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28/11/2024

E-commerce Q2-Report

Market Trends and Investment Opportunities

PREPARED FOR :

Markethac

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Executive Summary

This report aims to analyze the ecommerce performance of two key product categories—Sunscreen and Powder—across popular platforms: TikTok, Shopee, Tokopedia, and Blibli, for the second quarter of 2023. The objective is to identify emerging trends, sales patterns, and customer behaviors to provide actionable insights for brands interested in investing in these categories.

Methodology

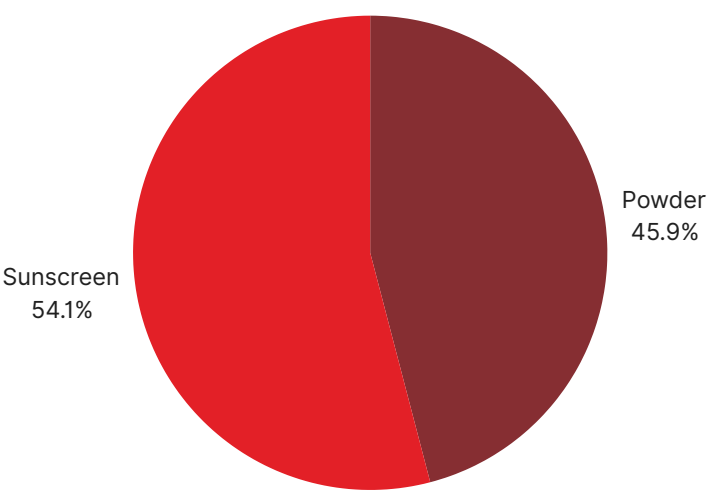
- To conduct this analysis, various tools and techniques were employed to extract, analyze, and interpret the ecommerce data. The primary tools used in this study include:
- Python: For initial data cleaning, organization, basic analysis, advanced statistical analysis, and trend identification.
 - Tableau: For data visualization, including generating graphs and dashboards to better understand sales trends, geographic performance, and channel comparison.

Dataset

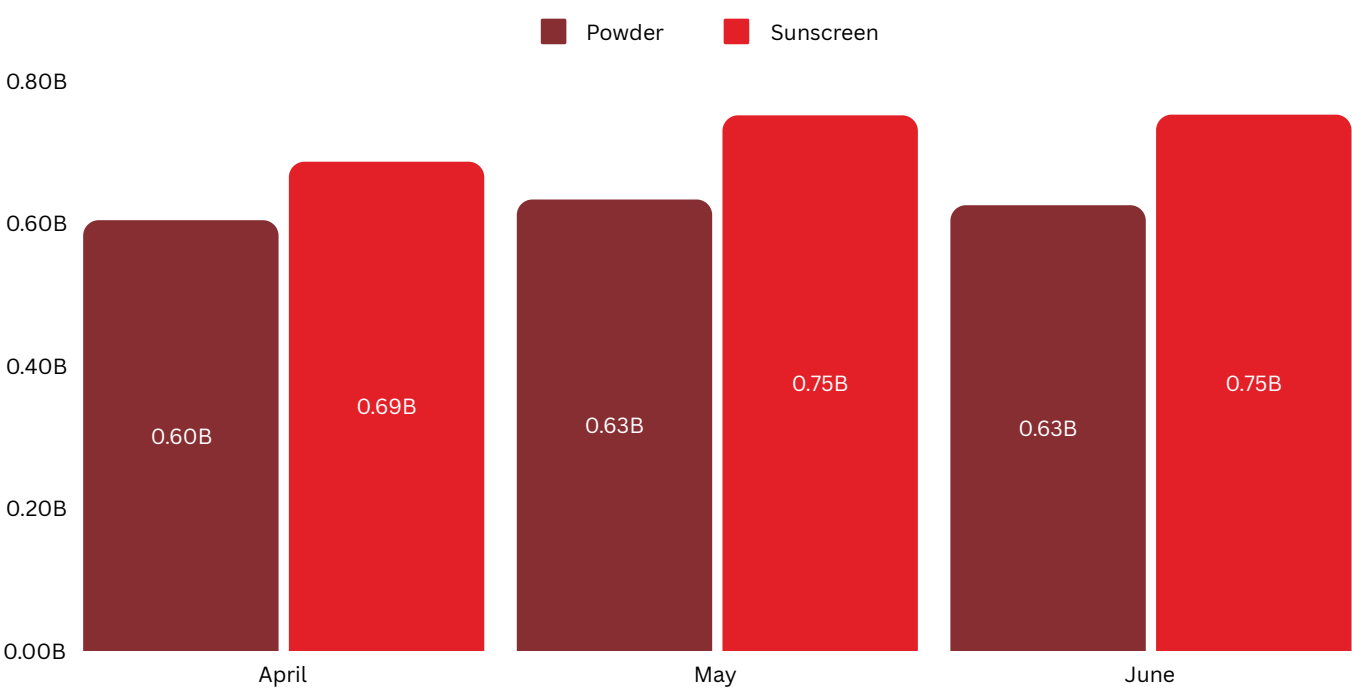
The dataset comprises around **981,389** records and contains **19** columns. It includes data from four primary sales channels: **TikTok, Shopee, Tokopedia, and Blibli**. Within the dataset, products are categorized into two main types: "**powder**," which accounts for **811** listings, and "**sunscreen**," with **298** listings. The discount offered on these products varies, ranging from 0% to 99%.

