

IDENTIFYING GEOLOCATIONAL DRIVERS OF ECOMMERCE SELLERS' GROWTH TO OPTIMIZE MARKETING SPEND

NEXTRADE APPLIES MACHINE LEARNING FOR INSIGHT FOR A GLOBAL ECOMMERCE PLATFORM

THE PROBLEM

A world's leading ecommerce platform needed to understand geolocational drivers of platform seller birth and growth, so as to target global marketing spend more strategically.

A leading global ecommerce platform took on Nextrade's notion that identifying geolocational drivers behind the growth in the number of platform sellers and sellers' volumes would help the company target marketing spend in regions most conducive to the birth and growth of sellers. Understanding which geolocational variables drive seller growth in advanced markets would also help the client better target its business development spend in emerging markets the client is expanding into. The client also wanted sharper analytics to demonstrate to state and local governments what they should do to stimulate ecommerce development.

OUR SOLUTION

Nextrade built a zip code-level database and used machine learning to identify the key geolocational variables that drive platform seller birth and growth, and a roadmap for the client to best cultivate new sellers in the geographies likeliest to spawn new high-volume sellers.

Nextrade hypothesized that just like a crop requires the right conditions – sunlight, water, soil, and so on – to thrive in a geography, online sellers thrive in geographies with certain preconditions. We aggregated the client's transaction-level data in three advanced markets over seven years into a zip code-level database, so as to understand the makeup and dynamism of the seller population in each zip code; identified and integrated several geolocational demographic, economic, and business databases; and constructed entirely new variables that hypothetically shape the odds for sellers to be born and take off.

Nextrade used both machine learning and econometric approaches to model the geolocational drivers of seller birth and growth, and, in particular, identify where and how the client could have the highest odds of cultivating large "mega-sellers" transacting hundreds of thousands of dollars each year on the client's platform. We also extrapolated from findings in advanced markets to forecast seller growth across municipalities of Mexico.

IMPACT AND RESULTS

*Client's marketing and business development teams were able to **target zip codes and counties likeliest to spawn large numbers of large sellers.***

*Client's international expansion team could **target low-hanging fruit growth opportunities at subnational levels in new markets.***

*Clients' government affairs team **could expand its policy advocacy work with cities and educate mayors on conditions conducive to small business ecommerce.***