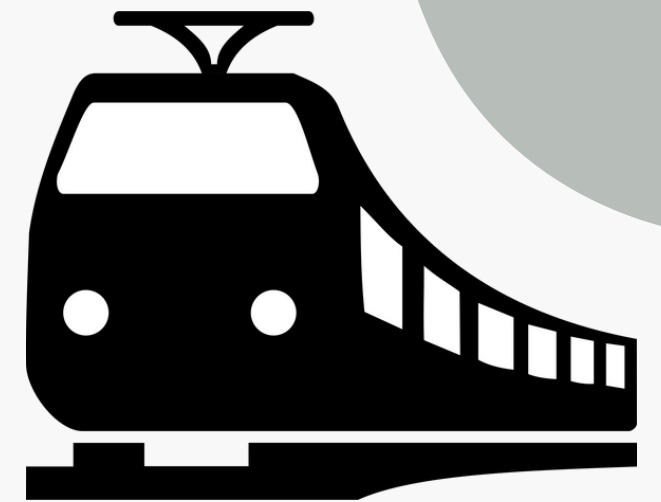# Eniac Inc.

# Analysis of Discount Strategy

# Assumptions

1. Discounts generate more revenue

2. Discounts make consumers buy more than they usually would

3. Discounts help to sell specific items during certain times

ENIAC Inc.

