Contents

Executive Summary.

This report provides an analysis of the firm performance in terms of profit and sales during the period from 2011 to 2014. It also investigates different factors that damaged the company's profitability; these factors include clients, categories, and discount policies.

Overall, the firm operates quite successfully during the studied period as its total sales account for more than 12 million (currency) with a total profit of one and a half million (currency). The sales and quantity sold are growing each year very rapidly, and the customer base enlarges with new clients. The company operates in 147 countries, and it started working in twelve of them during the last three years.[1] The most profitable states are the USA, China, India, Australia, France, Germany, and the UK. There are 1590 clients with 16 orders on average. On average, profit and sales per each one are 923 and 7 951 respectively.

However, there is room for improvement! The company has tremendous losses of 450 000 in several countries, including Turkey, Nigeria, Argentina, Sweden and Pakistan. Turkey is the most unprofitable and accounts for more than 25% of the total loss. The report notices that all sub-categories purchased there have negative profit. Furthermore, the firm operates very demurely in some markets that potentially are highly profitable. Additionally, the firm has almost 300 loss-making customers who have had a very high discount for more than three years.

The primary outcome of the research is that the firm's discount policy is not optimal. Most of the loss-making countries are alike in terms of the high average discount rate. As a consequence of it, the tables sub-category is profitable in none of the countries. The total loss from tables among all the countries is 64 000.

As for recommendations, I reckon that senior managers should consider a new discount strategy. It includes cutting high discounts in the countries with an average discount slightly higher than the optimal level (≈ 10%). Similarly, to enhance sales, the firm may increase discounts in some countries where the discount level is feebly below the profit-maximizing one. Also, I suggest decreasing it in the countries (those in which the firm operates for a long time) with a very high average discount (more than 20%) by dropping it some sub-categories. In order to relieve the loss from tables, I propose dropping the discount for them entirely in the countries that are proven to be profitable in other sub-categories.

The firm should continue concentrating on the more prominent clients. I suggest offering smaller discounts for those who buy in small quantities and for personal use or pose a ''minimum order quantity'', thereby encourage large volume purchases.