date	The date on which the data was recorded.
itemid	A unique identifier for the item listed.
channel	The sales channel through which the product is being sold
listingname	The name of the product as listed in the catalog or store.
salescount	The total number of units sold for the given item.
daily_sales_count	The number of units sold on a daily basis.
daily_sales_value	The total sales value (in monetary terms) for the item sold daily.
categorychannel	The category of the sales channel
shopname	The name of the shop or store offering the product.
city	The city where the product is being sold or shipped.
province	The province or state where the sale is taking place.
rating	The average customer rating for the item (often on a scale from 1 to 5).
ratecount	The total number of ratings or reviews given to the item.
remainstock	The quantity of stock remaining for the item.
discount	The discount offered on the product, typically as a percentage or flat amount.
saleprice	The sale price of the item after any discounts have been applied.
salestype	The type of sale
fsid	An identifier for a flash sale event or similar promotional campaign.
fsstart	The start date and time of the flash sale or promotional campaign.

Total Sales Overview



With **2.2 Billions** units sold, Sunscreen continues to dominate the skincare market, outpacing Powder, which recorded **1.9 Billions** sales.

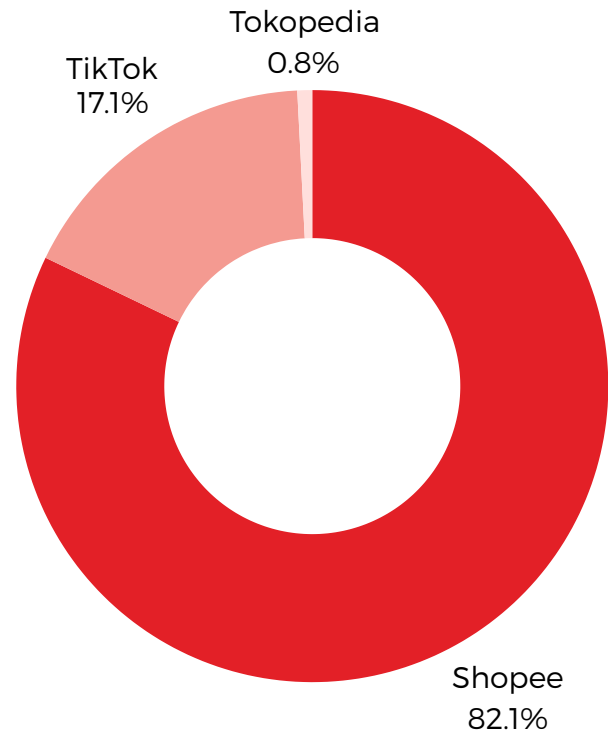


Sunscreen sales showed consistent growth, starting at **0.687B** units in April, rising to **0.751B** units in May, and reaching **0.752B** units in June. In contrast, **Powder sales fluctuated**, increasing from **0.605B** units in April to **0.634B** units in May, before slightly declining to **0.626B** units in June.

Channel Overview

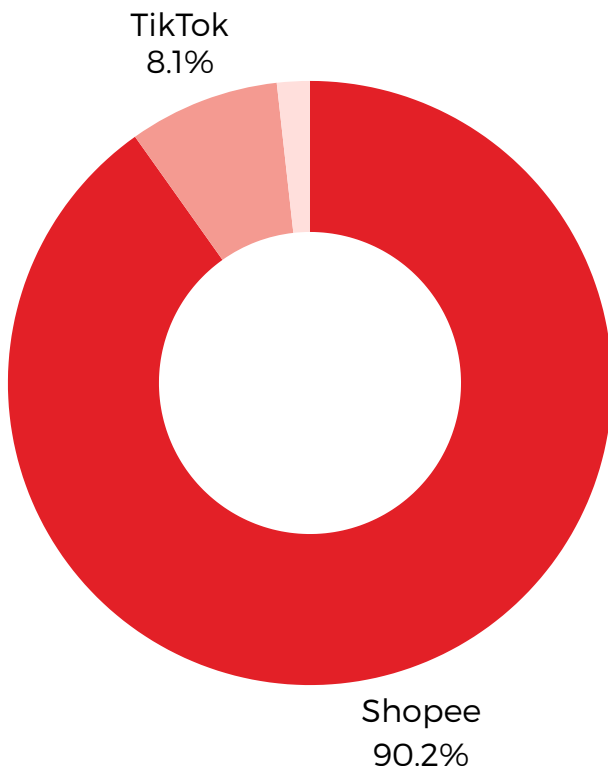
Sunscreen

Sunscreen category, **Shopee** once again leads with a dominant market share of **82.14%**, underscoring its role as the primary platform for Sunscreen sales. **TikTok** follows with **17.05%**, showing its importance in driving Sunscreen sales, while **Tokopedia** contributes a minor **0.81%**.



