
Boosting Sales Growth by Addressing Declining Order Value

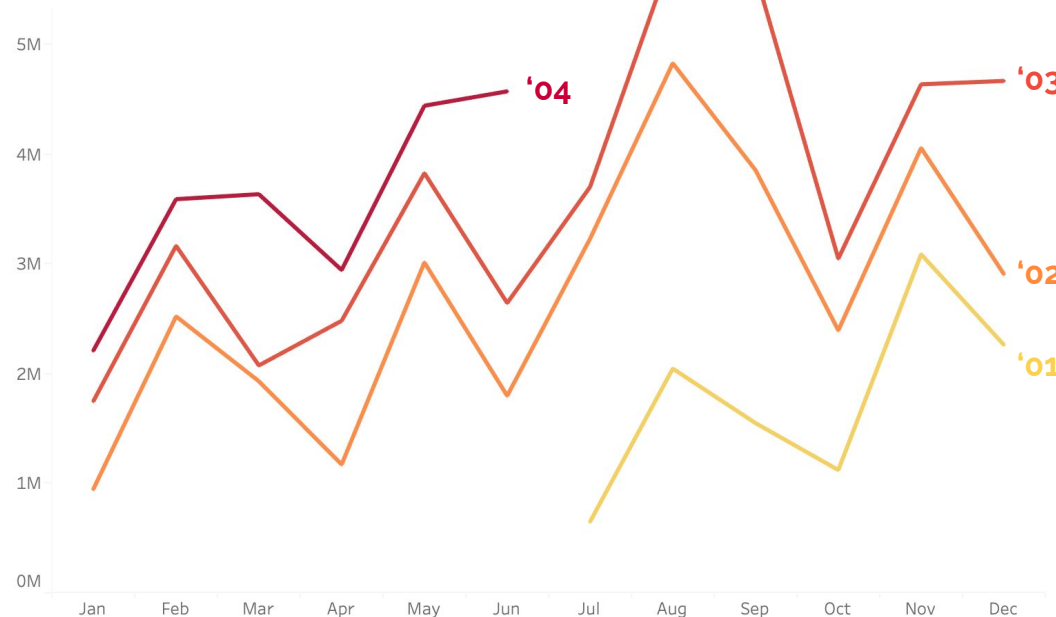
José Andrés España

Overview

	Total Sales	Number of Orders	Avg. Order Value
Overall	\$140.707.585 USD	31.465	\$4.472 USD
Last Year (2003)	\$54.307.615 USD	12.443	\$4.365 USD
Current Year (2004-1)	\$32.196.912 USD	13.951	\$2.308 USD

Rapid Growth in Orders Is Being Offset by a Sharp Drop in Average Order Value

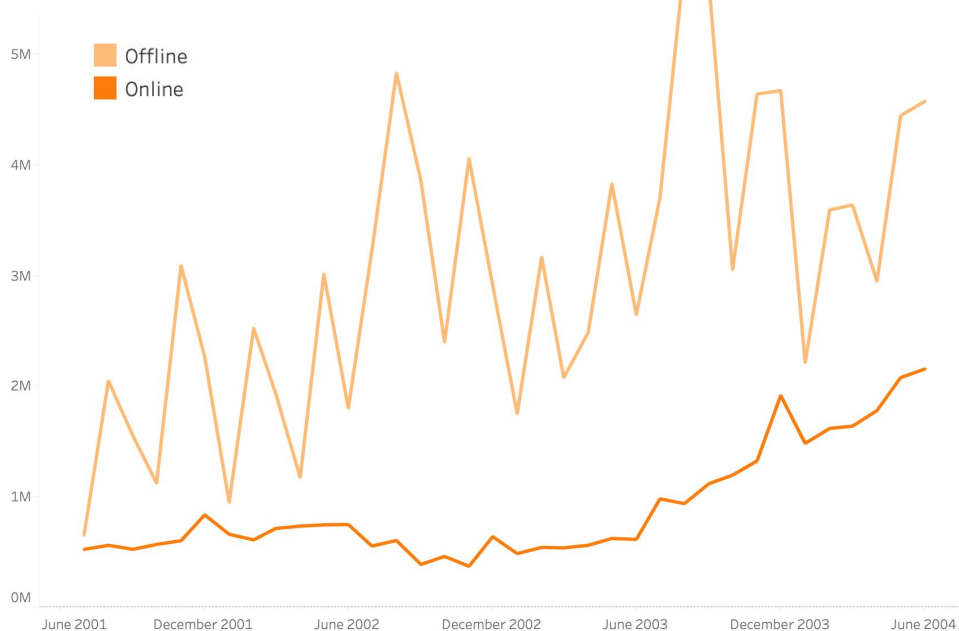
Monthly Sales



- Total sales up **125%** and orders up **912%** since the first year.
 - However, **average order value** has decreased by **78%**, impacting profitability.
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Online Sales Are Surging, But Declining Order Value Is Hurting Profitability

