EXECUTIVE SUMMARY

BSC (Big Store Company) is a retail company that mainly focuses on selling and storing goods. The inventory of the company involves many products like books, electronics, music, movies, and others. The company operates in different modes and regions, like the web-based mode, and its main regions are South, Southeast, and Southwest.

The data shows the budgetary allocations for 2017-2019 of all the various categories of products.

PROPOSAL

Out of all the listed items, electronics are showing a huge revenue boost. Although the number of products that the company is selling is limited, it still has a lot of space to boost sales. From close observations from the data in Excel, electronic items are showing a gradual increase in sales and overall revenue, from 2017 $6,027,842.65 to 2019 $10,342,798.05, which is incremental growth. After the forecasted data for 2020-2022, where $1,119,053.02 to $1,443,751.77, with 10% stretch to the overall sales for the predicted forecast. The current data based on the previous analysis showed that music is the highest revenue stream, but it is uncertain as growing online free platforms are rampant recently. But electronics are a certain kind of product that not only has sales but also services and can only be performed by a specific company. And it is also the best way where you can reduce the competition as manufacturers have a lot of competition, but sellers have little to no competition.

According to forecasting 2020 total revenue is $21,890,217.37 and for 2021 $28,921,570.86, for 2022 $35,952,924, where a drastic increase in revenue can be seen. If we include a stretch by 5%, then the values look like $22,984,728.24, $30,367,649.22, $37,750,570.20, respectively. If we increase the revenue stretch by 10% & 15%, the values look like $24,079,239.00, $31,813,727.75, $39,548,216.40, and $25,173,749.97, $33,259,806.29, $41,345,862.60, respectively. Among all the products that are present, electronics are showing greater revenue than other products. But instead of focusing all the revenue on a single component, it is better to divert funds towards web-based services, as they are going to be the best option to diversify and solidify the revenue stream. Based on the analysis, it can be seen that the profit margins can be divided into 3 tiers:

Tier 1: Northeast, which has shown steady growth in the revenue stream and has successfully developed and maintained profits.

Tier 2: South, Central, Mid-Atlantic, Southwest are showing progressive growth.

Tier 3: Southeast and Northwest are the lowest profit-generating regions, where the company needs to devise strategies that would strengthen these regions to make them sustainable regions.

The key area is web-based services, where they have been growing rapidly and might eventually stand on top. So, based on these graphs, it can be assumed that web-based services should be focused on a lot.

RISKS

Today, the digital world has gained momentum as more new consumers are focusing and interacting digitally, like Metaverse and other digital tools. So, the demand for these electronics is increasing, and there is a semiconductor shortage which can impact all companies around the world.

Due to globalization, all markets in the world are interconnected, so in order to absorb economic, geopolitical, and social impacts, companies should strategize and diversify their investments.

Focusing on the single product category of electronics poses risk as BSC will be siloed to one product category and may lose revenue from other product categories, such as music, books, and movies. However, this risk will be mitigated due to a tiered phase-out of other products as opposed to stopping sales immediately. Additionally, electronics bring in significantly more revenue than the other three product categories, that the risk of lost revenue should be sufficiently mitigated.

RECOMMENDATION

There are many strategies that can be followed in order to expand revenue growth. Some of these are:

Using artificial intelligence and machine learning to create a model for predicting consumer behavior by collecting consumer data with data security standards.

Assessing new trends and experimenting with new lines of products to understand market fluctuations.

Diversifying investments to avoid getting caught in some kind of economic crisis.

Investing in R&D to develop products that disrupt the market and create new opportunities.

Investing in inventory management by introducing latest strategies like fully automated warehouses, principles like just-in-time, pre-order, etc.

Investing in digital world market solutions and partnering with companies like Meta, Blue Jeans, etc.

Finding ways to include digital currencies like cryptocurrency, NFT, etc. and working on blockchain technologies as well.

We recommend that BSC focus on the product category of electronics and online sales.

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