



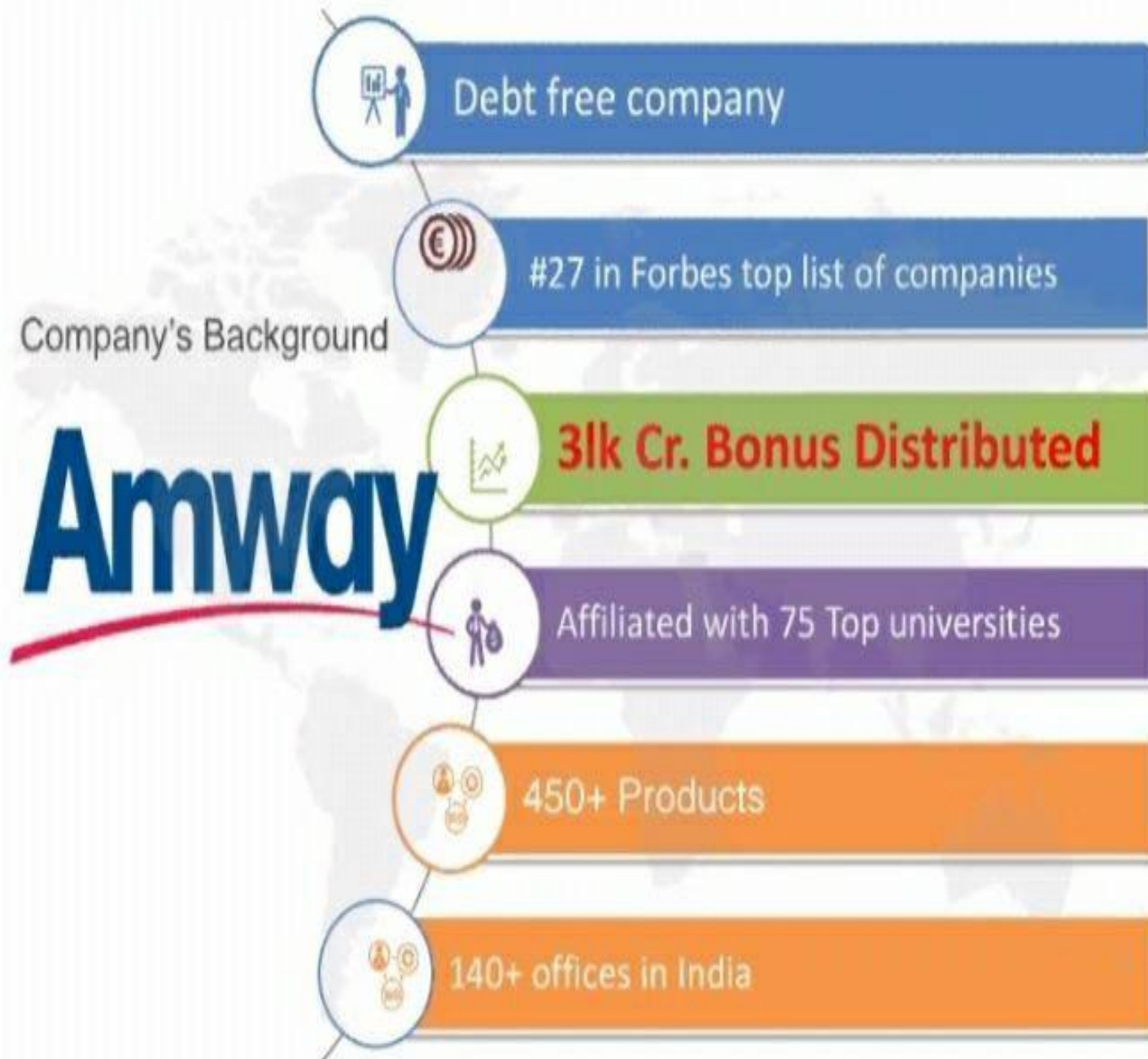
BDM CAPSTONE PROJECT

Optimizing Profitability and Stock Management for
Amway Business Owner

Govind Soni
21f1002864

21f1002864@ds.study.iitm.ac.in

ORGANIZATION & ITS BACKGROUND



Amway, a renowned US-based multi-level marketing (MLM) company, dealing in the B2C and C2C markets. Established in 1959 at Ada, Michigan, United States. Amway deals in Nutrition, Beauty, Home & Living, and Personal Care segments.

This project aims to help Amway Business Owner Sarita Soni towards sustained growth and profitability.

