



# UNIVERSITY OF LONDON

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THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

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## Executive Summary

This content will describe the background of consumers' behaviour toward products purchased across the world based on their needs and wants. The main purpose of this analysis is to identify the ways in which the company's profits, sales, and products align with the customers' requirements. Millions of customers are focusing on purchasing products via the Internet across the world is referred to as the "e-commerce market." Considering the time, quality, and features of products, the e-commerce market has become a trend and the most effective and efficient way of approaching the customer. There are drawbacks and disadvantages. However, still, its values and demands are getting higher day by day.

The report is existing with the five major analysis to provide a better understanding of the market strategy. There are Market Analysis, Product Analysis, Shipping Analysis, Country Analysis and Customer Analysis.

## 1. Introduction

This report discusses how the e-commerce market assists consumers all over the world in purchasing products through an e-commerce market. Between 2018 and 2021, this e-commerce retailer sold furniture, office supplies, and technology accessories around 147 countries. The e-commerce market further classified by shipping mode. Like First Class, Same Day, Second Class, and Standard Class, where consumers can select the mode based on their order priority selection, such as Critical, High, Low, and Medium.

Further, they have classified 147 countries further to seven major markets where the consumer can easily select the products without spending more time on the e-commerce portal. Such as Africa, APAC, Canada, EMEA, EU, LATAM, and the US.

## 2. Analysis

### 2.1 Market Analysis

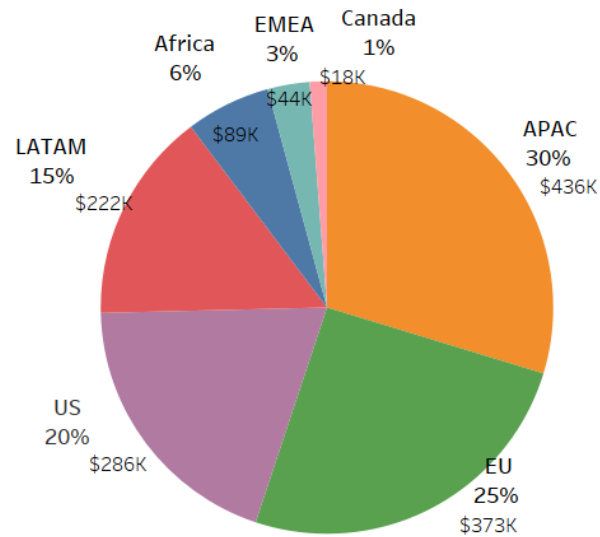


Figure 1 - Overall Profits across the Market

The above Pie Chart shows that the APAC market has the highest profits rate 30% with total profits of \$436K and that Canada market makes the least profits rate 1% with a total profit of \$18K.

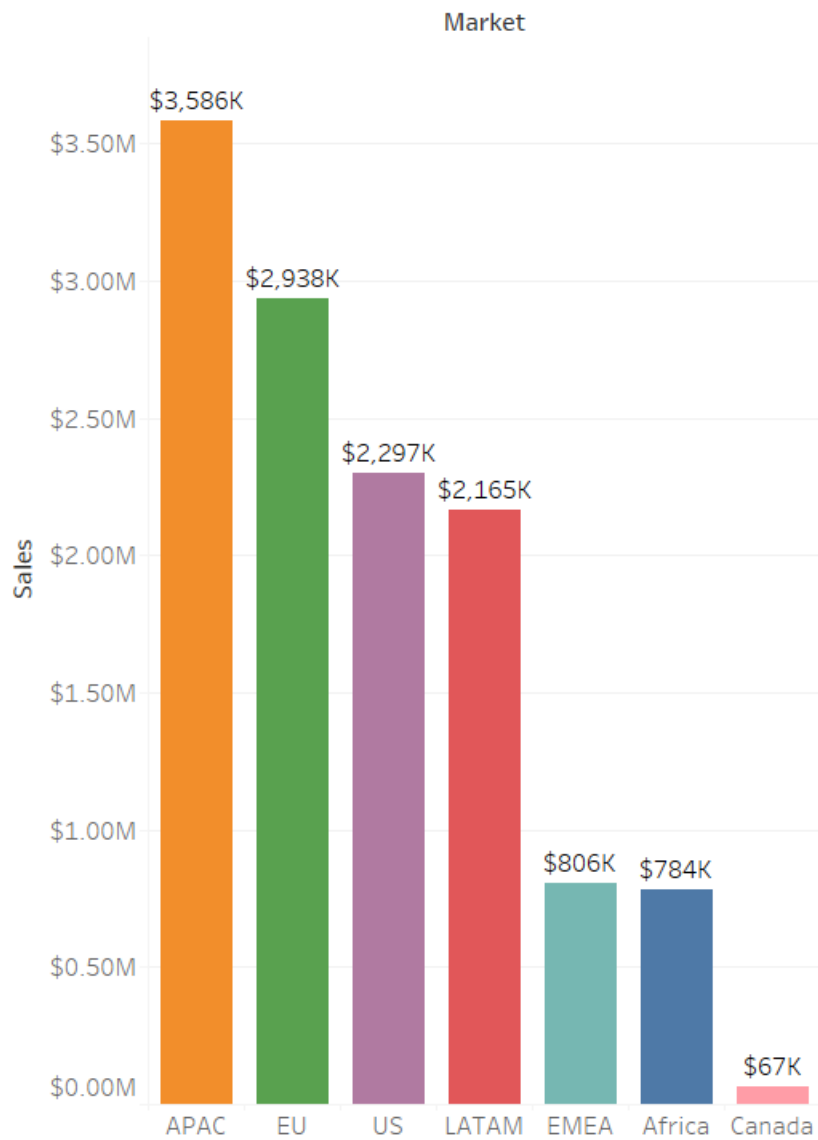


Figure 2 – Overall Sales in the Market

APAC achieved the highest sales of \$3,586K, while Canada achieved the lowest sales of \$67K. EU accounted \$2,938K of sales, placing it second among all competitor markets.

