

olist

**end-to-end solutions
to sell online without headaches**

business management

selling in marketplaces

own virtual store

optimized logistics



**4.5M
registered
products**

**100k+ stores
operating safely**



100%

US\$23M

US\$186M

\$1.41 B

Growth in Sales in
2020

Goldman Sachs in April
2021

Series E Round in Jan
2022

in Valuation Becoming
an Unicorn



USER FOCUS

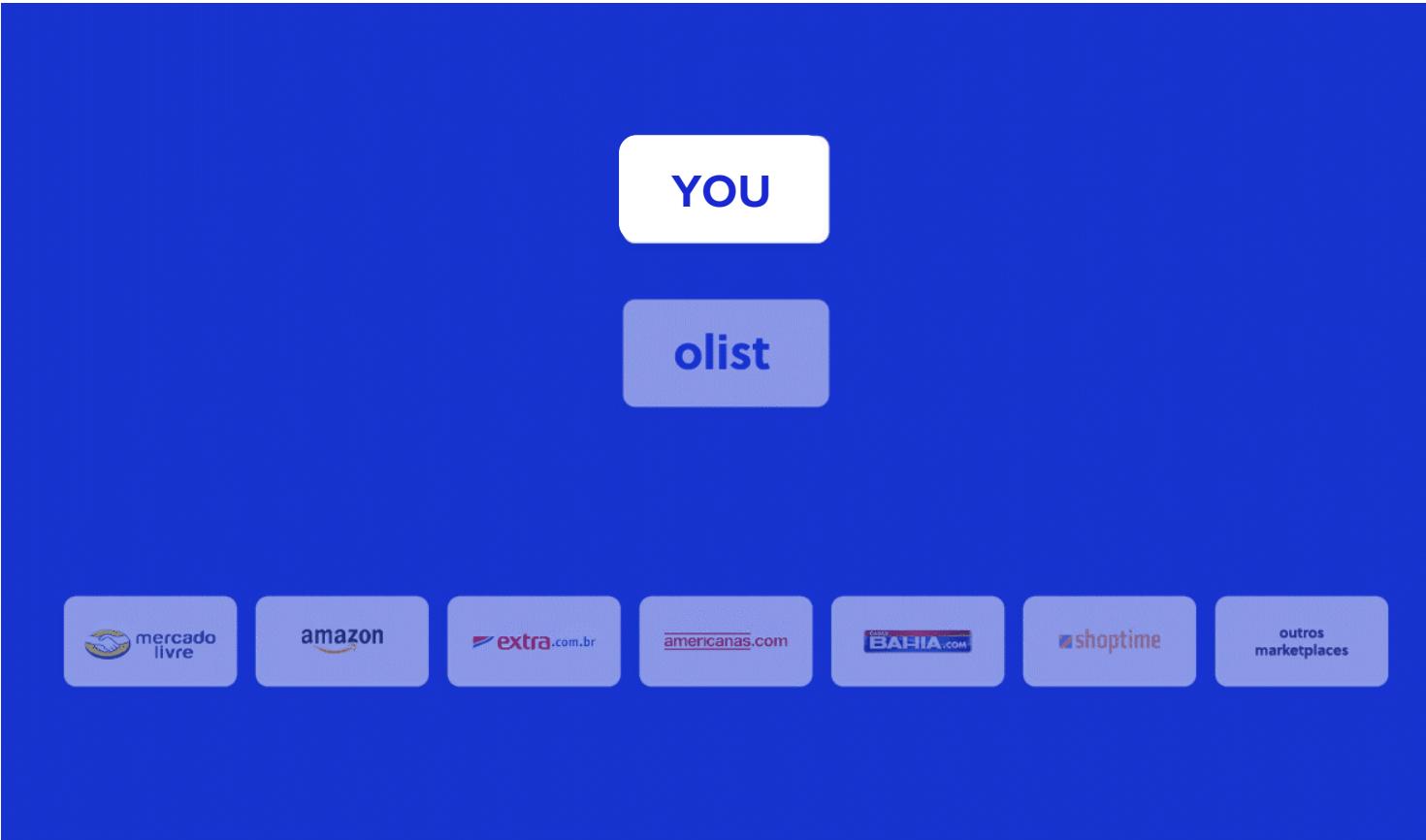
- Small & medium enterprises
- Online & offline retailers
- Big brands
- Resellers, franchises & distributors

