

Business Performance Analysis Report

1. Store Performance Optimization


Problem Statement:

Management aims to compare the revenue and operational performance of each store to identify underperforming locations. This will help in making data-driven decisions to optimize staffing, resource allocation, and overall operations across stores.

1. Which stores are top and bottom performers in terms of revenue?

Answer:

- Store 2 located in Lake Sonya generated the highest revenue of ₹1.12 Cr (₹1,12,67,407.10), supported by a team of 9 employees, significantly outperforming other locations.
- On the other hand, Store 40 in Mckinneyville recorded the lowest revenue at ₹12.58 Lakh (₹12,58,031.83), staffed by only 1 employee.
- This represents a 9x performance gap, suggesting disparities in either market potential, operational efficiency, or staffing strategy.


 **Recommendation:** Benchmark Store 2's operations to identify scalable practices for underperforming stores.

2. Are there stores consistently underperforming across time?

Answer:

Yes — Store 40 has shown persistent underperformance in revenue over multiple years.

- In 2024, it generated only ₹2.36 Lakh (₹2,36,492.56), maintaining its position at the bottom of the revenue rankings.
- This trend reflects a long-standing operational or market issue and may warrant strategic reevaluation or restructuring.


 **Recommendation:** Conduct a deeper audit of Store 40's market, staffing, and operations.

3. Is there a relationship between revenue and staffing levels?

Answer:

A positive correlation is observed between employee count and revenue.

- High-performing stores such as Store 2 and Store 44 operate with 9 staff members, while low-performing locations like Store 40 and Store 6 are staffed by only 1 employee.
- This indicates that workforce capacity may be a key driver of store revenue, likely through enhanced customer service, sales coverage, and operational efficiency.

 **Recommendation:** Evaluate workforce-to-revenue ratio and consider increasing headcount in stores with strong potential but low staffing.

4. What is the average monthly revenue per store?

Answer:

Using the formula:

 **Average Monthly Revenue** = Total Revenue ÷ (Number of Months × Number of Stores)

- Store 2 leads with an impressive ₹9.39 Lakhs/month, while Store 40 trails at only ₹1.04 Lakhs/month.

- Most stores fall in the ₹3–7 Lakhs/month range, reflecting a wide performance gap across the network.

➡ **Recommendation:** Normalize this metric across all stores to identify those consistently over or under benchmark.

5. How do weekday vs. weekend sales compare across stores?

Answer:

- Weekday sales account for ~70% of total store revenue, while weekends contribute ~30%.
- This pattern is consistent regardless of store size or region, indicating a stable customer behavior trend favoring weekday shopping.

➡ **Recommendation:** Optimize staffing and promotions for weekday peak hours and explore strategies (events, offers) to boost weekend traffic.

2. Product Assortment Optimization

□ Problem Statement:

Some products are consistently low-performing in terms of sales or have high return rates, while others drive the majority of revenue.

This imbalance suggests the need to optimize the product assortment by identifying top-selling and underperforming products to improve profitability and reduce overhead.

1. What is our current Gross Profit Margin, and how has it trended over time?

As of the latest data, our gross profit margin is relatively low, showing signs of volatility over the past four years.

- The lowest margin was recorded in April 2024, suggesting possible issues related to pricing strategy, increased cost of goods, or promotional discounts during that period.
- The highest margin was achieved in September 2020, possibly reflecting strong sales performance or lower input costs at that time.

This trend indicates a need to stabilize gross margin through better inventory control, cost negotiation, or pricing optimization strategies.

2. Which products are underperforming due to high returns or poor customer feedback?

A focused analysis of product returns and customer ratings revealed the following insights:

- Olive Oil – Pomace recorded the highest number of returns, yet its average rating of 3.19 suggests a moderately acceptable experience from customers.
- The lowest-rated product was Xylitol Powder, with an average rating of 1.50, indicating significant customer dissatisfaction, though its return volume was not the highest.
- Several products showed a combination of below-average ratings (<2.5) and return volumes above average, marking them as potential quality or expectation mismatch cases.
- The return rate across products remains stable at approximately 2%, indicating consistent post-purchase issues or return policies rather than product-specific failures.
- The highest-rated products achieved a rating of 4.38, representing positive user experience, but these products had limited feedback data.

⚠ Important Limitation: Customer feedback data is only available for the year 2023, whereas the sales and return data spans nearly four years. This limits our ability to correlate customer sentiment with long-term product performance. For more actionable insights, we recommend expanding feedback collection across all active sales years.

🔍 Q3: Is there a correlation between product price and return rate?

An analysis using a scatter plot comparing product sale price and return rate reveals no significant correlation between the two variables.

- The data points are densely concentrated around lower price ranges with a wide range of return rates, showing inconsistency in how pricing affects return behaviour.
- For higher-priced products, return rates vary similarly — some are high, others low — without forming any clear upward or downward trend.
- The lack of a linear or clustered pattern in the scatter distribution suggests that product price does not directly influence return likelihood in the current dataset.

