

ENIAC

DISCOUNT STRATEGY ANALYSIS

Team “Lambda Lemurs ” | Data Analysis Project



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OUR GUIDING QUESTIONS

1

IS IT BENEFICIAL TO DISCOUNT PRODUCTS?

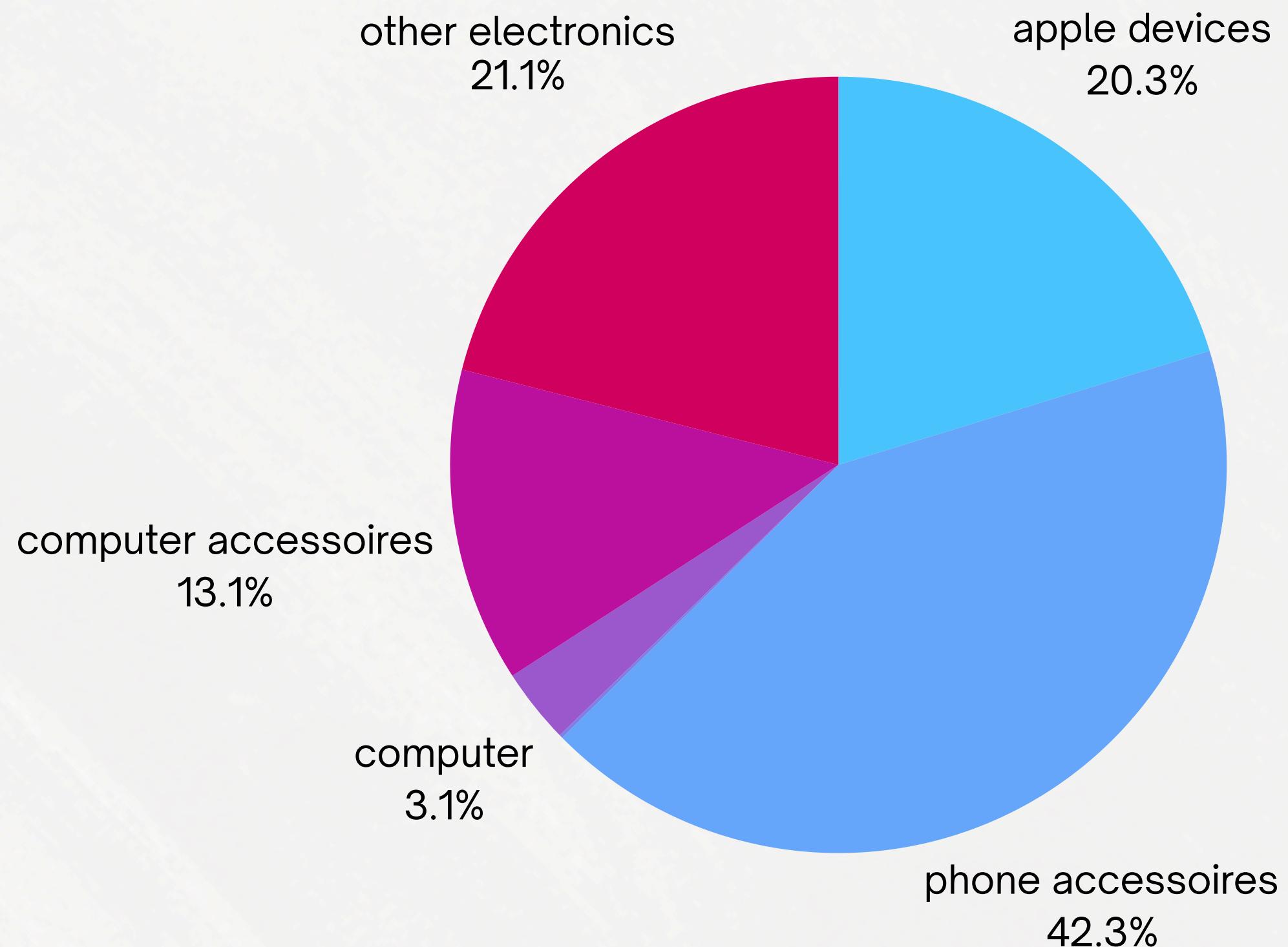
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HOW DO DISCOUNTS AFFECT REVENUE?



OUR ANALYSIS IS BASED ON OUR INTERNAL DATASET (JAN 2017 - MAR 2018)

