VOLO

Adventures in ecommerce

Know Your Data

The Complete Guide to eCommerce Insight You Can Action

Introduction

If you can't measure your business you can't manage it. Between April and December of 2020 we wrote a monthly 'Know Your Data' article for Tamebay, each one of which covered a specific operational area of ecommerce. We've pulled these 9 pieces into one complete guide to the actionable insights you need in order to grow and scale your business. If you're a Volo customer then these insights are all available to you in the Vision reporting and analytics module. If you're not, then this document will point the way to how you can truly know your data.

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Best Sellers

The daily life of every ecommerce owner-manager or manager will involve checking the daily sales figures, ideally within an easy-to-view dashboard showing all your key information front and centre. How did we do yesterday? What sold well? Anything I need to watch for? The more unpredictable or turbulent the times, the more often we should be checking, perhaps multiple times a day.

You need to be close to your best sellers because these are the items that are bringing you the most success. It follows that you should focus on optimising the listings for these items, as well as providing exceptional after-sales service to delight your buyers and bolster your marketplace status. But there's more to simply looking at your best sellers, so let's delve a little deeper into the data and see what it can tell us.

Concentration of best sellers

First, what constitutes a 'best seller' for you? Is it your top 5, your top 10 or your top 20 products? It's important for you to look at how your sales are distributed across your products. If your top 20 best sellers account for 80% of your total sales, for example, then that's a good number to focus your efforts on. But if your top 10 best sellers only account for 20% of your total sales, let's say, then you don't have the same kind of concentration and you're faced with optimising much more of your product range.

Similarly, if your top 5 best sellers represent 90% of your total sales, you have a very tight concentration and you're relying on a very small product range for the bulk of your sales. In this instance you need to make doubly sure you can source these items quickly and in the numbers you need, while also trying to improve the sales of other products so that you're spreading your risk. Here's the bottom line, literally: the margins on your best seller products are of the utmost importance as they're the drivers for the business, so you can't afford to be losing money on them.

Supply chain security

Speaking of sourcing, it's a useful exercise to see how your best sellers are distributed across your suppliers. If you see all your best sellers are concentrated over one or two suppliers, then you potentially have one or two single points of failure. In times of unpredictability, re-order lead times can vary markedly, as can your suppliers' ability to make or get your best-selling products.

It pays to keep an up-to-date file of potential suppliers, in case you need to source your best sellers from other suppliers if supplier A – or suppliers A and B – gets into difficulties. Having these alternatives in your back pocket allows you to move more quickly if there's a problem with your supply chain.

Best seller trending

Now that you've identified your best sellers, what's the trend like for them? Are they trending up or down? Knowing the velocity of your best sellers in the current period compared to the previous period is important, because if the velocity is increasing then this shortens the amount of time you have left to get stock in.

You don't want to be in a position where you've got 5 days left of your best-selling items and you know the re-order lead time is 15 days. If your ecommerce system allows you to build in rules, then you can automate the triggering of notifications when stock is running low at a given velocity. Alternatively, you could even get your system to place the re-order automatically, so that you don't run out of your best sellers, even if there's an overnight run on one of your products during a period of volatility.

Bundles and borders

Kits and bundling are a great way of increasing both revenues and your product range. Have a look at your best sellers. Do any of them sit together as a potential bundle that you could market to your buyers? The best way to generate more money is to add more SKUs, and by bundling products together you're able to offer more SKUs to customers without having to buy any more stock or take a risk on purchasing new products. You'll also be increasing your margins, and your buyers will be grateful for the saving on shipping costs. Better still, can you bundle one or more of your slower moving items with your best sellers? This helps you shift your slower-moving stock and brings in more cash.

Don't forget that you can analyse your best sellers across a range of parameters. We've already talked about slicing your data by supplier, and it's a useful exercise to look at where the orders are coming from. Analysing your best sellers cross-border will let you know if your best sellers are concentrated in a particular county or region. Your best sellers may differ country to country, effectively increasing the amount of best sellers you have to offer. Conversely, in turbulent times, knowing that a particular country where you sell well is facing an economic, political or health-related upheaval can alert you to potential problems. A last point on cross-border: price points may also be different, so don't 'blanket price' your items based on your UK prices or you may lose out on possible extra margin. Price your products based on the market you're selling in.

