

# Strategic Intelligence Briefing

Executive Pre-Read | 5 Data-Driven Insights for the Leadership Team

From the Olist Customer Segmentation Engine | 93,357 customers | R\$15.4M in delivered revenue

**Purpose of this document:** This briefing translates five strategic SQL analyses into plain business language. Each section includes a metric legend explaining exactly how to read the numbers, the hard data from our production database, and concrete next steps. The goal is to ensure that every executive in the room can read the dashboards independently and make decisions without needing a data analyst in the room.

## INSIGHT 1 OPERATIONS

### Carrier Performance & Geographic Churn Risk

#### The Core Question

**Where are our logistics carriers destroying customer lifetime value?** This analysis isolates the 29,351 customers who have either already churned (Hibernating) or are about to churn (At Risk), calculates how many of them experienced at least one late delivery, and sums the total revenue tied to those logistics failures — broken down by state. The result is a geographic heat map of operational damage to customer relationships.

#### The Metric Legend — How to Read This

##### IF / THEN FRAMEWORK

If pct\_churned\_with\_late\_delivery is high for a state (above 10%), it means that a disproportionate share of lost customers in that region experienced shipping delays — logistics is a direct contributor to churn there. If the number is low (below 5%), late delivery is NOT the primary churn driver and the cause lies elsewhere (pricing, competition, product relevance). The revenue\_tied\_to\_late\_delivery column is the dollar figure you would present to the carrier as the direct financial cost of their service failures in that region.

#### The Hard Reality — Data Insights

State	Churned Customers	Churned Revenue	% with Late Delivery	Revenue Tied to Late
SP	11,467	R\$1,795,952	4.8%	R\$110,774
RJ	4,020	R\$768,982	10.6%	R\$90,826
BA	1,004	R\$201,842	11.7%	R\$25,698
AL	141	R\$43,715	22.0%	R\$11,826
MA	252	R\$57,800	17.9%	R\$10,775
SE	130	R\$29,501	16.2%	R\$5,851

**The headline:** R\$4.34M in total churned revenue sits across 27 states, but the logistics-driven churn is concentrated in a handful of regions. **São Paulo (SP)** holds the largest absolute revenue loss at R\$1.80M, but its late-delivery churn rate is only 4.8% — meaning the vast majority of SP churn is NOT caused by shipping. The real logistics emergencies are in the Northeast: **Alagoas (AL) at 22.0%, Maranhão (MA) at 17.9%, and Sergipe (SE) at 16.2%**. In these states, roughly one in five lost customers had a late delivery. Rio de Janeiro (RJ) is the highest-impact combination: 10.6% late-delivery rate applied to R\$769K in churned revenue produces R\$90K in directly attributable logistics damage.

## Strategic Implementation

- 1. Escalate carrier SLAs in AL, MA, SE, and BA immediately.** These four states have late-delivery churn rates of 11–22%. Present the revenue\_tied\_to\_late\_delivery figures directly to the carrier account managers as the documented cost of their failures. Demand penalty clauses or switch to regional last-mile partners.
- 2. Do NOT over-invest in logistics fixes for SP.** At 4.8%, São Paulo's churn is overwhelmingly caused by factors other than delivery — likely competitor pricing or product relevance. Pouring money into SP carrier improvements would be misallocated. Instead, use the Silent Defector analysis (Insight 5) to diagnose SP-specific churn.
- 3. Prioritize RJ for a combined logistics + win-back intervention.** R\$90K in revenue is directly tied to late deliveries in RJ, and the 10.6% rate is double the national average. Fix the carrier, then immediately deploy a targeted win-back email to the 426 affected customers with a shipping-guarantee incentive.

INSIGHT 2 MARKETING / PRODUCT STRATEGY

# “Gateway Category” Lifetime Value Analysis

## The Core Question

Which product categories build long-term customer loyalty, and which ones are dead ends that only attract one-time buyers? This analysis takes each customer’s most-purchased product category and cross-references it with their RFM segment. The result reveals which categories serve as “gateway drugs” to Champion-level loyalty and which are revolving doors of Hibernating one-hit-wonders.

