Cultivating Success: Unveiling Profitable Customer Segments for Tailored Marketing Strategies

A Comprehensive Analysis of Business Operations and Customer Dynamics

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Today's Agenda

Points for discussion

Problem Statement

01 The e-commerce giant DataCo Global is experiencing challenges in identifying and targeting its most profitable customer segments for effective marketing strategies.

02 Despite having access to a comprehensive dataset, the company struggles to pinpoint the key segments that drive the highest revenue and profit.

03 DataCo Global aims to leverage data-driven insights and analysis to optimize its marketing efforts and enhance customer engagement.

Objectives

Advanced Analysis

Utilize advanced data analysis and visualization techniques to identify the most lucrative customer segments within the DataCo Global' s dataset.

Effective Marketing Strategies

By understanding the purchasing behaviour, geographic distribution, and profitability of different customer segments, the goal is to develop targeted marketing strategies that effectively resonate with the identified segments

Approach

This approach aims to optimize marketing investments, enhance customer satisfaction, and ultimately drive revenue growth and market competitiveness for DataCo in the e-commerce industry.

Data Analysis Process

01 Business Understanding & defining objectives

02 Data preparation & Cleaning

03 Exploratory Data Analysis (EDA)

Exploratory Data Analysis (EDA) is the process of investigating data sets to uncover patterns, discover relationships, and identify anomalies. It is an essential step in the data science process, as it helps to understand the data before building models or making predictions.

04 Analysis and Forecasting

05 Marketing Strategy Evaluation
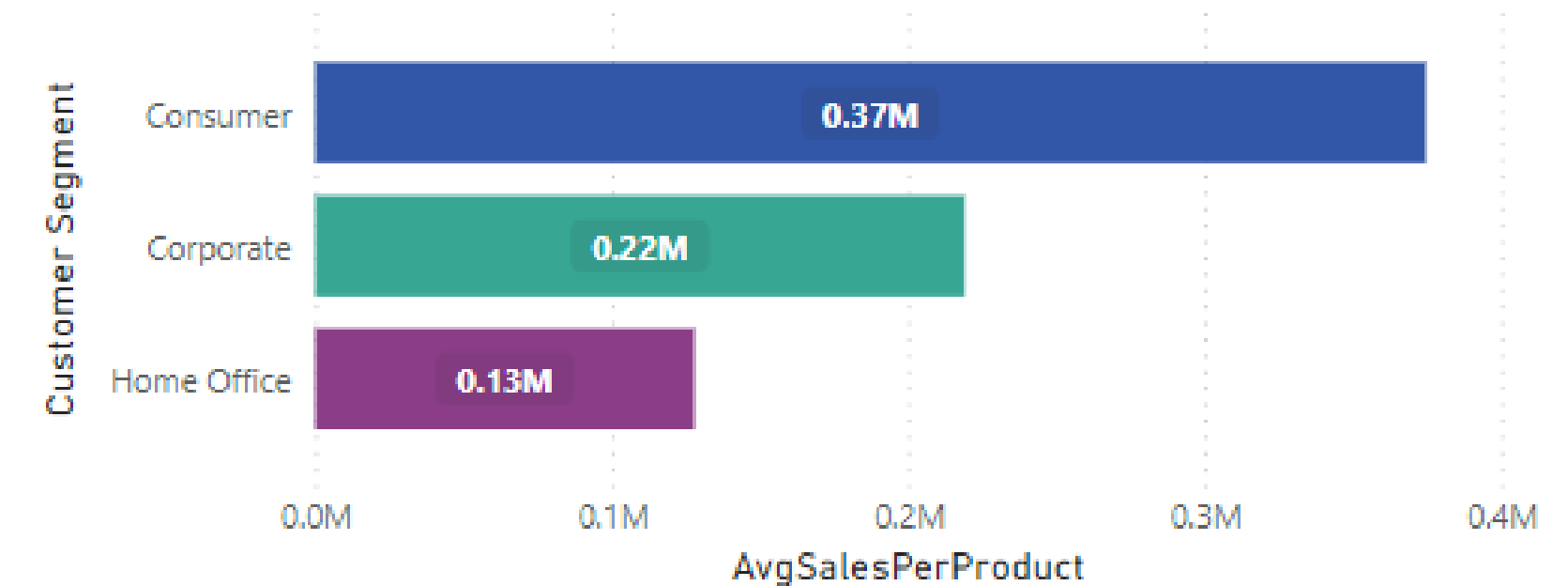
06 Results & Recommendations

Data Analysis & Visualization

Customer Segmentation & Profitability

- The Consumer customer segment is the most profitable, with average sales per product category of **$374K**.

