One Year on .Com

Lessons Learned and Future Opportunities

Blackwell Electronics

The Power of Data Mining

Utilizing customer purchase data, the team reviewed Blackwell's customer demographics as well as channel, regional and product specific performance metrics to understand the interrelationships that drive the sales pipeline.

1. The analysis consisted a detailed review of $8.1m revenue, 50k product combinations, 10k sales transactions for 65 product lines.
2. Market & demographic specific channel strategies are identified to generate additional or new revenue streams.
3. Baseline performance and profitability predictions are included for Blackwell's 2019 product line to facilitate sales and budget forecasts.
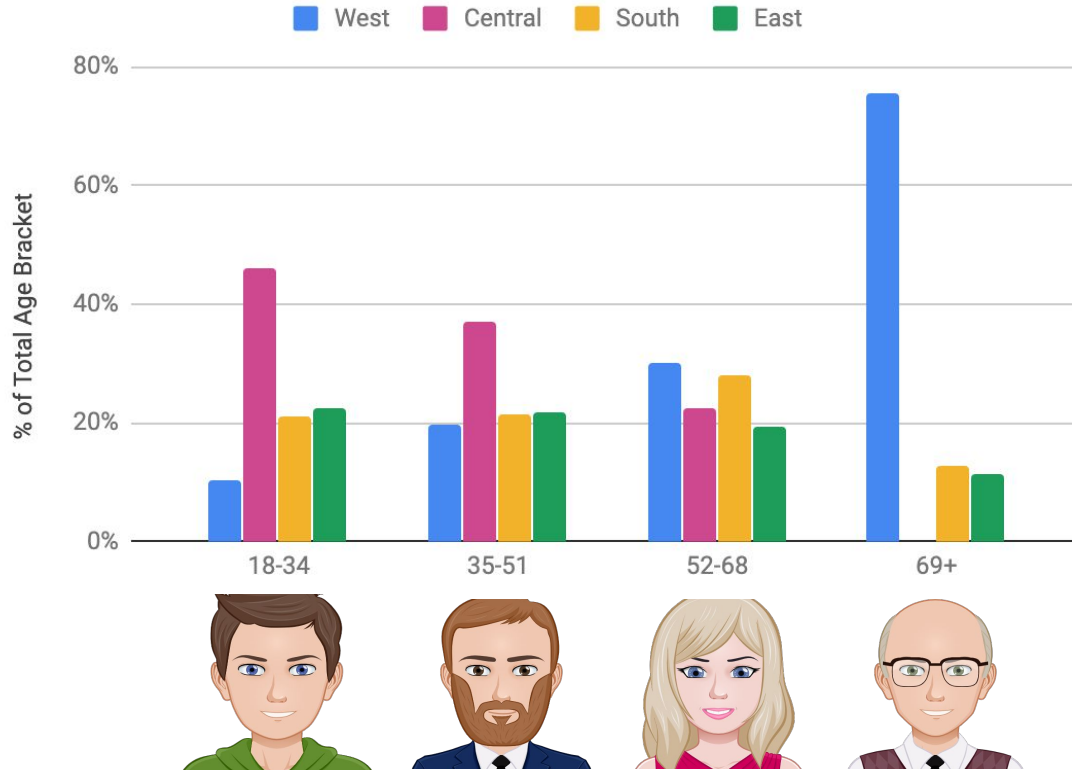
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Who are our customers?

