Acquisition and Funnel Analysis

Summary

❑ **Acquisition Analysis**

❑ **Funnel and Spend Performance Analysis**

❑ **Action Plan**

Acquisition Analysis

❑ Wayfair acquires customers from multiple **channels** across different **device** types:

    ❑ Device:

        ❑ Desktop

        ❑ Phone

        ❑ Tablet

    ❑ Channel:

        ❑ Search – Paid

        ❑ Search – Organic

        ❑ Social Media

        ❑ Display Ads

        ❑ Comparison Shopping

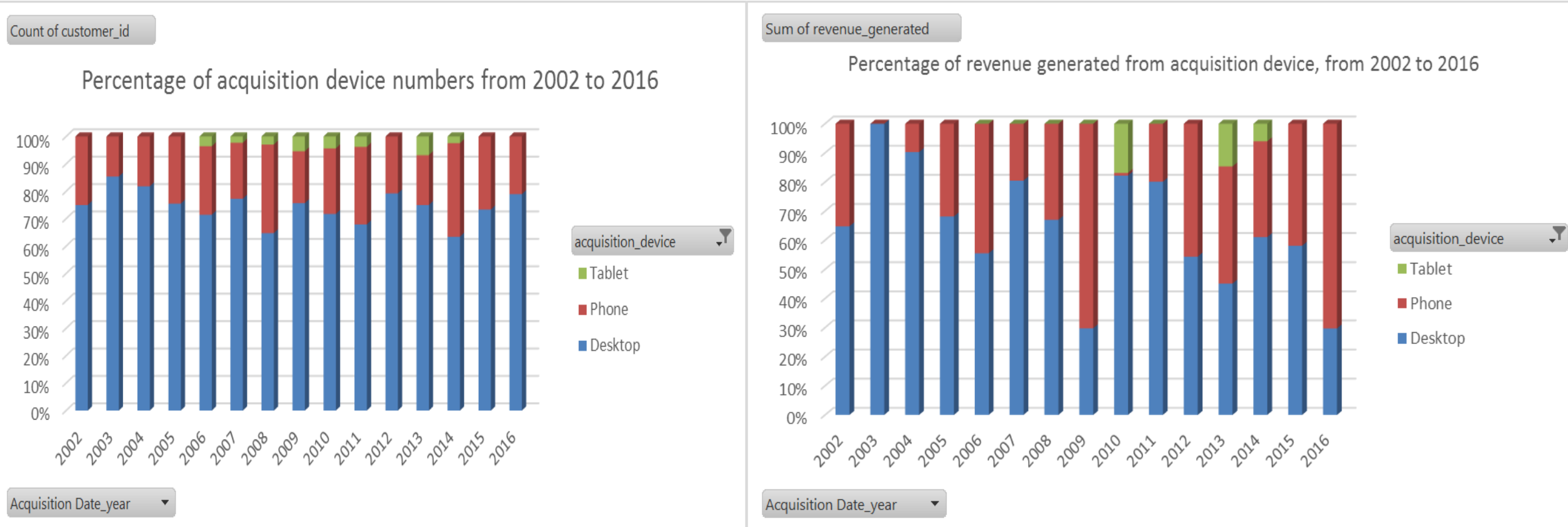❑ Main metric: **total revenue** generated from different devices/channels

Acquisition Analysis: Segmentation by Device

❑ Customers acquired from Sep 2002 to June 2016;

❑ 74% of customers acquired and 68% of revenue generated come from customers using desktop

Acquisition Device	Number of Customers	Percentage of Customers	Total Revenue Generated		Percentage of Revenue
Desktop	462	74%	$	31,011	68%
Phone	146	23%	$	12,971	28%
Tablet	14	2%	$	1,845	4%
Grand Total	622	100%	$	45,827	100%

Acquisition Trend Analysis: Segmentation by Device

❑ Revenue generated from Phone acquisition has increase significantly in recent years although Desktop acquisition numbers are still dominant among the devices.