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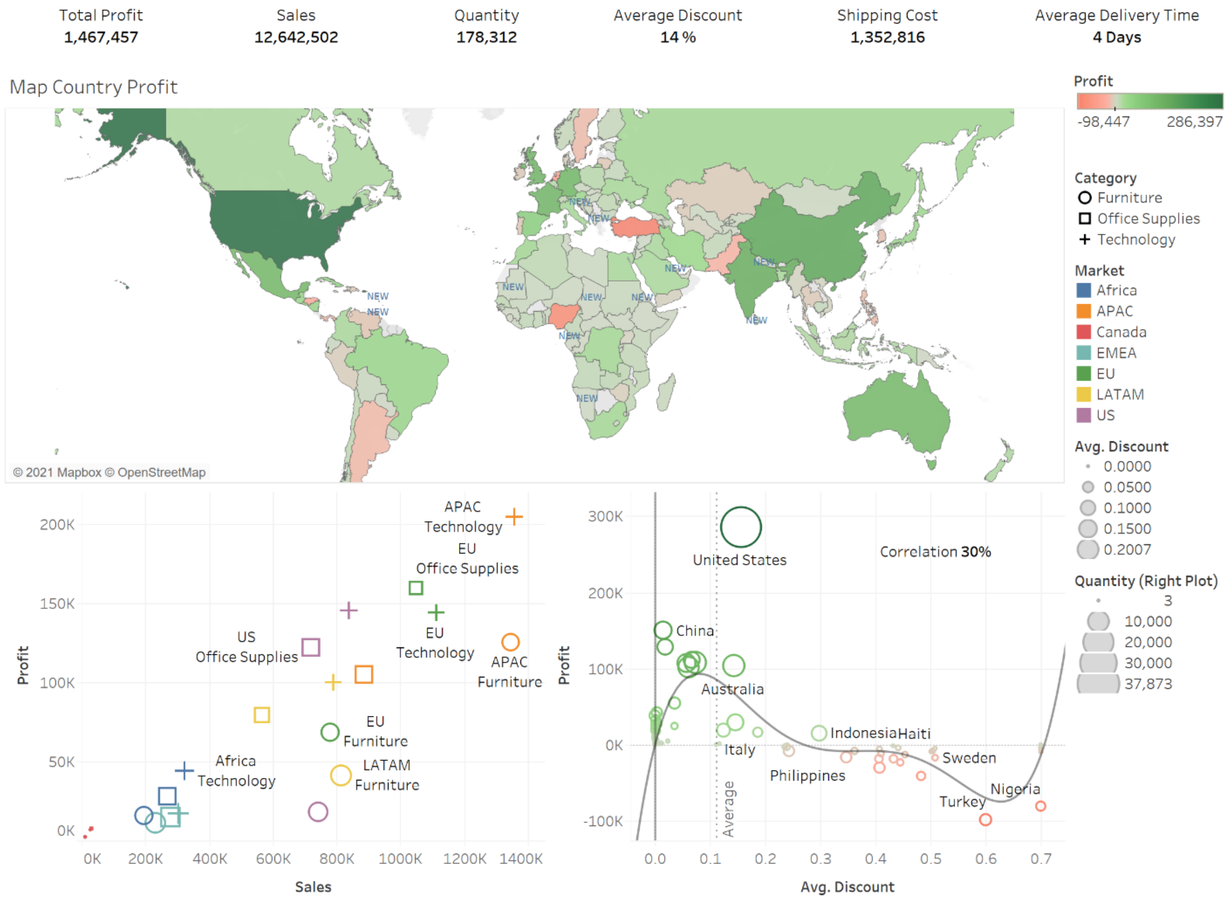
[1] Let us assume that that the report is written at the beginning of 2015.

Dashboard 1.



Dashboard 1

Dashboard 1 contains general information about the firm's operations worldwide.

Firstly, I decided to compare the gained profit in different countries. The colours indicate total profit from a country – dark greens are the most profitable, and reds are the countries where the firm experiences losses. Defining the red sectors is necessary for the firm because, in order to make the next strategic moves, it should know the countries with negative profit so that it can treat them differently. As the map illustrates, the company has tremendous losses in Turkey, Nigeria, Argentina, Sweden and Pakistan. The most profitable are the USA, China, India, Australia, France, Germany, and the UK.

The bottom left widget shows that selling technology in APAC is exceptionally profitable (profit ratio is 14%). Even though sales and profit are meagre in the Canada market, it has the highest profit ratio of 24%. This market seems to have an enabling environment to gain greater profit. Therefore, I propose to operate more actively there – improve the advertising campaign or provide more privileges such as higher discounts, free trials or other incentives.