Avg Sales Per Product by Customer Segment

Customer Segment ● Consumer ● Corporate ● Home Office

Factors Contributing to Late Deliveries

- There is a significant range in actual shipping times via **Second Class** taking more than **4 days** on average

- Orders shipped via **Standard Class** have the longest actual shipping times ranging from 5 to **6 days** on average, followed by orders shipped via **Second Class** and **First Class.**

- Same Day has the **fastest** delivery time of **1 Day**.

Average Days for Shipping for Late Deliveries by Shipping Mode
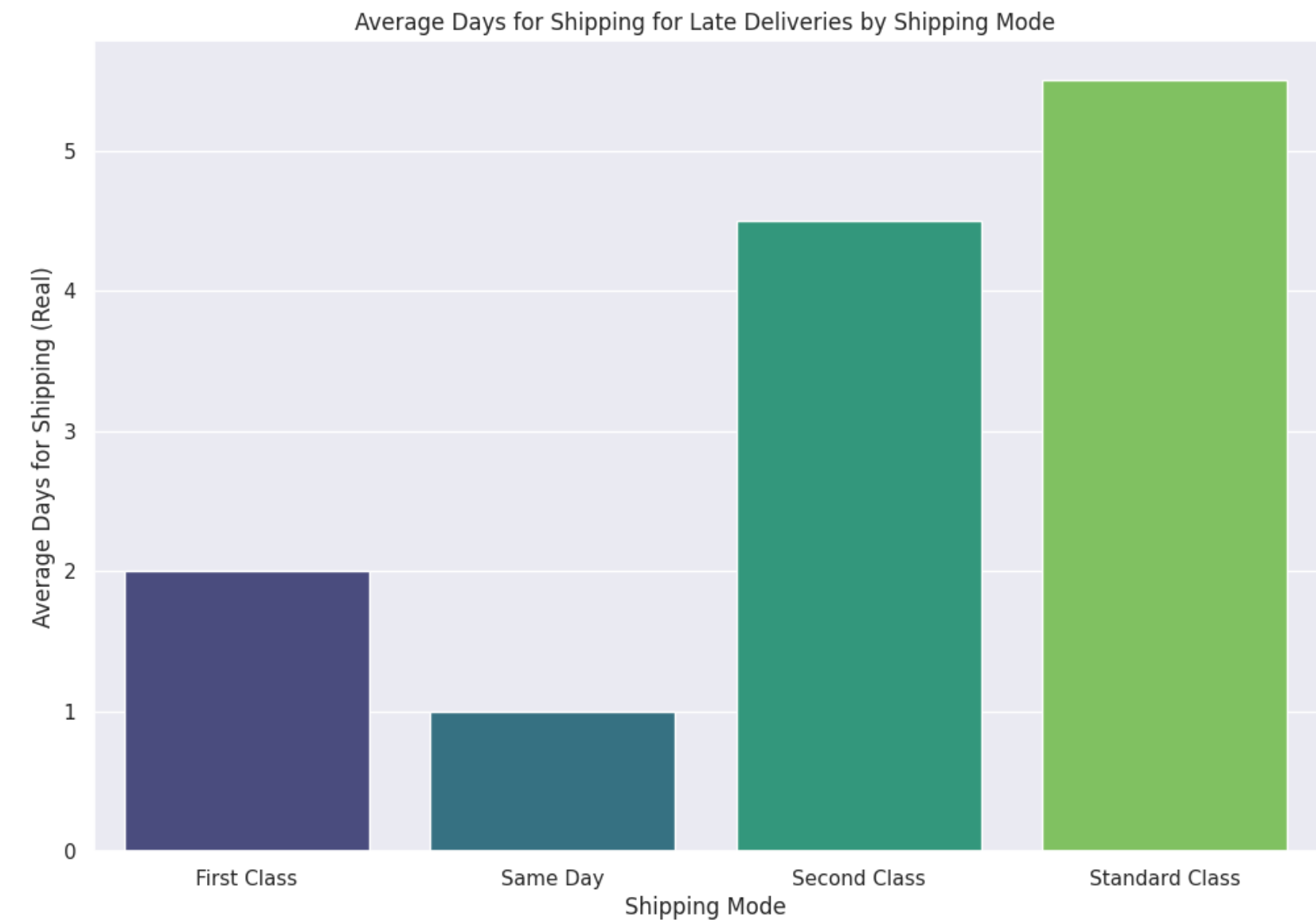
Regional Market Performance

- <u>Western Europe</u> has the **highest** amount of sales, followed by Central America, with total sales accounting to **$5.89 million** and **$5.66 million** respectively. These two regions are the most important markets for our business.

