

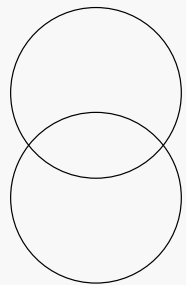
Diagnosing Adventure Works

Uncovering how a big revenue generator is losing out on profits

A REPORT



AdventureWorks at a glance



\$109.85M

total revenue earned

\$109.85M

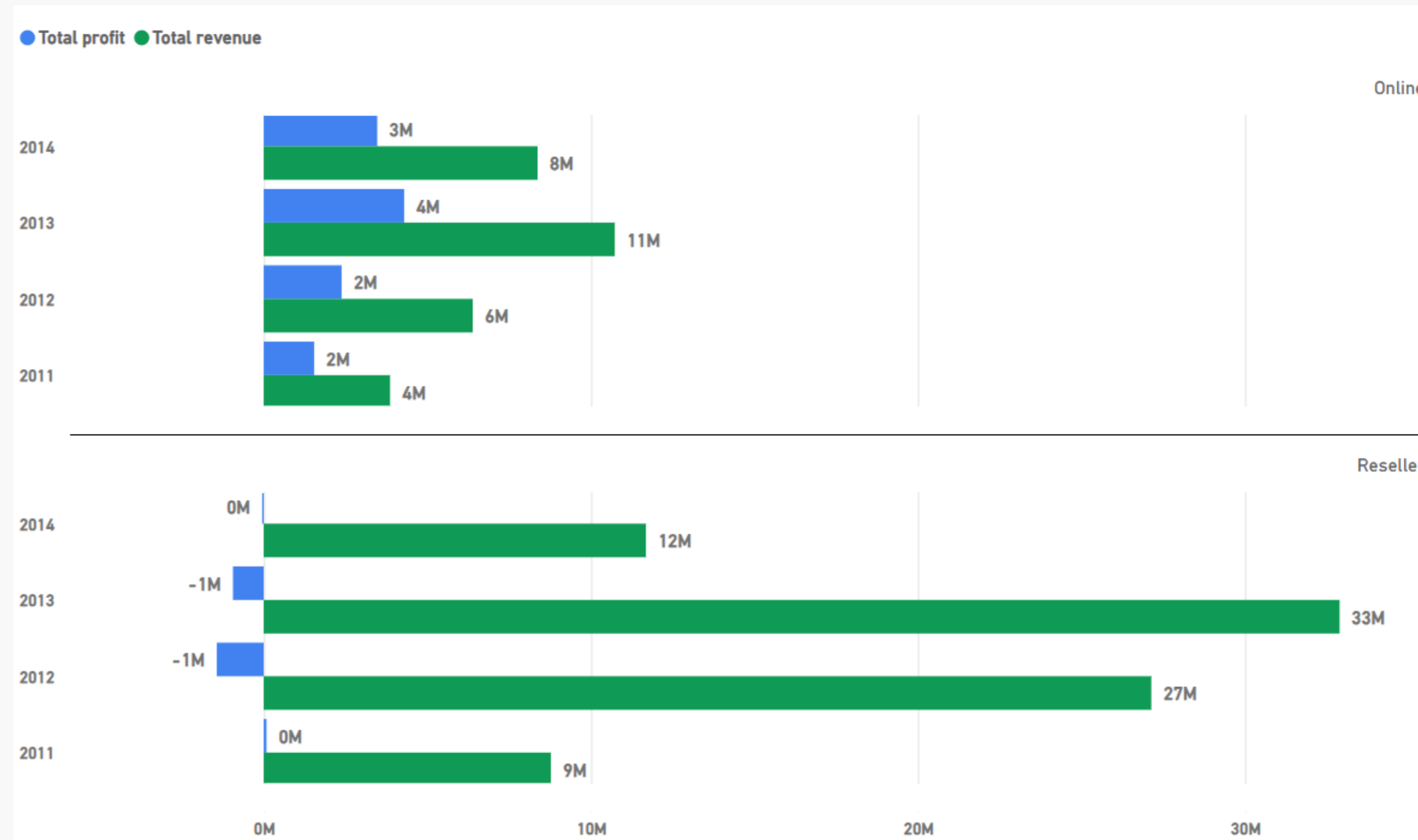
total revenue earned

73%

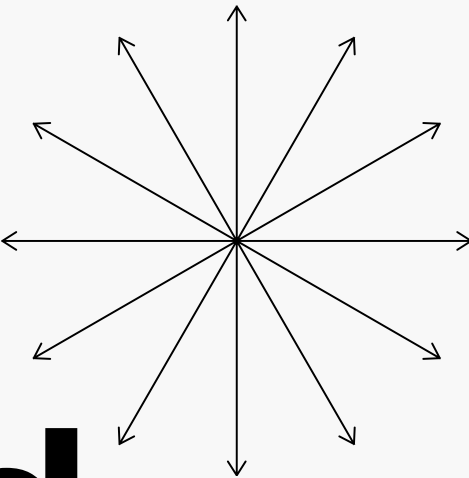
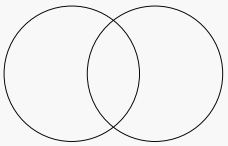
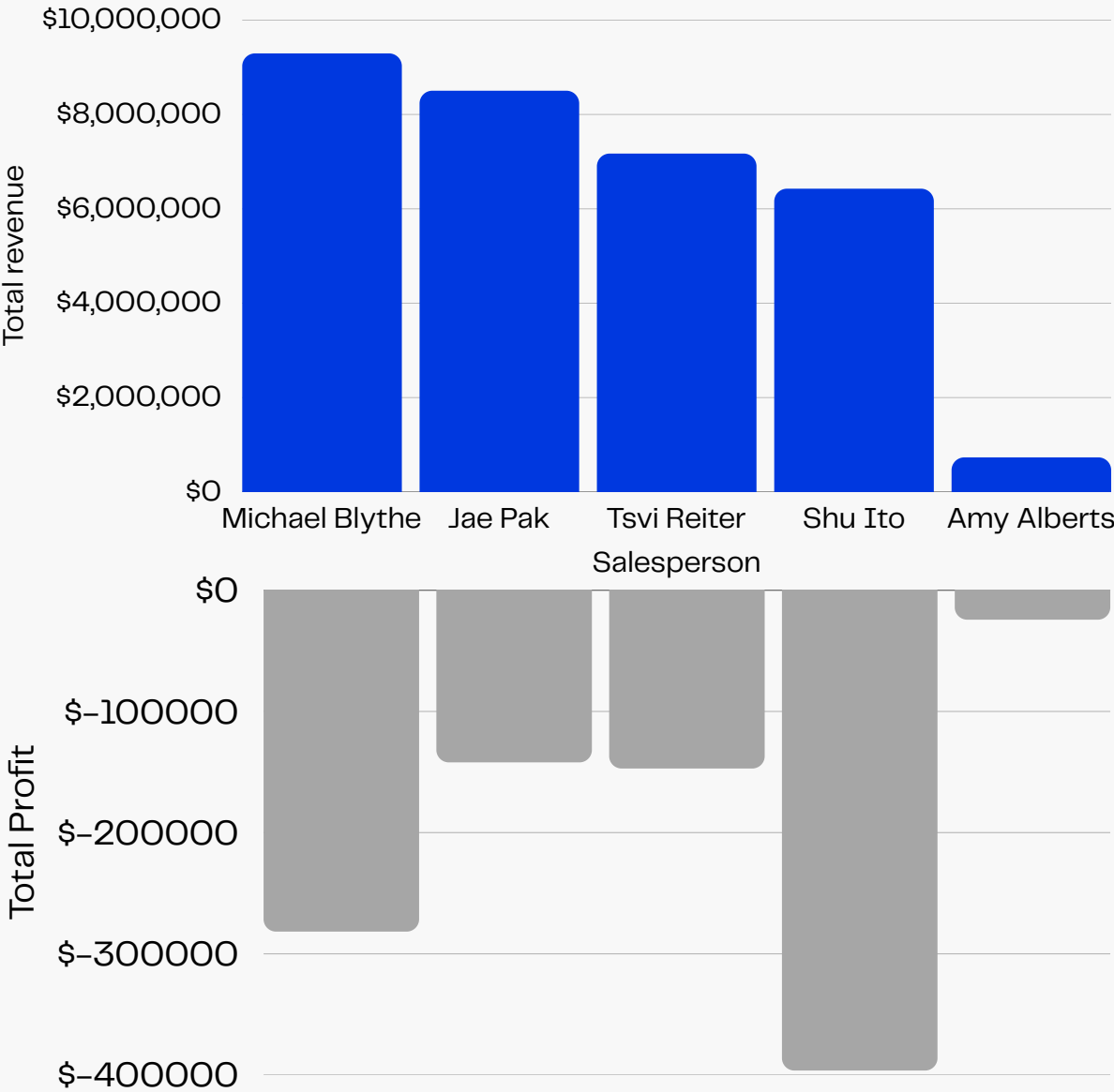
share of revenue earned through resellers (B2B)

