

# **VENDOR PERFORMANCE DATA**

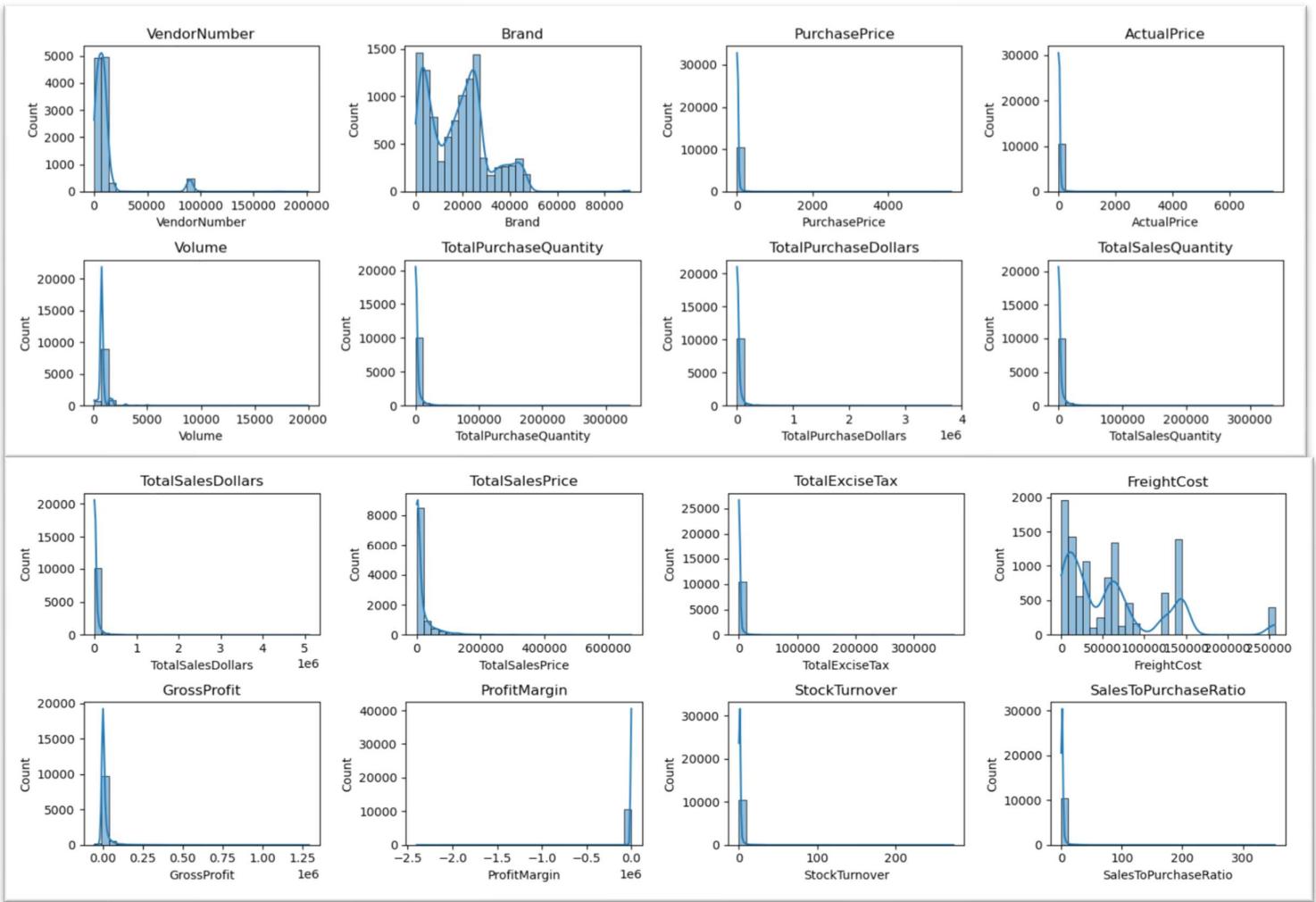
## **ANALYSIS**

### **⌚ Exploratory Of Data Analysis Insights:**

- Previously, we examined the various tables in the database to identify key variables, understand their relationships, and determine which ones should be included in the final analysis.
- In this phase of EDA, we will analyse the resultant table to gain insights into the distribution of each column.  
This will help us understand data patterns, identify anomalies, and ensure data quality before proceeding with further analysis.

