

# VOLO

Adventures in ecommerce

## The Volo eCommerce Super Lever

How Reporting & Analysis Drives the 10 Levers of eCommerce  
Growth and Efficiency



## Introduction

This document is a sister ebook to 'The Volo Lever Framework – The 5 Levers of Growth Affecting Every eCommerce Business' and 'The Volo Lever Framework – The 5 Levers of Efficiency Affecting Every eCommerce Business'.

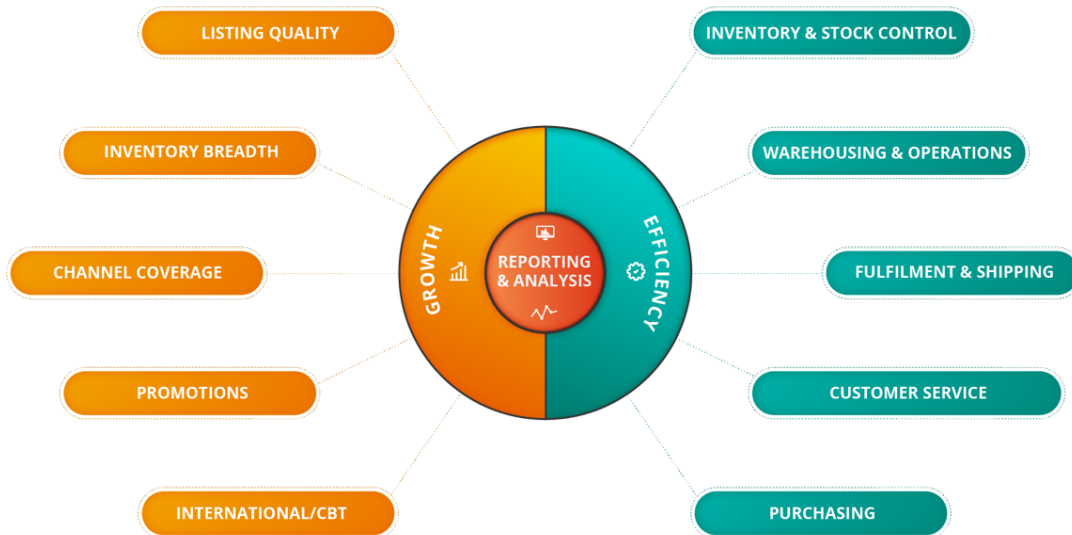
It explains how the super lever of Reporting & Analysis provides you with the insight you need to move all the levers to your own best advantage.

We've organised this document into the 2 types of lever: those affecting growth and top live sales revenues, and those affecting efficiency, productivity, gross margins and bottom line profits.

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## The Volo Lever Framework



## Reporting & Analysis for Growth

A few months ago we published the Volo Levers framework for scaling up your ecommerce business, covering 10 levers of sales growth and efficiency. We devoted a single detailed post to each of the levers – 5 of them growth-related and the other 5 efficiency-related.

The ebook title and diagram above has undoubtedly provided you with a spoiler alert. There's an additional lever, a 'super' lever, which is reporting & analysis. We're going to cover how ecommerce reporting & analysis gives you the insight to positively move the Volo growth and efficiency levers across both marketplaces and webstore platforms.

The framework boils down the secrets of ecommerce success into a strategic checklist of 10 areas that directly impact sales growth and efficiency improvements. Take a closer look at the Volo levers diagram which visually articulates the framework and you'll see that reporting & analysis sits in the middle, and is the window into exactly how you're doing across the levers. Let's get into this in a little more detail.

Talent scouts are paid to spot the next sporting superstar, musical prodigy or supermodel. They spend hours and hours plying their trade, travelling, watching, observing, noting. They rely on gut instinct as well. They're looking for the signs and

behaviours of those destined to become great, and in so doing they can unlock fame and fortune for our future role models and heroes.

In the ecommerce world, success can be a result of the seller's well-developed hunch that something is going to take the markets by storm, or at least do very well indeed. It's more likely, however, to be by virtue of hard work and research into what's selling well elsewhere, from other sellers, in other regions or in new and developing markets. For your own business though, the success is rooted in the lessons of past performance, and an analysis of what's happening so that you can see trends, anticipate issues and plan your business decisions accordingly.

