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ARE E-COMMERCE COMPANIES MAKING THE MOST FROM DATA? CAN PREDICTIVE ANALYTICS IMPROVE THEIR CONVERSION RATES?

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Analytics is gradually being used by e-commerce players to customize sales catalogue for numerous customers. The suggestion engine helps to guesstimate features a user will like and, therefore, helps the ever-increasing response rate. Whereas this can possibly direct cost escalation, superior response rates and higher sales making it worth the effort. E-retailers can also install A/B testing to comprehend which product to be displayed; offer or feature on the website is leading to higher rates of clicks, purchase and reviews. The testing is made on a sample of visitors so that the contact of making changes to any of the features, as well as the sale catalogue can be studied methodically before a bigger level. Additionally, building cookie-level ascription models can help in understanding what marketing channels work for diverse users and optimize marketing budget consequently. Suggestion engine can also be premeditated particularly for a specific user, and modify content of the website for the user so as to augment the engagement. Predictive analytics features in all possible variables that assist the marketer plan the right approach to create the preferred commitment with customers - from providing appropriate and precise sales forecasting insight, to endow them with prospects to advance analysis and the design of their websites to contain the stress of any shopping blitz. These insights may range from what time of the day the website can witness highest traffic, what products can receive soaring impressions, which region we can anticipate the bulk of the orders to come from (to help in the planning of logistics and cash on delivery options) and the like. This article deals with the question whether Real time analytics is capable of helping e-commerce companies to analyze the significant aspects that may result to provide value to the customer?

Keywords: Predictive Analytics, Algorithms, Forecasting, Genomics, Facebook, Data mines

INTRODUCTION

I am a typical online shopper and I keep a tab on the range of sales and promotional deals run by e-commerce companies from time to time. One evening I opened the one of the online fashion company's application on my Smartphone to see

if there were any deals on trousers. That day, this particular e-commerce company was running its flash sales in which customers could gain up to 50% discount on select products. After filtering my search, I decided to add a pair of Blackberrys trousers to my shopping cart. However I changed

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my mind thinking that I could get a better deal if I logged on into a sale on a weekend. To my astonishment, I received a mail from the e-commerce company the next morning, telling me what I apparently lost by discarding my cart the previous day. The same product was now offered at a 100% mark-up price. However, to close the sale, the company sent another mail a couple of days later, presenting a smaller discount of 15%. I couldn't let it go. The methodical and gentle harrying points at a big shift in the way e-commerce players target customers. Gone are the days of sending unrelated mail to all. Nowadays they can categorize and reach out to customers. To make this happen on a large scale, e-commerce firms are speeding up their analytical skills and the assistant infrastructure to recognize who their most important customers are. Real time analytics is competent of helping e-commerce companies to analyze the momentous aspects that may result to offer value to the customer be it in tracking consignments, returns, shipping routing, cost cutback and price detection. The value can be construed in terms of the following that could drive that conversion rates.

- Examining the geographic order outline and warehouse immediacy in real time to trim down end user price.
- Evaluating the existing inventory levels and demand model to mechanically trigger price changes.
- Considering the current transportation time, the cost and predict approximate delivery time to the customer.
- Spotting early on logistic condition such as freight delay or loading time and sending

automatic notification to the customer about the delay in shipping.

- Exploring geographic demand prototype and seasonal loading to allocate with inoperative delivery resources.

One Step at a Time

Superior conversion rates can be accomplished by subsequent 3-step process. Any e-commerce company must embark on by a considerate mission and that's shopping. The key purpose behind this is to comprehend what the customer is looking for. Moreover getting an idea of a customer's product preference, the company has to track the customer how reached the landing page of their website, whether it was through search engine; banner advertisements, mailers, etc. These days there are different types of cookies and trackers available on a browser. Consequently firms have supplementary data on which other websites a user visits.

Secondly it involves defining what the customer is probable to buy and how this can be fast-tracked through references. While some significant e-tailer has millions of stock keeping units, only four to five products can be suggested to one customer. For example, Amazon uses suggestion algorithms to customize the online store for each customer. The store fundamentally changes based on customer benefits, showing encoding titles to a software engineer and baby products to a new mother.