### **SUMMARY STATISTICS:**

	count	mean	std	min	25%	50%	75%	max
<b>VendorNumber</b>	10692.0	10650.649458	18753.519148	2.00	3951.000000	7153.000000	9552.000000	2.013590e+05
<b>Brand</b>	10692.0	18039.228769	12662.187074	58.00	5793.500000	18761.500000	25514.250000	9.063100e+04
<b>PurchasePrice</b>	10692.0	24.385303	109.269375	0.36	6.840000	10.455000	19.482500	5.681810e+03
<b>ActualPrice</b>	10692.0	35.643671	148.246016	0.49	10.990000	15.990000	28.990000	7.499990e+03
<b>Volume</b>	10692.0	847.360550	664.309212	50.00	750.000000	750.000000	750.000000	2.000000e+04
<b>TotalPurchaseQuantity</b>	10692.0	3140.886831	11095.086769	1.00	36.000000	262.000000	1975.750000	3.376600e+05
<b>TotalPurchaseDollars</b>	10692.0	30106.693372	123067.799627	0.71	453.457500	3655.465000	20738.245000	3.811252e+06
<b>TotalSalesQuantity</b>	10692.0	3077.482136	10952.851391	0.00	33.000000	261.000000	1929.250000	3.349390e+05
<b>TotalSalesDollars</b>	10692.0	42239.074419	167655.265984	0.00	729.220000	5298.045000	28396.915000	5.101920e+06
<b>TotalSalesPrice</b>	10692.0	18793.783627	44952.773386	0.00	289.710000	2857.800000	16059.562500	6.728193e+05
<b>TotalExciseTax</b>	10692.0	1774.226259	10975.582240	0.00	4.800000	46.570000	418.650000	3.682428e+05
<b>FreightCost</b>	10692.0	61433.763214	60938.458032	0.09	14069.870000	50293.620000	79528.990000	2.570321e+05
<b>GrossProfit</b>	10692.0	12132.381048	46224.337964	-52002.78	52.920000	1399.640000	8660.200000	1.290668e+06
<b>ProfitMargin</b>	10692.0	-2654.824380	53148.707950	-2399136.00	13.324515	30.405457	39.956135	9.971666e+01
<b>StockTurnover</b>	10692.0	1.706793	6.020460	0.00	0.807229	0.981529	1.039342	2.745000e+02
<b>SalesToPurchaseRatio</b>	10692.0	2.504390	8.459067	0.00	1.153729	1.436894	1.665449	3.529286e+02