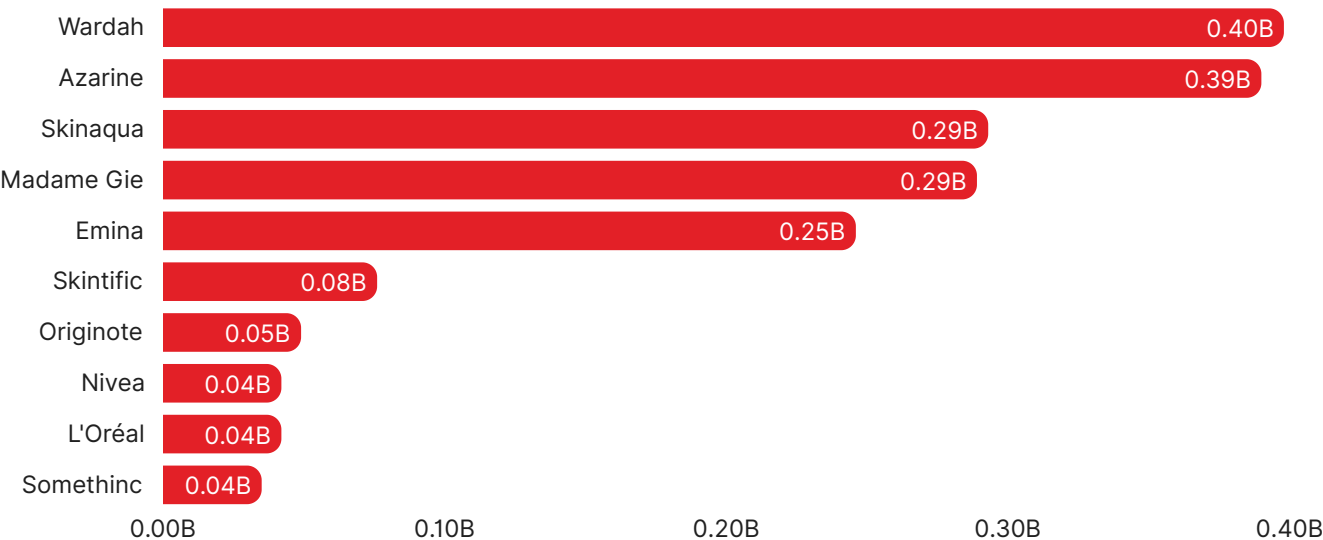
Powder

Powder category shows a clear **dominance of Shopee**, which accounts for **90.16%** of the total sales volume. This indicates that Shopee is by far the most significant sales channel for Powder products. **TikTok** follows with **8.08%** of the total sales, while **Tokopedia** and **Blibli** contribute a much smaller share, at **1.76%** and **1.26%**, respectively. These figures suggest that **Shopee** is the key platform for reaching consumers in the Powder category, with **TikTok** serving as a secondary channel for sales.