➡ Conclusion: Price alone is not a strong predictor of product returns. Other factors like product quality, customer expectations, or usage experience may have greater influence and warrant deeper investigation.

3. Customer Value Maximization

📌 Problem Statement:

The business aims to increase long-term profitability by understanding which customer segments, behaviours, and product categories drive the highest Customer Lifetime Value (CLTV).

By analysing CLTV trends, loyalty program impact, and segmentation, management can prioritize marketing and retention strategies to focus on the most profitable customers and offerings.

1.What is the average Customer Lifetime Value (CLTV), and which product category drives the highest CLTV?

The overall average CLTV across all customers is approximately ₹56,400.

Among product categories:

- Beauty & Hygiene products lead with the highest average CLTV of ₹15,820, indicating stronger repeat purchases and higher spending over time.
- The second highest is Gourmet & World Food, with an average CLTV of ₹10,210.
- At the lower end, the Eggs, Meat & Fish category records the lowest average CLTV of just ₹890, reflecting lower purchase frequency or spend over the customer lifecycle.

➡ Insight: Categories with higher average CLTV represent stronger customer loyalty and should be prioritized for retention strategies and targeted promotions.

2.Who are our most valuable customers based on RFM segmentation?

Using RFM (Recency, Frequency, Monetary) analysis:

Customers with an RFM code of “555” are identified as the most valuable segment, representing 241 high-value customers.

We have further segmented all customers into five groups:

- Champions
- Loyal Customers
- Big Spenders
- At Risk
- Others

Visualization highlights:

- Many bubbles cluster along the lower X-axis (indicating high recency): these customers purchased very recently.
- Larger bubbles appear on the left side, showing larger customer groups tend to buy more frequently and recently.
- As recency increases (towards the right), purchase frequency generally declines — a common RFM pattern, as customers who haven't bought recently often buy less frequently.

→ **Insight:** The RFM approach effectively pinpoints high-value customers who buy frequently and recently, allowing for precision marketing and loyalty initiatives.

3. Which RFM segment contributes the most to total revenue?

Analysis shows:

- The “Champions” segment drives the highest revenue, contributing a substantial ₹237.12 million.
- Conversely, the “Others” segment generates the lowest revenue at ₹0.38 million.

→ **Insight:** Focusing retention and cross-selling efforts on “Champions” and similar high-performing segments can maximize revenue impact, while reactivation campaigns could target “At Risk” customers to improve overall profitability.

4. Which RFM segment contributes the most to overall profitability, and what business strategy can we recommend based on this insight?

From the data:

- Champions segment generates the highest profit of ₹15,27,10,833.42, which is nearly 94% of the total profit (₹16,26,49,984.28).
- They also have the highest total sales volume (5,160,860) and a significantly higher number of loyal points (2,311,207).
- Despite the high return quantity (87,860), the profit impact from Champions remains dominant.

Insight & Recommendation:

- Since Champions are the most valuable segment, retaining and rewarding them should be a top priority:
- Launch exclusive loyalty programs, personalized offers, and early access to new products.
- Monitor and reduce return rates by improving product quality or return policies.
- This strategy will help sustain and even grow profitability by nurturing the segment already delivering the most value.

4. Other Insights

Q: Who are the top-performing sales employees across all stores?

An evaluation of employee performance based on total transactions and sales amount identified the following insights:

- Colin Contreras, a Stock Clerk in Store 16 (employee ID: 140), leads the list with 5,353 transactions and a total sales revenue of ₹30.21 Lakhs.
- Robert Marshall follows closely with 5,344 transactions and sales revenue of ₹29.71 Lakhs, securing the second position by transaction count.
- In terms of total sales amount, the second highest performer after Colin Contreras is Robert Fox, a Manager at Store 45, who achieved ₹29.87 Lakhs in sales revenue, despite lower transaction volume.

This analysis highlights:

- The impact of employee roles and store contexts: even employees with fewer transactions can generate high revenue if they handle higher-value products or premium sales.
- The potential value of investing in top talent and targeted training to drive revenue performance across the network.

→ **Recommendation:** Leverage top-performing employees' strategies and practices as benchmarks for sales training and performance improvement programs.

Q: Which payment methods are associated with higher transaction values?

Analysis of payment data shows that:

- Bank Transfer was the most frequently used payment method, accounting for 86,772 transactions and generating a total revenue of ₹5.07 Crores.
- In contrast, UPI had the lowest transaction count with 43,004 payments, contributing ₹2.50 Crores in revenue.

When comparing average payment value per transaction:

- All payment types hover around ₹564, showing a relatively uniform average spend.
- UPI has the highest average transaction amount at ₹565.94, while Digital Wallet has the lowest at ₹562.65.

→ **Conclusion:** While bank transfers dominate by volume and total revenue, the average spend per transaction remains consistent across payment methods, suggesting customer payment choice does not strongly affect the size of individual purchases.