Acquisition Analysis: Segmentation by Channel

❑ Customers acquired from Sep 2002 to June 2016

❑ Most of customers acquired and revenue generated come from the search, either **Paid Search,** or

Organic Search

Acquisition Channel	Number of Customers	Percentage of Customers	Total Revenue Generated	Percentage of Revenue
Search - Paid	537	56%	$ 48,827	61%
Search - Organic	211	22%	$ 19,378	24%
Comparison Shopping	72	7%	$ 5,564	7%
Other	59	6%	$ 2,710	3%
Display - Acquisition	48	5%	$ 1,786	2%
Social - Paid	34	4%	$ 1,830	2%
Total	961	100%	$ 80,095	100%

Acquisition Trend Analysis: Segmentation by Channel

❑ Search (paid or organic) has always been the major revenue source among all the channels.

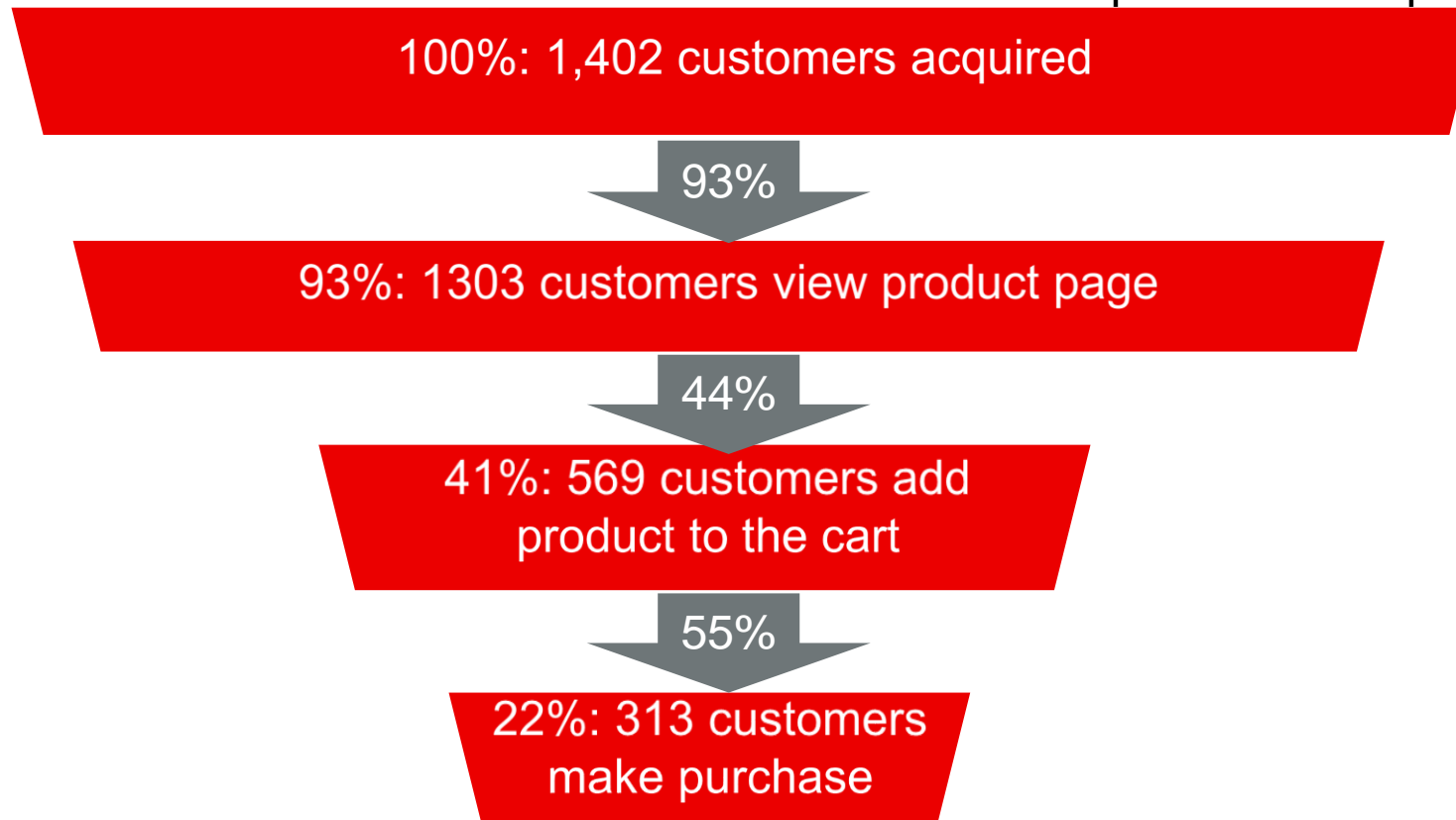❑ Revenue generated from Display Ads and Comparison shopping has increased in recent 2-3 years.
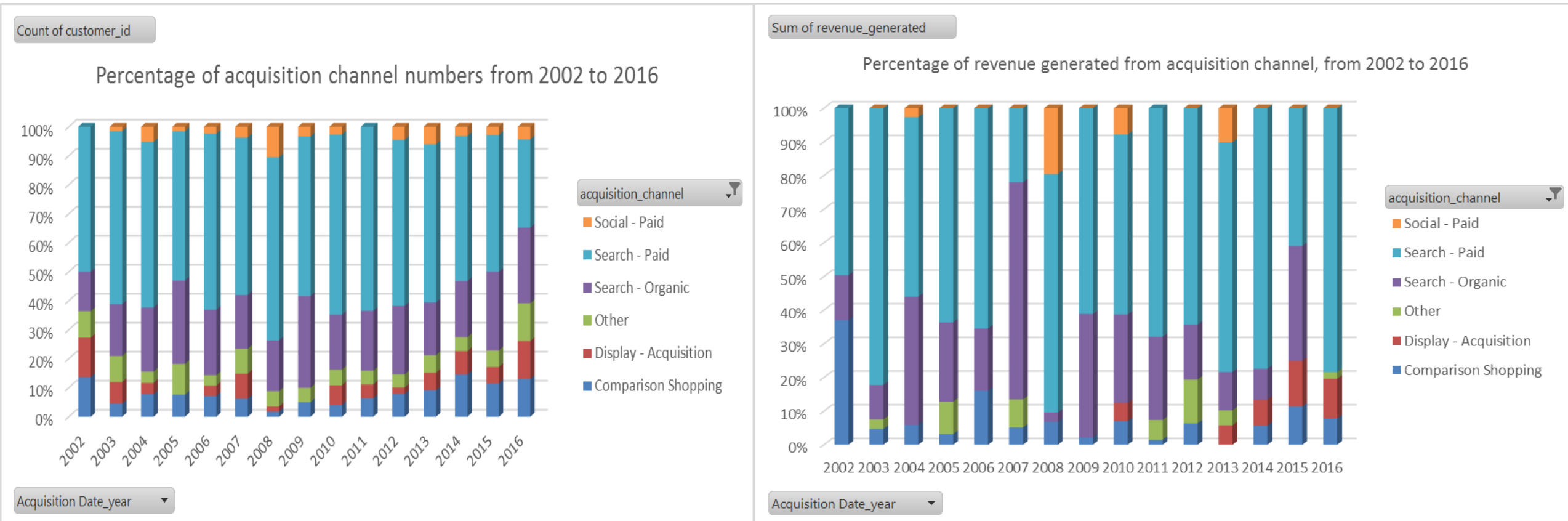
Action Plan on Acquisition