COMPETITIVE ADVANTAGE

tiny
by olist

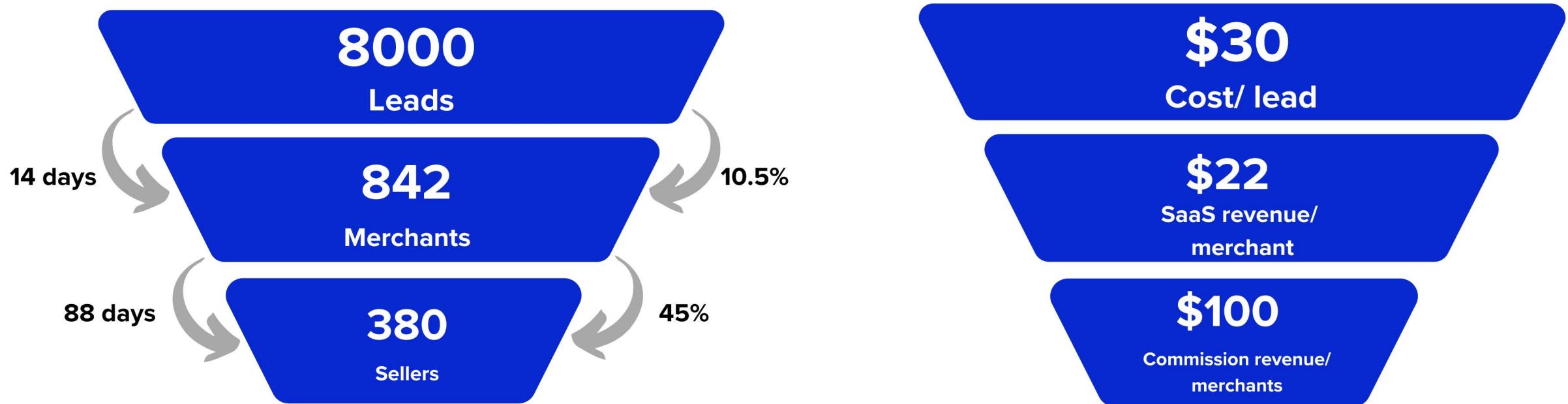


Can olist harness specific
strategies to successfully increase
their growth rate post pandemic?