## Negative & Zero Values

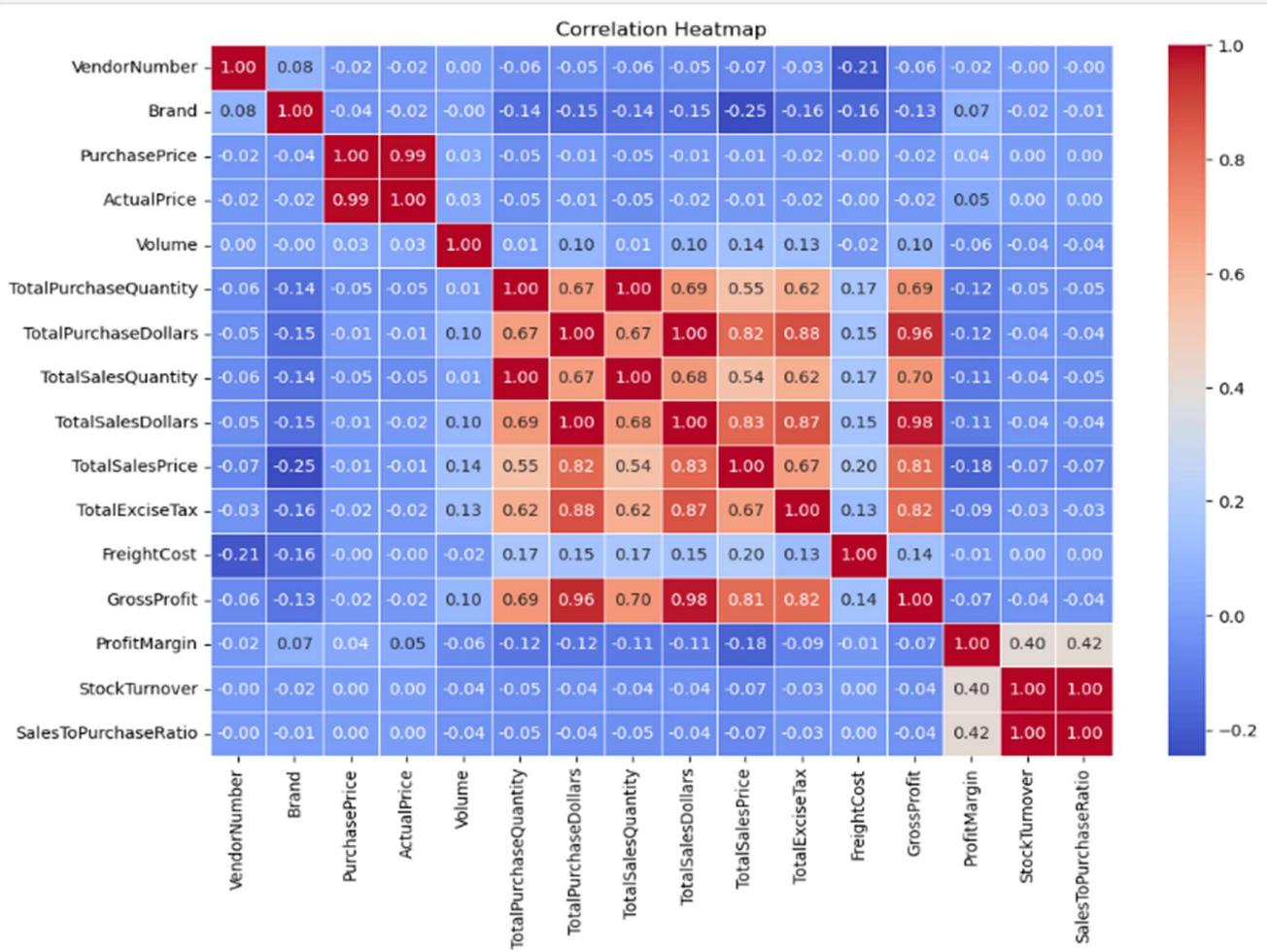
- Gross Profit:**  
Minimum value is -52,002.78, indicating losses. Some products or transactions may be selling at a loss due to high costs or selling at discounts lower than the purchase price.
- Profit Margin:**  
Has a minimum of  $-\infty$ , which suggests cases where revenue is zero or even lower than costs.

- **Total Sales Quantity & Sales Dollars:**  
Minimum values are 0, meaning some products were purchased but never sold. These could be slow-moving or obsolete stock.
- **Outliers Detected by High Standard Deviations:**  
Purchase & Actual Prices: The maximum values (5,681.81 & 7,499.99) are significantly higher than the mean (24.39 & 35.64), indicating premium product offerings.
- **Freight Cost:**  
Extreme variation from 0.09 to 257,032.07 suggests logistics inefficiencies, bulk shipments, or erratic shipping costs across different products.
- **Stock Turnover:**  
Ranges from 0 to 274.5, suggesting some products sell rapidly while others remain unsold for long periods. A value greater than 1 indicates that sales for a product exceed the purchased quantity due to older stock fulfilling orders.

