## Executive Summary

This team report synthesizes three in-depth DIVE analyses that examined Superstore’s sales performance, customer behavior, and product profitability. Taken together, the findings reveal a core strategic challenge: Superstore’s current growth is unsustainable due to profit leakage from a combination of discount-driven margin erosion, product line inefficiencies, and region-specific churn among high-value customers.

### Top 3 Unified Insights

1. Profitability is Highly Concentrated and Unevenly Protected
2. Across all three analyses, one insight is clear: a small portion of Superstore’s SKUs and customer base drive the majority of profit. Specifically, less than 20% of products (notably Copiers, Phones, and Accessories) generate over 50% of margin, and a narrow Champion customer segment delivers nearly $950 in historical profit per individual. However, this concentration is not reflected in the company’s merchandising, promotional, or customer retention strategies. Resources are currently being spread too thinly across low-performing SKUs and undifferentiated discounting.
3. Deep Discounting is Actively Harming Both Profit and Loyalty

Discounts above 20% consistently result in negative average profits—this was demonstrated in both the sales analysis (Member A) and product-level profitability deep dive (Member T). More critically, the customer behavior analysis (Member B) uncovered that such discounts are often the final touchpoint for high-value customers before they churn. In Ohio, Pennsylvania, and Illinois, heavily discounted, low-margin items—especially Binders—are overrepresented in final transactions before a high-value customer disengages permanently. The business is, in effect, subsidizing its own churn.

1. Seasonality and Geography Create Asymmetrical Opportunity

Superstore sees a sharp sales spike in Q4, particularly in November and December, and performs strongly in the West and East regions. However, product selection, discount strategy, and campaign planning do not fully leverage this seasonality. At the same time, customer churn is concentrated in specific geographic pockets (OH, PA, IL), where poor last-mile experiences are exacerbated by unprofitable products and discount policies. Both opportunities (holiday revenue spikes) and risks (regional churn) are under-managed due to insufficient analytical alignment.

### Critical Business Challenges Identified

* Unsustainable Margin Erosion: Deep discounting is widely used across product categories without correlation to volume increases, and leads to disproportionate losses, especially on structurally unprofitable SKUs.
* Localized Customer Attrition: The company is losing high-value customers in predictable geographic zones due to discount misuse and poor product experiences.
* Overinvestment in Low-Performing SKUs: A long tail of unprofitable or low-margin SKUs continues to occupy shelf space, receive promotional funding, and erode focus from high-performing items.
* Disconnected Operational Silos: Sales, product, marketing, and analytics are not consistently aligned around profitability or customer value signals.

### Recommended Priority Actions

* Immediately reform discount policies by introducing SKU-specific guardrails to block toxic promotions.
* Launch a churn-recovery pilot focused on Ohio, with structured win-back offers centered on high-margin “Hero” SKUs.
* Rationalize the product catalog by phasing out the bottom 30% of loss-generating SKUs and renegotiating supplier terms on marginal “Volume Trap” products.
* Reframe Q4 promotional planning around profitable stars like Copiers and Phones with price floor protections and dynamic bundling.
* Build predictive analytics capabilities for regional forecasting, SKU profitability, and churn risk modeling to support longer-term transformation.