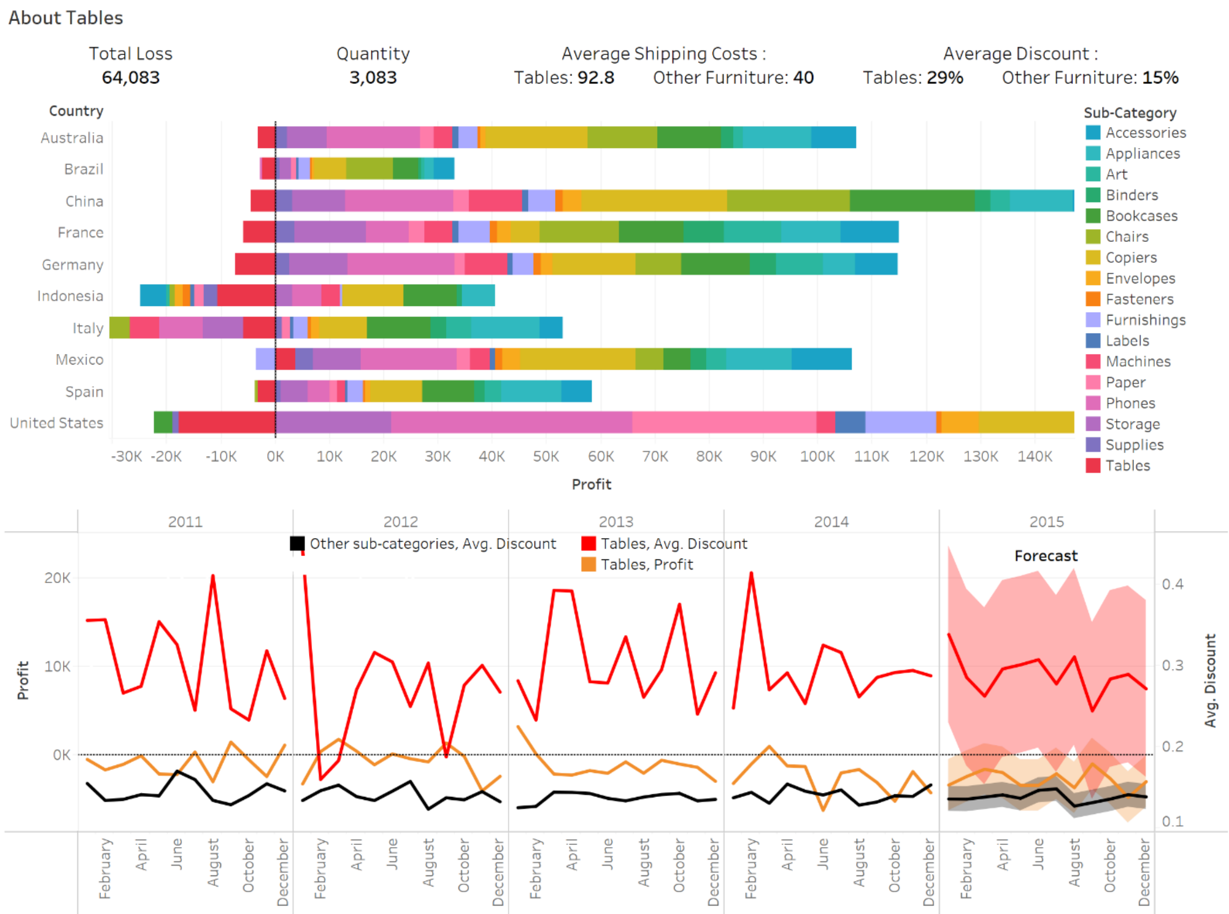
The bottom right widget shows the trade-off between profit and the average discount rate. We can observe that an increase of only a small discount is favourable for profit, whereas discounts higher than

10% lead to greater losses. Since the US market is eminently conducive, I offer to cut the highest discounts within the country to decrease the average discount in the US to the optimal level.

Most of the loss countries have incredibly high discount rates, so I would also recommend the firm decrease it in some states. This policy does not apply to the recently joined countries with a small customer base, but the countries that use a high discount for more than three years.

This policy does not apply to the countries that have started cooperating with our firm recently because the company has not created a loyal customer base there yet. However, the countries that have been using our service for more than three years and still a high discount should be considered in the new program.

Dashboard 2.