Category Overview

Best-Seller 10 Sunscreen

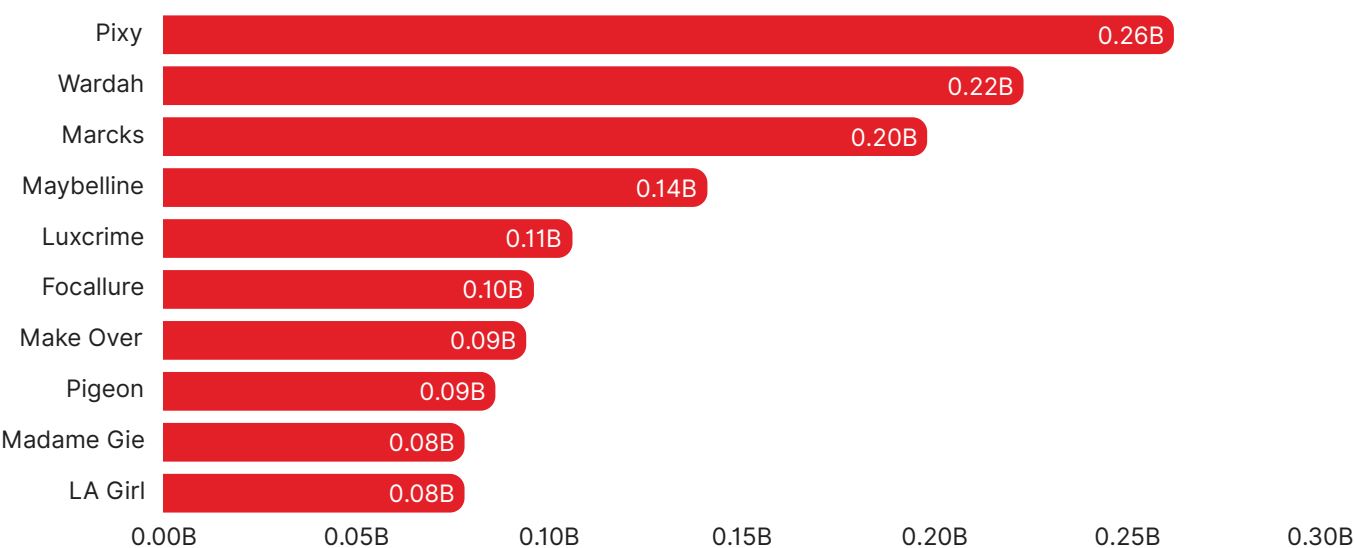


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from top sales are
local brands,

With an average **rating** of **4.1**, sunscreens from **local brands** represent nearly **half of total sales** in Indonesia's e-commerce market,. **Wardah** and **Azarine** are the top performers in this category, reinforcing the growing dominance of local brands in the skincare segment.

Best-Seller 10 Powder

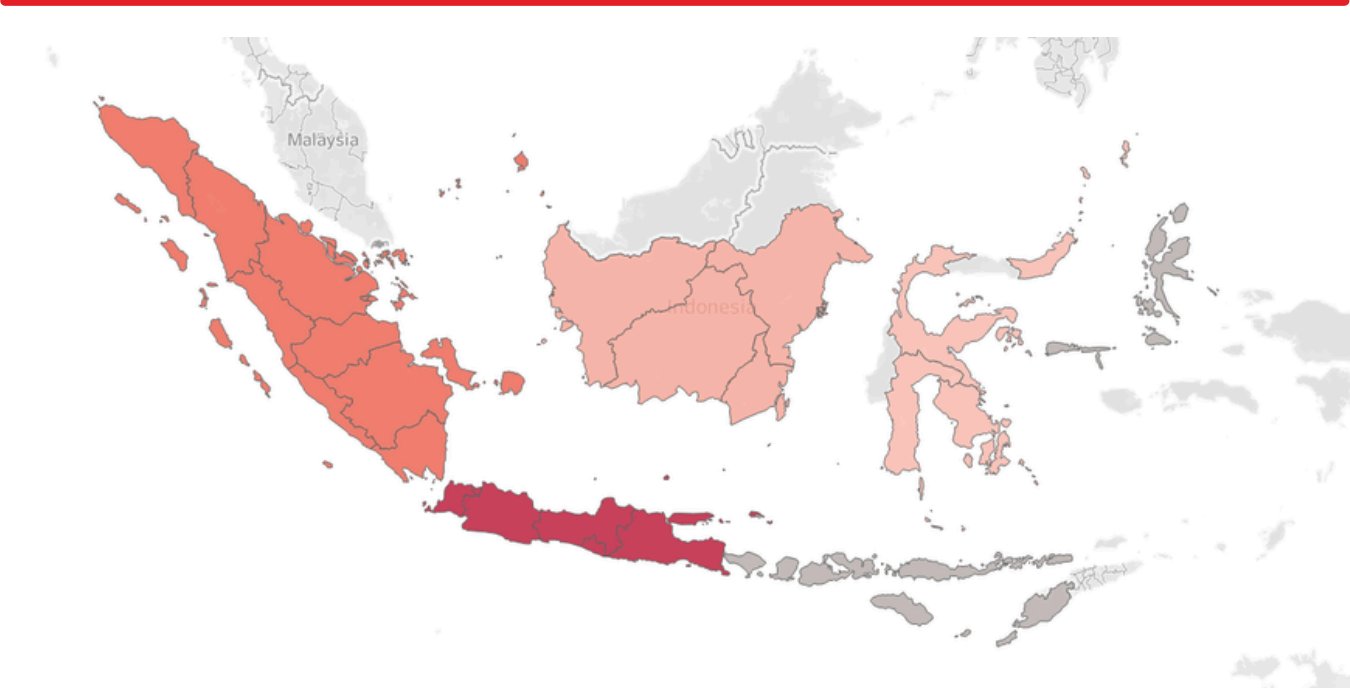


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from top sales are
local brands,

The beauty market is shifting towards domestic brands, with Pixy and Wardah leading sales, reflecting growing consumer preference for homegrown products. Despite strong performances from international brands like Maybelline and LA Girl, local brands dominate, and the average rating for the top 10 products is 4, indicating high customer satisfaction.

