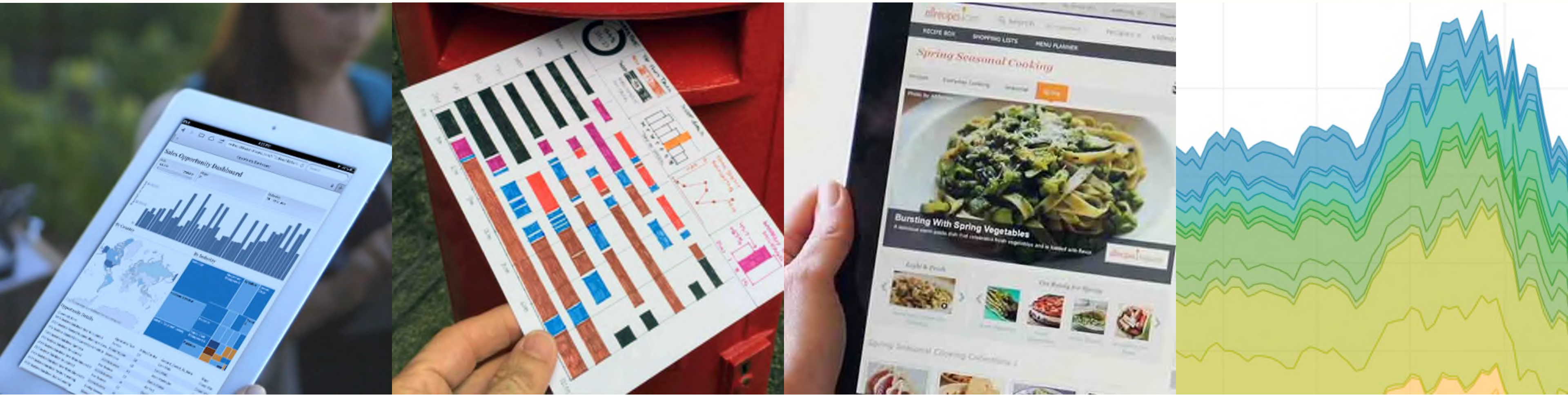


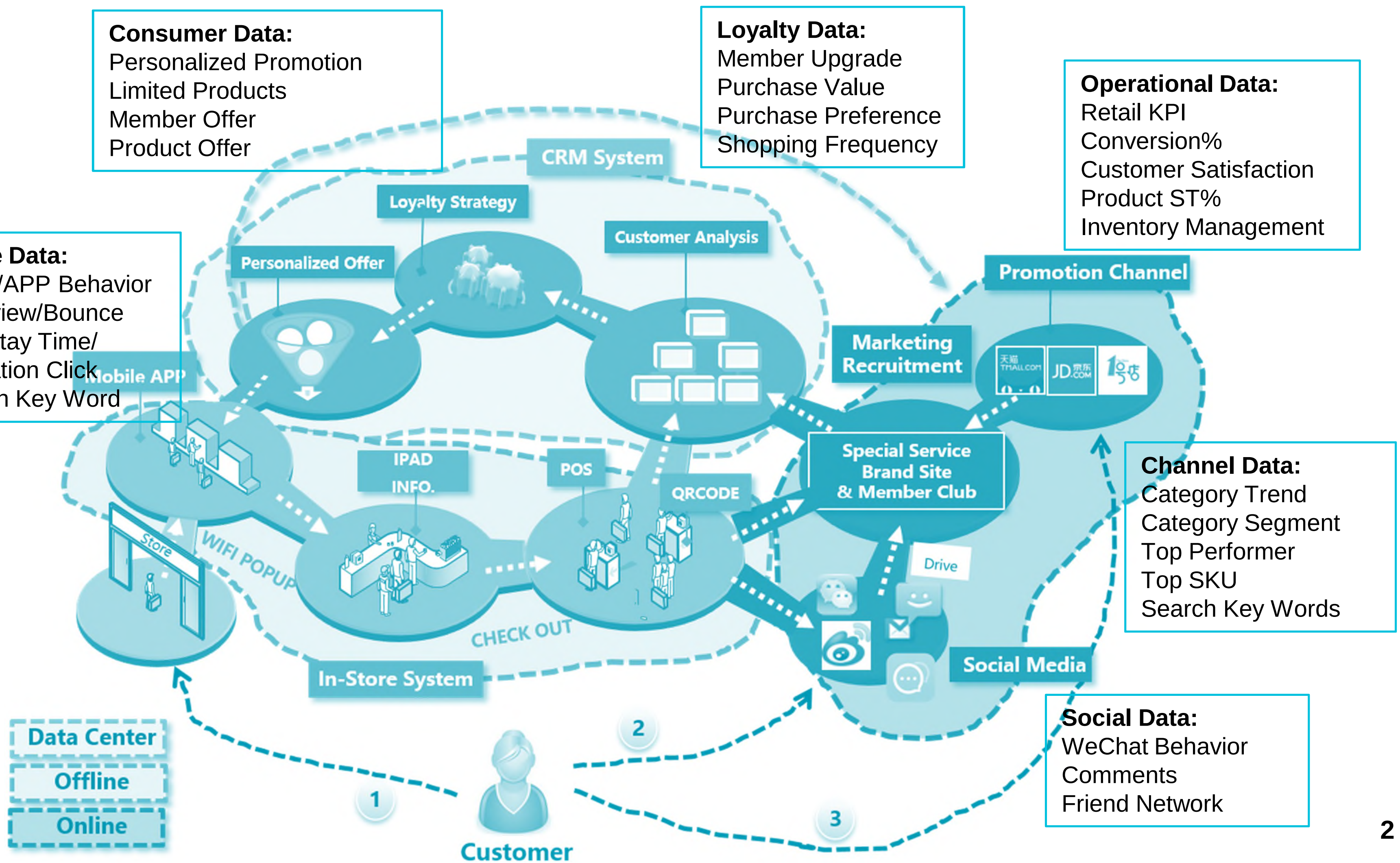
DATA DRIVEN SUCCESS
DATA AVAILABILITY & CASE SHARING

Ecommerce case sharing

2016. June

THE CYCLE – **CONSUMER JOURNEY ONLINE/OFFLINE**

All the data integrated into one database will help company to make decision in every step.



CHINA: BIG, COMPLICATED AND CHANGING

- In 2014 China was still 2nd to the USA for Ecommerce sales
- In 2006 internet penetration around 3% and even Shanghai only around 10%
- Obvious it would grow but didn't see it as being as fast as it was – also missed:
  - Social media growth
  - Mobile Tsunami
  - Ecommerce
  - And the data that comes with it….

ECOMMERCE DATA AVAILABILITY

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Ecommerce Data Triangle

- Ecommerce fast development enables data collection through the whole shopping cycle.

