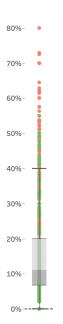


## Driving Business Growth: The impact of discounts on profitability

## Introduction

Our data analytics team conducted an exploratory data analysis on the dataset. We explored the data with SQL and Google Sheets and continued in Tableau. We created additional columns, including *profit per order and order frequency per customer, and we selected metric values with parameters* for sales, profit, and quantity.

## Discount vs Profit Insights



There is a correlation between profit and discount, where a higher discount creates a bigger loss. Products with discounts above 40% are risky, whereas discounts up to 20% are safer. We recommend identifying high-profit products with a low average discount and low-profit products with a high average discount.

We looked into how discounts influence the average profit per order for different customer groups: one-time customers who only ordered once, repeat customers who ordered more than once and less than five times, and loyal customers who ordered more than 5 times. Across all groups, discounts of 20% result in the most orders and the highest average profit per order. The loyal customer group generated a high count of orders with discounts of 30% to 80%, resulting in a loss. We recommend a customer loyalty program where loyal customers get discounts between 10% and 20% and avoid higher discounts to optimize the generated profit for this customer group.

The top 10 products by quantity show the highest customer demand. We compared these products with their average discount and total profit. Some high-demand products create a loss due to higher discounts. Office Supplies are the category with the most customer demand. To optimize the profit for this category, we recommend a different discount strategy, like a bundling system where orders of larger quantities get a discount.

## **Key Insights**

- Discounts up to 20% are safer, whereas discounts above 40% are risky
- Identify high-profit products with low discounts and low-profit products with big discounts
- Consider bundle deals for high-demand products and discounts for loyal customers up to 20%