ASSIGNMENT-4

Take one domain and build business Understanding.

Let's take E-Commerce (Online Retail) as a domain and build a structured Business Understanding.

Domain: E-Commerce (Online Retail)

1. Industry Overview

E-commerce refers to buying and selling goods or services online via websites or mobile apps. Major global players include:

- Amazon
- Alibaba Group
- Flipkart
- Shopify

The industry includes B2C, B2B, D2C, and marketplace models.

2. Business Model

- Revenue Streams
- Product sales margin
- Commission from third-party sellers
- Subscription programs (e.g., loyalty memberships)
- Advertising revenue
- Logistics & fulfillment services
  - Cost Structure
- Inventory procurement
- Warehousing & logistics
- Marketing & customer acquisition
- Technology infrastructure
- Customer service & returns

3.Key Stakeholders

- Customers (buyers)
- Sellers / Vendors
- Logistics partners
- Payment gateways
- Internal teams (Marketing, Operations, Tech, Finance)

4. Key Business Objectives

- Increase revenue
- Improve customer retention
- Reduce cart abandonment

- ➢ Optimize supply chain
- ➢ Improve profit margins
- ➢ Enhance customer experience

5. Key Metrics (KPIs)

- ❖ Sales & Revenue
- • Gross Merchandise Value (GMV)
- • Revenue growth rate
- • Average Order Value (AOV)
- ❖ Customer Metrics
- • Customer Acquisition Cost (CAC)
- • Customer Lifetime Value (CLV)
- • Retention rate
- • Churn rate
- ❖ Product & Operations
- • Inventory turnover ratio
- • Order fulfillment time
- • Return rate
- • Cart abandonment rate

6.Business Challenges

- ➢ High competition
- ➢ Price wars
- ➢ Logistics complexity
- ➢ Fraud & payment failures
- ➢ Managing returns
- ➢ Seasonal demand fluctuations

7.Data Opportunities (For Analytics / Data Science)

- ➢ Customer segmentation
- ➢ Recommendation systems
- ➢ Demand forecasting
- ➢ Dynamic pricing
- ➢ Fraud detection
- ➢ Marketing campaign optimization
- ➢ Example: A recommendation engine like the one used by Amazon significantly increases cross-sell and upsell revenue.

8. Risk Factors

- ➢ Supply chain disruption
- ➢ Regulatory compliance
- ➢ Cybersecurity threats

- ➢ Vendor dependency
- ➢ Customer trust issues

Example Business Problem

Problem: Cart abandonment rate is 70%.

Business Questions:

Are shipping costs too high?

Is checkout process too complex?

Are payment options limited?

Is website speed slow?

Data Needed:

User session data

Clickstream data

Payment failure logs

Device/browser type

Exit page analysis