### DATA FILTERING:

To enhance the reliability of the insights, we removed inconsistent data points where:

- Gross Profit  $\leq 0$  (to exclude transactions leading to losses).
- Profit Margin  $\leq 0$  (to ensure analysis focuses on profitable transactions).
- Total Sales Quantity = 0 (to eliminate inventory that was never sold).



## Correlation Insights:

### Purchase Price vs. Total Sales Dollars & Gross Profit:

Weak correlation ( $-0.012$  and  $-0.016$ ), indicating that price variations do not significantly impact sales revenue or profit.

### Total Purchase Quantity vs. Total Sales Quantity:

Strong correlation (**0.999**), confirming efficient inventory turnover.

### Profit Margin vs. Total Sales Price:

Negative correlation (**-0.179**), suggesting that increasing sales prices may lead to reduced margins, possibly due to competitive pricing pressures.

### **Stock Turnover vs. Gross Profit & Profit Margin:**

Weak negative correlation (**-0.038** & **-0.055**), indicating that faster stock turnover does not necessarily equate to higher profitability.

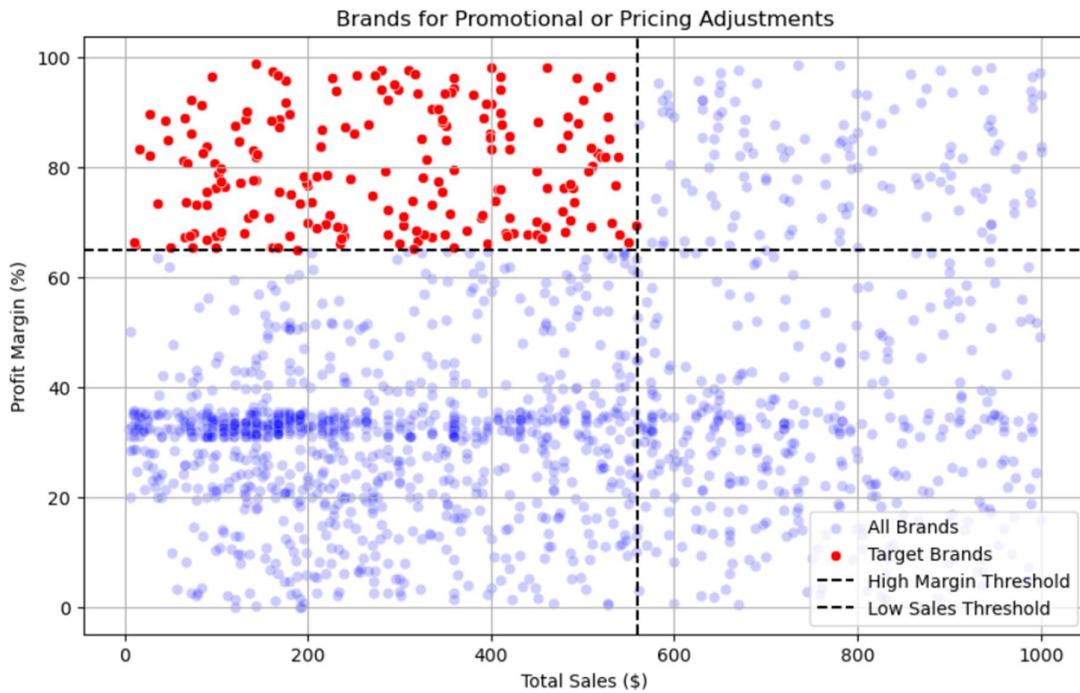
### **Research Insights Questions& Key Findings:**

