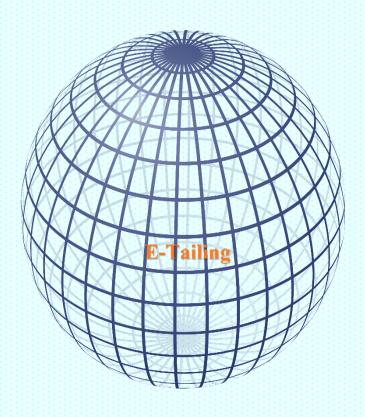


Analytics for E-Tailing









E-Tailing

The retail sector holds 26% of whole world's GDP, while the EMarketer Inc. projects that e-commerce market is going to get doubled by 2019, where E-Tail market will be thrice of current.

A Global view

The E-tail market in its growing stage, is emerging as one of the largest sectors in the world economy. The homegrown players have shown tremendous growth and attracted some big investors like Tiger Global, Morgan Stanley, and Soft bank. The entry of global biggies like Amazon and Alibaba has taken the competition to a very new level. E-tailers distinguish themselves in providing innovative service offerings like one-day delivery, 30-day replacement warranty, cash on delivery (CoD), cashback offers, mobile wallets etc. Increasing mobile and internet penetration, m-commerce sales, advanced shipping and payment options, exciting discounts, and the push into new international markets by e-businesses are the major drivers of this unprecedented growth. Currently, mobile accounted for a small percentage of overall online retail revenue, but this was changing rapidly, according to Forrester, Mobile devices contributed 38 percent of Taobao and Tmall's gross merchandise volume last year which is part of Chinese ecommerce giant Alibaba. Shopping through smart phones is proving to be a game changer, and industry leaders believe that m-commerce could contribute up to 70% of their total revenues.

Analytics as the key differentiator

A study about the e-tailing ecosphere, reveals that 46% of e-shoppers search out for the reviews and criticisms from social media before making a purchase in online, so it becomes mandatory for e-tailers to setup a tool to look after their online marketing campaigns and its effectiveness, which partakes a positive spill-over effect on it sales.

In this cutthroat environment, price of the listed products with/without discounts will have adverse effects on company's margin, so in order to acquire competitive advantage, companies should possess a tool for comparing their price of the products with their rivals along with the demand for that product in the market in order to fix an attractive price for customers.

When a market is highly volatile it is very difficult to predict the future demand for a product with normal statistical tools, thus companies need an exceptional foreseeing tool which can track down the buying behavioral pattern of the consumers for the forecasting.





With incremental choices and information available on a click, brands witness declining customer loyalty, while they are vying in magnetizing their existing customers. Thus an efficient management strategy is required for monitoring the customer attribution rate.

Major problem faced by the e-tailing companies is cannibalization and substitution to their own products, thus an equipment is required where it can analytically predict the right number required for the product line and depth.

Impulse purchasing contributes more to the company's revenue pocket, thus companies are very keen in honing their analytical tools to select the correct combination of products to be suggested to customers in the basket.

Stocking strategy (Inventory management), Average path and time taken by customers to make a purchase and Traffic management is also playing its part, in which e-tailing industry is concerned about. By understanding the consumer behavior, sales of products and removing those products which are prone to fraud can enable the company for better management. This model helps in detecting the potential fraud even before the customer completes the transaction resulting in lower fraud rates.

A few important Analytical solutions on e-tail...

Enormous amount of data are available and their insights impact decisions, which effect sales. Thus, organization need to collect an actionable data which they can rely on, to give marketing advantage. So they can pinch right point to upswing the business and customer experience. Some of the E-tailing solution are:

- Price Analysis- Research shows that price management increase company's margins by 2
 to 7 percent and boost stock prices by an average of 66 percent. It involves tracking,
 comparing, analyzing prices and understand their impact on sales, Consumer reactions
 and evolve strategies to find the optimal price level that would maximize sales.
- Campaign Performance A Harvard Business study shows that more than 80% of respondents were dissatisfied with their ability to measure marketing ROI. So they need campaign performance analytics which review the campaigns, track, and measure, analyze, optimize the performance of the campaign and Adjust or discontinue campaigns.
 We can check particular campaign performance with respect to Campaign Category.
- Social Media- Process of extracting relevant information from the hordes of conversations available on the Internet, to understand people's sentiments and preferences better by acting as a leverage.





- Recommendations Systems- It is estimated that, it can lead to 5 to 20 percent increase in sales. This system is used to predict the best products to be recommended to customers, which assist consumers to find the products they like.
- Market Mix Modelling- It is a statistical model to measure and analyze, how various marketing channels are effectively contributing to your sales, and forecasting future mix, which helps to maximize the ROI with 40% marketing effectiveness.
- Heat Map- Analytics platform provides a variety of KPI's and statistic tools to help track
 the digital businesses, measure their online sales and marketing activities in matrix
 format. Ad-words, E commerce reporting, real time analytics are some of the popular
 services provided in this platform.
- Identifying Persuadable-

The Persuadable: Customers who only respond to the marketing action because they were Targeted.

The Sure Things: Customers who would have responded whether they were targeted or not The Lost Causes: Customers who will not respond irrespective of whether or not they are Targeted.

The Sleeping Dogs: Customers who are less likely to respond because they were targeted

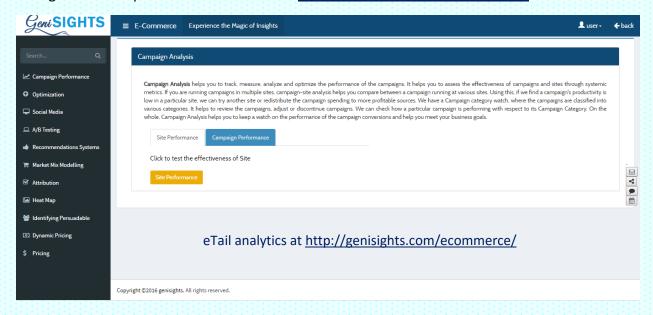


- Dynamic Pricing- Tourism and Transportation industries are greatly under predictable sets of circumstances. Thus, dynamic pricing allows a company to remain competitive 24/7 and maximize its profit average by 25% through assigning competitive prices, which takes demand and willingness to pay into account.
- A/B Testing- It is suitable for examining the best online promotional and marketing strategies for your business. Also, it can be used to test everything from website copy to sales emails to search ads.





Aaum's geniSIGHTS, offers you the complete suite of analytical solutions tailor made for etailing. You can experience the solutions at http://genisights.com/ecommerce/



Conclusion

Though e-tailers gain capital cost with the absence of physical stores, this gain has to be transferred to the consumers by devoted pricing, customer service and satisfaction, thus it makes e-tailing environment more vying. Analytics gives a provision for better insights to increase sales, loyalty, and traffic, along with the variables for identifying persuadable, social media insights, analyzing customer behavior and forecasting. Above this, it is more convenient, flexible and provides a cluster of all the services in a single window, which would give a leverage. And so, virtual stores has to brace up with analytics to capitalize this torrent of opportunities. Short of analytics would definitely stammer the growth and sustaining capabilities of the organization in this revolution.

About Aaum

Aaum Research and Analytics Pvt Ltd founded by IIT Madras alumnus, brings in extensive global business experience working with Fortune 100 companies in North America & Asia Pacific. Established at IIT Madras Research Park with a focus on researching and devising sophisticated analytical techniques to solve pressing business needs of business ranging from travel & logistics, finance, insurance, HR, health care, entertainment, FMCGs, retail, telecom.