❑ Device: focus more on **phone** acquisition, e.g. improve Wayfair APP, add more phone compatible features to Wayfair Emails/Website

❑ Channel: maintain the good acquisition channel from Search while explore some opportunities in Display Ads and Comparison shopping channel

❑ Organic search: investigate the reason of zero revenue generated from Organic Search for customer acquired in 2016

❑ Data quality and completeness: more than half of acquired customers with missing acquisition device information

Funnel and Spend Performance Analysis

❑ Funnel and Spend Data from Sep 2016 to Aug 2018

❑ Main metric: **Conversion Rate** across the funnel

    ❑ Conversion Rate: the rate of which leads move through the online shopping funnel.

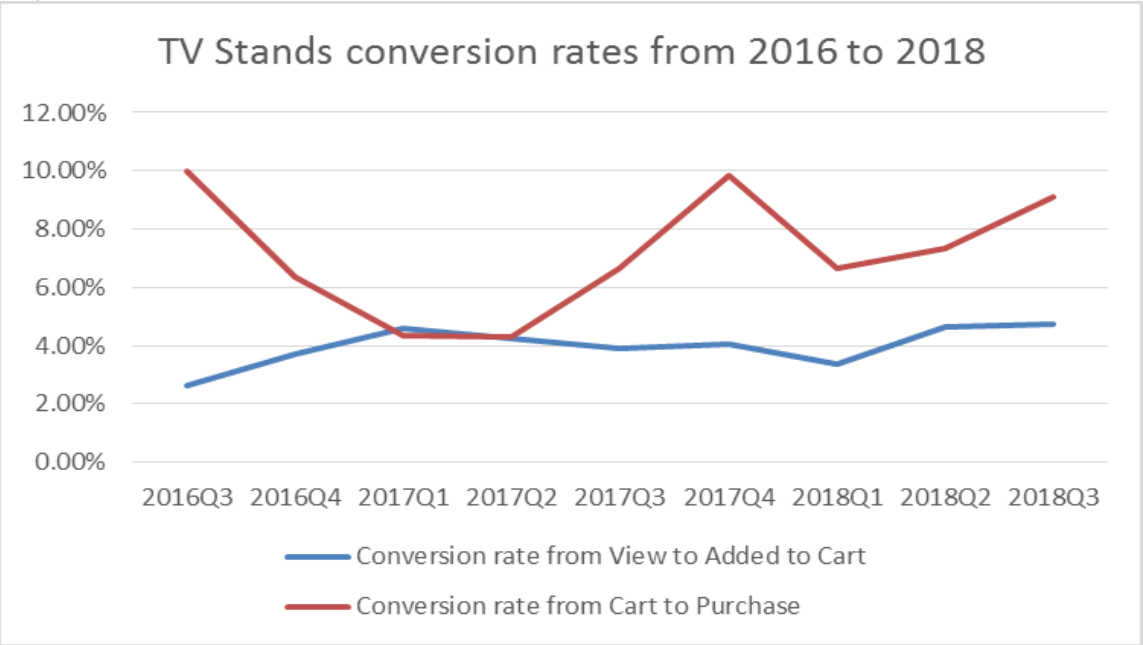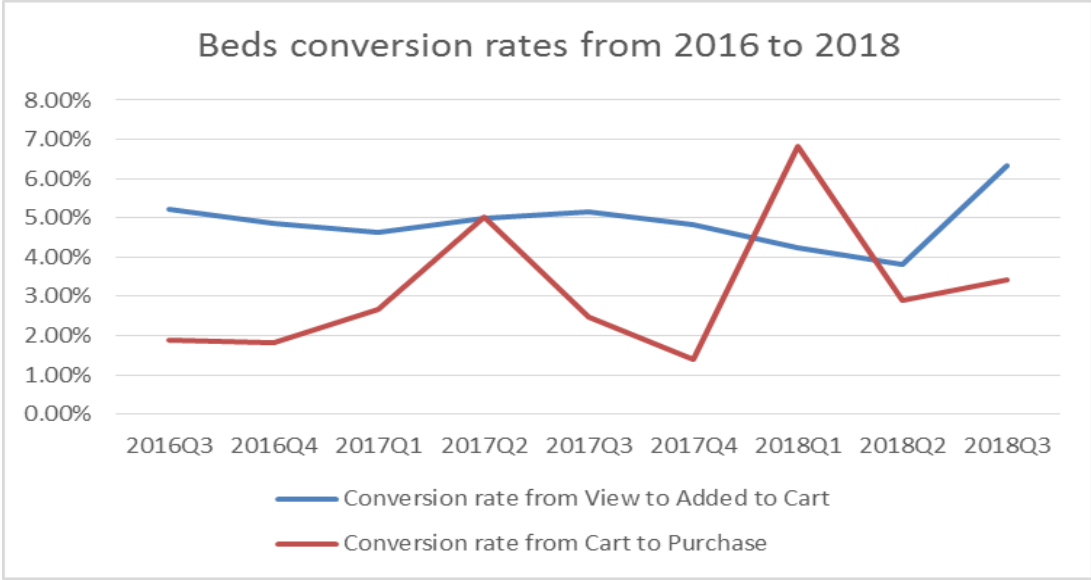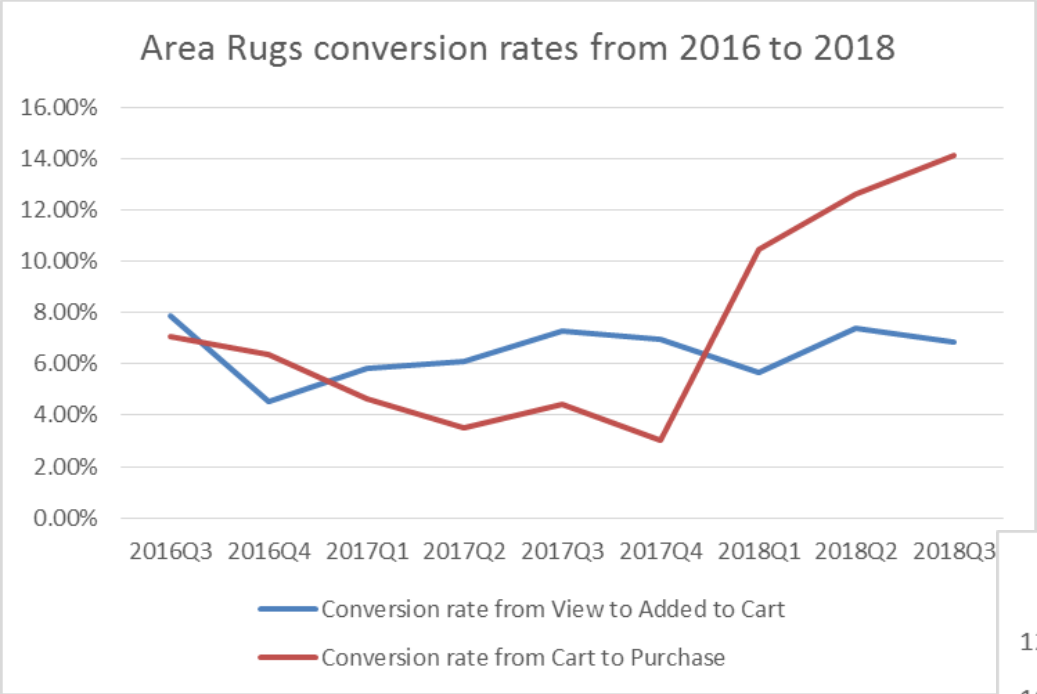❑ Below is the conversion funnel for 1402 customers acquired from Sep 2002 to June 2016: **22%**.