- The other regions have significantly lower sales figures, ranging from **$1.09 million to $2.96 million**. Therefore, there is significant opportunity to grow sales in these regions.

Regional Market Performance
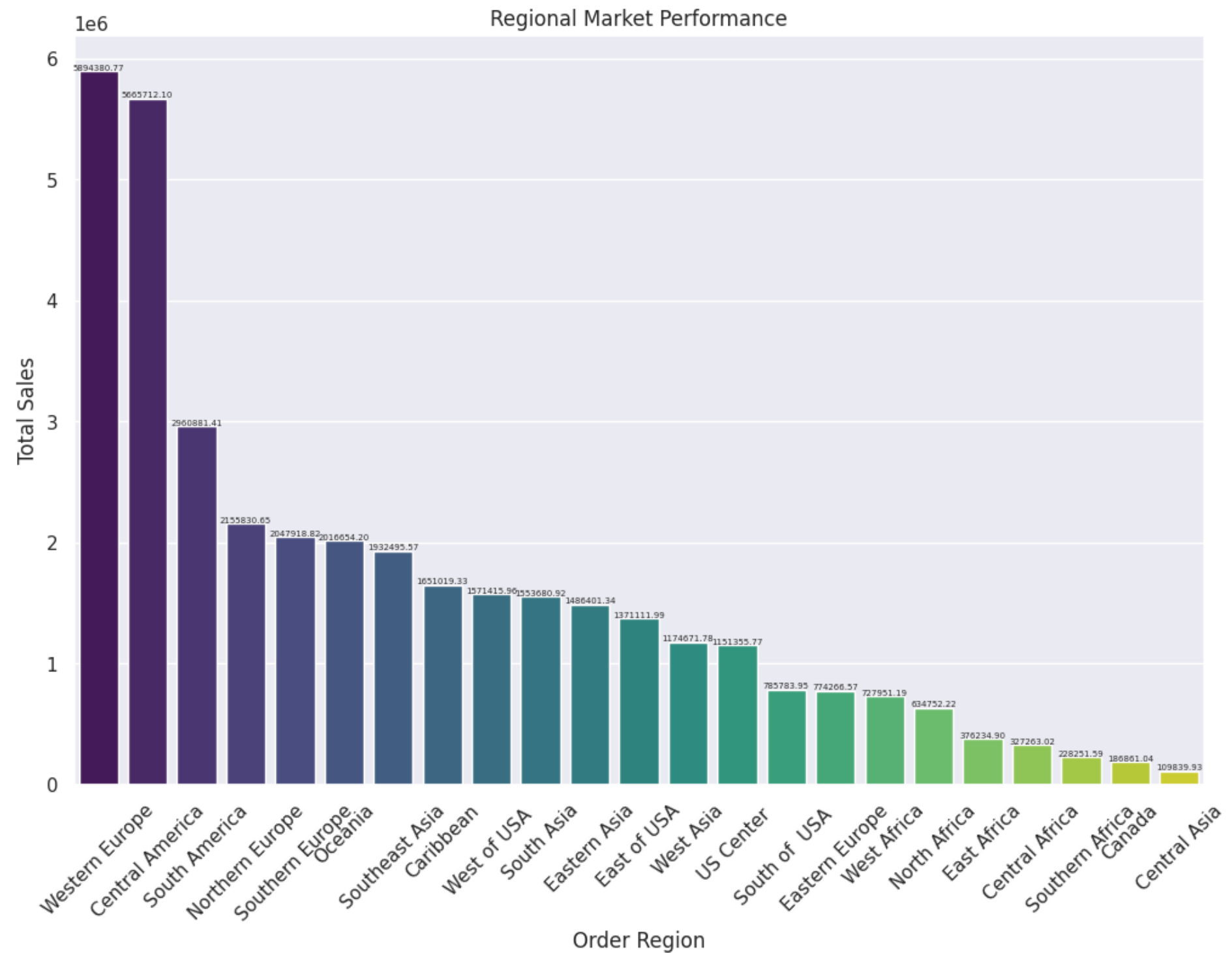
# Contribution of Repeat Customers in Sales, and their Behaviour Difference from that of one-time Customers

- Repeat customers generated **$34.3 million** in sales, while one-time customers generated **$2.4 million** in sales

- The AOQ for repeat customers is **2.18**, while the AOQ for one-time customers is **1.02**.