COMPLETED ORDERS IN FOCUS



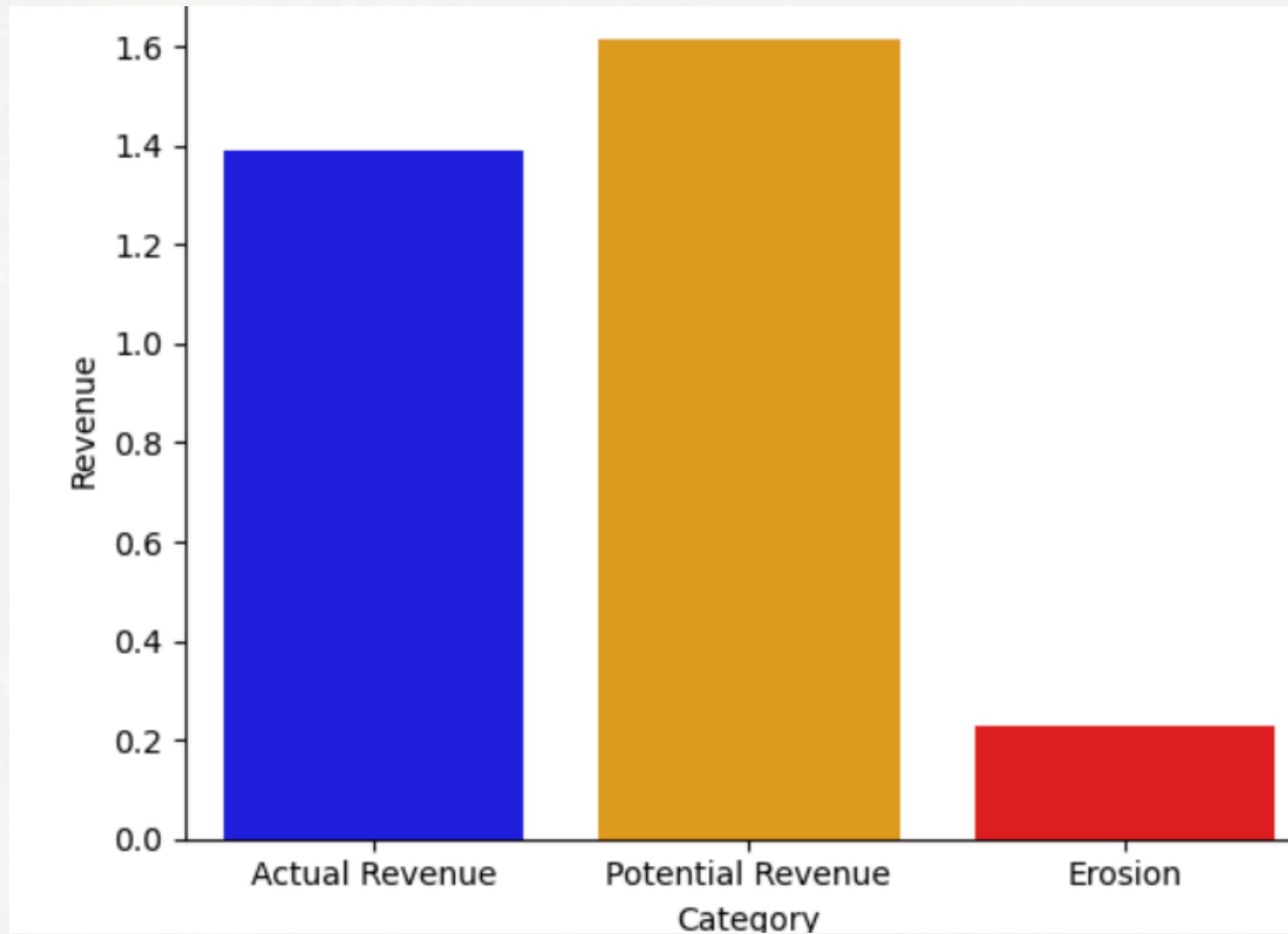
- THE CLEANED DATA SET CONTAINED ~191K ORDERS OF WHICH ONLY ~43K (29%) WERE OF INTEREST TO US
- WE NARROWED OUR ANALYSIS FURTHER DOWN ON 5 OUT OF 12 PRODUCT CATEGORIES