100%: 1,402 customers acquired

93%

93%: 1303 customers view product page

44%

41%: 569 customers add product to the cart

55%

22%: 313 customers make purchase

Funnel and Spend Performance Analysis

❑ Segmentation by Product Class

Product Class	# viewed	# added to cart	# purchased	Revenue Generated	Percentage of Revenue Generated	Conversion rate from View to Added to Cart	Conversion rate from Cart to Purchase
Area Rugs	43,279	2,699	170	39,887	37.92%	6.24%	6.30%
TV Stands & Entertainment Centers	11,412	463	30	18,933	18.00%	4.06%	6.48%
Beds	24,642	1,192	36	12,208	11.61%	4.84%	3.02%
Sheets And Sheet Sets	1,955	242	33	7,688	7.31%	12.38%	13.64%
Wall Art	10,788	810	39	5,904	5.61%	7.51%	4.81%
End Tables	9,843	612	45	5,166	4.91%	6.22%	7.35%
Bar Stools	9,757	539	39	5,103	4.85%	5.52%	7.24%
Curtains & Drapes	6,688	301	35	3,915	3.72%	4.50%	11.63%
Bedding Sets	13,485	809	72	3,824	3.64%	6.00%	8.90%
Accent Pillows	5,331	624	75	2,556	2.43%	11.71%	12.02%
Total	137,180	8,291	574	105,184	100.00%	6.04%	6.92%

Funnel and Spend Performance Analysis

❑ Conversion rate stability analysis for top 3 product classes:

Area Rugs conversion rates from 2016 to 2018

Beds conversion rates from 2016 to 2018

TV Stands conversion rates from 2016 to 2018
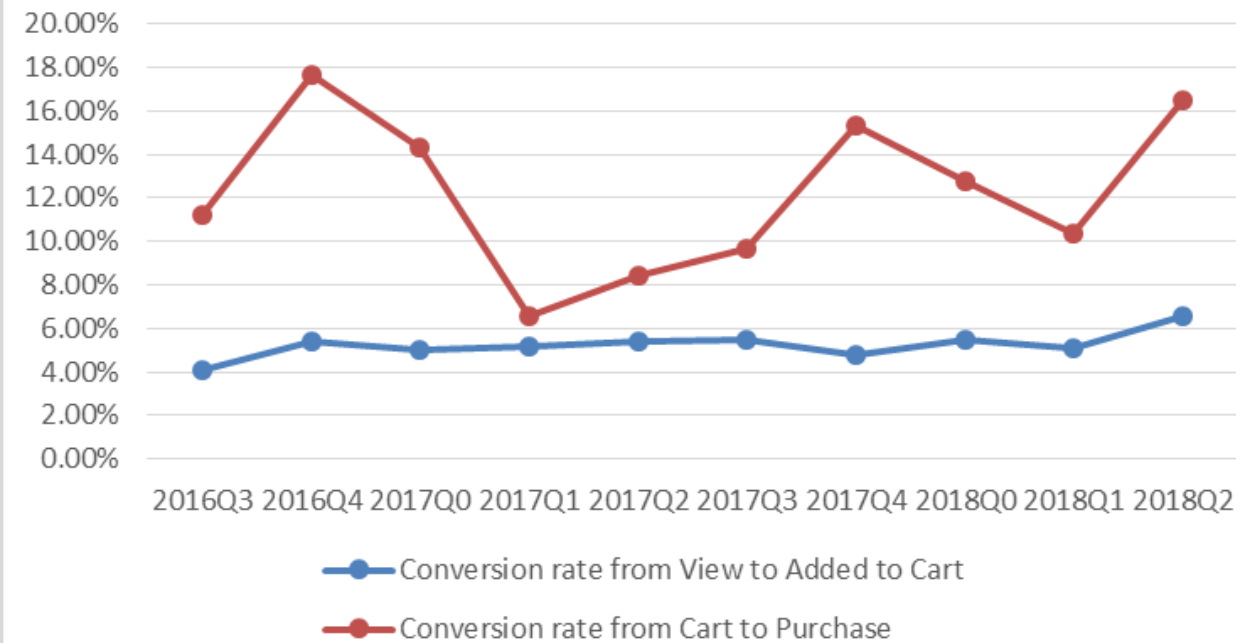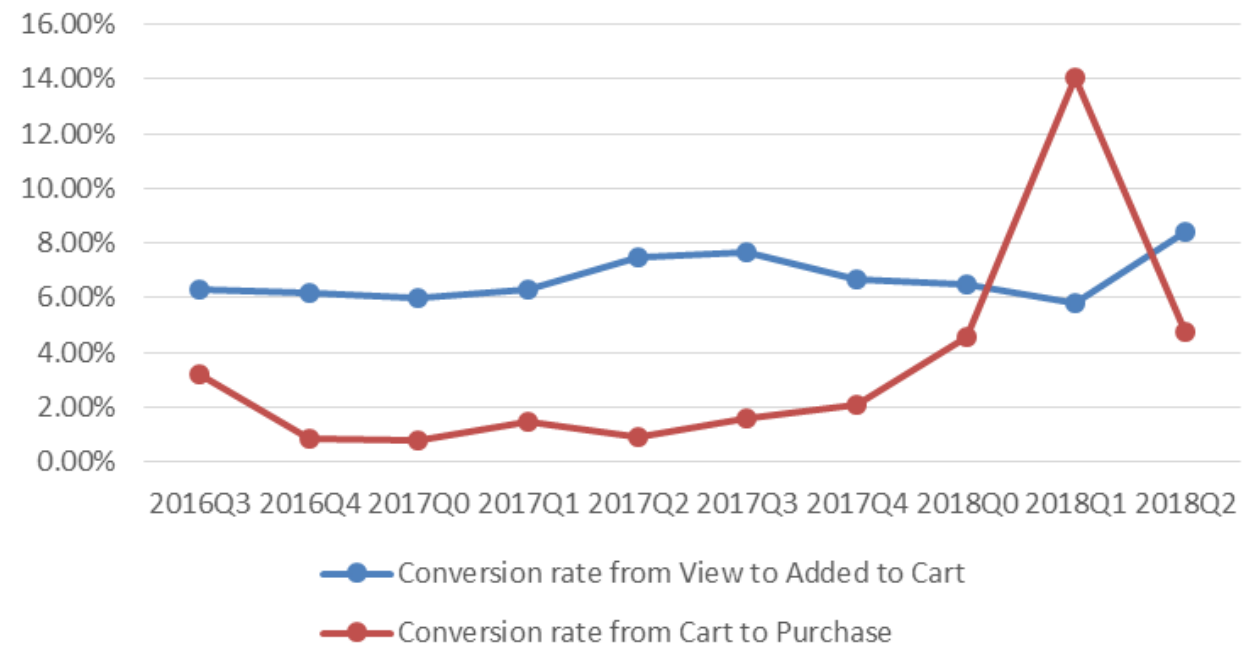
Funnel and Spend Performance Analysis

