Praise the Weekend
Changes in Sales, User Acquisition and Segmentation During Weekends in The Look

Contents

Executive Summary

This report analyses the changes and implications of user acquisition and segmentation during the weekend, compared with the weekdays, in The Look company. The business is on the rise with the biggest-ever total count of customers and revenue. However, The Look may benefit from a more detailed analysis concerning customer trends on weekends and weekdays. This report may ensure that the company keeps a working marketing strategy. A more thorough look into the inconsistencies in customer segments and behaviour concerning these trends will help to optimise sales and keep up with the strategy.

For this, the analysis comprises the following objectives:

1. To analyse the general trends of customer acquisition and sales by days the days of the week in 2022
2. To analyse customer acquisition during weekends and other days by calculating the conversion rates
3. to segment (using RFM analysis, and demographic characteristics) the users and look into their shopping behaviour

The analysis shows that the marketing trends are different during weekends and weekdays, in summer and non-summer months. The differences are relevant to all our main markets, especially in China on Sundays. The traffic sources, especially the organic and Facebook traffic, follow the same trends: Sunday being the day with the most customers and one of the biggest sales days and having a Monday slump in both (customers and sales) counts. The RFM analysis shows that the Potential Loyalist segment corresponds to the weekend trends, while the Needs Attention segment had before but has not during the last two months.

The recommendations provide strategy points for the marketing department and their expected value in sales or customer acquisition. The marketing team should attract more customers on the weekends: they should run more campaigns during them and on Sundays in China. The team may try out new campaigns and do A/B test to check. The team should also reinforce AdWords traffic. The team should investigate recommended products on buying page. Additionally, the team should provide personal recommendations and discounts for the Needs attention segment and establish loyalty with the Potential Loyalists. The customer count and sales are expected to increase and follow the same trends until at least June 2023. The company is expected to gain 21 700 customers and $2.4M in sales over the next two months.

Introduction

The Look is a young company that started its operation in 2019. The business shows significant positive changes in all Key Performance Indicators (KPIs), especially in 2022. Looking at the most recent data of the last two months (September-October 2022), we may see an increase compared to the previous two months. The sales comprise over $1.7M (43,7% upwards), as do the orders with a count of 20 000 (41,6%). The number of customers consists of 16 500 (31,3%), visits and organic traffic increased by almost a quarter, while the conversion rate boomed at 33.4% (8,9% increase).

Nevertheless, The Look can improve its KPIs to a greater extent by finding inconsistencies and learning more about its customers. Being a clothing eCommerce business, The Look may expect seasonal changes in their business. However, no substantial seasonality changes or cycles are observed in the Look: whether in overall sales trends or specific segments or countries. There is one more thing that

The Look may analyse and rely on: the change in customer behaviour during different days of the week. The Holiday effect is a well-known idea that trading volume increases before a holiday or long weekend. After the long weekend, consumer activity returns to the initial level (CFI, 2022). The 2.5-day long weekend idea can be analysed in further reports concerning just one country as the long weekends differ in each. Yet, we may extrapolate from the Holiday effect that the users may be more active on weekends in general, and the trends may also be different during the holiday time in general, for example, in summer. Research and studies support this idea. For example, Gallup's Daily monitoring announced consumers' self-reported daily average on spending (ins stores, restaurants, as well as online). The results show that Americans spend the most on Saturdays and the least on Mondays and Tuesdays (Jacobe and Jones, 2009). This trend can be followed in more recent studies. Based on Similarweb data, Sunday is the most popular day for online shopping, followed by Monday and Saturday in the US (Cohen, 2016).

It must be noted that the leading market of The Look is China. The country started experimenting with a long weekend for the employees. The discussions of longer weekends started a long time ago, even in 2016 (ChinaDaily, 2016), and after a few years, the 2.5-day long weekends were implemented in Jiangxi province (Meihao, 2020). After the first pandemic hit, followed by the recession, starting in the summer of 2020, additional regions are encouraging their businesses to implement this practice (Liang, 2020). It remains voluntary.

