

Retail Business Performance – Strategic Suggestions

This document summarizes strategic recommendations derived from the retail sales analysis. It integrates insights from SQL queries, Tableau dashboards, and Python correlation analysis.

1. Loss-Making Subcategories

The following subcategories are currently unprofitable. Root causes include high discounting, high return rates, and/or low average selling prices.

Criteria: Subcategories with **negative or very low profit margins (<0%)**

Examples:

- Tables : Profit Margin: -3.02%, Avg Discount: 26.13%
- Bookcases : Profit Margin: -8.56%, Avg Discount: 21.11%

Actions:

- Review discount policies; cap maximum discounts.

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2. Pricing & Promotion Actions

For slow-moving items, differentiated strategies should be adopted

Criteria: Products with **Quantity <= 10 & Inventory Days>180** per year but still in stock.

Actions:

- **Clearance Sale:** Discount heavily to liquidate non-moving stock. (e.g., Xerox 1926)
- **Bundling:** Pair slow movers with fast-moving complementary products. (e.g., 3-ring staple pack +Xerox 1926)

3. Inventory Optimization

Items with high inventory days and low sales velocity should be closely monitored.

Criteria: Items with **Quantity > 150** but **Profit Margin < 5%**.

Actions:

- Reallocate shelf space to higher-margin categories.
- Recommendation: Reduce re-order quantities, push via promotions, or phase out.

4. Reorder & Stop-Order Thresholds

Criteria: Based on average daily sales, reorder and stop-order thresholds can be defined:

Actions:

- High-velocity SKUs: Maintain **Safety Stock = 2 × avg_daily_sales × lead_time**.

- Low-velocity SKUs: Set **stop-order** triggers once inventory covers **>90 days of sales**.
- Apply ABC classification: "A" items (top 20% sales) always in stock, "C" items (bottom 20%) reviewed quarterly.

5. Seasonal Opportunities

Categories like **Office Supplies, Technology, and Furniture** show seasonal spikes in Nov & Dec months.

Actions:

- Ramp up stock [2–3 weeks] before expected peak.
- Plan targeted promotions in seasonal months to capture demand early.
- Use historical monthly sales trends to forecast seasonal stock needs.

Conclusion

These strategic actions, when executed, can improve profitability, optimize inventory holding costs, and enhance overall sales performance. Tableau dashboards can be updated monthly to monitor progress.