Marketplaces and seasons

Knowing where your orders are coming from is one thing, but you probably care even more about what route they came to you. If you're selling via web stores and marketplaces, you should also analyse how your best sellers perform across your different channels. You make more margin selling on your website as you don't have to pay marketplace fees, so consider either passing this saving onto your customers to encourage loyalty or spending that money on something like Google shopping to drive more traffic to those products on your website.

All marketplaces are different and listing best practices vary, of course, between them. Some categories are better suited to certain channels, but a disparity in your best sellers between your marketplaces that you can't immediately account for may alert you to a listing or other issue that you'll want to correct.

Many of our sellers are in seasonal businesses. If you're planning for your busy period , it's worth checking out what your best sellers were for your last high season. Are they likely to be best sellers again this season? What new products will rival them? Analysing your best sellers over different time periods in the past will help you plan for the future.

Drill down to the details

Finally, don't simply stop at the analysis of the best-selling products themselves. Our customers regularly take their best seller reports and drill down through each Master SKU to see how the individual sub-SKUs and variations performed. What sizes, colours or models sold the best? Which variations didn't sell? This intel accurately informs both your marketing and your stock re-ordering.

So, you might know the who, what, where and how of your best sellers, but the when is important too. Look at the distribution of your best seller orders over days of the week, and hours of the day. When you know the peaks and troughs of your high volume items, you can better plan your operations accordingly.

Product Sales Velocity

Best sellers are close to our hearts and wallets and it's great to know what items are selling well so you can double down on those. But how fast are they selling? Perhaps that's the second thing to check.

Velocity is a function of measurement over time, as in miles per hour or dollars per day. An item selling 500 units a day has a far greater velocity than an item selling 500 units a week. We all feel the need for speed in ecommerce, and we've seen enough of that in ecommerce over the last couple of months, but the question to append here is *compared to what?* The key aspect is not so much at what rate are your items selling but whether this rate is trending up or down compared to a previous period. Are your items increasing or decreasing their velocity?

Product Velocity

You're looking for a change in sales rate over a period of time. Over the last two months, in many cases these changes have been extremely pronounced, with some items seeing massive increases and some items falling off a cliff. The obvious place to start is at a product level. What SKUs are on an upward trend, and are likely to become or remain your best sellers? Similarly, what items are on a downward trend and not selling so well, and what can you do about them? Thirdly, what items are flatlining? Don't forget to think too about the seasonality of your items, which might provide the evidence of why the velocity is better or worse than you were expecting.

Ideally, you should be able to analyse your sales velocity by SKU in a filtered and automated fashion, comparing for example the last 7 days' velocity with the previous 7 days, the previous 28 days, or maybe the same period last year. You can measure the change in velocity as a percentage change from one period to the next. Established products, new products, non-selling products: figuring out which direction they're moving in can help you with your planning.

So what does an increase or decrease in velocity mean for your business and what should you do? This, of course, could depend on a host of factors particular to your business, your category and the relative uniqueness of your products.

For example, it helps you with your competitive strategy. If your product has a high price point and you see a sudden large increase, this might be because other competitors have run out of stock, leaving you with a virtual monopoly on the SKU in question. If you and your competitors then make a large re-order and you maintain the same price point, your offer may become undesirable until your lower price competitors run out of stock again or you price match the competition.

Supplier velocity

Although the obvious data area to check for velocity is products, there are other areas where keeping an eye on velocity can be important. For example, you can also analyse velocity by supplier. A lot of sellers like to analyse by supplier – at least across our customers this is the case – and it's a good place to start with new suppliers to see how quickly they're becoming important suppliers. From there you can drill into your SKU velocity stats to see how their products are performing. Again, you're looking for the change indications over 2 comparison periods.

You don't have to stop at suppliers either. Studying your sales velocity across regions, channels, and even within channels is great intel for your business. Perhaps your sales velocity for the same important product is trending up on your Amazon store but flatlining or even trending down on your eBay shop. Knowing this is half the battle. Then you can deal with other half and fix it.

One further thought on this: once you've looked at your sales velocity, do look at your refund reports as well. Do commonly returned and refunded items also figure in your improver and 'disimprover' shortlists? You don't want your fast-growing items to develop a margin-threatening issue. Conversely, there may be a causal connection to your declining items.