69+ yrs

18-34 yrs

52-68 yrs

35-51 yrs
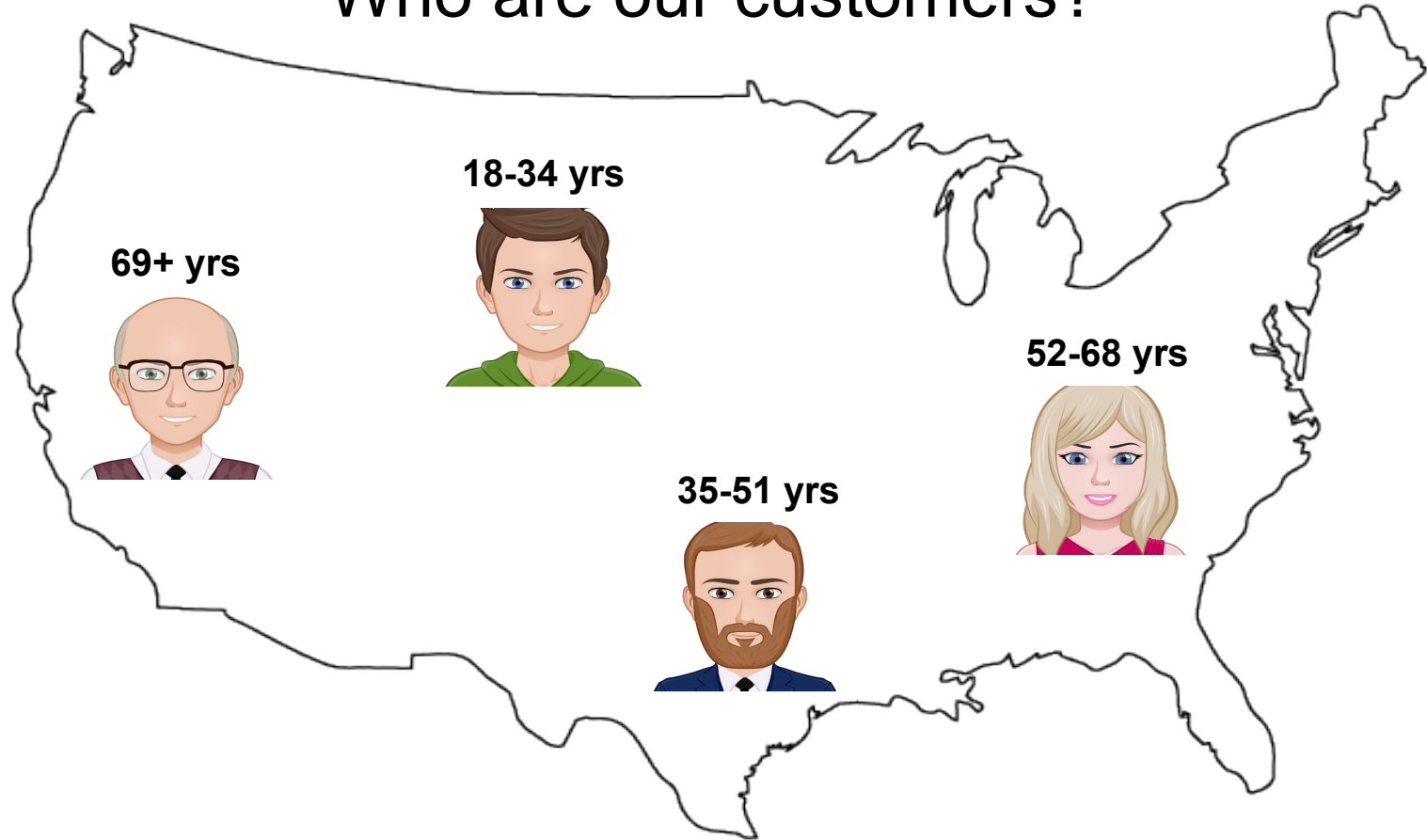
Customer Demographics

Age Range Breakdown by Region

Key Takeaways:
- The central region has the youngest customer base and no customers above 69 yrs of age.
- The western region has the oldest customer base.

Opportunities:
- Use regional marketing to sell products aimed at different age groups
- Deep dive into western region performance to uncover best practices driving higher number of transactions among oldest customer base

Which regions spend the most?