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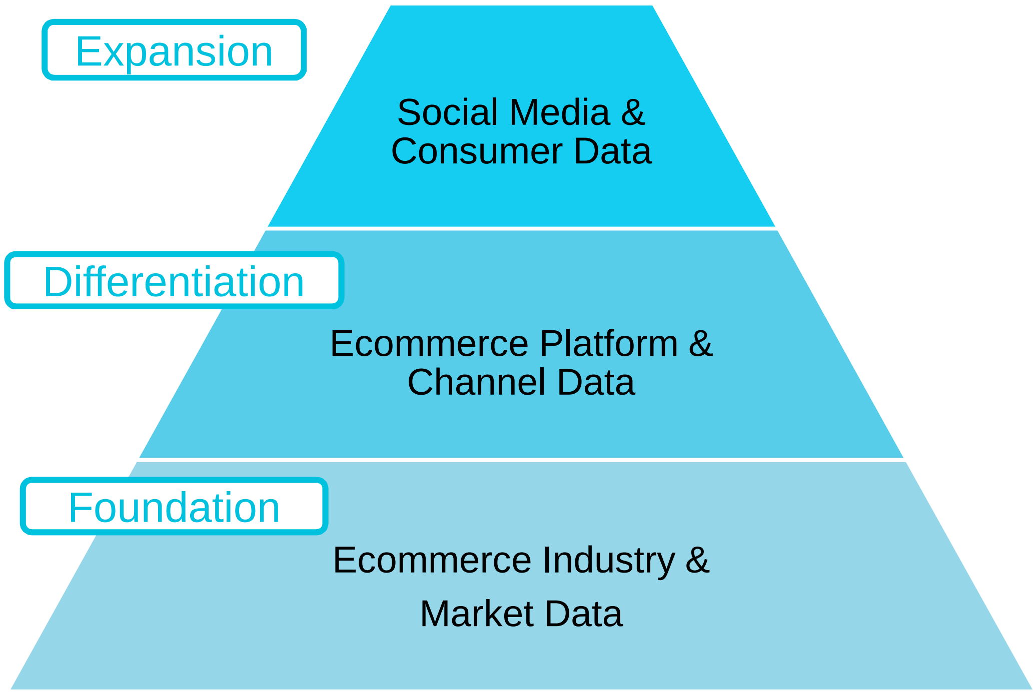

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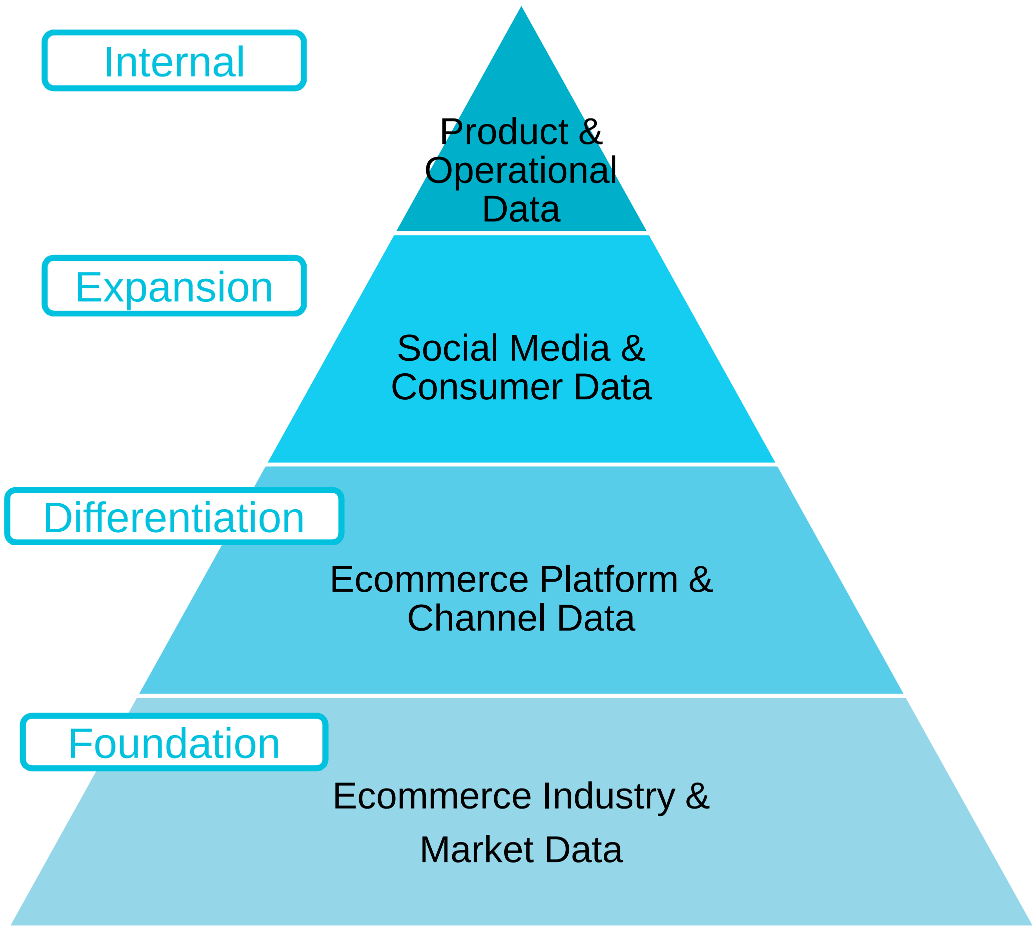

ECOMMERCE DATA AVAILABILITY

Ecommerce Data Triangle

- Ecommerce fast development enables data collection through the whole shopping cycle.

Internal

Product & Operational Data

Products:
Price and inventory can be tracking real-time, promotion design and replenishment plan is more efficient than before.
Operational Data:
Client service level is easy to be tracked through DSR ranking and store management level is also tracked by dynamic retail KPI.

Expansion

Social Media & Consumer Data

Social Media Data:
Advertising efforts will be measured no only by exposure or CTR data, conversion rate to purchase, network between consumer can also be tracked.
Consumer Data:
Online CRM data enable company to maintain customer pool more easily, every movement of their fans is recorded in the life circle.

Differentiation

Ecommerce Platform & Channel Data

Platform Data:
Different operation model among platform provide multiple choice in ecommerce market. Customer profile and spending power are different in different platform.
Channel Data:
Search hot word enable projection of future demand, cross category and cross brand purchase enable brand to brand events.

Foundation

Ecommerce Industry & Market Data

Industry & Market Data:
Industry and market data provided category developing trend, key competitor performance, top brand, top SKU and price range, which enable company to define key opportunity and the market space.

ECOMMERCE DATA AVAILABILITY

Company Status	Data Type	Dimension	Data Source	Data Price
Foundation	Industry Level	Category trend, channel distribution, region, city tier	3rd Party Agency Industry Report	Middle & Free
Foundation	Market Level	Top players, category segment, key brand, key competitor, competitor performance, price tier, SKU count	3rd Party Agency	High

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Differentiation	Channel & Model	Channel characters, operation model, channel commotion, operation cost, margin tree	3rd Party Agency Public Report	Middle
Differentiation	Platform	Platform customer profile, Age group, average purchasing power, shopping frequency, promotion calendar	3rd Party Agency Channel Advisor	High

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Differentiation	Platform	Platform customer profile, Age group, average purchasing power, shopping frequency, promotion calendar	3rd Party Agency Channel Advisor	High
Expansion	Social Media	Followers profile, behaviour, CTR, CPS, CPM, Exposure	PR Agency	High
Expansion	Trade Marketing	Free/Paid Traffic Source, Conversion Rate, Diamond Banner, SEO, Key word	Marketing Team or PR Agency or TP	Middle
Expansion	Consumer & CRM	CRM database, Loyalty club, Lift Cycle, Repeat Purchase	CRM Team or CRM Agency	High

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Expansion	Consumer & CRM	CRM database, Loyalty club, Lift Cycle, Repeat Purchase	CRM Team or CRM Agency	High
Internal	Financial Data Product Data Operational Data	FP&A, Gross Margin, Opex, Capex, EBIT, Product Inventory, ST%, Total Traffic, ATV, AUSP	Internal Audit Merchant Analysis Platform Provide	Low