Stock Velocity

Once you've checked the direction of velocity on your sales, you also need to make sure you have adequate stock to service the demand. This is where stock levels and re-order times come into play. We recommend you do your sales velocity analysis in tandem with your stock analysis and stock forecasting. For example, look at your 7-day sales, look at the stock run rate, and check when you need to re-order stock at the current levels of depletion.

This is where automation can help save you time and spare your blushes if there's a run on one or more of your products. An automated stock forecast report can take into account the speed at which you're moving stock and calculate your days left at current rates. If you know your re-order times, perhaps you can plug these into your system and get a daily email if any of your items go into the re-ordering 'red zone'. This will prompt you to re-order, and if you automate even further, perhaps the system can automatically do the re-ordering for you as well.

We'll cover stock velocity reporting in more detail later in the document.

Checking velocity

So how often should you check your sales and stock velocity? This is a particularly topical question given current events. The more tumultuous or uncertain the times, the more your own 'checking velocity' should increase. Most Volo customers are in their reporting and analytics module at least weekly, and sales and stock velocity reports tend to figure heavily in that time.

Finally, we find with data analysis that once you get into the data you'll want to do more and more analysis, as long as it's easy for you to extract what you need. It pays therefore, to have a reporting system that all of your key individuals can access and which is flexible enough to avoid the need for exporting and further manual work.

Slow or Dead Stock

So far we've we covered the good stuff that everyone likes to stay close to: best sellers and sales velocity. Growing your business is also about fixing the things going less well, so now we're going to take a look at the less good stuff, your dead stock reporting and analysis.

Looking at which of your items haven't sold is pretty uninspiring – and let's face it, we all like to focus on the good news – but it's pretty important. After all, if you're holding the stock in your warehouse, then there's a number of things happening to your finances. Firstly, you've most likely spent money getting inventory in, and that money is tied up and stagnating on your warehouse floor. You can't get at this money until you shift the stock.

Secondly, the dead stock is taking up space that you could be filling with stock that's moving, which is frustrating. Thirdly, you might also be paying for listing the items, which is layering on extra cost. Fourthly, your stock might not be in your warehouse; it might be in someone else's warehouse, such as Amazon FBA or a third party logistics (3PL) company. And, guess what, that's costing you too.

Dead Sellers

If some of your dead stock items are not immediately visible to you, therefore, it's worth regularly analysing your list of what's not selling at all. Choose a reasonable time period and look at all the SKUs for which you have a stock level of 1 or more that have not sold at all during that period. What does that tell you about some of your decisions? Did you take a punt on something that didn't pay off? Are some variations not worth investing in again?

Take a deeper look at these dead SKUs and drill into each of them to see the sales pattern for prior periods when they were selling. Some of the dead items may have sold in the past. Some of them may have never sold. What conclusions can you draw? What can you do to get them moving again? Improve the listing information, drop the price, bundle them in with other products that are moving?

It pays to be cuter than that, however, when analysing your dead stock. It's also worth looking at your 'dead listings' too. Some of your stock might have not have been listed yet, but knowing the items that you have taken the time to list that haven't sold is especially important. Separate the two to get more of the story behind their inactivity.

Furthermore, you might want to exclude in your analysis those items that you've only recently created or listed, since they've not yet had much of a chance to perform for you. That way you can focus your attention on the 'problem children' that haven't moved for quite a while.

Slow Sellers

Of course, if you're only analysing items that haven't sold at all, you're not getting the full picture of the poor sales performance in your business. What about the items that have only sold one, two or a few units? They're not going to show up if you run a report on dead stock.

That's why we recommend you also look at your slow-moving stock as well. Slow sellers are almost as commanding of your attention as no sellers. If your analytics software allows it, take a product group and look at items that have sold less than 10 units over a certain period, and for which you're holding stock of at least 20 or 30 items, for example. This can give you valuable intel for getting the sales moving again, as well as for future order quantities that better match the speed with which they move out of your warehouse.

For both dead stock and slow-moving stock, don't forget that you also slice your data across different filters to get a better understanding of where to focus your efforts. Have a look at poor stock performance across suppliers, for example, to see if that gives you leverage in supply chain discussions. Stock may not be selling or have slowed down on one of more channels or marketplaces, or in a specific region or regions, rather than across the board. The more detailed the picture you can draw, the better able you are to respond.