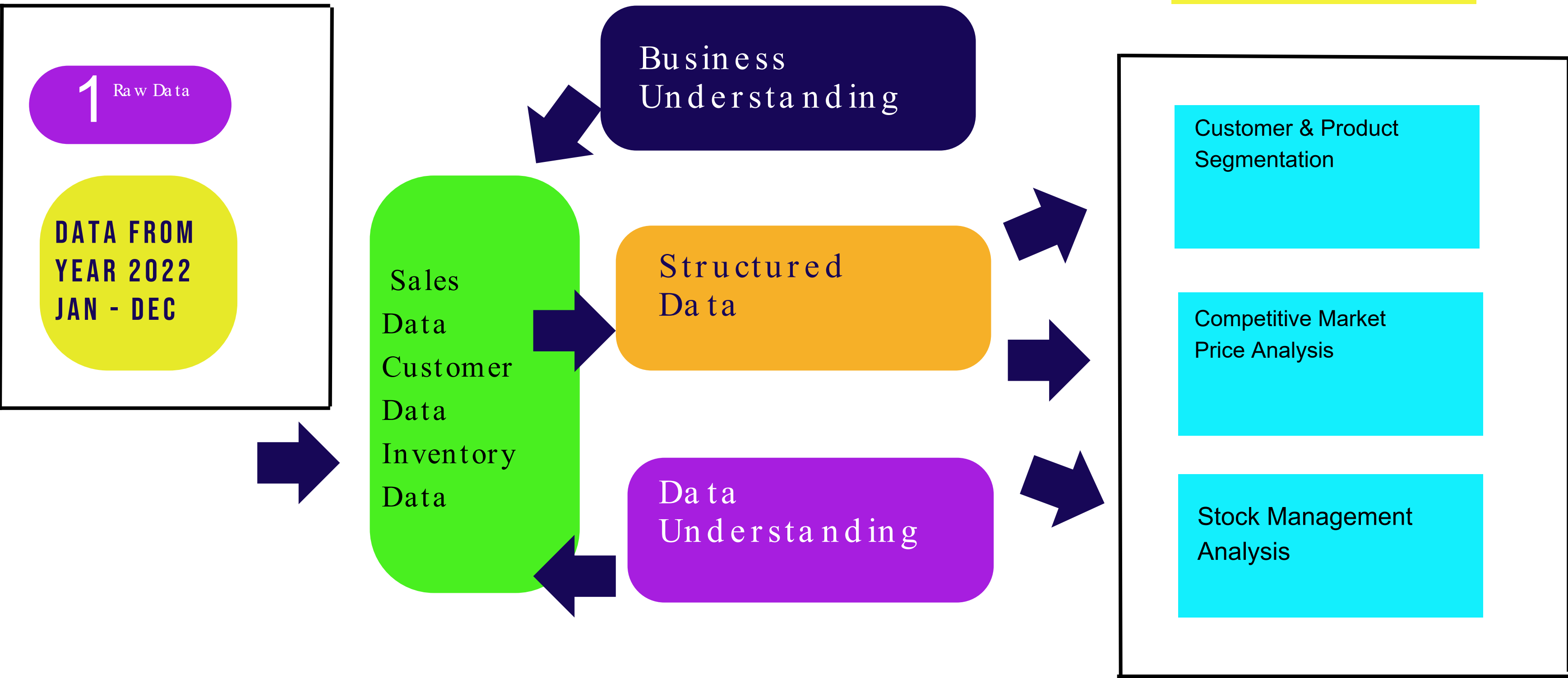
ISSUES

- Affordability Perception: Customer perception of Amway products as expensive impacts sales despite recognized quality.
- Stock Management: Minimize dead stock while maximizing promotional opportunities.
- Customer Loyalty: Understanding and meeting customer needs, ensuring exceptional service for enhanced loyalty and satisfaction.

