

BUYING INTO DATA-DRIVEN BUSINESS

PROFILE

KEAREA

Founded in 2017, Kearea was launched as a unique e-commerce platform selling modern gadgets and devices, centred on savings. With their own form of currency, Kearea Dollars, the platform is dedicated to offering their customers great deals by offering items at a lower price and allows them to earn rebates.

CHALLENGES



Stocked items based on what was thought to be popular in the market but without processes in place to ensure sellability.



Many items ended up being stuck in inventory and became ageing stocks, incurring losses when sold.

THE SOLUTION

Kearea's first step was to gather sales data and stock movements, and analysed these data by deploying a trial programme with third-party IT consultants.

Through a basket analysis of customer purchasing behaviours, they were able to:

- Map associations between the different products customers tend to buy.
- Stock appropriate ratios based on purchase estimates.



BENEFITS

50% improvement
in business growth within six to nine months.

With such information, this solution can continuously provide periodic reports on all of the movement of inventory and lead to better forecasting of inbound inventory for the upcoming weeks to months. We can make more data-driven decisions rather than decisions based on feel.

Mr Marcus Foong, Business Owner, Kearea

In support of:



E-commerce company Kearea continues to climb the ladder of success with confident data-driven decision-making and purchasing.



In 1974, Singapore's first major shopping mall opened its doors to the public. Plaza Singapura, one of the largest malls in Southeast Asia at the time, quickly became a hotspot as shoppers rushed to buy furniture, clothes, instruments and so much more — all under one roof.

Today, shoppers are able to purchase anything they can dream of from the comfort of their homes, with just a click of the mouse or touch of the button. Over the last year and a half, e-commerce has boomed beyond expectations as consumers, cooped up at home to avoid the threat of COVID-19, purchase everything from furniture to dinner, online.

E-commerce company Kearea is one such online platform set to take the web by storm. What started out as a one-man show in Singapore now also has presence in the region, namely Malaysia, Indonesia and The Philippines.

Founded in 2017, Kearea was launched as a unique e-commerce platform selling modern gadgets and devices, centred on savings. With their own form of currency called Kearea Dollars, the platform offers consumers items at a lower price and allows them to earn rebates.

Challenges

Despite stocking high-tech products, Kearea did not make full use of the digital options available to them until 2020 — which was when the negative impacts of the lack of digitalisation on their business became apparent.

Previously, Kearea would stock items based on what they thought was popular in the market, without processes in place to confirm that the items would sell.

“We stocked items by feel and what we saw was popular. But we realised that just because items were advertised regularly did not mean that they would sell well.”

Unfortunately, this initial method of stocking items led to many items getting stuck in inventory

and becoming ageing stocks. To free up space, Kearea would have to sell below cost price and incur a loss.

A brainstorm session among the team revealed a solution to their problem — data analytics. Mr Foong and his team realised that by tracking sales data and gathering insights, they could make more informed decisions and better purchases.

In spite of Kearea's point-turning Eureka moment, it remains common for companies to make decisions based on feel and estimation — particularly start-ups and SMEs.

In fact, according to a study of more than 1,000 SME owners across five markets, only about 37 percent of Singapore-based SMEs leverage data analytics over instinct.

The Solution

Dedicated to offering great deals, Kearea is looking to continue growing and expanding into regional markets within the next five years. To do so, Kearea has begun harnessing the power of data analytics to reduce losses and improve business.

Digging into the data

Kickstarting their data analytics journey in mid-2020, their first step was to gather sales data and stock movements. To make sense of this data, Kearea deployed a trial programme with third-party IT consultants to track data like sales performance, product turnover rates and inventory.

Through a basket analysis of customer purchasing behaviours, the team then mapped

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associations between the different products that customers tend to buy.

For example, customers usually buy vacuum cleaners and filter packs together, or monitors and headsets. With this information Kearea can estimate purchases of both products better than before, stocking them together and in appropriate ratios.

Benefits

Since working with data analytics, Kearea has seen business improve by 50 percent — an extremely promising start to their data-driven journey.

Eager to build on their success, Mr Foong and his team have recently implemented another trial programme hoping to gain more insight into customer purchasing behaviours and boost sales.

With their success, the future looks bright for companies that choose to follow suit and listen to what their data is telling them.

Looking to make better use of your data?

The Better Data Driven Business (BDDB) programme aims to help SMEs use their data to make better business decisions. Find out more at www.imda.gov.sg/bddb.

In support of:

