

# E-Commerce Business Case



# Overview



Sales Trend



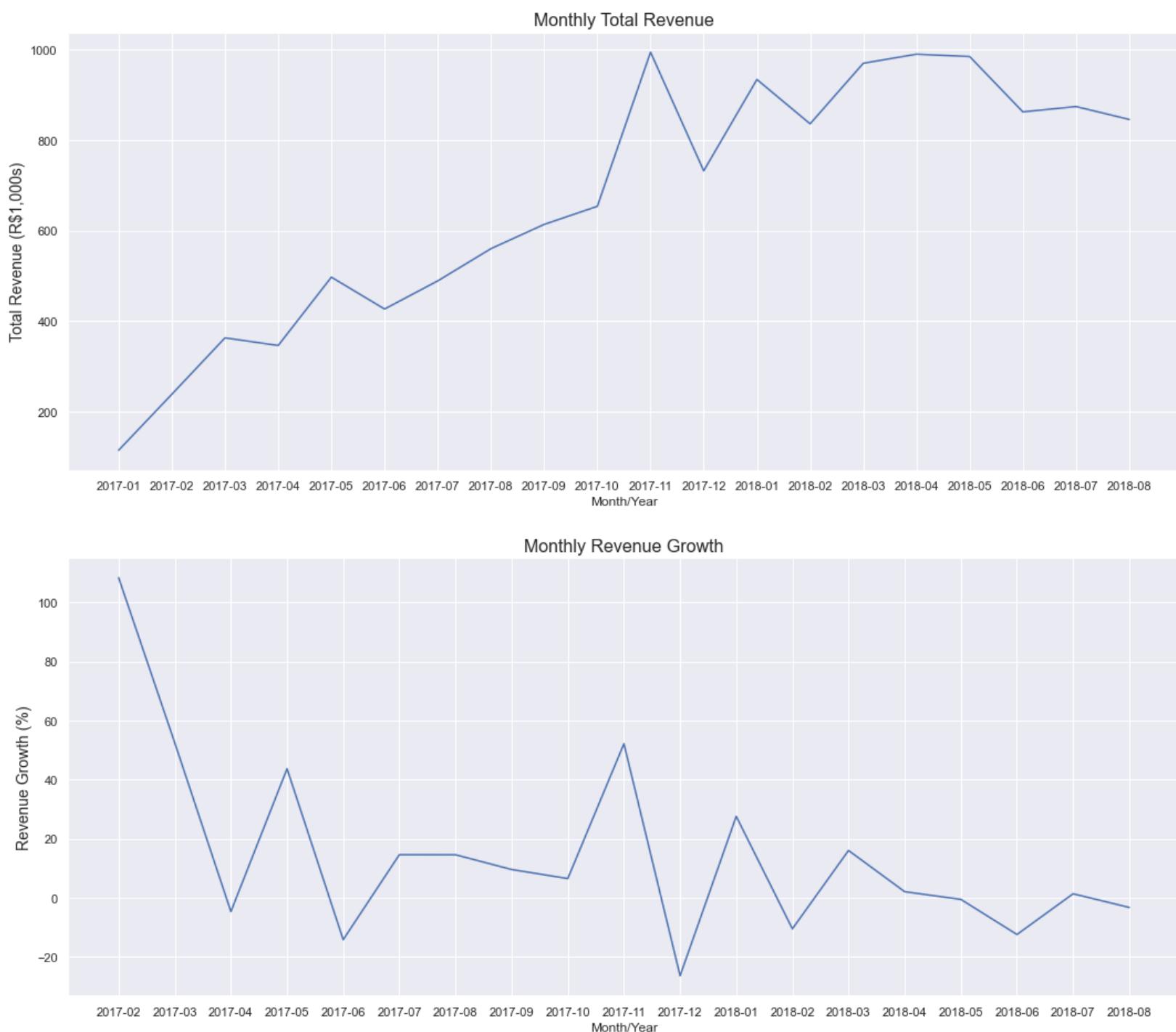
Customer and  
Product Analysis



Customer  
Segmentation

# Sales Trend Overview

- The platform's monthly revenue was increasing overall, and held steady between R\$836,448 and R\$990,554 in 2018.
- Revenue peaked in November 2017 because of Black Friday.
- However, the month-over-month revenue growth was declining.
- The platform achieved 27.6% and 16% growth in January and March 2018, but flatlined or declined for 5 consecutive months.

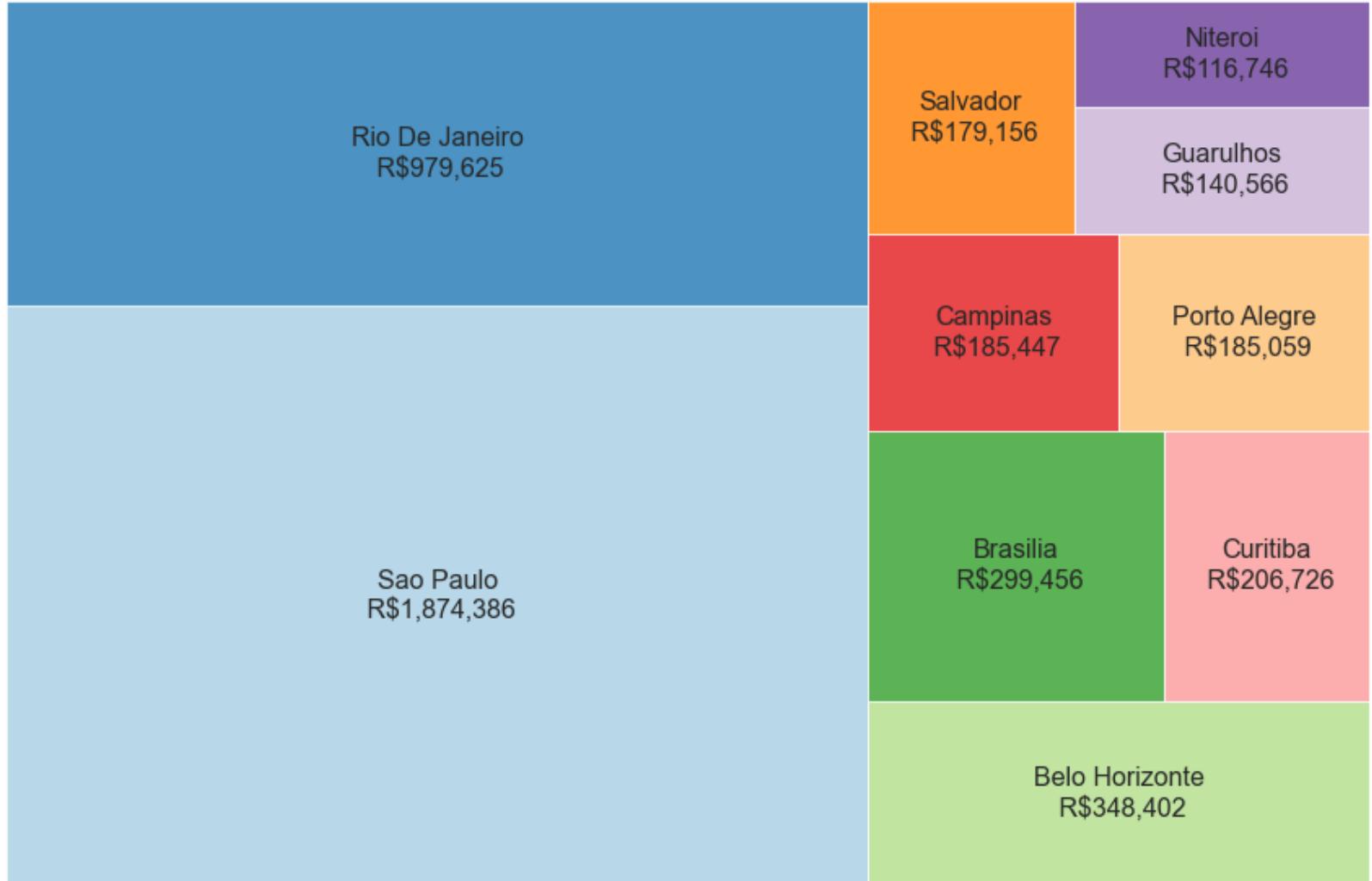


- Black Friday 2017 had the highest daily sales, at R\$151,019.
- Christmas and New Year sales were significantly lower, since customers already finalized their purchase in advance.
- The average delivery duration per order maintained at 12 days, but increased to 17 days during Black Friday. Logistic planning needed to improve to handle higher customer demands during major festivals.
- The Brazil truck drivers' strike in May and June 2018 did not have notable disruption on delivery service.