96% OF ORDERS INCLUDE DISCOUNTS



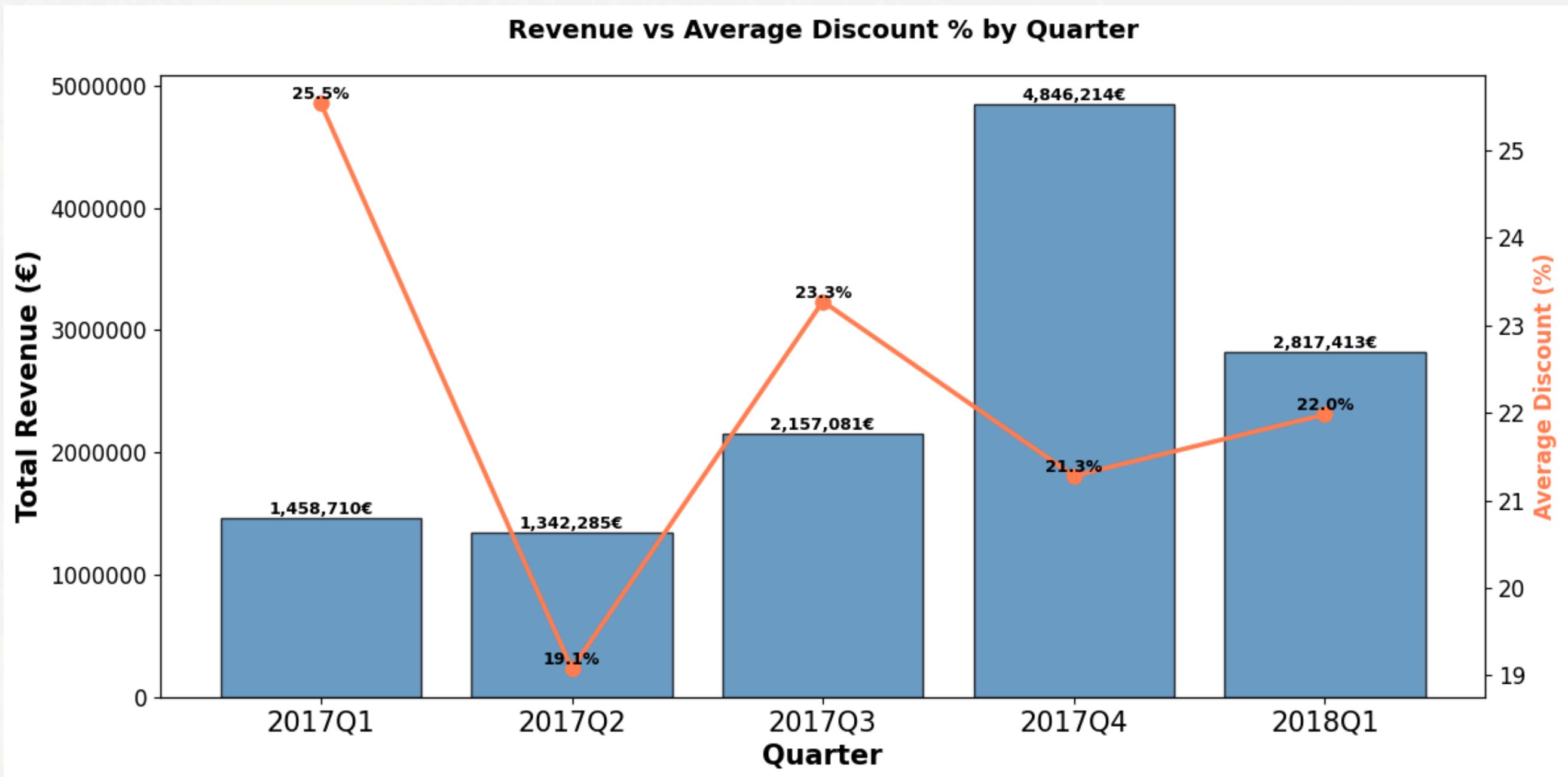
- TOTAL ORDERS: ~43K
- WITH DISCOUNT: ~41K
- WITHOUT DISCOUNT: ~1,6K
- 96% OF ORDERS INCLUDE AT LEAST ONE DISCOUNTED PRODUCT
- ONLY 4% OF CUSTOMERS PAY FULL PRICE

€2.28M LOST TO DISCOUNT EROSION



- ACTUAL REVENUE: 13.9 MIO €
- POTENTIAL REVENUE: 16.16 MIO €
- TOTAL DISCOUNT EROSION: 2.28 MIO €
- REVENUE LOST TO DISCOUNTS: 14.11 %

