

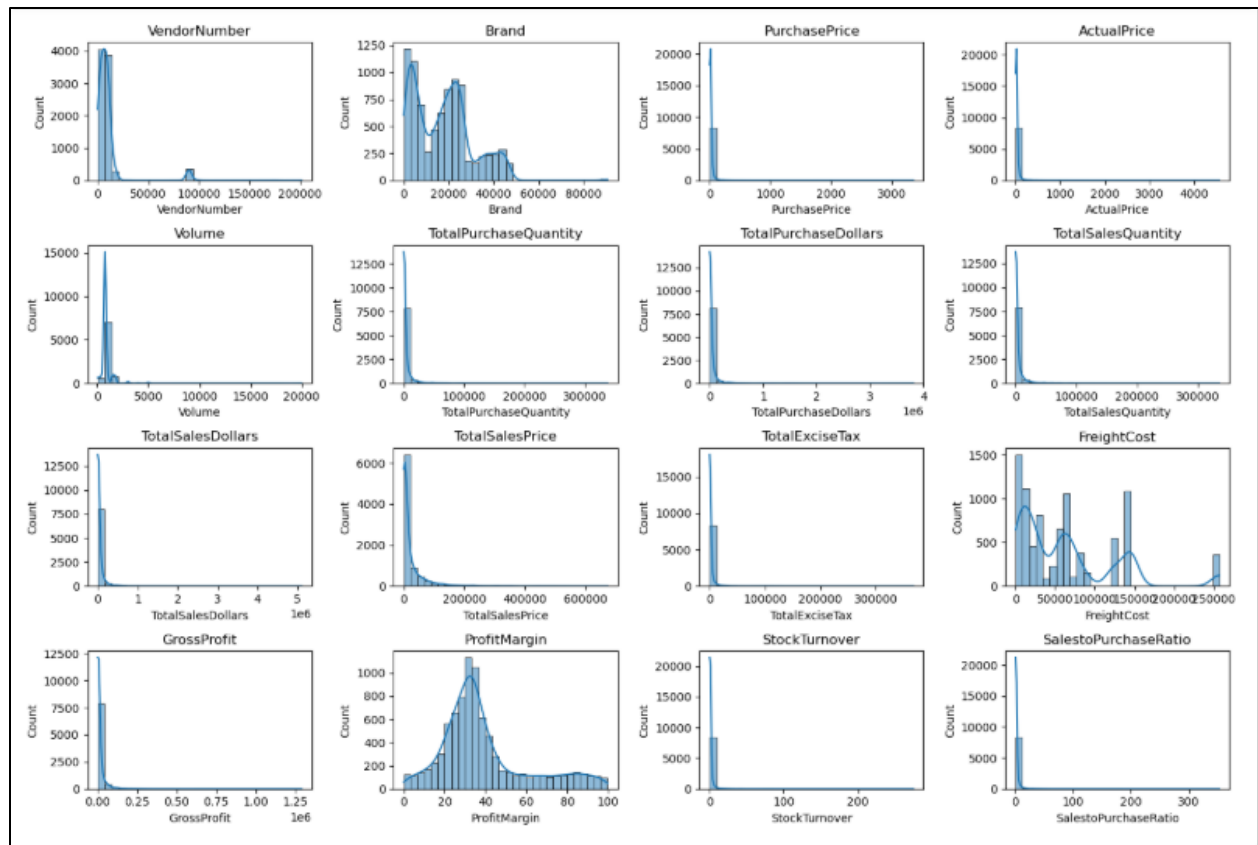
Business Problem

- Spot weak brands
- Determine top vendors contributing to sales and gross profit
- Analyze the impact of bulk purchasing on unit cost
- Assess inventory turnover to reduce holding costs and improve efficiency
- Investigate the profitability variance between high performing and low performing vendors

