

SUPERSTORE BUSINESS PLAN

Julie Kim, Abdulsobur Gbadejoko, Yemi Opaleye



Problem: Superstore performance

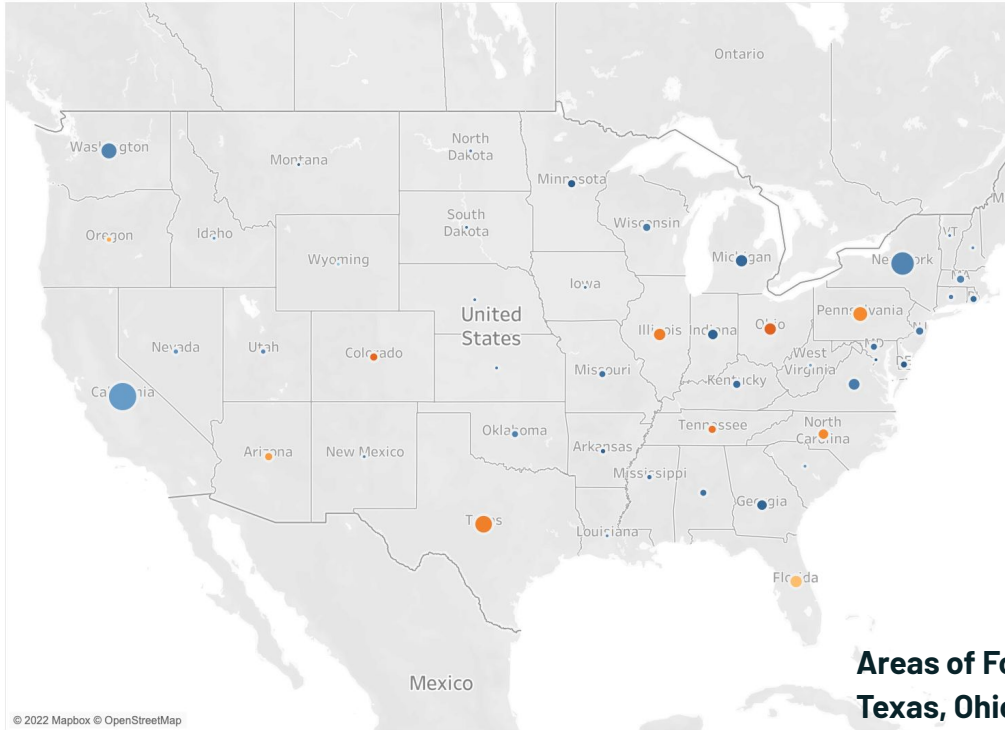
For the past few years, Brainstation superstore has been focusing on growth mode. However, due to recent inflationary pressures we are looking for ways to preserve cash and maintain profitability.

We want to identify the underperforming product lines and customer segments in certain states and find out why those products and segments are suffering.

Through our analysis, we will provide recommendations on how to improve profitability in underperforming markets.

Market Performance

Weighted Average Profit Margin by State



Areas of Focus:
Texas, Ohio, Pennsylvania

Weighted Average Profit Margins

State	
Ohio	-21.69%
Colorado	-20.33%
Tennessee	-17.42%
Illinois	-15.73%
Texas	-15.12%
North Carolina	-13.47%
Pennsylvania	-13.35%
Arizona	-9.72%
Oregon	-6.83%
Florida	-3.80%
Wyoming	6.25%
West Virginia	15.37%
California	16.69%
Idaho	18.86%
Nevada	19.83%
South Carolina	20.86%
Utah	22.70%
New Hampshire	23.40%
Massachusetts	23.70%
New York	23.82%
Louisiana	23.83%



