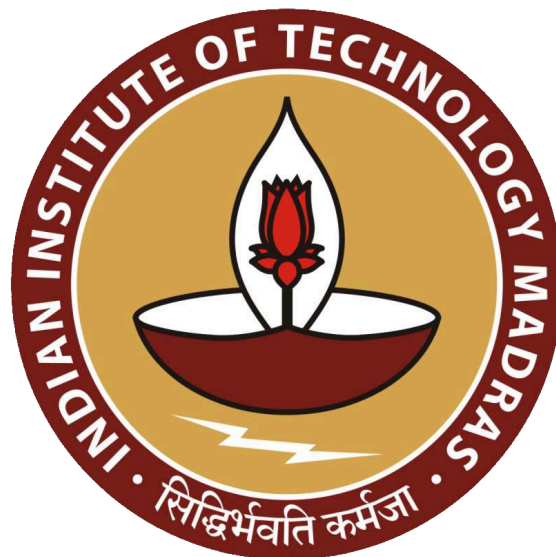**Enhancing Profitability and Customer Retention for an Electronics Shop Amidst Online Competition**

A Proposal report for the BDM Capstone Project

Submitted by Name: **Hiya Syal**

Roll number: **23f3003216**

Contents

<u>Declaration Statement</u>

I am working on a Project Title "Enhancing Profitability and Customer Retention for an Electronics Shop Amidst Online Competition". I extend my appreciation to Syal Enterprises for providing the necessary resources that enabled me to conduct my project. I hereby assert that the data presented and assessed in this project report is genuine and precise to the utmost extent of my knowledge and capabilities. The data has been gathered through primary sources and carefully analyzed to assure its reliability. Additionally, I affirm that all procedures employed for the purpose of data collection and analysis have been duly explained in this report. The outcomes and inferences derived from the data are an accurate depiction of the findings acquired through thorough analytical procedures. I am dedicated to adhering to the information of academic honesty and integrity, and I am receptive to any additional examination or validation of the data contained in this project report. I understand that the execution of this project is intended for individual completion and is not to be undertaken collectively. I thus affirm that I am not engaged in any form of collaboration with other individuals, and that all the work undertaken has been solely conducted by me. In the event that plagiarism is detected in the report at any stage of the project's completion, I am fully aware and prepared to accept disciplinary measures imposed by the relevant authority. I agree that all the recommendations are business-specific and limited to this project exclusively, and cannot be utilized for any other purpose with an IIT Madras tag. I understand that IIT Madras does not endorse this.

Hiya Syal

Signature of Candidate: (Digital Signature)

Name: Hiya Syal

Date: November 3, 2024

Executive Summary

The firm from which I have collected the data is an electronics shops located in Phagwara Punjab . The primary reasons for me to select this firm are:
● We are regular customers of the firm and trust their products.
● The business potential and size of the firm has interested me to cover them.
●The owner is like a family member to me, and is quite cooperative to share the business insights in detail.
● The owner is also very well educated and aware in order to help me understand the business and hence, applying in my proposal.

Data Collection :
For data collection I personally have collected the data from the firm by using
● Store record books
● Previous issued bills

I have collected a database of 2 months from the firm. With this project, my aim is to analyse and provide solutions to the key challenges faced by Syal Enterprises due to increasing online competition, especially from platforms like Amazon and Flipkart. The shop has experienced a substantial drop in profit margins. Customers often compare prices online, expecting similar or lower prices from the shop, which is challenging to meet.
Therefore, with this project I intend to apply my knowledge of the theory course 'Business data management' practically. I will be identifying the issues faced by the firm, collecting the relevant data and then analyzing the data with different tools like Microsoft Excel for making a complete data analysis,

Organization Background

Name : Syal Enterprises
Owner : Mr. Sunil Syal
Address : Sarai Rd, Sondhi Chowk, Phagwara, Punjab 144401
Established: 1980 ; family-owned business
Products Offered: Electronics such as washing machines,refrigerators,LED TV, microwave,air fryer,iron,induction,gas stoves etc.
Current Challenges: Rising competition from online retailers, reduced profit margins, and high customer price sensitivity.

After my conversation with the owner of the firm and some pondering and analysis done on my part,

I have figured out that the firm had a very loyal customer base and was operating very smoothly, however, now because of the advent of the online marketing platforms and rise in the ecommerce industry, there is a sudden downfall in the business.

