

CASE STUDY -There is a sudden drop in orders placed in the Electronics category on Amazon

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Amazon is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. Amazon strives to be Earth’s most customer-centric company, Earth’s best employer, and Earth’s safest place to work. Customer reviews, 1-Click shopping, personalized recommendations, Prime, Fulfillment by Amazon, AWS, Kindle Direct Publishing, Kindle, Career Choice, Fire tablets, Fire TV, Amazon Echo, Alexa, Just Walk Out technology, Amazon Studios, and The Climate Pledge are some of the things pioneered by Amazon. Amazon has multiple shopping categories, Electronics (TVs, Tabs, Laptops) being one of them. In Dec 2021, there is a sudden drop in orders placed in the Electronics category on Amazon.

As an Amazon Product Manager, Find potential reasons behind it? Use Root Cause Analysis method to tackle this Problem.

I will first like to perform SWOT analysis to get more detail about Amazon

SWOT ANALYSIS OF amazon



To address the sudden drop in orders placed in the Electronics category on Amazon, as an Amazon Product Manager, a Root Cause Analysis (RCA) approach can be applied. Here are the potential reasons and the steps to tackle this problem:

Potential Reasons:

Internal:

- **Inventory Management:** Insufficient stock levels or poor forecasting leading to stockouts.
- **Website Performance:** Technical issues causing slow loading times or checkout problems.

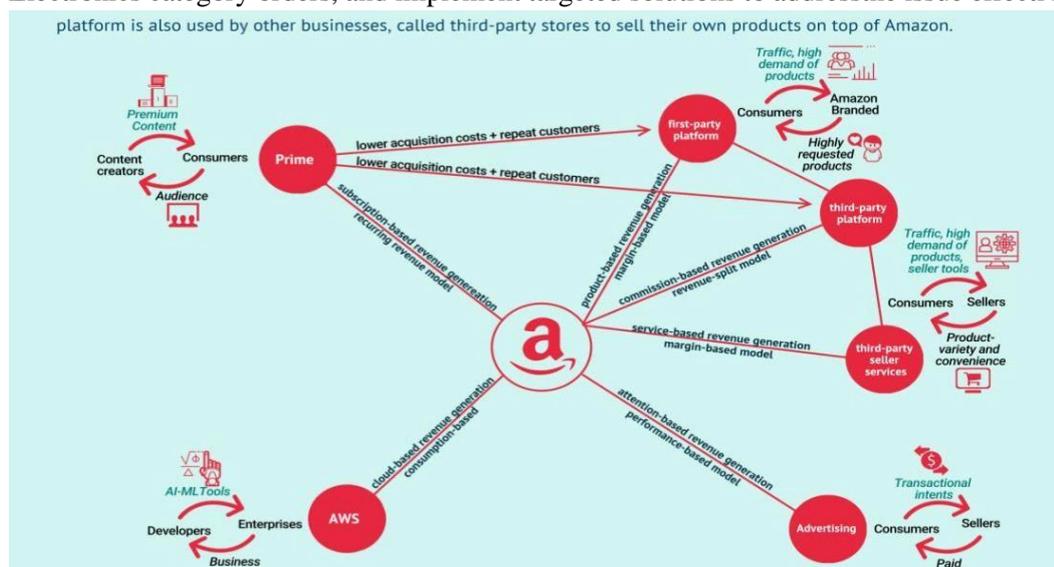
External:

- **Competitor Actions:** Aggressive pricing or promotions by competitors affecting Amazon’s sales.
- **Market Trends:** Shifts in consumer preferences towards other platforms or products.

