ANALYTICAL INSIGHTS

Insight 1 : Trend Analysis

- An overall review of the monthly trend shows that Sales remain fairly stable throughout the year, with clear spikes during promotional periods. However, Profit does not move in the same direction. In several months where Sales peak, Profit either stagnates or even drops into negative territory. This disconnect suggests that high sales volume alone is not translating into healthy margins.

- The primary reasons behind this are increased discounting during peak seasons and the higher operational burden associated with shipping heavy or bulky items, especially Furniture. Promotional periods boost order volume but also force margins down.

- To address this, the business should rely on monthly forecasting to prepare inventory and logistics ahead of expected spikes. Deep discounts during high-demand months should be reduced or replaced with bundle offers. Most importantly, Sales and Profit should be monitored together rather than independently, ensuring the company avoids high-revenue but low-profit cycles.

Insight 2 : Profitability Insights

- A closer look at profitability reveals a strong relationship between discounting and profit erosion. Orders with discounts of 25% or more frequently result in negative profits, particularly in Furniture and certain Office Supplies. The data confirms a clear negative correlation between Discount and Profit — as discounts rise, profitability falls.

- This is largely because deep discounts cut into already thin margins. Products with low initial profit margins simply cannot support aggressive price reductions. For Furniture, return costs and shipping expenses further worsen the financial impact when discounts are applied.

- To protect margins, a strict discount cap should be introduced for low-margin categories, ideally not exceeding 15%. Any discount above this threshold should require managerial approval. Instead of percentage-based reductions, the company can experiment with bundle promotions that encourage higher cart value without harming profitability.

Insight 3 : Customer & Segment Behavior

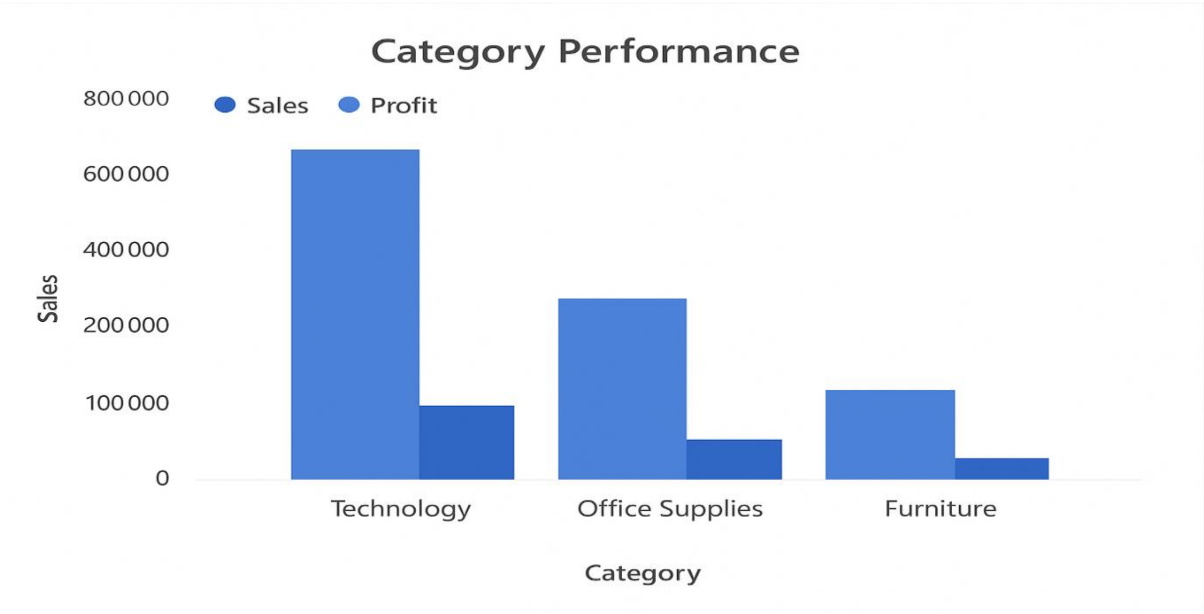
- Customer behavior differs significantly across segments. The Consumer segment places the highest number of orders, but these transactions typically involve small quantities and frequent discount usage, which produces thinner margins. In contrast, the Corporate segment, although smaller in volume, provides high-value orders and a more stable profit base. The Home Office segment is relatively small but shows consistent and healthy margin growth.