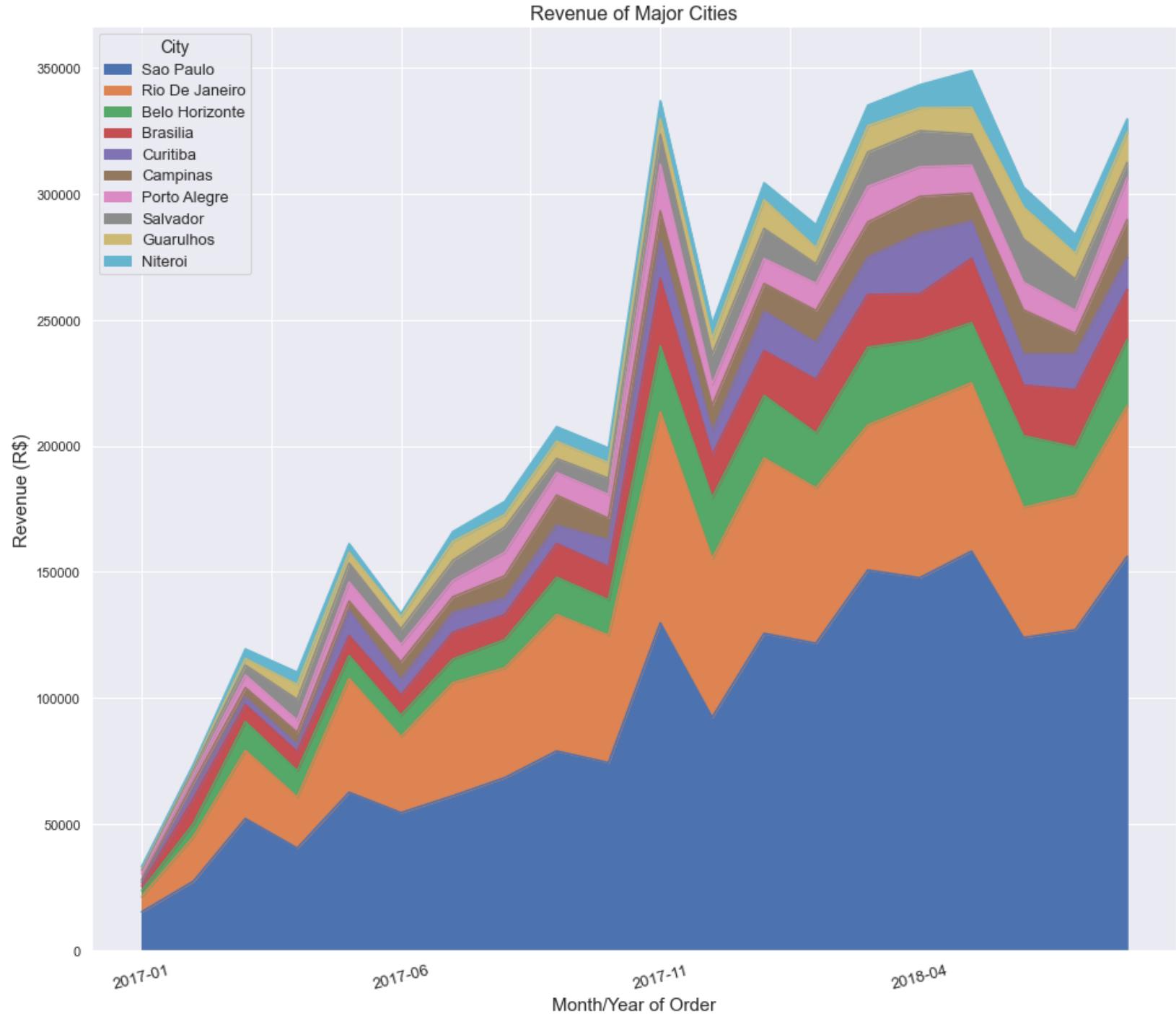


# Customer Analysis

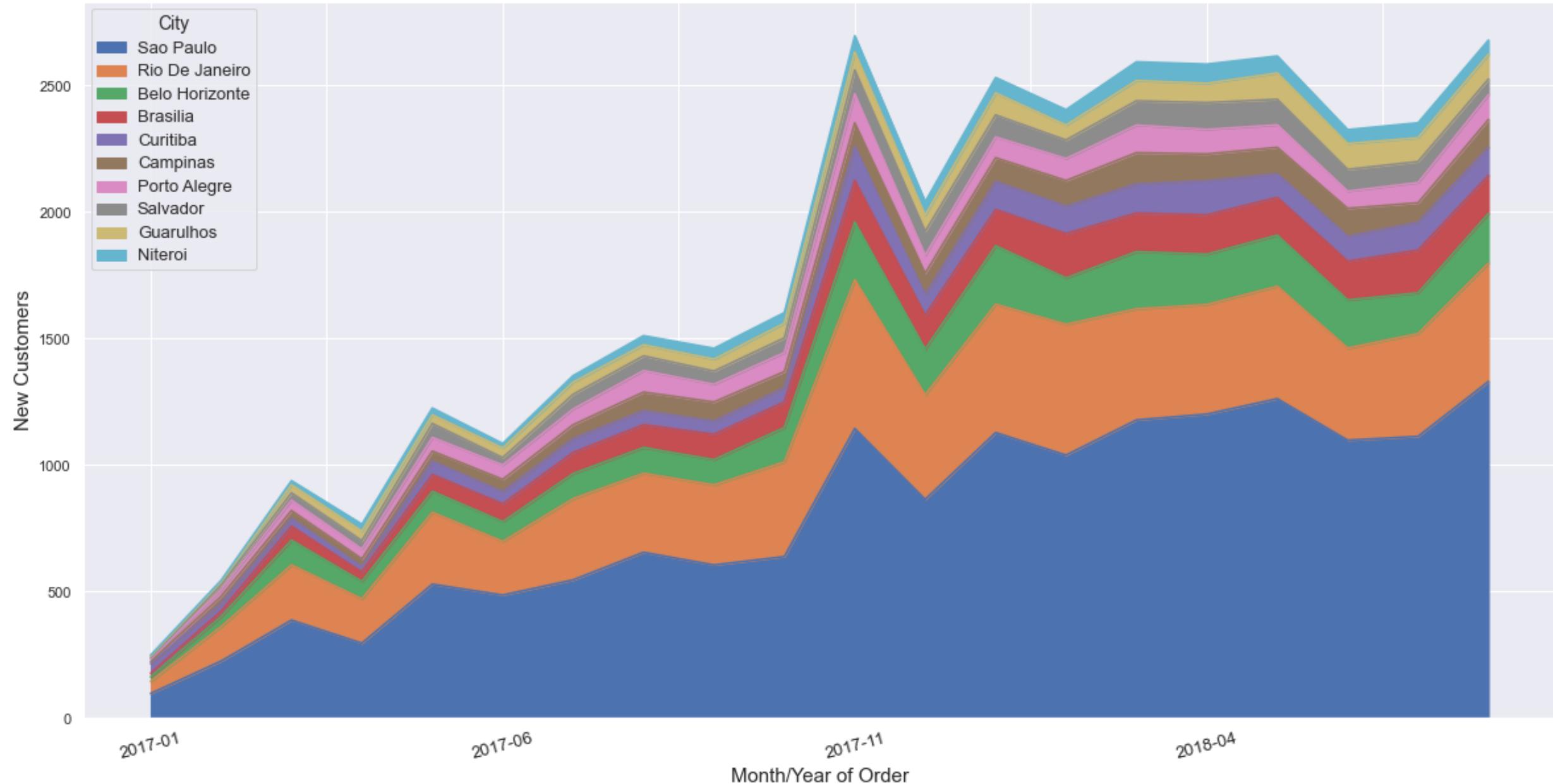
- 80% revenue were driven by only 372 cities.
- Sao Paulo, Rio de Janeiro, and other metro areas were major source of earnings. The top 10 cities accounted for R\$4.5 million (33.8%) of the platform's total revenue.
- These cities represent substantial markets for future opportunities because of their large population exceeding 1 million people each.



- Sao Paulo showed significant revenue growth, to R\$156,247 in August 2018. It is the platform's largest source of growth.
- Rio de Janeiro's monthly revenue peaked in November 2017, at R\$83,591. However, it is not a reliable source of growth.
- Cities such as Belo Horizonte, Brasilia and Curitiba also maintained steady revenue stream without sustaining continuous growth.
- Customer attraction rate was stagnating. The platform also struggled with customer retention because only 3.4% customers were repeating buyers.

