E-Commerce Project

Group 5

1. Goal

Just like products, all brands have a specific life span called the brand life cycle. Each brand should adopt various advertising strategies or promotions at different stages to suit the marketing targets and market environment.
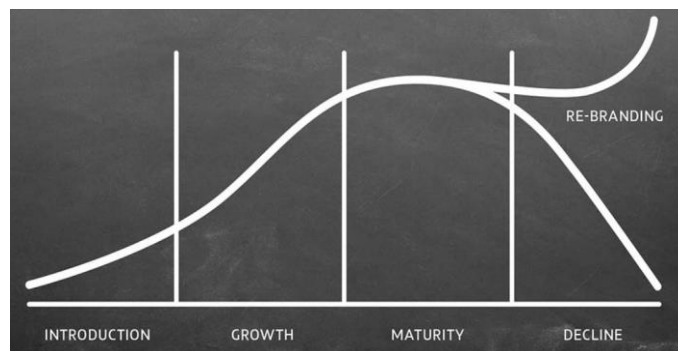
During maturity stage of the brand life cycle, competition for market share may be fierce. New competitors will often have trouble successfully entering the market as market potential is limited. As a brand established for seven years which has a stable income, we believe Contact Lens Easy has entered the maturity stage.
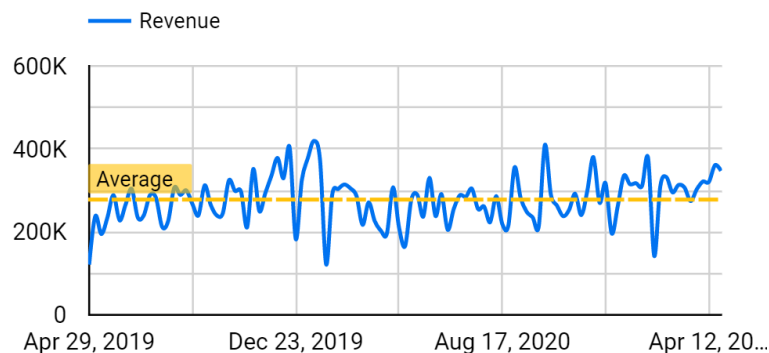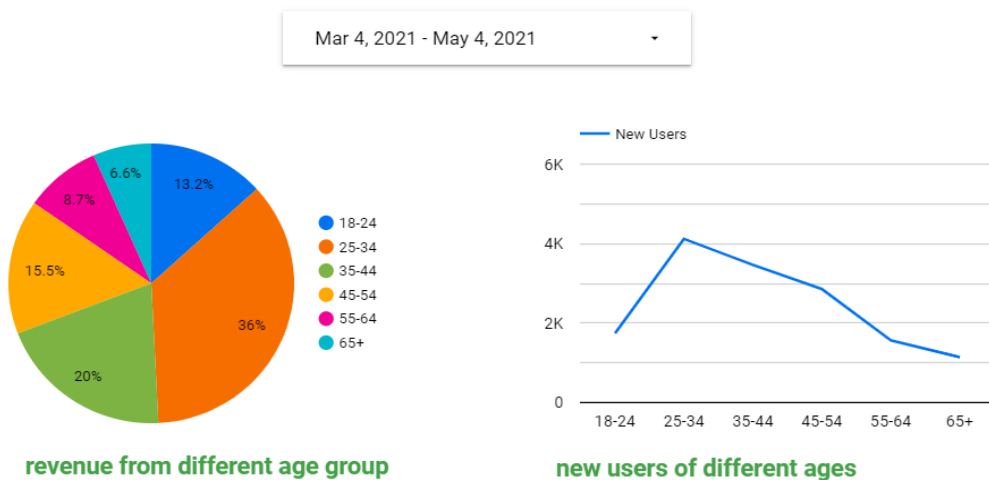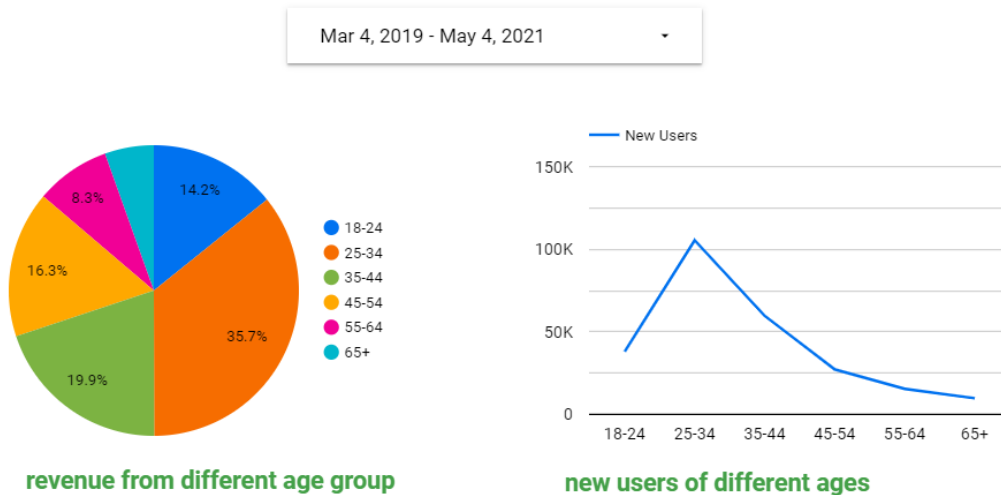