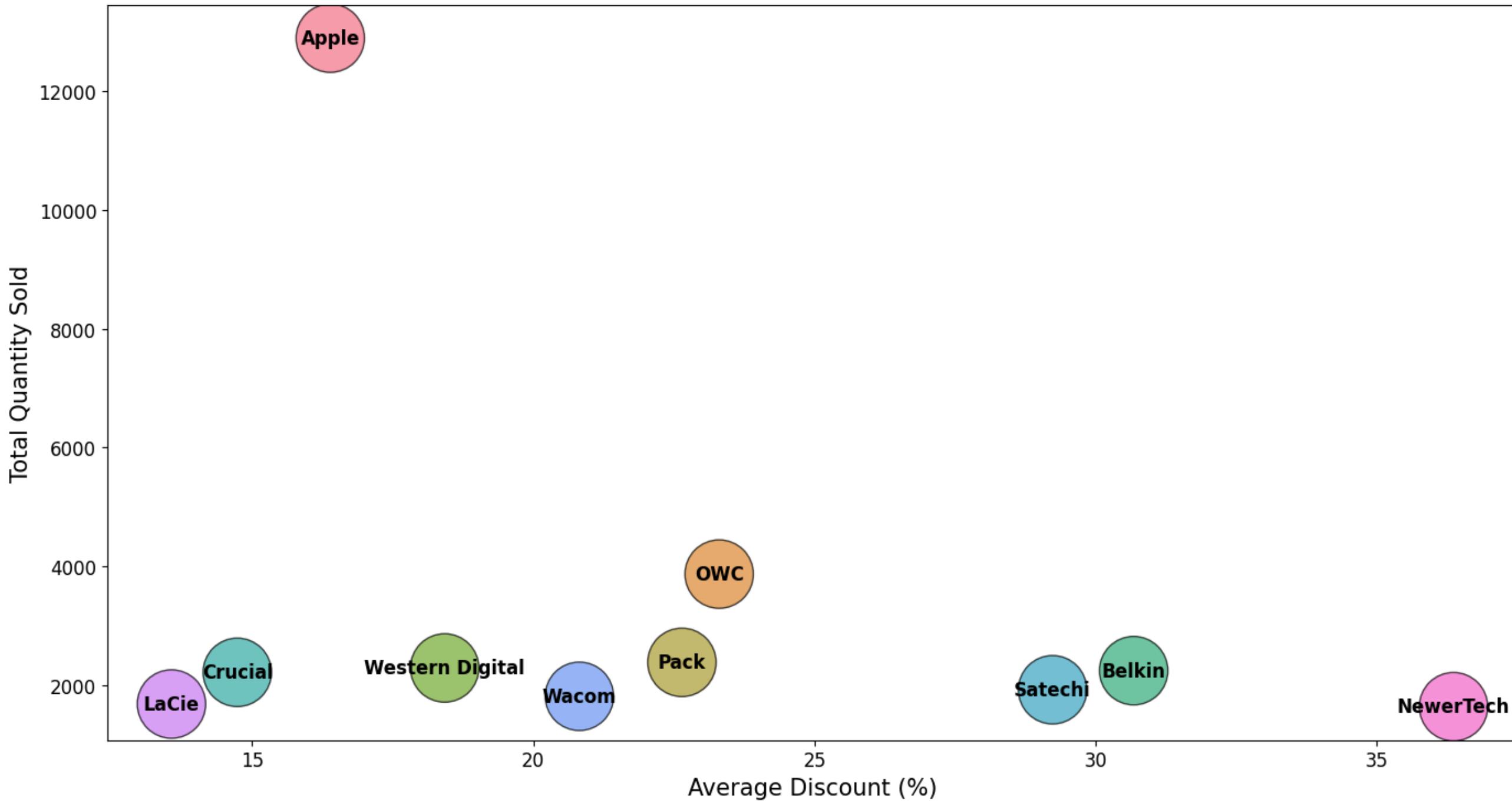
REVENUE GROWS – REGARDLESS OF DISCOUNTS



- REVENUE INCREASES OVER TIME
- THERE IS NO RELATION BETWEEN DISCOUNTS AND REVENUE
- 2018Q1 (NOT YET COMPLETED) REVENUE IS HIGHER COMPARED TO 2017Q1 REVENUE