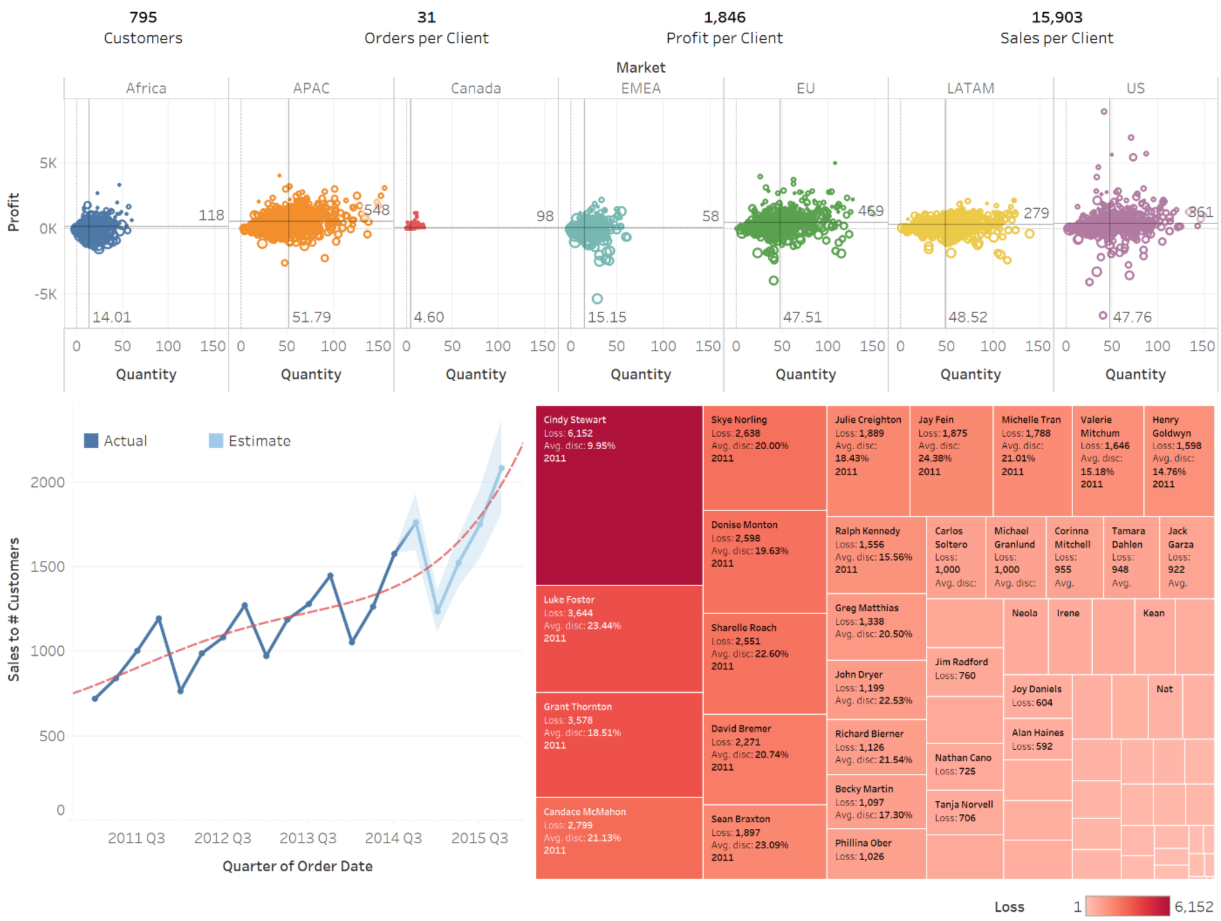
Dashboard 2

Now, I am going to discuss the dashboard that contains some information about tables.

The left top widget represents the countries that are profitable but have losses in some sub-categories. As we can notice, nine of ten countries experience negative profit in Tables. It appears that this type of furniture is the only nonprofitable sub-category in half of these states. For this reason, senior managers might choose to reconsider the company's policy towards them. In case of success, at least five countries may become ultimately profitable in terms of sub-categories.

