

E-Commerce Growth Analysis Report

1. Introduction

This report provides an in-depth analysis of an e-commerce business's profitability, customer acquisition cost (CAC), and scenario-based financial modelling. The analysis is based on key business metrics, revenue, and cost structures.

2. Data Overview

The data includes the following key elements:

- **Selling Price per Unit:** \$30
- **Cost of Goods Sold (COGS) per Unit:** \$15
- **Amazon Fee per Unit:** 15% of the Selling Price
- **Fixed Costs:** \$10,000
- **Interest Expense:** \$1,500
- **Tax Rate:** 20%
- **Total Units Sold:** 5,000 (Base Case)

3. Key Calculations

3.1 Profitability Analysis

Metric	Value (\$)
Gross Margin per Unit	15
Amazon Fee per Unit	4.50
Net Margin per Unit	10.50
Total Profit (5000 Units)	41,000
Break-even CAC	10.50

Formulas Used:

- **Gross Margin per Unit** = Selling Price - COGS
- **Amazon Fee per Unit** = Selling Price * 15%
- **Net Margin per Unit** = Gross Margin - Amazon Fee
- **Total Profit** = (Net Margin * Units Sold) - Fixed Costs - Interest
- **Break-even CAC** = Net Margin (where Profit = 0)

4. Scenario Analysis

The following scenarios were analysed to understand financial sensitivity.

Scenario	Total Profit (\$)
Sales drop to 4000 units	30,500
Fixed cost increase by \$5000	36,000
Selling price increase to \$35	62,250
Tax increase to 25%	30,750

4.1 Key Insights from Scenario Analysis

- A decrease in sales to 4000 units reduces profit to **\$30,500**.
- An increase in fixed costs by **\$5,000** decreases profit to **\$36,000**.
- A selling price increase to **\$35** results in a **50% profit boost to \$62,250**.
- A tax rate increases to **25%** reduces profit to **\$30,750**.

5. Data Visualizations

(Include graphs such as Profit vs. Units Sold, Scenario-Based Profit Comparisons, etc.)