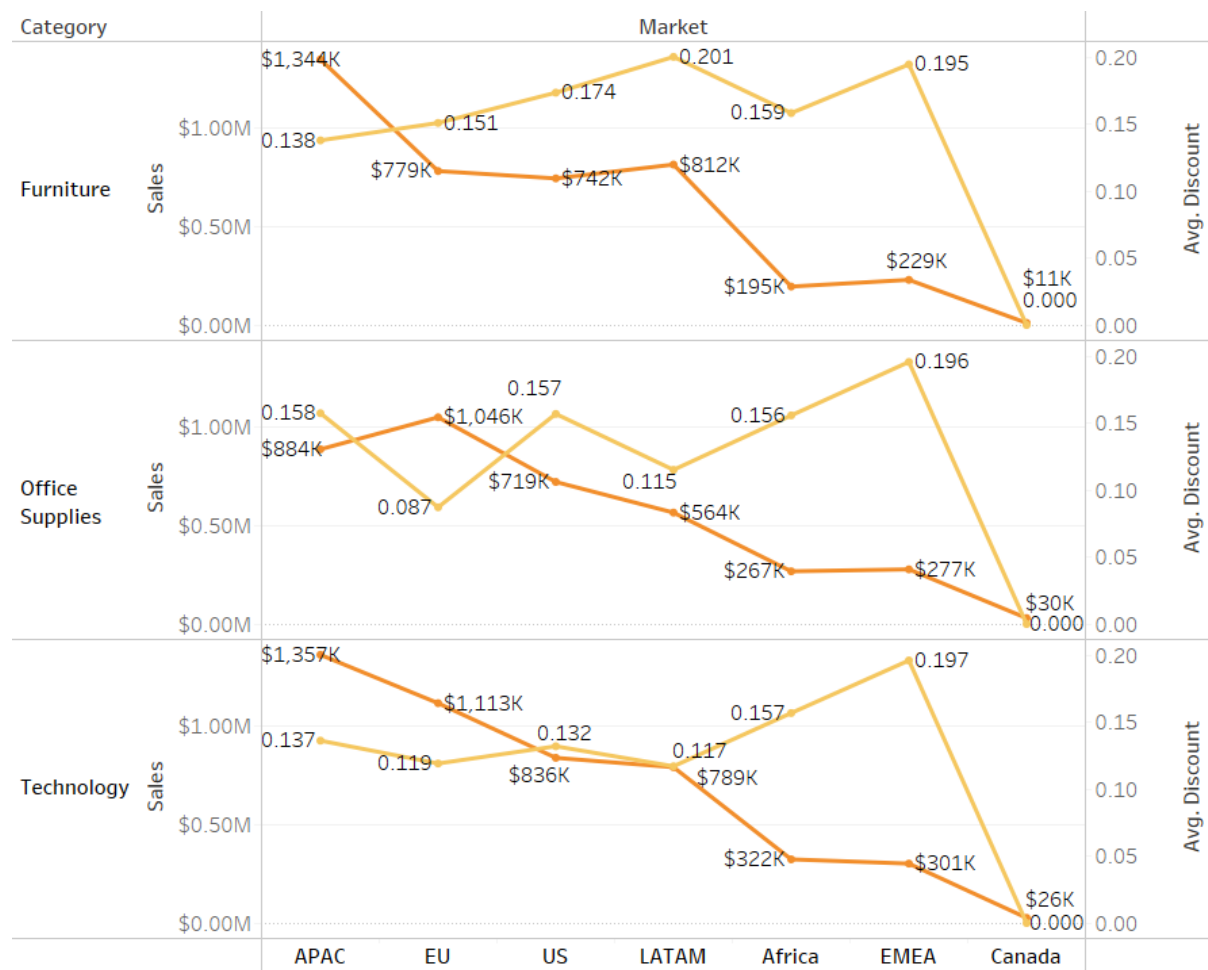


Figure 3 - Total Sales and Average Discount based on Category

APAC has the highest sales in Furniture of \$1,344K and Technology of \$1,357K whereas Office Supplies (\$884K) sales are lesser than EU (\$1,046K) market. However, Canada's performance in profits is the least in all 3 categories.

A reason for Canada to make less profits and sales is because of the 0% discount offers and that may reduce their number of customers across the world.

However, Africa Market is the fifth place in Profits but not in Sales. The reason for less sales is because of offering lesser discounts when compared with EMEA Market.

## 2.2 Country Analysis

There are 51290 customers contributing on the products from 147 countries. Here there are major seven Markets. Africa, APAC, Canada, EU, US, EMEA and LATAM.