Take Some Action

A key metric for your business success is how quickly you can turn your investment in product into a return from your buyers, and slow or dead stock can seriously retard your momentum. One you've identified where the problems are it's important you do something swift and positive to free up the space and free up the capital to grow.

Here are a couple of examples. Firstly, on the competitive front, be sure to check the marketplace for the SKUs in question. It may be a case that your competitors are out pricing you and you have to think about dropping the price to get the stock moving. Make sure you keep your eye on that though, because once your competitors sell out and if you still have stock, you'll be able to raise the price again.

Secondly, on kits or bundles: if you can't seem to shift stock no matter what, try bundling up the none-mover with a big seller. This will not only allow you to shift stock that is stagnant but will also boost your top selling item in the process.

Lastly, what you decide to do will often depend on the time of the year and the type of problem products you have. Seasonality can be a factor. If you've passed the 'hot' season and it's going to be months before it comes again, it could be time to unload the stock sooner rather than later. If your slow or dead stock is still in season, then you have the relative luxury of a little more time to get it moving and get a better price for it.

Margins

Now we're going to look at perhaps the most important data topic of all, namely margin analysis. How much are you really making from your sales?

They say that sales are vanity, profit is sanity and cash flow is reality. They also talk about the busy fool who says "I know I lose 50p on every sale, but don't worry, I make it up in volume.' But do you really know how much money you're making or losing on each sale, and is that even possible? Let's explore this a little further before we get into what is not only possible, but desirable when it comes to margin analysis.

Order fulfilment margin

Nothing happens until somebody sells something and you start generating revenues. At a simplified level your income statement is the account of your sales minus your cost of goods sold – what you paid for them – giving you your gross margin. From that gross margin comes a host of other costs of doing business, unfortunately, which leaves you with your net margin, your net profit before tax.

Some of those costs are across the business and are very difficult to apportion to an individual sale. They include overheads like building loans or rent, utilities, salaries, other employment costs, interest repayments and depreciation and amortisation of your capital assets. It's really hard, and possibly not worth your time for example, to calculate the warehousing cost of each specific item, as well as the cost of the time it takes an employee to pick and assemble each order. It's better to apply those as blanket costs and look at how you can reduce them by increasing your operational efficiencies.

There are, though, a bunch of things you can measure and report on at an order level which will give you a much clearer picture of what we might call your 'order fulfilment margin' down to an order and/or product level.

Elements eroding your order fulfilment margin

Here's a fairly extensive but probably not exhaustive list of some of the costs you can factor into your margin analysis:

- Manufacturing cost, if you're making your own products, and separate from the cost of the raw materials themselves
- Product cost, what you paid for the product (if you're not making it yourself)
- Marketing cost, what you invested in pay per click, remarketing or other promotions to attract the buyer to your product
- The sales tax on the product, where applicable
- Localisation cost of rendering the listing information in the language of your buyer
- Currency exchange, arbitrage and mitigation services cost
- Payment gateway cost
- Channel or marketplace costs, such as final value fees
- Third party ecommerce and /or ERP platform cost
- Third party warehousing cost
- Third party fulfilment costs like Amazon FBA, 3PLs and so on
- Packaging cost
- Labelling and shipping costs with carriers and/or shipping aggregators
- Refund and return cost
- Customer service cost

Phew, that's a lot of slices potentially coming out of your profit pie. No wonder it can be hard to make decent margin in ecommerce. Where to start with all this stuff?

Balancing investment over return

The key with margin analysis in our experience is to get the balance right between the level of investment required and the benefit you stand to gain from the insight into true margin performance. Areas like shipping can get very complicated when it comes to modelling the costs, because there are so many factors like carrier, carrier service, package dimensions and weights.

Then there's the question of whether you do this work yourself or invest in reporting and analysis software that can automate some or all of it for you. We've found that the majority of companies use some combination of third party technologies, which can come with their own rules engines that allow you to customise the cost categories to suit your business, and which talk to other data providers like Amazon, eBay, PayPal and so on, and their own 'crunching' to get the insights they want.