- The AOV for repeat customers is **$179.11**, while the AOV for one-time customers is **$264.65**.
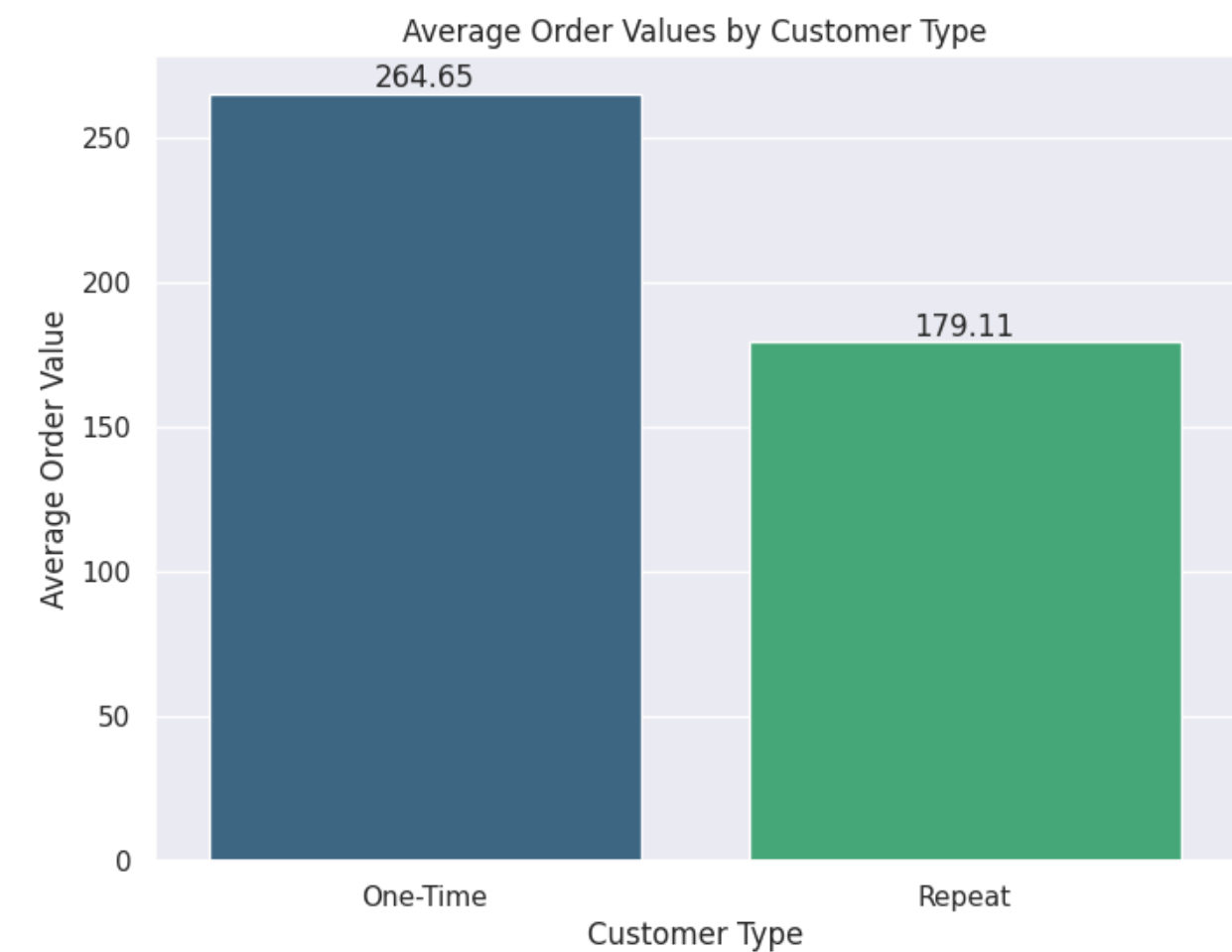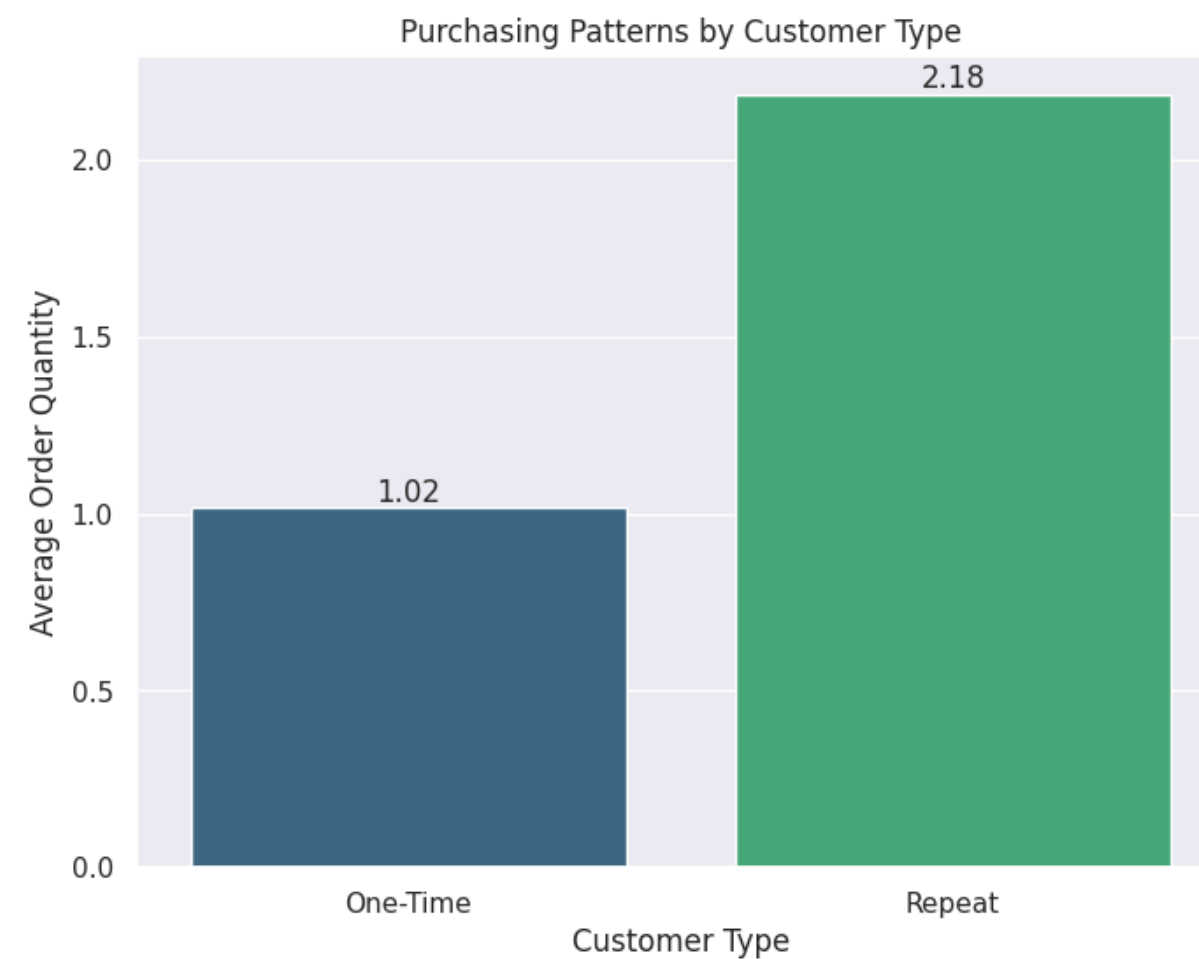