



URGENT ANALYSIS: ADDRESSING NEGATIVE PROFITABILITY IN SALES PERFORMANCE (2014-2016)

OVERVIEW

A review of recent sales operations highlights strong revenue but critical issues with overall profitability.

Key Insight:

Despite generating significant sales volume and revenue, the company is operating at a substantial loss. Immediate action is required to identify and mitigate the causes of negative gross profit.

METRIC	Values	Status
Total Sales	187 Million	High volume
Total Units sold	5 Million	High Volume
Total Gross Profit	-7.12 Million	CRITICAL ISSUE



SALES PERFORMANCE OVERVIEW

TOTAL SALES

187M

TOTAL UNITS SOLD

5M

TOTAL GROSS PROFIT

-7,12M

DATE

2014/01/01
2016/12/11

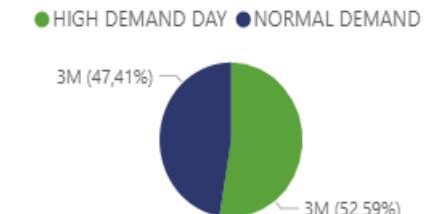
PROMO FLAG

NORMAL PRICE
 PROMOTION

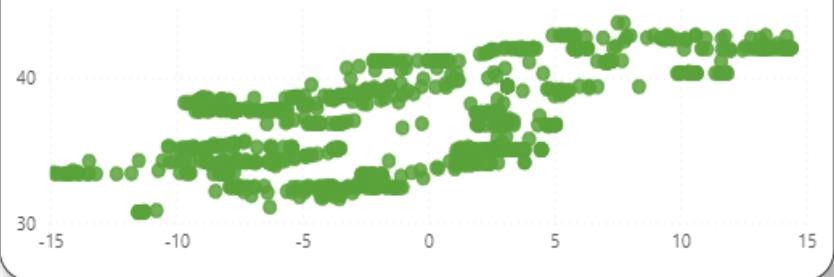
Detailed Daily Sales and Profitability Metrics

Year	Month	Day	SALES	GROSS_PROFIT_VALUE	DAILY_GROSS_PROFIT_PERCENT	QUANTITY SOLD
2016	December	5	27 210,41	3 640,25	13,38	647
2016	July	8	30 066,13	4 193,64	13,95	715
2016	September	8	30 831,69	4 254,62	13,80	733
2016	December	10	31 023,36	3 205,72	10,33	768
2016	November	5	35 014,40	4 620,66	13,20	832
2016	December	7	36 851,76	5 277,44	14,32	876
Total			186 909 828,26	-7 116 281,19	-921,35	5279872

Sales Volume Distribution by Product Demand Category



Correlation of Unit Price and Gross Profit Margin Percentage



Annual Sales Revenue by Pricing Strategy



DEEP DIVE INTO PROFITABILITY DRIVERS

Chart 1 : Detailed Daily Sales and Profitability Metrics

- **Insight:** The detailed summary table confirms frequent instances of negative daily gross profit margins (e.g., several days in December 2016 had very low or negative percentages). This is not an isolated event but a systemic issue.

Chart 2 : Correlation of Unit Price and Gross Profit Margin Percentage

- **Insight:** The scatter plot reveals **no clear relationship** between the price of a unit and its profitability.
 - Many high-priced units yield low or negative margins.
 - Pricing strategy appears disconnected from actual costs or market value, failing to secure adequate returns.

THE IMPACT OF PRICING AND DEMAND

Chart 3 : Annual Sales Revenue by Pricing Strategy (Normal vs. Promotion)

- **Insight:** Sales have declined year-over-year since 2014. The data shows a **heavy reliance on promotions** to drive sales volume in all years, suggesting customers may be price-sensitive or normal prices are too high. This aggressive promotional strategy is likely a major contributor to the low gross profit.

Chart 4 : Sales Volume Distribution by Product Demand Category

- **Insight:** Unit sales are split roughly 50/50 between "High Demand" and "Normal Demand" categories. This indicates that operational issues are present across different product types, not just niche segments.