Exploratory Data Analysis Insights

Summary Statistics

	count	mean	std	min	25%	50%	75%	max
VendorNumber	10692.0	10650.649458	18753.519148	2.000000	3951.000000	7153.000000	9552.000000	2.013590e+05
Brand	10692.0	18039.228769	12662.187074	58.000000	5793.500000	18761.500000	25514.250000	9.063100e+04
PurchasePrice	10692.0	24.385303	109.269375	0.360000	6.840000	10.455000	19.482500	5.681810e+03
ActualPrice	10692.0	35.643671	148.246016	0.490000	10.990000	15.990000	28.990000	7.499990e+03
Volume	10692.0	847.360550	664.309212	50.000000	750.000000	750.000000	750.000000	2.000000e+04
TotalPurchaseQuantity	10692.0	3140.886831	11095.086769	1.000000	36.000000	262.000000	1975.750000	3.376600e+05
TotalPurchaseDollars	10692.0	30106.693372	123067.799627	0.710000	453.457500	3655.465000	20738.245000	3.811252e+06
TotalSalesQuantity	10692.0	3077.482136	10952.851391	0.000000	33.000000	261.000000	1929.250000	3.349390e+05
TotalSalesDollars	10692.0	42239.074419	167655.265984	0.000000	729.220000	5298.045000	28396.915000	5.101920e+06
TotalSalesPrice	10692.0	18793.783627	44952.773386	0.000000	289.710000	2857.800000	16059.562500	6.728193e+05
TotalExciseTax	10692.0	1774.226259	10975.582240	0.000000	4.800000	46.570000	418.650000	3.682428e+05
FreightCost	10692.0	61433.763214	60938.458032	0.090000	14069.870000	50293.620000	79528.990000	2.570321e+05
GrossProfit	10692.0	12132.381048	46224.337964	-52002.780000	52.920000	1399.640000	8660.200000	1.290668e+06
ProfitMargin	10514.0	-15.885227	447.289882	-23730.638953	15.353839	30.778375	40.210967	9.971666e+01
StockTurnover	10692.0	1.706793	6.020460	0.000000	0.807229	0.981529	1.039342	2.745000e+02
SalestoPurchaseRatio	10692.0	2.504390	8.459067	0.000000	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 or selling at discounts lower than purchase price

Profit Margin: Has a minimal of -infinity, which suggest cases where revenue is zero or even lower than the costs

Total Sales Quantity and Sales Dollars: Minimum values are 0 , meaning some products were purchased but never sold. These could be stock.

Outliers Indicated by High Standard Deviations:

Purchase & Actual Prices: The max values (5,681.81 & 7499.99) are significantly higher than the mean(24.39 & 35.64), indicating potential premium

Freight Cost: Huge Variation, from 0.09 to 257032.07, suggests logistics inefficiencies or bulk shipments