DATA COLLECTION &
ANALYSIS PROCESS

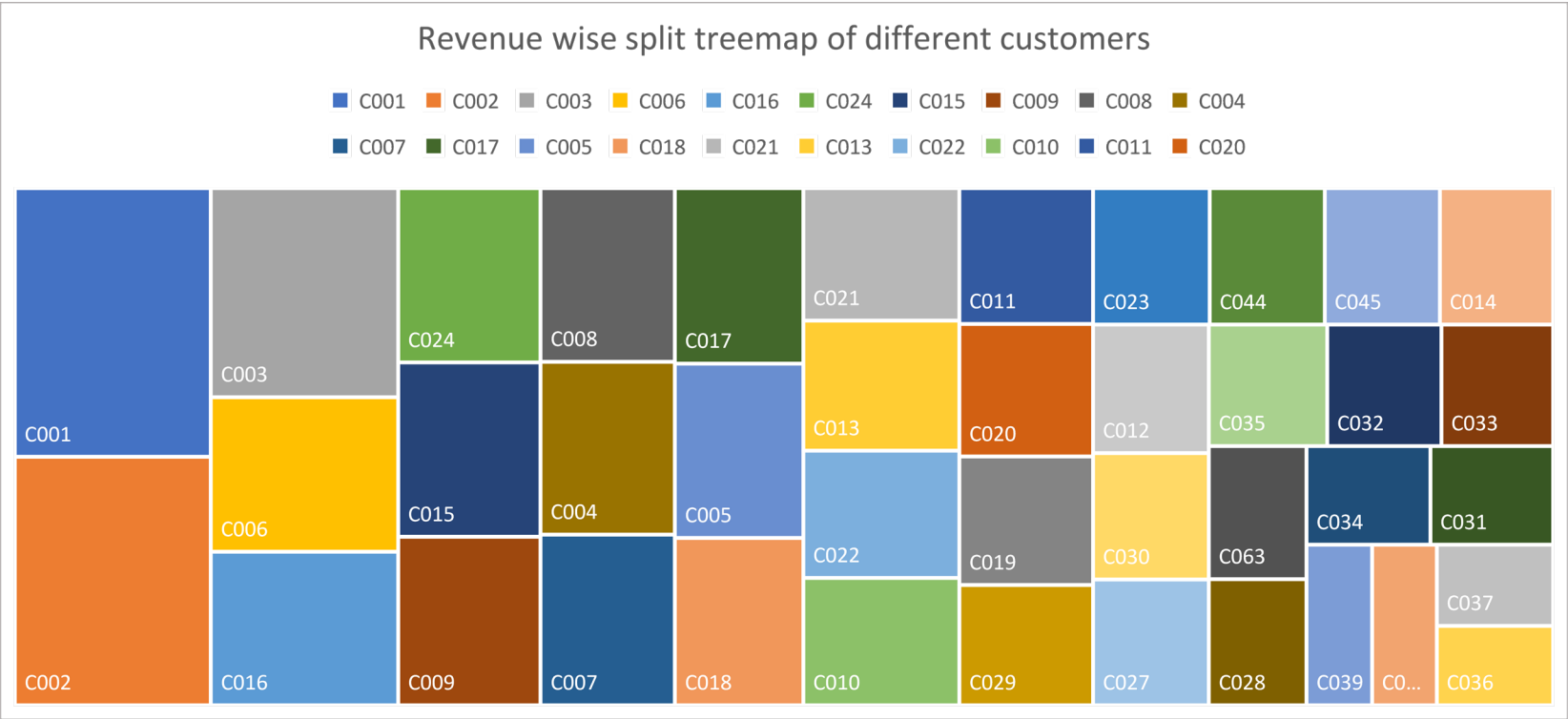
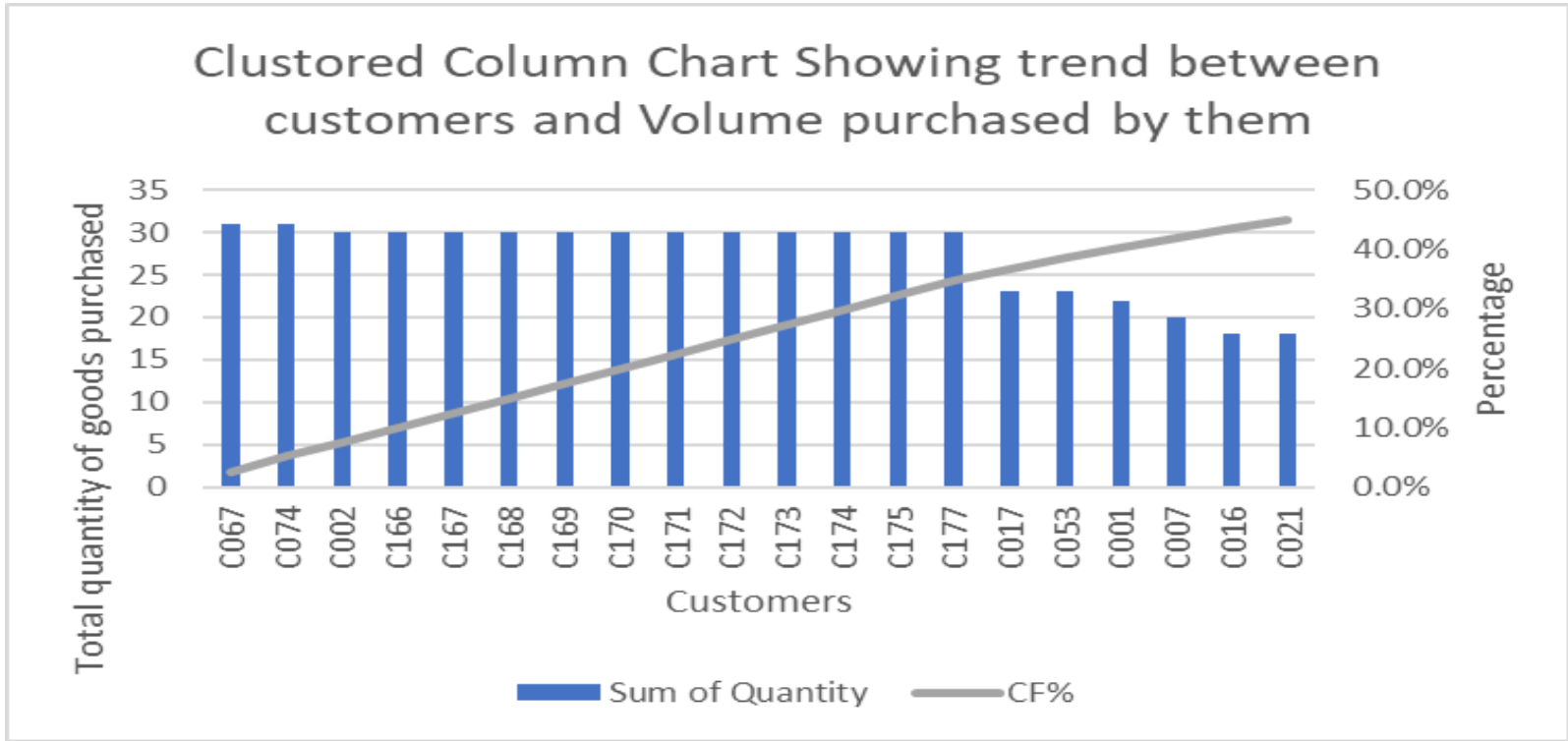


