

BUSINESS UNDERSTANDING

Domain: E-Commerce – Online Retail Industry (Example: Amazon)

1. Introduction to the E-Commerce Domain

E-commerce refers to the buying and selling of goods and services through online platforms using the internet. It has transformed traditional retail into digital marketplaces where customers can browse products, compare prices, read reviews, and place orders from anywhere.

Major companies operating in this domain include:

Amazon

Flipkart

Meesho

The e-commerce business is highly competitive, customer-centric, and completely datadriven. Every customer interaction generates valuable data that helps businesses understand behavior, trends, and preferences.

Business understanding is the first and most important phase of any analytics or data science project. It ensures that technical solutions are aligned with real business goals.

2. Industry Background and Market Overview

The industry has evolved significantly over the years due to technological advancements, changing consumer preferences, and globalization. It started as a traditional sector with limited innovation but has transformed into a competitive and technology-driven market. Increased digitalization and automation have further accelerated its growth and effici

3. Business Objectives

1. Profit Maximization

Increase revenue and reduce costs to improve overall profitability.

2. Market Growth

Expand customer base, increase market share, and enter new markets.

3. Customer Satisfaction

Provide high-quality products or services to build customer loyalty and retention.

4. Operational Efficiency

Improve productivity, reduce waste, and optimize resources.

5. Innovation and Development

Develop new products, adopt new technologies, and improve existing services.

6. Sustainability and Social Responsibility

Follow ethical practices and contribute positively to society and the environment.

2. Problem Identification

Business objectives are the specific goals that a company sets to achieve growth and longterm success. They mainly focus on increasing profit, expanding market share, improving customer satisfaction, and operating efficiently. By setting clear objectives, a business can plan its strategies effectively, measure performance, and stay competitive in the market.

3. Stakeholder Analysis

Identifying stakeholders helps align project goals.

1 Internal Stakeholders

2 CEO and Executives – Strategic decisions

Marketing Team – Campaigns and promotions

Sales Team – Revenue management

IT Team – Platform maintenance

Data Analysts – Data insights



Suppliers

Delivery partners

Payment gateway providers

Each stakeholder has different expectations and success criteria.

4. Key Performance Indicators (KPIs)

KPIs measure business performance.

Conversion Rate

Average Order Value (AOV)

Customer Retention Rate

Customer Acquisition Cost (CAC)

Net Profit Margin

Website Bounce Rate

Cart Abandonment Rate

Delivery Success Rate Example

Target:

Increase conversion rate from 3% to 5%

Reduce cart abandonment from 70% to 55%

5. Customer Understanding

Customer behavior analysis is essential.

1 Customer Segmentation

2 Age-based segmentation

Geographic segmentation

Behavioral segmentation

Purchase frequency segmentation

Income-based segmentation

Customer Journey Mapping

Awareness stage

Consideration stage

Purchase stage

Post-purchase stage

Feedback and review stage

Understanding the customer journey helps identify drop-off points.

6. Competitive Analysis

Competition in e-commerce is intense.

For example:

Amazon focuses on fast delivery and large inventory.

Flipkart focuses on aggressive pricing and festive campaigns.

Competitive Factors:

1. Pricing strategy
2. Delivery speed
3. Customer service

7. Business Constraints

Constraints limit decision-making.

Budget restrictions

Technology limitations

Data privacy regulations

Time deadlines

Skilled workforce availability Example:

Limited marketing budget restricts promotional campaigns.

Server capacity may affect website performance during sale events.

8. Risk Analysis

Risk analysis is the process of identifying, evaluating, and managing potential risks that could negatively impact a business or project. It helps organizations understand possible threats and prepare strategies to reduce their impact.

Risks may include financial losses, market competition, operational failures, technological issues, legal problems, or changes in government policies. By analyzing these risks in advance, businesses can make better decisions, improve planning, and avoid unexpected losses.

Effective risk analysis ensures stability, minimizes uncertainty, and supports long-term success by preparing the organization to handle challenges efficiently.

Conclusion :



Conclusion, business objectives are essential for the successful functioning and longterm sustainability of any organization. They provide a clear roadmap that guides planning, resource allocation, and decision-making. Well-defined objectives help businesses measure their progress, evaluate performance, and make necessary improvements.

By focusing on goals such as profitability, market expansion, customer satisfaction, innovation, and operational efficiency, organizations can strengthen their competitive position and adapt to changing market conditions. Clear objectives also motivate employees, align team efforts, and ensure that everyone works toward a common purpose.

Overall, setting and achieving business objectives ensures steady growth, stability, and long-term success in an increasingly competitive business