In this stage, we focus on the third and fourth indicators of AARRR model: retention and revenue. So, we set the goals as:

- Customer Retention
- Revenue Growth

2. Data Analysis

2.1 Demographic data

Because of the privacy of the data, most users are reluctant to reveal their gender, age, and social class. That brings some challenges to our analysis. However, we can still have some interesting observations.

Mar 4, 2019 - May 4, 2021

revenue from different age group

new users of different ages

Mar 4, 2021 - May 4, 2021

revenue from different age group

new users of different ages

Comparing the data of past year (May 2020 – May 2021) with the data of past two months (March 2021 – May 2021), we observed that contact lenses are no longer exclusive to young people. Although young people, with age group 25-34 years old, still contributed the largest proportion of the revenue, the proportion of elder people among new users has been increasing.

2.2 Preference

Contact Lens Easy sells more than 20 brands of contact lenses. Generally speaking, the contact lens market is a monoclinic competitive market. The most popular brand is Acuvue. Besides, Alcon, Bausch & Lomb and CooperVison also have relatively high market share.
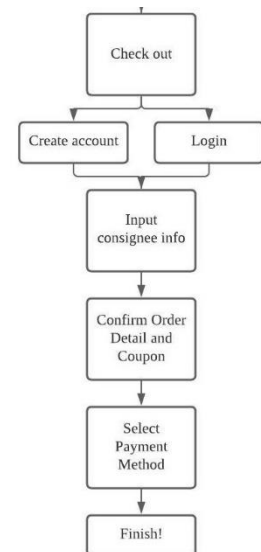
By Brand