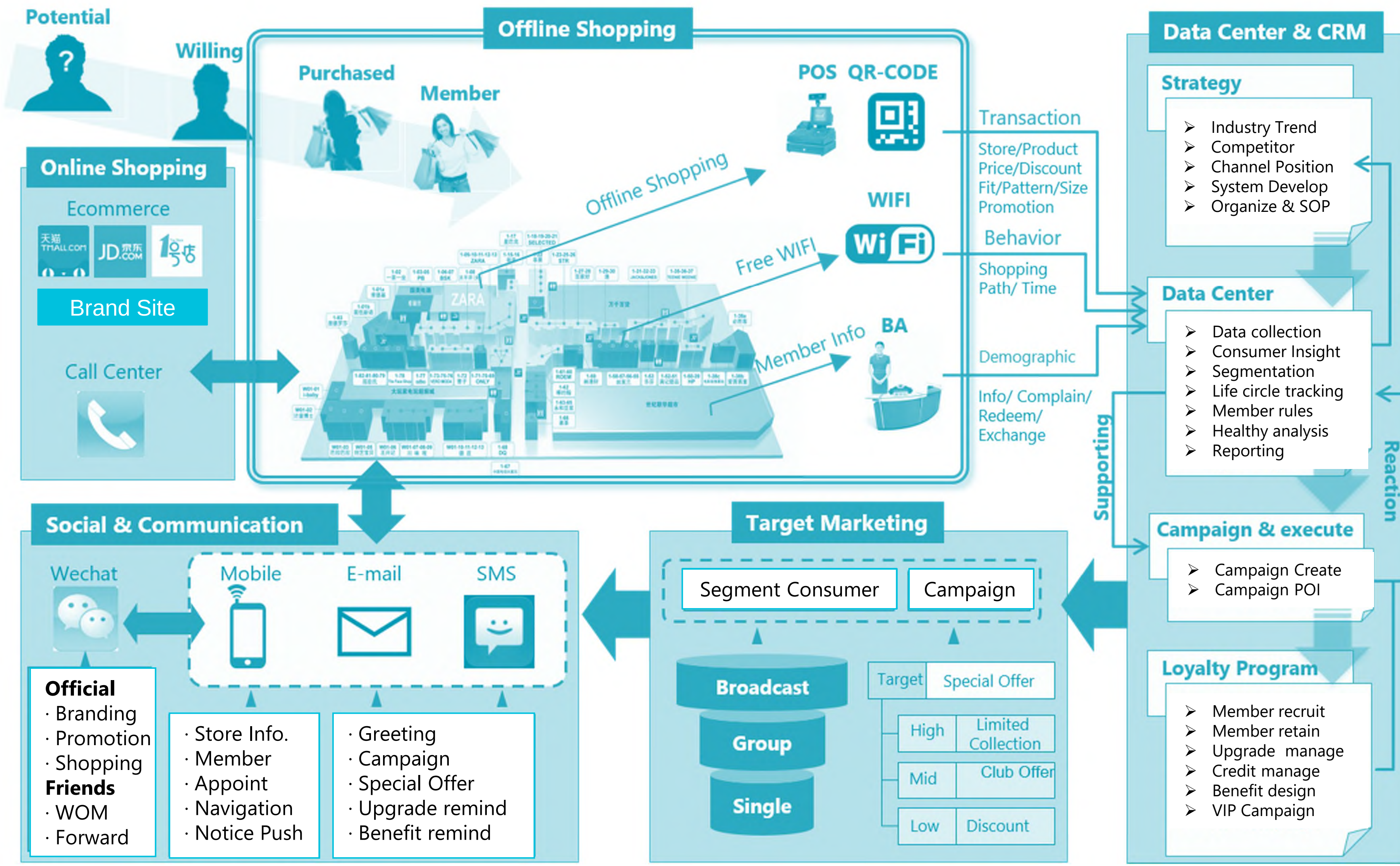
ECOMMERCE DATA AVAILABILITY - RESOURCE

Company Status	Data Type	Dimension	Data Agency	Data Price
Foundation	Industry Level	Category trend, channel distribution, region, city tier	Reportlinker, Emarketer, Nielsen, Euromonitor, Ireserch, Ebrun, Analysys,	Middle & Free
Foundation	Market Level	Top players, category segment, key brand, key competitor, competitor performance, price tier, SKU count	Adways, Admaster, Early Data, Quzhenjing, Zhijizhibi	High
Differentiation	Channel & Model	Channel characters, operation model, channel commotion, operation cost, margin tree	Ireserch, Ebrun, Analysys, Chanel Advisor	Middle
Differentiation	Platform	Platform customer profile, Age group, average purchasing power, shopping frequency, promotion calendar	Chanel Advisor, Channel Category Manager	High
Expansion	Social Media	Followers profile, behaviour, CTR, CPS, CPM, Exposure	Alimama, JD Media, Ipinyou, IWOM, AdSage	High
Expansion	Trade Marketing	Free/Paid Traffic Source, Conversion Rate, Diamond Banner, SEO, Key word	Marketing Team or PR Agency or TP	Middle
Expansion	Consumer & CRM	CRM database, Loyalty club, Lift Cycle, Repeat Purchase	CRM Team or CRM Agency	High
Internal	Financial Data Product Data Operational Data	FP&A, Gross Margin, Opex, Capex, EBIT, Product Inventory, ST%, Total Traffic, ATV, AUSP	Internal Audit Merchant Analysis Platform Provide	Low

ECOMMERCE DATA AVAILABILITY – PLATFORM INTERNAL

Market Place Platform Provide	Application Name	Dimension	Data Price
Tmall Data Provide to Store Owner (Only own brand data, no competitor or market)	Tmall provide many backend application for store owner to buy, open resource and it API, so 3rd party vendor can independent develop the app. （数据参谋/数据魔方/江湖策/量子衡道/赤兔魔盒/数云CRM）	**Channel Data:** Search Key Word, Search Trend **Store KPI :** Traffic, Conversion, ATV, AUSP, **Marketing:** Bounce Rate, Hot Click Page, Page Stay, Page View, Traffic Source, By Source Conversion, By Source Sales, CPS ROI, CPM ROI, Search Result Optimized Tool **Product:** Segment Sales, Segment Growth, Hot SKU, SKU Sales Growth, Inventory **Customer Service:** DSR, CS Feedback Time, CS Ranking, Customer Return, Return Reason. **Trade CRM :** Costumer Demography, Old/New Customer, Simple CRM	Low
JD Data Provide to Store Owner	JD provide limited backend data, also open API.（数据罗盘）	**Store KPI :** Traffic, Conversion, ATV, AUSP, **Marketing:** Traffic Source, By Source Conversion, By Source Sales **Customer Service:** CS Ranking, Store Ranking	Low
1haodian Data Provide to Store Owner	Limited backend data	**Store KPI :** Traffic, Conversion, ATV, AUSP, **Marketing:** Traffic Number, Traffic Source, By Source Conversion, By Source Sales	Low

DEVELOPMENT TREND – **OMNI CHANNEL SOLUTION**



CASE STUDY -
HOW DATA HELPS DURING DECISION MAKING PROCESS

CASE 1 NEW PRODUCT INTRODUCTION TO CHINA MARKET

Summary

- New product line introduction to China, first through ecommerce channel.