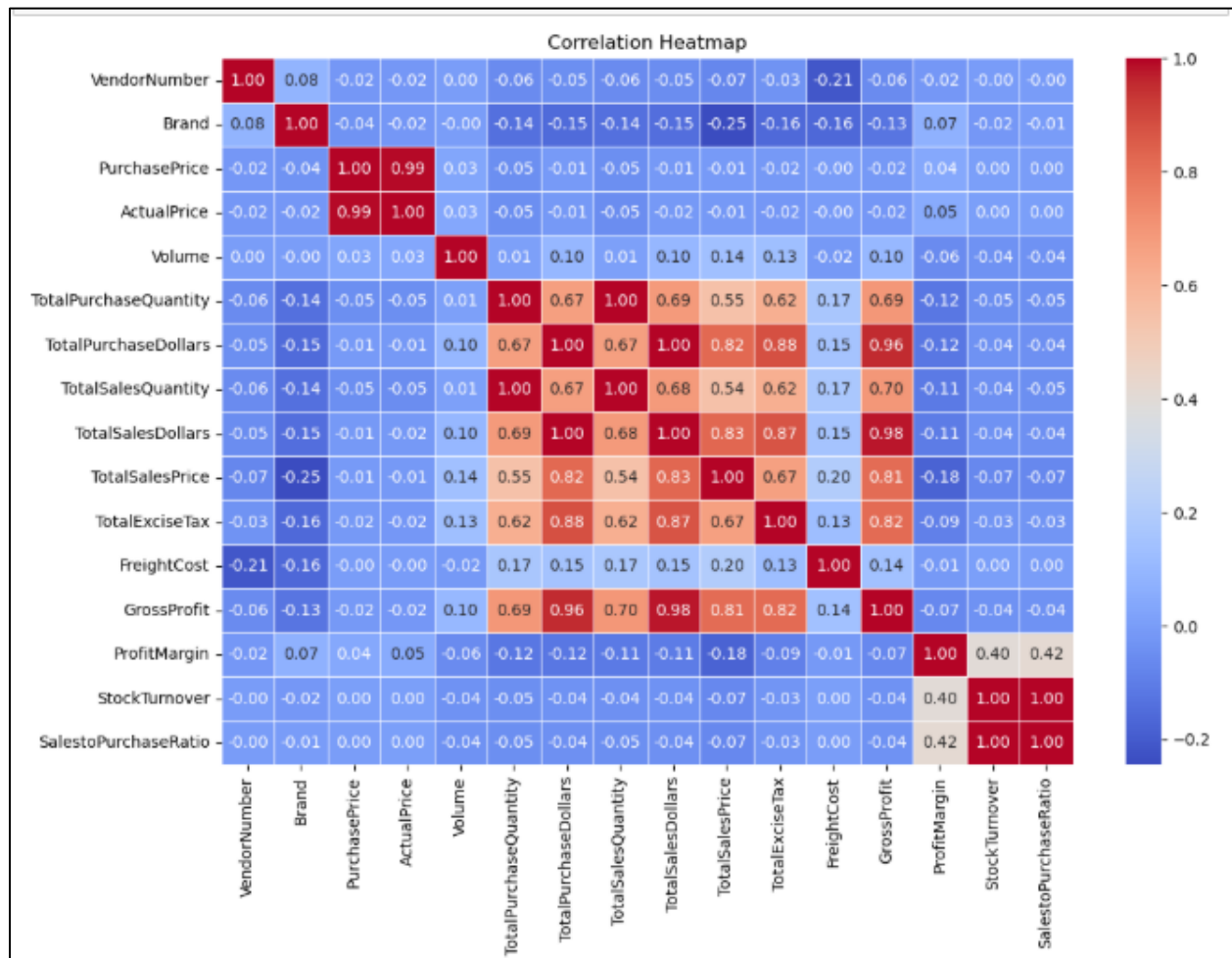
Stock Turnover: Ranges from 0 to 274.5, implying some products sell extremely fast while others remain in stock indefinitely, value more than 1 indicates that sold quantity for that product is higher than the purchased quantity due to either sales are being fulfilled from older stock.

Data Filtering

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

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

Correlation Insights



PurchasePrice has weak correlations with TotalSalesDollars (-0.012) and GrossProfit (-0.016), suggesting that price variations do not significantly impact sales revenue or profit

Strong correlation between total purchase quantity and total sales quantity (0.999), confirming efficient inventory turnover

Negative correlation between profit margin and Total sales price (-0.179) suggests that as sales prices increases, margins decrease possibly due to competitive pricing measures

Stock Turnover has weak negative correlations with both GrossProfit (-0.038) and ProfitMargin (-0.055), indicating turnover does not necessarily result in higher profitability