Regardless of which way you go on this, here are some approaches we suggest you focus on:

- Define which order-based margin costs you will track and set up rules for these so your system can calculate the relevant charges and record them against each order as the order is received
- Create reports which show actual margin and margin percentages to identify your most profitable channels, marketplaces, stores, regions and suppliers
- Create margin detail or breakdown reports which see how much each cost element contributes to your remaining margin picture
- Analyse your margin performance at a product level too, so you can understand for both parent SKUs and any child SKUs the revenues, order volumes, margins and margin breakdowns
- Track performance comparing different time periods to understand how margins might change over time and with seasonality
- Finally, set up dashboards which allow you to toggle between your sales figures and your margin figures, so that you have the information on where you're making money – or not – at your fingertips. Set up automated emails at a frequency that suits your requirements, so you can see your sales and margin performance daily, weekly, monthly or quarterly

Stock Forecasting

About a dozen years ago, a guy called Tim Ferriss published a book called The 4-Hour Work Week. It became a best seller. The central premise was this: how cool would life be if you could find a lucrative way of working that meant you only had to put in 4 hours a week? 90% of your work you outsourced or automated.

To someone running their ecommerce business or division, this will sound almost mythical, but setting up some basic rules in your reporting system will mean that you can save a lot of time managing your stock levels, and a lot of money by having the right amount of stock at all times.

Nowhere is this more telling than in the business of selling parts, tools and accessories for motor, powersports and marine vehicles. Distributors and resellers represent a lot of brands, which means they need to carry an awful lot of stock. Throw in the complexity of fitment to particular vehicle types for the consumer market and you've got an even more awful lot of SKUs. For example, we have a customer with over 25 million (not a typo) SKUs in the Volo Origin system. Clearly there is much to gain by being able to forecast when you're going to run out of thousands of different items.

Now you could employ someone to walk around your warehouse all day monitoring stock levels and reporting back to you so you can decide what you need to order when. Or, you could deploy a system that automatically publishes stock levels in real time across the channels where you sell and put some basic rules in place in your reporting system to automate stock forecasting and even stock re-order.

The Basic Rules for Stock Forecasting

Here are your three basic rules for stock forecasting:

- How fast is my stock selling?
- What is the lead time between pushing the button to re-order and getting the order in?
- What buffer (if any) should I keep so I don't ever run out of stock?

(There's also 'What's my current stock level?' which your system should be able to tell you.)

The key metric governing forecasting is the number of days before you need to re-order a product or product line, based on stock level, stock run rate, and re-order lead time. For example, if you sell 20 items over a 7-day period, that's about 3 items a day. If you have 145 items in stock, that's about 50 days' worth and if the re-order lead time is 10 days then you've got 40 days' stock left.

So, let's say you're a parts, tools and accessories reseller. Let's also imagine you've got 500 SKUs you want to keep an eye on. Maybe they're your best sellers, or maybe they have a long re-order lead time, 30 days or more.

First, decide over what period are your run rate sales relevant for each product. Is it 7 days, 14 days, 30 days or more? Is seasonality a factor? The longer the period, the more you'll even out any spikes, but the higher the risk that a spike will skew your forecasting. Record this run rate period.

Second, set the re-order lead time for each product. You'll know this from your order history and your suppliers. Maybe build in a couple more days to be on the safe side. Third, decide how many days' stock you'd like to keep in for a product – your buffer – if you want a buffer.

Fourth, import this information into your reporting system and tell it when you want it to notify you of the need to re-order; perhaps 5 days before you need to place the re-order. Some reporting systems will let you set time bands on a RAG status – Red-Amber-Green – for your stock re-order times. Some systems will also automate the re-order process and either place the re-order for you or get you to sign off on it first.

Finally, you might want to get the system to send you a daily email with stock re-order notifications. Perhaps it could notify all the items at 'red' status, signifying perhaps a re-order needed within 2 days, as well as 'amber' status, perhaps a re-order needed within 5 days.

Then your stock forecasting is done, at least for your important 500 SKUs, and your reporting system should calculate the rest. On a daily basis you see how much you've sold, your current stock levels, how many days' stock you have left and what quantity, if any, you already have on re-order. If you've set a buffer of a certain number of days' stock you'd like to keep in for a product, you get a recommended re-order quantity based on run rates to maintain your days' stock buffer.

Refunds

Refunds are rubbish, there's no way around it. Partial refunds, full refunds, cancelled orders and returns – they kill profits. Even credit notes with their silver lining of retained income mean a hit on your finances now and further down the line. It's critical you manage refunds, returns and credits as closely as possible.