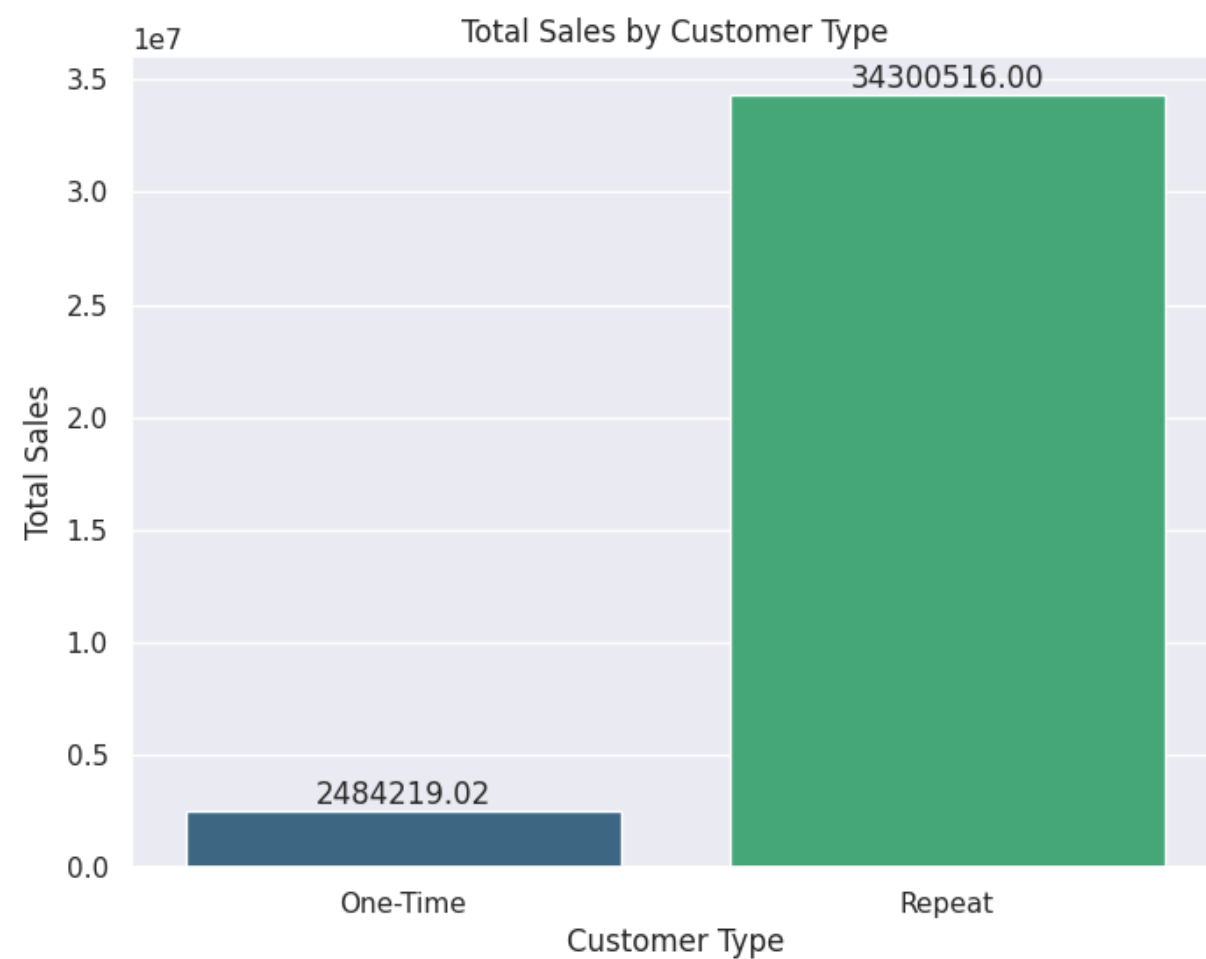
Categories with High Profitability