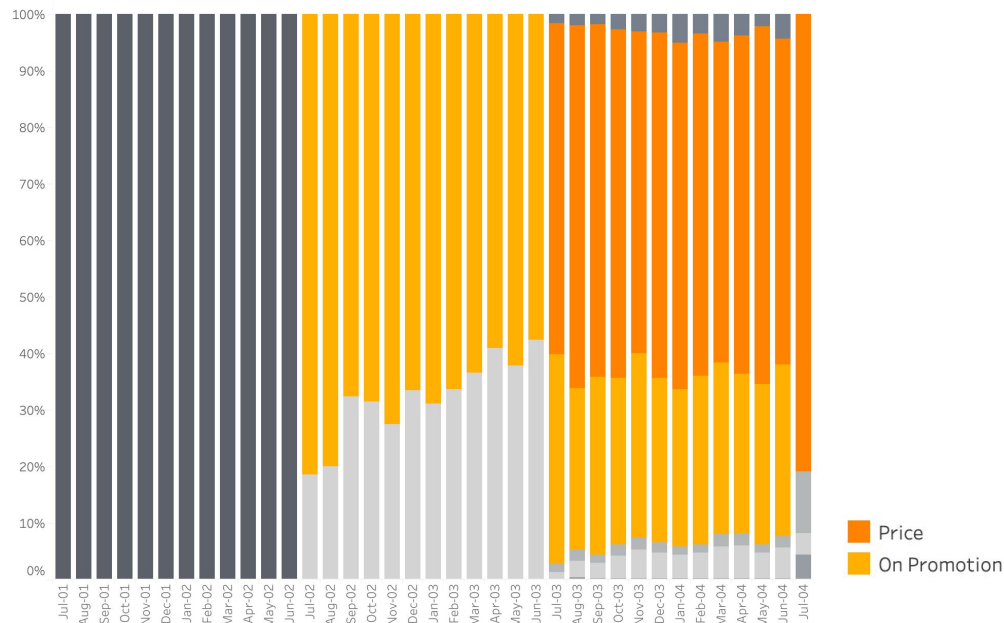
Sales by Channel



- **Online sales** have become a key revenue driver, with a significant increase in the number of transactions.
 - However, online order values have **dropped 63.26%** in just one year, leading to **lower profit margins**.
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High price sensitivity among online customers poses a risk to profitability, with 95.8% of purchases driven by price or promotions

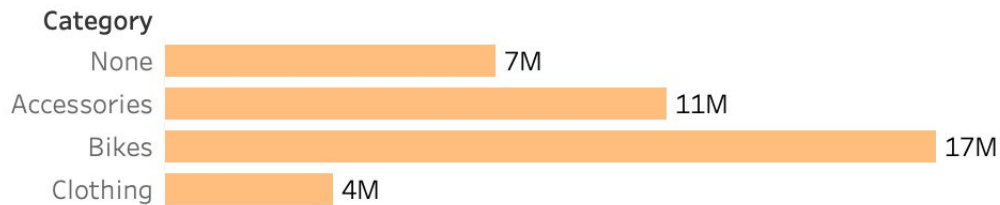
Sales Reason



- The **high price sensitivity** of online customers (with **95.8% of decisions** driven by price or promotions) means profitability is easily affected by discounting.

Uncategorized Products Are Hindering Data-Driven Sales Strategies

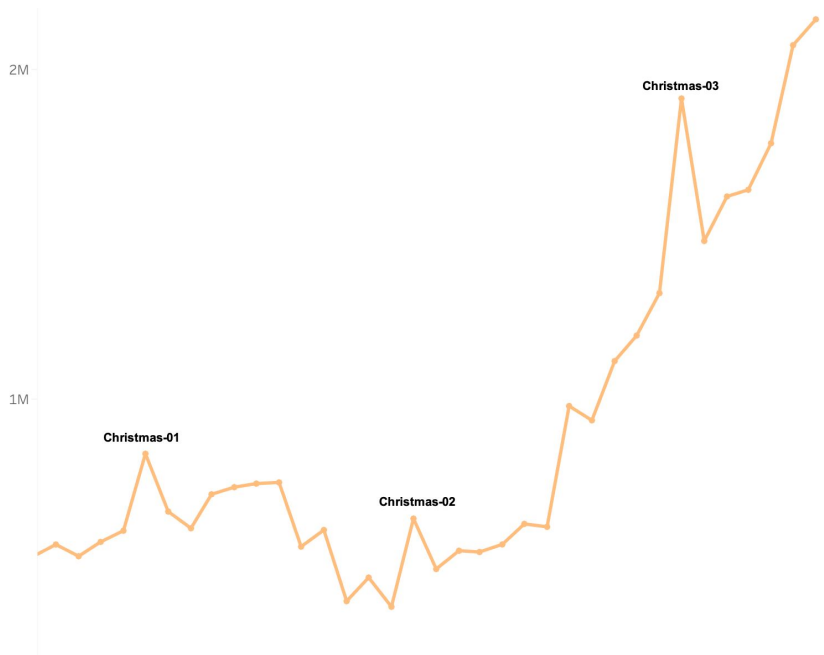
Online Sales by Category



- **23%** of online products lack categorization, creating gaps in data insights.
 - This gap limits opportunities for **targeted pricing** and **promotion strategies**.
 - Categorization is crucial for improving **online order value** and reversing the declining trend.
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Seasonal Trends Highlight Key Opportunities for Sales Growth