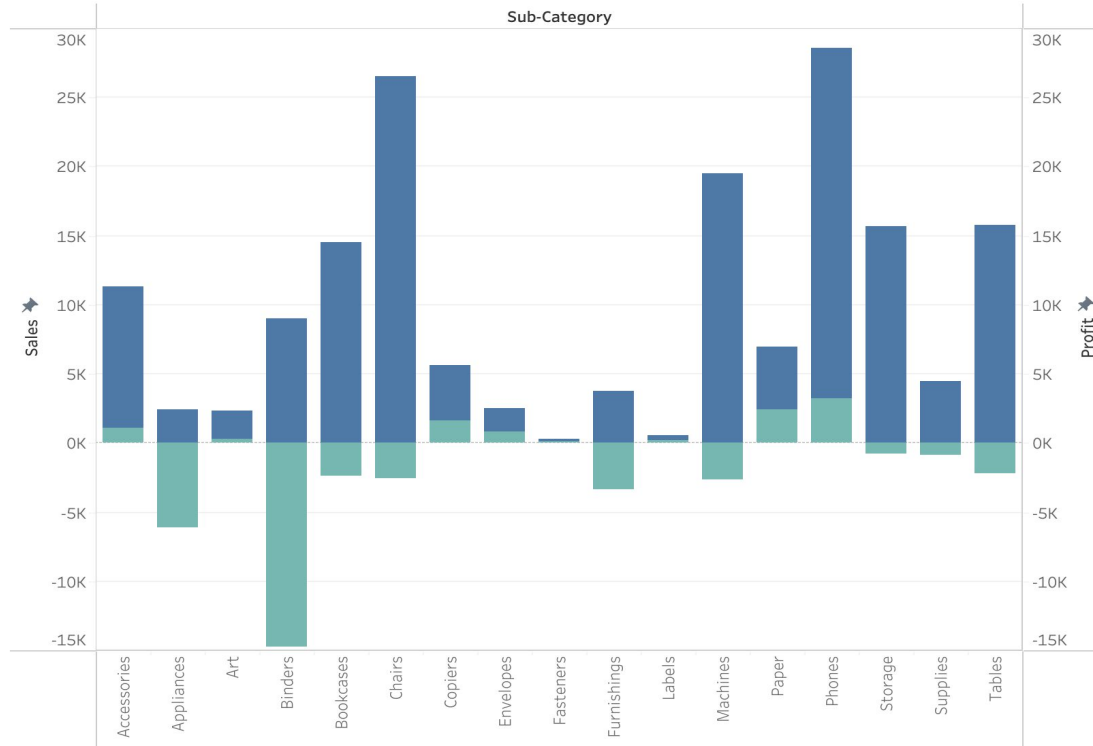
01.



TEXAS

Texas Profit & Sales

Texas Profit & Sales



Product PM

Top 3 best sellers (in terms of quantity sold)

Category	Sub-Category	
Furniture	Bookcases	-16.50%
	Chairs	-9.47%
	Furnishings	-87.95%
	Tables	-14.06%
Office Supplies	Appliances	-255.30%
	Art	13.35%
	Binders	-162.62%
	Envelopes	33.52%
	Fasteners	24.28%
	Labels	34.34%
	Paper	34.70%
	Storage	-4.86%
	Supplies	-18.54%
Technology	Accessories	9.76%
	Copiers	28.90%
	Machines	-13.64%
	Phones	11.27%

Texas Product Discounts

Average discount on Appliances

80%

Volume of discount on Appliances

4.8%

(out of total number of discounts given)

Average discount on Binders

80%

Volume of discount on Binders

15.5%

(out of total number of discounts given)

Average discount on other products

26%

Volume of discount on other products

5.3%

(out of total number of discounts given)

Excessive discounts on binders, in terms of both discount rate % and discount volume, is negatively impacting the profit margin of binders in Texas and the overall superstore performance in Texas. Binder sales account for 16.8% of total sales in Texas.

Appliances are also heavily discounted; however, it does not make as big of an impact as binders as appliances sales and discounts only account for 4.3%, 4.8% of total sales and total discounts given, respectively.

Texas Product Discounts

State		Texas			
Average of Discount		Column Labels			
Row Labels	Consumer	Corporate	Home Office	Grand Total	
Accessories	20%	20%	20%	20%	
Appliances	80%	80%	80%	80%	
Art	20%	20%	20%	20%	
Binders	80%	80%	80%	80%	
Bookcases	32%	32%	32%	32%	
Chairs	30%	30%	30%	30%	
Copiers	20%	20%		20%	
Envelopes	20%	20%	20%	20%	
Fasteners	20%	20%	20%	20%	
Furnishings	60%	60%	60%	60%	
Labels	20%	20%	20%	20%	
Machines	40%	40%	40%	40%	
Paper	20%	20%	20%	20%	
Phones	20%	20%	20%	20%	
Storage	20%	20%	20%	20%	
Supplies	20%	20%	20%	20%	
Tables	30%	30%	30%	30%	
Grand Total	37%	36%	38%	37%	

State		Texas			
Count of Discount		Column Labels			
Row Labels	Consumer	Corporate	Home Office	Grand Total	
Accessories	4.77%	2.23%	1.22%	8.22%	
Appliances	2.84%	1.32%	0.61%	4.77%	
Art	4.37%	1.62%	1.22%	7.21%	
Binders	8.32%	4.57%	2.64%	15.53%	
Bookcases	1.32%	1.02%	0.41%	2.74%	
Chairs	3.25%	1.83%	1.12%	6.19%	
Copiers	0.20%	0.30%	0.00%	0.51%	
Envelopes	1.12%	1.02%	0.91%	3.05%	
Fasteners	1.42%	0.81%	0.20%	2.44%	
Furnishings	4.16%	2.64%	1.42%	8.22%	
Labels	0.91%	1.32%	0.81%	3.05%	
Machines	0.61%	0.61%	0.10%	1.32%	
Paper	7.31%	5.99%	1.62%	14.92%	
Phones	4.06%	2.94%	1.12%	8.12%	
Storage	5.08%	2.23%	1.12%	8.43%	
Supplies	1.22%	0.51%	0.20%	1.93%	
Tables	2.23%	0.71%	0.41%	3.35%	
Grand Total	53.20%	31.68%	15.13%	100.00%	