- The top five product categories in terms of profitability are **Golf Bags & Carts, Toys, Fitness Accessories, Women's Clothing**, and **Soccer**. These product categories have an average order item profit ratio of over **15%.**

- The high profitability of these product categories presents an opportunity for the business to invest in marketing and sales initiatives to increase sales and grow market share.

Categories with High Profitability
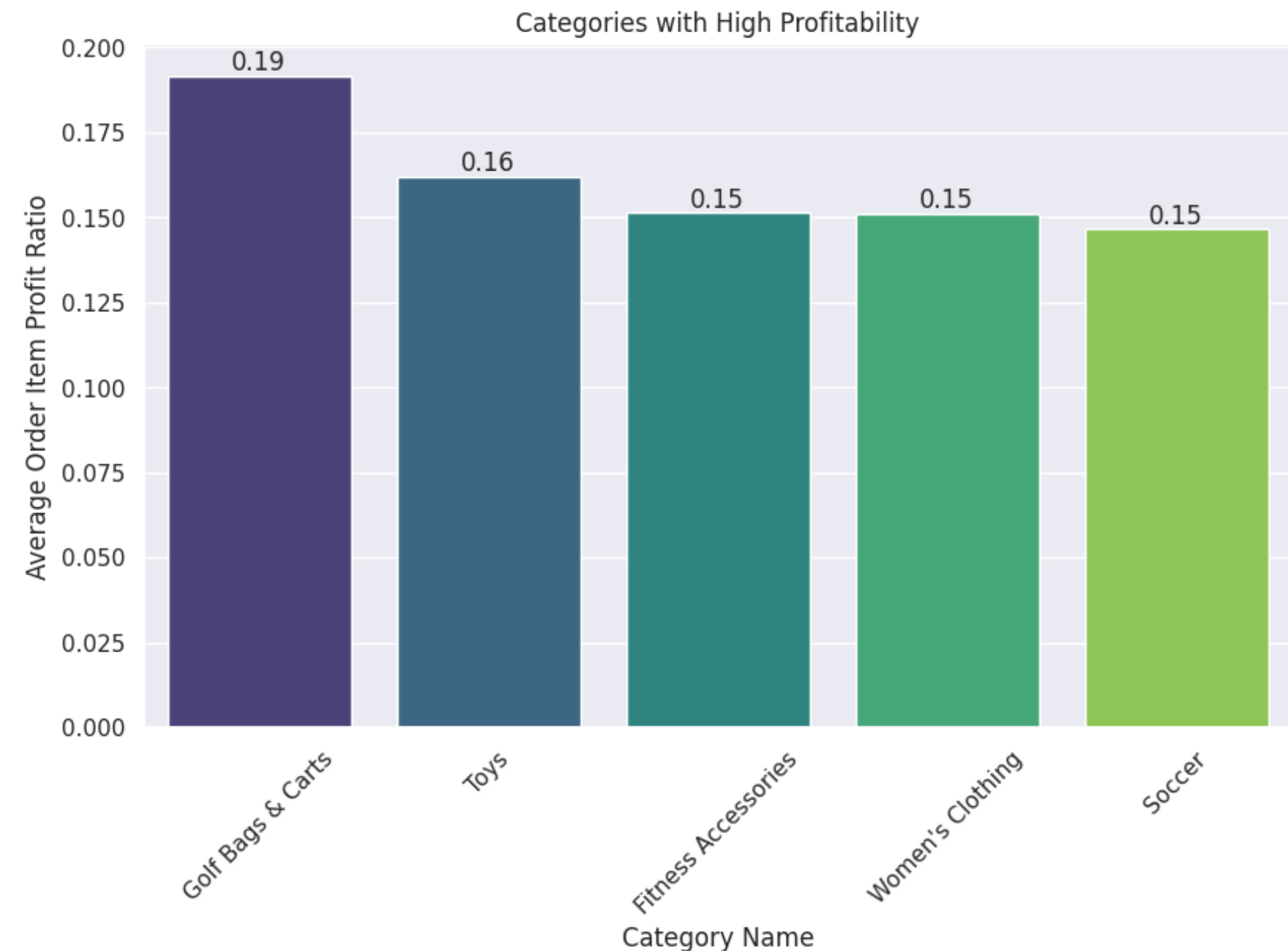
Purchase Patterns Based on Geographical Locations

- The top 4 cities in terms of sales are **Caguas**, **New York**, **Chicago** and **Los Angeles**

- Caguas City has extraordinarily high sales, totalling **$13.61 million**, because it is home to a number of large businesses and corporations. Which means that there are a lot of high-income earners living in the city who are likely to spend money on goods and services.

- The other cities have significantly lower sales figures, ranging from **$210K to $315k.**

Purchase Patterns Based on Geographical Locations

(Bar chart showing Total Sales by Geographical Locations: Caguas 13610266.21, New York 1346541.89, Chicago 797614.21, Los Angeles 697887.42, Philadelphia 315705.51, San Diego 293830.52, Miami 270368.2, Houston 267347.92, Las Vegas 241702.71, Dallas 210891.72)
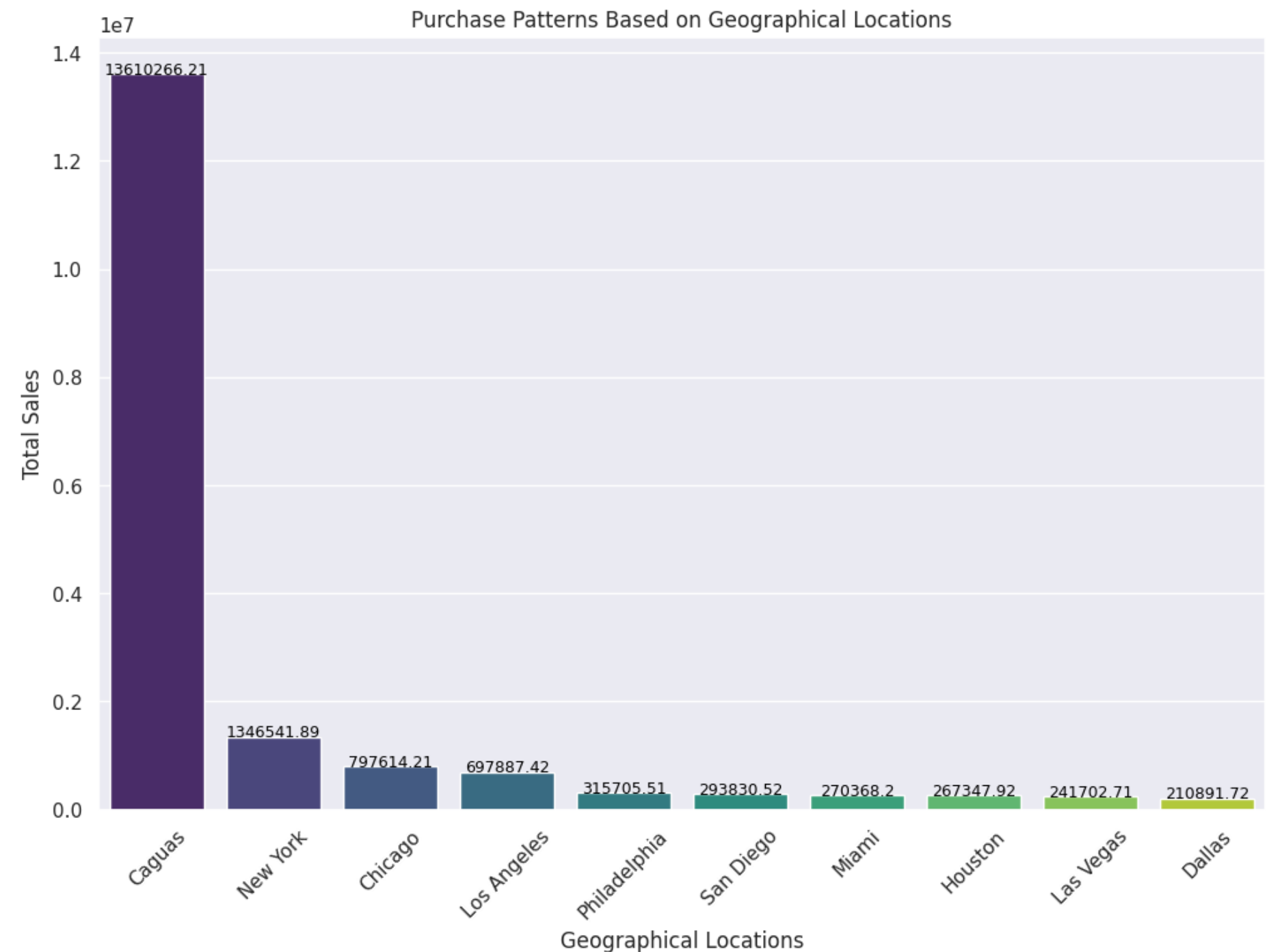
Recommendations:

Capitalizing on the Consumer Segment:
Leverage the high profitability of the **Consumer customer** segment

* Offer a 10% discount on all orders over $100 to Consumer customers.
* Create a loyalty program that rewards customers for repeat purchases.
* Create a dedicated sales team for Consumer customers.

Optimizing Shipping Efficiency:
Focus on improving shipping times, especially for orders shipped via **Standard Class**

* Offer Same Day delivery to customers in all major cities in Western Europe, Central America, and South America.
* Partner with FedEx to ensure that all Standard Class orders are delivered within 5 business days

Targeted Marketing Expansion in Underperforming Regions:
Leverage the significant growth potential suggested by sales figures ranging from **$1.09 million** to **$2.96 million**.

* Translate our website and marketing materials into Spanish and Portuguese to target the top three markets with the highest sales potential.
* Increasing sales in the Asian and African region by 10% could add $5 million to the bottom line. We can partner with Amazon to sell our products in these regions.

Enhancing Repeat Customer Engagement:
Capitalize on the higher contribution of **repeat customers** to total sales of **$34.3 million** and their tendency to purchase more items per order

* Recommend products to customers based on their past purchase history and browsing behaviour.
* Offer a 10% discount on the next purchase for customers who spend over $100 in a single order.
* Send targeted marketing communications to repeat customers.

Thank you for your time!

If you have any questions or concerns feel free to ask.

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