Geographical Overview



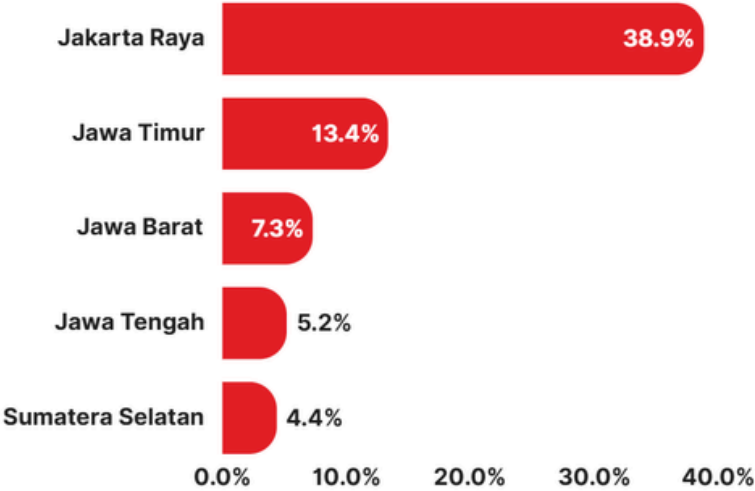
Sunscreen Sales by Region

84.5%
Java

38.9%
Jakarta

775M
Total sales in Jakarta

Java dominates the market, accounting for 84.5% of total sunscreen sales, with **DKI Jakarta** contributes 38.9%. Sumatra follows with 12.5%, while Kalimantan, Sulawesi, and Bali & Nusa Tenggara each contribute smaller shares.