Another research shows that peak times in China have changed since the pandemic. Before, the weekend traffic was about 30% higher than on weekdays. During the pandemic, weekend traffic was about 10% higher (Huang, 2020). All these news regulations and trends show that The Look may expect that their Chinese market will show a boost in sales and customers during the weekend. It should be used to the company's advantage.

However, the research is not consistent and sometimes even counters this version of events. Some scientists believe that customers try to end their purchases on the weekday to receive the product in the same week (Zhao, 2019). Looking at their yearly reports, SaleCycle analysed that in 2019 Monday and Thursday were the most popular days for eCommerce shopping, while the trends shifted a bit during the pandemic. In 2020, the best days for sales were Wednesdays and Thursdays (Ward, 2022).

Thesis statement: The Look may expect different customer behaviour (visits, purchases) during the weekends. For the Chinese market, customers will buy more on weekends and Fridays.

Aim: Compare the customer trends on weekends and weekdays and provide actionable suggestions for implementing a marketing strategy

Objectives:

1) Learning about the general trends of customer acquisition (and sales) by day of the week in 2022. The trends are checked in the main markets (China, the US, Brazil) and against being during summer or non-summer months as well.
2) Analysing customer acquisition during weekends and other days by calculating the conversion rates and checking whether the results are statistically significant.
3) Segmenting (with RFM analysis and demographic characteristics) the users and looking for inconsistencies in their shopping behaviour.

Data Overview and Methodology

Data Source

The data can be found here.

It contains the following tables:

- *distribution_centers:* not used
- *events:* contains users' data (IP addresses, location, browser), ids, sessions, and similar. The table has a sequence number column which is useful for finding the first session of the user, as many of the visitors do not have any IDs
- *inventory_items:* used only for gaining the product category names
- *order_items:* main table for detailed info, containing user, product, orders ids and sale price
- *orders:* one of the main tables containing information about the status of orders and the number of items sold
- *products:* detailed info about products, brands, and similar
- *users:* main table for data about the customers: their name, contact information and location, age, gender, traffic source

The Look has the data from 2019 up to date. For the report, only the data from 2022 is used. The ending date is October 30th, as October 31st had an enormous change in customers/sales and is considered to be an outlier. The data is looked at from two perspectives: 2022 January 1st – 2022 October 30th for the general trends, and 2022 September 1st – October 30th for the current events and meaningful changes.

The data is changing/being updated constantly, so the numbers in the report or slides may be a bit different than in the dashboard. No big changes have been observed during the time of doing the report, so the main information and trends should be consistent.

Methodology

The analysis contains two significance tests that were used for calculating the significance of the weekday for conversions. The SurveyMonkey free online calculator was used for calculating the significance of the results. Two one-sided tests with 95% significance were used.

The length of the customer acquisition time is the default date of this report: September 1st – October 30th, 2022. The control group is the users on the weekdays (Monday to Friday), while the variant is the users acquired on the weekend. Conversions are the users that purchased something. For the second test, the control group is the users on the weekdays (Monday to Thursday), while the variant is the users acquired on Sunday. It is also filtered with the user's country.

Also, the report has a supplementary dashboard containing KPIs (for the 2022 September 1st – October 30th period) which are also mentioned in the report. They are calculated as follows:

Visits: counted rows for all visitors, their starting sessions (sequence_number = 1)

Organic Traffic: visitors that are acquired organically (traffic_source = "Organic")

Customers: distinct users that made a purchase

Orders: distinct count of orders

Conversion Rate: Customers/Visits, %

Sales: total sales for the period

The RFM (recency, frequency, monetary) differentiates customers into quartiles, according to their power in buying most recently, most frequently and spending the most. The analysis marks out 9 different customer segments that are allocated according to their recency (r) score (4 being the most recent, 1 the least) and the rounded average score of frequency of buying and monetary (fm) spendings score (4 being the highest):

Champions: fm score 4, r score 4.