#### **1.Brands for Promotional or Pricing Adjustments:**

Brands with Low Sales but High Profit Margins:

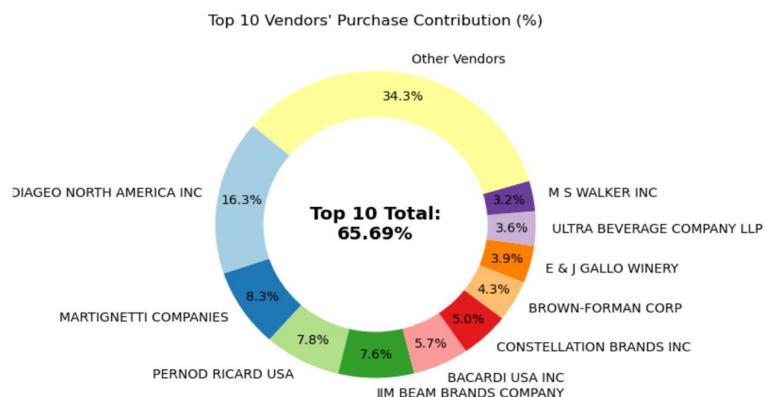
	Description	TotalSalesDollars	ProfitMargin
6199	Santa Rita Organic Svgn Bl	9.99	66.466466
2369	Debauchery Pnt Nr	11.58	65.975820
2070	Concannon Glen Ellen Wh Zin	15.95	83.448276
2188	Crown Royal Apple	27.86	89.806174
6237	Sauza Sprklg Wild Berry Marg	27.96	82.153076
...	...	...	...
5074	Nanbu Bijin Southern Beauty	535.68	76.747312
2271	Dad's Hat Rye Whiskey	538.89	81.851584
57	A Bichot Clos Marechaudes	539.94	67.740860
6245	Sbragia Home Ranch Merlot	549.75	66.444748
3326	Goulee Cos d'Estournel 10	558.87	69.434752

198 brands exhibit lower sales but higher profit margins, which could benefit from targeted marketing, promotions, or price optimizations to increase volume without compromising profitability.



## 2. Top Vendors by Sales & Purchase Contribution

The top 10 vendors contribute **65.69%** of total purchases, while the remaining vendors contribute only **34.31%**. This over-reliance on a few vendors may introduce risks such as supply chain disruptions, indicating a need for diversification.



### 3. Impact of Bulk Purchasing on Cost Savings

Vendors buying in large quantities receive a **72% lower unit cost** (\$10.78 per unit vs. higher unit costs in smaller orders).

Bulk pricing strategies encourage larger orders, increasing total sales while maintaining profitability.

OrderSize	UnitPurchasePrice
Small	39.057543
Medium	15.486414
Large	10.777625

### 4. Identifying Vendors with Low Inventory Turnover

\* **Total Unsold Inventory Capital: \$2.71M**

- Slow-moving inventory increases storage costs, reduces cash-flow efficiency, and affects overall profitability.
- Identifying vendors with low inventory turnover enables better stock management, minimizing financial strain.

	VendorName	UnsoldInventoryValue
25	DIAGEO NORTH AMERICA INC	722.21K
46	JIM BEAM BRANDS COMPANY	554.67K
68	PERNOD RICARD USA	470.63K
116	WILLIAM GRANT & SONS INC	401.96K
30	E & J GALLO WINERY	228.28K
79	SAZERAC CO INC	198.44K
11	BROWN-FORMAN CORP	177.73K
20	CONSTELLATION BRANDS INC	133.62K
61	MOET HENNESSY USA INC	126.48K
77	REMY COINTREAU USA INC	118.60K