From 2011 to 2014, the firm accommodated 64 083 (currency) loss in the Tables sub-category. One of the possible causes might be the fact that the average discount rate for tables is much higher than for any other sub-category. It is important to note that throughout almost the whole of the 2012 year, the firm managed to partially offset the loss by profit. For this reason, I decided to study this year and compare it with the others. One of the distinctive features is that the firm provided the lowest discount rate on tables in 2012. It is easy to see that the periods of positive profit are highly correlated with drops in the discount. As the forecast suggests, if the average discount on tables remains high, the firm will continue experiencing negative profit here. Hence, I would recommend the company to consider a new strategy with smaller discounts towards tables in the countries presented in the bar chart.

Dashboard 3.



Dashboard 3

We are going to analyze customers in the third dashboard. EMEA has about half a dozen highly loss-making consumers, however. The scatter plots for APAC and EU are almost indistinguishable. Despite the fact that the dense parts for LATAM and US markets are incredibly similar, the latter has a more considerable amount of both highly profit-making and loss-making customers.

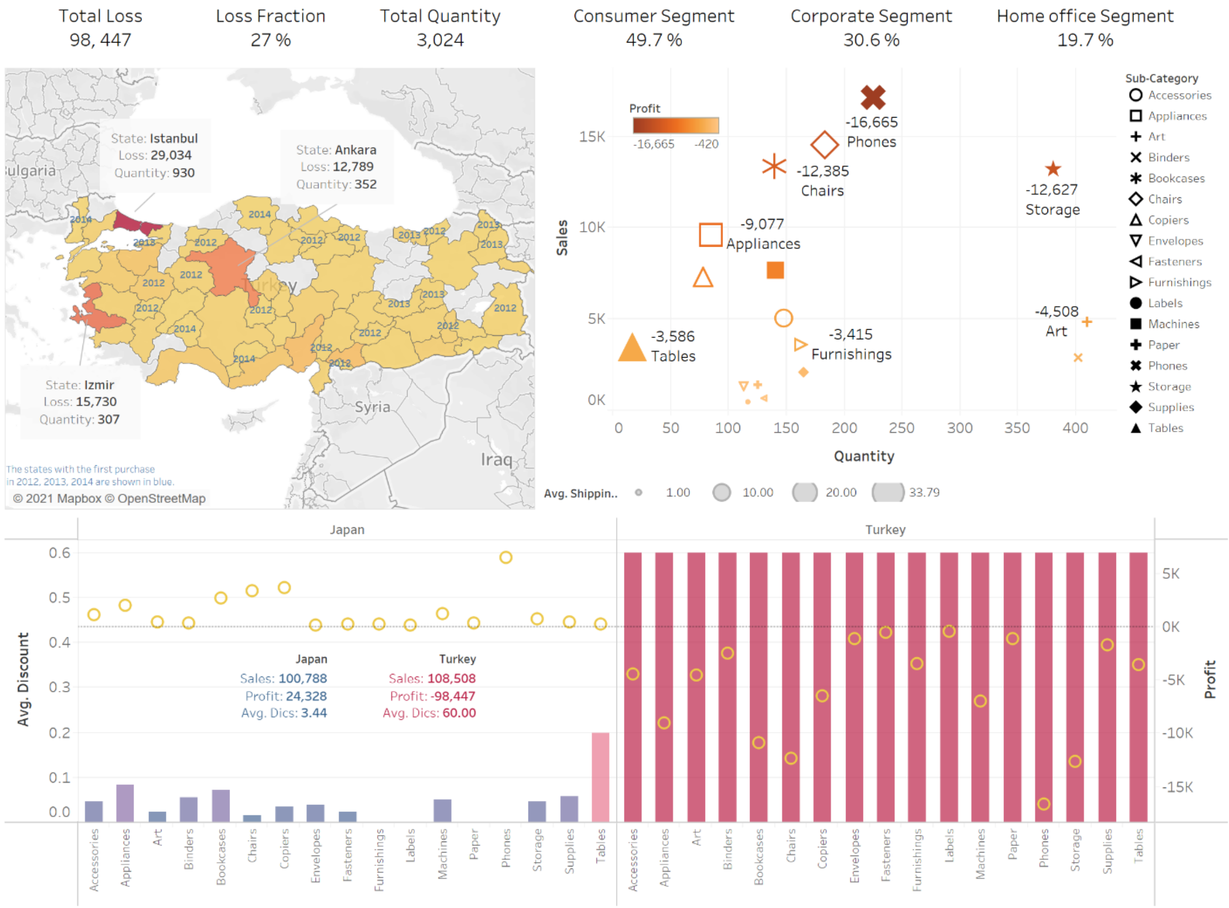
The bottom left widget represents the sales to the number of customers within a quarter, and we may observe that this ratio increases each year, so sales per customer grow throughout the given period. It implies that the store aims to implement cooperation with bigger clients who seem to be more appealing for our company. This tactic is effective as the company gains more profit each year, and I advise to continue applying it. The managers may stimulate larger quantity purchases by implementing a progressive price scale, i.e. making buying bulks less expensive. As an alternative, the firm may set the minimal amount that the client can purchase or provide any other client benefits for those who buy more than some fixed amount. One of the above should allow us to attract larger clients next year.