Research Questions and Key Findings

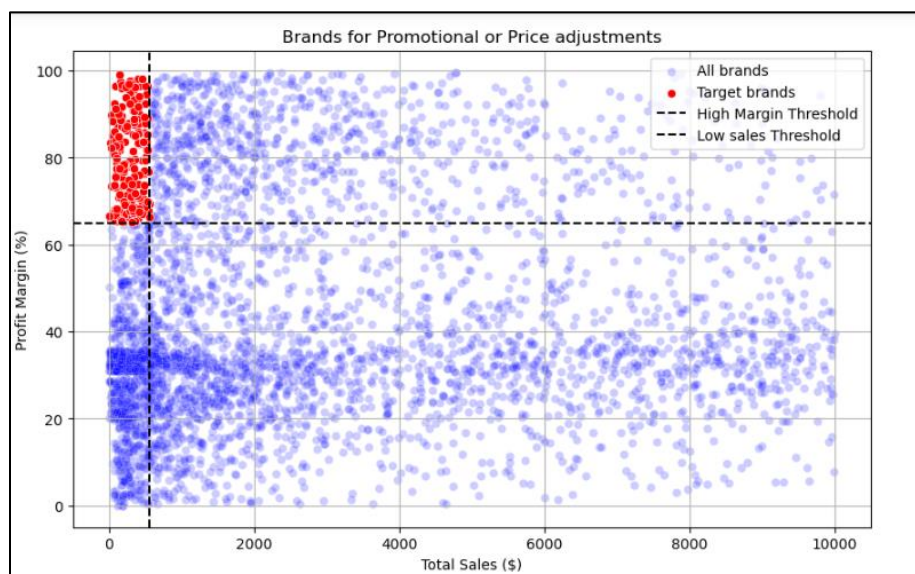
1. Brands for Promotional or Pricing Adjustments.

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 Sprkldg 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