Third and the last step are associated to setting the right shopping background. For example, umbrellas could sell more in Chennai between October and November when the city receives relatively heavy rainfall. Other feature of setting the right background is about using the customers' geographic location data. Suppose that I am

standing at a Shoppers Stop store in Harrington road, Chennai to do a price comparison for a shirt on the e-commerce smart phone application, the e-tailer can track by sending a favorable price quotation. This shows that there isn't any shortage of software's and tools to generate discrete consumer profiles. An analytics firm that has a service called customer genomic uses proprietary machine learning algorithms to assist clients control big data to generate deeper consumer insights. This service can generate complete consumer profiles in seconds for getting authorized admittance to their Facebook IDs.

Let's do the Homework

Nowadays leading e-commerce companies have access to an enormous volume of internal and external consumer data. Nevertheless, at this stage in their shopping advancement, these companies are focused further to build the internal data. A customer's shopping pattern and history is the key input that goes a long way in building the profile. As stated earlier, to build their top lines, e-commerce companies are organizing more 'sales' stuff. Currently, to manage higher traffic and raise the conversion rates, these companies have to do their homework categorically.

Few e-commerce companies had begun preparations for its sale around a month in advance. Arrangements started off by considerate thought on the marketing message of the sale event. The next step elaborate a detailed examination of the popular categories on its portal over last 10 to 15 days. After this, a directory was organized, citing all the items on which the company presented discounts in the range of 15 to 75%. In the final phase of preparations, the company stretched out to a targeted set of

customers. With its vast product collection, while it makes logic for these e-commerce companies to line as many customers as possible, the company does not look at this as a bombing exercise. For example, if a specific sale record does not comprise women's products, they do not send mailers to them.

Notwithstanding the availability of reference and event-driven promotion drivers, many of these e-retailer finds it challenging to regulate the right product reference or promotion that will help them close a sale. With predictive analytics and the use of core machine learning, e-commerce companies can now stem a clear considerate of consumer behavioral patterns, spanning purchase history and performance of different products on the site.

E-commerce companies use forecasting tools use past data and also have the provision for measuring variations in demand during festivals and holidays. Analytics helps to forecast the traffic on the website along with the possible conversion rate. Since these website runs on the cloud, companies also have the flexibility to gauge in real-time. The company uses brand and stock keeping unit data along with the number of visits to numerous product pages to regulate whether the collection will attract customers. This data is then shared with the sellers listed with them.

Analytics can also be used in forecasting the amount of sales that is likely to happen during peak sale seasons. At large, few e-commerce companies doesn't set their prices. However it boosts the seller to offer discounts. These listed sellers by themselves neither have the data nor tool to evaluate the big shopping trends. The company having a platform on which the data on what is sold in several seasons, day of the month,

time of the day, etc., is stored. A shared data breakdown of all the continuing sales helps sellers in fixing the prices of their products. They also provide its dealers with data facts on the predictable volume of sale constructed on the prices set.

Mobile has to be the Focus Area

In past years, leading e-commerce companies have paid further consideration to pushing their application downloads. The idea is to generate more loyal customers and data mine precise information on each one of them. They can gather more consumer data over applications as it can contact consumer data on mobile phones. Consequently if a user has given the access, they can give the user better suggestions on the basis of the social information collected by them.

This is how e-commerce data mines using their application data. Firstly customers are profiled on the basis of mobile devices that they are using. There is a tracking software development kit fixed in the application and as the person steers through the application, then the data is collected and sent to the server for scrutiny. Subsequently, the application interacts with the Application Programming Interface (API) layers at the background. At the application programming interface layer, information on surfing data, buying pattern is collected. The data that can be collected also be subjected to the kind of smart phone being used and whether you get access to the customer's contact list, societal data and so on. It has further more to do with linking mobile data with personal data and their communication with the mobile application.

CONCLUSION

E-commerce players however, is very careful

about not using any data that a user has not openly given an authorization for the data collected through smartphones is not stored in a modified manner. It is more about the trend analysis than an individual shopper itemization. Even as personal data is used as a response for algorithms around assistances like parallel products. The minute it goes through the system, it is concealed. In other words, data connecting to one customer will never be shared to another customer. In addition the e-commerce companies provide a better buying experience to customers, this competence helps most of them to cut costs.

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