Background

- Brand A already has adult product sold in China both online and offline. They would like to introduce their Kids product line and open a store in ecommerce channel.
- They'd like to understand ecommerce Kids market and the price for their product line to make sure of profit & sales balance.
- Which segment in China online market and how many SKUs they need.

Process

- 6 months of preparation and kick-off.

Current Situation

- Launched successfully with good sales and great exposure.

Note: Data base on short period data from Apr.2016 to Now

MARKET & COMPETITOR **OVERVIEW**

Market Summary

- In year 2014, Online Kids apparel sales represented 40% of total kids apparel.
- Online Kids apparel - Taobao & Tmall together contributed RMB 35 billion which is more than 65% of platform sales - Tmall 11 billion with share of 31%.
- The biggest kid apparel store in Tmall “Balabala” represented 2.5% market share and top 100 stores represent around 33% market share, the competition is not as fierce as adult’s apparel.(top100 less than 20% share)
- As many international brand’s strategy is lower price with multiple SKU, assumed the need for at least 150 SKUs covering full Kids sector with no greater than 30% higher price than average Kids brand.

Rank	Store Name	Units	Sales RMB	AUSP	Market Share	Kids SKU
1	Balabala	2,851,939	267,537,556	94	2.5%	1320
2	BeSha	1,127,029	110,401,242	98	1.0%	660
3	You Bei	2,967,783	107,900,688	36	1.0%	612
4	Gap	985,358	106,951,165	109	1.0%	840
5	Davebella	869,478	94,875,235	109	0.9%	854
6	Beibei Yi	1,430,037	78,383,286	55	0.7%	623
7	Uniqlo	1,021,563	77,234,599	76	0.7%	320
8	Green Box	834,181	73,996,220	89	0.7%	412
9	An Nai Er	506,432	72,884,588	144	0.7%	623
10	Zuo Xi	937,965	71,126,229	76	0.7%	512

CATEGORY **SEGMENT & OPPORTUNITY**

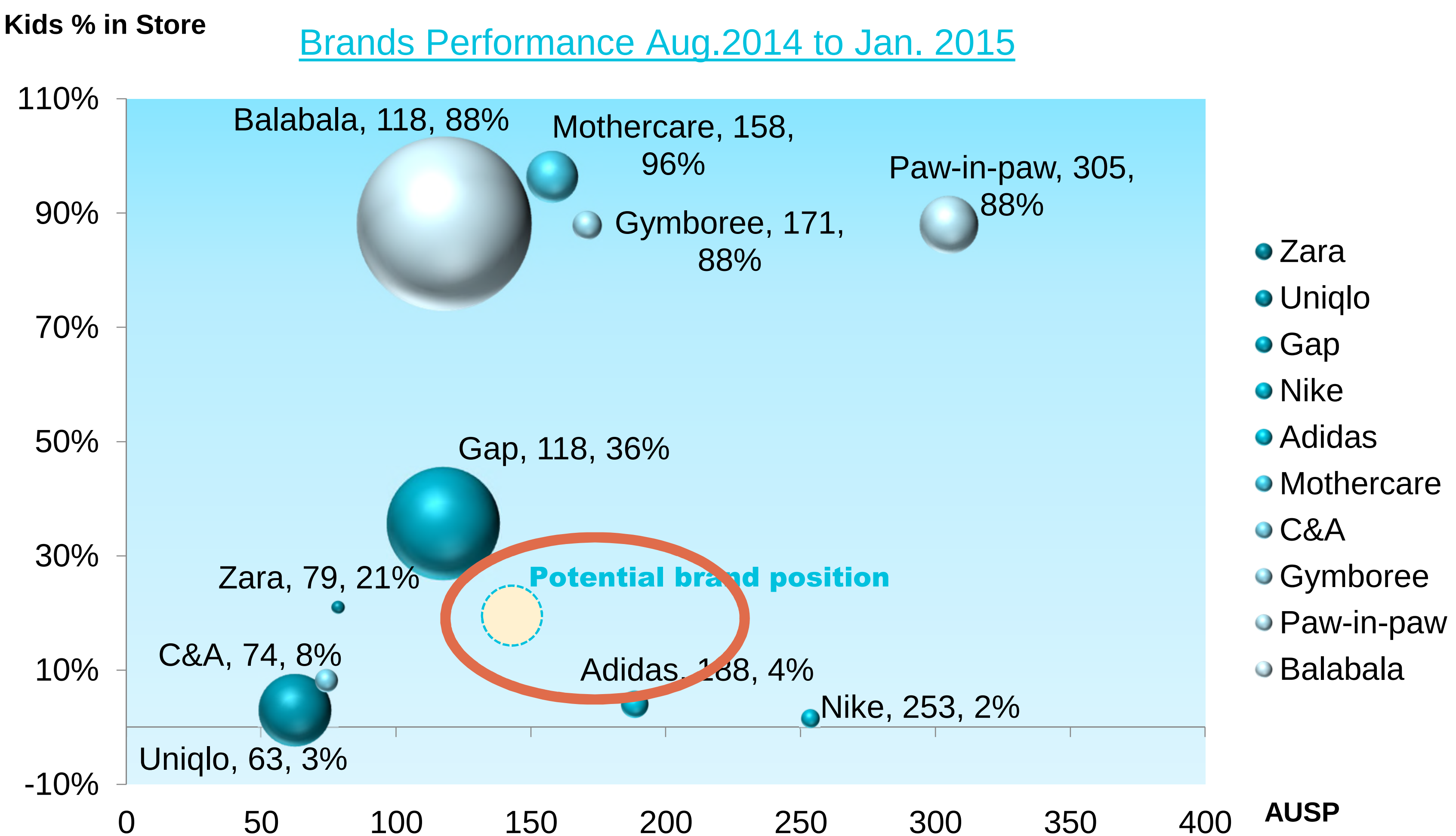
Segment & Sub-Category

- After checking the sub-category performance in the market, Brand A found their strength in down/cotton jacket. The cost of down/cotton jacket for brand A is reasonable and retail price range is very suitable for online sales after discount, so they would like to build this sub-category to be hero.
- For online stores hero SKU's importance increased. So they pick 10 hero SKUs with 20 times depth than normal SKUs, and plan to increase exposure and invest marketing fee.

Kids Sub-Category	Rev. Share	AUSP	Rev. Growth	AUSP Growth
Down/Cotton Jacket	22%	155	42%	0%
Non-Denim	17%	57	66%	-9%
Underwear	13%	51	58%	5%
Sets	13%	87	14%	-5%
Jacket	10%	124	48%	2%
Sweater	7%	83	62%	0%
Others	4%	49	-68%	-58%
Sweatshirt	3%	74	130%	-3%
Home wear	3%	76	57%	2%
Knits	3%	51	76%	7%
Vest	2%	62	27%	-2%
Dress	2%	91	46%	0%
Socks	2%	21	88%	12%
Woven	1%	81	113%	5%

POTENTIAL **BRAND POSITIONING**

- Brand A did online attitude research to understand their brand image with potential customers and their acceptable price. After comparing competitor brand's segment share and price range, brand A defined their brand positioning.