Loyal Customers: 1) fm score 4 and r score 3; 2) fm score 3 and r score 4

Potential Loyalists: 1) fm score 2 and r score 4; 2) fm score 3 and r score 3

Promising: fm score 1 and r score 3

Recent Customers: fm score 1, r score 4

Customers Needing Attention: 1) fm score 2 and r score 3; 2) fm score 3 and r score 2; 3) fm score 2 and r score 2; 4) fm score 1 and r score 2

At Risk: 1) fm score 4 and r score 2; 2) fm score 3 and r score 1

Cannot Lose Them: fm score 4 and r score 1

Hibernating or Lost: 1) fm score 2 and r score 1; 2) fm score 1 and r score 1

Findings

The Emergence of the Weekend

The most recent data (September 1st – October 30th) of The Look shows that there were the most customers on Sunday (2958) and Saturday (2948), followed very closely by Friday (2945). The trends of sales look very similar: most of the sales were generated on Sunday ($270K) and Friday ($265K) with Saturday ($254K) lacking behind a bit. In both cases, there is a slump on Monday (2545 customers, $210K). The general trends can be seen in Figure 1.
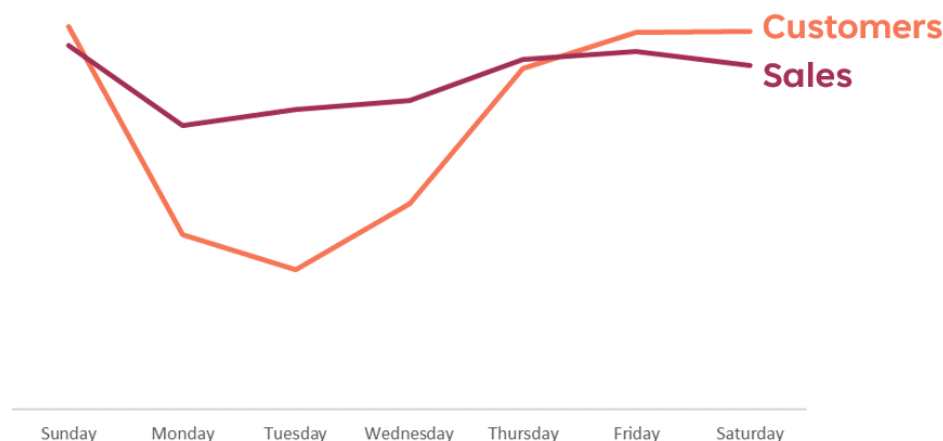

Figure 1. The General Day of the Week Trends

The same trends can be seen in the main markets. As expected, China shows a particular growth of customers on Sunday (1044) and a slump on Monday (886). However, Friday has even more customers than Saturday. This may be explained by the 2.5-day long weekends that are implemented in some companies in China. The visualised data of acquired customers throughout the week can be seen in Figure 2.

The sales trends in the main markets are similar, except that on Friday the sales in China are almost the same as on Sunday. The latter still remains a leading day of sales in all the main markets.
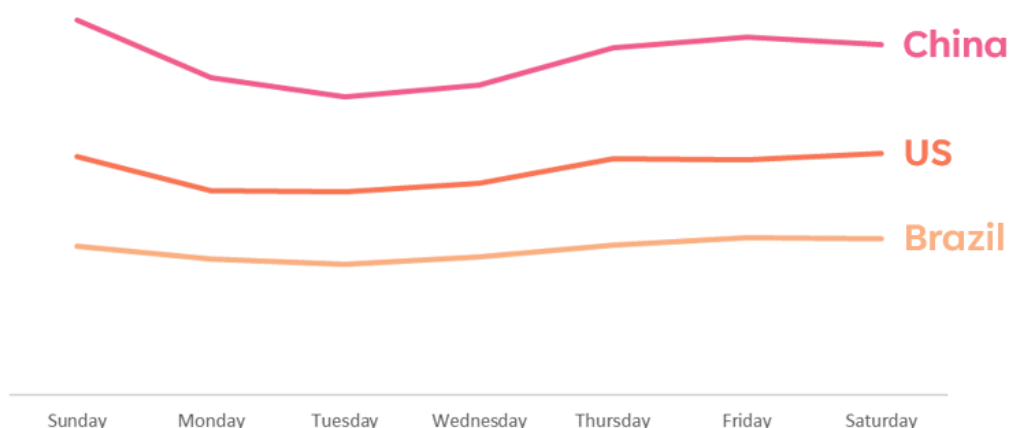