Are we making a profit?

The Resellers bring in lots of cash by selling huge amounts, but they barely make a profit. The Online store makes a big profit on most things it sells, but it just doesn't sell very much.



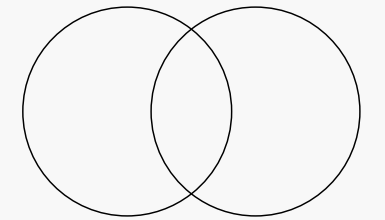
Commission structures appear tied to **gross revenue** rather than **net profit**, encouraging reps to offer deep discounts to close bulk deals



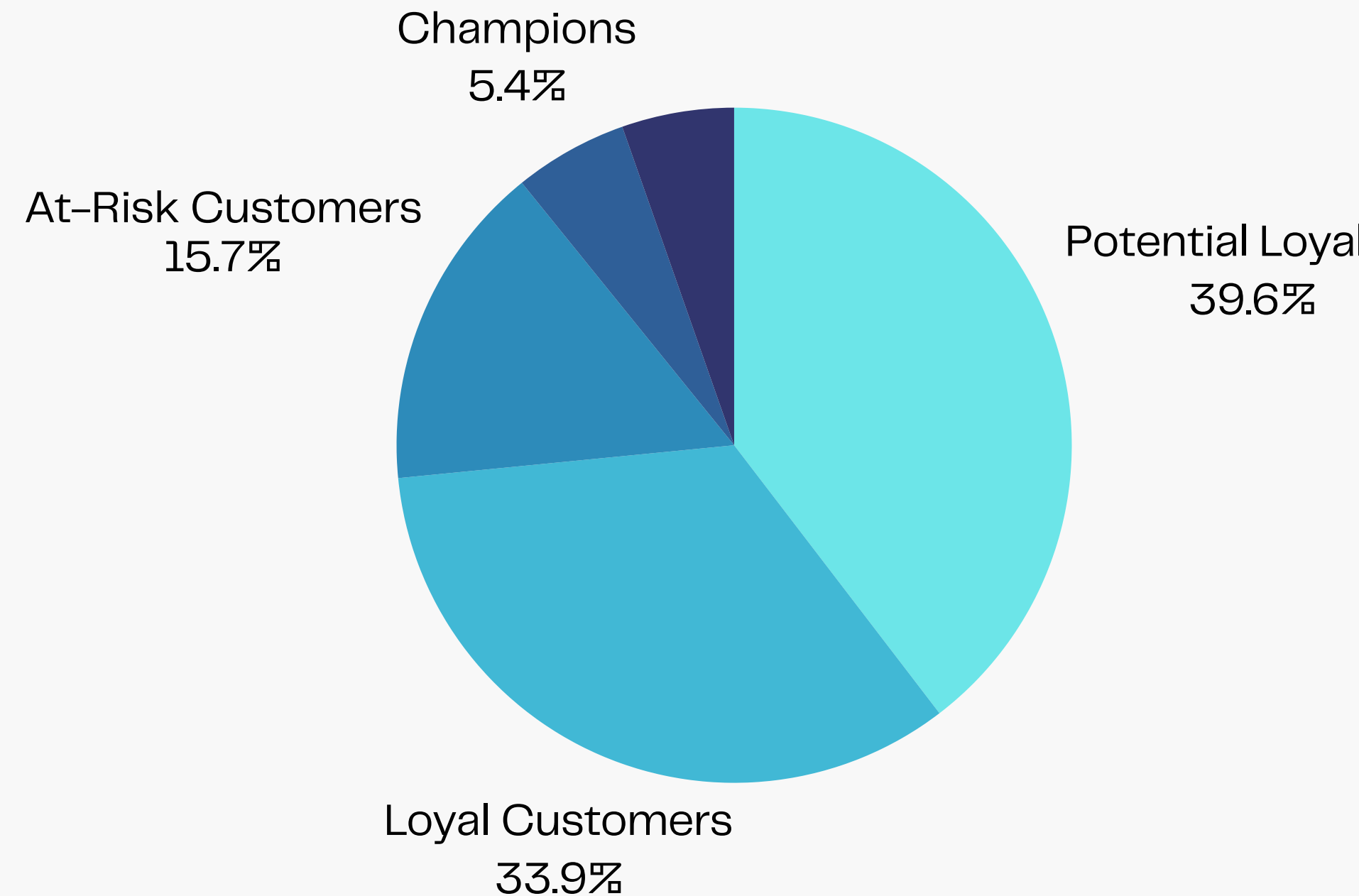
Misaligned incentives

Are we paying the Sales Team to lose money?

Who are our best customers?



Recency, Frequency, and Monetary (RFM) scoring was applied using SQL window functions (NTILE) to segment 18,484 online customers.

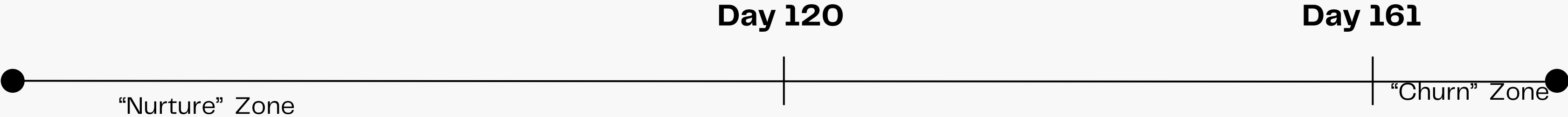
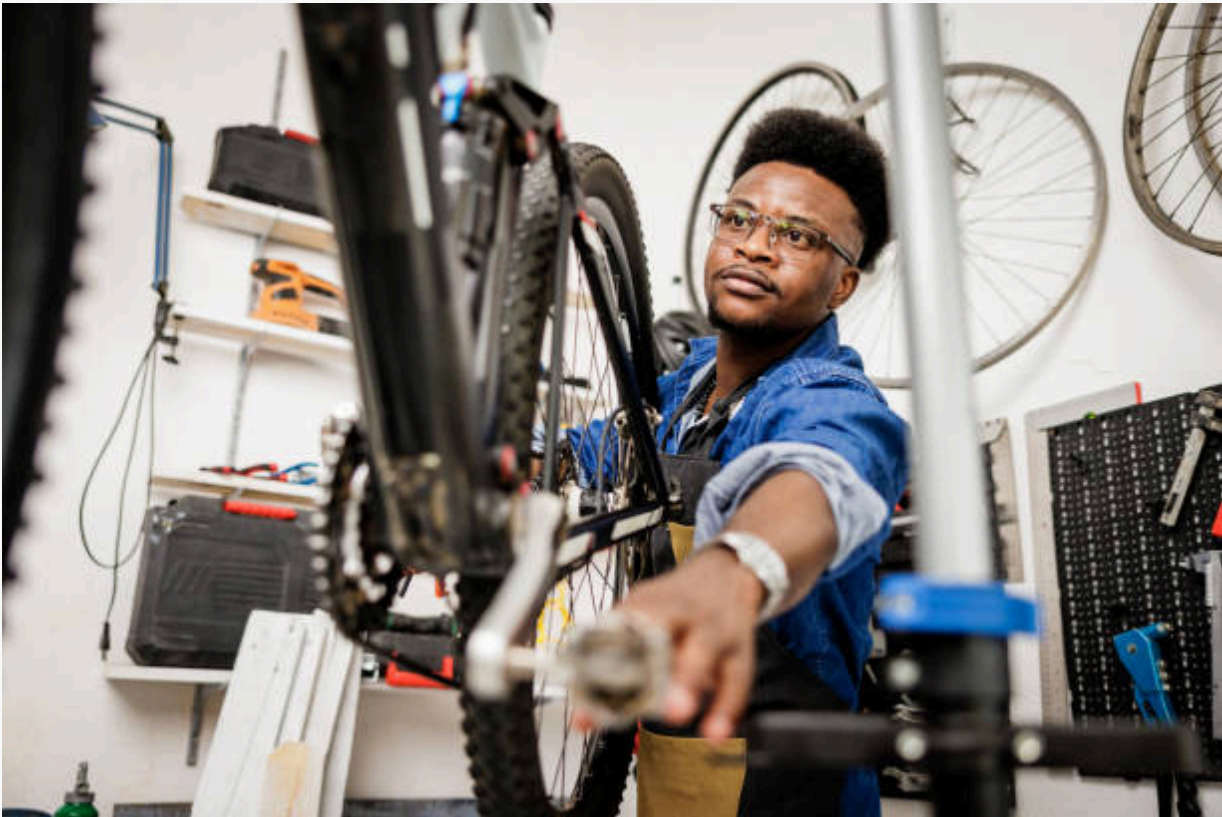
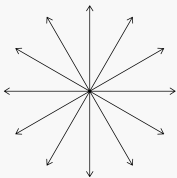


The "161-Day" Opportunity

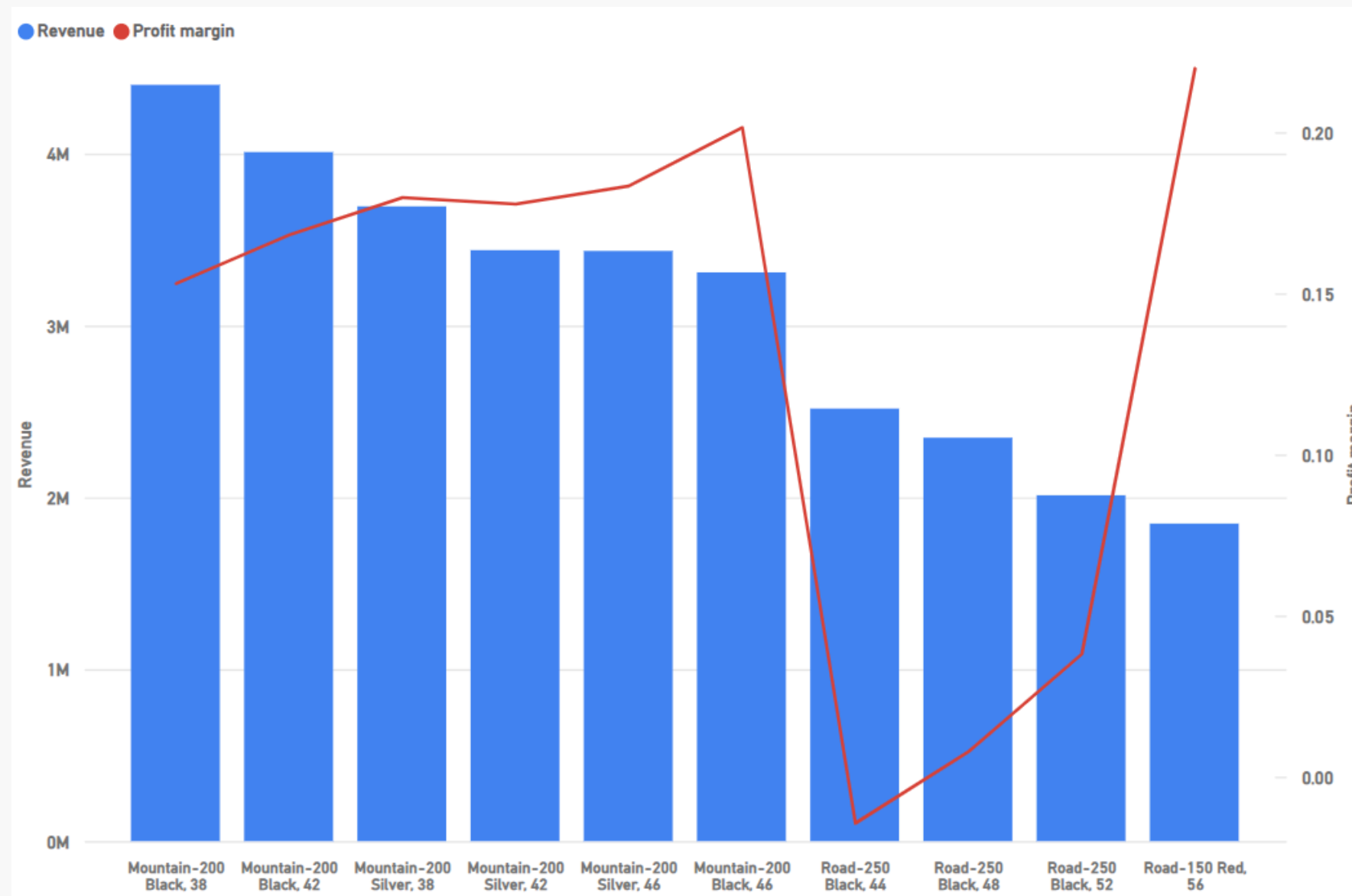
Average time to 2nd purchase is **161** days