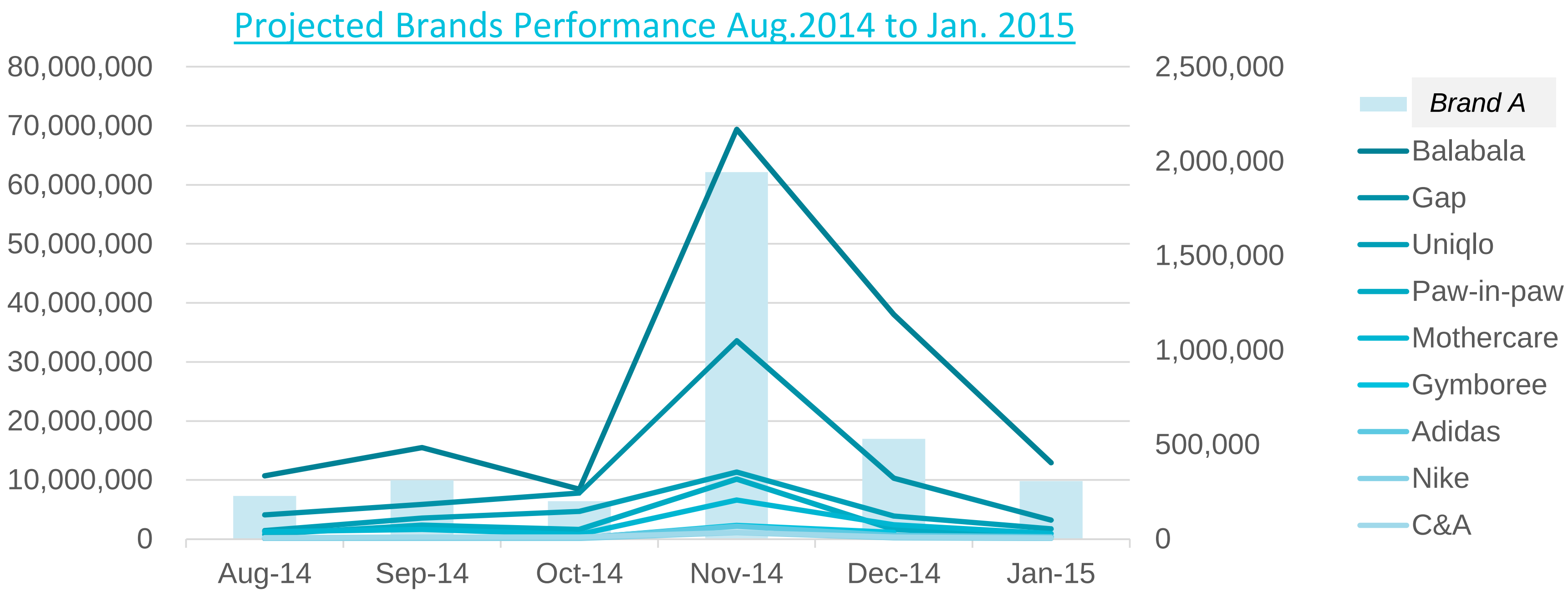
STORE OPENING PLAN & PROJECTION

Promotion Calendar

- Brand A analysed the key competitor's sales data and found usually a new store needs at least 3 months of soft-launch to recruit consumers and get awareness. Brand A decided to open the store 3 months before double 11 to grow some hero SKUs and prepare for big traffic.

Sales Projection

- After merchant and operation decided product segment and price point, brand A negotiated with platform to get opening resources of the store. Therefore brand A projected its sales on the retail KPI: Sales = traffic * conversion* product price * average piece



LAUNCH RESOURCE SITUATION

- Brand A conducted a fixed marketing plan after analyzing the consumer data and marketing investment. The store opening received great exposure and marketing ROI exceeded 6:1.

Reward | **Sales Incentive**

- Top 1 Transaction Value – Tokyo Family Disney Trip Foundation
- Top 2-21 Transaction Value – GWP Gift Package
- Any Purchase over ¥499 Get 1 Water Bottle

Notice | **CRM & Social Media**

- SMS to 660k Active Brand Members
- Brand Mkt Official WeChat Post 400k followers
- Provide limited star product to key member
- Leaflet Distribution to All Customers: 65 O&O + Tmall & OS

Package | **Special Packaging**

- Any Purchase on Kids will receive special packaging and cute stickers

Free | **Free Exposure Support**

PC Exposure

- Tmall Home Page KV
- Tmall Mother & Baby Channel homepage
- Tmall Mother & Baby Channel Logo Exposure

Mobile

- Tmall Daily First Launch Channel
- Taobao APP First KV

Paid | **Paid Exposure**

- DSP Banner – 5% of sales rev.
- Paid Search – 3% of sales rev.
- Paid Product – 2% 10 hero product selected

CASE #1 SUMMARY

- Used Foundation data to understand where the best entry point was in terms of category and segment
- Did further customised research online to understand their target consumers and then understand a suitable number of SKUs and price point
- Launched their store well before singles day so they were in a position to capitalise
- Worked with the platform to calculate likely sales and to have a full package of launch activity to build awareness and demand

CASE 2 WECHAT CLUB SETUP AND CONSUMER RECRUIT

Summary

- WeChat member club building and consumer database integration.

Background

- Brand B has loyalty club but only for offline consumer. The club member's contribution to total revenue is quite low.
- Brand B owns huge online consumer database through their online store, they hope to utilize this and recruit more loyal members, but don't know whether it is worth to invest.

Process

- 3 months database integration, 3 months WeChat setup, 1 year loyalty club recruitment.

Current Situation

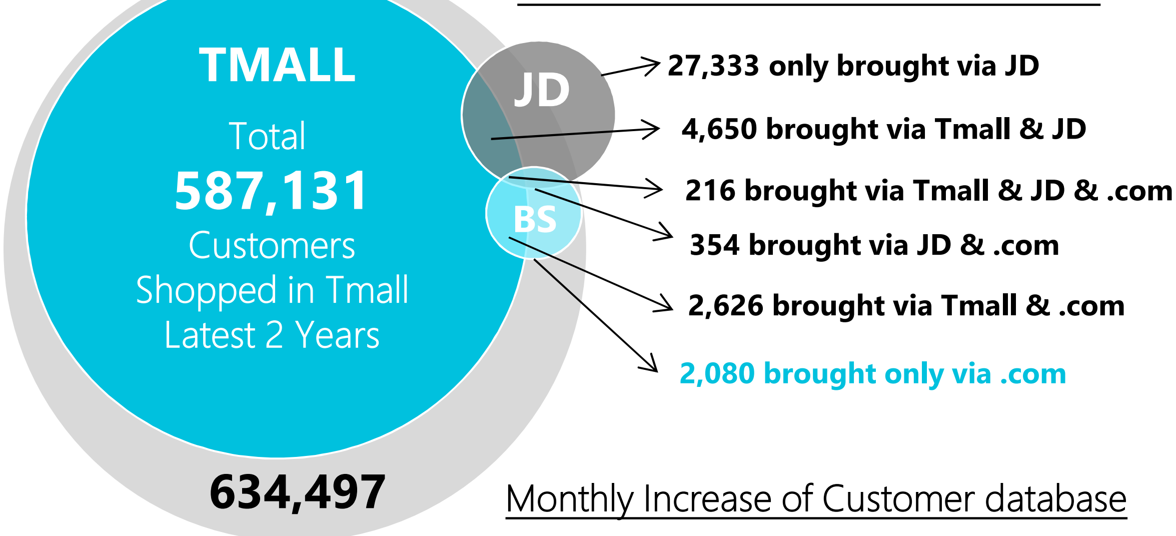
- WeChat as member centre, follower tripled to over 710,000.
- Loyalty database enlarged by 30% and cover 35% of shopped customers.

