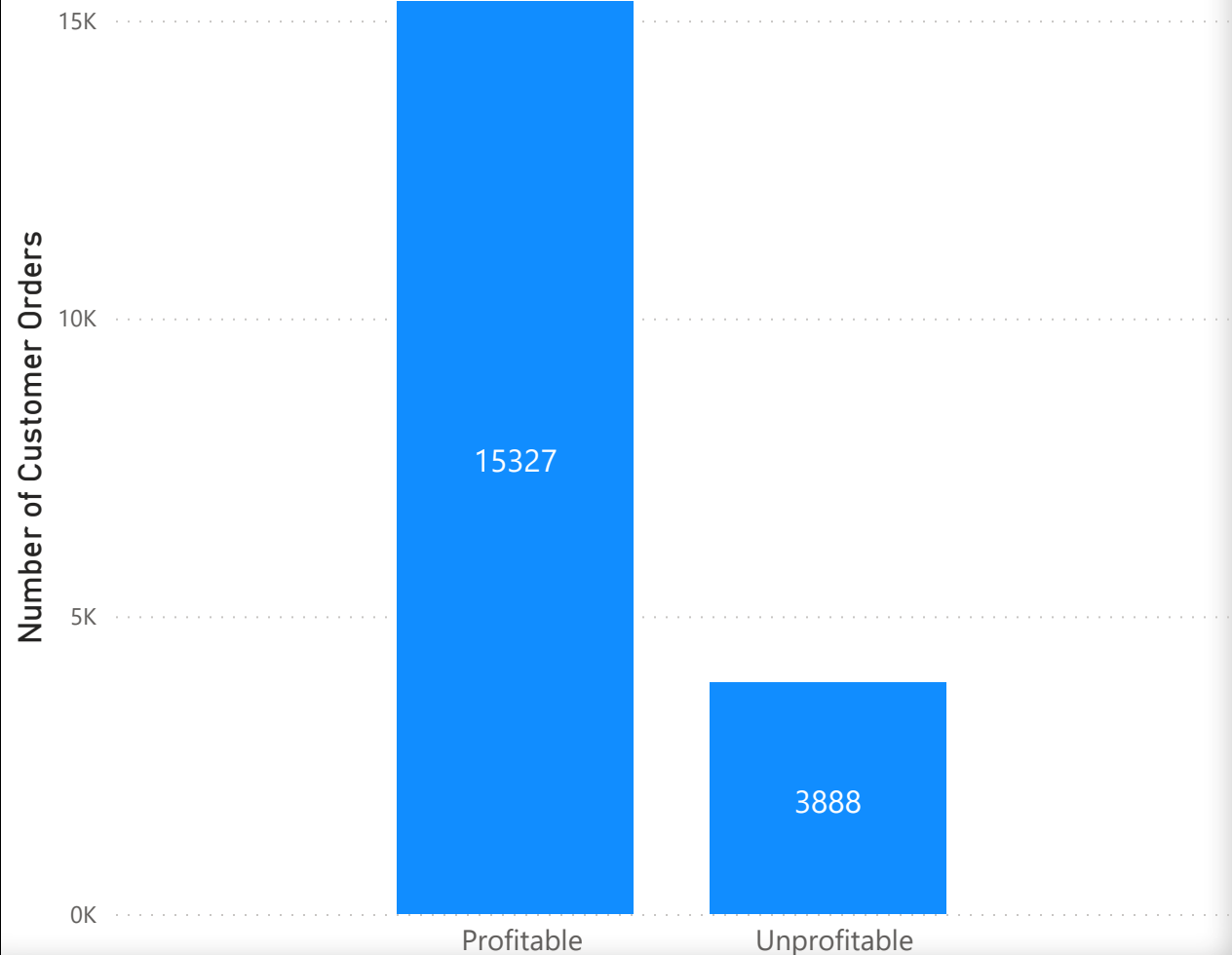


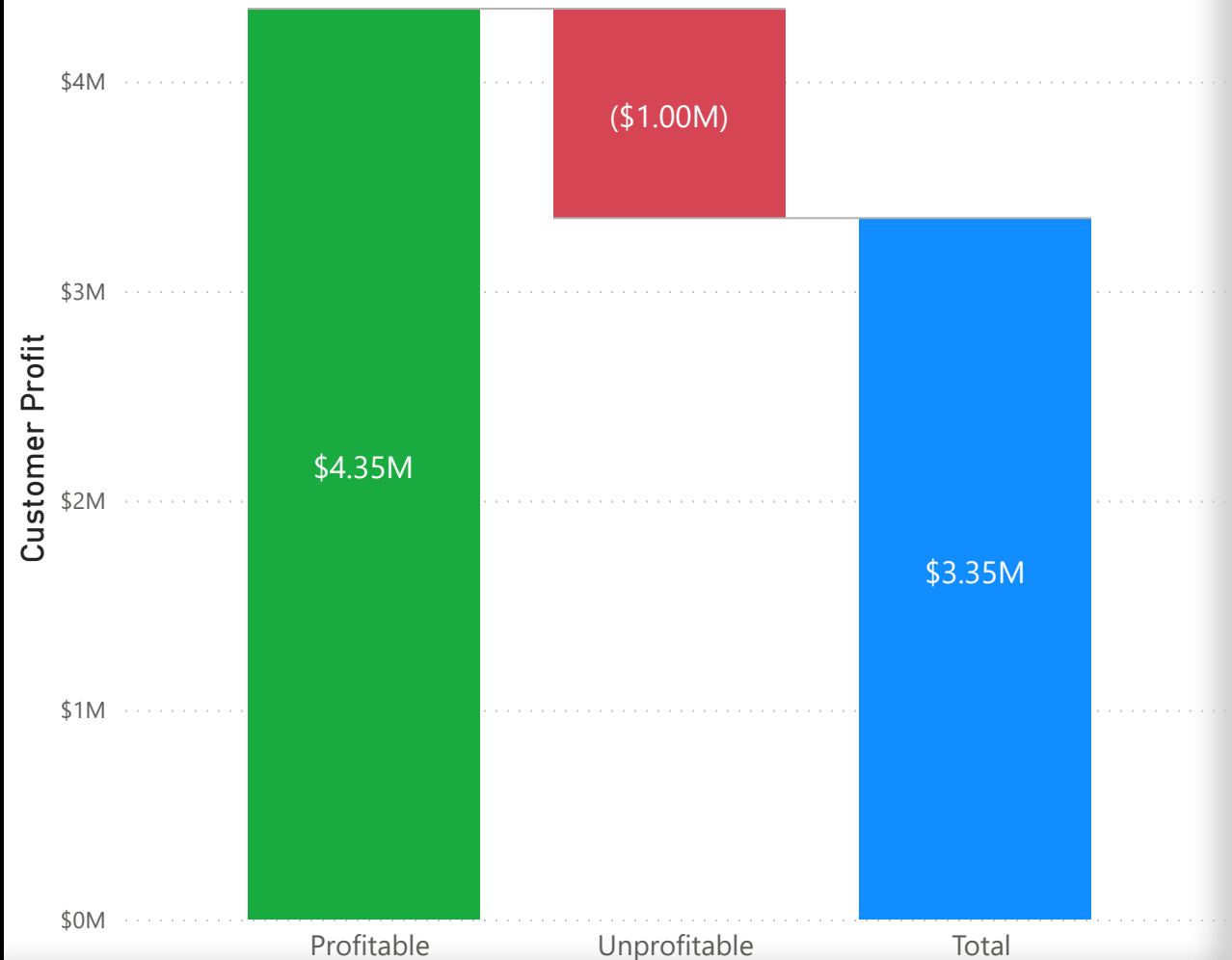
# The Effect of Unprofitable Orders

Objective: Determine if unprofitable orders are worth fulfilling, given total customer profit and assuming that unprofitable orders may enable customers to carry out profitable orders in the future.