ANALYTICAL PROCESS &
GRAPHICAL
REPRESENTATION



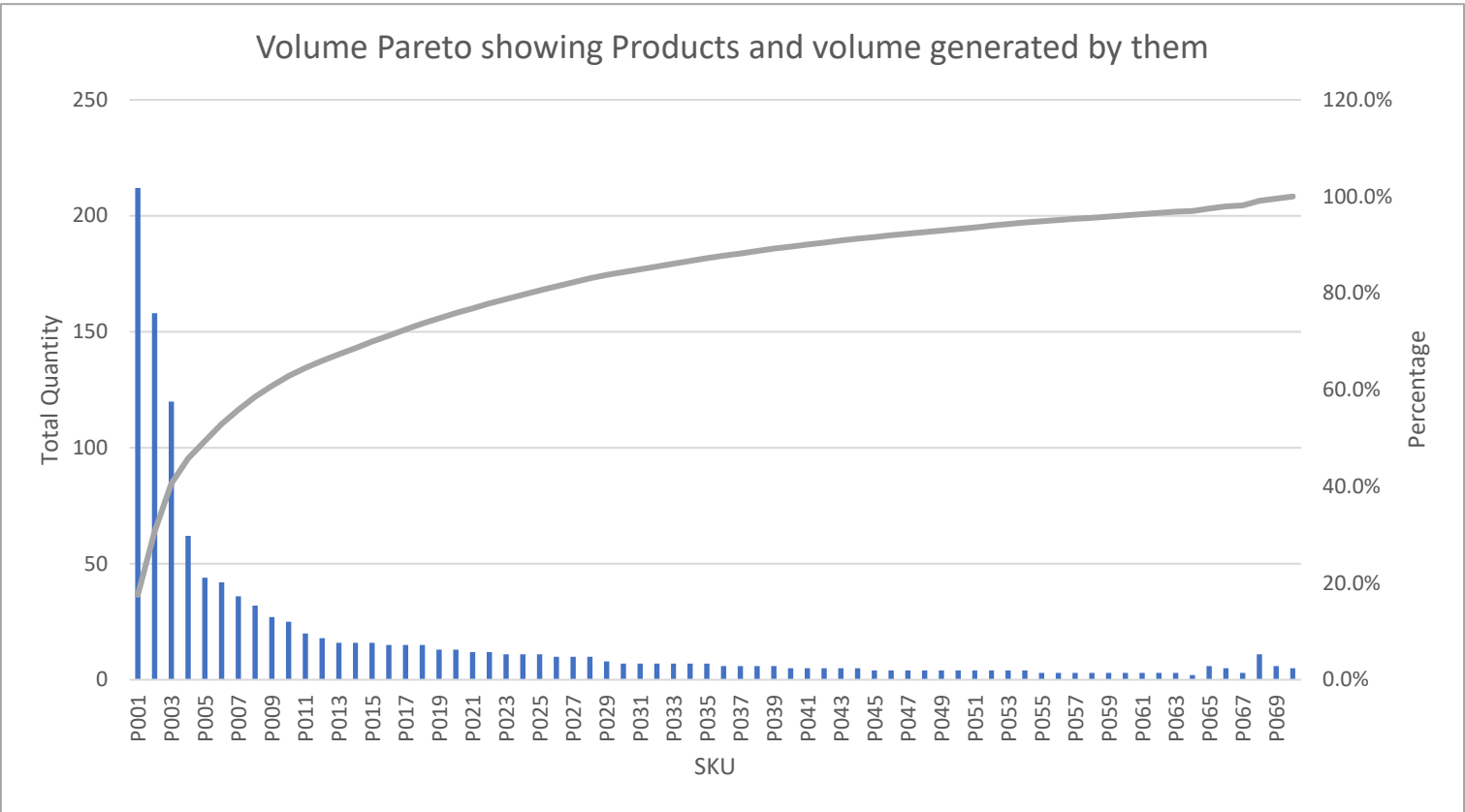