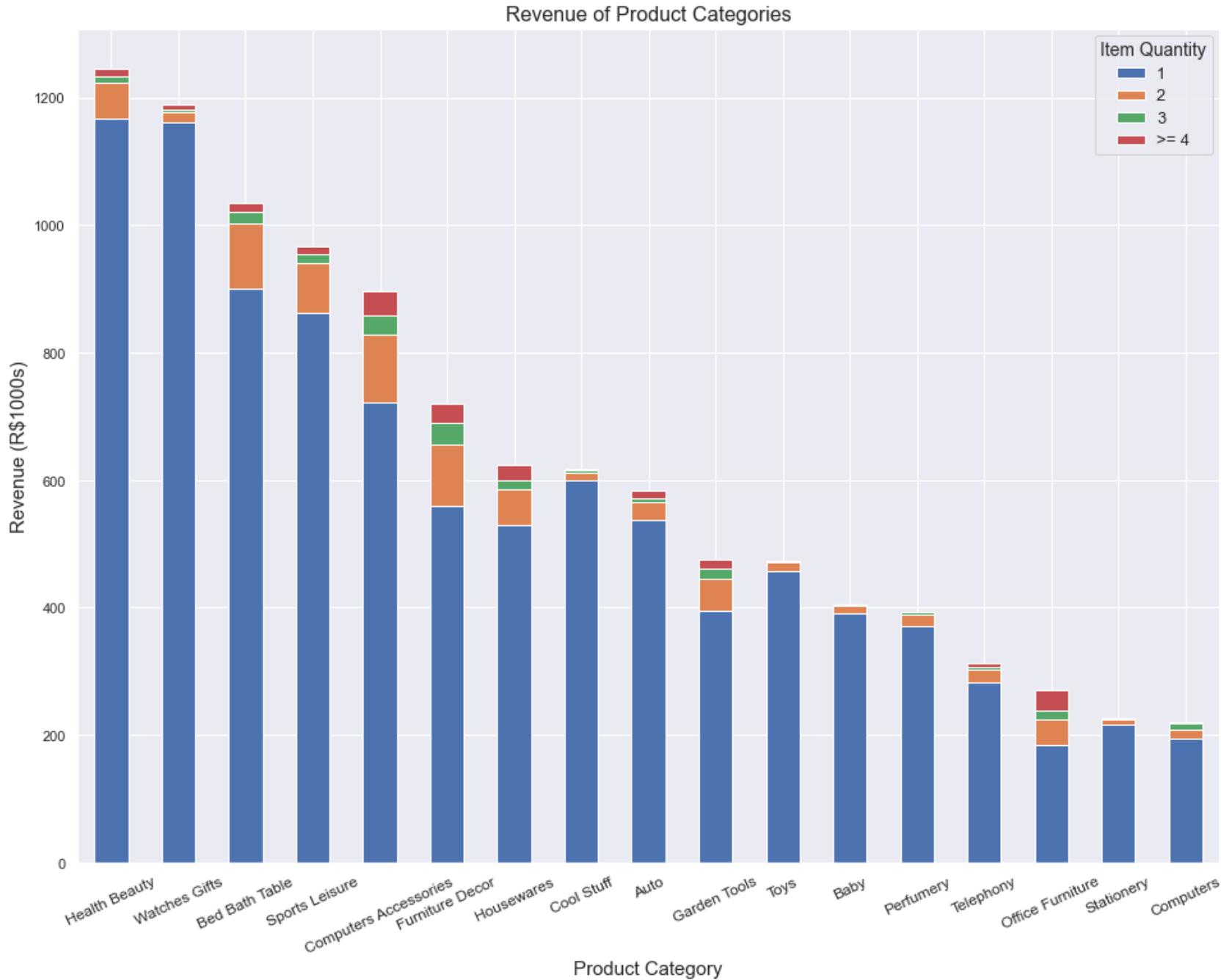


### Number of New Customers

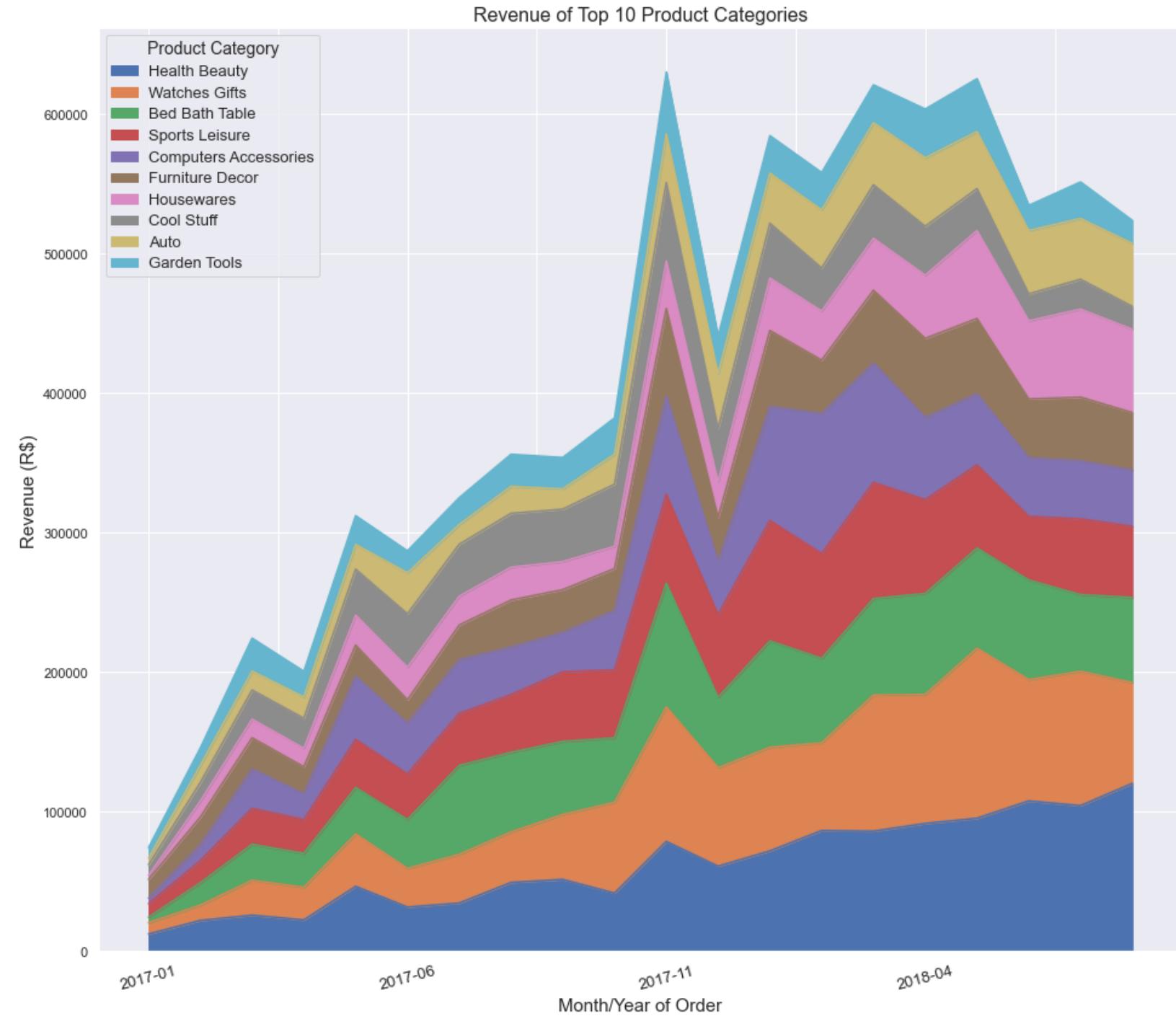


# Product Analysis

- The top 10 product categories accounted for R\$8.35 million (62.5%) of the platform's total revenue.
- Top categories such as Bed Bath & Table, Sports & Leisure, Computers Accessories, and Furniture Decor had at least 10% revenue from multiple-item purchases.
- Market basket analysis could reveal what items were bought together. The platform could also use product metadata to recommend similar products to customers.