## Number of Profitable and Unprofitable Orders



## Customer Profit by Category



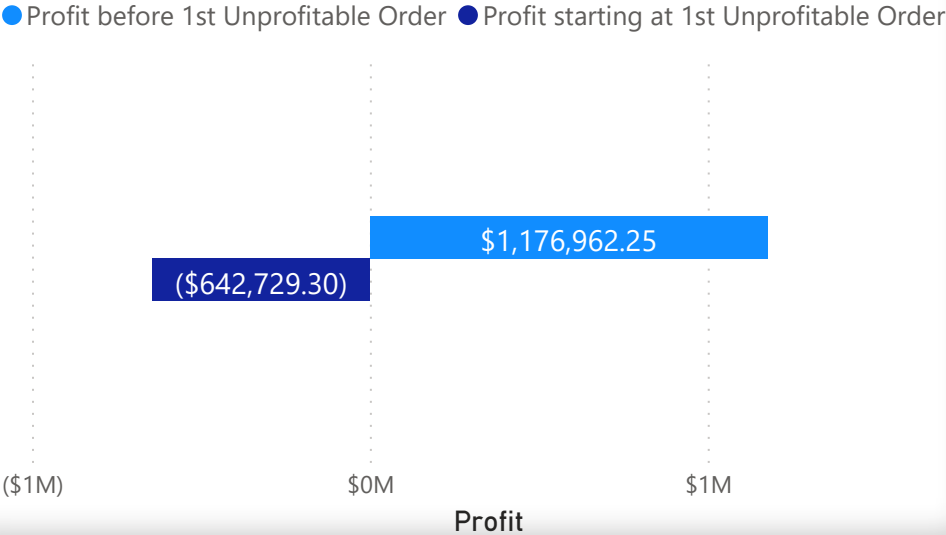
# The Effect of Unprofitable Orders

Effect of 1st Unprofitable Order

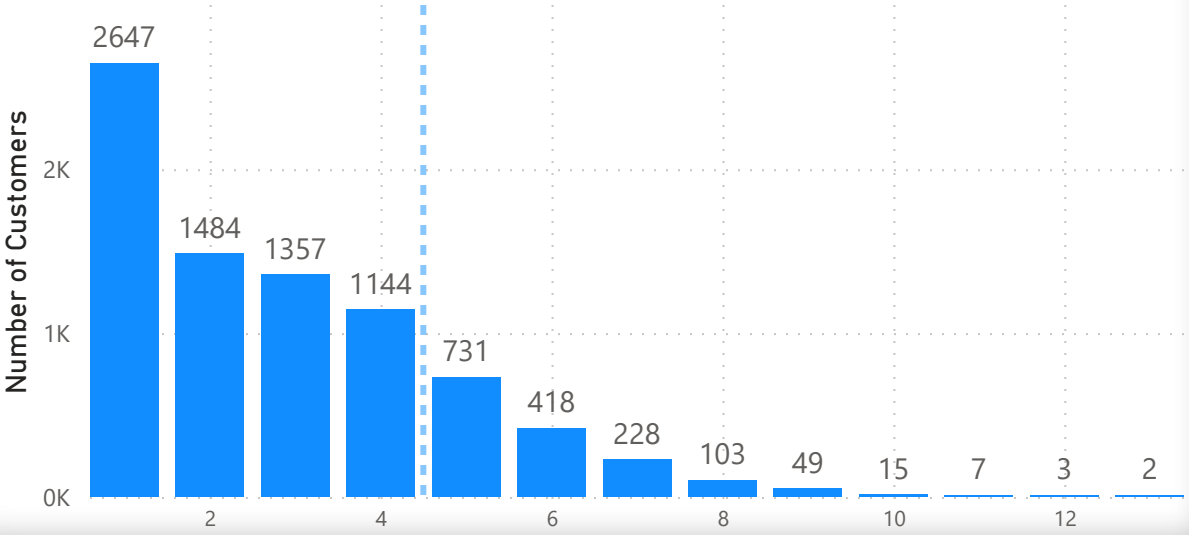
Effect of 2nd Unprofitable Order

Effect of 3rd Unprofitable Order

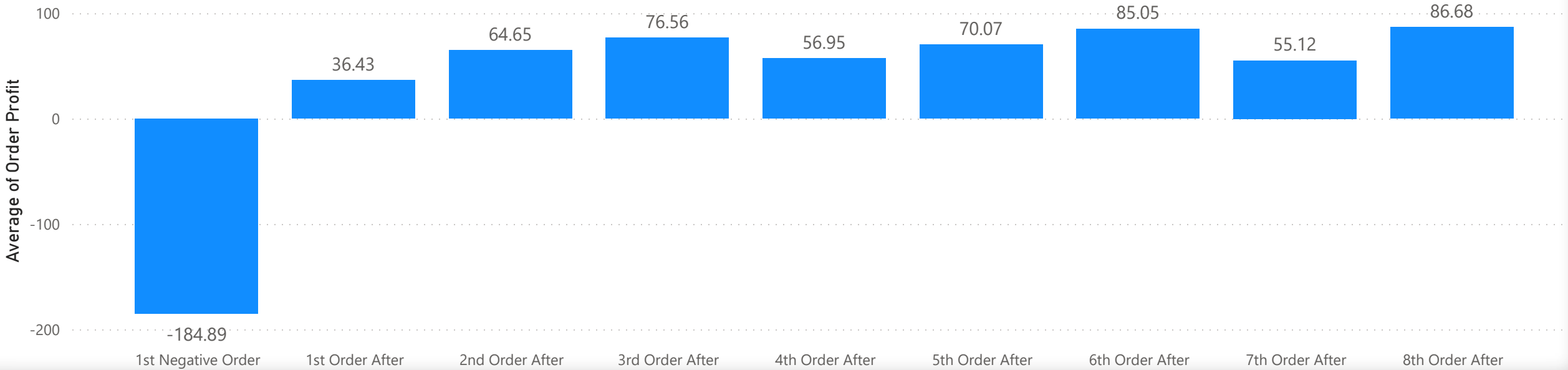
Profit Before and Starting at 1st Unprofitable Order



Number of Customers by Orders Placed Starting at 1st Unprofitable Order



Average Profit by Order Starting at 1st Unprofitable Order



Click for Details

1st Unprofitable Order Effect
2nd Unprofitable Order Effect
3rd Unprofitable Order Effect

Effect of 2nd Unprofitable Order

☐ Customer turned Profitable through 2nd Unprofitable Order

☐ Customer turned Unprofitable through 2nd Unprofitable Order

19215

Customers

\$3.35M

Customer Profit

Customer ID	Customer Profit	Customer Profit - Category	Number of Orders Placed Starting at 2nd Unprofitable Order	Orders Before 2nd Unprofitable Order	Orders Starting at 2nd Unprofitable Order	Effect of 2nd Unprofitable Order
1	\$159.69	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
2	\$208.74	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
3	\$334.49	Profitable	1	Profitable	Unprofitable	
4	(\$420.09)	Unprofitable	1	Profitable	Unprofitable	Customer turned Unprofitable through 2nd Unprofitable Order
5	\$309.85	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
6	\$893.65	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
7	\$964.89	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
8	\$802.36	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
9	(\$489.99)	Unprofitable	1	Unprofitable	Unprofitable	
10	(\$151.22)	Unprofitable	1	Unprofitable	Unprofitable	
11	\$276.70	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
12	\$725.13	Profitable	6	Unprofitable	Profitable	Customer turned Profitable through 2nd Unprofitable Order
13	\$882.26	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
14	\$288.48	Profitable	1	Profitable	Unprofitable	
15	\$69.46	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
16	\$578.24	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
17	\$380.22	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
18	\$416.37	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
19	\$462.17	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
20	(\$757.64)	Unprofitable	2	Unprofitable	Unprofitable	
21	\$815.59	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
22	\$498.15	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
23	\$812.75	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
24	\$314.80	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
25	\$191.81	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
26	\$275.10	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
27	\$125.76	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	
28	\$238.33	Profitable		No 2nd Unprofitable Order	No 2nd Unprofitable Order	