Note: Data base on short period data from Apr.2016 to Now

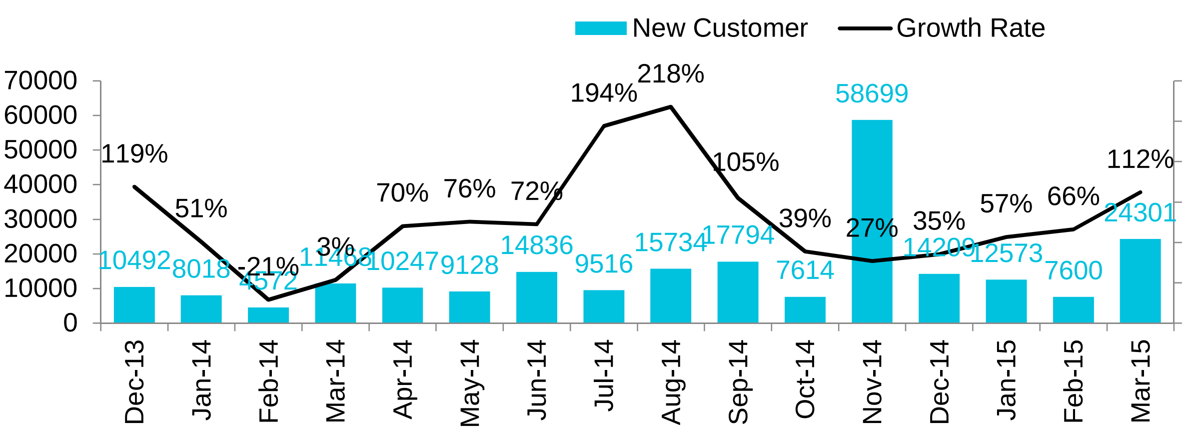
EXISTING STATUS – **ONLINE SHOPPER GROWING**

Ecommerce enables brands to collect consumer contact including name, mobile number, address and email address once customer places the order. So the database collected is easier compared to offline and more accurate.

Total Customer Base on EC database



Monthly Increase of Customer database

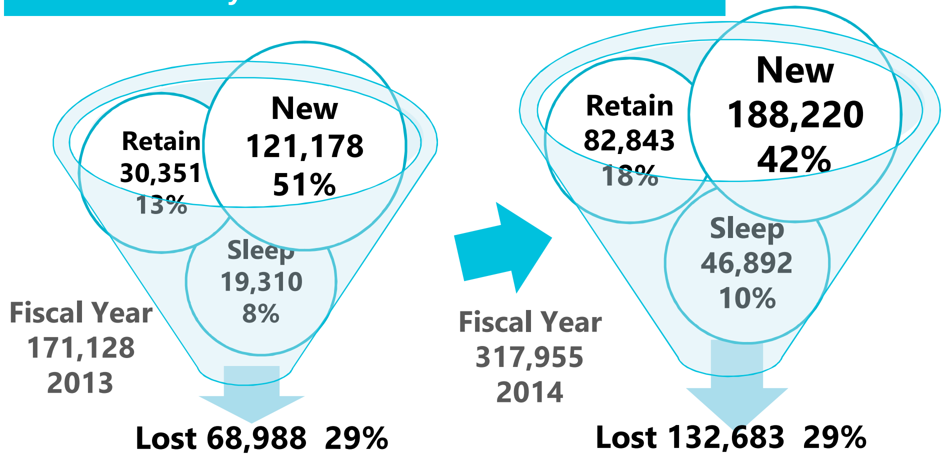


Opportunity of CRM

- Brand B has a large consumer database collected through their online store. Over 634K customers shopped within two years, which provides the possibility of segmentation and consumer upgrade.
- Consumer data transferred from EC platform (both marketplace and brand site com to Ali cloud server daily).
- Most customer of brand B still from Tmall (93%), other platform like JD and brand site don't have good capability of recruiting customer.
- Growth rate of online customer database is over 57% YOY. Double 11 and big promotion period are great opportunity to collect data.
- Brand B's offline loyal club owns 220K customers but the growth rate is very slow, only 5% YOY growth.

ONLINE CONSUMER – **LOW RETENTION RATE**

Yearly Retention Performance



Low Retention Rate

- Although the growth rate is very high, the retention rate of online consumer is low(only 18%), and it is far below the industry standard of 27% in China.
- More than **80%** of consumers are "opportunistic" – one day purchasers(F=1) . Also, these consumers tend to be low in value.
- The more loyal consumers, the higher value their willing to spend – high loyalty consumers are worth 50% more than opportunistic buyers on average transaction value.

	Consumer %		ATV	
Regency	**2013**	**2014**	**2013**	**2014**
New	50%	41%	71	63
Retain	13%	19%	80	73
Sleeping	8%	10%	85	78
Lost	29%	29%	78	82

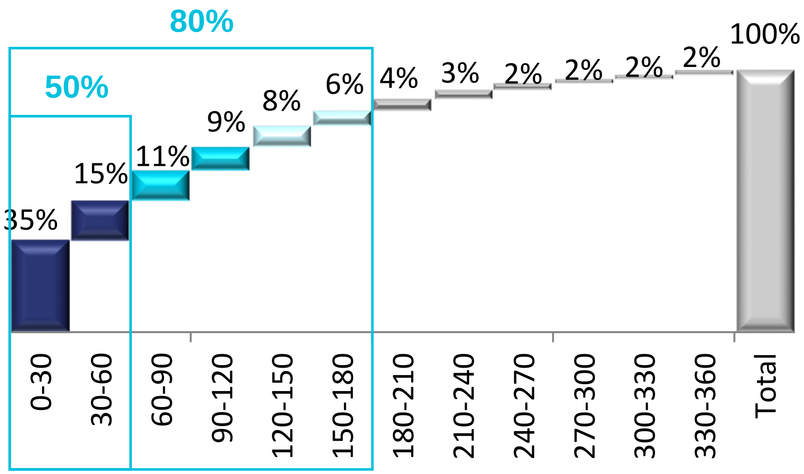
	Consumer %		ATV	
Frequency	**2013**	**2014**	**2013**	**2014**
One day	84%	82%	72	65
Low	11%	12%	80	74
Middle	4%	4%	87	80
High	1%	2%	109	96

RFM – Clusters compare (USD)

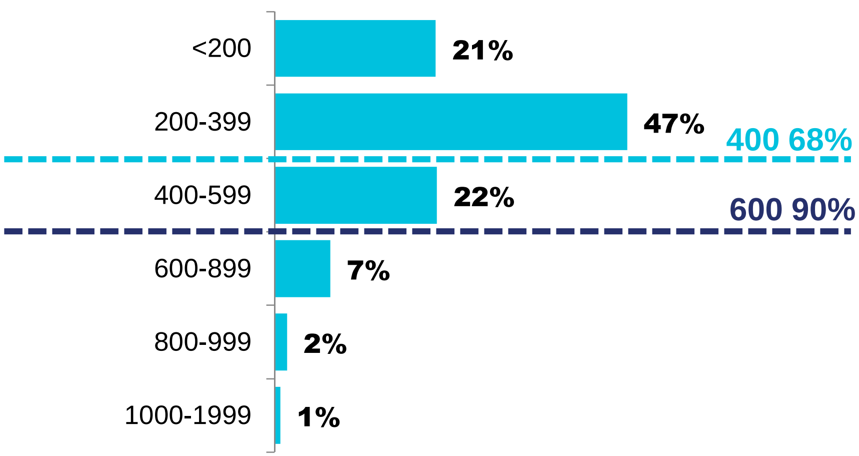
RFM	F=1	F=2	F=3	F=4	F≥5
R≤30	58	128	204	272	405
30<R≤90	57	126	192	272	365
90<R≤180	45	114	180	264	350
180<R≤360	61	134	210	284	375

ONLINE CONSUMER – **BASKET SIZE & ENTRY VALUE**

Average Second Purchase Day



First Order Acceptable Value



Purchase Time Analysis

- 80% of second purchase happened in 180 days. 50% happened within 60 days.
- Brand B decided their 3 communication windows after consumer's purchasing. First step is to give a product care introduction and feedback collection notice after 30 days of purchasing, Second step, provide related segment or product after 60 days; Third step, send promotion coupon after 150 days.