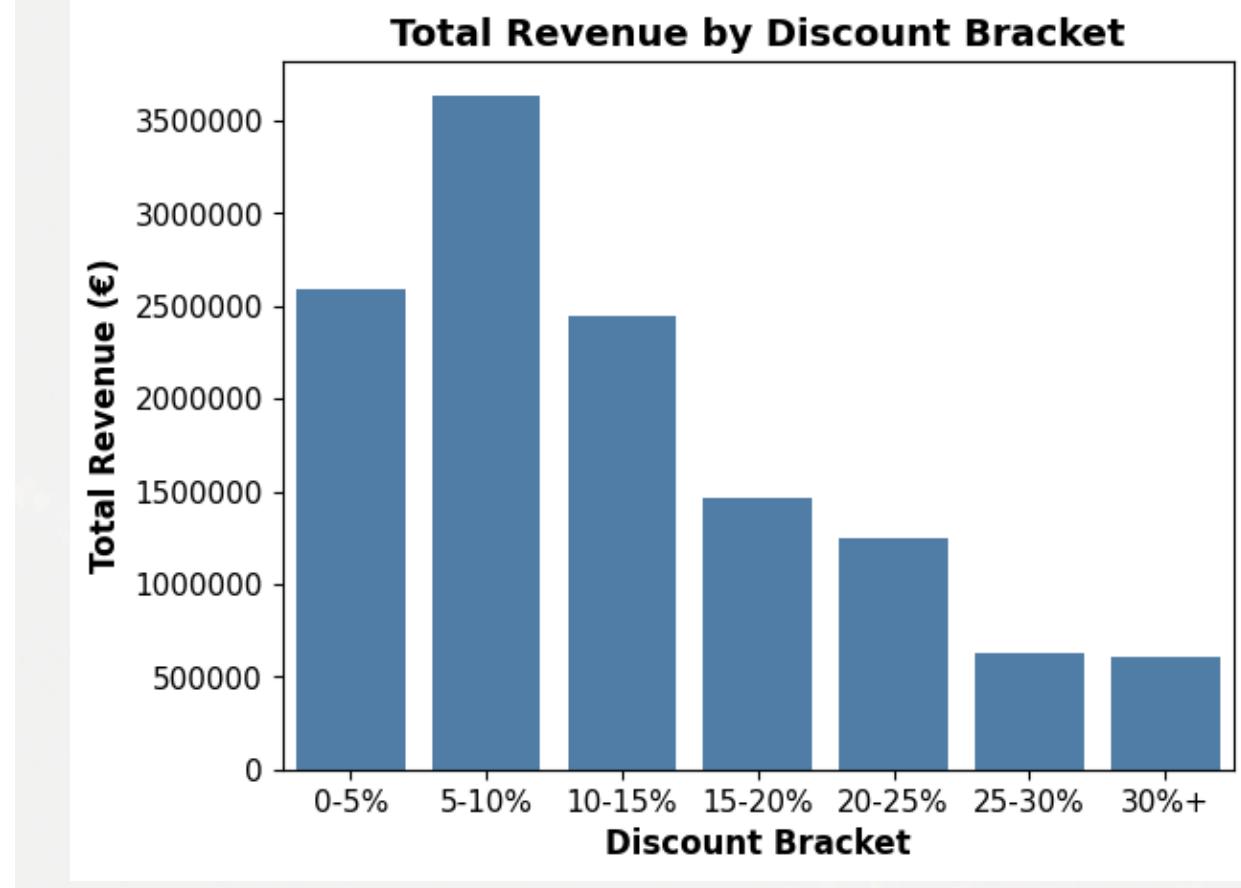
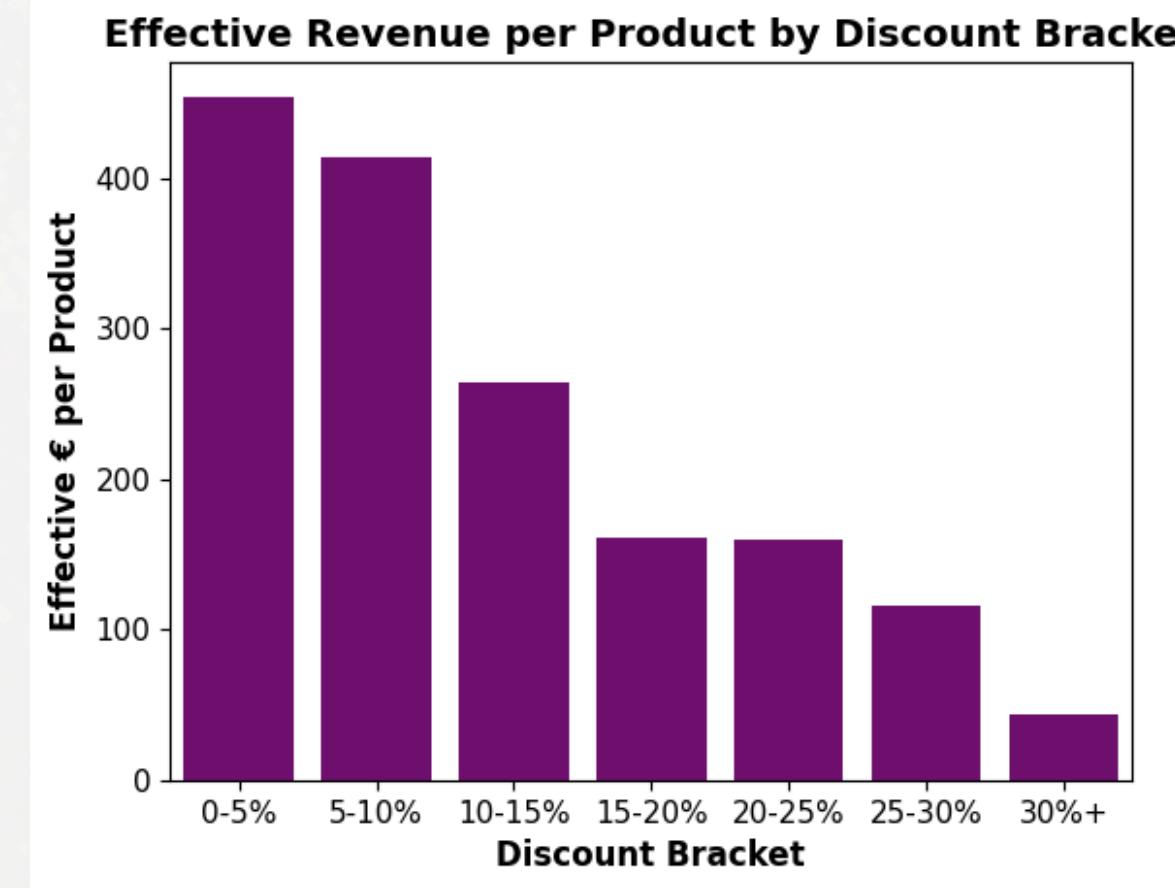