Geographical Overview



Powder Sales by Region

91.7%

Java

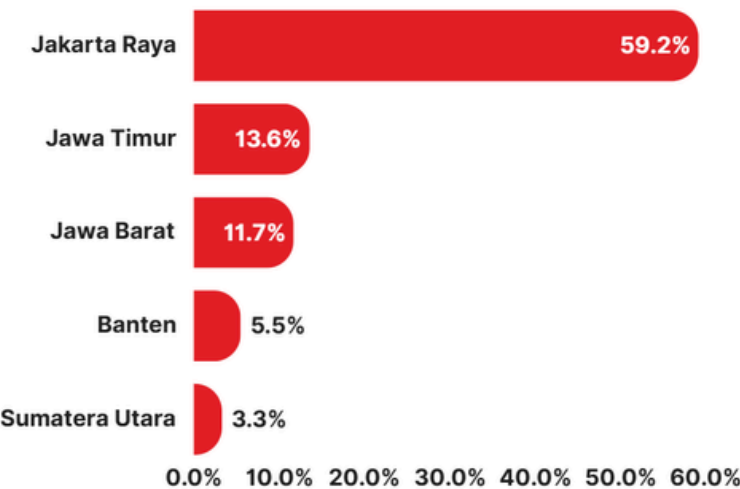
59.2%

Jakarta

909M

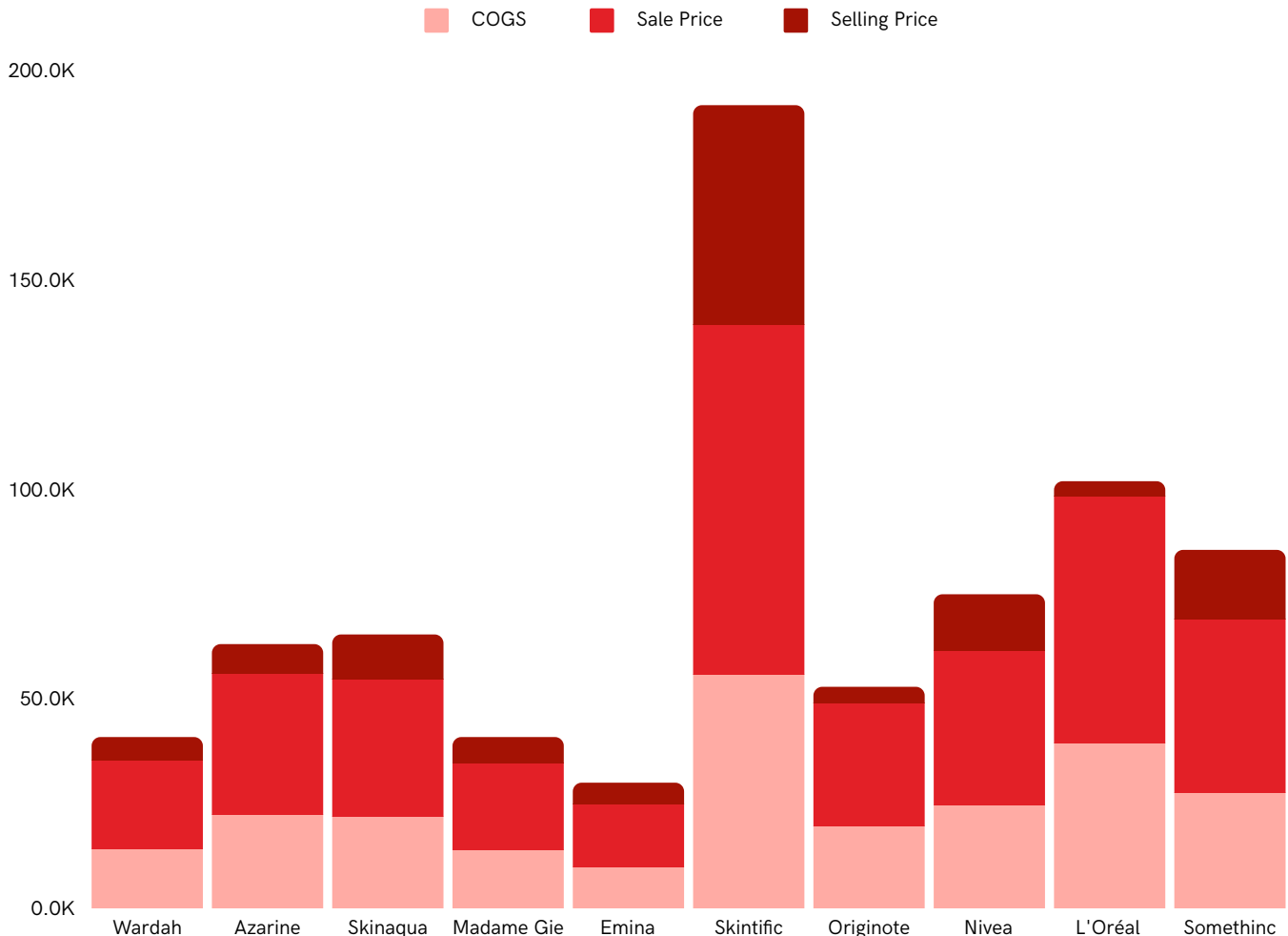
Total sales in Jakarta

Java still dominates the market, contributing 91.7% of total powder sales, with **DKI Jakarta** accounting for the largest share at 59.2%. Jawa Timur (13.6%) and Jawa Barat (11.7%) also have significant shares. Sumatra's contribution is more modest, with Sumatera Utara at 3.3%.



Pricing Strategies

Sunscreen Price



Sunscreen Pricing Strategies

The brands in this dataset show a wide range of pricing and discount strategies. **Skintific** and **Something**, with higher COGS and larger sale prices, seem to prioritize higher-end products or larger margins per unit, though their higher COGS could impact profitability. **Azarine** and **Skinaqua**, on the other hand, maintain a balance with moderate COGS and competitive sale prices, likely focusing on a balance of profitability and volume sales. Brands like **Wardah** and **Madame Gie** have relatively lower COGS and offer a more balanced approach between sale price and selling price, which may indicate a strategy aimed at reaching a broad customer base while maintaining reasonable margins. **L'Oréal**, with higher COGS and selling price, suggests a more premium positioning, emphasizing higher profit margins over discounting.