Club Level Set Up

- 68% of online consumer’s first order is under 400 RMB, so brand B plan to set the club entry at 400RMB for the Level 1. So that they will be able to influence consumer to increase their spending.
- Level 2 will be set at 600 RMB to promote , so that secondary purchase will enable consumer to upgrade the club level.

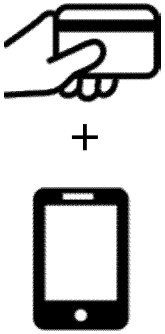
Revenue Uplift

- After analysis, 1% increase of repeat consumer will bring at least 340K USD uplift. Total project will receive more than 10:1 ROI in 3 years.

PROJECT PLAN – WECHAT **BUILD-UP**

#1 CRM

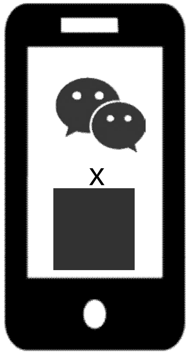
By integrated with WeChat, transfer member to follower, link member card with WeChat account, and tag consumer by shopping & social behavior.



CRM Consumer data:
Support first round member group select - high price sensitive with special discount/low price sensitive with limited collection.

#2 SOCIAL ECOMMERCE

Integrated the whole consumer purchase journey（aware-consider -buy-share）into one platform. Push promotion by segmentation of fans and members.



Digital data:
Support campaign design – analysis and find most consumer are male, campaigns with female picture and very bright color have higher open rate.

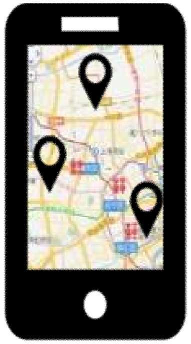
#3 REAL-TIME CS

Develop intelligent Q&A service system on Wechat to answer consumers' questions by keywords matching. Tagging consumer by search keywords.

Search Data:
Mobile behavior find out 5 top searching key words, add those key words to navigation bar.

#4 LBS SERVICE

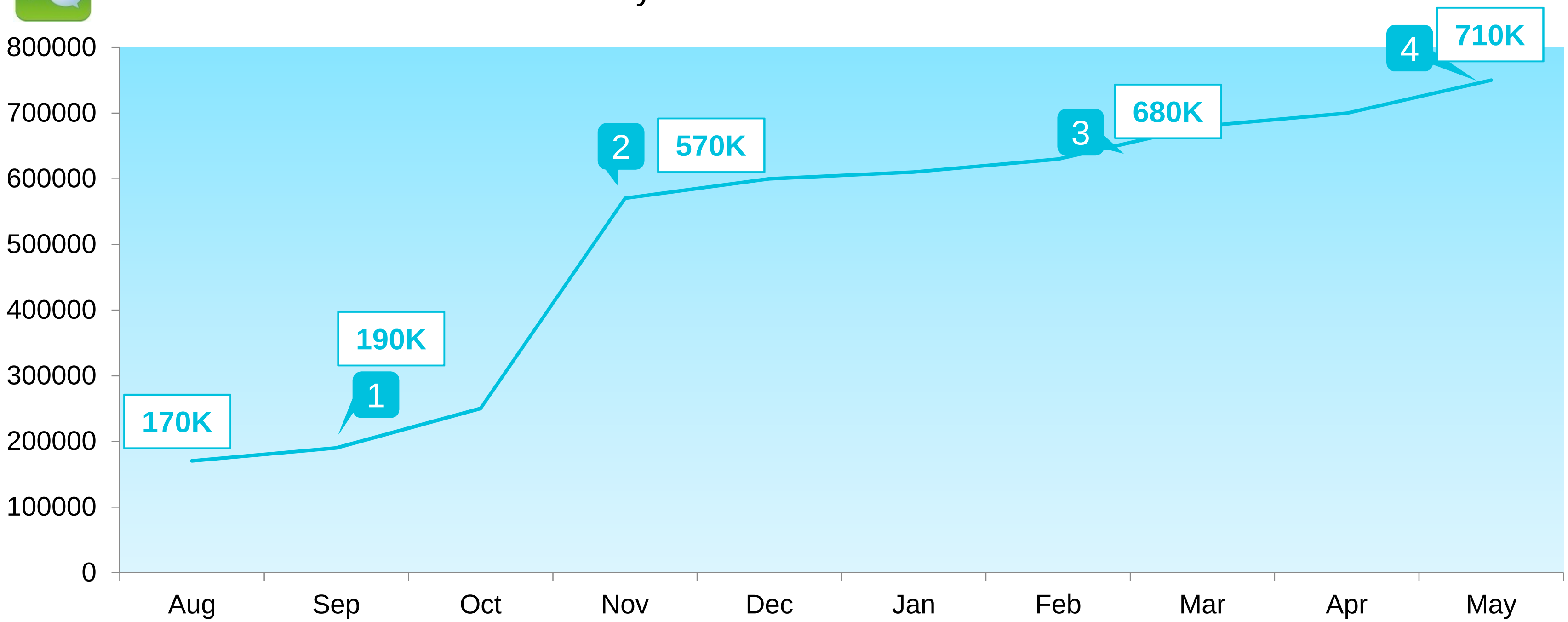
Add LBS service function into official WeChat . Lead consumers to the closest offline purchase point by pushing location and offline events.



LBS Data:
Match receiving address to consumer location and recommend the nearest offline event for high value consumer.

PROJECT LAUNCH – DELIVERABLE

WeChat Follower base increased by **3 times** in last 10 months.



1 ***Member Club Launch***

Push email and SMS to all consumers for WeChat member club launch.

2 ***Club Campaign Combine with Double 11***

Inspire & enable consumers to explore and campaign via mobile engagement and offline interactive device, get limited coupons in coming double 11 promotion.

3 ***Hero Product Campaign Launch***

Heroes authenticate product launch, select high value consumer with music credentials in China market

4 ***Mobile LBS Campaign***

Leveraging Cinemagraph tech to deliver LBS campaign to young consumer in key city.