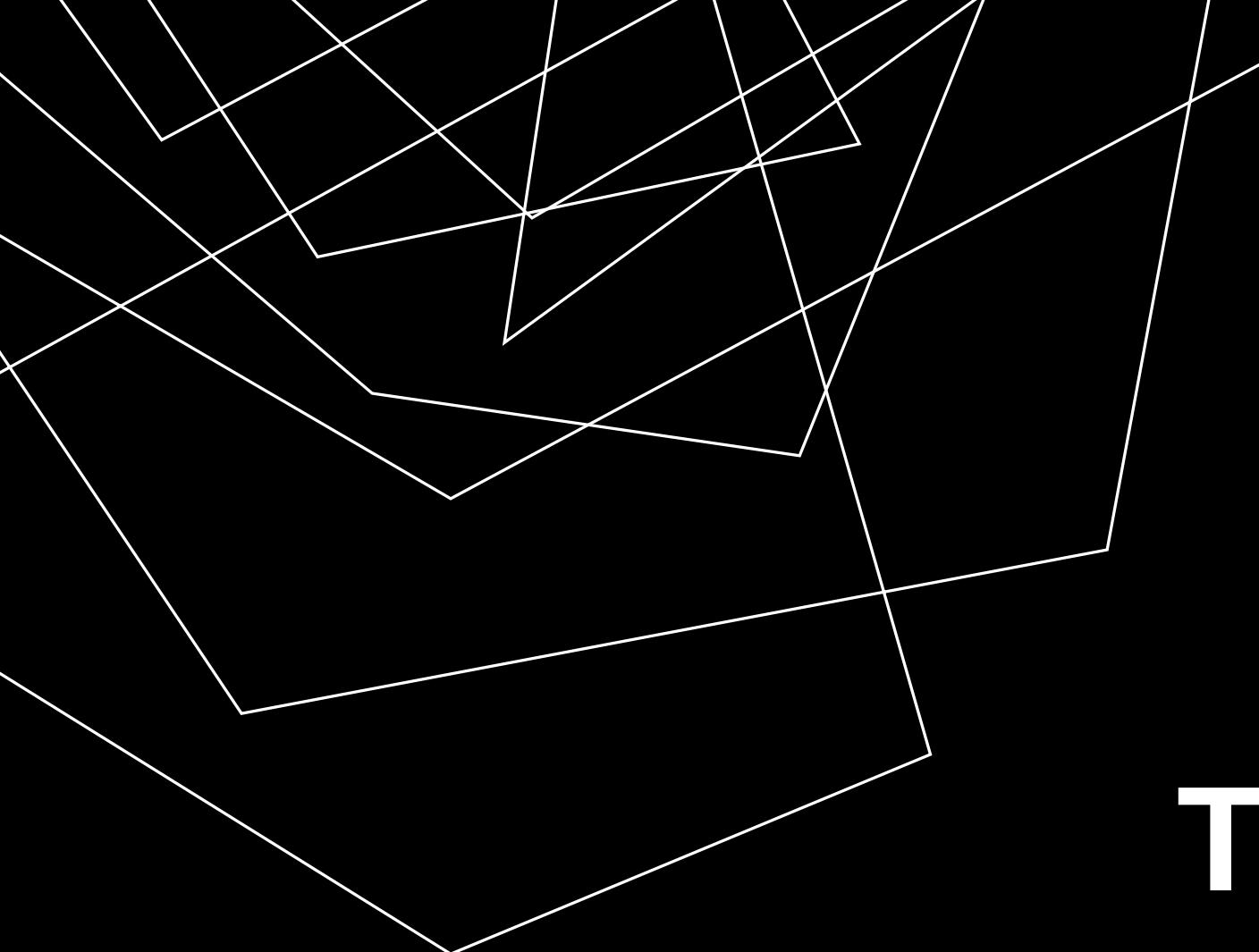
STRATEGIC RECOMMENDATIONS & NEXT STEPS

Short-Term Actions (Immediate Focus)

- **Conduct a Cost Review:** Immediately audit product acquisition costs, operational overheads, and fulfillment expenses to determine where margins are being lost.
- **Revise Pricing Strategy:** Implement a dynamic pricing model that ensures a minimum acceptable gross profit margin is maintained, even during promotions.
- **Investigate Negative Margins:** Drill down into the specific products and dates with the worst negative gross profit to identify root causes (e.g., product defects, specific supplier issues, or data entry errors).

Long-Term Actions (Sustainable Growth)

- **Optimize Promotions:** Move away from blanket promotions and use targeted campaigns that maintain profitability while driving volume in high-margin products.
- **Review Product Portfolio:** Discontinue products that consistently generate negative gross margins regardless of price adjustments.



THANK YOU