Root Cause Analysis Steps:

- **Define the Problem:** Identify the sudden drop in Electronics category orders as the main issue.
- **Data Collection:** Gather sales data, customer feedback, and website performance metrics.
- **Identify Possible Causes:** Consider internal factors like inventory levels and external factors like market trends.
- **Root Cause Identification:** Analyze data to pinpoint the exact reasons behind the drop in orders.
- **Develop Solutions:** Propose strategies to address each identified cause, such as improving inventory management or enhancing website performance.
- **Implement and Monitor:** Execute the solutions, monitor their effectiveness, and make adjustments as needed to ensure sustained improvement.

By following these steps, Amazon can systematically analyze the situation, identify the root causes of the drop in Electronics category orders, and implement targeted solutions to address the issue effectively.



Formulate the right analytics driven strategy for Electronics category on Amazon. Answer

To formulate the right analytics-driven strategy for the Electronics category on Amazon, the following approach can be taken:

Analytics Strategy:

- **Data Collection and Analysis:** Gather data on customer behavior, trends, and preferences within the Electronics category. Analyze historical sales data, customer reviews, and product performance metrics to identify patterns and insights.
- **Market Segmentation:** Segment customers based on demographics, purchase history, and preferences to tailor marketing strategies. Identify high-value customer segments and understand their needs and buying behavior.
- **Predictive Analytics:** Utilize predictive analytics to forecast demand, identify popular products, and optimize inventory management. Predict customer churn and implement strategies to retain customers.
- **Personalization:** Implement personalized recommendations based on customer data to enhance the shopping experience. Use machine learning algorithms to suggest relevant products to customers.

Process Explanation:

- **Data Collection and Analysis:**
Collect data on customer interactions, sales, and product performance. Analyze this data to understand customer preferences, popular products, and areas for improvement.
- **Market Segmentation:**
Segment customers based on factors like age, location, purchase history, and browsing behavior. Tailor marketing campaigns and product offerings to different customer segments.
- **Predictive Analytics:**
Use historical data to predict future trends and demand patterns. Optimize pricing, promotions, and inventory levels based on predictive insights.
- **Personalization:**
Implement personalized product recommendations on the website and in marketing communications. Use customer data to create targeted marketing campaigns and promotions.

Merits:

- **Enhanced Customer Experience:** Personalized recommendations and targeted marketing efforts can improve customer satisfaction and loyalty.
- **Predictive analytics can ensure the availability of popular products, reducing stockouts.**
- **Optimized Operations:** Predictive analytics can help in inventory management, reducing excess stock and minimizing wastage.
- **Market segmentation allows for tailored marketing strategies, leading to more effective campaigns**

By implementing this analytics-driven strategy, Amazon can better understand customer behavior, optimize operations, and enhance the overall shopping experience in the Electronics category, ultimately driving growth and customer satisfaction.

Key Elements of Analyzing Ecommerce Customers

- **Customer Segmentation:** Understanding the different segments of customers based on demographics, behavior, and preferences is crucial. By segmenting customers, businesses can tailor marketing strategies and product offerings to specific groups, enhancing customer satisfaction and loyalty.
- **Purchase Behavior Analysis:** Analyzing customers' purchase behavior helps in identifying trends, such as popular products, average order value, and frequency of purchases. This data can guide businesses in optimizing their product assortment and pricing strategies.
- **Lifetime Value Assessment:** Calculating the lifetime value of customers allows businesses to determine the profitability of each customer over their entire relationship with the

company. This metric helps in prioritizing high-value customers and allocating resources effectively.

- **Customer Feedback and Reviews:** Monitoring customer feedback and reviews provides valuable insights into customer satisfaction levels, pain points, and areas for improvement. Addressing customer feedback promptly can enhance the overall customer experience and loyalty.
- **Personalization and Retargeting:** Utilizing data analytics to personalize the shopping experience for customers, such as recommending products based on past purchases or browsing history, can significantly increase conversion rates. Retargeting strategies can also help re-engage customers who have shown interest but not completed a purchase.

Analyzing these key elements of ecommerce customers enables businesses to optimize their marketing strategies, improve customer satisfaction, and drive long-term success in the competitive online marketplace.