Pricing Strategies

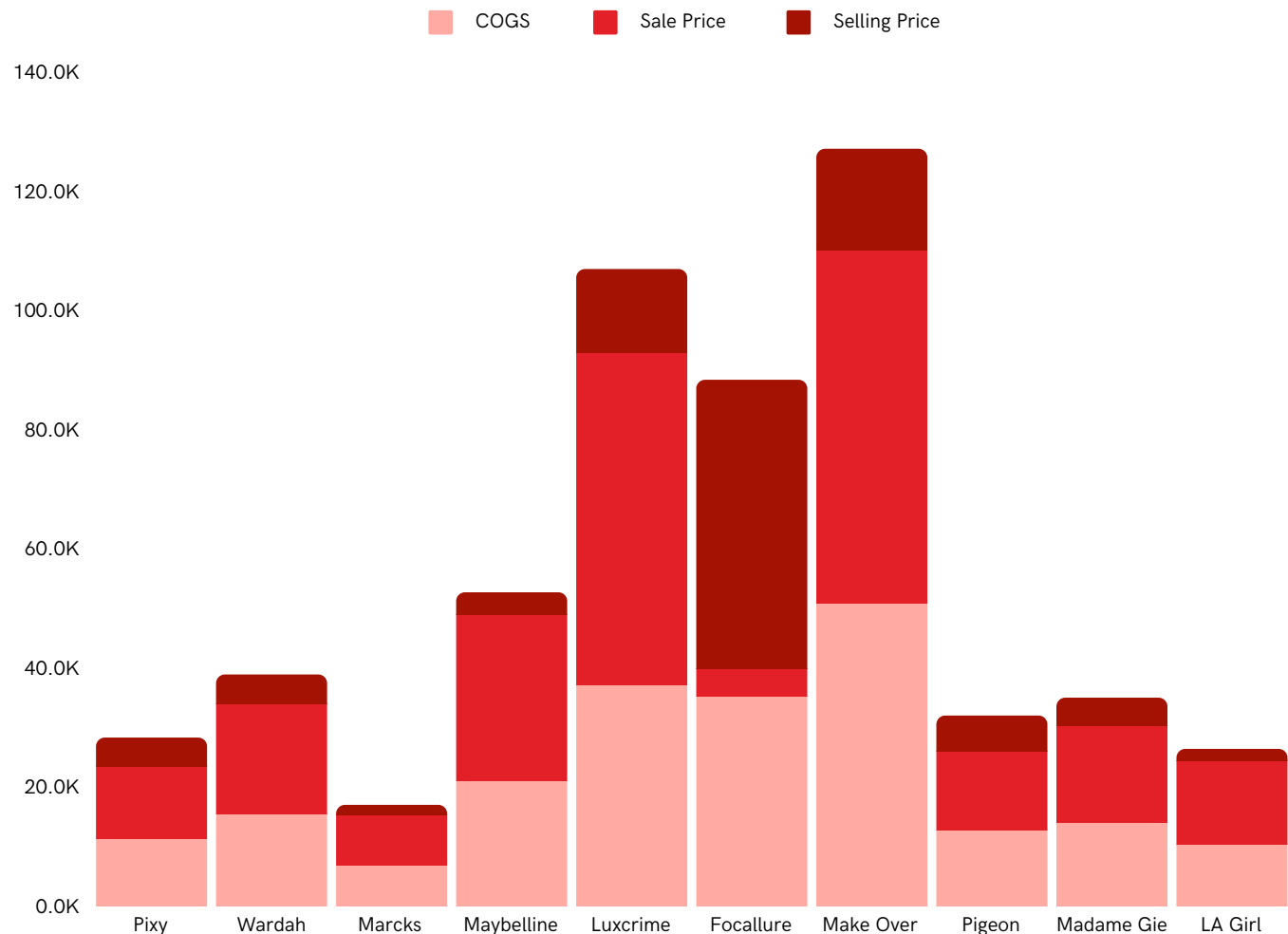
Sunscreen Price

Products	Discount Applied	Profit (%)	Revenue (in Billion)	Profit (in Billion)
Wardah	9.0%	52.9%	11.9B	6.3B
Azarine	8.0%	53.9%	19.1B	10.3B
Skinaqua	11.0%	50.4%	12.9B	6.5B
Madame Gie	4.0%	51.2%	8.2B	4.2B
Emina	10.0%	56.1%	5.7B	3.2B
Skintific	35.0%	36.4%	6.6B	2.4B
Originote	0.0%	56.5%	2.3B	1.3B
Nivea	13.0%	48.5%	2.0B	0.97B
L'Oréal	5.0%	58.2%	3.95B	2.3B
Somethinc	15.0%	50.0%	1.8B	0.9B

Products with higher discount rates, such as Skintific (35% discount) and Somethinc (15% discount), experienced a decline in profit margins despite generating solid revenues. This highlights that while higher discounts may boost sales volume, they can reduce overall profitability. In contrast, products with lower or no discounts, such as Azarine (8% discount), L'Oréal (5% discount), and Originote (0% discount), were able to maintain higher profit margins while still achieving strong revenue figures. These findings suggest that a more measured approach to discounting, as seen with these brands, helps preserve profitability.

Pricing Strategies

Powder Price



Powder Pricing Strategies

The brands use varying discount strategies varying 0-50%, with some offering significant discounts and others maintaining smaller ones. Brands with higher **COGS** and lower **Sale Prices** may struggle with profitability, while those offering larger discounts and having lower **COGS** (such as **Focallure**) are likely prioritizing volume sales over high margins. Meanwhile, Maybelline and **Marcks**, appear to focus on maintaining higher margins by offering smaller discounts and positioning themselves as premium products in the market.

Pricing Strategies

Powder Price

Products	Discount Applied	Profit (%)	Revenue (in Billion)	Profit (in Billion)
Pixy	4%	58.3%	0.26B	9.11
Wardah	13%	54.1%	0.22B	14.16
Marcks	0%	60%	0.20B	4.32
Maybelline	0%	60%	0.14B	6.84
Luxcrime	15%	52.9%	0.11B	9.13
Focallure	50%	20%	0.10B	2.85
Make Over	10%	55.6%	0.09B	9.09
Pigeon	18%	51.2%	0.09B	3.22
Madam Gie	10%	55.5%	0.08B	2.31
LA Girl	0%	60%	0.08B	3.97

Products with higher discounts, such as Luxcrime and Focallure, showed a more varied impact on profitability. While Luxcrime managed to generate a strong profit despite a larger discount, Focallure experienced a much lower profit margin, reflecting how deep discounts can sometimes reduce overall profitability. Conversely, products with no discounts, like Marcks and Maybelline, maintained high profit margins, but their overall revenue was limited due to lower sales volumes.

Insights

Sales Performance by Product Category

Total sales in Q2 for Powder were approximately 1.9 billion IDR, while Sunscreen sales reached 2.2 billion IDR. The monthly average sales were around 600 million IDR for Powder and 670 million IDR for Sunscreen. This suggests that Sunscreen sales may be higher due to its broader appeal across genders compared to Powder. Additionally, Sunscreen is used daily, leading to a faster purchasing cycle.

Sales Channel Analysis

The largest sales channel for both products was Shopee, contributing 90% of total sales for Sunscreen and 82% for Powder. In comparison, TikTok served as an alternative sales channel, accounting for less than 20% for both categories, with 10% each.