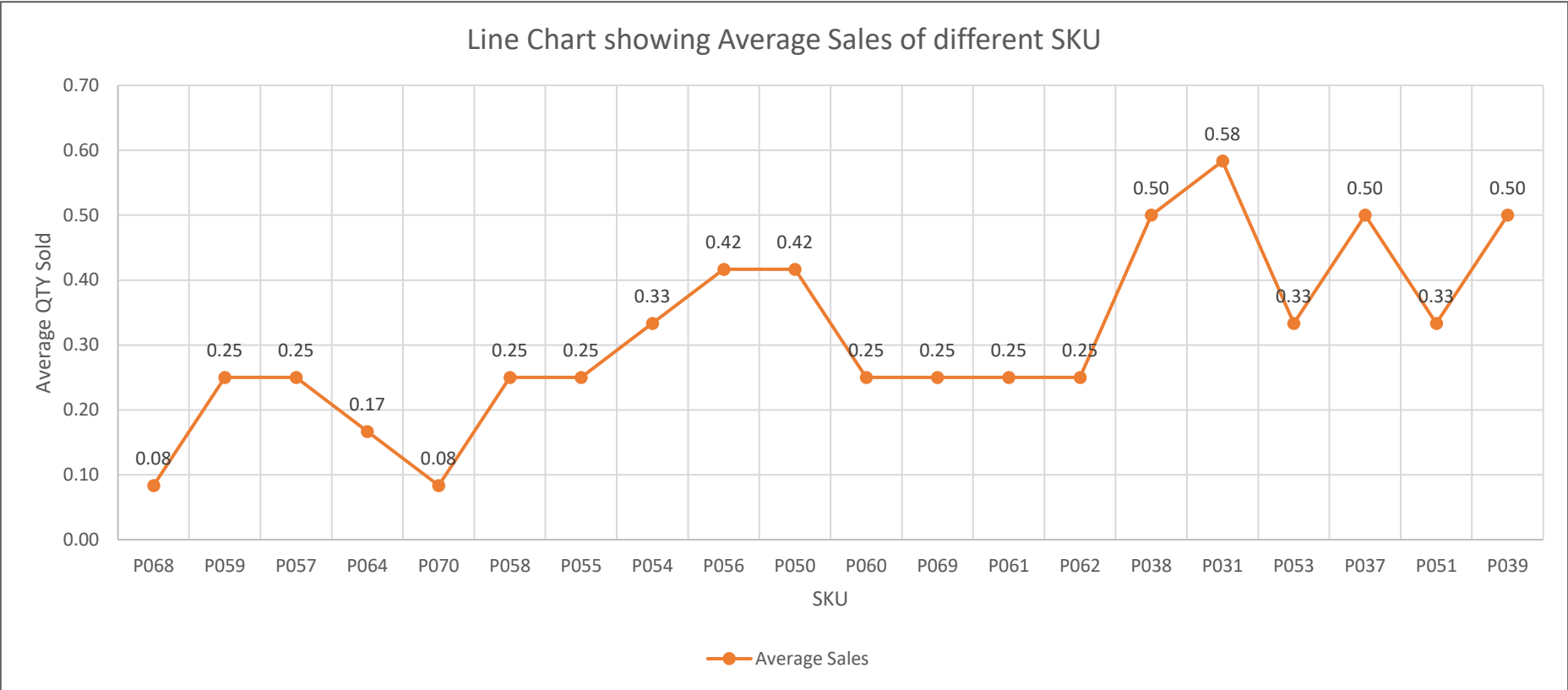
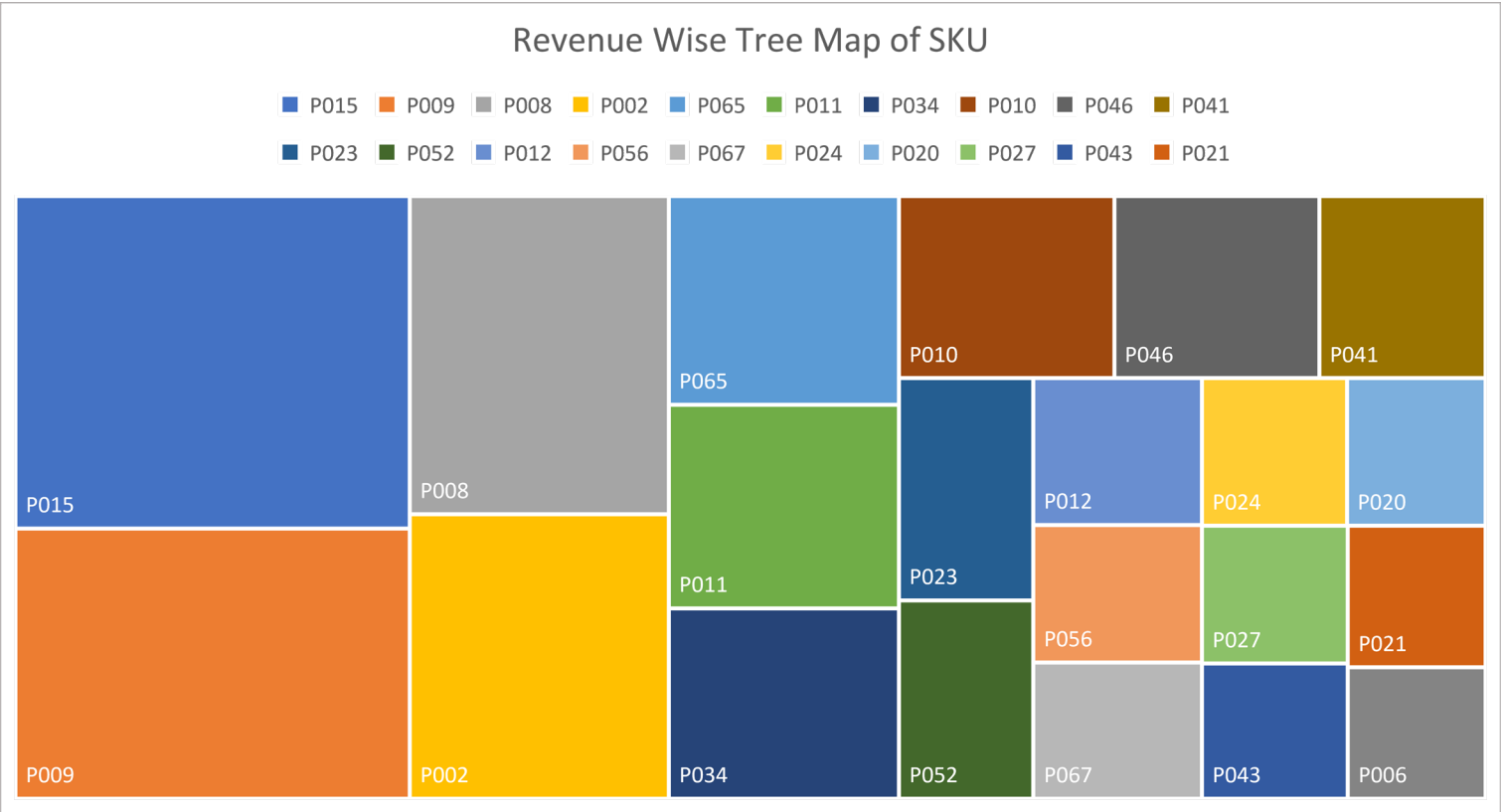
RESULTS &
FINDINGS