Binder Discounts

Sub-Category	Binders	▼
Region	Central	▼

Column Labels		▼						
Row Labels	Consumer		Corporate		Home Office		Total	
	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit
Illinois	80%	(1,240.50)	80%	(4,398.82)	80%	(1,565.01)	80%	(7,204.32)
Indiana	0%	675.66	0%	1,003.53	0%	147.97	0%	1,827.16
Iowa	0%	13.35	0%	83.23	0%	22.14	0%	118.72
Kansas			0%	69.92	0%	209.52	0%	279.44
Michigan	0%	8,710.02	0%	322.34	0%	2,047.14	0%	11,079.51
Minnesota	0%	5,651.97	0%	354.92	0%	34.39	0%	6,041.28
Missouri	0%	64.17	0%	39.34	0%	794.90	0%	898.41
Nebraska	0%	8.02	0%	36.86	0%	15.53	0%	60.40
North Dakota					0%	12.69	0%	12.69
Oklahoma	0%	78.15	0%	5.35	0%	126.26	0%	209.75
South Dakota			0%	55.64			0%	55.64
Texas	80%	(12,166.62)	80%	(2,181.24)	80%	(357.21)	80%	(14,705.07)
Wisconsin	0%	38.12	0%	188.51	0%	56.14	0%	282.76
Grand Total	53%	1,832.32	52%	(4,420.42)	45%	1,544.47	51%	(1,043.64)

In other Central states, binder discounts are 0% for all profitable Central markets. We see that states with 80% binder discounts across all customer segments suffer from losses.

Binder Discounts

Sub-Category Binders

Column Labels									
Row Labels	Consumer		Corporate		Home Office		Total Average of Discount		Total Sum of Profit
	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit			
California	20%	4,989.03	20%	3,998.03	20%	1,015.09	20%		10,002.15
New York	20%	6,874.66	20%	2,393.63	20%	1,827.73	20%		11,096.03
Texas	80%	(12,166.62)	80%	(2,181.24)	80%	(357.21)	80%		(14,705.07)
Grand Total	35%	(302.93)	34%	4,210.42	37%	2,485.62	35%		6,393.11

In other big and profitable markets like California and New York, binder discounts are only 20% across all customer segments.

Based on this analysis, we recommend that the superstore first reduce the discounts on binders in Texas from 80% to 20%. Afterwards, we should continue to monitor the performance of binders for 3 months and re-evaluate whether we can reduce the discount to 0% for certain customer segments, similar to other Central states.



PROBLEM

Texas is one of the largest markets but is suffering from negative profit margins. Binder sales are low despite huge discounts on binders, leading to losses.

SOLUTION

Reduce the discounts on binders in Texas from 80% to 20%. Monitor results for 3 months and re-evaluate.



02.



OHIO

Ohio Profit, Sales & product profit margin

Ohio Profit & Sales



Product Profit Margin

Category	Sub-Catego..	Profit Margin
Furniture	Bookcases	-65.41%
	Chairs	-6.40%
	Furnishings	12.66%
	Tables	-34.43%
Office Supplies	Appliances	10.11%
	Art	12.29%
	Binders	-73.06%
	Envelopes	34.63%
	Fasteners	29.83%
	Labels	34.31%
	Paper	34.67%
	Storage	-3.80%
	Supplies	-17.31%
Technology	Accessories	17.67%
	Copiers	11.64%
	Machines	-131.11%
	Phones	-18.99%

Comparison with three top market with positive profit margin in terms of sales

States according to PM	
State	No Meas..
California	16.69%
New York	23.82%
Texas	-15.12%
Washington	24.09%
Pennsylvania	-13.35%
Florida	-3.80%
Illinois	-15.73%
Ohio	-21.69%
Michigan	32.07%
Virginia	26.33%
North Carolina	-13.47%
Indiana	34.33%
Georgia	33.10%
Kentucky	30.61%
New Jersey	27.33%
Arizona	-9.72%
Wisconsin	26.16%
Colorado	-20.33%
Tennessee	-17.42%
Minnesota	36.24%
Massachusetts	23.70%
Delaware	36.35%
Maryland	29.66%

From this table, it identifies California, New York and Washington as the top three states with the highest positive profit margin in terms of sales.