Two factors are central to being able to report on and analyse your sales performance. The first is the accuracy of the data itself. Most systems and software applications are only as good as the underlying data. In a dynamic business like an ecommerce business, that data is in a constant state of change, so the more up-to-date your data, the more accurate your window on what's happening. The second factor is how the data is structured so that it's surfaced in formats and reports that are meaningful and relevant to you. You want to be able to slice and dice your data in a number of ways, and well-structured data and flexible reporting allow you to do that, whereas poorly structured data and rigid reports don't.

Reporting & analysis is also one of those areas that suffers from a 'reality gap'. We're pretty sure that in theory everyone embraces the idea of analysing performance regularly to inform our buying and selling decisions. In practice, however, we've a business to run and we get sucked into the day-to-day grind, so our analysis tends to be reactive, sporadic and infrequent. We also experience a difference between the data we'd like to see and the data we can actually extract and report on. This is the gap, and it can be a frustrating gap to bridge.

It's really important to be able to measure the key indicators of sales growth in your business, because if you can't measure it, you can't manage it. You don't know if you're doing well and growing, or whether your growth has plateaued, or even declined. It's hard to put a figure on how much we'd all pay for reliable, fast answers to important questions. How much is each product selling? What are the best sellers? What are the poor sellers? How fast are the items selling? What are the prevailing trends? How fast will I run out of each item? Bearing in mind how long it takes for a fresh supply to come in, when do I need to re-order? How many do I need to re-order, and for which variations?

Sometimes it seems that these important questions are too many to manage. What's happening across the different channels and regions? How do the best sellers and poor

sellers distribute across my various suppliers? How profitable is each product? What are my average order values and attachment rates? Are they trending up or down? What's happening seasonally? What happened seasonally last year so I can be better prepared this time? And so on.

Volo's work with our multichannel customers helped us identify and frame the 5 levers of ecommerce growth. You can pull each of these levers to accelerate and maintain your sales, and becoming great at all 5 levers can have dramatic and lasting effects on your top line revenues. Good reporting and analysis gives you visibility into how you can improve in each of these areas.

## **Listing Quality**

The better your products and their variations are listed, and the quicker you can list them, the more likely they'll be found by buyers. Good reporting systems allow you to look at your ecommerce order and sales data to determine 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's presented to the buyers, and this analysis enables you to focus on the areas where you can improve your listings, or indeed other determinants of success like price or shipping, and adjust your listings accordingly.

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, but only when you're armed with the information.

## **Inventory Breadth**

The more inventory you have, and the more variations you can offer, the more you can sell. You need to have enough stock so that you don't run out, suffer a stock outage and oversell. Also, many sellers use drop-ship partners to widen the breadth of inventory they can offer their customers. In this instance, you need to make sure that the information and reporting you're getting from your virtual suppliers is reliable and current. Systems like the Volo platform allow you to take in supplier feeds so that you're regularly analysing the total picture of your sales performance.

You also 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. Good reporting will allow you to balance your stock and your sales, sliced across a range of criteria, like marketplace or channel, region, SKU and supplier.

You could use a master-sub/variation SKU report to break down sales by variation for a selected time period. Review your best sellers within the range and ensure that the popular variations are kept in stock and that the appropriate quantities are reordered. Studying the sales velocity of your items will also indicate which items are increasing or decreasing their velocity.

Items that are increasing are clearly your key to ecommerce sales growth in the short term. 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. Using a SKU sales velocity report identifies risers and fallers and helps you make decisions on pricing and re-ordering.

Staying with inventory, a stock forecast report helps you see, down to the individual SKU level, how many days of stock you have left, the supplier lead time for reordering the stock, and the days until you have to re-order the stock. What's more, 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. Better still, a system like Volo allows you to set up automated email notifications to let you know if a SKU's stock level goes 'amber' or 'red', according to rules you put in place.

## **Channel Coverage** and **International Coverage**

Your ecommerce channel coverage strategy and international strategy encompass your webstore or webstores, the various different marketplaces around the world and other channels like price comparison sites, daily deal aggregators, and commerce from social and messaging platforms. Channels and cross-border also include 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 can make. Being able to analyse the performance of your products across the different channels, countries and regions – over different time periods and perhaps also by supplier or shipper - lets you see where the growth and profitable areas are, as well as the areas for improvement.