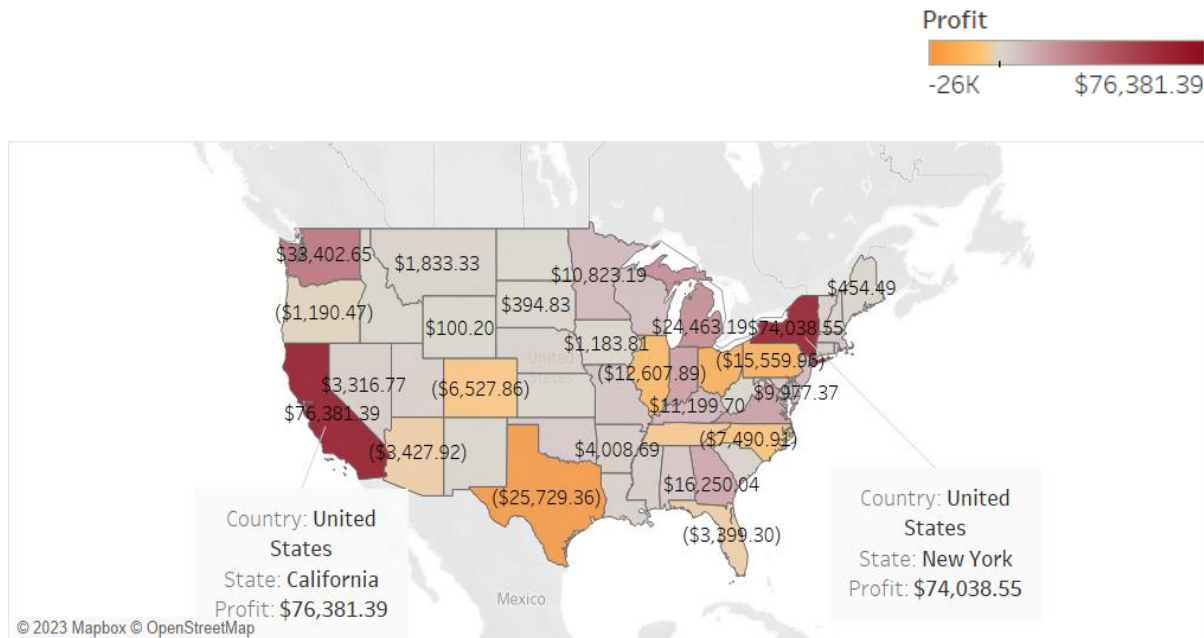


Figure 4 – Highest profitable state in USA

The US is the highest profitable country with a profit of \$286,937.02. The New York and California were reported as the highest profit generated states in the US. Whereas the top 3 states in making losses are Texas (\$25,729.36), Pennsylvania (\$15,559.96) and Illinois (\$12,607.89).



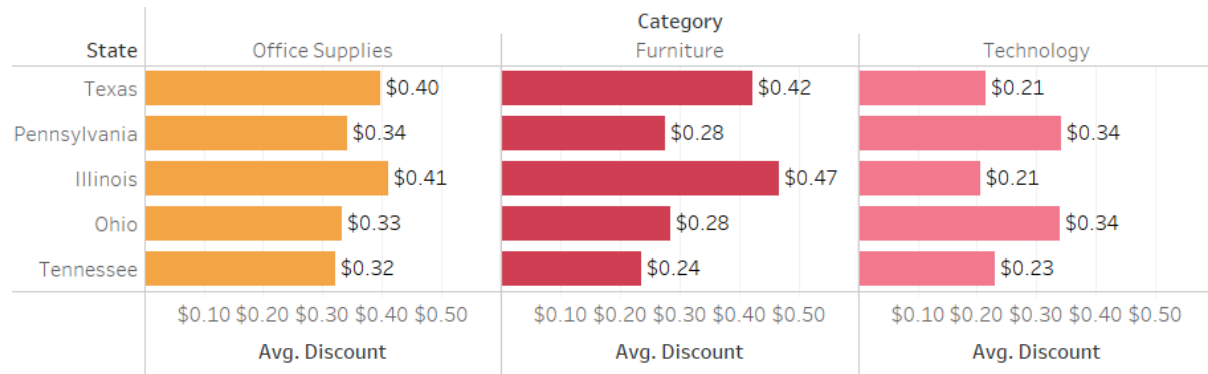


Figure 54 –Discount Vs top 5 states in the USA

It can be seen that the top 3 states making the highest loss is also the top 3 states giving the highest discounts. Therefore, it can be identified that the states make a loss as too high discounts are given.

### 2.3 Customer Analysis

This describes how the customer satisfactions raised on products and services during the year 2018 to 2021. This is existing with 51290 customers around the world.