Revenue Breakdown by Transaction Amount, Region and Channel

Key Takeaways:
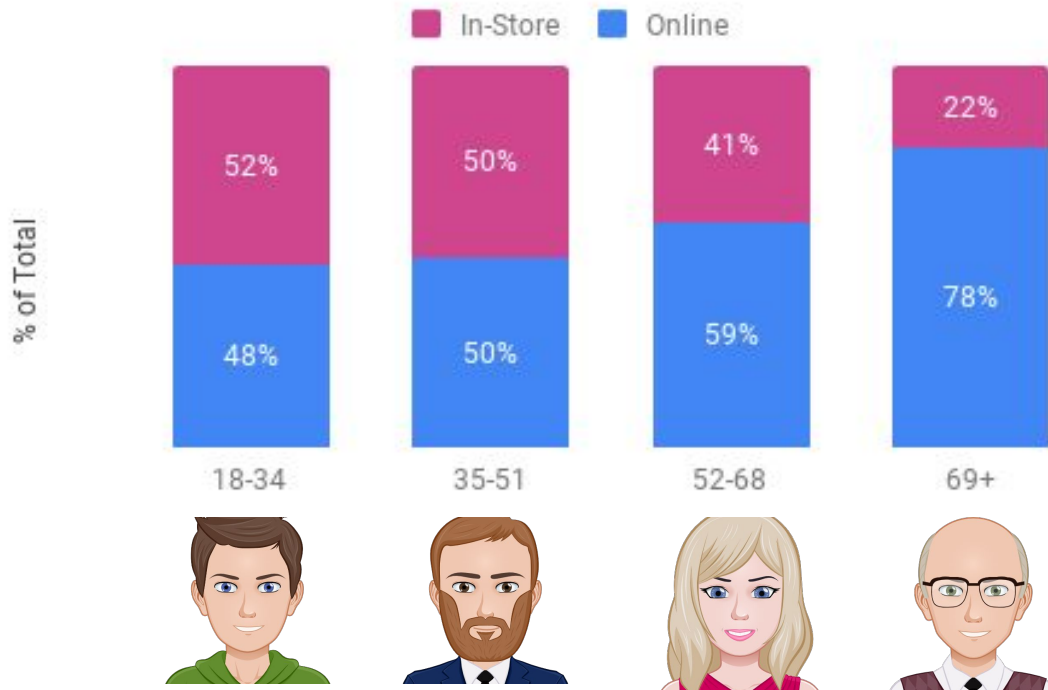- Customers in the central region spend the most, while those in the west spend the least.
- Western region only shops online
- All purchases over $2,000 are made online

Opportunities:
- Use regional marketing to target top tier items to customers in the eastern region and mid tier items to customers in the western region
- Explore brick and mortar presence in western region to create additional revenue channels
- Deep dive into central region performance to uncover best practices driving higher sales

Where do customers do their shopping?