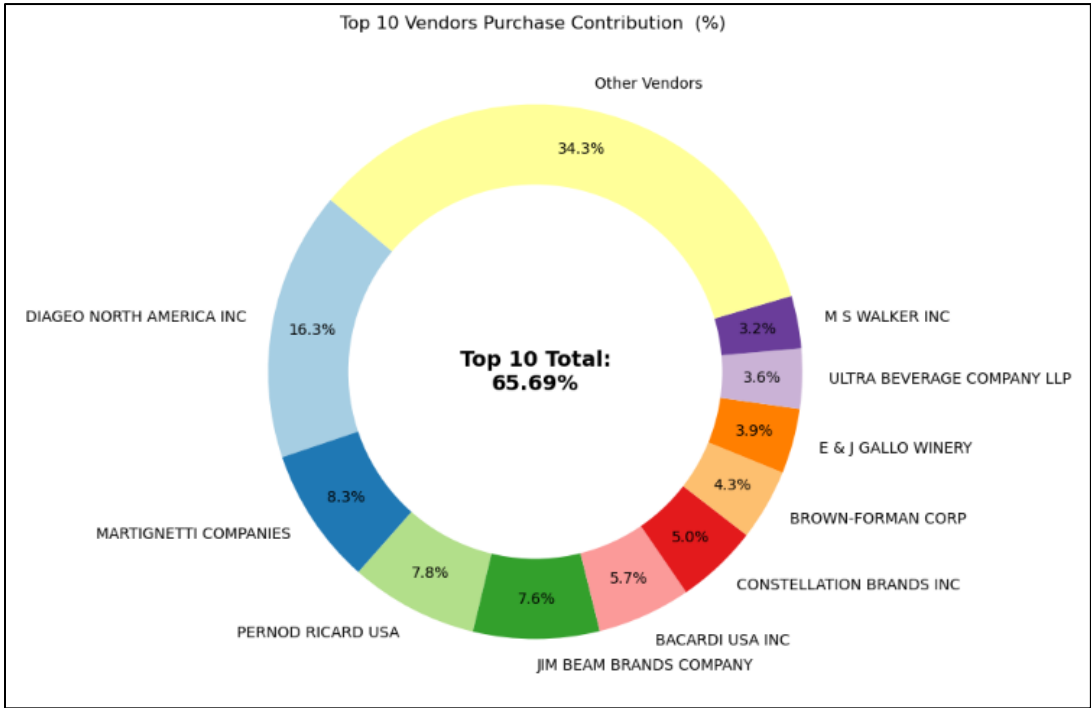
198 rows × 3 columns

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 and Purchase Contribution

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

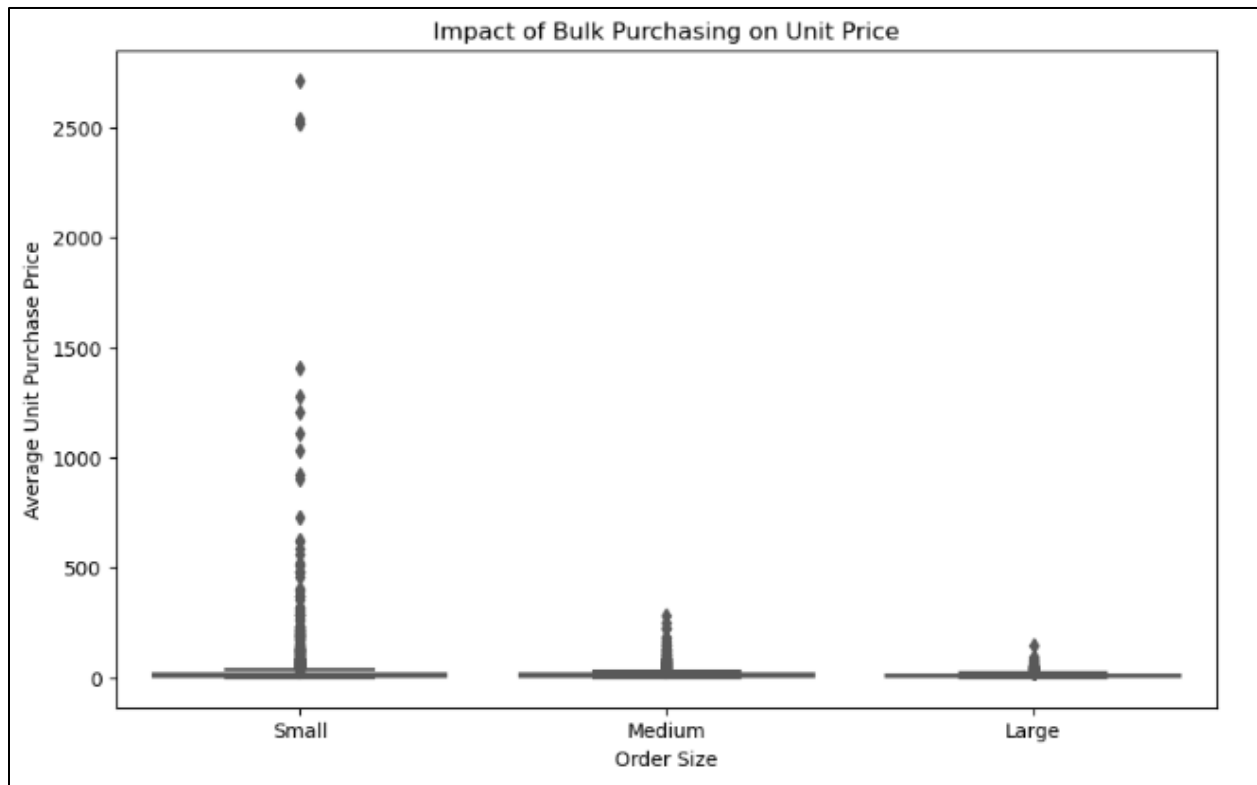


3.Impact of Bulk Purchasing on Cost Savings

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 large orders, increasing total sales while maintaining profitability.

OrderSize
Small 28.608002
Medium 15.514064
Large 11.059381



4. Identifying Vendors with Low inventory Turnover

Total Unsold Inventory Capital: \$2.71 M

Slow moving inventory increases the storage costs, reduces cash flow efficiency and affects overall profitability

Identifying vendors with low inventory turnover enables better stock management, minimizing financial strain.

StockTurnover		VendorName UnsoldInventoryValue	
VendorName			
ALISA CARR BEVERAGES	0.615385	25	DIAGEO NORTH AMERICA INC 722.21K
HIGHLAND WINE MERCHANTS LLC	0.708333	46	JIM BEAM BRANDS COMPANY 554.67K
PARK STREET IMPORTS LLC	0.751306	68	PERNOD RICARD USA 470.63K
Circa Wines	0.755676	116	WILLIAM GRANT & SONS INC 401.96K
Dunn Wine Brokers	0.766022	30	E & J GALLO WINERY 228.28K
CENTEUR IMPORTS LLC	0.773953	79	SAZERAC CO INC 198.44K
SMOKY QUARTZ DISTILLERY LLC	0.783835	11	BROWN-FORMAN CORP 177.73K
TAMWORTH DISTILLING	0.797078	20	CONSTELLATION BRANDS INC 133.62K
THE IMPORTED GRAPE LLC	0.807569	61	MOET HENNESSY USA INC 126.48K
WALPOLE MTN VIEW WINERY	0.820548	77	REMY COINTREAU USA INC 118.60K