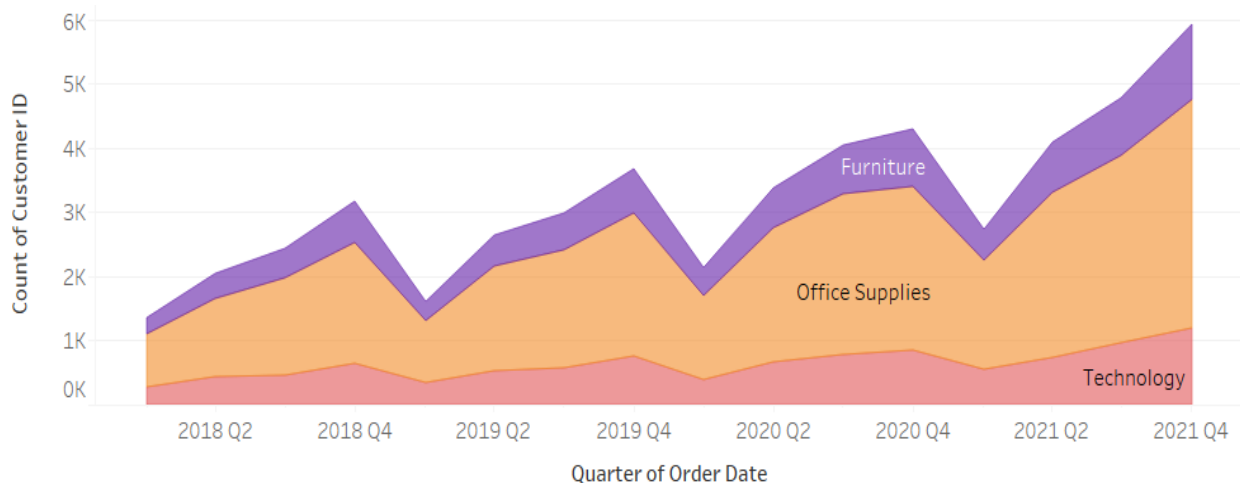


Figure 6 - Customer Diverse based on the Year/Quarter

Based on the results, it is very clear that all three segments have dramatically increased the customers from the year 2018 to 2021. 2021 year shows the peak customer pool. Also, it can be seen that always during the 4<sup>th</sup> quarter customers have increased and fallen in the next quarter and again keeps gradually increasing. This can be identified as a pattern of when there will be high amount of purchases.

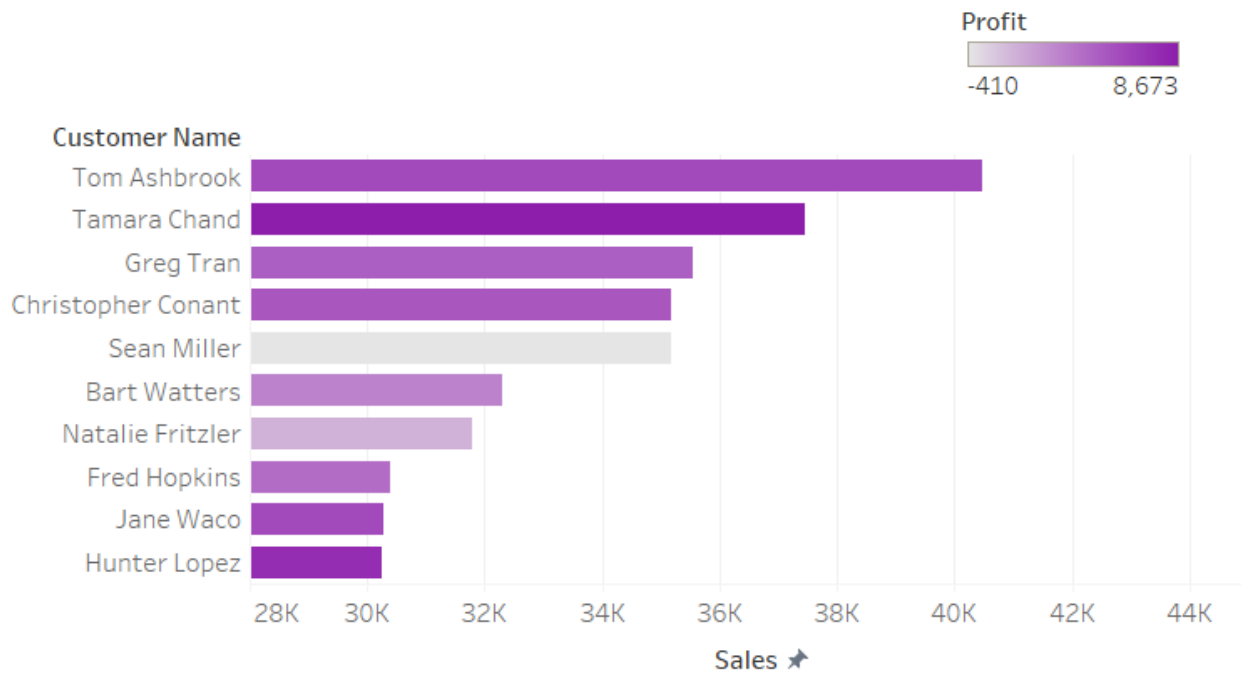
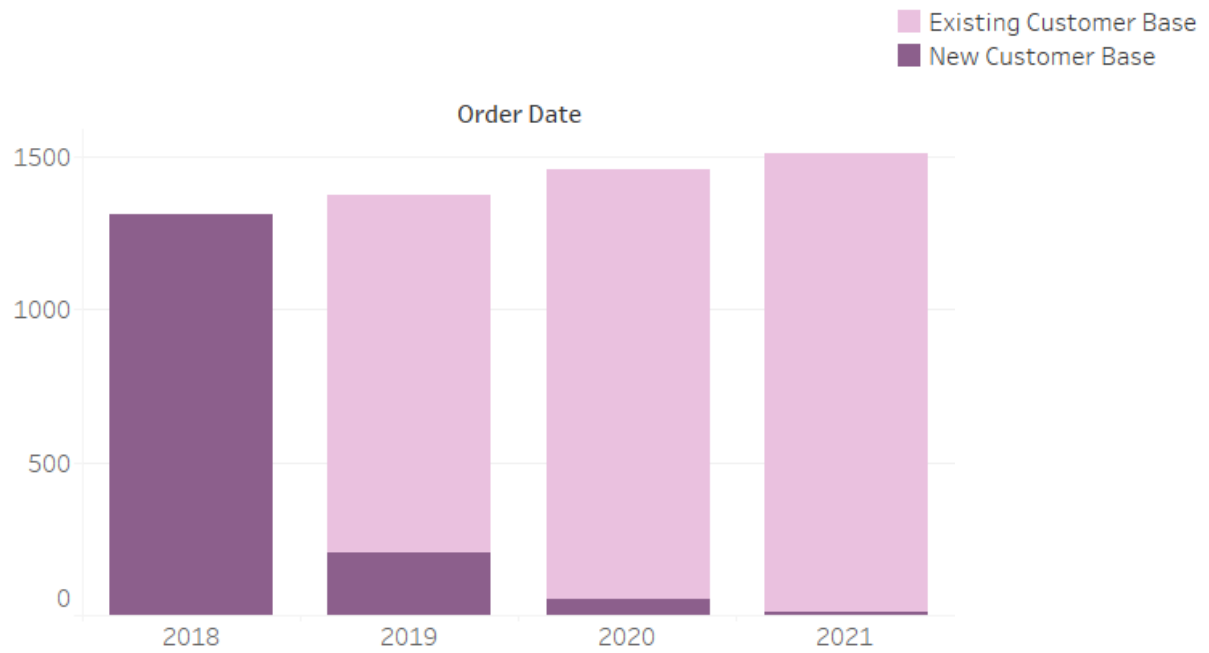