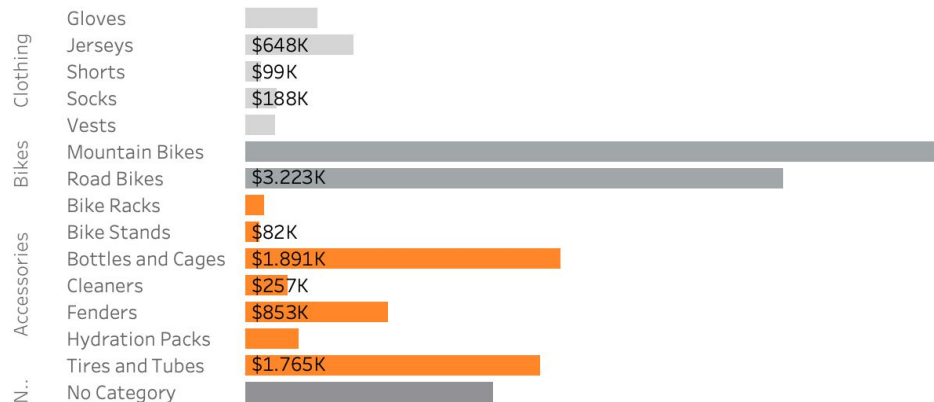
Online Monthly Sales



- Online sales see significant **seasonal spikes**, with **December** as the peak month due to holiday shopping.
 - Understanding these trends can enable **better inventory planning** and **sales optimization** strategies.
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Focusing on Recurring Product Categories Will Increase Online Average Order Value

Online Sales by Subcategory



- In 2003, **Accessories** accounted for **48.82%** of online sales, with **Tires and Tubes** contributing **33.4%**, making them key revenue drivers.
 - **Cleaners** and **Hydration**, currently at **4.8%** and **6%** of accessory sales, offer strong growth potential as recurring purchases for bikers.
 - Proper categorization of products will improve visibility and sales strategies for these growing categories.
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Summary

- **Online Sales Growth vs. Declining Order Value:** Despite online sales growth, average order value has dropped by **76.79%** since the first year, presenting a key profitability challenge.
 - **Price Sensitivity:** **95.8%** of online purchases are driven by price or promotions, making profitability highly dependent on discounting strategies.
 - **Product Categorization Gaps:** **23%** of online products remain uncategorized, limiting data-driven sales and marketing strategies.
 - **Seasonal Trends:** Online sales spike during **December**, presenting opportunities for targeted promotions and inventory management.
 - **Tires and Tubes Leading:** **Tires and Tubes** drive **33.4%** of accessory sales, but underdeveloped subcategories like **Cleaners** and **Hydration** (4.8% and 6%) present growth potential.
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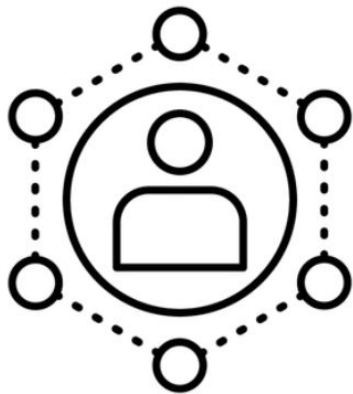
Conclusions

Managing Price Sensitivity Through Targeted Promotions Will Improve Online Revenue



- Bundling **high-demand recurring products** can drive up **average order value**.
 - Adjust pricing and promotional strategies based on **price sensitivity** insights to capture more value from customers.
 - Leverage **peak buying periods** (e.g., December) to launch focused marketing campaigns.
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Cross-Team Collaboration Will Maximize Online Sales and Reverse Order Value Decline



- Sales teams need to concentrate on **high-value recurring products** and **online upselling**.
 - Marketing should launch **data-driven campaigns** targeting price-sensitive segments and optimize product offerings.
 - Fixing **product categorization gaps** will provide valuable insights for both sales and marketing strategies.
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Prioritize Online Sales Improvements, But Conduct Further Analysis of Offline Sales Opportunities



- Address **online order value** declines through targeted promotions and better product categorization.
 - Collaboration between sales, marketing, and data teams is key to driving future growth.
 - Further analysis of **offline sales trends** is recommended to understand cyclical patterns and potential untapped opportunities.
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Thank you!