# Disclaimer: Issues with the data

Messy data, corrupted data

Timeframe too short (one calender year): Lack of comparative data

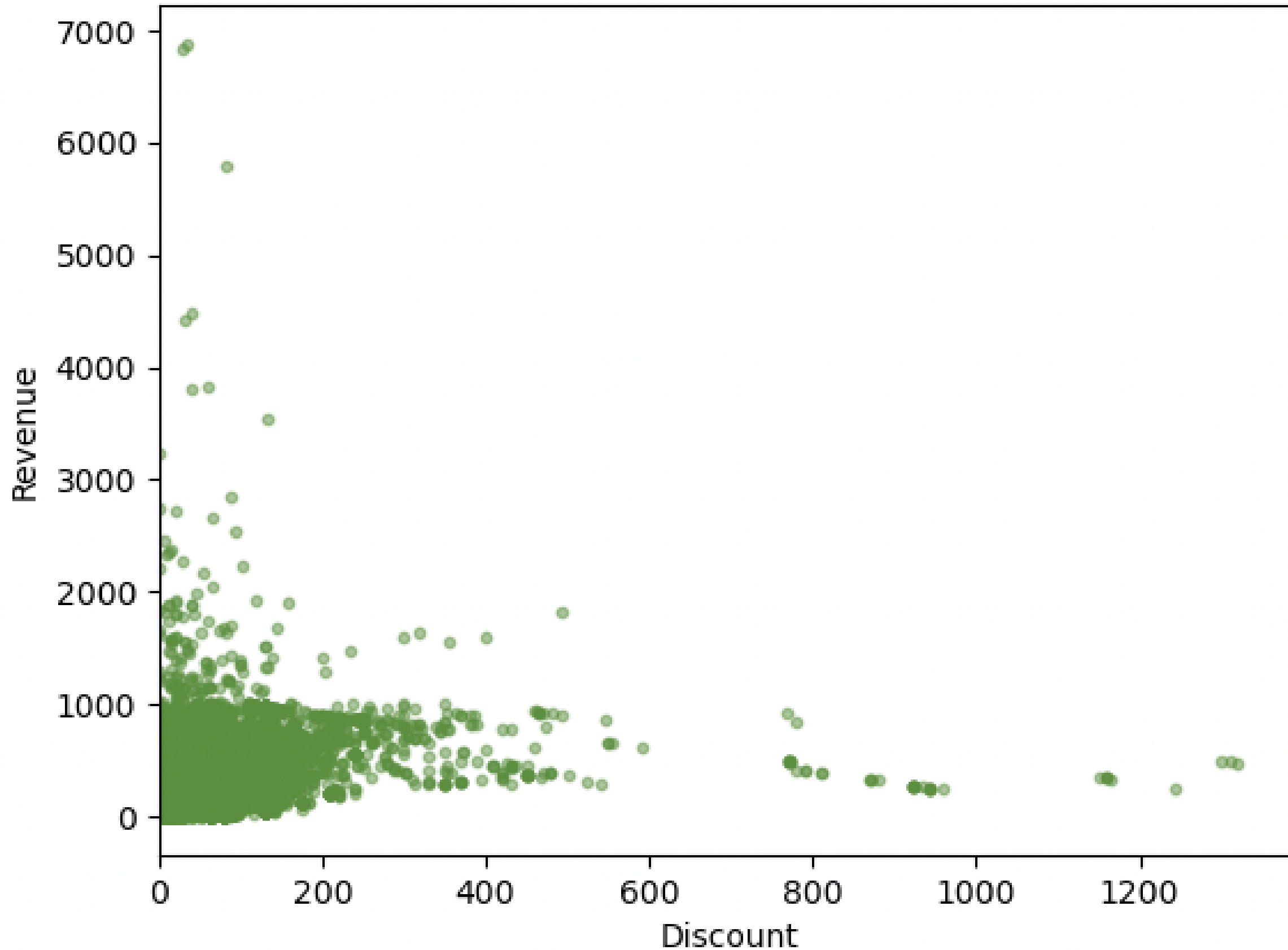Lack of contextual data: What kind of discounts do competitors offer, etc.
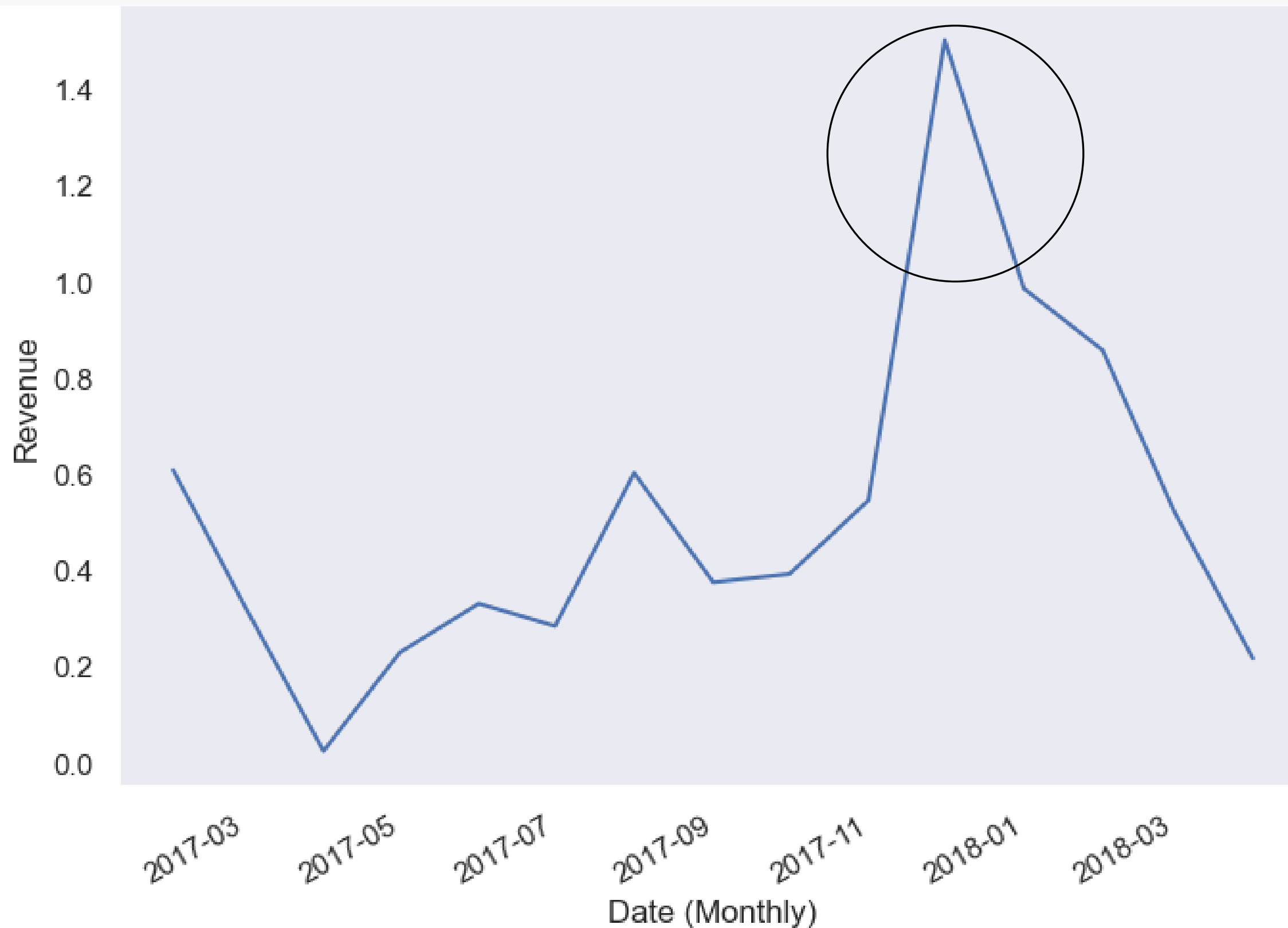
ENIAC INC.