## Promotions

The more promotions you do, the more you increase your sales. Analysing your sales performance allows you to identify what the best promotions are and what products suit promotions better than others. For example, let's say that you have a best-selling laptop and you also stock a case for the laptop, which would make an ideal bundle. You can use a system like Volo Vision to analyse the customers who bought the laptop but not the case and 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.

Promotions are a cost, so it's important to analyse and understand your ROAS – return on your advertising spend – for each of your promotional vehicles. Being able to see exactly how profitable each promotional campaign is, factoring in all your other costs, will open your eyes to where you're making money and where you're losing it.

Staying with profit across all your growth levers, it's a crucially important commodity of your long-term success. If you focus all your efforts on driving sales volumes for products that yield very low profit, while ignoring products that sell at lower quantities but with much higher profit, then you need to rethink your strategy, but you can only do this if you have an accurate picture of exactly what you're making – or losing – and where.

A multitude of costs combines to turn your gross margin into the all-important net margin on the items you sell. Having to aggregate these costs manually is extremely time consuming and laborious. Great reporting and analysis gives you the mechanism to define all of these charges and monitor profit performance against target across ecommerce SKUs, channels, suppliers, countries, shippers and over time. For example, try comparing your margins for products below or over a certain price point, or for orders over a certain item number.

As we said earlier, though, you have a business to run. eCommerce reporting & analysis resources like Volo Vision allow you to customise your dashboard and alert notifications so that at a glance you can see the most important or most viewed metrics for your business. The more you can automate your reporting & analysis, setting up alerts and notifications across a range of levels and thresholds, the more time you can spend buying well, marketing and selling.

To conclude on ecommerce reporting & analysis for growth: success comes from having a clear picture of your best sellers, best suppliers, your margins and your stock, across categories, regions and channels. When you're great at reporting & analysis, you can

spot trends, opportunities and challenges, thereby increasing your sales. Volo Vision is a fully featured analytics environment, using visual reports to provide easy at-a-glance figures and trends as well the detail behind the numbers to give you the full picture.

## Reporting & Analysis for Efficiency

Having focused on your top line, we now turn to your bottom line. In this post we cover how ecommerce reporting & analysis gives you the knowledge to take actions which improve your efficiencies across marketplaces and webstore platforms.

There's a well know proverb, often attributed to Erasmus: "In the land of the blind, the one-eyed man is King." If you can see what others can't see, you have competitive advantage. You have an avenue to information that is unavailable to others. With this information you've priceless knowledge that allows you to make better decisions on ecommerce efficiency and profitability and be more successful than your competition.

In ecommerce, as with the one-eyed man example, data is also king. In any business, we all wish we had perfect knowledge of perfect data. If we knew everything we needed to know about our business, we could spot the trends, see the opportunities and anticipate the problems. We would have a perfect window on our sales, and we would have total transparency on our costs, our efficiencies and our profit margins. We would know what was making us money, what was breaking even, and what was losing us money. We would be able to make our money work harder with complete confidence.

Being able to analyse and report on how your business is doing can be challenge. Many people running an ecommerce business are simply too stuck in the day-to-day operations to be able to do this. There's too much to get done, and there are only so many hours in the day and so many people they can afford to pay to keep the business going at a profit. It becomes a struggle to think more than a few days ahead, especially when there are the daily headaches to solve and fires to fight. The urgent takes priority over the important. Time spent working *in* the business will also squeeze time left to work *on* the business.

But what *is* the important stuff? It's knowing how efficiently you're ordering products, how well you're purchasing, how long the stock is sitting around before you sell it and convert it into cash. It's knowing all your costs in your business so that you can improve on the areas where you're doing less well than others. It's knowing how much net profit



you're making after you've successfully delivered a package to a customer who's satisfied with what they've received.

As we've said before in this series, if you can't measure your business, you can't manage it. In order to measure it, you have to decide what are the key indicators of performance, on both the revenue and cost sides, that you should track. If you select too few data points, you don't have enough of a handle on how your business is doing

and miss chances to reduce your costs and improve your efficiency. Too many data points and you spend so much time analysing that your productivity takes a similar dip.

Once you've decided your key metrics, you're not finished. Can you actually collect this data within a reasonable time and in a format that you can analyse and produce meaningful reports to help you see what's happening? How accurate is the information? How up-to-date is it? How often should you analyse it? What will you do with the insights you get from the data?