By Type
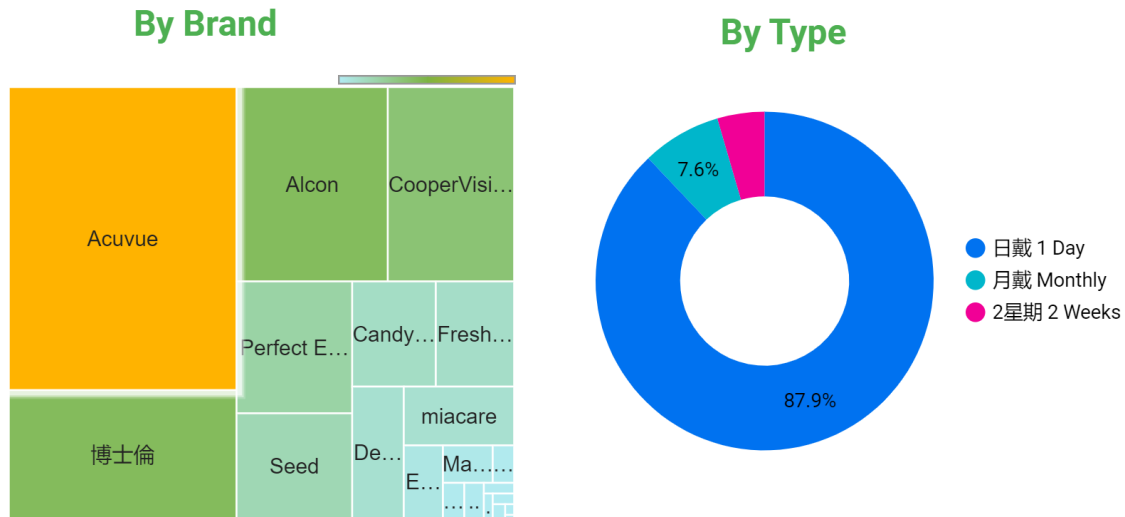
Transparent and 1-day lenses are more popular among different types of contact lenses. The popularity of transparent lenses may possibly because more people wear contact lenses for daily work and life. And the popularity of daily lens may be caused by the following reasons:

- More sanitary and convenient
- Suitable for temporary occasions
- Try unknown products at a lower cost

2.3 Clickstream data

By analyzing the conversion rate of each stage, we found that large portion of quantity checked out did not covert to quantity purchased. The churn rate of this stage is up to **59.12%**.

Product	Quantity Added To Cart	Quantity Checked Out	Quantity Sold ▾
1 Day Acuvue Moist	1,371	1,622	658
Perfect Eyes 1 Day	989	1,535	559
博士倫 SofLens 1 Day	1,959	1,146	501
Acuvue Moist for Astig…	1,172	988	427
Clariti 1 Day Toric (散光)	584	873	394
Acuvue Oasys 1 Day	903	915	386
1 Day Acuvue Define	728	961	344
Acuvue OASYS 1 Day …	934	664	333
Acuvue Oasys for Asti…	397	454	219
Grand total	**21,232**	**20,053**	**8,198**

Check out

Create account   Login

Input consignee info

Confirm Order Detail and Coupon

Select Payment Method

Finish!

Our team members experienced the payment process of the website. After discussion, we think there are several possible reasons for this problem:

a) Customer not willing to sign up as a member
b) Shipping fee too high
c) Too many steps from checkout to payment
d) Too much information need to input
e) No suitable payment method

2.4 Transaction data

For individual product, quantity with highest frequency was 1 box, followed by 6 boxes and then 2 boxes. From the promotion data crawled from web page, we found that the reason was discounts (such as free shipping or gifts) are given to certain products with bulk purchase which mainly start from 6 boxes and the shipping fee would be waived for buying 6 boxes in one single transaction.

Product Quantity
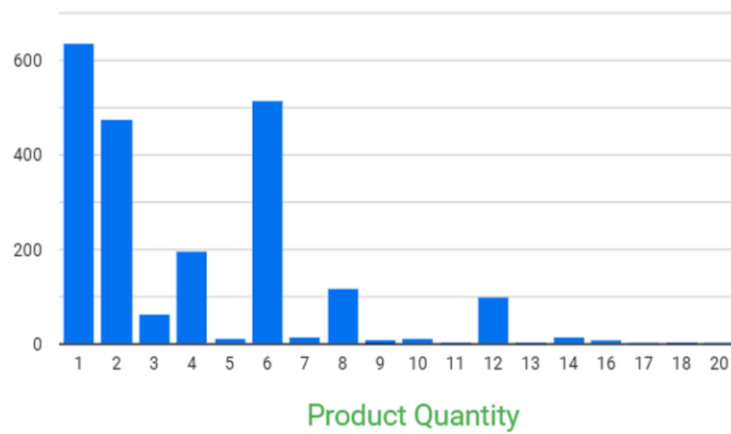
This phenomenon proved that the promotion strategy (for more than 6 boxes) is effective. Besides, people always buy even numbers of contact lens. This is probably because most people have different degrees of myopia in both eyes.