Figure 1   **Figure 2**
Pictures of firm

Problem Statement

In discussions with the owner of Syal Enterprises, it became evident that the store faces the following challenges:

1. **Reduced Profit Margins** due to competition from online retailers on platforms like Amazon and Flipkart who offer discounts and deals that the shop cannot match.
2. **Customer Bargaining Pressure,** as many customers compare prices with online platforms and negotiate for lower rates.
3. **Decreased Sales Volume,** affecting overall profitability and sustainability.

Background of the problem

While discussing with the owner about the firm, I was able to identify that Syal Enterprises is facing tough times due to several issues that affect its profits and sales.

- The biggest problem is competition from large online platforms like Amazon and Flipkart, which attract customers by offering big discounts and deals that Syal Enterprises cannot match. As a result, more customers are choosing to shop online instead of in-store, leading to reduced profits.
- Another issue is the increased bargaining by customers. Many customers now check prices online before visiting the shop and then ask for lower prices, making it difficult for the store to maintain its pricing and profit margins. This bargaining pressure adds to the store's challenges.

- Lastly, sales volume has dropped, meaning fewer items are being sold than before. This decrease in sales makes it harder for Syal Enterprises to cover its costs, affecting both its profitability and long-term sustainability.

Syal Enterprises was once a thriving store with a loyal customer base. The pandemic further accelerated this shift in the business. After pondering over all the problems they face, I have come to the conclusion that the best way to make use of the information, skills, and tools that were taught in the course is to identify appropriate and workable solutions through a thorough analysis of the business.

Problem Solving Approach

Details about the Methods Used with Justification
For Syal Enterprises, the primary type of data that I am collecting is daily sales data, as by this way I am able to track item-wise sales trends and I am also then, able to identify products which remain in high demand, and also able to monitor daily cash flow. Using Excel, I plan to analyze trends through line charts and scatter plots, which will help me find out how sales change over time. Also, I will use pivot tables to sort and filter the data which will allow me to find seasonal trends and any sorts of recurring trends.

In order to gain understanding of profit margins and costs, I will calculate financial ratios like gross profit, net profit, and profit margin, which were discussed in the course which will actually help to get a clear picture of items performing well and will differentiate between those which need adjustments in price or sales strategy.

Details about Data Collection with Justification
I am gathering data from the firm's transaction records which are daily sales logs, previous bills, and any financing details with Bajaj Finance. This is providing me information on per-day sales for each item and transaction details, including selling price and quantity sold. Using this,I can calculate metrics such as total revenue, expenditure, and profitability for different products.

Details about Analysis Tools with Justification
Since the data is primarily time-series and transactional, Excel is the main tool for processing and analyzing this data. I will utilize:

- **Pivot Tables** for efficient sorting and summarizing of data by item, date, and sales amount.
- **Excel Functions** like SUMIF, VLOOKUP, and COUNTIF to compute relevant figures and isolate specific trends within the data.
- **Data Visualization Tools** such as pie charts, bar graphs, and scatter plots to clearly present sales trends, product popularity, and profit margins.

Therefore,using these methods, I will be able to highlight patterns in customer demand and optimize pricing strategies accordingly.