Figure 7- Top 10 Customers by Sales

Tamara Chand (Customer ID - TC-20980) is the highest profit and sales contribution customer on purchasing Furniture under Cooperate Segment of \$ 8,673. On the other hand, Sean Miller (Customer ID - SM-20320) being the top 5<sup>th</sup> customer providing highest sales of \$35.17K but makes a loss of \$410.



*Figure 8 – New customer Base and Existing Customer Base*

The company is performing poor in making new customer base through the years 2018 to 2021 and therefore their number of customers will increase only by a little through the years.

## 2.4 Product Analysis

This chapter describes the product analysis with 3 major Categories and 17 Sub Categories.

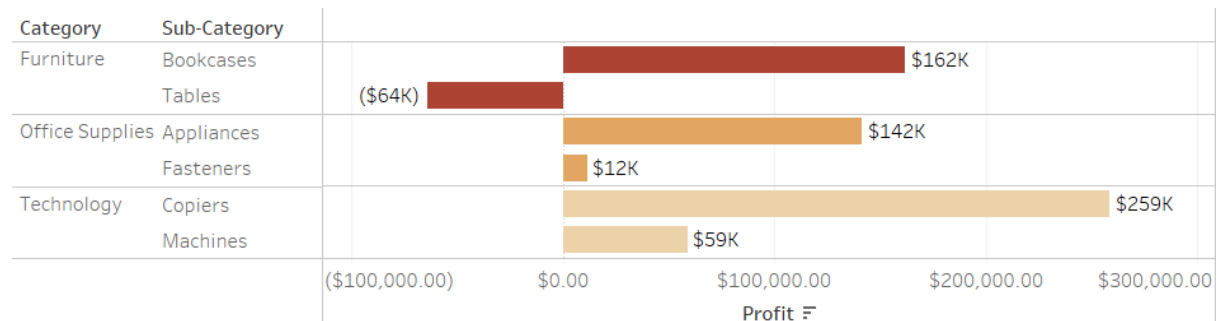


Figure 9 – Profits based on the products from each category highest and lowest

Technology reached the highest profits under Copiers of \$259K. Tables sub-category under Furniture makes a loss of (\$64K). This is due to surge on Shipping Cost.