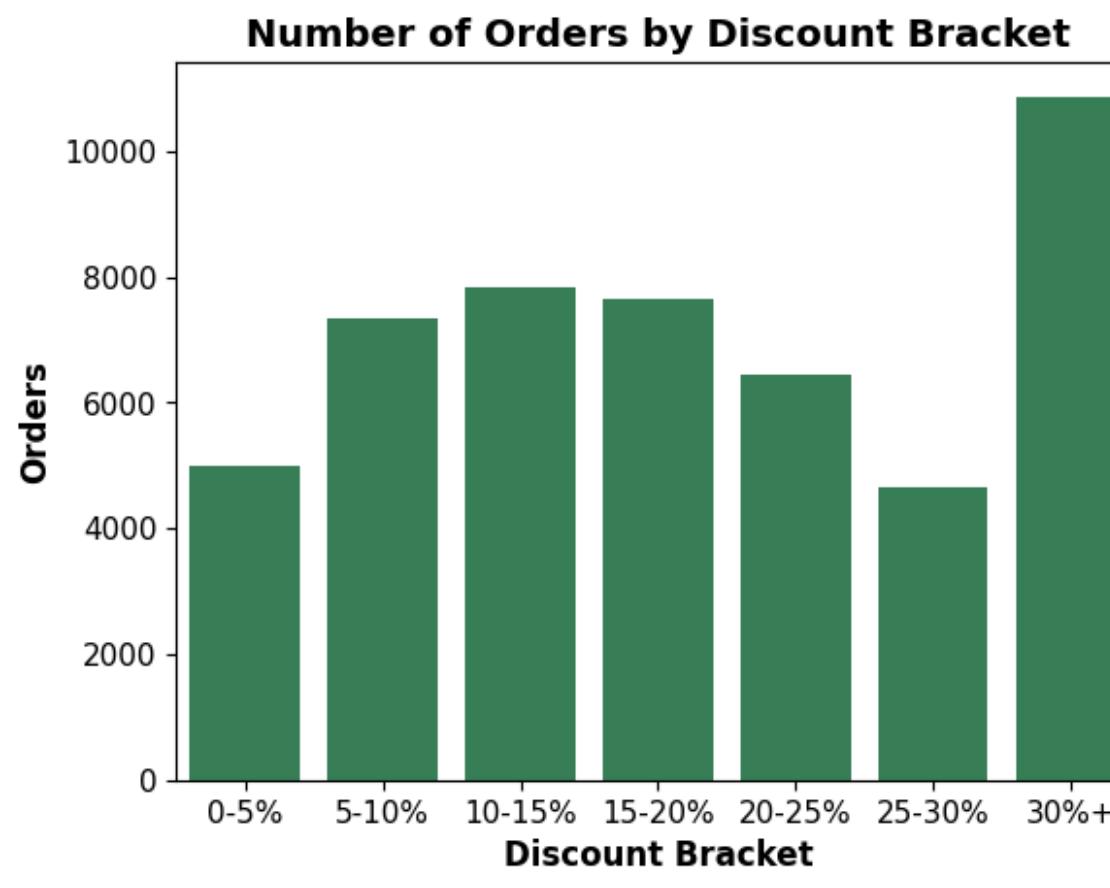
BRAND BEATS DISCOUNT