Expected Timeline

- **Discussion with the firm owner:** 15 Oct - 17 Oct
- **Collect relevant data:** 18 Oct - 31 Oct
- **Make the Project Proposal:** 1 Nov - 3 Nov
- **Data Cleansing:** 4 Nov - 5 Nov
- **Data Analyzing:** 6 Nov - 10 Nov
- **Mid Term Preparation:** 11 Nov- 12 Nov
- **End Term Preparation:** 13 Nov - 15 Nov
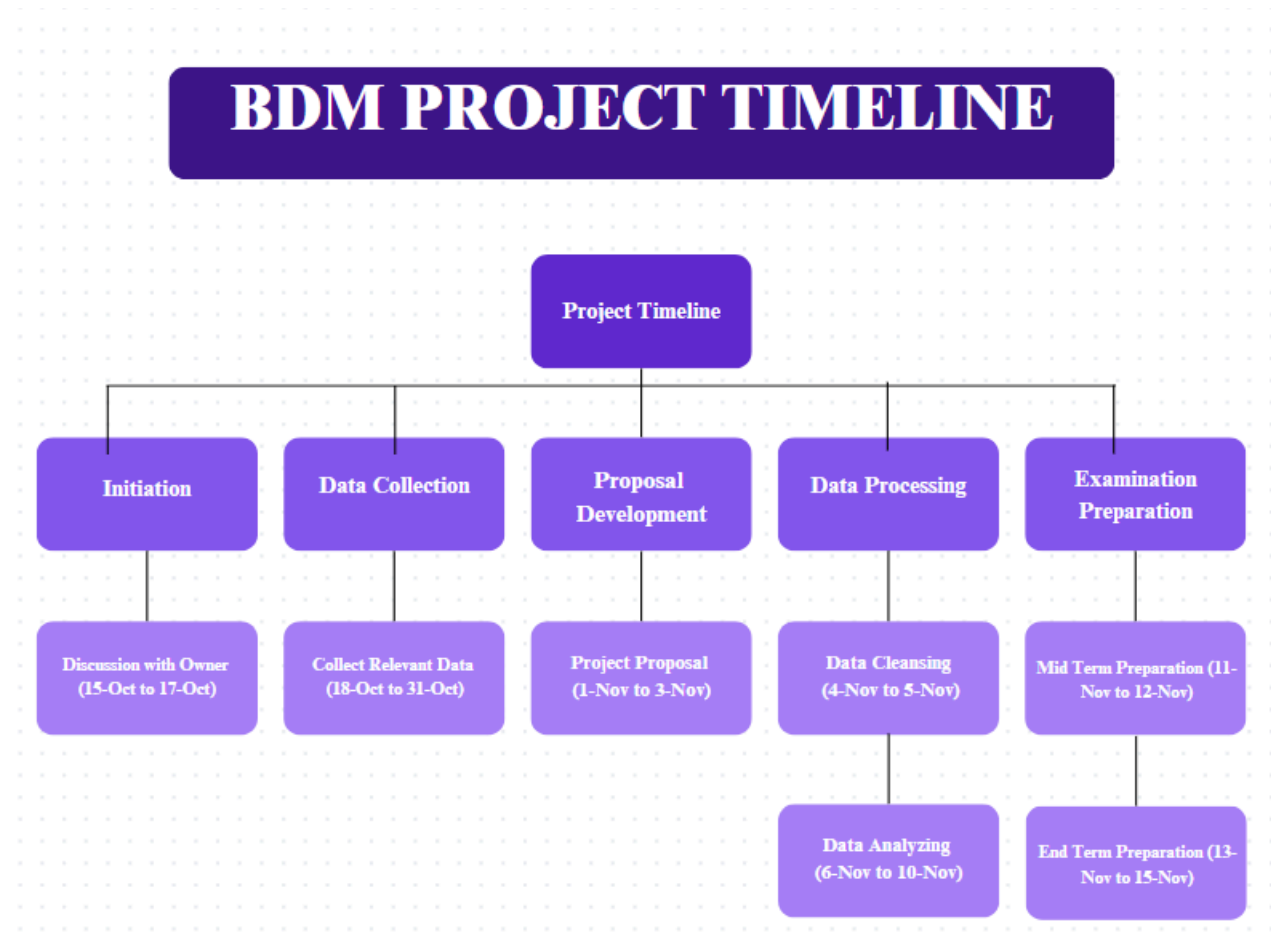
Here is the WBS to present my expected timeline:

Chart 1

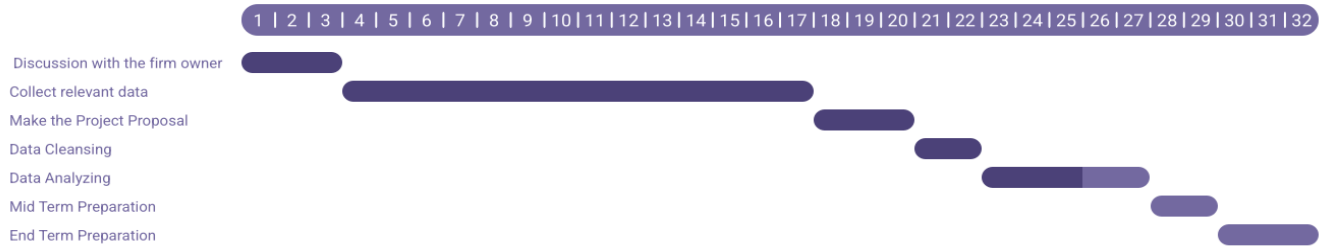Here is the Gantt chart to present my expected timeline:

Chart 2

Expected Outcomes

The following outcomes are expected from the analysis that I will conduct:
- Increase in profitability by identifying high-margin items and potential areas for cost reduction
- Strategies to compete with online retailers
- Reduced customer bargaining pressure with a clear pricing strategy based on data analysis
- Boosted sales volume by understanding which products sell best and identifying peak sales periods