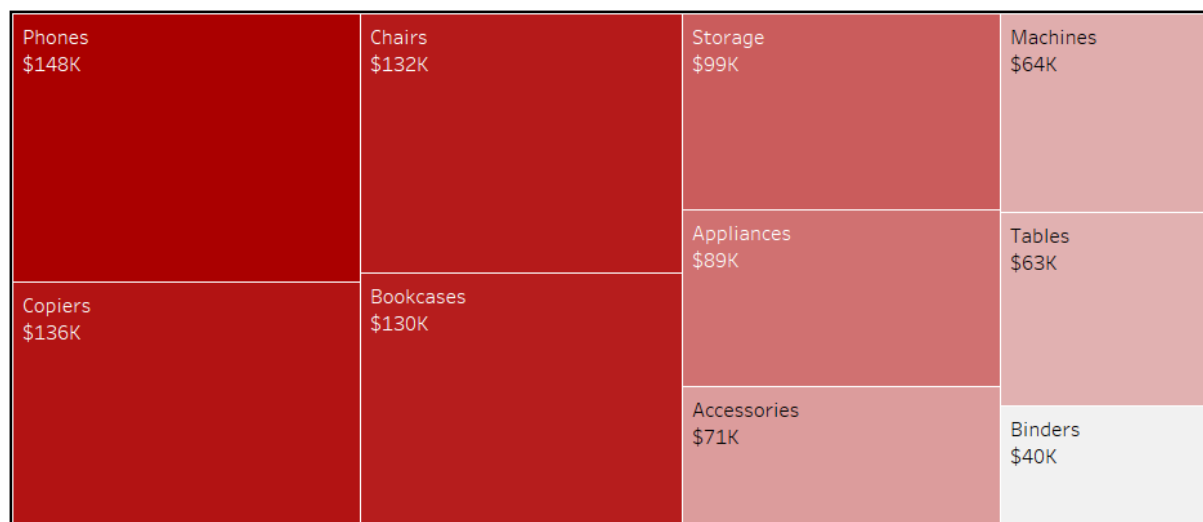


Figure 10 – Shipping cost of Top 10 products

However, it depends on other factors as the shipping cost is high for Copiers, Bookcases as well as Appliances even though they are the highest profitable from each category and fasteners which is

least profitable under office supplies is not even in the top 10 highest shipping cost but still makes a loss.

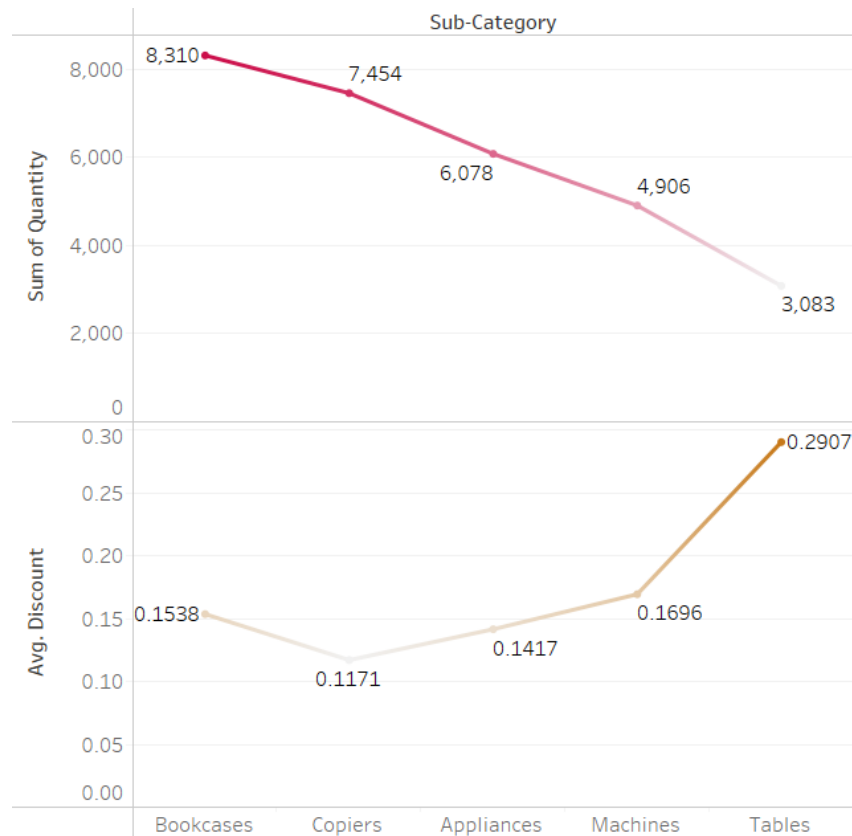


Figure 11 – Quantity Diverse and Average discount based on the least 5 Products

Tables under Furniture Category have the lowest number of customer counts that caused to sell less number of quantities. Also, it provides the highest average discount of 29.07% compared to other products and this can be a main reason for the loss which is made.