Our firm experiences losses from 297 customers, so they should be treated differently. All of them made their first purchase in 2011 and continue using the store with a very high discount. The company already has the bargaining power to control discounts for loyal customers, so I recommend to develop a stricter discount policy for them and other clients who joined in 2011. I would suggest providing more benefits to newcomers to increase the customer base.

Dashboard 4.

Let me present my fourth dashboard containing some information regarding the most loss-making country – Turkey. The loss from the country is almost 100,000 (currency), which is more than one-fourth of the total firm's losing. The quantities shipped account for three thousand units conserving the world segment distribution.

The top-left widget represents Turkey states on the map with concerning loss. We can see that the most unprofitable are Istanbul, Izmir and Ankara that account for more than half of the total loss within the country. I expected that the three largest cities in the country to accommodate sold quantities as much as in all other Turkey's states.



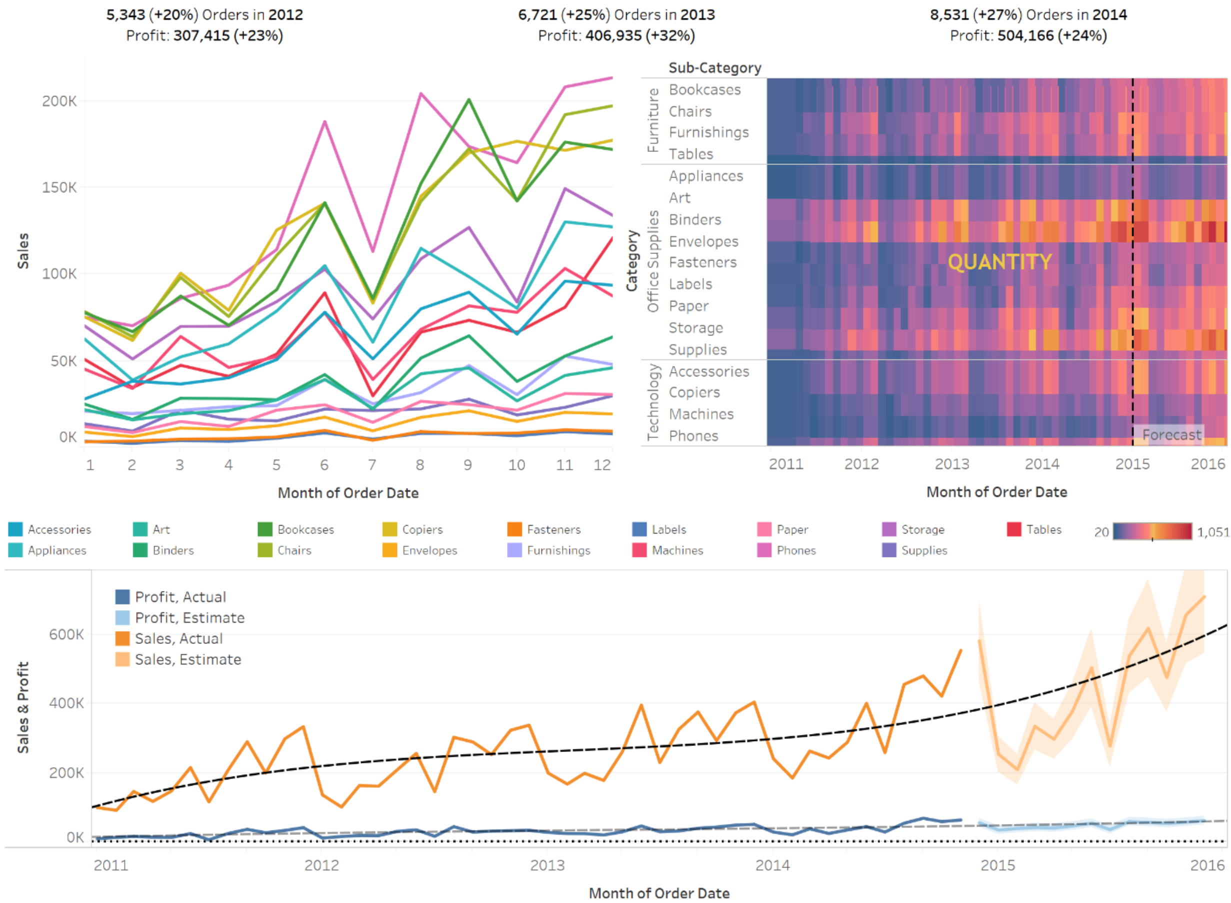
Dashboard 4

As the scatter plot suggests, the firm experience positive profit in none of the sub-categories in Turkey. Storage, art and binder sub-categories are ordered in much more substantial amounts than all other types of goods. Seeing that transporting phones is so expensive was extremely unanticipated. One might say that the electrical items are more costly to ship because they are fragile, requiring more careful handling, however, I have some evidence that it is not entirely true. As we can see from the same scatter diagram, machines and copiers that are also electrical and more volumetric, do not have such expensive shipping, so it worth investigating why this is the case.