So we try to understand the reason behind their positive margin in these states and what area to improve in Ohio for better profitability.

California, New York & Washington Product profit margin

Product Profit Margin (California)

Category	Sub-Catego..	
Furniture	Bookcases	5.15%
	Chairs	3.86%
	Furnishings	28.06%
	Tables	-0.67%
Office Supplies	Appliances	28.92%
	Art	29.38%
	Binders	35.13%
	Envelopes	47.24%
	Fasteners	40.82%
	Labels	47.26%
	Paper	47.60%
	Storage	15.97%
	Supplies	5.48%
Technology	Accessories	29.78%
	Copiers	32.13%
	Machines	14.16%
	Phones	9.28%

Product Profit Margin (New York)

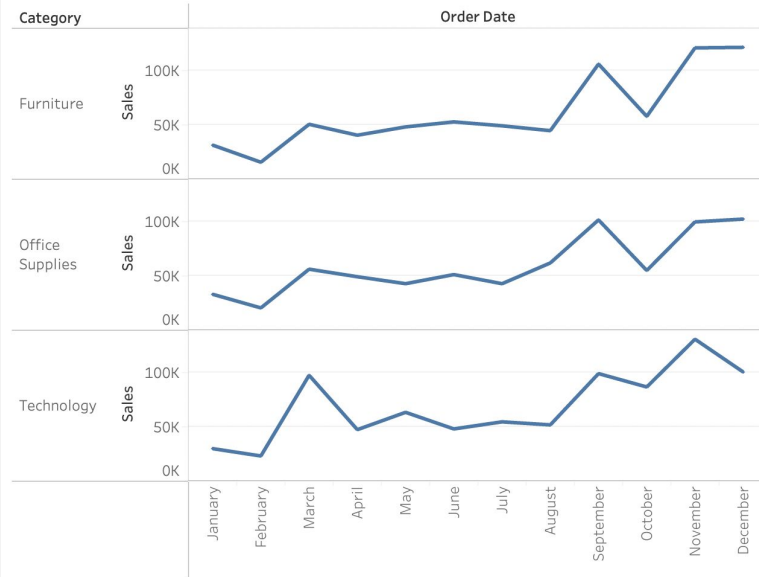
Category	Sub-Catego..	
Furniture	Bookcases	1.54%
	Chairs	15.25%
	Furnishings	28.79%
	Tables	-32.92%
Office Supplies	Appliances	28.68%
	Art	30.24%
	Binders	34.19%
	Envelopes	46.77%
	Fasteners	40.72%
	Labels	47.36%
	Paper	47.57%
	Storage	16.11%
	Supplies	10.46%
Technology	Accessories	28.72%
	Copiers	33.95%
	Machines	40.11%
	Phones	28.21%

Product Profit Margin (Washington)

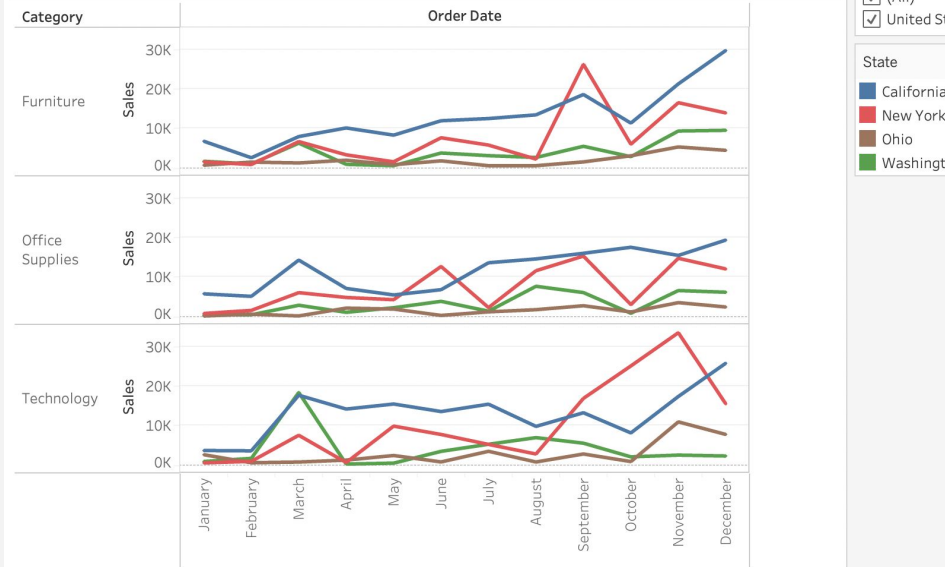
Category	Sub-Catego..	
Furniture	Bookcases	18.13%
	Chairs	4.23%
	Furnishings	30.78%
	Tables	19.46%
Office Supplies	Appliances	30.05%
	Art	30.10%
	Binders	33.39%
	Envelopes	47.93%
	Fasteners	23.57%
	Labels	48.58%
	Paper	47.32%
	Storage	13.16%
	Supplies	9.37%
Technology	Accessories	28.20%
	Copiers	46.63%
	Machines	10.14%
	Phones	7.68%