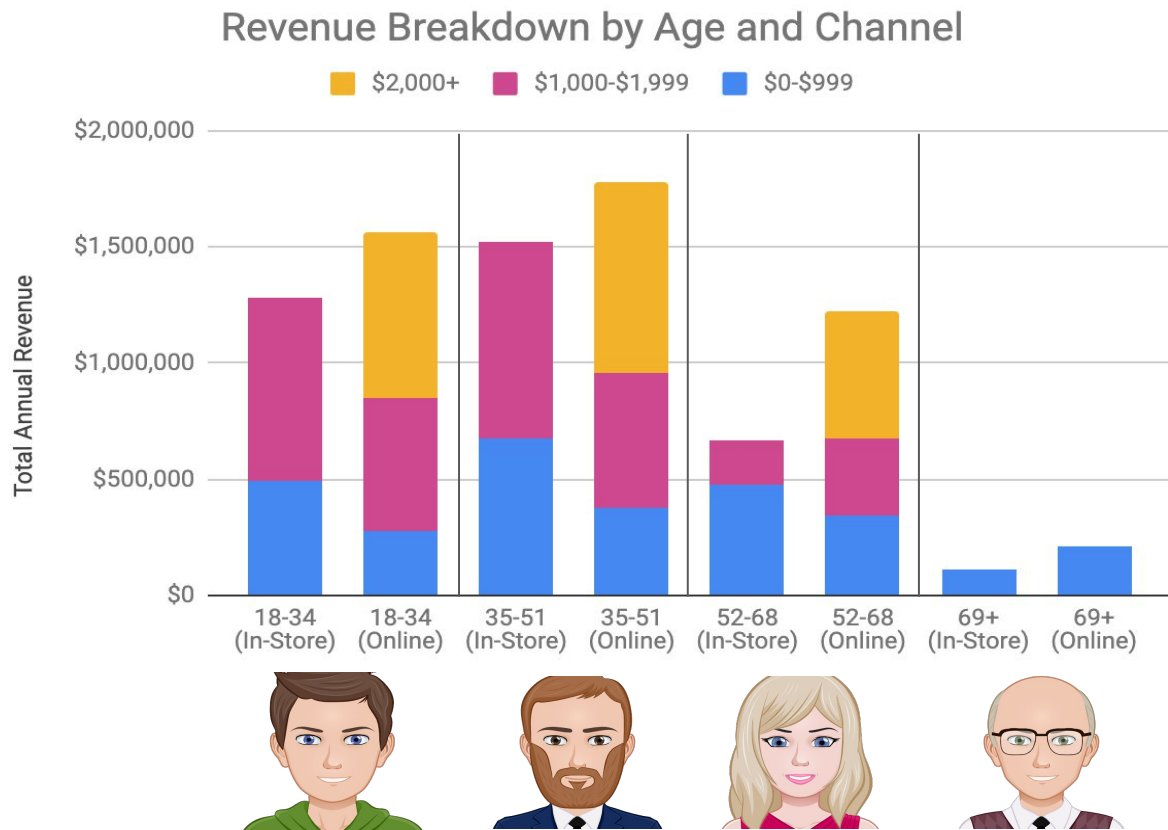% In-Store vs Online Purchases by Age Range

In-Store ■ Online ■

Age Range	In-Store	Online
18-34	52%	48%
35-51	50%	50%
52-68	41%	59%
69+	22%	78%

% of Total

Key Takeaways:
Younger customers don't have a preference for where they shop, whereas older customers prefer to shop online.

Opportunities:
- Use targeted marketing campaigns to encourage younger customers to do more shopping online
- Focus on site design modifications to make the site easier to use and navigate, offer customized recommendations

How much do customers of different ages spend?

Revenue Breakdown by Age and Channel

Legend: $2,000+ · $1,000-$1,999 · $0-$999

Y-axis (Total Annual Revenue): $2,000,000 · $1,500,000 · $1,000,000 · $500,000 · $0

X-axis: 18-34 (In-Store) · 18-34 (Online) · 35-51 (In-Store) · 35-51 (Online) · 52-68 (In-Store) · 52-68 (Online) · 69+ (In-Store) · 69+ (Online)

Key Takeaways:
- Customers between the ages of 18-51 account for 74% of total annual revenue as well as 81% of all transactions over $1,000.
- Customers spend $91 more online than they do in-store.

Opportunities:
- Allocate additional marketing resources to reaching customers in the older demographic
- Optimize in-store layout to increase purchase add-ons
- Use email campaigns, free shipping after certain spending levels, and online-only discounts to encourage customers to do more shopping online
- Feature high-ticket items on .com marketing and website