If you're a distributor of motor parts, tools and accessories, for example, you'll be well used to high returns in your traditional B2B routes to market, since the garage or dealership will regularly order a couple of parts, fit the one that works the best and return the other. Your distribution operations are modelled for this daily to and fro. If you're selling direct to consumers via Amazon or eBay for example, they're generally going to buy the part they think they need and if it's not right it's coming back. Refunds and returns for automotive aftermarket ecommerce is a different kettle of fish, and a kettle you need to avoid.

What we're *not* going to talk about is your own business policies: under what circumstances, at what value and within what timeframe you deal with refunds, returns (at your or the buyer's expense) and credit notes. These are down to the best practices of the marketplaces, your own approach and the guidance of your advisers. Instead, we're going to focus on the things your data is telling you – or that you should be looking for from your data – in this area.

Analysis

To start with, how big is your refund problem? What percentage of your overall revenues end up being refunded? How many refunds and returns are you having to process? Can you estimate a cost for processing a refund, or processing a return? Over what timeframe are you looking? Can you compare timeframes to see if your returns picture is trending up, staying constant, or trending down? Can you draw any conclusions about your general business situation to account for this, like seasonality for example?

Then you need to get into the detail, and for this you're going to need the raw data and some filtering options. Look at your refunds by supplier, by product line, by web store or marketplace, by region, by shipper. What patterns are emerging? Then drill into each specific refund or return to pinpoint the problem. Separating your analysis for refunds, returns and credit notes will give you further granularity.

For example, let's say you've recently launched a new product line. You're going to want to know how well it's selling, where, and to whom. You're also going to want to know if buyers aren't happy, and the extent of the problem. Figuring out early whether it's down to the product, listing (as in misrepresenting the product) or the shipping will help you fix the teething issues and grow from there.

Refund Reasons

Recording why an item was rejected by the buyer before or after pick-pack-ship is vital intelligence. Your ecommerce system will either let you pick from some pre-set drop-down list, or allow you to fill in a free text field, or you can record it in a spreadsheet. Clearly there's a bunch of possible reasons – not as described, wrong item packed, wrong item ordered, faulty, damaged, to name but a few – and analysing your refunds by reason will again point you in the right direction.

Let's say you're receiving a lot of refunds from a specific region you're shipping to and they're the wrong item ordered. Is this a cultural thing with returns behaviour that you need to understand better? Or perhaps there are some localisation or translation issues that are leading to the confusion.

Another example: you're getting a lot of a specific type of refund because the items are damaged on receipt. You think this might be a supplier issue and a component part is faulty to start with, but then you realise that it's the same shipping agent every time. They might not be handling the goods very well, so you need to have words or else look at your packing processes for those items.

Furthermore, if you're getting a lot returns with 'not as described' as the reason, it's a good idea to review and updating the listing. Consider adding more pictures so the customer can get a better look at the product. For a big ticket, big-selling item like a car part, you could also offer a link to a video showing how to use or instal the item. Updating the listing description to point out the more about the product and include answers to frequently asked questions will also help. Remember: driving down returns is the goal of reading your returns data.

A word of advice here: if you allow refund reason descriptions to be filled in by free text on your system, it's going to mean more work to manually group them into meaningful headings to do your analysis. A drop-down list forces the answer but is less work for you and generally more illuminating.

Margin Modelling

We talked earlier about estimating your costs for refunds and returns. We also covered margins earlier in this guide. These are additional costs you can model on your analysis, along with the other costs, to arrive at a true picture of your margin for each product or product line. This is preferable to applying a general margin figure across all your products, since then it's likely you'll end up selling some products that you're actually making a loss on without knowing it.

Refund processing cost, return shipping cost, whether the marketplace charges fees on refunds, whether your ecommerce system does; these are all important cost elements that will help you understand your margin picture and protect your profitability. As with many things, this is a risk-return call. You can either do this manually, or you can invest in a reporting system with flexibility to allow you to build the model and automate your analysis.

Top Customers

Of all the reports you run, your best sellers and your top customers are sure to regularly figure high up the list. These are the pieces of good news you want to maximise, while at the same time look to eradicate or reduce the pieces of bad news, like dead stock, poor or non-existing margins, high refund counts and so on.

Make sure first of all that you're not looking at your top customers through 'vanity' metrics like sales. Some of these customer might also return a lot of items, or have a propensity to request refunds for example, so make sure that they're still top customers once you've netted out the negative stuff.