5.Profit Margin Comparison: High Vs Low -Performing Vendors

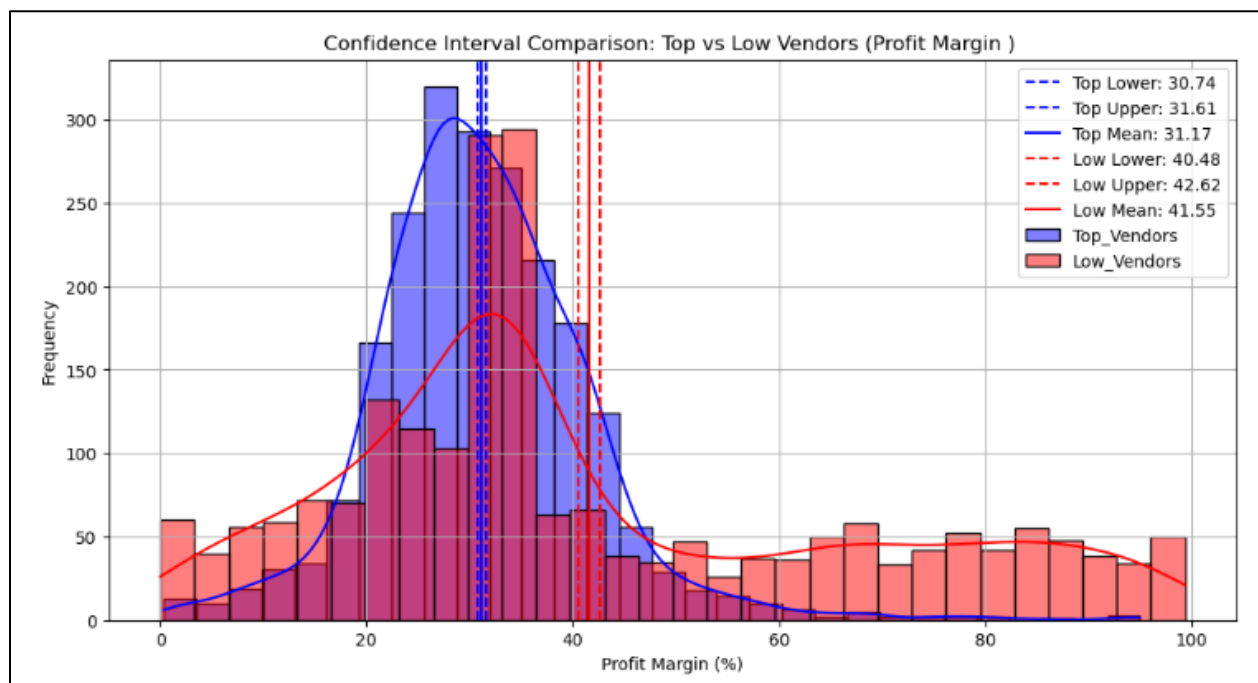
Top vendors Profit Margin (95% CI): (30.74%,31.61%), Mean: 31.17%

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 market reach issues.

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:

H0- Null Hypothesis: There is no significant difference between mean profit margins of High performing and low performing vendors

H1- Alternative Hypothesis: The mean profit margins of high performing vendors and low performing vendors are different

Result: The null hypothesis is rejected, confirming that the two groups operate under distinctly different probability 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 clearer sales, or revising storage categories
- Enhance marketing and distribution strategies for low performing vendors to drive higher sales volume without compromising profit margins.
- By implementing these recommendations, the company can achieve profitability, mitigate risks, and enhance overall operational efficiency.