The customer stickiness is weak. From 2018 to 2021, only 50% of the customers purchased more than 1 time, and only 20% of them had purchased more than 3 times.

Distribution of Transaction Count of individual user
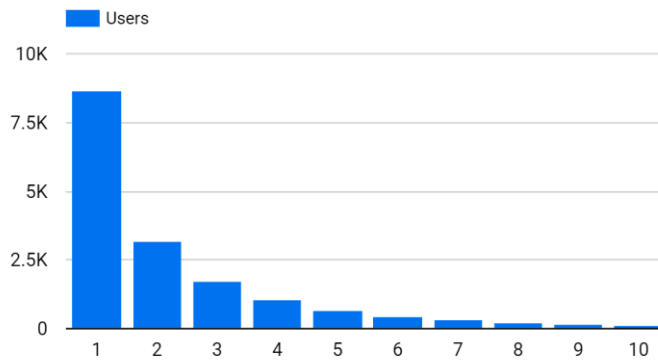
3. Strategy

3.1 Short Term Strategy:

1. Optimization of payment process

To reduce the high probability of not paying after checking out, we should identify the root cause by studying the customer behavior during the checkout stage and deal with it. Some measures are proposed below for consideration.

   a) Allow purchase without login.
   b) Add extra shipping options with lower delivery price but longer delivery time.
   c) Provide more ways of payment, such as Alipay. (Note: There will be a $5,000 digital cash coupon released from HK Government to all HK citizens in months. However, Contact Lens Easy cannot grab this opportunity as the four listed payment methods for the coupon are not compatible.)
      Reference:
      https://www.news.gov.hk/chi/2021/04/20210411/20210411_104142_404.html
   d) When the user closes the payment process, show a window pop up to show retention slogans.
      e.g.

e) For users who insist to end the payment, ask for the reason by showing a simple question as new source data for further analysis.

2. More effective promotion strategy:

From the sales data, we can see that most of the consumers are price sensitive. Effective promotion is an important engine to improve sales. For promotional activities, we have the following suggestions:

a) Make good use of the festival effect and expand the consumption group. (Inducing the people outside the target market to buy gifts for their wives/mothers/friends)
b) Add a strategy to induce sharing like other successful e-commerce cases.
c) Allow customers to choose different commodity combinations in the individual promotion area to get discount. (Improve the attractiveness of the activities as well as encourage consumers to browse more product pages)
d) User recall strategy: send attractive coupons to the customers who are about to churn.

3.2 Long Term Strategy:

To improve customer stickiness and cultivate customer loyalty, in addition to exiting member system, we propose to introduce a subscription service which can generate a regular income for the company. The idea is as below:

a) Target customers: frequent buyer, busy people who forget to replenish the stock before used up, people who don't want to buy much at a time but still want to have discount
b) The subscription fee is customized according to the quantity and period of delivery and should be more competitive than normal purchase.
c) Subscription fee to be paid automatically according to the period set.
d) The subscription could be updated or cancelled anytime by customer
e) Merit: automatic delivery, configurable according to budget, price more competitive

e.g.
- Customer A who has less budget:
  - Spending habit: Buy 1 box of "1 Day Acuvue Moist" every 2 months
  - Price for each transaction: $150 + $30 = $180

- o Subscription fee (Quantity = 1 box, Period = 2 months, Delivery Count = 1): $150 + $15 = $165
  (Price reduction due to less shipping cost)
- Customer B who has more budget:
  - o Spending habit: Buy 6 box of "1 Day Acuvue Moist" every 6 months
  - o Price for each transaction: $138*6 = $828
  - o Subscription fee (Quantity = 6 boxes, Period = 6 months, Delivery Count = 1): $135*6= $810
    (Price reduction due to more discount)
  - o Subscription fee (Quantity = 12 boxes, Period = 1 year, Delivery Count = 2): $130*12= $1560

(Price reduction due to more discount)