## The Metric Legend — How to Read This

### IF / THEN FRAMEWORK

If loyalty\_ratio\_pct is high (above 60%), the category naturally produces Champions over Hibernators — it builds sticky relationships. If it is low (below 30%), the category is a one-and-done dead end where customers buy once and never return. The avg\_ltv\_champions vs. avg\_ltv\_hibernating gap shows how much more a loyal customer in that category is worth compared to a lost one — the wider the gap, the higher the ROI of retention efforts within that category.

## The Hard Reality — Data Insights

Category	Customers	Revenue	Loyalty Ratio	Champion LTV	Hibernator LTV
office_furniture	1,224	R\$333,720	99.4%	R\$325	R\$69
construction_tools	708	R\$165,081	91.2%	R\$403	R\$60
watches_gifts	5,339	R\$1,264,154	75.4%	R\$319	R\$57
auto	3,705	R\$671,160	61.9%	R\$325	R\$53
telephony	3,954	R\$378,207	16.8%	R\$456	R\$43
fashion_bags	1,684	R\$178,472	17.0%	R\$286	R\$56
fashion_underwear	114	R\$11,194	5.7%	R\$190	R\$57

The data reveals a stark divide. Categories like **office furniture (99.4% loyalty ratio)** and **construction tools (91.2%)** are loyalty machines — nearly every customer who enters through these categories becomes a Champion, not a Hibernator. These are high-consideration, needs-based purchases where the customer forms a lasting relationship with the platform. At the opposite extreme, **telephony (16.8%)**, **fashion bags (17.0%)**, and **fashion underwear (5.7%)** are churn factories. Telephony is especially telling: it has 3,954 customers and a Champion LTV of R\$456, proving the CATEGORY can produce high-value buyers — but it overwhelmingly does not. For every Champion telephony produces, it creates 5 Hibernators. The big three by revenue — health & beauty (R\$1.41M, 56.9%), bed/bath/table (R\$1.24M, 50.9%), and sports/leisure (R\$1.12M, 45.4%) — sit in the middle, producing roughly equal Champions and Hibernators.

## Strategic Implementation

- 1. Reallocate acquisition budget toward high-loyalty categories.** Every R\$1 spent acquiring a customer through watches/gifts or auto is worth 3–4x more in LTV than R\$1 spent acquiring through telephony or fashion accessories. Shift paid media budgets accordingly — not away from high-GMV categories, but toward categories with proven LTV multipliers.
- 2. Build a cross-sell engine from dead-end categories INTO loyalty categories.** When a telephony or fashion buyer completes their first purchase, immediately recommend products from watches/gifts, auto, or home construction. The goal is to redirect the customer from a dead-end funnel into a loyalty-building one before they go dormant.

**3. Investigate why telephony churns despite high potential LTV.** Champions in telephony average R\$456 — the highest of any major category. The problem is not that the category cannot produce valuable customers; it is that 83% of its buyers become Hibernators. This likely indicates a commoditized product where customers shop purely on price and have zero platform loyalty. Consider exclusive telephony deals or bundles to differentiate.

INSIGHT 3 FINANCE / REVENUE STRATEGY

# Cash Flow vs. Loyalty Assessment

## The Core Question

**If we restrict high-installment credit card plans to improve cash flow, will it hurt our best customers or mainly impact the low-value segments?** High-installment plans (6–12 months) are expensive: interchange fees, credit risk, and delayed cash recognition. This analysis breaks down installment dependency and payment method mix by customer segment so Finance can model the impact before changing policy.

## The Metric Legend — How to Read This

### IF / THEN FRAMEWORK

If pct\_using\_6plus\_installments is high for a segment, those customers rely on extended credit to afford their purchases — restricting installments would directly reduce their spend or push them to competitors. If pct\_revenue\_via\_boleto is high, that segment pays upfront (immediate cash flow, zero credit risk) — those customers are unaffected by installment policy changes. The avg\_cc\_installments column shows the average credit term per segment.