89%

of leads generated do not convert to merchants



Merchant-to-seller conversion is

6X

leads-to-merchant conversion time

Customer Segment A

High Price Items



Low Order Frequency



Household, Fashion & Appliances



Customer Segment B

Low Price Items



High Order Frequency

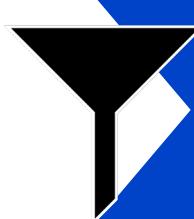


Health & Beauty



Strategic Recommendations

Qualifying the funnel

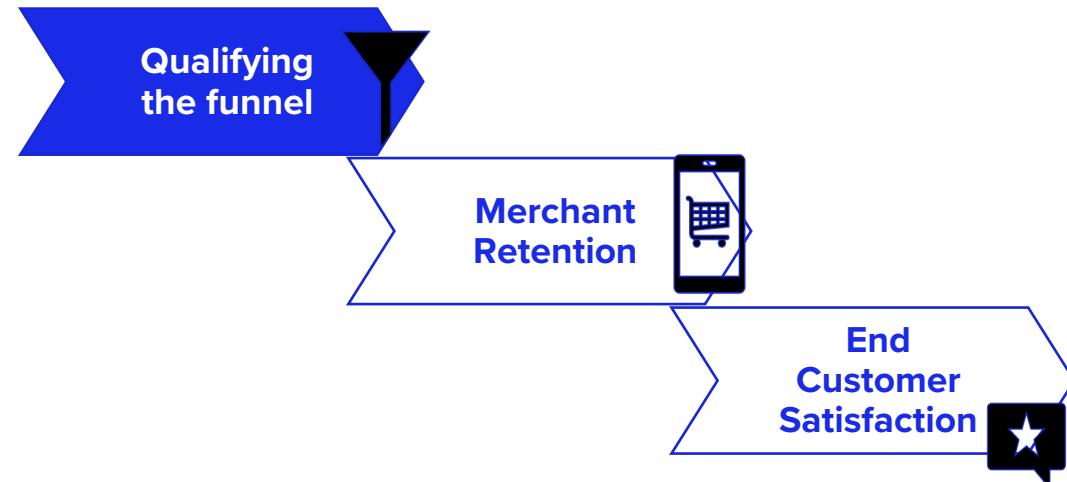


Merchant Retention



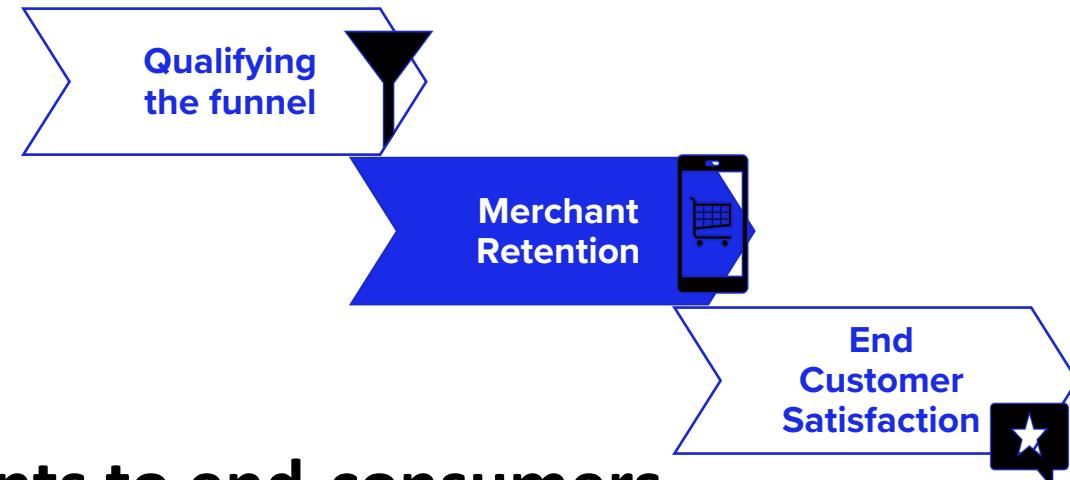
End Customer Satisfaction





- **Invest in SEO**
- Optimize targeted **paid search**
- Incentivize **Referrals**

78%
of B2B marketers find referral programs to produce quality leads



Discounts to end-consumers
on products from new
merchants without sales

45%
of merchants become sellers

Ofertas do dia

Aproveite esses preços agora mesmo!
Novas ofertas todos os dias.