Sales Comparison by month

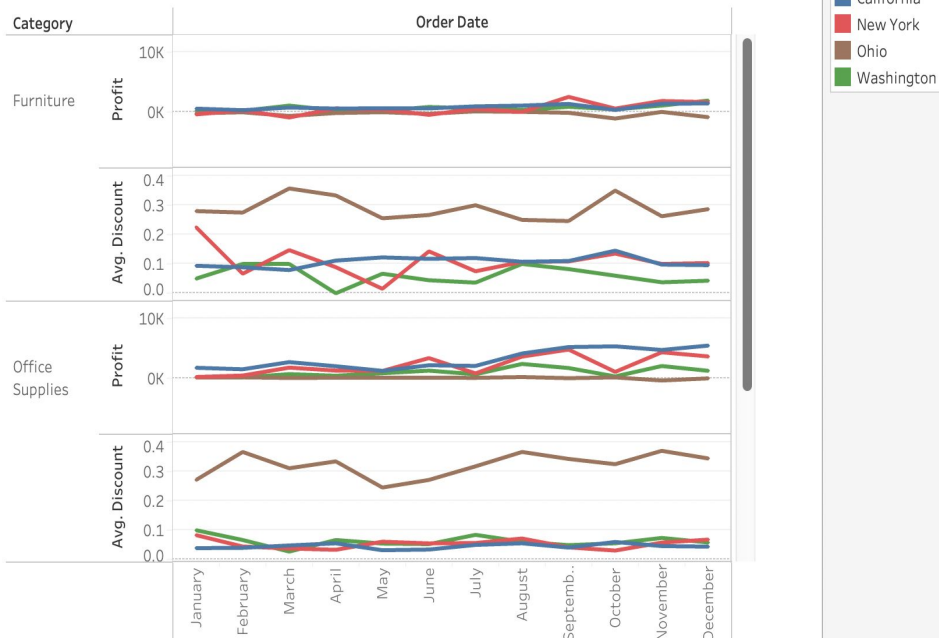
Sales Comparison by month (General)



Sales Comparison by month



and Avg discount comparison by month (General)





PROBLEM

Ohio is also one of the state with the largest markets but is suffering from negative profit margins.

SOLUTION

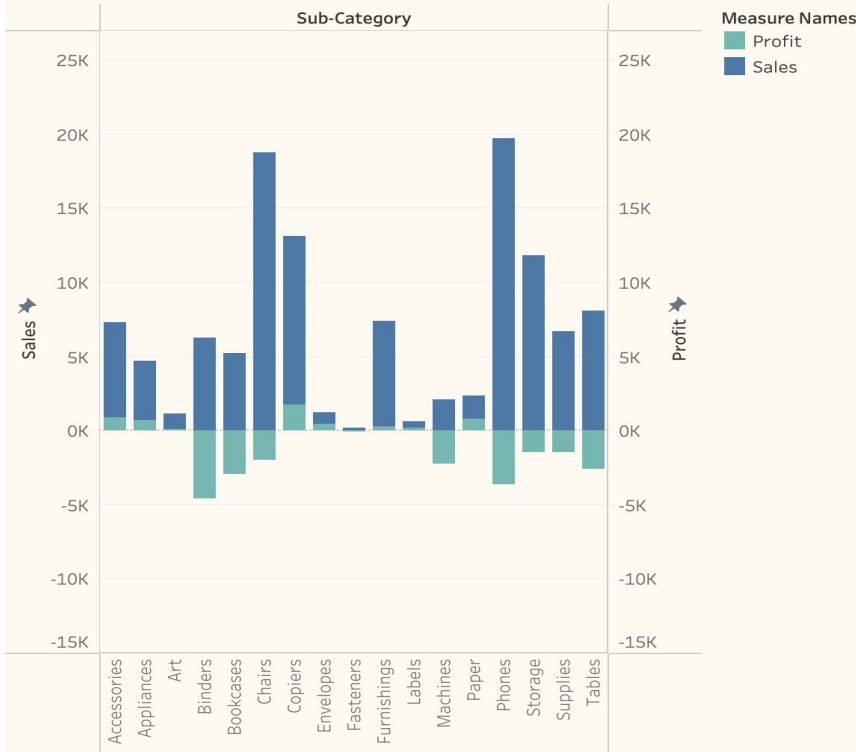
We recommend that the average discount per month should not exceed 20% and the promotion on sales should be intensified in the month of March, August till December.

03.