## The Hard Reality — Data Insights

Segment	Revenue	Avg Installments	% Using 6+	% via Boleto	% via Credit Card
<b>Champions</b>	R\$4.60M	3.7	28.1%	15.3%	80.7%
<b>At Risk</b>	R\$4.39M	4.1	32.1%	18.0%	79.7%
Loyal Customers	R\$2.50M	3.2	21.1%	18.1%	78.8%
Need Attention	R\$1.35M	2.2	10.7%	21.0%	74.6%
Potential Loyalists	R\$954K	2.5	13.1%	17.9%	77.3%
Hibernating	R\$854K	1.7	5.6%	23.7%	71.2%
New Customers	R\$778K	1.5	3.8%	21.1%	73.1%

**The finding is unambiguous: credit dependency scales directly with customer value.** Champions average 3.7 installments with 28.1% using 6+ month plans. At Risk customers — who are essentially former Champions — are even more credit-dependent at 4.1 average installments and 32.1% using 6+. Meanwhile, Hibernating and New Customers barely use installments at all (1.5–1.7 average, under 6% using 6+). This means **our highest-value customers are the ones most reliant on flexible credit terms**. Restricting installments would disproportionately punish the R\$9.0M revenue tier (Champions + At Risk) while having almost no effect on the R\$1.6M Hibernating/New tier. Additionally, boleto usage is lowest among Champions (15.3%) and highest among Hibernating (23.7%), confirming that low-value customers tend to pay cash while high-value ones leverage credit.

## Strategic Implementation

- 1. Do NOT implement a blanket installment cap.** A universal cap at 4 or 6 installments would hit 28–32% of our most valuable customers. Instead, implement tiered installment access: Champions and Loyal Customers keep 10–12 month options as a retention perk, while new or unproven customers are capped at 3–4 months until they demonstrate repeat purchase behavior.
- 2. Incentivize boleto adoption among credit-heavy At Risk customers.** The At Risk cohort has the highest installment dependency (32.1% at 6+). As a win-back mechanism, offer a 5–10% discount for boleto payment on their next order. This recovers cash flow immediately, reduces credit risk, and gives them a concrete reason to return.
- 3. Use installment behavior as an early churn predictor.** A customer who uses 6+ installments signals they are stretching their budget to buy from us. If they subsequently go 120+ days without a purchase, they may have hit a credit limit or financial constraint. Flag these customers for a value-priced recommendation campaign rather than a full-price win-back offer.

INSIGHT 4 PROFITABILITY / PRICING STRATEGY

# Margin-Bleed from Freight Ratios

## The Core Question

Where are shipping costs eating a disproportionate share of the item price, and which state-category combinations are likely generating zero or negative margin? This analysis calculates the freight-to-price ratio at the line-item level, then aggregates by state and product category to create a profitability heat map. It also counts items in the “red zone” where freight exceeds 30% of the item price — the threshold where margin erosion becomes severe.

## The Metric Legend — How to Read This

### IF / THEN FRAMEWORK

If avg\_freight\_ratio is above 0.50 (50%), shipping costs are consuming at least half the item value — after marketplace commission, there is likely zero margin left. If pct\_items\_in\_red\_zone is above 70%, the majority of transactions in that state-category pair are unprofitable on a per-unit basis. These combinations should either be subject to minimum order thresholds, renegotiated carrier rates, or removal from free-shipping promotions.

## The Hard Reality — Data Insights

State	Category	Items	Avg Price	Avg Freight	Freight Ratio	% Red Zone
ES	electronics	78	R\$42	R\$20	95.0%	82.1%
GO	electronics	33	R\$26	R\$18	94.5%	93.9%
CE	electronics	45	R\$82	R\$28	94.3%	71.1%
PI	telephony	35	R\$80	R\$29	91.1%	80.0%
MA	telephony	64	R\$78	R\$27	85.1%	68.8%
BA	electronics	107	R\$58	R\$22	84.3%	72.9%
SC	electronics	123	R\$67	R\$18	82.0%	77.2%

The numbers are alarming. In Espírito Santo (ES), the average electronics item costs R\$42 but incurs R\$20 in freight — a 95% freight ratio. That means for every R\$1 of product value, we spend R\$0.95 on shipping alone. After marketplace commission (typically 15–20%) and cost of goods, these transactions are **mathematically guaranteed to lose money**. The pattern is systematic: **electronics and telephony are the two worst-offending categories**, and the worst-offending states are in the North and Northeast (ES, GO, CE, PI, MA, BA) where distances from fulfillment centers drive carrier costs up. In Goiás, 93.9% of electronics items are in the red zone — meaning virtually every single unit shipped there is a margin loss. Even in wealthier states like Santa Catarina, electronics freight ratios reach 82%.