Figure 2. The General Day of the Week Customer Trends in Leading Markets

Having said that, it matters that our current months are in autumn. If we differentiate between the summer months and non-summer months, the count of customers and the sales are not the same throughout the week. In fact, analysing the non-summer months of 2022, we see an even clearer margin between the weekend and the rest of the weekdays. Whereas during the summer months, there are no clear trends. All the data can be found in Table 1.

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Customers							
Summer	2861	2790	2813	3093	2705	2857	2789
Non-Summer	6447	5834	5879	5806	6020	6086	6265
Sales							
Summer	$255K	$248K	$240K	$269K	$237K	$249K	$248K
Non-Summer	$574K	$497K	$524K	$511K	$542K	$539K	$557K

Table 1. Customer and Sales Day of the Week Trends during the Summer and Non-summer Months

Customer Acquisition

Looking at traffic sources of customers, we may see a clear dominance of search engine traffic. The data of the traffic source of all visitors is not clear as it does not go hand in hand with the data of customers. Still, it is known, that The Look uses AdWords to attract visitors. Search, organic, and email traffic sources correspond with the weekend trends established in the previous section with Sunday being the day with the most customers and having a Monday slump. Facebook and display traffic sources, however, attract almost the same number of customers on Sunday and Monday. There are some minor inconsistencies throughout the week (Figure 3).
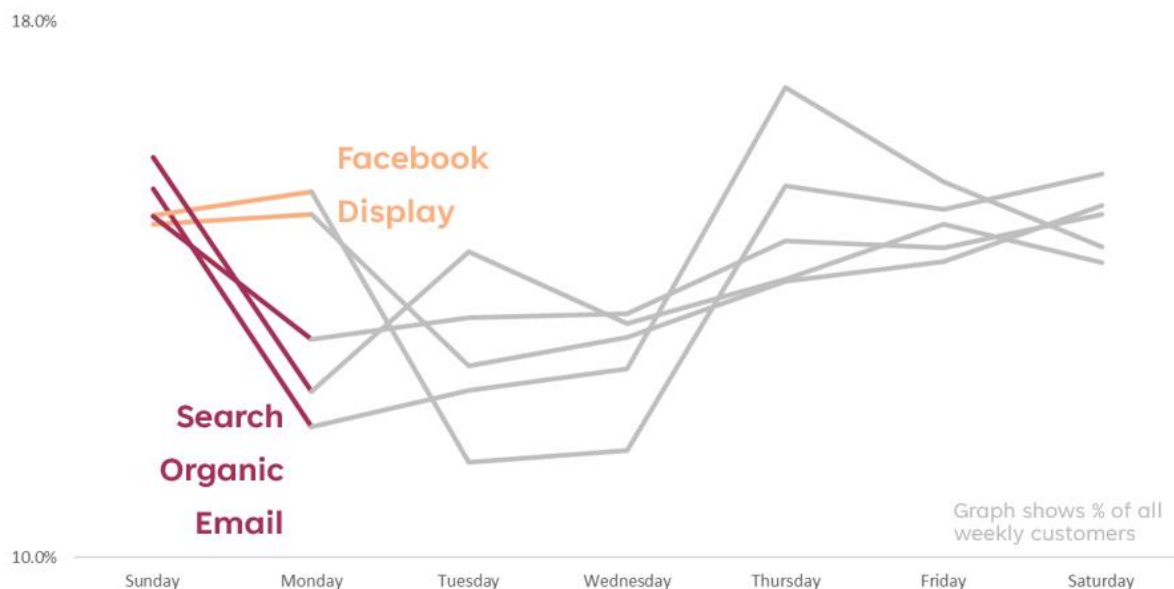

Figure 3. Traffic Sources that Do or Do not follow the Weekend Trends

Day-of-the-week trends in sales are similar to customers. Some of the traffic sources have sales increase on Thursdays. Looking at Sundays specifically, we may see that Sundays represent almost $270K, or 15.8% of sales of all the week (in all traffic sources). Some of the traffic sources, like display, email, and search have lower values. For example, display sources make $9K in sales, which is 14% of all weekly sales (Table 2). The difference is not that big, but the marketing team may try to increase

the traffic and conversion for these instances to meet the average or reach the portion of organic customers (17.2%) and increase sales.

