Business Intelligence Report: Superstore Profitability Analysis

Team: Superstore BI Group Date: November 23, 2025

Shemiramoth Mugo (SCT212-0061/2023)
Nicholas Ndegwa Mwangi (SCT212-0046/2023)
Samuel Kuria (SCT212-0476/2023)
Gabriella Muthoni (SCT212-0330/2023)
Emmanuel Mwangangi (SCT212-0331/2023)
Linet Waithira (SCT212-0042/2023)
Cecil Kioko (SCT212-0047/2023)
Felix Wanyoike (SCT212-0248/2023) *
Lee Kariuki (SCT212-0049/2023)

Executive Summary

Despite strong nationwide sales, Superstore is experiencing declining profitability. A detailed BI analysis using the Superstore dataset revealed three major drivers of financial loss:

1. persistent losses in the Furniture category—especially Tables,
2. excessive discounting above 20%, and
3. high-cost operations in the Central Region, with Texas alone accounting for –$26,000 in losses.

Addressing these issues can immediately improve the contribution margin and potentially recover more than $70,000 in annual profit.

Methodology

Our team used Python (Pandas, Matplotlib, Seaborn) to clean and analyze the dataset.

- Preprocessing: Key steps included removing duplicates, converting date fields, engineering new metrics (Delivery_Days, Unit_Cost), and exporting a cleaned dataset for analysis.
- Scope: Visual analysis focused on five dimensions: sales trends, logistics performance, product profitability, discount dynamics, and regional performance.

Key Findings

A. Product-Level Profitability: The Technology category performs strongly, but Furniture consistently loses money.

- Tables are the single worst-performing sub-category, generating an estimated –$17,000 total loss.
- Price vs. Quantity analysis shows low demand for high-cost furniture items, amplifying losses.

B. Discount Impact on Profit: Discount analysis reveals a clear threshold:
   - 0%–20% discount: Generally profitable.
   - >20% discount: Almost always unprofitable.

Insight: Some transactions include discounts as high as 60%–80% on high-value items, directly destroying margins. This aligns with the heatmap visualization showing a steep profit decline as discounts rise.

A. Regional Performance : State-level profit mapping shows uneven performance across the U.S.
   - The Central Region is the poorest performing, with Texas generating –$26,000 in net loss.
   - Likely contributors include higher shipping costs, longer delivery times, and deeper discounting than other regions.

B. Logistics and Shipping: Insights Standard Class shipping: though the most frequently used also shows the longest delivery times. Extended delivery durations may impact cost structure and customer satisfaction, especially for large furniture items.

C. Trend Insights : Sales peak in Q4 (Nov–Dec), but profit does not increase proportionally. This suggests that seasonal holiday discounting is reducing margins despite the volume spike.

Recommendations

1. Implement a Discount Cap Policy Set an automated discount ceiling of 20%, especially for Furniture. Discounts above this threshold should require managerial approval. This change directly addresses the largest cause of negative profit.
2. Restructure Operations in the Central Region Pause aggressive promotions in Texas and Ohio until shipping contracts are renegotiated or pricing is adjusted. Targeted interventions here can recover more than one-third of the company's total losses.
3. Revise Pricing Strategy for Tables Increase Table prices by 10% to offset shipping and delivery costs. If certain models remain unprofitable after the adjustment, discontinue them from the catalog.

Conclusion

The Superstore BI analysis reveals clear, data-driven actions that can immediately improve profitability. By enforcing a disciplined discount policy, restructuring loss-making states, and fixing the pricing strategy for Tables, the company can transition from high-volume/low-margin operations to a more sustainable and profitable retail model.