❑ Segmentation by Acquisition Channel

Acquisition Channel	# viewed	# added to cart	# purchased	Revenue Generated	Percentage of Revenue Generated	Conversion rate from View to Added to Cart	Conversion rate from Cart to Purchase
Search - Paid	42,451	2,234	256	48,827	60.96%	5.26%	11.46%
Search - Organic	70,105	4,664	111	19,378	24.19%	6.65%	2.38%
Comparison Shopping	2,556	183	38	5,564	6.95%	7.16%	20.77%
Other	1,244	112	16	2,710	3.38%	9.00%	14.29%
Social - Paid	2,637	155	8	1,830	2.28%	5.88%	5.16%
Display - Acquisition	1,663	81	8	1,786	2.23%	4.87%	9.88%
Total	120,656	7,429	437	80,095	100.00%	6.16%	5.88%

Funnel and Spend Performance Analysis

❑ Conversion rate stability analysis for top 2 channels:

# Funnel and Spend Performance Analysis

❑ Segmentation by Acquisition Device

Acquisition Device	# viewed	# added to cart	# purchased	Revenue Generated	Percentage of Revenue Generated	Conversion rate from View to Added to Cart	Conversion rate from Cart to Purchase
Desktop	16,238	994	174	31,011	67.67%	6.12%	17.51%
Phone	6,053	440	75	12,971	28.30%	7.27%	17.05%
Tablet	692	54	8	1,845	4.03%	7.80%	14.81%
Total	22,983	1,488	257	45,827	100.00%	6.47%	17.27%