Depending on how you define 'top' customers, these very important people either spend the most money with you, or place the most orders, or return to you the most often. They're either doing this on the marketplace(s) where you sell or on your website(s), so the first thing you need to figure out is where they are buying from.

Marketplaces and websites are the yin and yang of online ecommerce. Marketplaces provide potentially vast cohorts of customers to view and buy your products, charge you a healthy margin and in some cases own the customer. Websites give you more control of the both the customer and your margins but you are responsible for getting them to your shop front in sufficient numbers.

It follows that if you know who your marketplace customers are and you're able to entice them – starting with your top customers – over to your website with special offers of some kind, then you can grow your business more effectively. Of course, you need to do this in a GDPR-compliant fashion. This strategy is one of the central threads of the 2020 Tamebay white paper on scaling your ecommerce business.

If you've got a fairly flexible reporting system, you can interrogate your top customers stats across a range of filters; by channel, product line, region, even supplier, to name a few. You also want to analyse their buying patterns over time. Set a minimum order threshold to cut out non-top customers and choose a decent time period to spot the trends.

Alternatively, compare the current time period with this time period last year. Who's a relatively new top customer? Who's still buying from you? Who's not bought from you in a while and drifted away, who you can try and win back? What conclusions can you draw and actions can you take from loyal and disloyal customers?

Drilling into the type of products your top customers are buying can be revealing too. For example, they might be buying on marketplaces the same products that you have on your website. Alternatively, if they're buying products that typically form part of a bundle then you can market the bundles to them or the remaining products in the bundle at a discount. Maybe their purchase patterns encourage you to experiment with new bundles.

Pay attention to the quantities of individual products that your top customers buy. If a particular customer has bought 30 bathroom furniture sets from you in the last 3 months, or 30 left side headlights for a Land Rover 'Discovery 3 2004-2009', then the chances are this is not a consumer you're dealing with but a reseller or a fitter. This is both an opportunity and a threat, and it gives you the intel to act in your best interests.

Over the last few months many of our customers have seen serious ecommerce growth, and the vast majority of this pandemic-enforced expansion has come from brand new customers. The challenge is to convert as many as possible of these new customers into returning customers and add them to your 'hot list' of top customers.

Attracting new customers using SEO and SEM (search engine marketing, typically ads) is one thing, but the more traditional marketing methods like email are extremely cost-effective ways to build your following of top existing customers by sending them relevant offers. To do this successfully means being able to 'slice and dice' your top customer data in numerous ways to give you insights and ideas for future campaigns.

Channels and Cross-border

A lot of what we talk about with customers and prospect customers centres on 'resilience'. This seems to have dominated the conversation in 2020, the idea of spreading risk in the face of inevitable future uncertainly. And here we are in the teeth of peak period, with barely a couple of days to take a breath before Brexit changes the way we interact with customer and suppliers from other countries in Europe.

Being resilient takes the form of being present on multiple channels, and selling to multiple regions. And it's not just a case of having a token presence in other channels or regions, since having 90% of your sales come from one marketplaces or one country doesn't really reduce your exposure. Ideally we want a reasonable spread across channels and across our cross-border activities. We also want this coverage at a level of cost that makes it worthwhile, otherwise we're spreading ourselves too thin and not making any money.

We can make similar recommendations for both channels and cross-border, which is why we've lumped them together. Firstly, then, at a high level, what sales are we doing across each channel and to each country? How do orders break down? Do we have a decent spread? Are we recently established on one channel or in one country and what might we expect the growth to be? How is the distribution of sales or orders trending over time and what conclusions can we draw from that? What new channels or regions are a good fit for us to expand into?

As with many things data-related, the devil is in the detail, so we need to go beyond a high level analysis to see where the opportunities or problems lie. There is a range of areas that should attract our attention.

Products: look at your top selling products and see how they perform across the marketplaces and other channels you sell on. Filter your best sellers for countries too. Perhaps some products are selling well in some areas but not others. If there are glaring shortfalls, check that your product information is optimised for the poorly performing channel. If a best-selling product is performing poorly in one region, perhaps the localised listing could be improved. Perhaps there is a cultural reason for poor sales and you could substitute it for a better alternative.