Top 10 Brands: Discount % vs Sales Volume (Overall)



- BRAND MATTERS MORE THAN DISCOUNT
- MOST BRANDS SELL SIMILAR VOLUMES REGARDLESS OF DISCOUNT LEVEL
- HIGHER DISCOUNTS DO NOT LEAD TO MORE SALES

HIGHER DISCOUNTS \neq MORE REVENUE

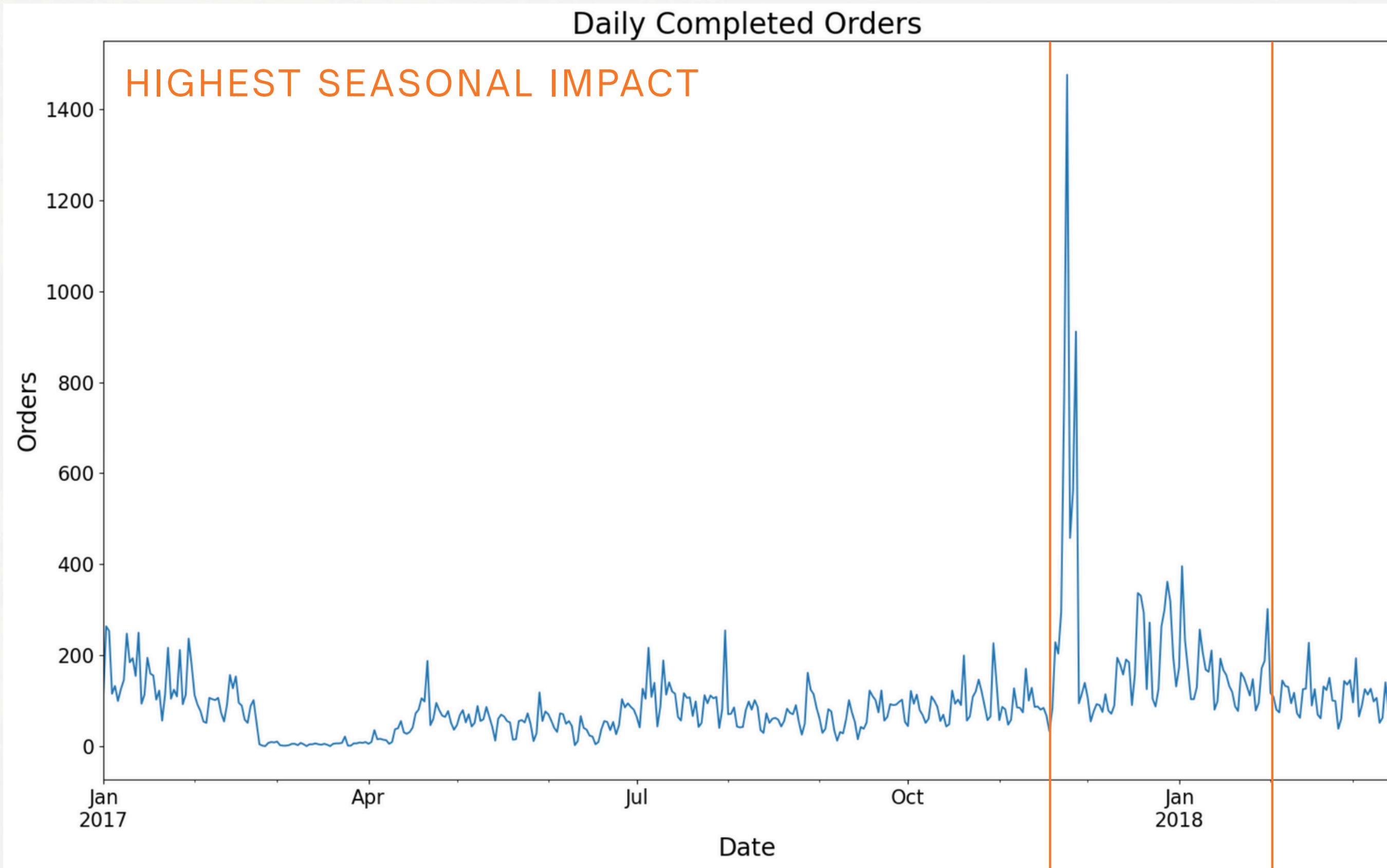


- HIGHER DISCOUNTS LEAD TO MORE ORDERS

- HIGHER DISCOUNTS LEAD TO MORE ORDERS OF CHEAP PRODUCTS

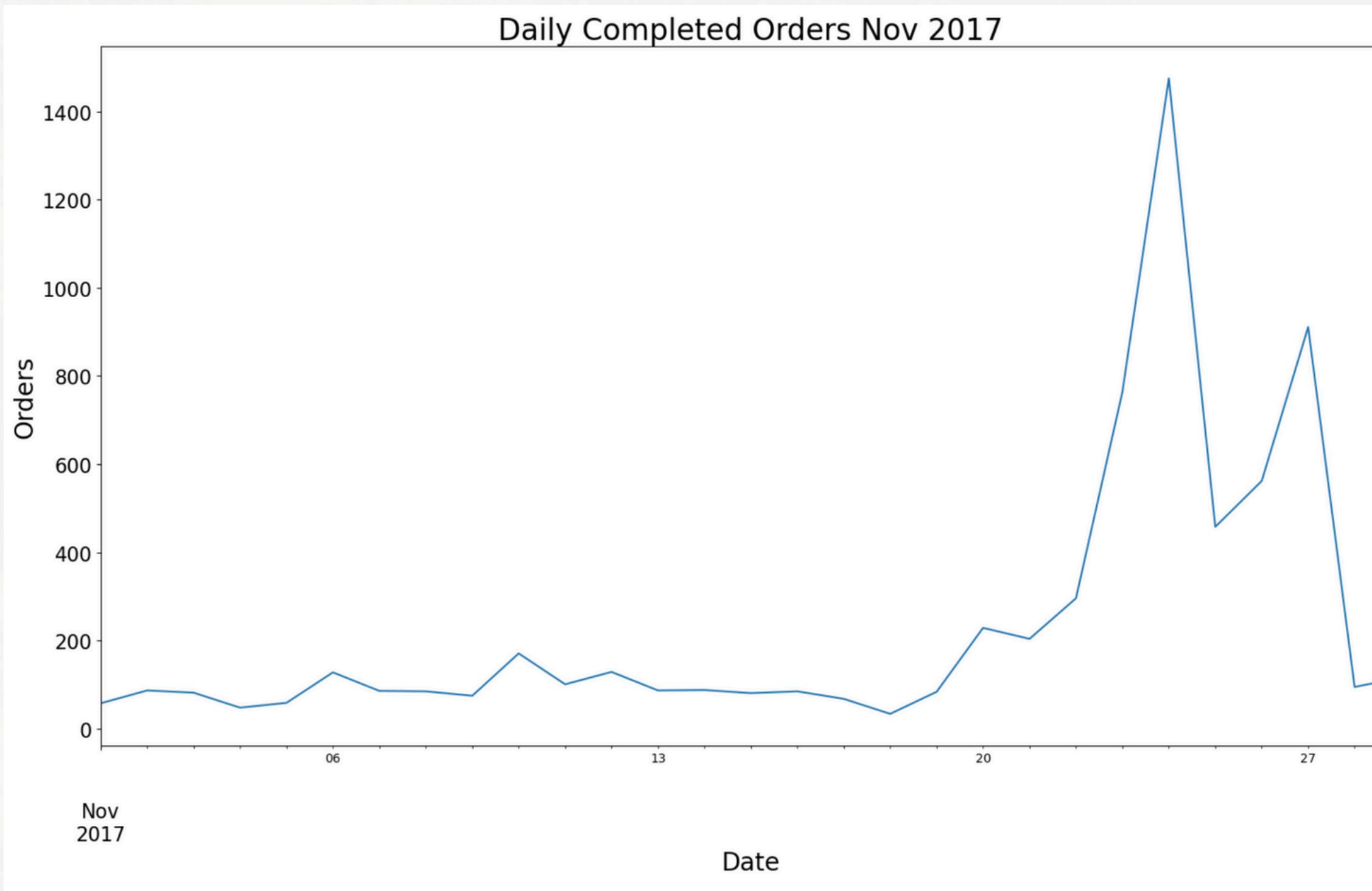
- HIGHER DISCOUNTS DONT INCREASE THE REVENUE

SEASONAL SALES PATTERNS



- ~17K TOTAL ORDERS BETWEEN NOV. 2017 - JAN. 2018
- 39% OF TOTAL ORDERS

BLACK FRIDAY: 7X ORDER SURGE



- NOVEMBER AVERAGE ORDERS PER DAY = 88
- BLACK FRIDAY AVERAGE ORDERS PER DAY = 612
- BLACK FRIDAY MAX ORDERS = 1.475
- BLACK FRIDAY MULTIPLIER = 7X