We've devoted a detailed post to each of the main levers of ecommerce efficiency, which are your keys to cutting costs and improving profitability. They're inventory & stock control, warehousing & operations, fulfilment & dispatch, customer service and purchasing. The better you are at managing these areas, the more profitable your business. You can only get better at managing them when you have easy access to the right data about how they're performing. Let's take a more detailed look at some of the ways reporting & analysis can help you improve ecommerce efficiency.

## **Inventory & Stock Control**

Getting your inventory and stock levels right requires a fine balance of time and quantity. It's also directly linked to how good you are at purchasing. You don't want too much stock so that your money is tied up, sitting there for too long and doing nothing except increasing your costs. You need to be aware of the time it takes to move each item of inventory and the different lead times for ordering and reordering, down to a SKU level. Good reporting will allow you to balance your stock and your sales, sliced across a range of criteria, like marketplace or channel, region, SKU and supplier.

In a similar vein, 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're 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

investment. Either way, reporting & analysis allows you to use the information as you see fit.

A stock forecast report lets you see, down to the individual SKU level, how many days of stock you have left, the supplier lead time for reordering the stock, and the days until you have to re-order the stock, so you can improve your efficiencies, especially for those items with long lead times. A zero stock report showing you how long each item is out of stock, combined with supplier lead times, helps figure out your total elapsed time without stock. Better still, a system like Volo allows you to 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, you're looking for maximum productivity with minimum errors. The better your productivity, the more efficient your operations, whereas every mistake in warehouse allocation 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, helping you pinpoint the problem areas and staff, so that you can provide more training or better deploy your resources to reduce the error count

Do you know your credit/refund percentages, by revenue and volume? A critical area for reducing costs is looking at your credits and refunds, since they impact both your customer service and purchasing areas. Interrogating your order data and splitting out the credit and refund elements 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 or incorrect item descriptions.

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 to identify and eradicate the excess time and costs spent on the worst offenders.

## **Fulfilment & Dispatch**

Similar to operations, with order processing, fulfilment & dispatch by couriers, you're looking eradicate errors and establish an end-to-end process that's as effective as

possible. Mistakes in picking, packing and dispatching directly impact your profitability and strain your relationships with your customers.

Being in possession of the right information helps you assess how good your staff members are at processing customer orders. With this information you know where and with whom you can make the appropriate improvements.

It's a corresponding story and benefit in your courier dispatch areas. Great reporting & analysis allows you to see your courier spend, for example, and what you're spending on different parcel types to different regions or countries. When you can report easily on courier usage you're able to evaluate other courier options based on current and forecast volumes.

## **Customer Service**

You can take the same approach when you look at your customer service centre and their service load. Being able to see the minority of products that takes 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 overhead and the need for manual intervention.

## **Purchasing**

Better reporting and analysis helps 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, gross margin being your revenues less your cost of goods sold.

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.

If you're running your business and stuck in the day-to-day activities, maybe you don't have enough time to constantly assess how you're really doing. This is where technology can come to your rescue and do the heavy lifting for you, whirring away in the background and collecting and crunching data while you keep things moving. Once you've set up your key performance indicators and targets across the important areas of the business, you can sit back and let a system like Volo take care of providing the reporting & analysis insight.

When you're great at ecommerce reporting and analysis, you improve your efficiencies and margins and reduce your product-to-cash conversion cycle. Volo helps companies become more effective through dynamic, insightful reporting and automated processes like alert notifications and re-ordering. Volo Vision is a fully featured analytics environment that comes as part of your investment in Volo people and technology. It uses highly visual reports to provide high level dashboard metrics as well as detailed reports down to individual orders and SKUs. For Volo customers, having easy visibility into the performance of their business and seeing where they best move the efficiency levers is a strong advantage.

## **Next step**

Controlling the reporting & analysis super lever allows you to make informed decisions to improve your operations and grow your business. We've outlined what to look for across the 10 levers of growth and efficiency in your ecommerce business.

To discuss any element of this ebook, or do discuss your requirements for getting actionable insight from reporting & analysis, take the next step and [get in touch](#).



## **Volo Commerce**

Volo provides an ecommerce platform, a reporting platform and services for online multichannel sellers.

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