	Display	Email	Facebook	Organic	Search	Sum
Sunday Sales	$9K	$12K	$16K	$44K	$188K	$269K
% Of All	*14.0%*	*15.3%*	15.8%	17.2%	*15.6%*	**15.8%**

Table 2 Sunday Sales in Different Traffic Sources

Both visitor and customer numbers are high during the weekends. The question arises, whether the conversion rates are also significantly better or are they stay the same during the week, under the assumption that the weekend rate may be better. For this, a significance test was used. Two tests were made. For both one-sided tests, the level of confidence is 95%. The length of the customer acquisition time is the default date of this report: September 1st – October 30th, 2022. Conversions are the users that purchased something.

First Test

The null hypothesis is: *There is no significant difference between acquiring customers on weekends and weekdays*.

The alternative hypothesis is that t*he variant will perform better: there will be more acquired customers on weekends.*

The control group is the users on the weekdays (Monday to Friday), while the variant is the users acquired on the weekend. (Saturday and Sunday). Conversions are the users that purchased something. For the control group, there are 34,929 visitors and 11,475 customers. The conversion rate is 32.85%. For the variant, there are 15,388 visitors, and 5,173 customers. The conversion rate is 33.62%. The $p < 0.05$. The results indicate that we may reject the null hypothesis and be 95% sure that the variant (acquiring customers on weekends) will perform better. The variant's conversion rate is 2.33% higher than the control.

Second Test

All the assumptions remain the same as for the first test, except for the specificity of what is checked. The first section of the analysis, as well as the research provided in the introduction, suggests that the Chinese market is very active on Sundays, and not that much on weekdays (Monday to Thursday).

The null hypothesis is: *There is no significant difference between acquiring customers on Sunday in China and from Monday to Thursday*.

The alternative hypothesis is that t*he variant will perform better: there will be more acquired customers on Sundays in China.*

The control group is the users on the weekdays (Monday to Thursday), while the variant is the users acquired on Sunday. It is also filtered with the user's country, China. Conversions are the users that purchased something. For the control group, there are 9,293 visitors and 3,005 customers. The conversion rate is 32.34%. For the variant, there are 2,709 visitors and 922 customers. The conversion rate is 34.03%. The $p < 0.05$. The results indicate that we may reject the null hypothesis and be 95% sure that the variant (acquiring customers on Sunday in China) will perform better. The variant's conversion rate is 5.25% higher than the control.

Segmentation and Shopping Behaviour

The RFM (recency, frequency, monetary) analysis differentiates customers into quartiles, according to their power in buying most recently, most frequently and spending the most. The analysis marks out 9 different customer segments (named by biggest size in customers): Customers Needing Attention, Hibernating or Lost, Potential Loyalists, Loyal Customers, At Risk, Champions, Promising, Recent Customers, and Cannot Lose Them (Figure 4). The segments are accounted for the current year 2022, up to October 30.
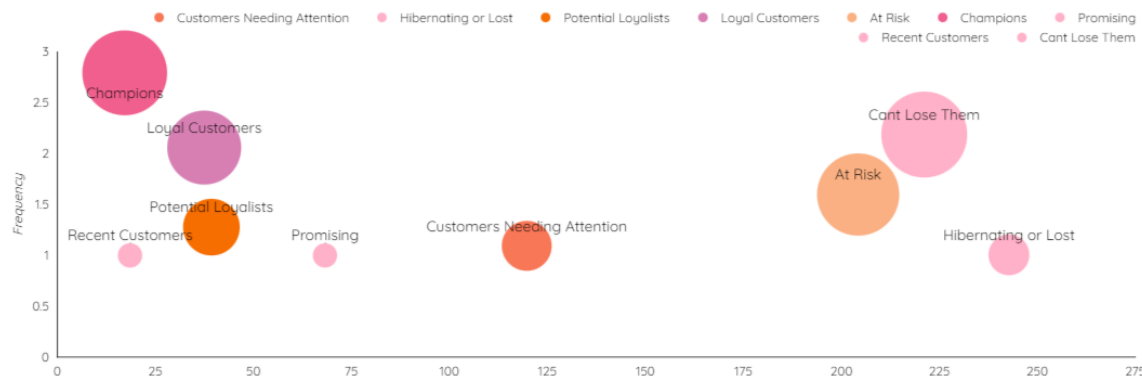