PENNSYLVANIA

Pennsylvania

Pennsylvania Profit & Sales



Product Profit margin

Category	Sub-Catego..	Weighted Avg Profit M..
Furniture	Bookcases	-55.38%
	Chairs	-10.65%
	Furnishings	3.84%
	Tables	-32.15%
Office Supplies	Appliances	14.89%
	Art	11.96%
	Binders	-72.95%
	Envelopes	33.80%
	Fasteners	18.95%
	Labels	33.67%
	Paper	34.18%
	Storage	-12.17%
	Supplies	-21.75%
Technology	Accessories	12.32%
	Copiers	13.27%
	Machines	-104.01%
	Phones	-18.31%

Pennsylvania Product Discounts

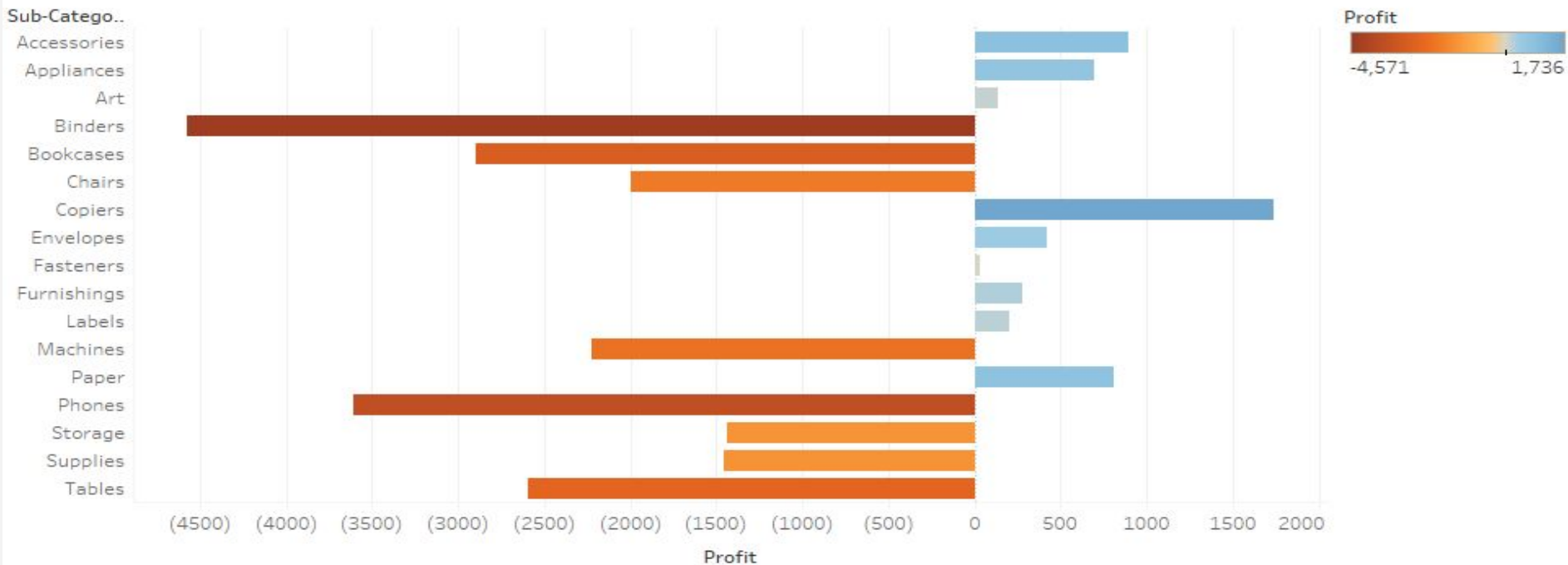
Average discount on Appliances	20%	Volume of discount on Appliances (out of total number of discounts given)	3.9%
Average discount on Binders	70%	Volume of discount on Binders (out of total number of discounts given)	16.7%
Average discount on other products	26%	Volume of discount on other products (out of total number of discounts given)	%

Excessive discounts on binders, in terms of both discount rate and discount volume, is negatively impacting the profit margin of binders in Pennsylvania and the overall superstore performance in Pennsylvania. Binder sales account for 5.3 % of total sales in Pennsylvania.