CASE #2 SUMMARY

- Company was unsure whether investing in their loyalty programme was going to be worthwhile
- Analysis showed:
  - They had valuable data collected via their online store
  - Loyal customers are far more valuable in terms of average purchase value
  - They have a customer retention issue
  - 1% increase in loyal customers = USD 340k
- Further data analysis showed key areas to improve the loyalty programme
- Launched Wechat loyalty programme with stages of activity over 10 months

GENERAL LEARNING

- Had a view of what they wanted to do and used the data to guide their decisions
- Used the data in stages to carefully plan and then assemble the right resources to enable success
- Used Singles Day as part of a long-term strategy not for short-term sales
- Took time and planned for success
- Recognised significant competition and the need to position carefully within that environment
- The trend for identifying and promoting hero products

NZ CASE STUDY

- Collected initial data to understand who the target consumers are
- Building a store on one of the lesser-known platforms
  - Cost effective
  - Building knowledge
- Picking hero products based on their own data to place on other partner stores in Tmall
- Investigating longer-term opportunities for product registration to enable potential off-line / domestic ecommerce
- Working with an agency on demand-building / awareness-building activities over an initial 10 months
- Monitoring

WHAT MIGHT A SMALL NZ COMPANY DO WITH DATA TO HELP DEFINE STRATEGY?

DATA SUPPORT STEP BY STEP

Steps:

Step 1 : Research Market Size and Opportunity

Step 2 : Analysis Key Competitor & Define Target Consumer

Step 3 : Choose Business Model and Estimate Cost and Balance

Step 4 : Digital Plan and Market Expansion

Step 5 : Business Forecast for Coming Years

Step 1	Step 2	Step 3	Step 4	Step 5
• Regulation • Industry Trend • Market Size • Channel Size • Growth Segment • Price Range • Hot SKU • Key Online Player • Business Partner	• Key Competitor • Competitor Price • Competitor Model • Target Consumer • Online behavior • Potential Range • City Tier	• Choose Model • Model Needs • Product Margin • Operation Partner • Operation Cost • Operation Plan	• Media Channel • Digital Coverage • Target Audience • Marketing Needs • Expansion Plan • Investment ROI	• Revenue Forecast • Opex & Capex • A&P Investment • EBIT estimate • Ecommerce KPI • Tracking KPI

NZ COMPANIES

- Difficulties for NZ companies
  - Data access and costs
  - Analytical capability
  - Not close to the platforms
  - Inability to adjust and scale
- How we’re working with companies
  - Utilising existing data and purchasing ‘foundation’ data of value to groups of customers
  - Relationships with third-party agencies
  - Increased ecommerce resource (Scott Li and Ada Wang)
  - Maintaining relationships to keep ‘open-doors’ with major platforms
  - Have to be targeted and focused

THE CYCLE – **CONSUMER JOURNEY ONLINE/OFFLINE**

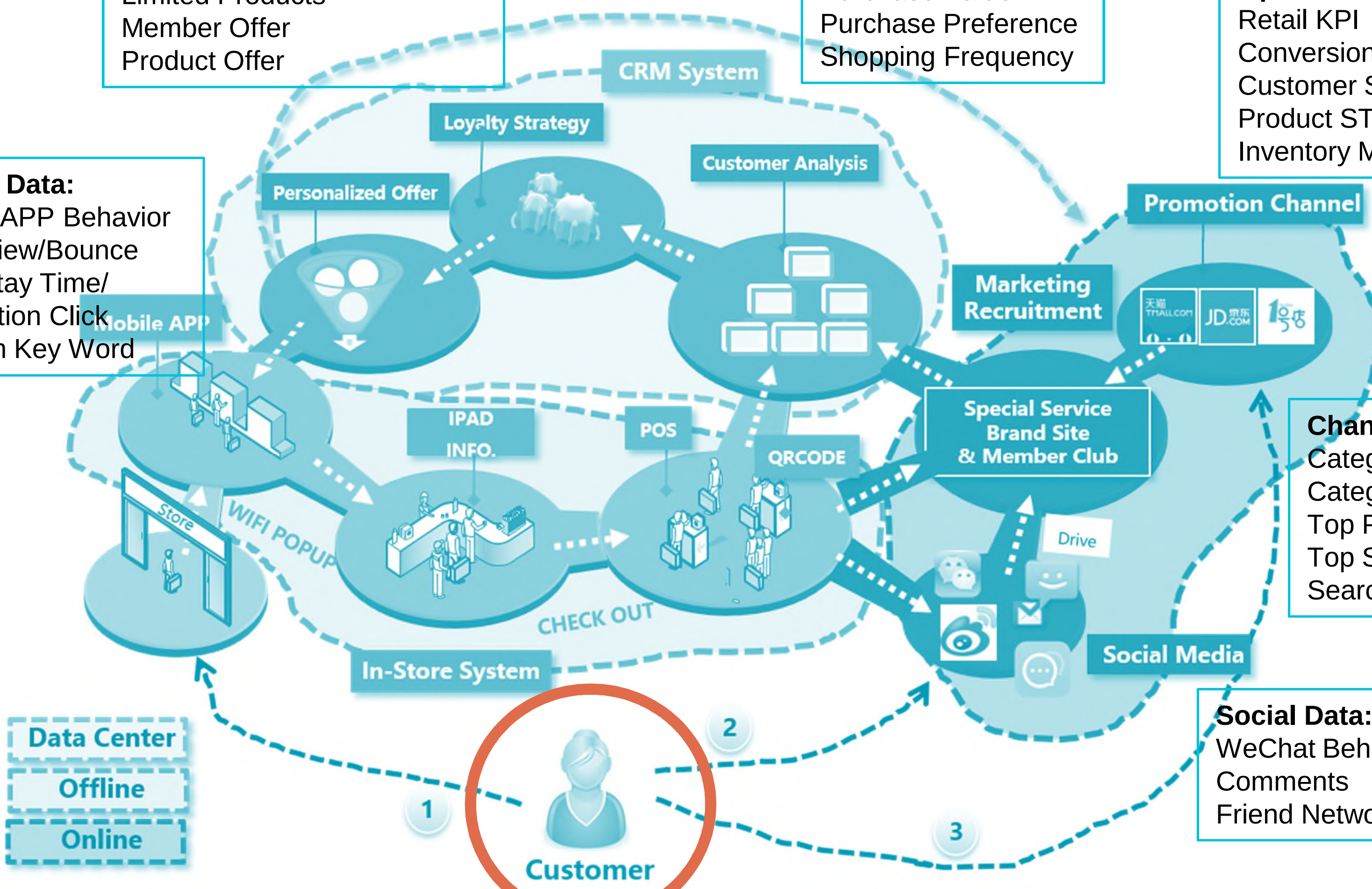
All the data integrated into one database will help company to make decision in every step.

Consumer Data:
Personalized Promotion
Limited Products
Member Offer
Product Offer

Loyalty Data:
Member Upgrade
Purchase Value
Purchase Preference
Shopping Frequency

Operational Data:
Retail KPI
Conversion%
Customer Satisfaction
Product ST%
Inventory Management

Mobile Data:
Mobile/APP Behavior
Page view/Bounce Rate/Stay Time/
Navigation Click
/Search Key Word



Channel Data:
Category Trend
Category Segment
Top Performer
Top SKU
Search Key Words

Social Data:
WeChat Behavior
Comments
Friend Network

IS BIG DATA ONLY FOR BIG COMPANIES?

"Big data is quite simply data that cannot be managed or analyzed by traditional technologies. So what is considered big data for one company may be different for another company. 'Big' doesn't have to be really that big; it's just bigger than what you're used to dealing with"

Rebecca Shockley, global research leader for business analytics at the IBM Institute for Business Values, quoted in IBM's Forward View magazine.

NEW ZEALAND
TRADE & ENTERPRISE