Figure 4. Customer Segmentation, 2022

In this report, only the 2 biggest segments are analysed in more detail, except for the segment Hibernating or Lost as the changes in marketing may not bring up much change in the segment. When the period of the year 2022 is mentioned, only the non-summer months are considered.

Customers Needing Attention

This is the biggest segment with various needs. During the September 1st – October 30th this segment consisted of 1.6K customers, 53.7 of whom are female (the gender balance was about 50:50 throughout the year of 2022), with a balance age group distribution. The top 5 product categories remained the same during the analysis period and the whole year.

The segment showed exceptional trends during the last two months: not that many sales were made during the weekend, compared to the other days of the week (Figure 5). Sunday has especially low sales ($17K). The case of this segment was different throughout the whole year (non-summer months) where Saturday had the highest sales ($82K), and Sunday's sales were decent in comparison ($70K).
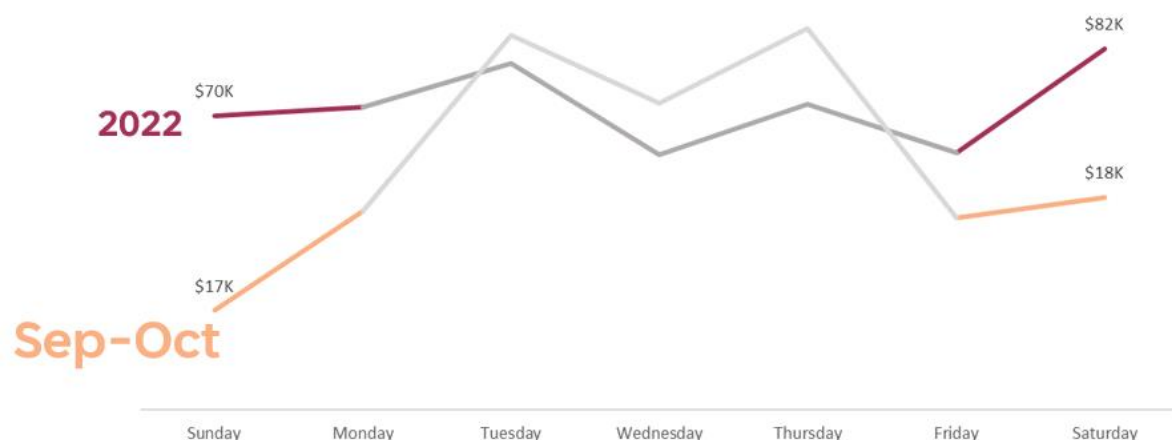

Figure 5. Needs Attention Segment, Sales

All the detailed sales data can be found in Table 3. The yearly data can be used for extrapolating what can be gained if the weekend trends would change (for recommendations, please see a later chapter in this report).

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
2022	$70K	$71K	$79K	$62K	$72K	$63K	$82K
Sep-Oct	$16,6K	$18,2K	$21,1K	$20,0K	$21,2K	$18,1K	$18,4K

Table 3. Needs Attention Segment, Sales

Potential Loyalists

This is the third biggest overall and the biggest segment in the current period. From September 1st – October 30th this segment consisted of 4.9K customers, who are distributed almost equally between the genders and age groups. Only the youngest age group (10-19 years old) is smaller than the others, but this trend is consistent among all user segments. The top 5 product categories remained almost the same during the analysis period and the whole year. Fewer suits and sports coats were sold.