Todas as
ofertas



Ofertas
relâmpago



Barato do Dia



Fashion Trends

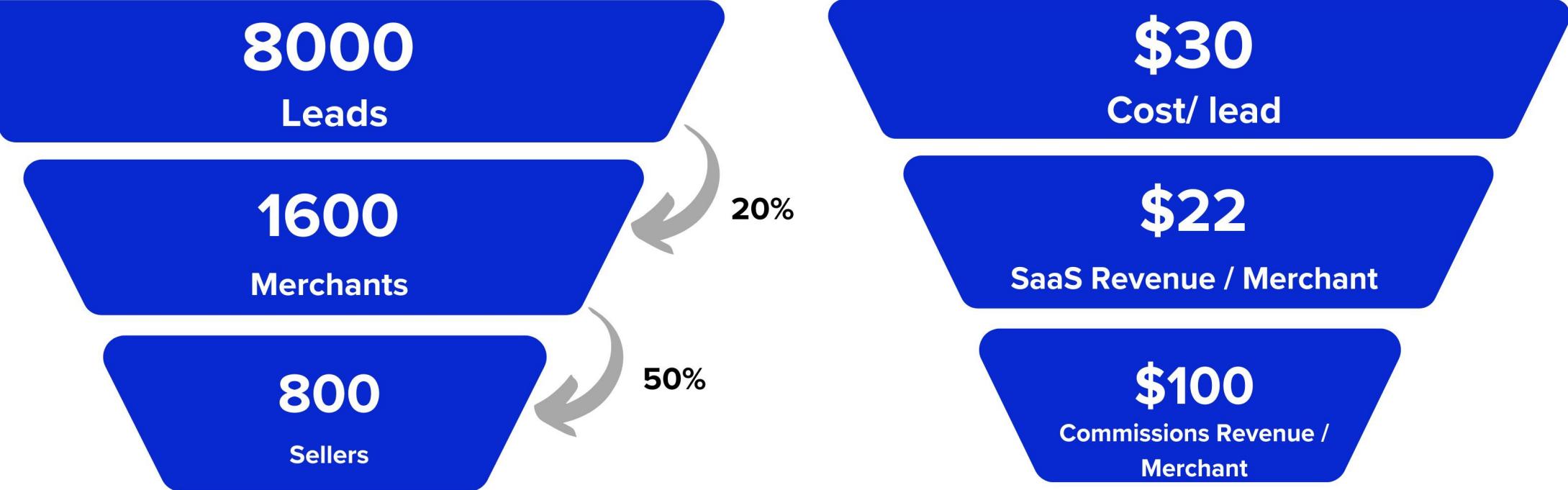


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- Implementation of **rewards program** for consumer benefits
- **Incentivizing comments reviews** from all customers improving brand perception

90%
of unsatisfied consumers write reviews



Implementing our recommendations would lead to a significant improvement in the economics of the business.

Can **olist** harness specific strategies to successfully increase their growth rate post pandemic?



Q & A



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Team 12
Business Challenge #3

Masters of Business Analytics

May 2023

olist

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References

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- *Fintech*. (2021, November 10). *O que é Olist? Saiba + sobre o marketplace dos marketplaces!*. <https://fintech.com.br/blog/business/o-que-e-olist/>
- LABS. (2020, December 21). *SoftBank-backed Olist acquires technology and logistics startup PAX*. LABS English. <https://labsnews.com/en/news/business/brazil-based-olist-buys-technology-and-logistics-startup-pax/>



Appendix



Flow Path

- Title
- What is Olist: customers, operations, countries of operation, revenue, etc.
- Business question: growth post pandemic, using existing data as guide.
- Setting context: conversion rates from leads (performance down the funnel --> Leads, Merchants, Sellers), customers acquisition cost, and lost revenues due to churn. Defining funnel conversion problem. Comparison with olist competition.
- Improving funnel conversion through increasing chances/probabilities of conversion by selecting what goes in from the top of the funnel.
- Profile what goes into the funnel --> business type, business segment, lead type, etc. (Supported by text analysis)
- Revenue growth projection of an improved funnel.
- Recommendation: Implementing the insights/actions.

Lead Type

- In the context of marketing and sales, a "lead type" typically refers to a specific category or segment of potential customers or clients. Lead types can help businesses identify and target specific groups of people who are more likely to be interested in their products or services.
- Different businesses may use different lead types depending on their target audience, industry, and marketing strategy. Lead types can be based on various factors such as demographics, behavior, interests, or purchasing history.
- For example, in an ecommerce business, lead types may include "new customers," "repeat customers," "high-value customers," "bargain hunters," "abandoned cart leads," and so on. Each of these lead types may require a different approach to marketing and sales in order to effectively convert them into paying customers.
- By identifying and categorizing leads into different types, businesses can tailor their marketing efforts to each group and improve their chances of generating more sales and revenue.