- This behavior is driven by purchasing patterns: Consumers respond strongly to discounts and make smaller purchases, whereas Corporate customers buy in bulk, benefit from negotiated pricing, and generate higher overall value.

- To maximize segment-level opportunities, the business should adopt tailored pricing strategies. Loyalty benefits and targeted promotions will help improve Consumer profitability, while structured corporate pricing can strengthen long-term business relationships. Additionally, cross-selling and upselling strategies should be introduced to increase order value across all segments.

Insight 4 — Category Performance

- Performance varies significantly across product categories. Technology stands out as the strongest contributor to both Sales and Profit due to higher pricing power and lower return rates. Office Supplies generate high sales volume but produce moderate profit, as margins are more limited. Furniture presents the largest challenge, showing inconsistent and often negative profitability because of high shipping costs, handling charges, and frequent returns.

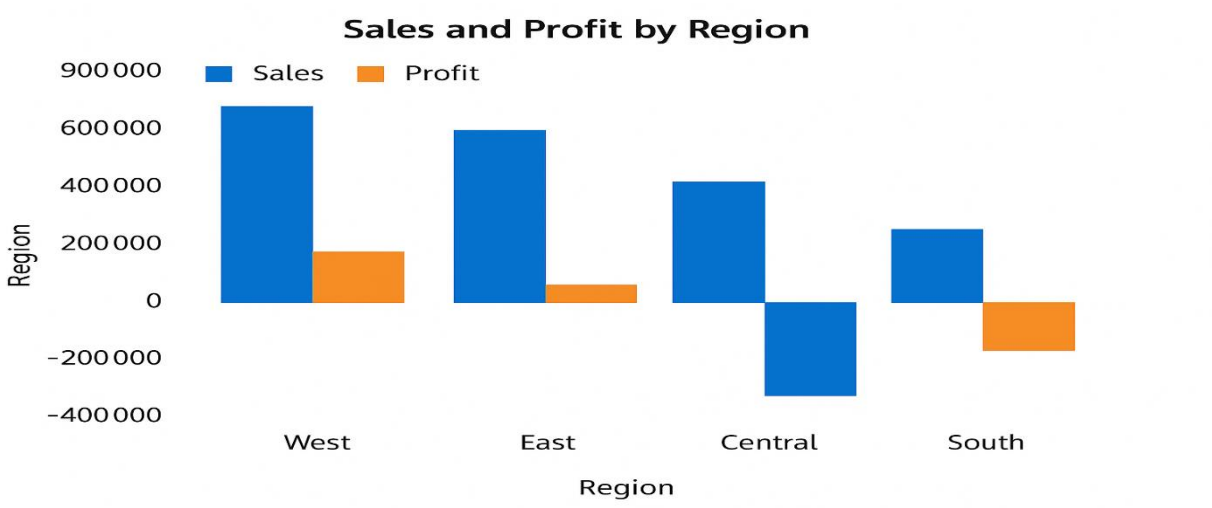


- These issues are structural: Technology is lightweight and carries solid margins, Office Supplies rely more on volume, and Furniture is expensive to ship and sensitive to discounts.

- The business should prioritize high-margin Technology products in its marketing and promotional strategies. For Furniture, pricing must be reviewed, loss-making SKUs should be reconsidered, and delivery surcharges may be necessary for oversized items to offset operational costs.

Insight 5 — Business Risks & Opportunities

- The dataset reveals several areas of concern that pose financial and operational risks. A large number of loss-making orders stem from excessive discounting. Regions such as South and Central underperform, showing slower shipping times and weak profitability. The presence of extreme Sales and Profit outliers also distorts performance reporting and makes it harder to assess true margins.



- These issues arise due to weak discount governance, higher logistics costs in certain regions, and the presence of inherently unprofitable SKUs in the product mix.

- Addressing these risks requires a structured approach. A formal discount governance framework should be implemented with approval workflows for higher discounts. Regional logistics performance must be improved, potentially through better carrier partnerships or strategically located warehouses. Additionally, a monthly SKU profitability audit will help identify products that need to be repriced, bundled differently, or removed from inventory altogether.

Summary

Overall, the business demonstrates strong sales potential but suffers from margin instability caused by discount practices, category-level cost structures, and regional inefficiencies. By adopting targeted pricing strategies, improving operational processes, and tightening control over discounts and loss-making items, the organization can significantly strengthen profitability while maintaining customer satisfaction and long-term growth.