# The Effect of Unprofitable Orders



12

Customer ID

8

Number of Orders

San Antonio

Customer City

TX

Customer State

United States

Customer Country

## Order Details

Order Id	Profit	Order Date	Order City	Order Country
921	(\$102.01)	1/14/2015 10:19:00 AM	Santa Catarina	México
20537	(\$196.01)	10/27/2015 6:40:00 PM	Nowra	Australia
24642	\$364.47	12/26/2015 4:50:00 PM	Guangzhou	China
36246	\$221.09	6/13/2016 2:14:00 AM	Los Angeles	United States
44131	\$215.79	10/6/2016 4:42:00 AM	Soweto	SudAfrica
45831	\$162.84	10/31/2016 12:17:00 AM	Lagos	Nigeria
58919	\$58.96	5/10/2017 1:35:00 AM	San Luis Potosí	México

## Item Details

Item ID	Order ID	Product ID	Profit	Product Name	Product Category
2302	921	502	(\$130.00)	Nike Men's Dri-FIT Victory Golf Polo	Women's Apparel
2303	921	1014	\$27.99	O'Brien Men's Neoprene Life Vest	Indoor/Outdoor Game
51293	20537	957	(\$196.01)	Diamondback Women's Serene Classic Comfort Bi	Camping & Hiking
61694	24642	1004	\$129.99	Field & Stream Sportsman 16 Gun Fire Safe	Fishing
61695	24642	1073	(\$37.35)	Pelican Sunstream 100 Kayak	Water Sports
61696	24642	627	\$61.69	Under Armour Girls' Toddler Spine Surge Runni	Shop By Sport
61697	24642	957	\$88.72	Diamondback Women's Serene Classic Comfort Bi	Camping & Hiking
61698	24642	365	\$121.42	Perfect Fitness Perfect Rip Deck	Cleats
90507	36246	403	\$6.50	Nike Men's CJ Elite 2 TD Football Cleat	Men's Footwear
90508	36246	1073	\$27.90	Pelican Sunstream 100 Kayak	Water Sports
90509	36246	403	\$25.35	Nike Men's CJ Elite 2 TD Football Cleat	Men's Footwear
90510	36246	502	\$49.69	Nike Men's Dri-FIT Victory Golf Polo	Women's Apparel
90511	36246	365	\$111.65	Perfect Fitness Perfect Rip Deck	Cleats
110197	44131	1014	\$24.35	O'Brien Men's Neoprene Life Vest	Indoor/Outdoor Game
110198	44131	191	\$61.41	Nike Men's Free 5.0+ Running Shoe	Cardio Equipment
110199	44131	1073	\$18.08	Pelican Sunstream 100 Kayak	Water Sports
110200	44131	191	\$102.95	Nike Men's Free 5.0+ Running Shoe	Cardio Equipment
110201	44131	191	\$9.00	Nike Men's Free 5.0+ Running Shoe	Cardio Equipment
114556	45831	1073	\$61.34	Pelican Sunstream 100 Kayak	Water Sports
114557	45831	191	\$22.60	Nike Men's Free 5.0+ Running Shoe	Cardio Equipment
114558	45831	1073	\$9.90	Pelican Sunstream 100 Kayak	Water Sports

# The Effect of Unprofitable Orders

- 19215 customers, 55648 complete orders, and \$3.35m in profit. Data between 1/1/2015 - 1/31/2018
- An order is considered complete when payment is received or expected to be received.
- For the 1st and 2nd unprofitable orders, sellers would need at least 4 additional orders on average to offset the loss by the unprofitable order. For the 3rd unprofitable order, sellers would need at least 3 on average.
- After an unprofitable order is made, the majority of customers tend to place less orders than needed on average to offset the unprofitable order cost. For example, after the 1st unprofitable order, 3,985 customers placed less than 4 orders whereas only 1,556 customers placed 4 orders or more.
- After an unprofitable order is made, there is a greater chance that the customer will turn unprofitable overall after all orders have been placed. For example, by carrying out the 2nd unprofitable order this enabled 281 customers to turn profitable, but this also caused 449 customers to turn unprofitable.
- The easy solution is for sellers not to carry out unprofitable orders. However, if a customer is expected to continue placing orders and an unprofitable order enables this, then exceptions can be made. Furthermore, the Details tab can help determine which products lead to negative profits. Sellers can then work on reducing costs for the product, disallow any discounts on the product, or discontinue sales on the product altogether.