In order to understand the causes for such tremendous losses, I decided to compare Turkey with similar in terms of sales but profitable country – Japan. One of the most apparent distinctions is that the firm possesses a sky-high discount of 60% on all categories in Turkey. In contrast, Japan has only one sub-category with a discount of more than 10% and four sub-categories are not discounted at all. I reckon that this is one of the key reasons Japan experiences losses in none of the sub-categories.

It is not recommended to drop all discounts in Turkey all at once. I would instead suggest cutting it in some sub-categories that are the most loss-making at the current year or month. This procedure should be continued until the optimal level of the average discount is reached.

Dashboard 5.



Dashboard 5

Let us consider the last dashboard that provides some trends' description and metrics' information connected with time. Overall, the firm operates very successfully, as the number of orders and quantities ordered were increasing annually by 20-30% and are expected to grow more in 2015. We can see that seasonality occurs as each year sales soar in June and August, whereas July and October show sales drops.

As we can see from the heat-map chart, the buying habits change over time as customers consume greater quantities in each category, and we forecast this trend to continue. The management should pay attention to it because as volumes increase, storage and transportation of goods within warehouses become more challenging and expensive.

The bottom widget illustrates sales and profit fluctuations over several years. Even though the business is growing with sales, the profit did not increase so considerably in 2014. In the next year, we forecast growth in sales while the profit will increase at the same rate. Growing sales and greater processed volumes imply more personnel employed, so I recommend decreasing the discount rate to offset the rise in new expenses. Since the firm already has a loyal customer base, I reckon that such a policy won't damage sales and is likely to profit.[2]

[2] Word count in the central part: **1491**.