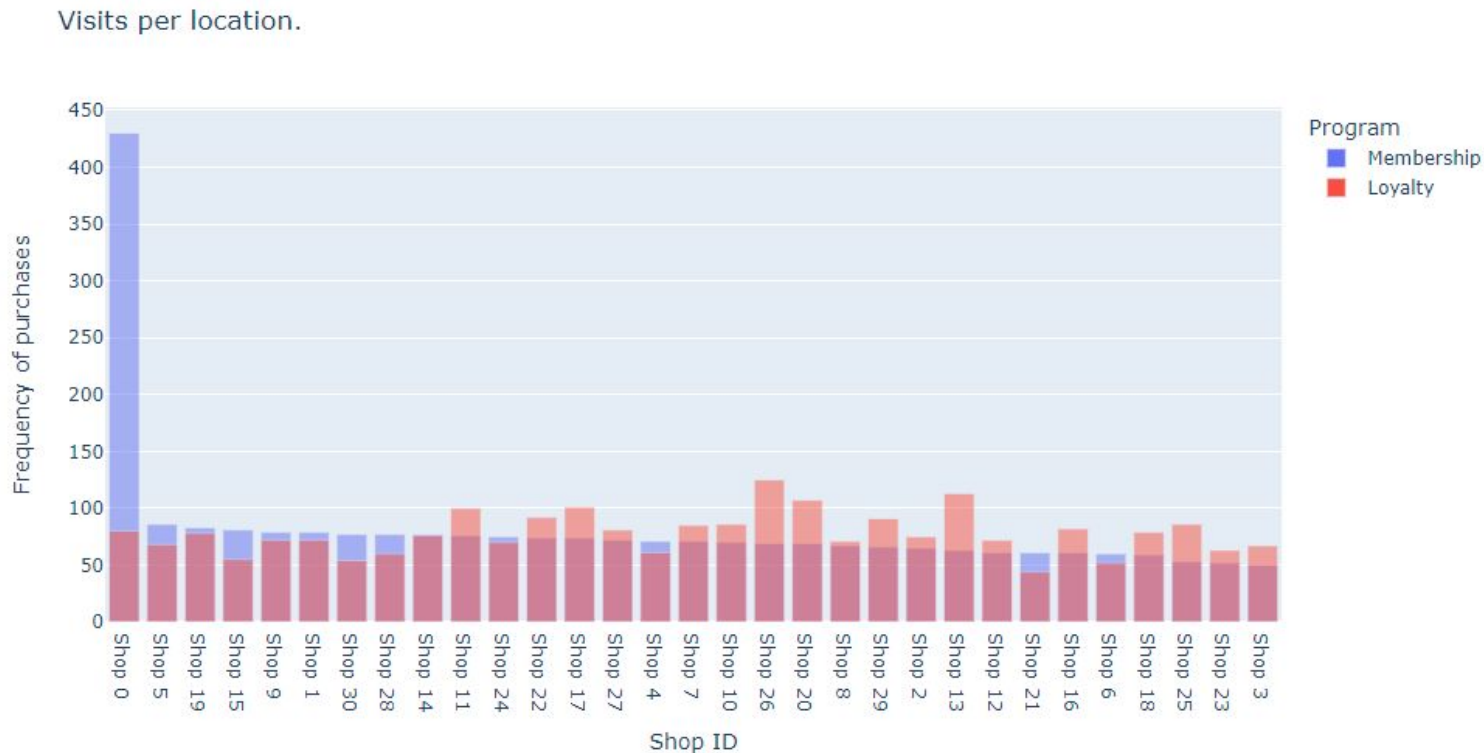
The Top 10 Item Purchased

➡ All of the top 10 item purchased by Membership program customers are from "Shop 0".

➡ All of top ten item purchased by store location Loyalty program customers is the Loyalty fee itself.

A/B Test Hypotheses

➡ Customers programs effects the revenue per customers total revenue.

➡ Customers programs effects number of purchases.

➡ Customers programs number of visits in store locations.

A/B Test Results

✓ There is a statistically significant difference between the two groups, implying that customers who participate in a Loyalty program make less and smaller purchases than those who do not.

✓ We cannot rule out the possibility that there is no statistical significance in the difference in number of visits per location from consumers who have joined in a loyalty program vs those who have not, as the previous comment indicates

Recommendations and future research suggestions.

One of the strategies to building a revenue stream on a solid is to create a "club." In our case "Loyalty club" isn't going so well, It is aimed towards customers who are more conservative and also don't like to spend money.

So it's only natural to form a new club or criterion for those people and recruit new members.

We need to create an experience that makes our "members" sense the special stature that comes with membership. Like the American Express slogan: "Membership has its privileges".

It should give them a taste of that kind of personalized attention and service offer "benefits".

Members should think, "Fantastic! I get this new added benefit regular people aren't getting! I'm special!"

To sum it up, We should incentivize our loyal clients to buy more and customise their service. After all, they are already committed customers, so it will take some research to figure out what will get them to open their wallets. We should also persuade additional customers to join a new low cost club that promotes online retailers and nearby store locations.

Thank you !