## 2.4 Shipping Analysis

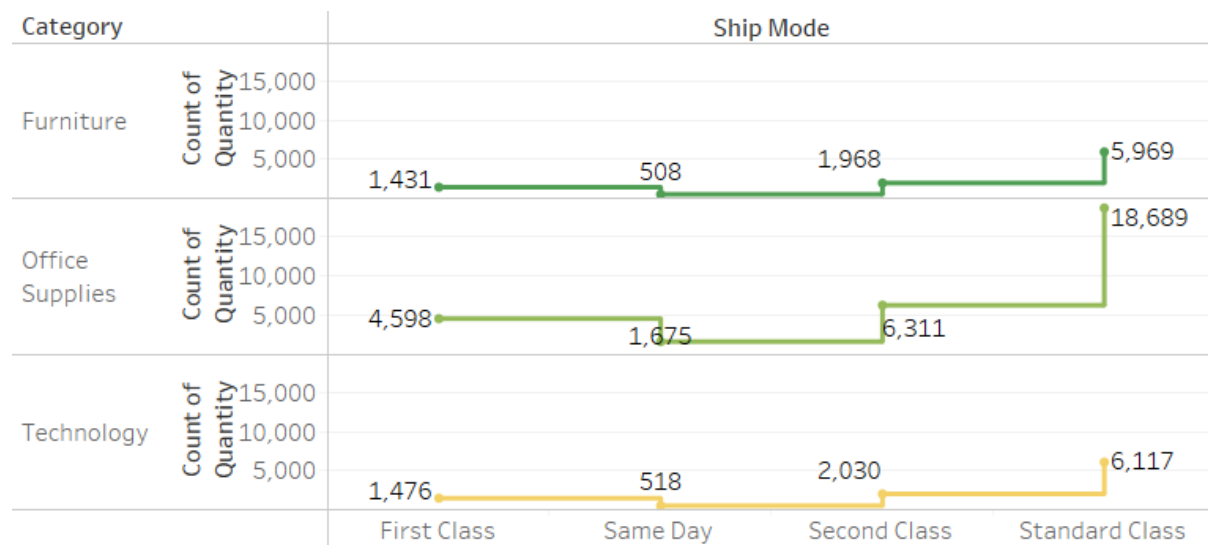


Figure 12 – Products Count Vs Mode of Shipping

There are 51290 of total orders within 2018 to 2021 years. Only 2701 orders were shipped on Same Day and 5% of total shipped and 95% of total shipped included First Class, Second Class and Standard Class. There are 30775 customers on Standard Class because of discounted prices of total \$4375 and its approximately 61% of total profits.

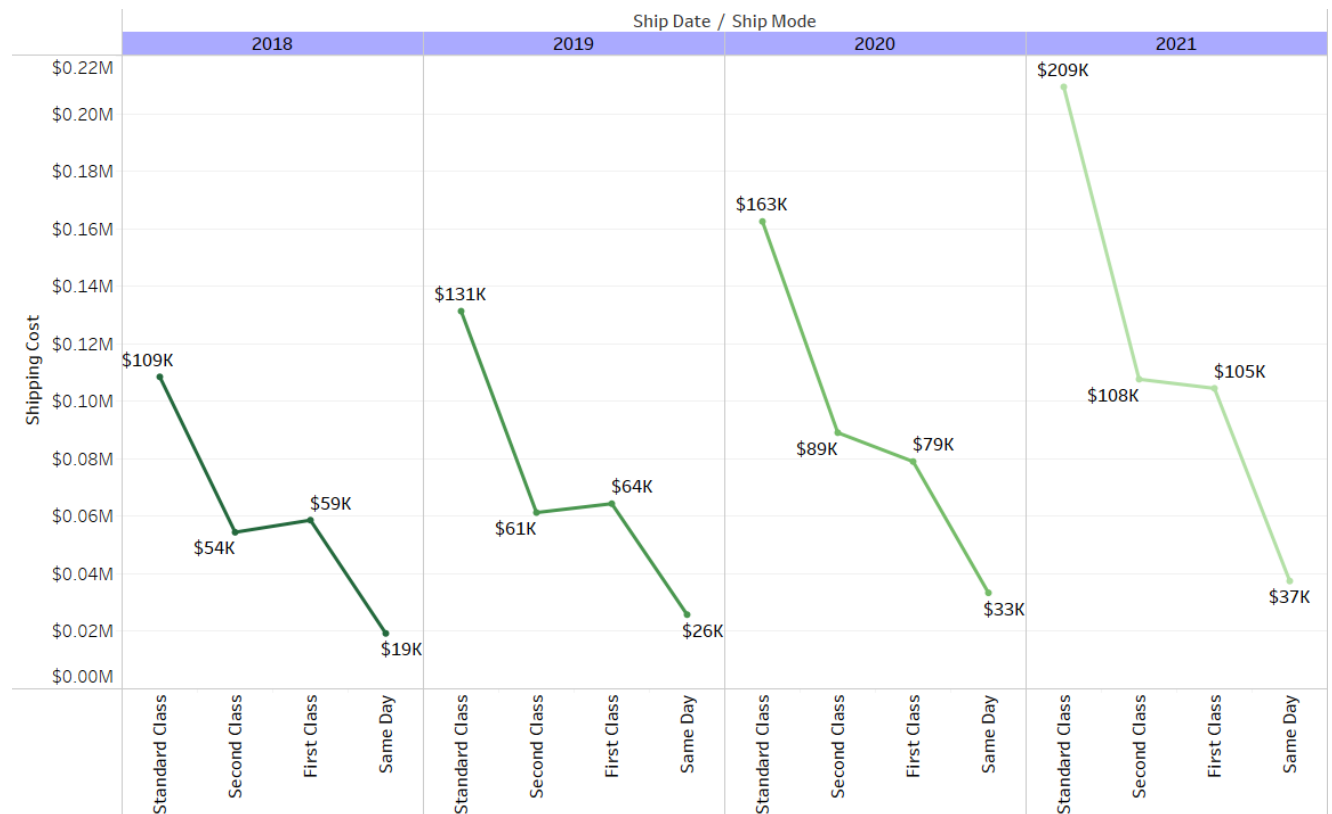


Figure 5 – Shipping Cost Vs Shipping Mode

However, it can be seen that the shipping cost of the modes keep rising and standard class keeps rising in an increasing rate of approximately 21.06% from 2018 to 2019 and 23.75% from 2019 to 2020 by 28.8% from 2020 to 2021. Which means every year the total cost keeps rising for mode of shipping which can affect profitability and sales as when the product gets expensive due to high shipping cost there is no guarantee whether the customer is willing to purchase the same products.