The segment follows the usual trends by having the biggest part of sales happening on Sunday (15.5%) and slumping down until Friday. Nevertheless, comparing this segment to already loyal customers, we see that there may be space for improvement on a weekend (Figure 6).
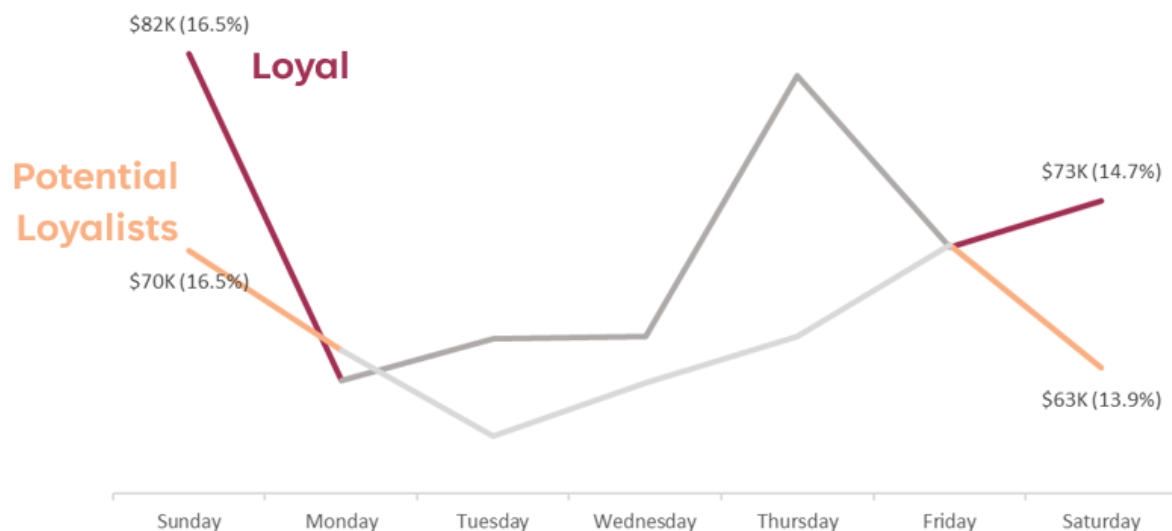

Figure 6. Potential Loyalists and Loyal Segments, % part of Sales on a Day of the Week

All the detailed sales data can be found in Table 4. The loyal customers data can be used for extrapolating what can be gained, if the weekend trends would improve (for recommendations, please see later chapter in this report).

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Loyalists	$82K	$62K	$64K	$65K	$80K	$70K	$73K
Potential Loyalists	$69,8K	$63,7K	$58,5K	$61,8K	$64,6K	$70,2K	$62,6K

Table 4. Potential Loyalists and Loyal Segments, Sales

Conclusion and Recommendations

The analysis confirms the main thesis statement, that The Look has different customer behaviour (visits and purchases) during the weekends. It must be kept in mind, that the analysis contains several **limitations**. Firstly, the data is constantly updating and changing and therefore, there can be some differences between the data in this report, and the data that the reader finds in the database. Secondly, the company is on the constant rise, and it is very difficult to speculate about the future with no real previous slumps. Currently, the expected growth is enormous, but it may change. Thirdly, the significance test is done with the A/B test in mind, but without the actual experiment as there were no possibilities of doing it with the public dataset. The test is done with data that is already provided. And lastly, the customers could be segmented differently if there is a particular question to be addressed with some types of customers, not just weekly trends.

The analysis of the main trends over the last two months (September 1st – October 30th) shows that there is a clear boom of customers and sales on the weekends, especially on Sunday, and a slump on Monday. This trend keeps up only during the non-summer months. Also, customers from China are buying more on weekends and Fridays which also confirms the theory, that Chinese customers are using their 2.5-day long weekend.