Customer Segmentation



- Customers C001, C002, C003, C006 and C016 have purchases of 20,000 Rs or more forming "Premium Customer Segment".
- "Potential Growth Segment Customers": C016, C024, C015, C009, C008, C004 and C007
- "Underperforming Customer Segment": C225, C226, C227, C228, C229 and C239 customers with low sales contribution.
- Since customers like C067, C074, C002, and others (C166-C177) visit often, we can offer them special combo deals to boost sales and encourage their loyalty.

RESULTS & FINDINGS

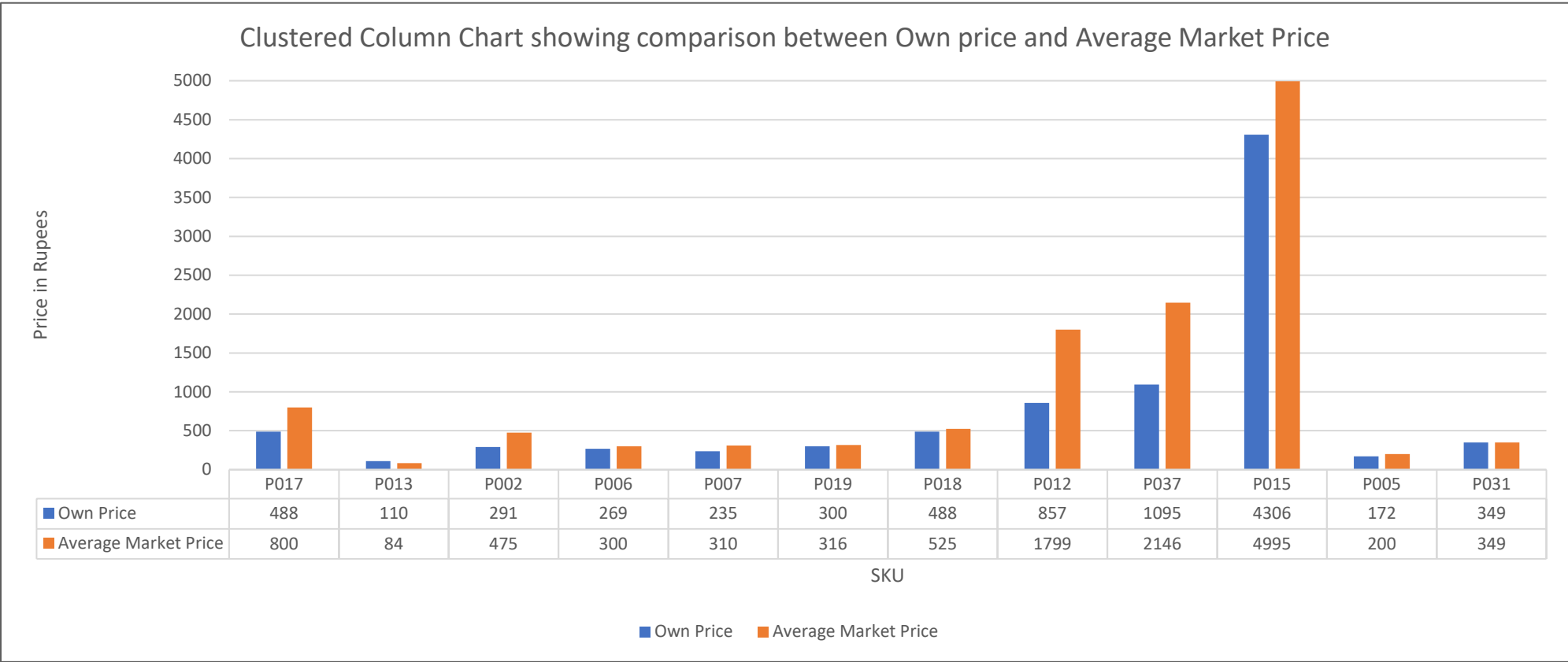


- **High Volume vs. Revenue:** P001 and P002 lead in volume, while P015 and P009 drive the highest revenue.
- **Low Revenue despite Volume:** P001, high in volume, suggests a lower-end product consuming excess inventory space.
- **Divergence in Pareto Analysis:** Both volume and revenue Pareto analyses diverge, highlighting the need to focus on the top 20% of customers for increased revenue through incentivization.