Appliances are also heavily discounted; however, it does not make as big of an impact as binders

PROFIT BY SUB CATEGORY – Pennsylvania

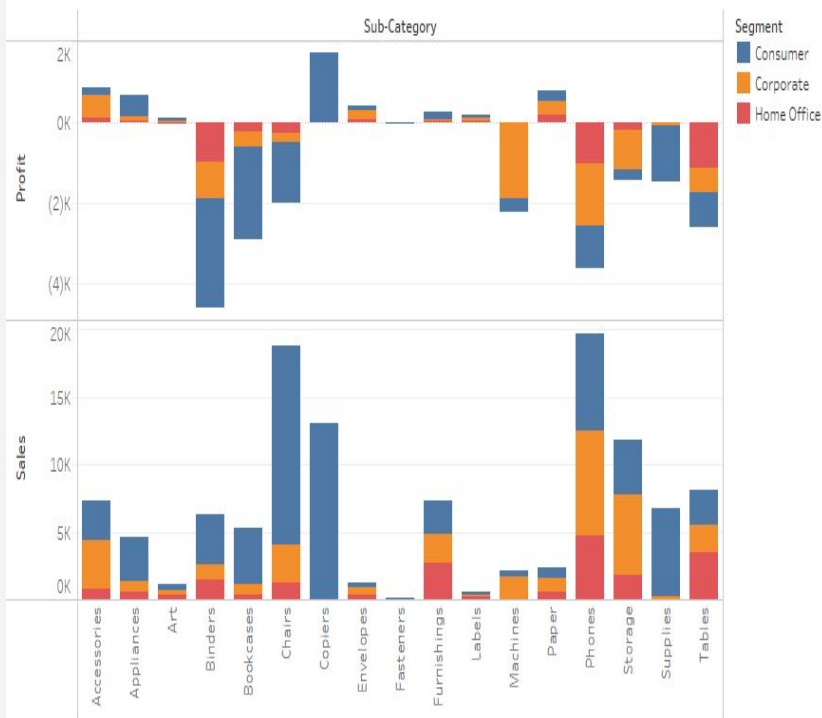
Pennsylvania Profit by sub Category



Sum of Profit for each Sub-Category. Color shows sum of Profit. The data is filtered on State, which keeps Pennsylvania.

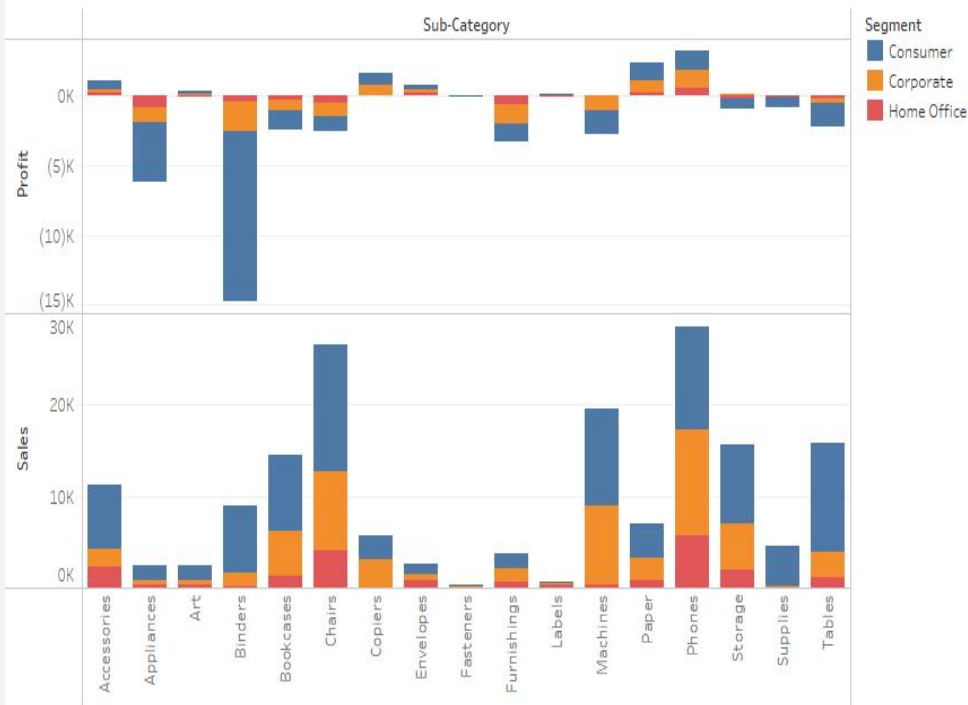
PROFIT & SALES COMPARED- Texas & Pennsylvania

PENNSYLVANIA



Sum of Profit and sum of Sales for each Sub-Category. Color shows details about Segment. The data is filtered on State and Region. The State filter keeps Pennsylvania. The Region filter keeps Central, East, South and West.

TEXAS



Sum of Profit and sum of Sales for each Sub-Category. Color shows details about Segment. The data is filtered on State and Region. The State filter keeps Texas. The Region filter keeps Central, East, South and West.