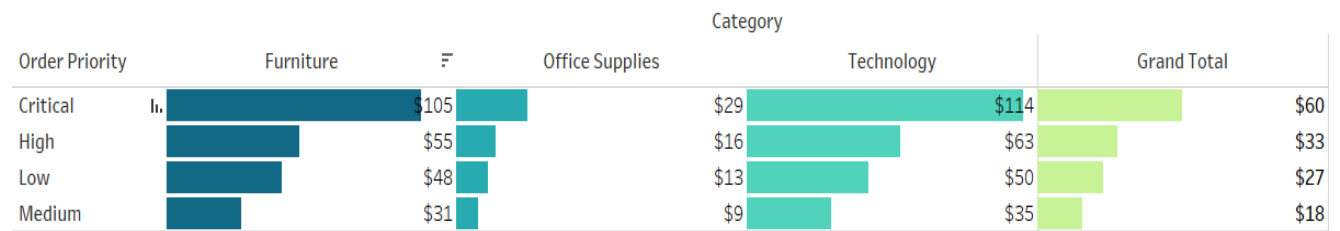


Figure 14 – Average Shipping cost breakdown based on the Product Category

Above chart demonstrates the average of shipping cost per Order Priority. Critical order priority has the highest average shipping cost \$60 of total shipping cost. However, it can be seen that low order priority has a higher average shipping cost than medium order priority. Generally, faster the speed the order priority should be costly. Therefore, the firm should figure out why low order priority is higher.

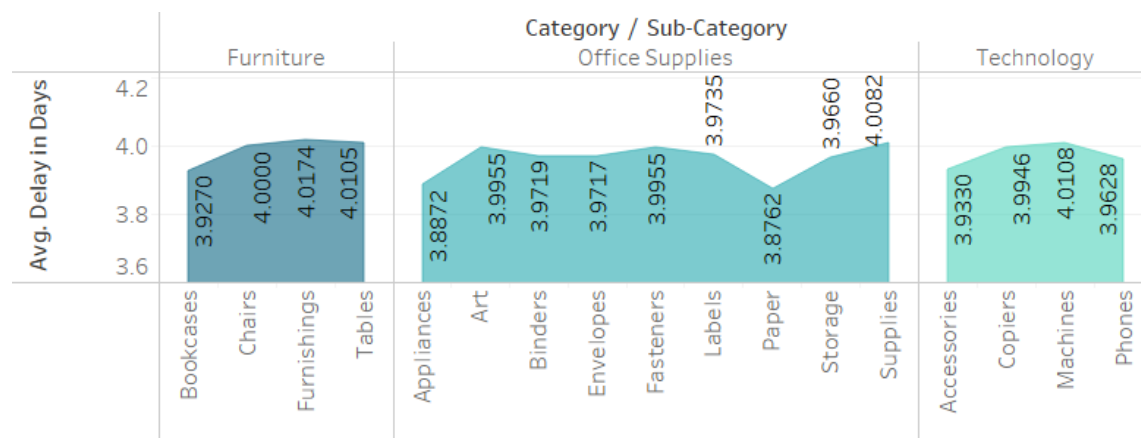


Figure 15- Average Days of Delays in Shipping

For all the products the average delay in days fluctuates between 3.8 to 4.1 days which makes not much of a difference. This means the firm is efficient in delivering the products to the customers efficiently.

### 3. Recommendations

- Canada has the lowest profits and sales due to \$0 discounts offered. Therefore, offering discounts can increase profits. However, this can be due to other firms dominating the market and this can be solved by implementing ways to penetrate the market such as using penetration pricing.
- The US country is the highest profits country. However, few states make losses as they give a higher average discount. The firm can increase sales and profits in the market by providing discounts to products that are complementary goods so that the sales of the other products can also increase as they will be bought together.
- Can increase the new customer base by conducting a social media marketing campaign to increase knowledge about the products.
- Tables are the least profitable. This is mainly due to higher shipping cost as tables are heavy. Therefore, the firm can implement pick up stores instead of delivery and this will be cheaper as they will incur a fixed rental cost only.
- Shipping cost should be reduced by outsourcing or negotiating for different packages as it keeps on rising through the years.
- Low Order priority shipping cost is higher than medium. Due to that, future sales can be reduced. To avoid the situation, the firm must find other available shipping partners charging a lower amount.
- To maintain the stable customer line, firm needs to reduce the late shipments from an average 4 days to much lower.

## 4. Conclusions

- APAC has the highest profits and sales whereas Canada has the least profits and sales because of 0% discounts.
- The US country is the highest profitable country among all other countries. Some states make a loss as they give a higher average discount.
- The firm is not good at making new customers.
- Tamara Chand is the most profitable customer and 2<sup>nd</sup> highest in sales. Even though Sean Miller is the 5<sup>th</sup> highest in sales, he makes a loss.
- Copiers and Phones are contributing to increase the profits under Technology. However, overall Office Supplies provide the vast contribution of profits growth. Tables' product is the least profitable product.
- Standard Class shipping mode helps the company to grow by providing delivery to most number of products.
- The average shipping cost of Low order priority is higher than medium order priority.