RESULTS &
FINDINGS



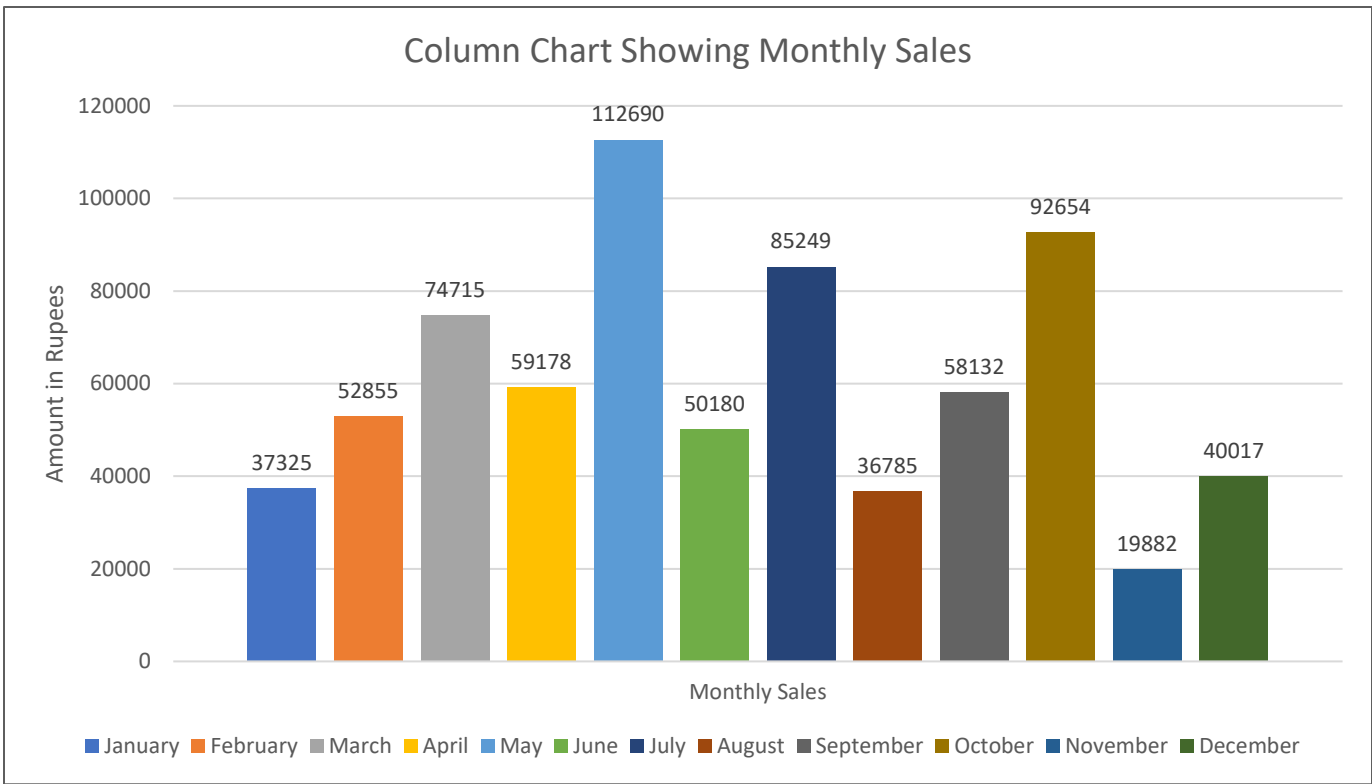
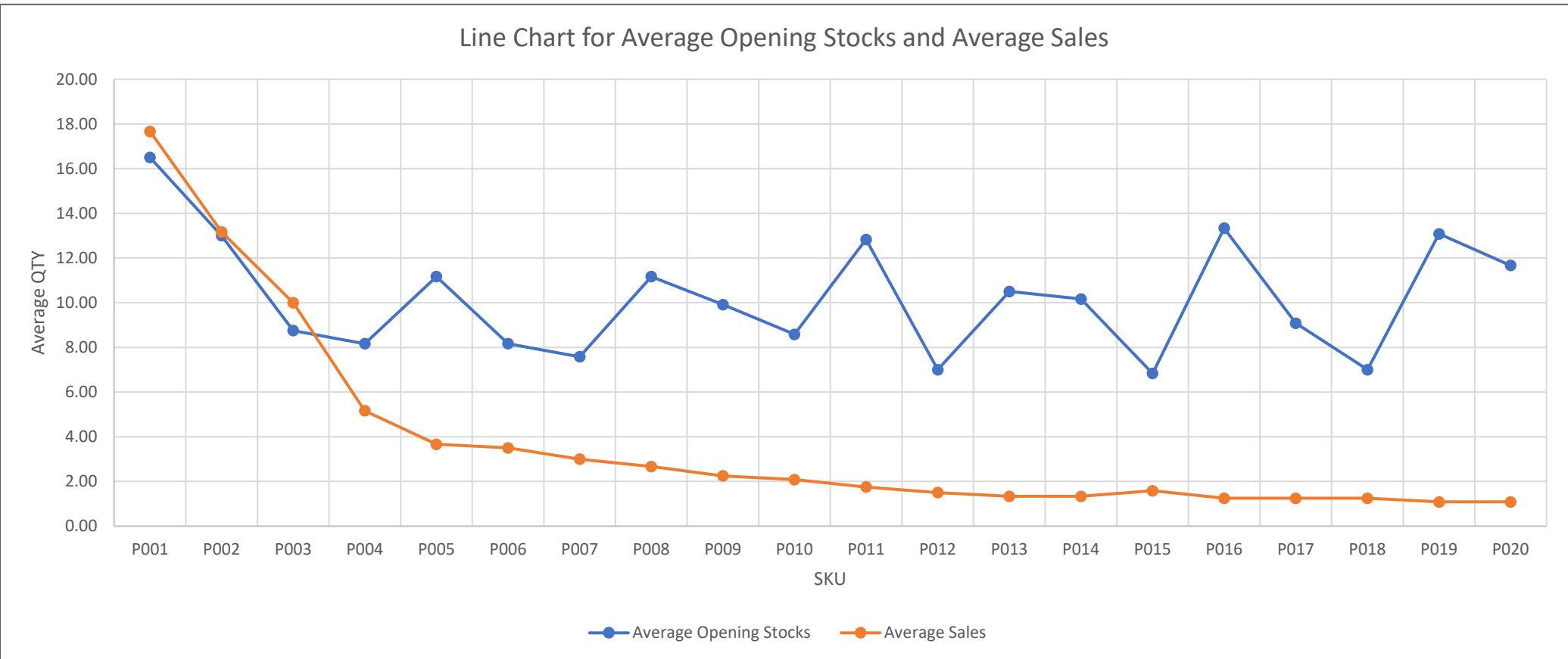
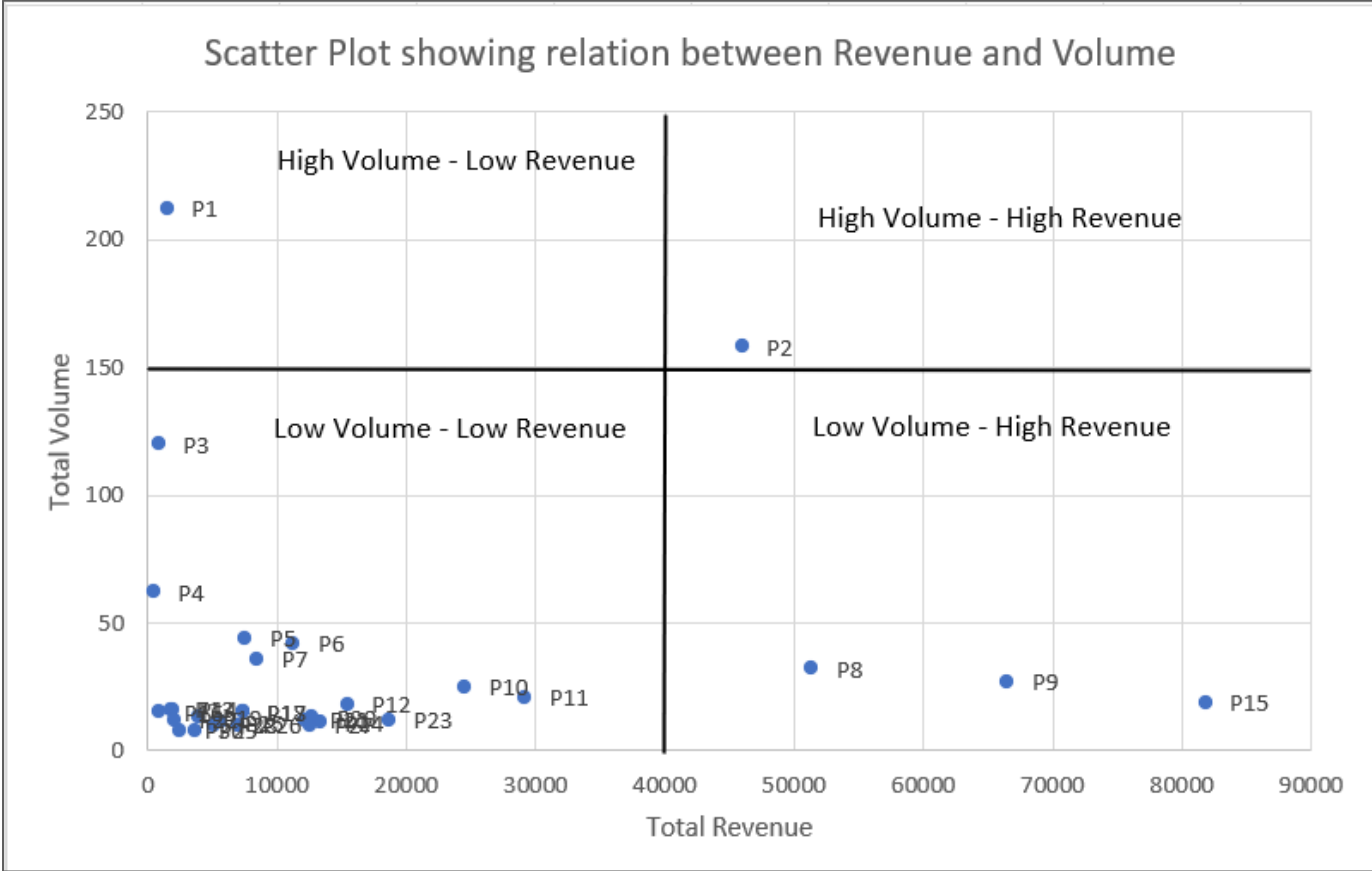
Competitive Market Price Analysis



