



VOLO

Adventures in ecommerce

THE SILVER BULLET

Data analytics and reporting across
multiple marketplaces and web stores





INTRODUCTION

We're willing to bet that in every single ecommerce business in the world there are people who have to spend an unhealthy amount of time in spreadsheets. Maybe they're the finance geeks, doing the business modelling or the financial reporting and compliance. Maybe they're the listing geeks, manipulating the data on thousands of SKUs a year to get them in the right format for their system and the systems of the channels they sell on. Maybe they're the purchasing geeks, keeping an eye on suppliers, stock levels and re-orders. Or maybe they're us geeks, because we need to report performance in a certain way for our Directors.

Here's the critical thing: data shouldn't be about geeks. We shouldn't need number crunchers to get a transparent view of what's happening in our business. This ebook is for larger merchants and brands who operate – or are thinking about operating – an online multichannel selling strategy and need good data and good analytics to help them make the right decisions. This is the type of audience that works with us because they need to grow with scale and manage their costs across multiple channels. The type of audience that constantly has to fight the forces of complexity which threaten to engulf them on a daily basis.

CONTENTS

- 2. The Areas of Your Business Driven by Data and Analytics
- 9. Volo Vision – eCommerce Analytics and Reporting
- 10. Summary and Next Step Resources



THE AREAS OF YOUR BUSINESS DRIVEN BY DATA AND ANALYTICS

This part of the ebook could have been the shortest section. Which areas of your business are driven by data and analytics? Answer: all of them. That's not particularly useful, so we've broken down our analysis into a number of 'levers' of ecommerce success so we can understand how the right use of the right information can move each lever in our favour.

LISTING QUALITY

The better your products and their variations are listed, and the quicker you can list them, the more likely they will be found by buyers and the more they're found, the more sales you'll make. Order and sales data determines how well your items are selling, by product, over different time-frames, across regions and channels. Poorly performing items may be down to the quality of information or language that is presented to the buyers, so you need to zero in on the areas where you can improve your listings, or indeed other determinants of success like price, and adjust your listings accordingly.

INVENTORY BREADTH

You need to get the balance right between having enough stock so that you don't run out, suffer a stock outage and oversell, and having too much stock so that your money is tied up, sitting there for too long and doing nothing except increasing your costs and killing your cash flow. You need to be aware of the time it takes to sell each item of inventory – from your physical or drop-ship warehouse – and the different lead times for ordering and reordering, down to a SKU level. You need to analyse your stock and your sales across a range of criteria, like marketplace or channel, region, SKU and supplier. Review your best sellers within the range and ensure that the popular variants such as colour and size are kept in stock and that the appropriate quantities are reordered.

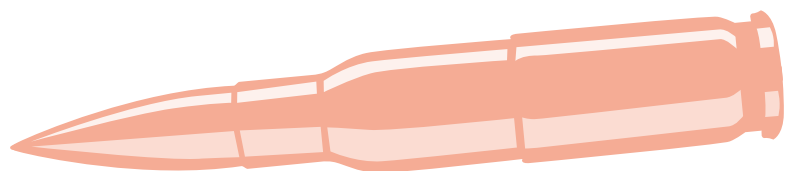


A reduction in sales velocity can indicate that competitors have cut their prices and your pricing is no longer competitive. Or it may point to the end of a seasonality swing for a product that is subject to such fluctuations. Conversely, a rise in velocity may indicate that your pricing is too low and less competition may allow you to raise prices and drive better margins. These indicators will also help you decide to re-order or liquidate stock, depending on the circumstances.

A stock forecast report is a very valuable piece of intelligence. If you could see, down to the individual SKU level, how many days of stock you had left and the supplier lead time for reordering the stock, wouldn't this be a great way of ensuring you always had the right stock levels – and avoid expensive stock outages – for your best sellers? Furthermore, a zero stock report showing you how long each item was out of stock for, combined with supplier lead times, helps figure out your total elapsed time without stock.