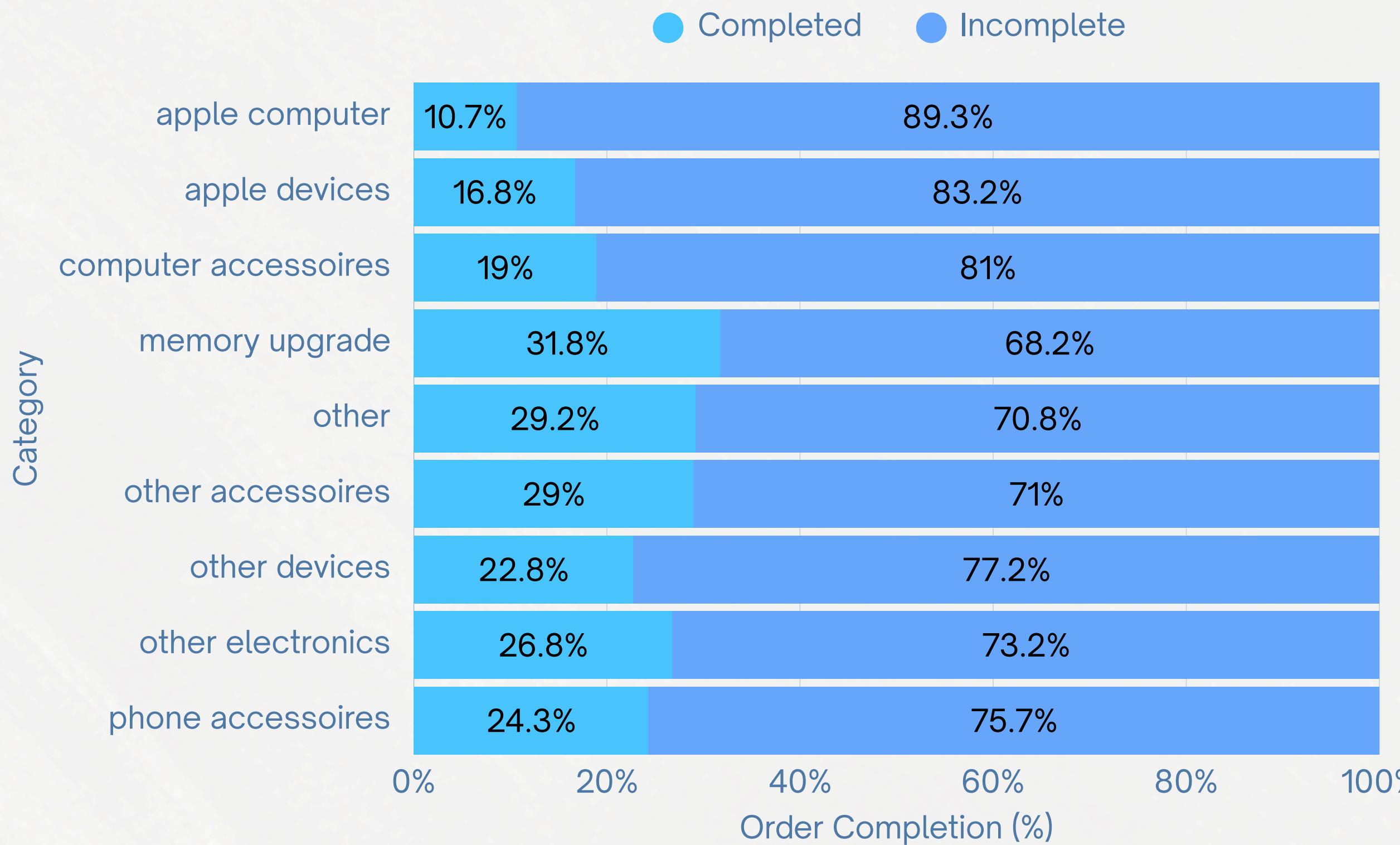
CONCLUSIONS

- ✓ CURRENT MODERATE DISCOUNT STRATEGY = WORKING WELL
- ✓ CUSTOMERS BUY FOR BRANDS + EVENTS, NOT DISCOUNTS
- ✓ PREMIUM POSITIONING STILL POSSIBLE (APPLE = TOP SELLER)

RECOMMENDATIONS:

- 💡 FOCUS ON MARKETING EVENTS (BLACK FRIDAY, CHRISTMAS)
- 💡 REDUCE DISCOUNTS FOR SOME BRANDS
- 💡 REGULAR DISCOUNTS: 5-15%
- 💡 EVENT DISCOUNTS: 15-30%
- 💡 AVOID >30% (CLEARANCE ONLY)

DATA QUALITY & LIMITATIONS



- ONLY 27% OF ORDERS ARE COMPLETED
- TECHNICAL ISSUES?
- DISSATISFACTION WITH THE PROCESS?

OTHER ISSUES:

- DUPLICATE RECORDS
- NUMBER FORMATTING
- DATA INCONSISTENCIES

**THANK YOU VERY MUCH
FOR YOUR ATTENTION!**