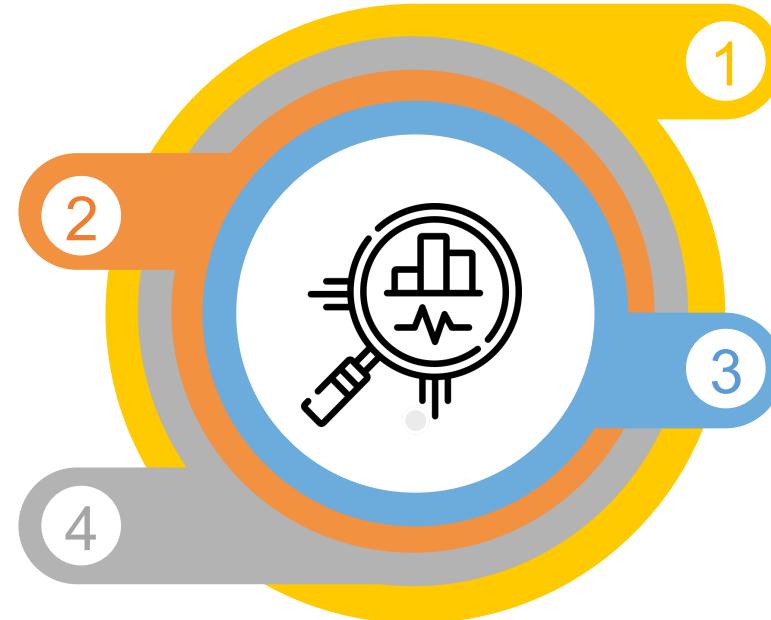


- Health & Beauty products sustained significant growth in 2018, and this category is the platform's most promising source of revenue.
  - Watches & Gifts had a peak monthly revenue in March 2018 at R\$121,849, but the category could not sustain consecutive month-over-month growth.
  - Other categories such as Sports & Leisure, Computers Accessories, and Cool Stuff suffered from multiple months of revenue decline.



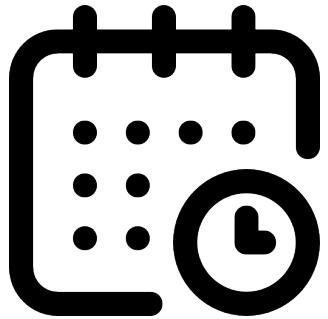
# Factors Contributing to Declining Revenue Growth

- Low customer retention.
- Notify customers of new product arrivals based on their purchasing history.
- Implement promotion strategies to target bargain hunters, and loyalty programs to incentivize returning customers.
- Declining demand for top product categories.
- Identify if certain products are prone to seasonality.
- Conduct competitive pricing analysis whether customers are purchasing from competitors because of lower prices.



- Stagnating customer attraction in major cities despite large population.
- Gauge the customer preferences in each city, and actively launch marketing campaigns to target similar consumers.
- Most orders are single item purchase.
- Conduct market basket analysis to identify items that could be bought together.
- Implement simple heuristic product recommendation ie. ‘People who bought this also bought...’