CHANNEL COVERAGE

Your channel coverage strategy encompasses your website or websites, as well as the various different marketplaces around the world and myriad other channels like price comparison sites, daily deal aggregators and so on. It also includes the traditional avenues like a physical store, mail order and telephone order. The more places you can offer the same stock, the more potential customers see your listings and the more sales you make. Being able to analyse the performance of your products across the different channels – over different time periods and perhaps also by supplier and shipper – lets you see where the growth areas are, as well as the areas for improvement.





PROMOTIONS

The more promotions you do, the more you increase your sales, order values and customer loyalty. Analysing your sales performance allows you to identify what the best promotions are and what products suit promotions better than others. For example, analysing the customers who bought a popular laptop but not the matching case allows you to make them an offer accordingly. Similarly, studying which SKUs sell well with other SKUs allows you to put together new bundles that you hadn't thought of but that the market is effectively identifying and demanding from you. Furthermore, wouldn't it be great to know who bought from you in 2020, but drifted away in 2021, or who bought from your eBay store, but hasn't ventured to your web store?

INTERNATIONAL SALES

With every new region or country you offer your stock to, you open up a potential new bank of brand new customers that you can develop over time into repeat customers. Some of these regions will have more 'price elasticity', allowing you to command higher margins. If you could interrogate your performance across different countries, for specific timeframes and specific products, this would pay dividends. Suppose you identify some good sales in a number of emerging markets. You create a subset of those countries and further drill into performance to see what products, from which suppliers, through which channels, are accounting for the growth..

MARGINS

A crucially important commodity of your long-term success is margins and profit. If you focus all your efforts on driving sales volumes for products that yield very low profit, you need to rethink your strategy. A multitude of costs combines to turn your gross margin into the all-important net margin on the items you sell. You need a mechanism to define all of these charges, set targets and monitor performance against target across channels, suppliers, countries, SKUs and over time. For example, you can compare your margins for products below or over a certain price point. Alternatively, you can see how your margin performance is trending over time and make adjustments accordingly.



MARKETING

Using email marketing to your customer base is an important way for you to encourage repeat buying and increase loyalty. This is an area where reporting and analysis can really inform, fine-tune and improve your communications and conversion rates. Export a list of those customers who have bought similar products from you before and upload them to your email marketing system so that you can deliver targeted, appropriate and relevant content to them. Export your top customers list and reward them with further offers, coupons, discounts and so on. Finally, analyse the most prolific times of day and days of the week for order-taking to set the optimal windows for your email campaigns.

Smart management is all about getting the data to do the heavy lifting for you, whirring away in the background and collecting and crunching the numbers while you keep things moving. If you have access to a reporting dashboard, customise it so that at a glance you can see the most important or most viewed metrics for your business, such as summary figures for the period to date and a breakdown of yesterday's sales. This saves you time having to navigate to the few key screens every time you want to check performance. Better still, make sure you can access this key data from a mobile device, so that even if you're on the move or stuck in a meeting, you can stay close to the numbers and react quickly when you need to.

Once you've set up your key performance indicators and targets across the important areas of the business, you can sit back and let the system take care of the rest. For example, use a stock forecasting report to send you a 7-day email alert when you have 5 days worth of stock left at current velocities and need 2 days for a re-order. Alternatively, if you like to hold a certain number of days stock of a fast-moving item, use the system to re-order a certain number of units to maintain the right levels. The more you can automate your reporting and analytics, setting up alerts and notifications across a range of levels and thresholds, the less time you spend with your head in the numbers and the more time you spend buying, marketing and selling.