**Eniac likes to give discounts; but does it pay off?**

**94%** of all products **were discounted!**

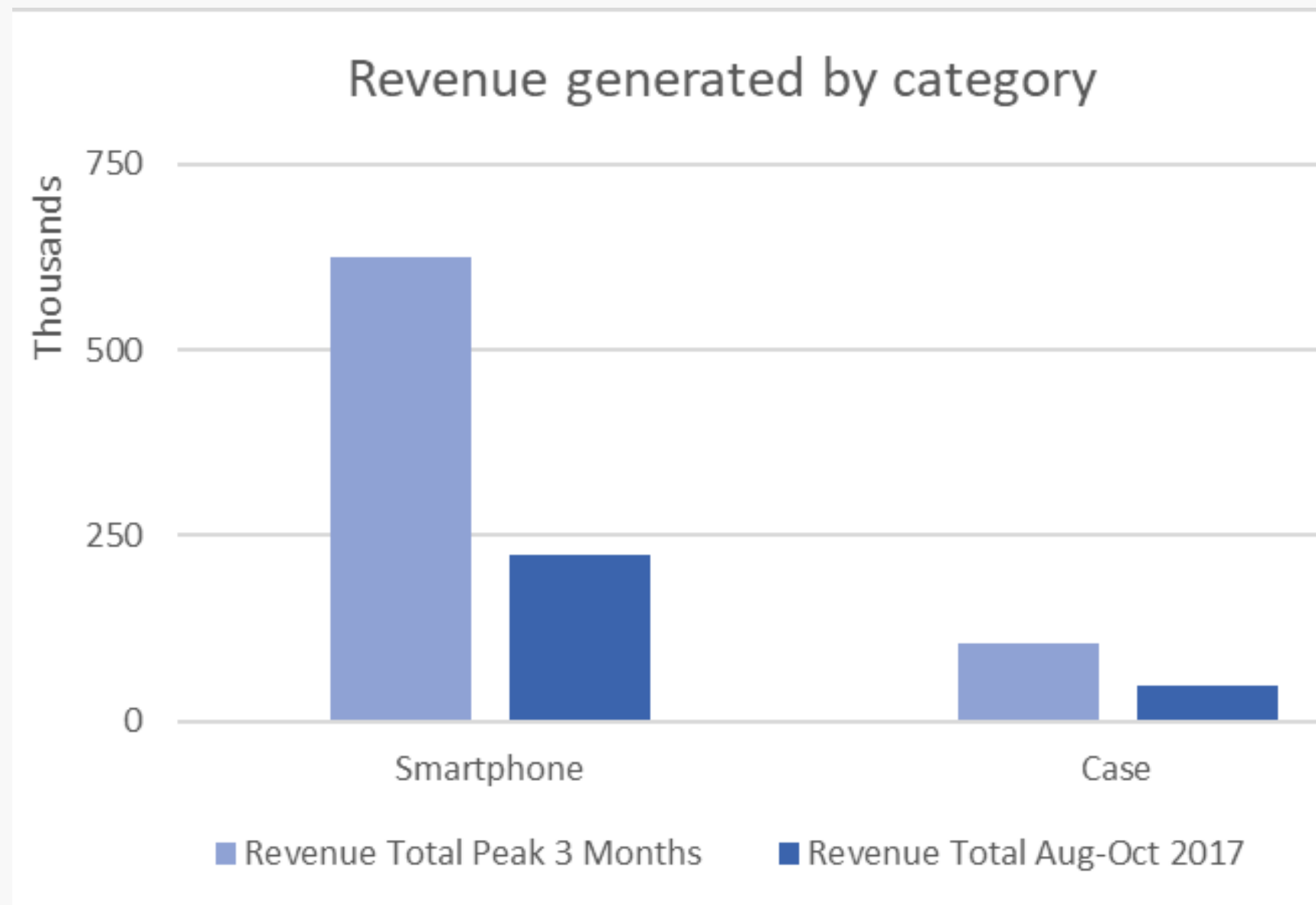# Higher discounts on products <u>do not</u> lead to higher revenue