Implementing Solution for conversion

Assumptions

Prior to Recommendation

- Assuming 10% conversion of leads to merchants. According to HubSpot, leads generation cost \$30 on average
- Assuming same amount of leads is generated
- Assuming average SaaS revenue is at \$22 per merchant
- Assuming Sellers Sales Commission revenue is at 22% of total sales
- Assuming average orders per Seller is at 13 and average price for each order is \$42 (constant from the data)

Assumptions

After Recommendation

- Assuming 10% incremental conversion of leads to merchants.
According to HubSpot, leads generation cost \$30 on average
- Assuming 5% incremental conversion of merchants to sellers
- Assuming same amount of leads is generated (8,000)
- Assuming average SaaS revenue is at \$22 per merchant
- Assuming Sellers Sales Commission revenue is at 22% of total sales
- Assuming average orders per Seller is at 13 and average price for each order is \$42 (constant from the data)

Proportion by Lead Origin

Row Labels	Merchants	Sellers
direct_traffic	9%	11%
display	1%	1%
email	2%	2%
organic_search	42%	39%
paid_search	30%	34%
referral	4%	3%
social	12%	11%
Grand Total	100%	100%

Conversion by Lead Origin from
 - Lead to Merchant (subscribed)
 - Merchant to Selling the first product

Channels	L vs M	M vs S	S vs L
direct_traffic	11%	55%	6%
display	5%	33%	2%
email	3%	40%	1%
organic_search	12%	42%	5%
paid_search	12%	52%	6%
referral	8%	38%	3%
social	6%	41%	2%
total	10%	46%	4%

Bifurcation above average: conversion rate down the funnel

Channels	Count of lead_id	L vs M	Count of merchant_id	M vs S	Count of seller_id	S vs L
direct_traffic	499	11%	56	55%	31	6%
display	118	5%	6	33%	2	2%
email	493	3%	15	40%	6	1%
organic_search	2296	12%	271	42%	113	5%
paid_search	1586	12%	195	52%	101	6%
referral	284	8%	24	38%	9	3%
social	1350	6%	75	41%	31	2%
total	6626	10%	642	46%	293	4%

Understanding retention rate based on proportion of each category

Channels	Percent of lead_id	L vs M	Percent of merchant_id	M vs S	Percent of seller_id	S vs L
direct_traffic	8%	113%	9%	122%	11%	138%
display	2%	50%	1%	100%	1%	50%
email	7%	29%	2%	100%	2%	29%
organic_search	35%	120%	42%	93%	39%	111%
paid_search	24%	125%	30%	113%	34%	142%
referral	4%	100%	4%	75%	3%	75%
social	20%	60%	12%	92%	11%	55%

Leads to Merchants

<input type="checkbox"/> organic_search	271	113
appliances	29	17
baby	9	4
cars	26	10
devices	12	3
fashion_beauty	34	11
foods	21	7
gifts	9	1
household	91	41
music	4	1
others	2	
pet	10	5
sports	11	7
stationery	13	6
<input type="checkbox"/> paid_search	195	101
appliances	22	8
baby	5	2
cars	20	8
devices	16	6
fashion_beauty	34	18
foods	11	3
gifts	5	3
household	62	39
music	2	1
others	1	
pet	5	3
sports	3	2
stationery	9	8

<input type="checkbox"/> online_big	126	79
appliances	18	12
baby	4	2
cars	15	11
devices	8	1
fashion_beauty	17	12
foods	1	
gifts	1	
household	49	32
music	1	1
pet	4	2
sports	4	2
stationery	4	4
<input type="checkbox"/> online_medium	332	172
appliances	41	23
baby	13	7
cars	36	12
devices	18	7
fashion_beauty	48	22
foods	12	8
gifts	10	3
household	108	56
music	3	3
pet	10	7
sports	14	10
stationery	19	14