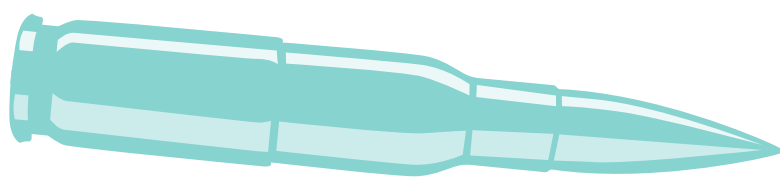


INVENTORY & STOCK CONTROL

Getting your inventory right requires a fine balance of time and quantity. It's also directly linked to how good you are at purchasing. If you can see your stock value by supplier and your sales by supplier, this allows you to match supply and demand more efficiently. For example, you wouldn't want to see a high stock value for a supplier and low sales for that supplier. A 'scatter plot' chart allows you see your supply base at a glance and spot the problem areas where you're holding too much stock from suppliers whose products aren't bringing you high sales. Then you can drill into the individual supplier to see the stock value and sales across specific products or products lines.

Similarly, dead stock is another drain on your profitability. Being able to see what stock has had no sales over the last 7, 30 or 60 days, for example, allows you to identify poorly selling items and see what the stock value is of those SKUs. Perhaps they are seasonal SKUs, explaining the period of inactivity, in which case you could explore selling to countries where they are in season. If they're not seasonal, you could bundle them into promotions to move the dead stock and recover some of your costs. Either way, reporting and analysis allows you to use the information as you see fit.

We've already touched on the usefulness of the stock forecast, but it's worth repeating here. Having SKU-level visibility of stock levels, measured in terms of the days it would take to deplete them, means you can really improve your efficiencies, especially for those items with long lead times, such as the ones you're sourcing from China, for example. You could also experiment with a red-amber-green traffic light system for stock levels, and set up automated email notification to let you know if a SKU's stock level goes 'amber' or 'red', according to rules you put in place.





WAREHOUSING & OPERATIONS

When it comes to the operational side of the business, covering warehousing of deliveries all the way through to fulfilment and order dispatch by couriers, you're looking for maximum productivity with minimum errors. You should study your supplier delivery and warehouse allocation accuracy to see where you can improve. Also, interrogate your order data and split out the credits/refunds to spot which suppliers, regions, SKUs or categories are eroding your margins. You can protect your margins by monitoring operational costs like legal, regulatory, tax and insurance against targets over time.

FULFILMENT & SHIPPING

Every mistake in picking, packing and shipping eats directly into your hard-earned margins from the original sale. Accurate reporting lets you judge the relative performance of your warehouse staff in processing supplier deliveries and customer orders. This helps you pinpoint the problem areas and staff, so that you can provide more training or better deploy your resources to increase throughput while reducing the error count. It also pays to look at your courier spend and what you're spending on different parcel types to different countries. When you can report on courier usage you're able to evaluate other courier options based on current and forecast volumes.

CREDITS & REFUNDS

Do you know your credit/refund percentages, by revenue and volume? As we've mentioned, this critically impacts both your customer service and purchasing areas. Splitting out the credit and refund data lets you spot which suppliers – physical suppliers versus drop-shippers for example – and which SKUs or categories are causing more credit and refund problems and eroding your margins. High refund figures could be the end result of poor product quality, incorrect item descriptions or clumsy shipping. Or perhaps it's a specific channel, region or country that's hurting your profitability? Being able to slice and dice your credit and refund data in lots of ways gives you the detail you need eradicate the worst offenders.



CUSTOMER SERVICE

You can take a similar approach when you look at your customer service centre and their service load. Being able to see the minority of products that is taking up a disproportionate amount of customer service effort helps you make informed decisions on what you need to fix. Similarly, if you can analyse and report on the type of customer questions that crop up the most often, thereby taking up most service time, you can work to introduce more automated information and more answers to frequently asked questions to reduce the service costs and the need for manual intervention.

PURCHASING

The data on your products is often down to the data you're given by your suppliers. Being able to analyse your sales by supplier, therefore, helps you spot not only the items that are selling well with a particular supplier, but also those items that are not selling well due to inferior or inaccurate accompanying information. This is something you can then address directly with each supplier. Better data and analytics will also help you get better at purchasing and better manage your exposure to or risks with certain suppliers. You can buy more accurately and use the power of reporting intelligence to negotiate better prices from your suppliers. The best sellers get the best prices from their suppliers and derive the highest gross margin.