We have a specific window (Days 90–120) to intervene before a customer churns. Waiting for organic return is leaving money on the table.

Data shows that a repeat customer has **8–20x** greater Average Order Value than a new customer



Heroes vs. Laggards



The Hero

Mountain-200 Series. High revenue, strong margins (15–20%)

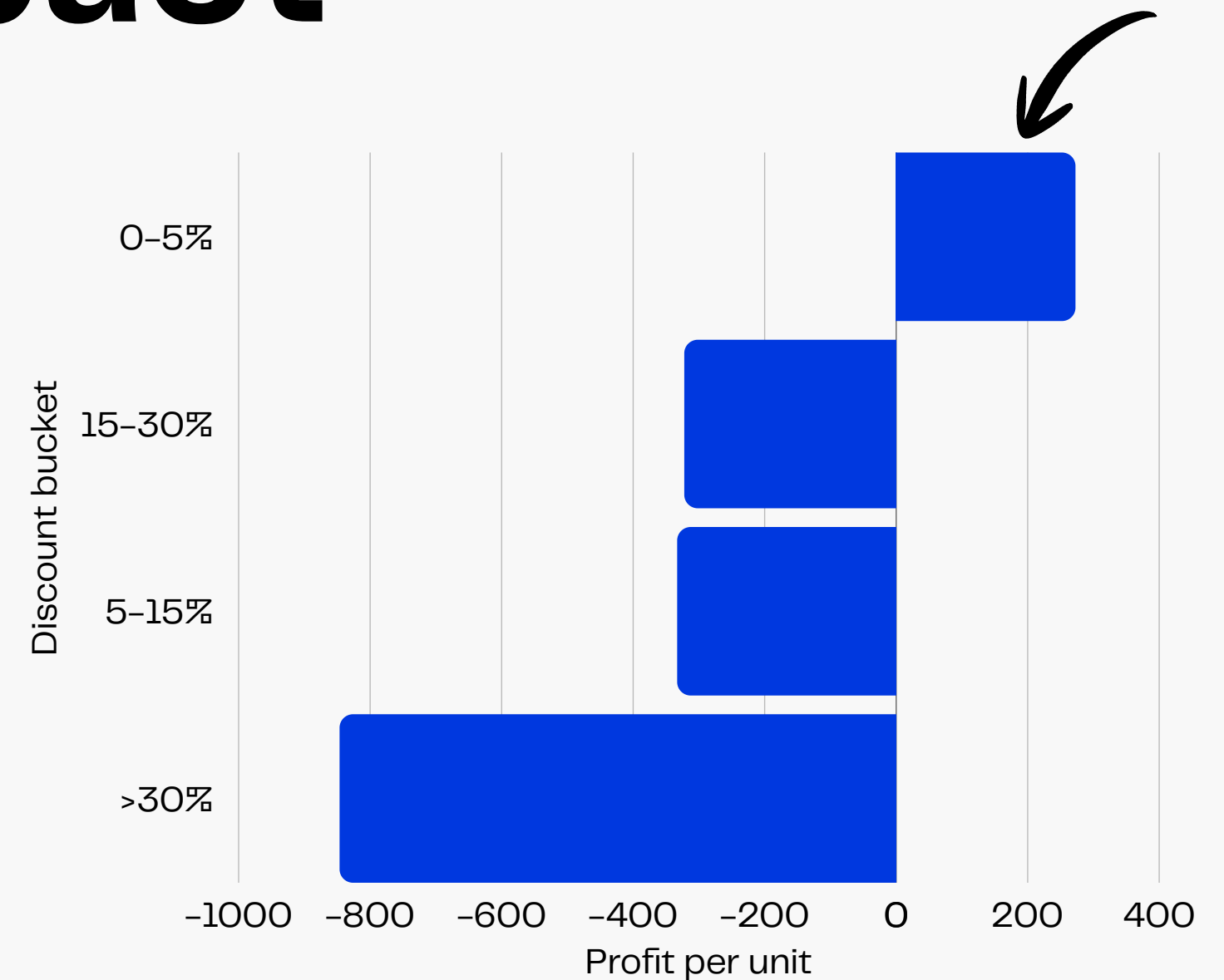
The Laggard

Road-250 Black Series:
Top 10 revenue generator, but operates at a **negative margin**

The corrosive impact of discounting

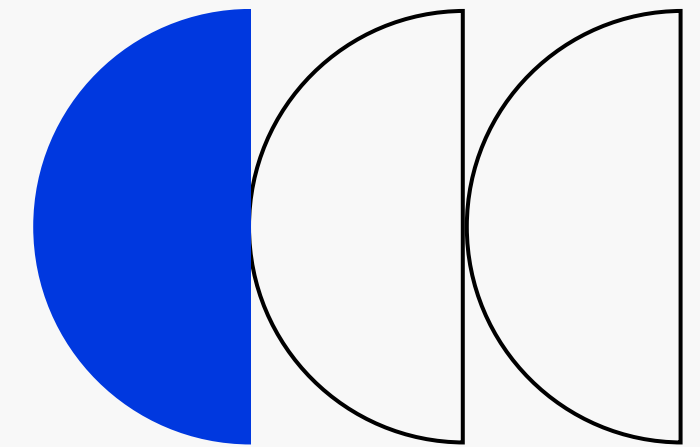
Profit margins varied significantly by bicycle type and discount level, with Road Bikes generating a healthy profit of \$62 per unit even with a small discount (0-5%).

Conversely, aggressively discounting Mountain Bikes (over 30% off) resulted in a substantial loss of **\$846** per unit!



Strategic recommendations

Turning insights into action