Local Brands Leading Sunscreen Sales

Of the top 10 selling Sunscreen products, 7 out of 10 are from local brands. Local brands account for almost half of total sales, with over 1 million units sold, led by Wardah and Azarine.

Local Brands Dominating Powder Sales

Similar to Sunscreen, 7 out of the top 10 Powder products are from local brands, contributing to 1.23 billion IDR in total sales. The leading brands in this category are Pixy, Wardah, and Marcks.

Geographical Insights

As a centralized society, Java represents the largest share of sales, with over 80% of total sales coming from this region. Jakarta, as the most populous city in Indonesia, plays a significant role in the skincare and makeup sector due to the high demand for beauty products. Notably, 1/3 of Sunscreen sales and half of Powder sales are driven by customers in Jakarta.

Impact of Shipping Costs

Shipping costs play a critical role in sales, with closer proximity to sellers reducing shipping costs, or even offering free shipping. This has likely contributed to the higher sales volumes in Java and Jakarta.

Insights

COGS and Profit Margins

The Cost of Goods Sold (COGS) typically accounts for 30-50% of the selling price. Among the top 10 Powder brands, Focallure has the lowest profit margin, around 20%, generating 2.85 billion IDR in profit, likely due to the 50% discount applied to its products.

Discounts and Profitability

Three brands with 60% profit margins still lag behind Wardah, which has a 54% profit margin. This is due to Wardah's significantly higher sales volume, which enables it to generate a 14.2% profit in Q2, despite its lower margin compared to others.

Sunscreen Profit Comparison

While Wardah leads in Sunscreen sales volume, its profit of 6.3 billion IDR in Q2 was outpaced by Azarine, which achieved 10.3 billion IDR in profit. A 1% increase in Azarine's discount translates to an approximate 4 billion IDR increase in profit, showing the significant impact of discounting on profit margins.

Relationship Between Discount and Profit

There is a reverse relationship between discounting and profit. As discounts are applied, the overall profit generated from sales decreases, even if the sales volume increases.

Recommendations

Focus on Local Brand Development

Local brands dominate the top-selling products in both the Sunscreen and Powder categories. Investing in the growth and innovation of local beauty brands can present significant opportunities. Companies should focus on expanding local brand offerings, improving product differentiation, and building strong customer loyalty through targeted marketing strategies.

Capitalize on E-commerce Growth

The dominance of Shopee in both product categories (90% for Sunscreen and 82% for Powder) highlights the growing importance of online sales channels. Brands should invest in optimizing their e-commerce platforms, improve digital marketing strategies, and leverage influencers to increase brand visibility and drive online sales. TikTok as a secondary channel also offers a high-growth opportunity for digital engagement.

Leverage Regional Opportunities in Java and Jakarta

Given that over 80% of sales come from Java, with Jakarta contributing significantly, companies should consider region-specific campaigns targeting these high-density markets. Brands should expand retail and distribution networks in urban areas to capture the growing demand for skincare and makeup products.

Enhance Product Offering for Gender-Neutral and Everyday Use Products

Sunscreen, as a product used daily by both men and women, presents a larger consumer base and faster purchasing cycles. Brands should consider expanding their gender-neutral product lines and focus on creating affordable, high-quality products that cater to daily use across all demographics.

Strategic Discount Management

The analysis shows a reverse relationship between discounts and profit margins. While discounts can drive short-term sales, they often erode profit. Companies should develop more strategic pricing models by offering targeted promotions (e.g., flash sales, limited-time offers) and value-added discounts (e.g., bundling) to maintain healthy margins while still attracting price-sensitive customers.

Recommendations

Invest in Customer Retention Programs

Repeat purchase cycles for products like sunscreen are quicker due to their daily usage. Brands should invest in loyalty programs or subscription-based models to encourage repeat purchases and build long-term customer relationships. Offering exclusive deals, rewards, or early access to new products can help retain customers.

Optimize COGS and Profit Margins

Brands with higher COGS and lower profit margins (such as Focallure) should explore opportunities to optimize production costs, either through better supplier negotiations or more efficient manufacturing processes. Lowering COGS can improve profitability, especially for those heavily discounting their products.

Expand Product Range in High-Profit Categories

Brands with high profit margins (such as Azarine and Wardah) should look to expand their high-margin product lines while maintaining their core product offerings. The success of their existing products suggests there is strong consumer demand for high-quality, well-priced options, and scaling up these categories could lead to significant revenue growth.

Sustainability and Clean Beauty Trends

With increasing consumer interest in sustainability and clean beauty, brands should consider introducing eco-friendly, cruelty-free products or packaging. This trend is growing rapidly, especially among younger demographics, and could be an area for differentiation and competitive advantage in the market.

Increase Focus on Marketing in Tier-2 and Tier-3 Cities

While Jakarta remains the dominant market, Tier-2 and Tier-3 cities are becoming increasingly important as the middle class grows. Expanding marketing efforts and distribution networks in these areas can help tap into untapped markets and increase overall sales volume.