Customers: analyse how your best customers buy, which channel or channels they prefer to use. It might be that your best customers prefer to buy from a channel that doesn't deliver great margins. Depending on the channel, you might be able to market special offers to them to be redeemed on more profitable channels, like your own web store.

Returns: it’s important to keep an eye on returns and refunds statistics across both channels and regions. If one channel is characterised by high return/refund rates over time, you may need to build that cost into your pricing. Similarly, if particularly high returns plague one particular country you sell to, it’s time to consider what you can do to fix that or whether that country is unprofitable and not worth your investment. Don’t forget suppliers too; highly returned goods may relate to a specific product that you can address with the particular supplier.

Shipping Costs: shipping costs and reliability will vary among the countries where you deliver your orders. Again, it’s important to be on top of this so that you can see which countries are more profitable than others. High shipping costs to a particular country might cause you to examine options around warehousing and the use of 3PL companies or else look to other countries. We can make the same argument for channels.

Margins: and while we’re on the subject of costs, modelling all of your cost contributors will help you see the margins you’re actually making on which products across which channels and countries. Margin is everything, yet it’s surprising how few businesses know what margin they’re really making, except as a whole or averaged out. If you can figure out your margin on your orders, this tells you which channels or countries have high competition for your products, and which have lower competition and therefore opportunity for expansion.

Dashboards

It seems appropriate to end this series on dashboards, since they bring us full circle to the beginning. Your dashboards are in all likelihood going to be the first place you go every morning. They should be like your favourite chair, a place where you always feel comfortable and gravitate to. All of your key metrics in one place, giving you at-a-glance insight into performance. Your world, in one window.

There are 2 aspects to powerful dashboards: the information presented and how it can be configured. In the first instance, by information we really mean *actionable analytics*. Actionable analytics are the output that presents you with the answer, rather than a report that you have to analyse to get to the answer. We'll list some suggestions for your dashboard components and then touch on some of the nuances behind how you have them configured:

- Actual sales against plan for the month. Where you are in the month, the amount or percentage you're up or down, your remaining target for the month and your current pace
- Recent daily sales, over the last month, so you can resource your typically busy and not-so-busy days
- Sales over the last 3 months split by channel, you can see what your channel spread is. Rendering this with a pie chart makes it a breeze to see your spread
- Monthly performance over the year to date, showing previous years for comparison and offering year-on-year trends
- Your top supplies by revenues for the month to date. As with everything else, a good spread of suppliers keeps you resilient
- Yesterday's sales. Arguably a dashboard in its own right, organised as follows:
    - Sales and orders for yesterday, compared to the same day last week and your running total for the month or year
    - Yesterday's top selling products
    - Orders by channel
    - Orders by supplier
    - Orders by seller ID (if you have more than one of them)
- Channel sales summary for the last 7 days across your various sales channels, and by month over the last year so you can see the channel splits
- Seller ID or entity sales summary for the last 7 days and by month over the last year so you can see performance trends

How you configure your dashboards depends on the flexibility of your analytics and reporting system. Here are some considerations you can fold into your dashboard planning:

- It's not just the revenue number. You might want your dashboards to present the information by orders, advertising/promotional expenditure, shipping paid, net order total, tax paid, or margins, for example
- Depending on how you do your revenue recognition, you might want your dashboards to present by order date, shipping date, or even invoice date
- Orders are good, refunds not so much. Consider being able to see information showing both together, or orders and refunds/credits separately
- Currency. Depending on your cross-border activities in supply and sales, you might want to present your information across different currencies

One final word on this. Data drives everything, so we encourage businesses to live inside their analytics and reporting system. We recommend you look at your dashboards every day, even if it's just a quick check and you don't feel the need to access any of your specific reports for the detail.

If you can't or won't visit your dashboards daily, and if your system can manage it, setting up automated performance summaries to come by email is very handy. A few of our customers rely on the dashboards and the reports but don't set up the email summaries. A few others rarely go into their system but read their email summaries religiously. And some do both. Ideally you should be able to set email summaries to come in daily, weekly and/or monthly and be configurable to summarise a range of your key metrics.

Next step

Knowing your data means you can make informed decisions to improve your operations and grow your business. We've outlined the data you should consider knowing in 9 important facets of your business.

To discuss any element of this Know Your Data guide, or do discuss your requirements for getting actionable insight from your data, take the next step and get in touch.

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