- The clustered column chart indicates favorable price comparisons for Amway products.
- Focus on demonstrating product value; for instance, Amway SA8 can create 100 bottles of dishwashing liquid from 1 liter bottle, enhancing cost-efficiency.
- Develop a handy comparison album for ABOs to showcase during customer interactions, emphasizing Amway's cost-effectiveness and value proposition.
- Highlight competitive pricing in marketing initiatives to reinforce product affordability.

RESULTS &
FINDINGS

Average Monthly Inventory for Inventory Management



- **High Average Sales Products:** P001, P002, and P003 exhibit strong sales, prompting an inventory increase.
- **Low Sales Products:** P016 and P020 display poor sales, indicating a need for minimal stock.
- **P002:** High Volume High Revenue, strong demand, high margins.
- **P001:** High Volume Low Revenue, strong demand, narrow margins.
- **P008, P009, P0015:** Low Volume High Revenue, most successful and hero products.

INTERPRETATION

- Manual log records led to data inaccuracies, delays, and incomplete info.
- Customer segmentation categorized customers as: "Premium," "Potential Growth," "Underperforming."
- The frequently visiting customers did not generate high revenue.

- Amway products are competitively priced and cost-effective, varying based on size.
- This variation sometimes creates a perception of higher prices among customers.
- Just in Time (JIT) curbs excess inventory; trims low-revenue, low-volume SKUs like P001.

- Targeting top customers can maximize revenue growth by offering enhanced incentives.
- 66% prefer cash, 34% digital payments among customers.
- PhonePe and Paytm prominent choices in digital landscape

Tool Optimization: Integration of reporting and analytics by Excel for informed decisions

Consider product bundling for mid-level customers and frequently visited customer

Deprioritizing low-revenue customers for resource optimization

Recommendations

Offering credit, free delivery, and discounts to premium customers

Focus on top-performing segments and SKUs

Consistent weekly inventory monitoring for informed decisions

Utilize comparative charts for pricing illustration

Product demonstrations to emphasize value and cost-effectiveness

AMWAY BUSINESS THANK YOU



I am like to acknowledge Ashwin J. Baliga sir, Aaditya Chandel sir for their continuous support and Amway Business owner Mis Sarita Soni for being supportive and being together in this journey.