Funnel and Spend Performance Analysis

❑ Conversion rate stability analysis for top 2 devices:
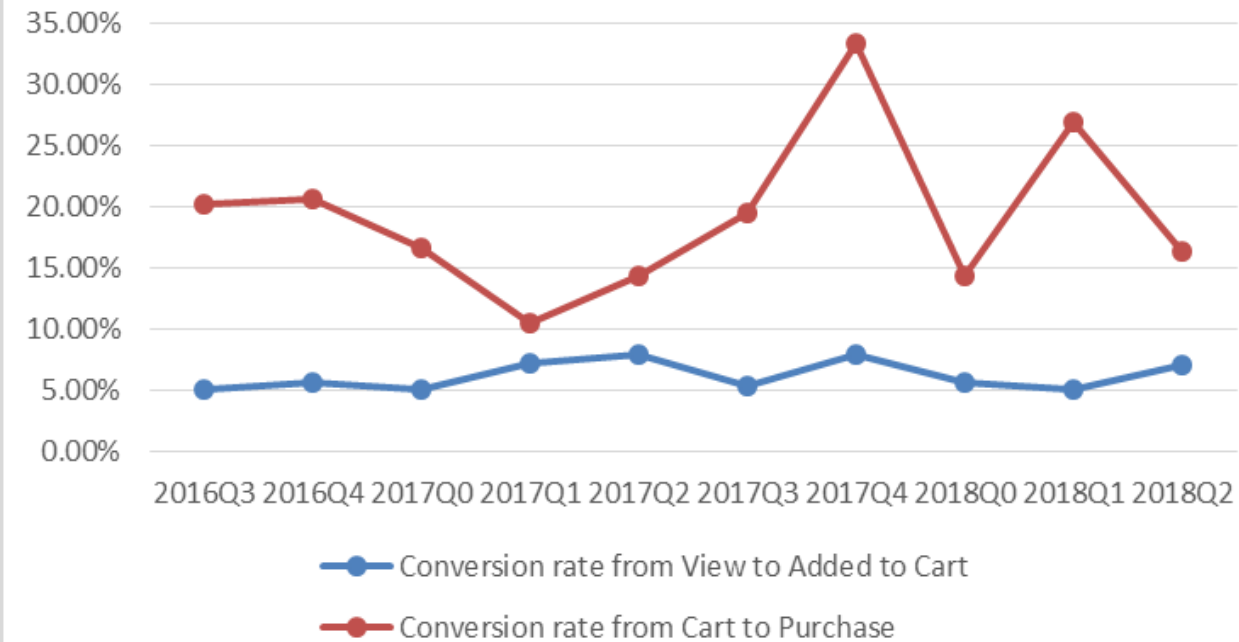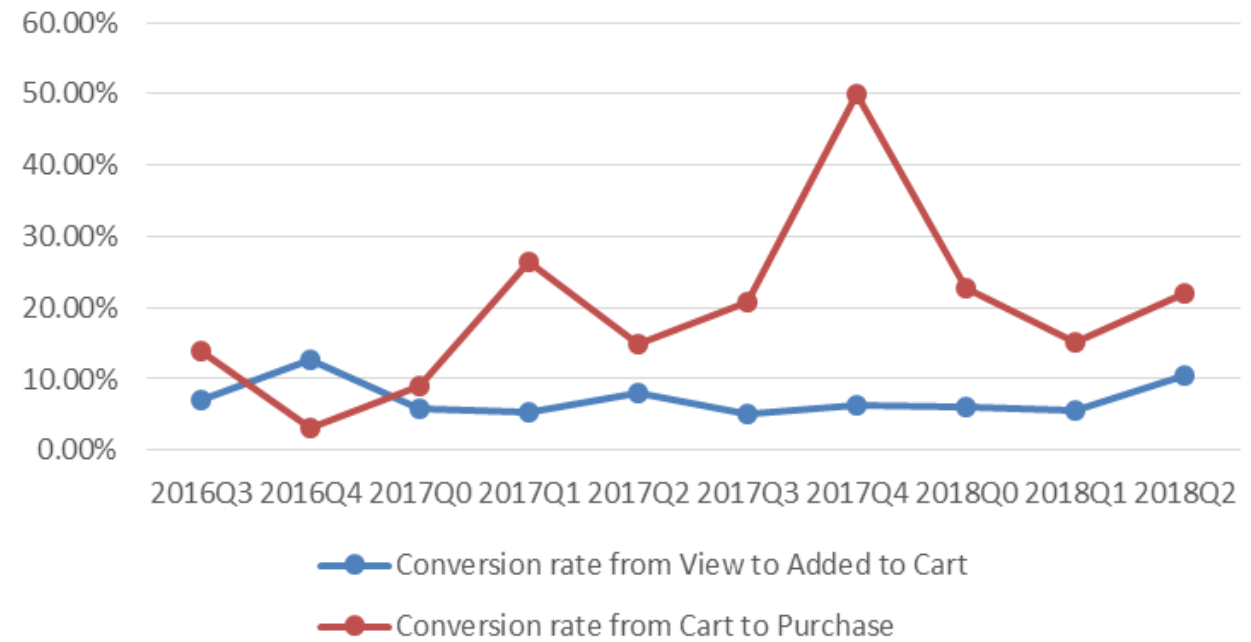
Action Plan on Funnel

❏ Funnel and Spend:

  ❏ Device: phone

  ❏ Channel:

    ❏ Organic search: conversion rate from adding to cart to making purchasing drop a lot in the recent quarter. Investigation needed.

  ❏ Data: more detailed info about the step from cart to purchase:

    ❏ Additional steps

    ❏ Add a product to the cart, select different options (color, size, etc.)

    ❏ Provide their contact information, delivery address, and billing method

    ❏ Validate that the order is correct and initiate payment

Appendix: Python code used

❑ Funnel and Spend:

    ❑ Device: phone

    ❑ Channel: paid