Pennsylvania

State	Pennsylvania			
Average of Discount	Column Labels			
Row Labels	Consumer	Corporate	Home Office	Grand Total
Accessories	20%	20%	20%	20%
Appliances	20%	20%	20%	20%
Art	20%	20%	20%	20%
Binders	70%	70%	70%	70%
Bookcases	50%	50%	50%	50%
Chairs	30%	30%	30%	30%
Copiers	40%			40%
Envelopes	20%	20%	20%	20%
Fasteners	20%	20%	20%	20%
Furnishings	20%	20%	20%	20%
Labels	20%	20%	20%	20%
Machines	70%	70%		70%
Paper	20%	20%	20%	20%
Phones	40%	40%	40%	40%
Storage	20%	20%	20%	20%
Supplies	20%	20%	20%	20%
Tables	40%	40%	40%	40%
Grand Total	33%	34%	31%	33%

State	Pennsylvania			
Count of Discount	Column Labels			
Row Labels	Consumer	Corporate	Home Office	Grand Total
Accessories	4.60%	1.70%	1.36%	7.67%
Appliances	2.56%	1.02%	0.34%	3.92%
Art	2.56%	2.90%	1.36%	6.81%
Binders	7.84%	6.13%	2.73%	16.70%
Bookcases	1.02%	0.51%	0.17%	1.70%
Chairs	3.92%	1.70%	0.51%	6.13%
Copiers	0.85%	0.00%	0.00%	0.85%
Envelopes	1.53%	1.19%	0.34%	3.07%
Fasteners	0.34%	1.36%	0.68%	2.39%
Furnishings	5.28%	3.58%	2.04%	10.90%
Labels	1.70%	0.85%	1.36%	3.92%
Machines	0.51%	0.68%	0.00%	1.19%
Paper	4.43%	3.92%	2.90%	11.24%
Phones	5.45%	3.07%	2.04%	10.56%
Storage	3.58%	3.58%	1.19%	8.35%
Supplies	1.53%	0.17%	0.34%	2.04%
Tables	0.68%	1.02%	0.85%	2.56%
Grand Total	48.38%	33.39%	18.23%	100.00%

Binder Discounts

Sub-Category	Binders	▼
Region	East	▼

Row Labels	Column Labels		Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Total Average of Discount	Total Sum of Profit
	Consumer	Corporate								
	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit		
Connecticut	0%	137.48	0%	38.80					0%	176.28
Delaware	0%	350.11	0%	215.19			0%	594.30	0%	1,159.60
District of Columbia	0%	4.43							0%	4.43
Maine							0%	17.31	0%	17.31
Maryland	0%	1,528.75	0%	48.30	0%	18.45			0%	1,595.51
Massachusetts	0%	388.98	0%	311.51	0%	300.29			0%	1,000.77
New Hampshire	0%	348.06	0%	11.00					0%	359.06
New Jersey	0%	539.91	0%	972.03	0%	137.14			0%	1,649.08
New York	20%	6,874.66	20%	2,393.63	20%	1,827.73			20%	11,096.03
Ohio	70%	(800.51)	70%	(300.13)	70%	(300.02)			70%	(1,400.67)
Pennsylvania	70%	(2,708.63)	70%	(880.21)	70%	(982.14)			70%	(4,570.98)
Rhode Island	0%	77.42	0%	22.89	0%	37.76			0%	138.07
West Virginia					0%	43.43			0%	43.43
Grand Total	35%	6,740.67	36%	2,833.00	35%	1,694.26			35%	11,267.93

In the eastern region, it shows binder discounts are 0% and 20% for all profitable eastern markets. We see that states with 70% binder discounts across all customers segments suffer from losses with Pennsylvania having the highest loss in the region

BINDER DISCOUNT

Sub-Category	Binders								
Column Labels									
Consumer		Corporate		Home Office		Total Average of Discount		Total Sum of Profit	
Row Labels	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit	Average of Discount	Sum of Profit			
California	0.20	4,989.03	0.20	3,998.03	0.20	1,015.09	0.20		10,002.15
New York	0.20	6,874.66	0.20	2,393.63	0.20	1,827.73	0.20		11,096.03
Pennsylvania	0.70 -	2,708.63	0.70 -	880.21	0.70 -	982.14	0.70 -		4,570.98
Grand Total	0.28	9,155.06	0.30	5,511.45	0.30	1,860.69	0.29		16,527.20

In other big and profitable markets like California and New York, binder discounts are only 20% across all customer segments.

Based on this analysis, we recommend that the superstore reduce the discounts on binders in Pennsylvania from 70% to 20%. Thereafter, Binder performance base on profit should be monitor for next quarter with a re-evaluation to determine continuation of discount on Binder or reduce(remove) discount as done in other eastern states of the country



PROBLEM

Pennsylvania is also one of the state with the largest markets but is suffering from negative profit margins.

Binders sales are low despite huge discounts given on binders, resulting to losses.

SOLUTION

Remove or reduce the discounts on binders in Pennsylvania, Due to recurrent losses