MARGIN ANALYSIS

You can define gross margin as your sales minus the fulfilling those sales, ie product costs, shipping fees, channel fees, payment gateway fees, tax and so on. Then you need to apply costs like staffing, premises, insurance to calculate your net margin, the profit you're actually making on an item. Each cost adds an incremental layer to monitor and manage. Having to do this manually is extremely time consuming and laborious, so find a mechanism to define all of these charges and monitor performance against target across channels, suppliers, countries, SKUs and over time.



VOLO VISION - ECOMMERCE ANALYTICS AND REPORTING

Clearly data and analytics affect all the main areas of an ecommerce business selling across marketplaces like Amazon and eBay, as well as web stores. That's the theory, though. What about in practice, what's the good news? Well, the good news is that the Volo Vision reporting and analytics module provides swift answers to the vast majority of business use questions posed so far in this ebook. It's a fully featured analytics environment, using visual reports to provide easy at-a-glance figures and trends as well as the detail behind the numbers to give you the full picture. Here are three Volo customers who have the direct experience:

"I've been using the Volo platform and Volo Vision module for over three years and during this time we have more than doubled our business."

Tal Sanga, eCommerce Manager, Thompsons Ltd.

"It's an incredibly powerful reporting suite. All of the things I ask it would otherwise add up to a lot of people and time. It's very fast, very detailed."

John Hewitt, former Director, Bamford Trading

"In the parts and accessories business there is always a massive amount of data, but you really need to be able to interpret that data. That's what makes Volo Vision so interesting and useful for us."

Chris Button, Data Developer, Aceparts



SUMMARY AND NEXT STEP RESOURCES

The importance of data is something we all hear about, and read about. Often, however, it can seem like a theoretical ideal that we simply can't get to during the day-to-day running of the business. It seems like a nice to have. In reality however, good data – and the ability to analyse that data – is a must have, since it touches and informs every part of our business. It gives us the insight and confidence to make good decisions. We're flying blind without it.

Analytics are key to a number of important business uses, including managing our inventory, re-igniting customer loyalty, ensuring channel coverage, protecting cash flow and profitability, and accurately forecasting. If it becomes difficult or time-consuming to get the data right and presented in the right format, then this impacts both our productivity and ability to act quickly in a fast-moving business. Powerful analytics give us leading indicators of trends and developments we can do something about, rather than lagging indicators, which give us a picture of what happened in the past, which we can't change.

Volo is an end-to-end ecommerce platform, providing process automation in inventory and stock control, and order fulfilment and shipping, across multiple channels. Because our platform covers so much of the ecommerce process, the Volo Vision reporting and analytics module is able to present one centralised view of your whole business performance, rather than different views of different parts of it. This is joined-up analytics, not fragmented, siloed, multi-system analytics which you have to put together yourself. An important pillar in the success of our customers is our service approach where we work closely with our customers to analyse performance and help them grow their revenues and efficiencies over the long term.

To request a Volo Vision brochure or start the discussion, please email enquiries@volocommerce.com.



Adventures in ecommerce

ABOUT VOLO

Volo Commerce is a leading provider of solutions for brands and retailers to scale up their ecommerce across marketplaces like Amazon, eBay and OnBuy and web stores like Magento and Shopify. Volo combines dedicated professional expertise and a highly comprehensive multichannel platform that maximises automation, data quality and efficiency for sustainable long term growth. The core platform is Volo Origin and the reporting platform is Volo Vision.

Volo Commerce is a UK company dedicated to UK-based online multichannel sellers who are active both in the UK and globally. Owned by FOG Software Group, the corporate parent is Constellation Software, a publicly traded international provider of market leading software and services to a select number of industries, both in the public and private sectors.

www.volocommerce.com
+44 (0)1242 500033
enquiries@volocommerce.com