# RFM Metrics



## RECENCY

The freshness of the customer purchase

Eg. Number of days since the last purchase



## FREQUENCY

The regularity of the customer transactions

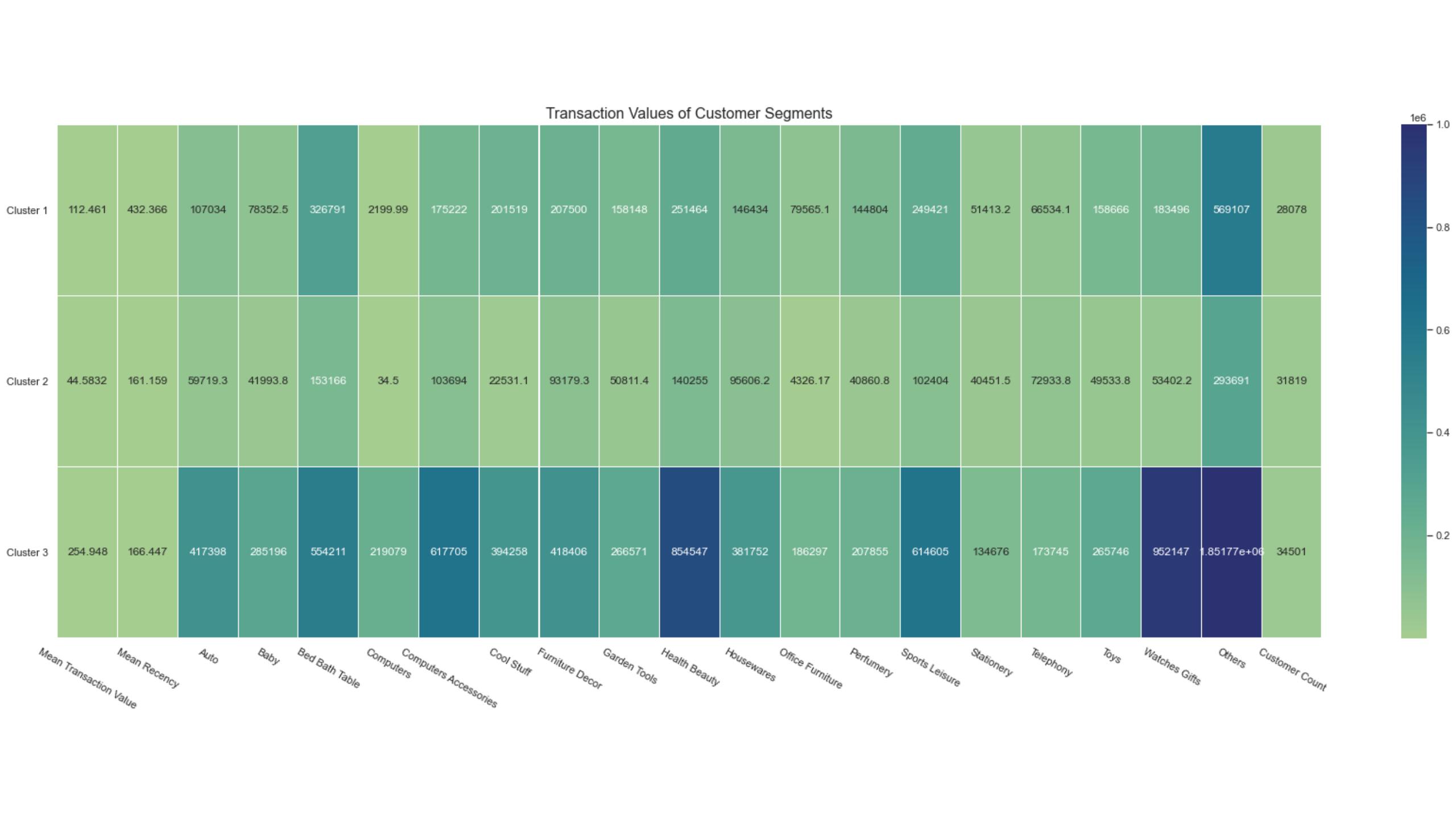
Eg. Total number of transactions



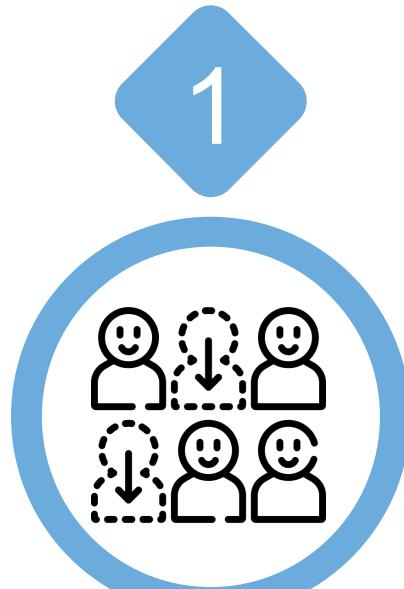
## MONETARY

The intention of the customer to spend

Eg. Total or average transaction values



# Customer Segments



## Churned Customers

- Customers with moderate spending, but last purchased more than 1 year ago.
- They might like products from Bed Bath & Table, Health & Beauty, or Sports & Leisure



## Casual Customers

- Customers with low spending who recently made a purchase.
- They might like products from Bed Bath & Table, Health & Beauty, or Computer Accessories.



## High Spenders

- Potentially loyal customers with high spending and recently made a purchase.
- They might like products from Watches & Gifts, Health & Beauty, or Sports & Leisure.

# Summary

1

Marketing campaigns to target new customer in large cities.

2

Promotions for casual bargain hunters, and loyalty program to retain returning customers.

3

Market basket analysis and product recommendations to sell more products together.

4

Competitive pricing analysis to ensure customers are not switching to competitors.