## Strategic Implementation

- 1. Implement category-specific minimum order values for electronics and telephony in high-freight states.** A minimum order of R\$150 for electronics in ES, GO, CE, and PI would force bundling, spreading the fixed freight cost across more item value and pulling the ratio below the red-zone threshold.
- 2. Exclude high-freight-ratio state-category pairs from free-shipping promotions.** Any blanket “free shipping” campaign is currently hemorrhaging money on these combinations. Build exclusion rules into the promotion engine: if freight\_ratio > 0.50 for a given state-category, the customer sees “subsidized shipping” (e.g., flat R\$10) instead of free.
- 3. Negotiate regional fulfillment partnerships or explore regional warehousing.** The freight ratios in the Northeast are 2–3x higher than in SP or PR. If order volume justifies it (BA alone has 107 electronics items), a regional last-mile hub in Salvador or Recife could cut freight by 30–40% and move hundreds of items out of the red zone.

INSIGHT 5 STRATEGY / EXECUTIVE LEADERSHIP

# The “Silent Defector” Phenomenon

## The Core Question

How much revenue are we losing from customers who left despite having zero operational failures and positive sentiment — proving the churn is driven by external forces we cannot see in our data? This is the most strategically important analysis in the briefing. It isolates At Risk and Hibernating customers who experienced zero late deliveries AND whose last review was 4 or 5 stars. These customers had objectively flawless experiences with us and still left. The cause is not something we broke — it is something a competitor offered.

## The Metric Legend — How to Read This

### IF / THEN FRAMEWORK

If silent\_defector\_count is a large share of total churned customers (pct\_of\_all\_churned), it means the majority of our customer loss cannot be solved by operational improvements alone — it requires strategic action (pricing, product innovation, competitive differentiation). If total\_revenue\_lost is high while avg\_review\_score is near 5.0, the evidence is airtight: these were satisfied customers who simply found a better alternative. The avg\_ltv\_per\_defector shows you exactly how valuable each lost customer was.

## The Hard Reality — Data Insights

Segment	Silent Defectors	Revenue Lost	Avg LTV	5-Star Reviews	% of All Churned
At Risk	10,569	R\$3,264,291	R\$308.86	7,959	36.0%
Hibernating	11,966	R\$667,573	R\$55.79	8,942	40.8%
<b>GRAND TOTAL</b>	<b>22,535</b>	<b>R\$3,931,864</b>	<b>R\$174.48</b>	<b>16,901</b>	<b>76.8%</b>

This is the single most important number in this briefing: **76.8% of all churned customers are silent defectors**. Out of our combined At Risk and Hibernating population, 22,535 customers — representing R\$3.93M in historical revenue — left despite zero late deliveries and a last review score of 4 or 5 stars. Their average review score across the board is 4.75 out of 5.0, with **16,901 of them (75%) leaving five-star reviews** on their final order. The At Risk silent defectors are especially alarming: 10,569 customers at an average LTV of R\$309 each, representing R\$3.26M. These are not bargain hunters or low-engagement browsers. They are high-value, satisfied customers who made a deliberate decision to buy elsewhere. **This means three-quarters of our churn problem cannot be fixed by improving delivery times, customer service, or product quality — because none of those things were broken.**

## Strategic Implementation

- 1. Commission a competitive intelligence study immediately.** The data proves the churn cause is external. We need to identify which competitors captured these 22,535 customers and what they offered: lower prices, faster delivery, subscription models, or wider product selection. This is not a data science task — it is a market research task that needs to be staffed and budgeted now.
- 2. Deploy a “Why Did You Leave?” exit survey to the 10,569 At Risk silent defectors.** These customers left recently enough (avg 395 days) to still remember us. A targeted email with a one-question survey (“What could we have done to keep you?”) plus a R\$20 return incentive would generate qualitative data that our SQL analysis structurally cannot provide, while also serving as a win-back touchpoint.
- 3. Reframe the leadership narrative around churn.** The instinct when customers leave is to blame operations: fix delivery, improve service, enhance the product. This data proves that narrative is wrong for 76.8% of lost customers. The executive team must shift investment from operational optimization (which is already performing well) toward competitive positioning: pricing strategy, loyalty programs, platform differentiation, and product exclusivity. The R\$3.93M at stake justifies significant strategic investment.