Reviews with and without comments

```
1 filtered_reviews = reviews[reviews['text_general'].isin([0])]  
2  
3 filtered_reviews.describe()
```

	review_score	text_general
count	3637.000000	3637.0
mean	4.537806	0.0
std	0.851784	0.0
min	1.000000	0.0
25%	4.000000	0.0
50%	5.000000	0.0
75%	5.000000	0.0
max	5.000000	0.0

```
1 filtered_reviews = reviews[reviews['text_general'].isin([1])]  
2  
3 filtered_reviews.describe()
```

	review_score	text_general
count	3143.000000	3143.0
mean	3.522113	1.0
std	1.683807	0.0
min	1.000000	1.0
25%	2.000000	1.0
50%	4.000000	1.0
75%	5.000000	1.0
max	5.000000	1.0

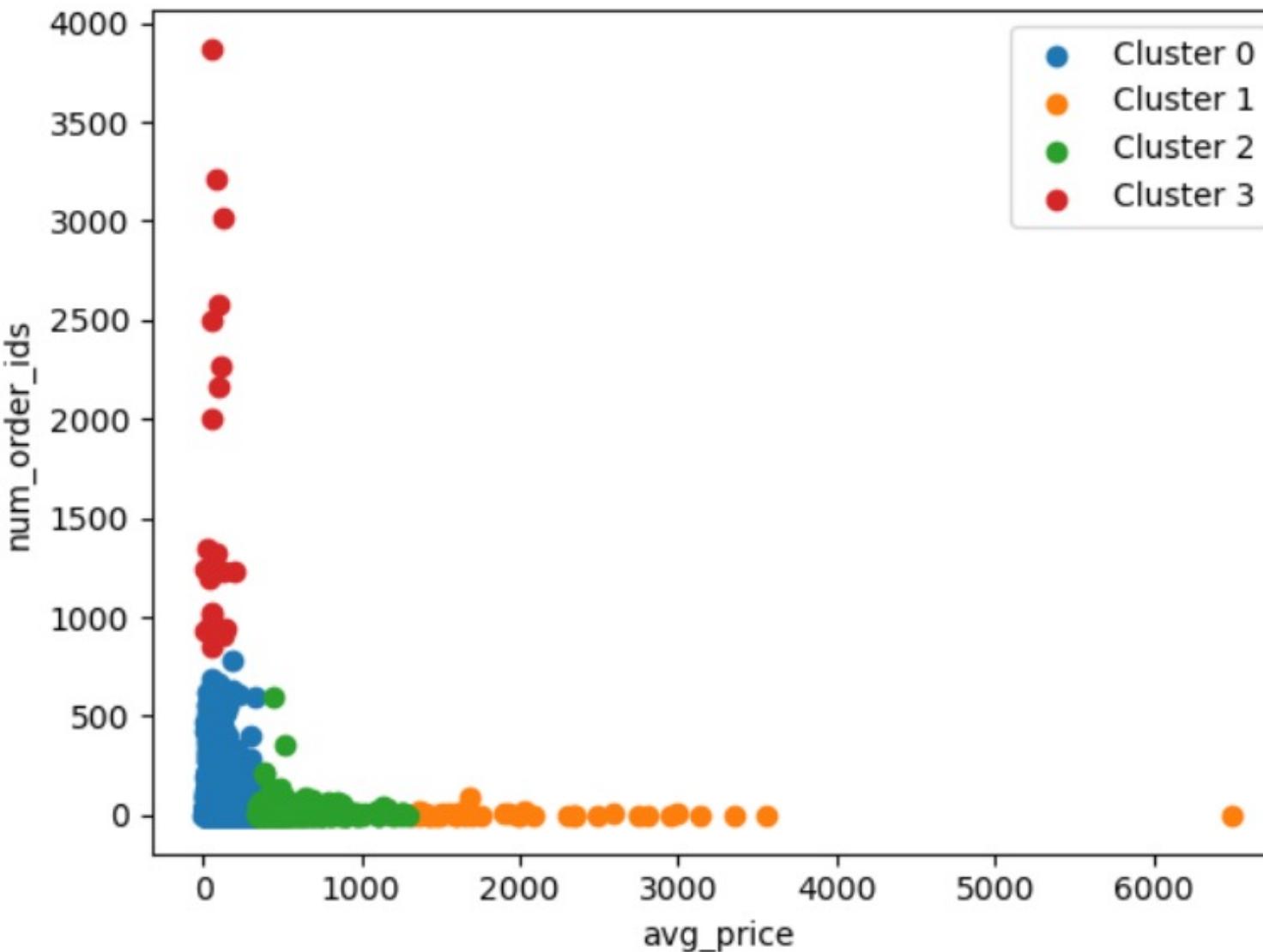
Conversion of Merchant to Sellers by Lead Type