Recommendation 1. The marketing department must keep in mind that these trends to attract more customers and sales on the weekends (and on Friday in China) may continue, thus they should run more campaigns and ads during these days of the week. The Look may expect a total of *21 700 customers and $2.4M in sales* or even more over the next two months if the trends continue. This is estimated by adding the same percentage by which the current two-month period has increased to the counts of this period. There is no use in calculating the average of the autumn months in 2021 as the company's KPIs keep on increasing constantly over time and there was no seasonality. The estimated numbers may be as high or higher because of the Black Friday, and Holiday effect: Thanksgiving is coming up in November.

The traffic sources correspond with the weekend trends: Sunday being the day with the most customers and one of the biggest sales days and having a Monday slump in both (customers and sales) counts. However, display, email, and search have lower values on Sunday, compared to the average of all sources.

Recommendation 2. The marketing team may increase sales by reinforcing the AdWords traffic. The team should also investigate the recommended products on buying page, as there are a lot of customers, they just do not spend that much. If successful, the Look can expect some sales: up to an additional $4.4K in the next two months. The estimate comprises calculating the % of how many sales the Sundays bring up in organic traffic source (the leader on Sundays), which is 17.2%. The customers from search traffic sources make up 15.6% of sales on Sunday; or $188,003 in simple numbers. The number is increased by the expected growth of search customers (taking the current growth as an example) and added to the difference of the source's per cent: (17.2-15.6)*($188,003*145.9/100)/100. This is not a big sum, but it may increase over time.

Not only the pure numbers of sales and customers are higher during the weekend, but so is the customer acquisition. By calculating conversion rates during weekends and other days and checking if it is significant, two null hypotheses were rejected. The Look can be sure (by 95%) that there will be

more acquired customers on weekends than on weekdays in general, and that there will be more acquired customers on Sunday in China than on Monday to Thursday. This may be explained by the general trends, the Holiday effect, and China's 2.5-day long weekend.

Recommendation 3. The marketing department should enhance the advertising during or before the weekend all over the world and on Sundays in China. The team may try out new campaigns and do an A/B test to check, which of them works best in these cases. The consensus remains the same: The Look may expect a total of *21 700 customers and $2.4M in sales, $857K of them in China* over the next two months if the trends continue.

The RFM analysis showed that the biggest segments in the current year are Customers Needing Attention, Hibernating or Lost, and Potential Loyalists. The September 1st – October 30th Needs attention segment consists of balanced groups of customers. What stands out, is that not that many sales were made during the weekend, compared to the other days of the week. This segment showed a more standard trend throughout the whole year of non-summer months.

Recommendation 4. The marketing department should create more personal communication and establish loyalty with the Needs attention segments by providing personal recommendations and discounts. The actions can focus on sending the offers on weekends as the segment purchased more on them earlier this year. By doing that, The Look may gain an additional $7.7K in the next two months. The estimation is calculated by taking into account a probable 43.7% growth in sales over the next two months and then calculating a portion of Saturday's and Sunday's sales part during the non-summer months in 2022 (16.4% and 13.9% respectively). That adds up to an additional $4.4K for Saturday's sales and $3.3K for Sundays.

The Potential Loyalist segment also consists of balanced groups of customers. The segment follows the usual trends by having the biggest part of sales happening on Sunday. However, comparing the results with the loyal customers, even better sales results can be achieved.

Recommendation 5. The marketing department should establish loyalty with the Potential Loyalist segments by providing personal recommendations, and loyalty programs. The actions can focus on sending the offers on weekends as the segment has space for improvement, by comparing it to the Loyal customer segment. By doing that, The Look may gain an additional $29.8K during the next two months. The estimation is calculated by considering a probable 43.7% growth in sales over the next two months and then calculating a portion of Saturday's (14.7%) and Sunday's (16.5%) sales as part of the Loyal customer segment. This sums up to an additional $13.2K for Saturday's sales and $16.6K for Sunday's.

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