Restructure incentives

Reward sales reps by net profit instead of gross revenue

Cap discounts

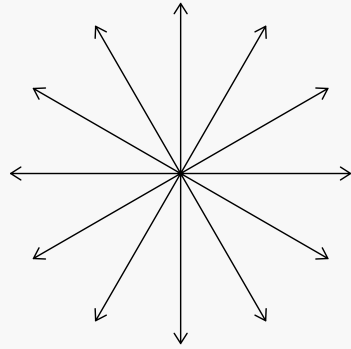
Implement a hard 15% discount ceiling on premium items (Mountain/Road Bikes)

Automate Retention

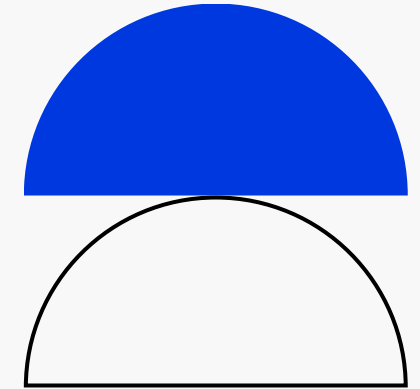
Launch a "Day 90" nurture campaign to target the 161-day repeat cycle.

Improve product portfolio

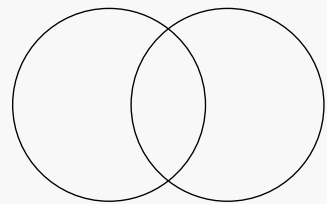
Immediate audit of Road-250 COGS; discontinue or re-price if margins cannot be recovered.



The Path to Sustainable Growth



AdventureWorks has successfully resolved the "Volume" equation, and the immediate next phase is focused on solving the "Value" equation to optimize profitability.



This transition will be achieved by aligning channel incentives and prioritizing high-value retention, shifting the operation from being purely revenue-driven to one that is profit-optimized.