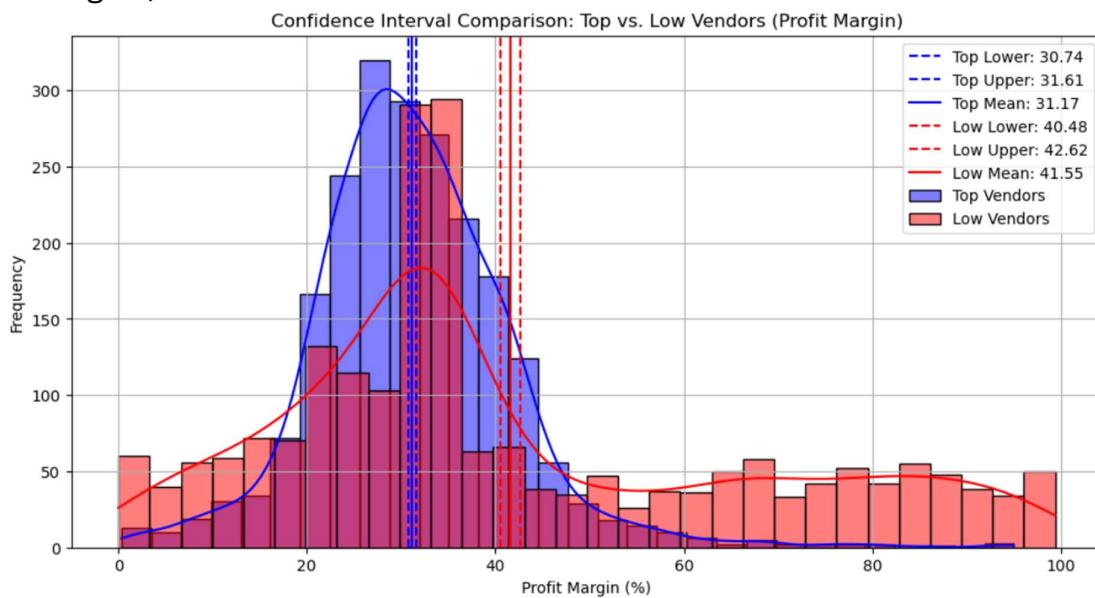
## 5. Profit Margin Comparison: High vs. Low-Performing Vendors

- \* **Top Vendors' Profit Margin (95% CI):** (30.74%, 31.61%), **Mean:** 31.17%
- \* **Low Vendors' Profit Margin (95% CI):** (40.48%, 42.62%), **Mean:** 41.55%\*

Low-performing vendors maintain higher margins but struggle with sales volumes, indicating potential pricing inefficiencies or limited market reach.

### Actionable Insights

- **Top-performing vendors:** Optimize profitability by adjusting pricing, reducing operational costs, or offering bundled promotions.
- **Low-performing vendors:** Improve marketing efforts, optimize pricing strategies, and enhance distribution networks.



## 6. Statistical Validation of Profit Margin Differences

### Hypothesis Testing:

**H<sub>0</sub> (Null Hypothesis):**

No significant difference in profit margins between top-performing and low-performing vendors.

- **H<sub>1</sub> (Alternative Hypothesis):**

A significant difference exists in profit margins between the two vendor groups.

- **Result:**

The null hypothesis is **rejected**, confirming that the two groups operate under distinctly different profitability models.

- **Implication:**

High-margin vendors may benefit from better pricing strategies, while top-selling vendors could focus on cost efficiency.

## Final Recommendations:

- Re-evaluate pricing for low-sales, high-margin brands to boost sales volume without sacrificing profitability.
- Diversify vendor partnerships to reduce dependency on a few suppliers and mitigate supply chain risks.
- Leverage bulk purchasing advantages to maintain competitive pricing while optimizing inventory management.
- Optimize slow-moving inventory by adjusting purchase quantities, launching clearance sales, or revising storage strategies.
- Enhance marketing and distribution strategies for low-performing vendors to drive higher sales volumes without compromising profit margins.
- By implementing these recommendations, the company can achieve sustainable profitability, mitigate risks, and enhance overall operational efficiency.

