Diagnosing Declining Sales and Revenue Leakage in a Retail E-Commerce Company

Section 1: Project Information

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 Period: 2018–2022

Tools Used: Excel (Power Pivot, Power Query, DAX, Pivot Tables)

Section 2: Key Metrics, Insights & Targeted Recommendations

2:1 Sales Performance & Seasonality

Metrics: Revenue by Year, Quarter, Month

Insight 1: Revenue peaked in 2021 before declining in 2022. Q2–Q3 consistently outperform, while Q1 and Q4 underperform. Strong seasonality exists, with May strongest and November weakest.

Implication: Predictable seasonal demand is not being strategically leveraged.
Recommendations: Focus growth initiatives on weak periods (Q1, Q4, November), reduce reactive discounting during peak months, and align campaigns and inventory with seasonal patterns as a guide.

Expected Impact: Improved revenue stability and demand utilization.

 2.2 Discount Patterns & Revenue Leakage

Metrics: Average Discount %, Net Revenue

Insight 2: Average discounts remain stable at ~15%, but higher discounts do not consistently increase net revenue, indicating inconsistent returns from discounting.

Implication: Uniform discounting causes margin erosion and revenue leakage.

Recommendations: Implement targeted, performance-based discounts, apply deeper discounts selectively during weak demand, and track discount-to-revenue and margin KPIs.
Expected Impact: Reduced revenue leakage by Improved net revenue retention without deeper discounting, Clear visibility into discount ROI for executive decision-making.

2.3 Product Performance

Metrics: Revenue Contribution by Product

Insight 3: A small group of products (e.g., Toy Car, Wireless Mouse, Mug) drives most revenue, while several items (e.g., Gift Wrap, Notebook, Pen Set) underperform despite continued sales efforts.

Implication: The current product portfolio dilutes profitability by allocating resources to low-impact products rather than scaling high performers.

Recommendations: Prioritize top performers, reprice or discontinue persistent underperformers, and enforce minimum margin thresholds for product decisions.

 Expected Impact: Higher average order value and improved profitability.

2.4 Geographic Performance

Metrics: Revenue by Country

Insight 4: Revenue is evenly distributed across Spain, France, the UK, Germany, and the Netherlands, with no significant outliers. The decline is consistent across regions, no country materially over- or underperforms. Therefore, Revenue is evenly distributed.

Implication: Revenue decline is systemic, driven by internal strategy rather than geography. **Recommendations**: Focus on company-wide pricing, Standardize discount, and campaign governance across markets.

Expected Impact: Avoid region-specific interventions that do not address root causes i.e. Faster recovery by addressing root causes.

Section 3: Root Causes Summary

Sales decline is driven by non-targeted discounting, underperforming products absorbing sales focus, poor seasonality alignment, and limited margin-based governance.

Section 4: Priority Strategic Actions

1. Optimize Discount Strategy (High Priority): Target discounts based on ROI.

2. Rationalize Product Portfolio (High Priority): Scale high-margin products.

3. Align Campaigns with Seasonality (Medium Priority): Focus on weak periods.

4. Strengthen Revenue Governance (Medium Priority): Introduce recurring Executive KPI reviews (Net Revenue, Discount Impact, Seasonality).

5. Use executive dashboards to support ongoing decision-making.

Section 5: **Overall Business Impact**

- o Reduced revenue leakage
- o Improved net revenue retention
- o More predictable seasonal performance
- o Stronger long-term profitability without deeper discounting.

Conclusion The company's revenue decline is driven by internal strategic inefficiencies rather than external or regional factors. By refining discount practices, prioritizing high-performing products, and aligning campaigns with predictable demand patterns, leadership can restore lost revenue, protect margins, and restore sustainable growth.

This report provides a clear, actionable roadmap for leadership to transition from reactive discounting to intentional, insight-led revenue management.