

Recommendation Report

Natalie has stated a goal of increasing profits by 10% in the next year. One way to accomplish this is to minimize losses by reducing or discontinuing underperforming products. I present the analyses of Office Solutions’ underperforming binder sub-category in the Central region.

The original plan was to look into the data of the binder and paper sub-category to see if it made sense to pair these two items together for a bundle deal, especially since the two are the top 4th and 5th most profitable sub-categories and accompanied by high sales. While diving further into the data provided on binders and papers however, it was discovered that binders were profitable in every region except the Central region, even though its sales were also quite high. As shown in Table 1, the Central region is the only region where binders are unprofitable with profits at -\$1043, while the rest of the regions are all profitable.

Table 1: Profits & Sales of Binders per Region

Region	Profit	Sales
Central	-1043.6369	56923.282
South	3900.6640	37030.341
East	11267.9346	53497.997
West	16096.8016	55961.113

Breaking down the data on binders in the Central region even further, it is discovered that all states are profitable except for Texas and Illinois, which had profits of -\$14,705 and -\$7204 respectively (as can be seen in Figure 1 & 2).

Figure 1: Profits of Binders per Central Region States

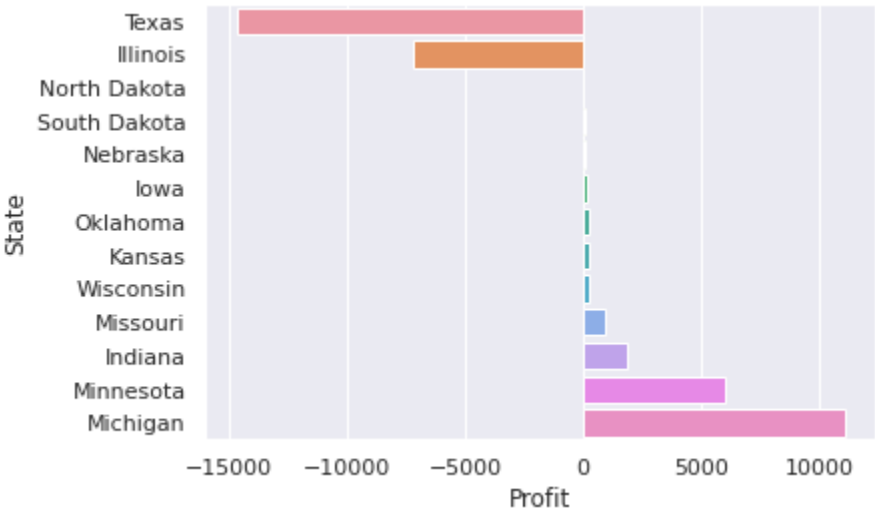
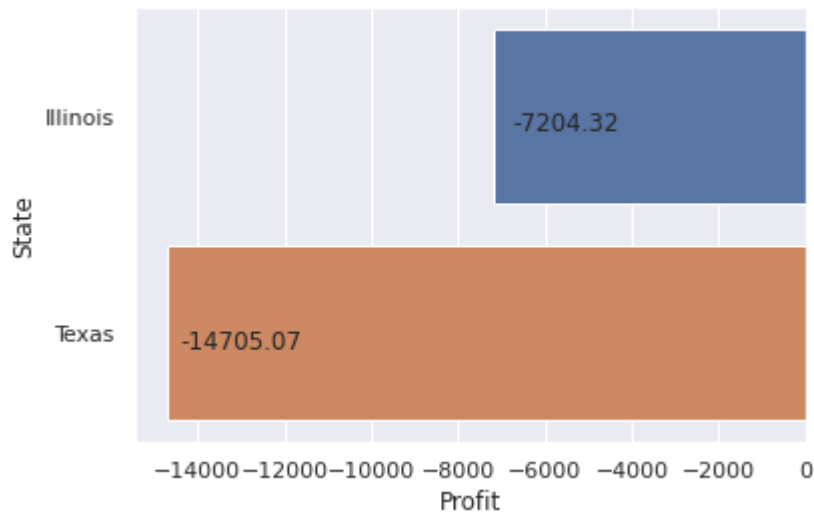
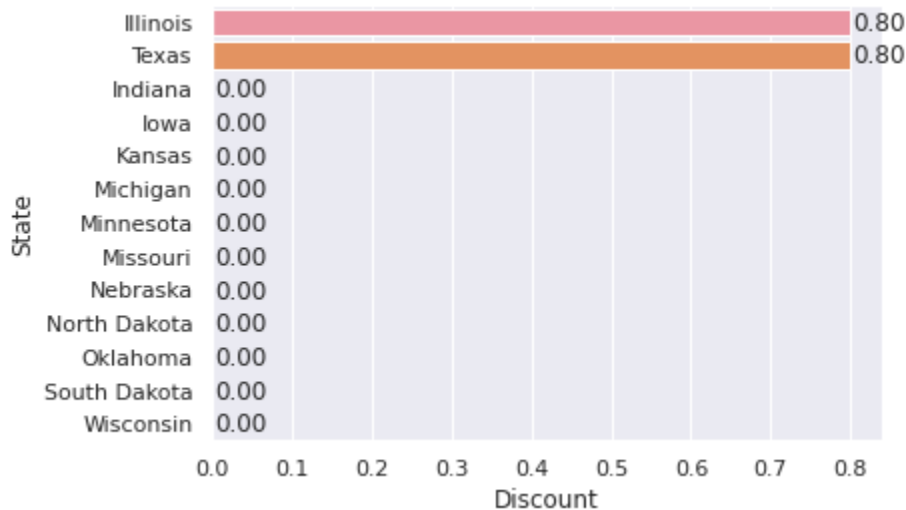


Figure 2: Profits of Binders Sold in Illinois and Texas



Upon further investigation, it is discovered that the discount rates for binders in both Texas and Illinois are at 80%, as shown in Figure 3. In addition, all unprofitable binder sales in Texas and Illinois originated from a customer named Henry Goldwyn, who has not made any other purchases to justify such drastic discounts, and Office Supplies is therefore also losing money on this customer overall.

Figure 3: Binder Discount Rates by Central Region States



Recommendation: Based on the analyses above, it is recommended that Office Supplies reduce discounts offered on binders in the Central regions, especially the states of Texas and Illinois, as binders have been proven to be profitable in all other regions. Bundling paper and binder products to sell as a package is also a viable strategy, but further investigation is required.