lead type	conversion_percentage
industry	33%
offline	29%
online beginner	37%
online big	63%
online medium	52%
online small	36%
online top	43%
others	33%
total	45%

Text Analytics on Review Scores

review_score	text_general	count	
1	0	86	10.2%
	1	756	89.8%
	total	842	
2	0	45	14.5%
	1	266	85.5%
	total	311	
3	0	216	48.4%
	1	230	51.6%
	total	446	
4	0	770	68.0%
	1	363	32.0%
	total	1133	
5	0	2520	62.3%
	1	1528	37.7%
	total	4048	

Plotting of the Segments by Kmeans Clustering



Customer Segment A : Cluster 0

Customer Segment B: Cluster 1

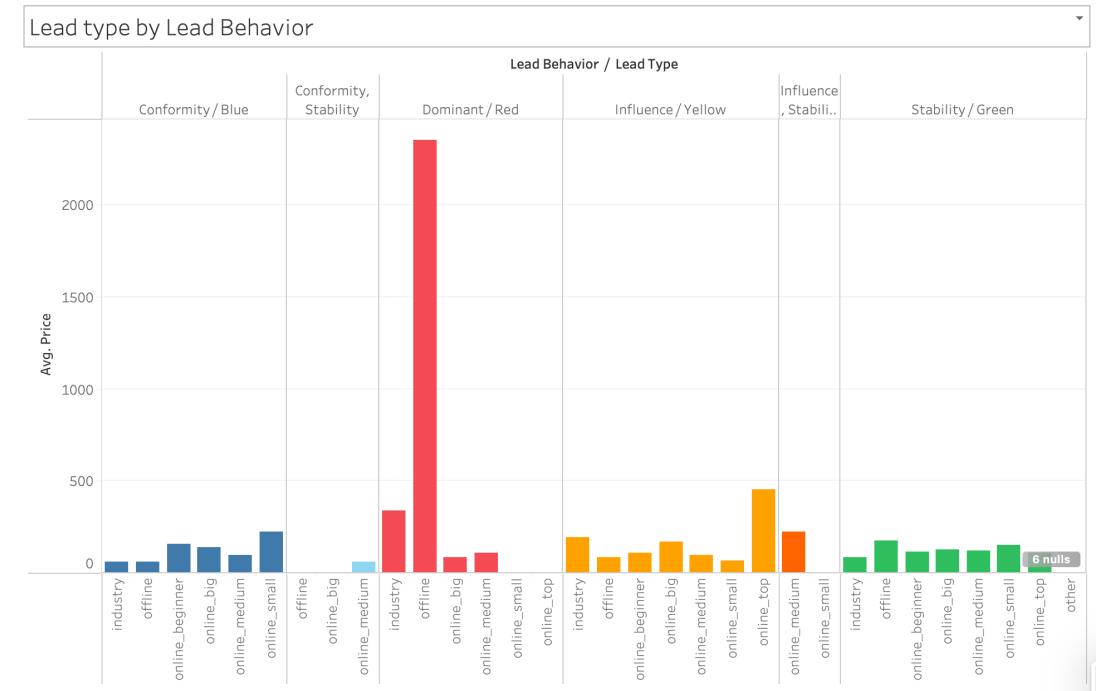
Num_order_ids:

- The number of orders a seller has completed in a period of one year

avg_price:

- The average price of the products offered by specific sellers

- Dominant personality buy with more expensive items and through offline and industry



Below are resources for slides formatting Olist