New Products for 2019
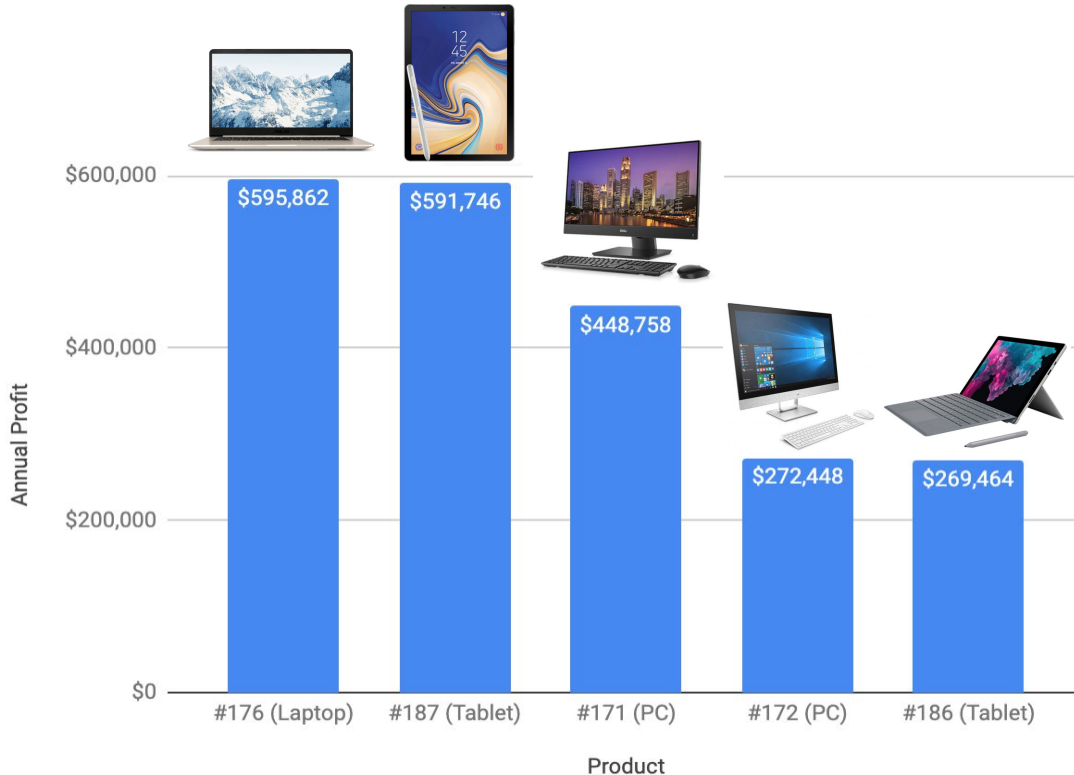
Using sales information from previous products, we predict these will be the five most profitable new products.

We anticipate that these five products will account for over $2.1 million in profit annually.
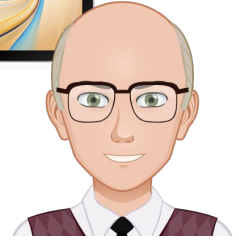
TOP TECH GIFTS

$1,999

$860

$699

$199

Higher price point newness:
- Highlight as featured products on .com
- Market to younger customers
- Feature in ads in central and southern regions

Lower price point newness:
- Market to older customers
- Feature in ads in western and eastern regions

Near Term Recommendations

1. **Expand Regional Presence** - There is a clear relationship between omni-channel sales and the presence of stores in each region. We have determined significant growth opportunities exist for on-line and in-store sales in the Western region by establishing store presence in key markets.

2. **Enhance Blackwell Electronics Website** - Display regional incentive programs to cater products to the most appropriate demographic based on web-site and customer loyalty & spend data. Eg. target premium products & extended warranty programs to customers in the Eastern and Southern regions and value-conscience products to Western region.

3. **Develop Omni-channel Marketing Campaigns**, online-only discounts, free shipping, in-store rebates & same day pick-ups to improve the customer experience and address unbalanced inventory.

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Data Mining Opportunties

1. **Product Recommendation Engines** - Deep dive into customer loyalty, purchase and website browsing trends as a basis for displaying similar or complementary products at the point of sale on Blackwell's website to improve revenue per sales transaction.

2. **Point of Sale Campaigns** - Utilize e-com, customer demographics and point of sale data as a basis for targeting the right customers, with the right product at the right time and the right channel to maximize revenue generation and lower inventory carrying costs.

3. **E-commerce Drivers** - Explore relationship between store presence and e-commerce performance. Do stores drive e-commerce or vice versa?

4. **Fulfillment -** Analyze drop ship costs vs an in-store fulfillment / same day pick-up program - incent e-commerce and store transactions simultaneously. How would such a program impact landed costs and our competitive market position?

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