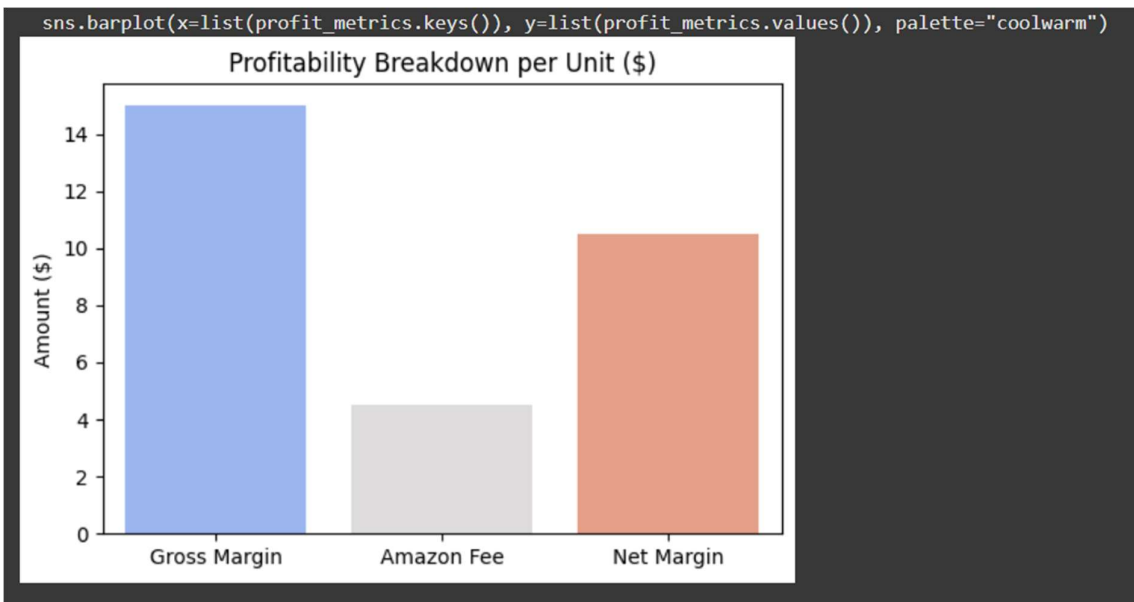


Figure no.1 Profitability Breakdown

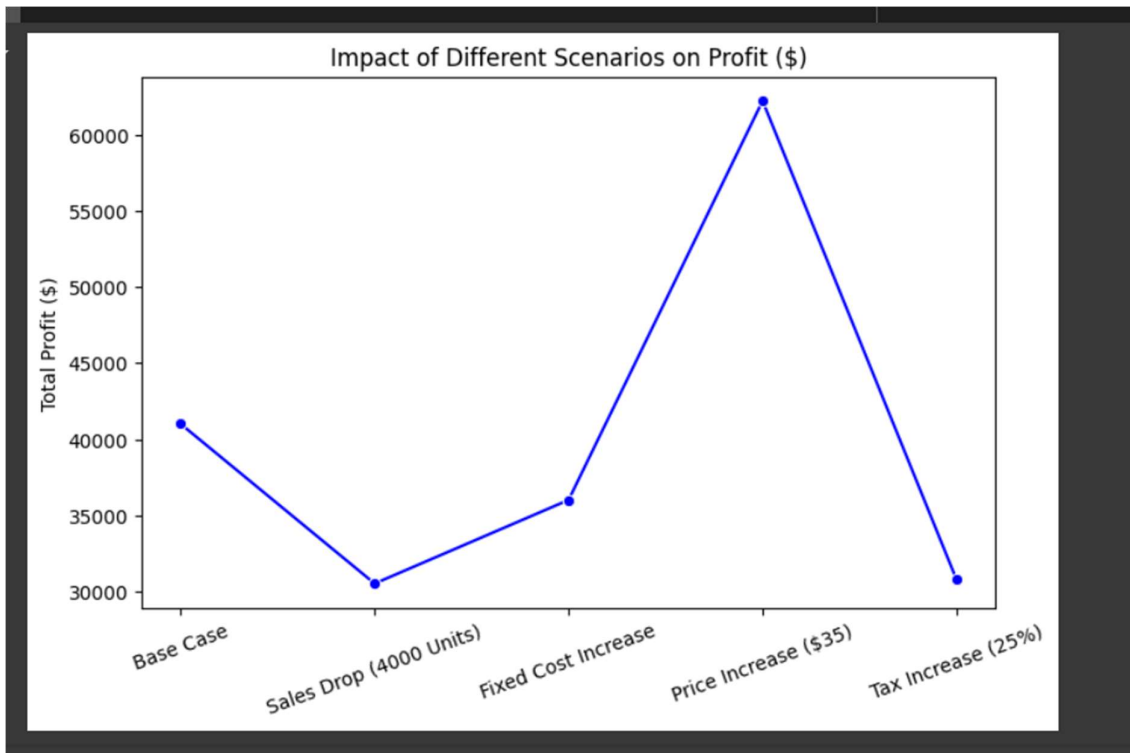


Figure no.2 Scenario Impact on Profit

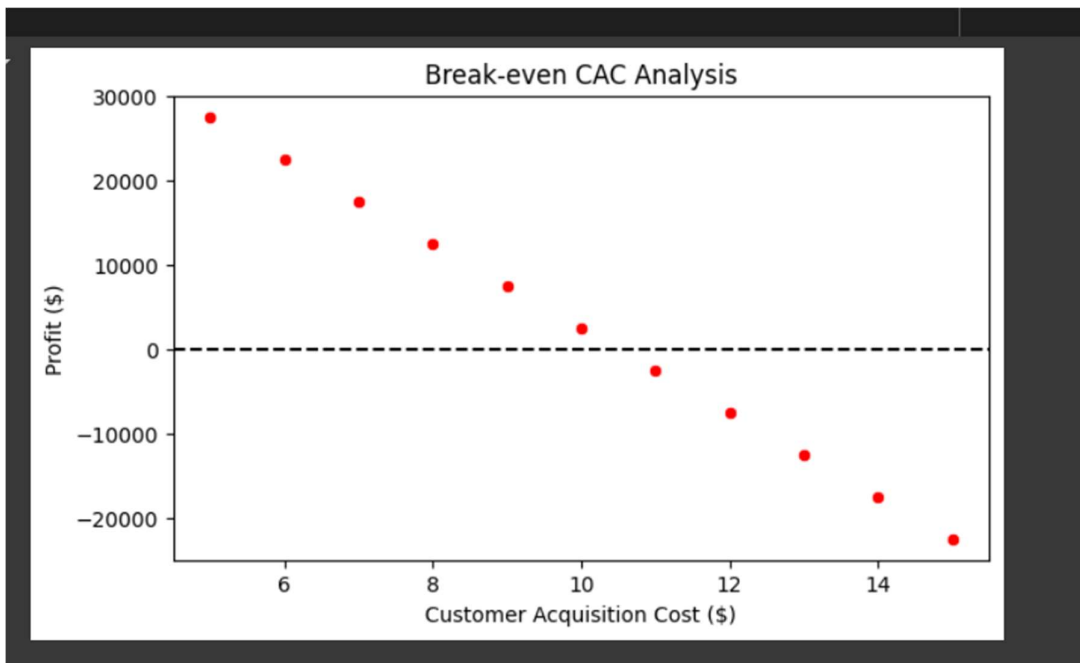


Figure no.3 Break-even Analysis

6. Conclusion & Recommendations

This analysis provides a foundation for optimizing profitability and business growth strategies.

- **Pricing Strategy:** Increasing selling price can significantly improve profits.
- **Cost Control:** Keeping fixed costs low is crucial for sustainable profitability.
- **Sales Volume:** Business should aim for at least 5,000+ unit sales to maintain healthy margins.
- **CAC Management:** The company should ensure its CAC remains below \$10.50 to stay profitable.