# One distinct revenue peak: The "Black Friday" effect?
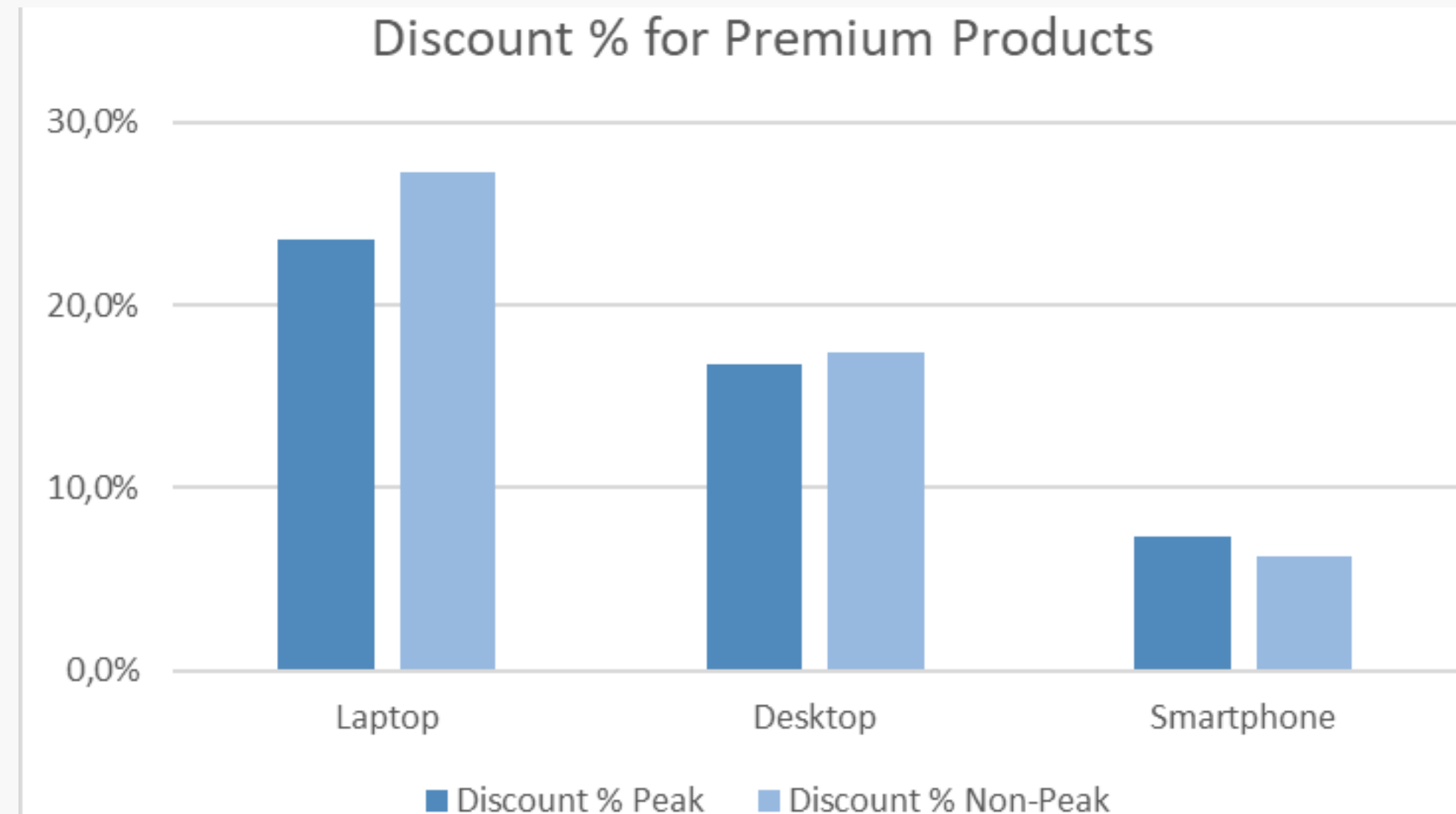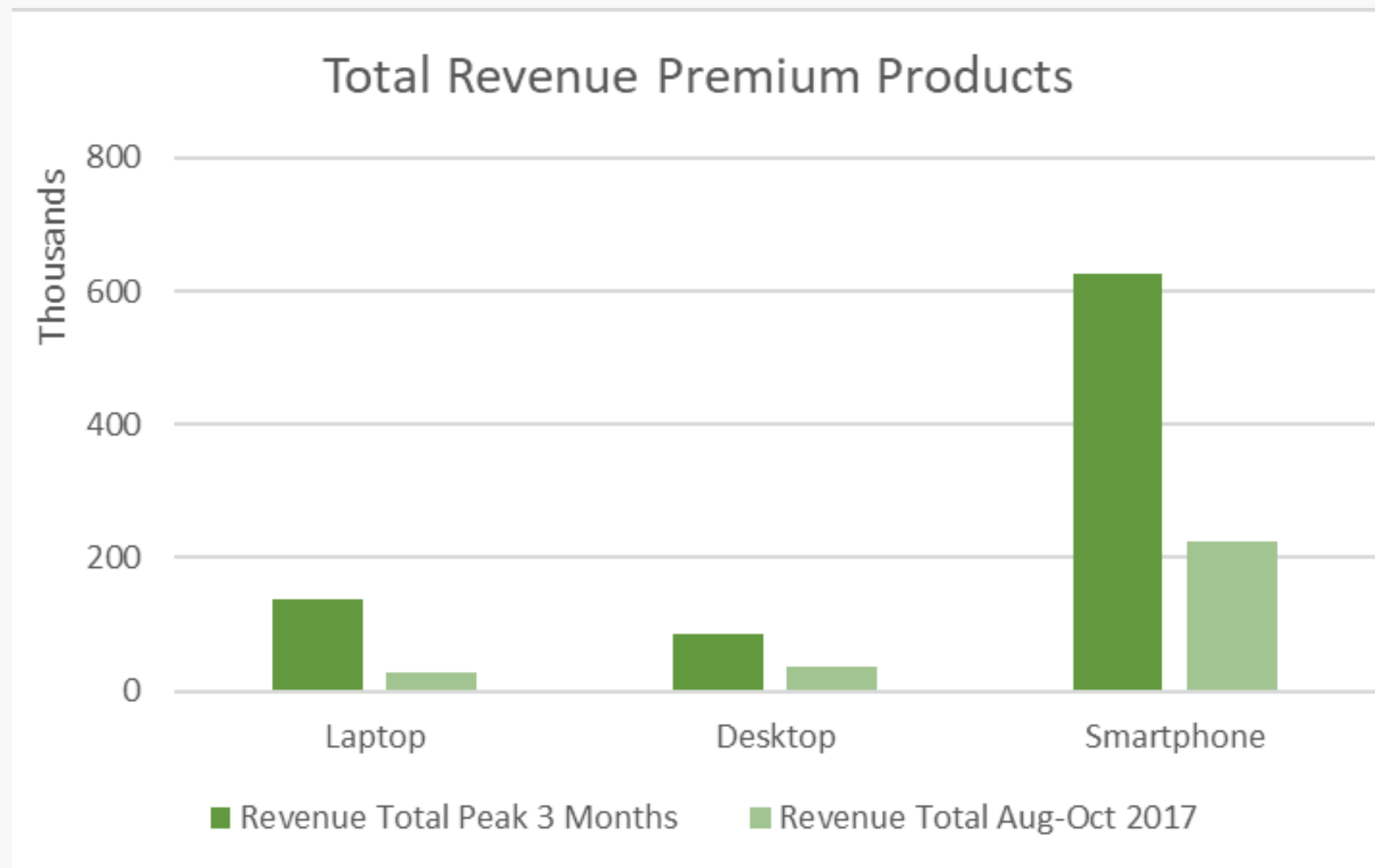


**Peak sales contribute 58% to total revenue**

# The "Black Friday" effect  can <u>not</u> only be attributed to our current discount strategy!

# But it gets even worse:

## Eniac fails to sell potential revenue drivers and current discounts <u>don't</u> seem to help.

# Where is the impact?
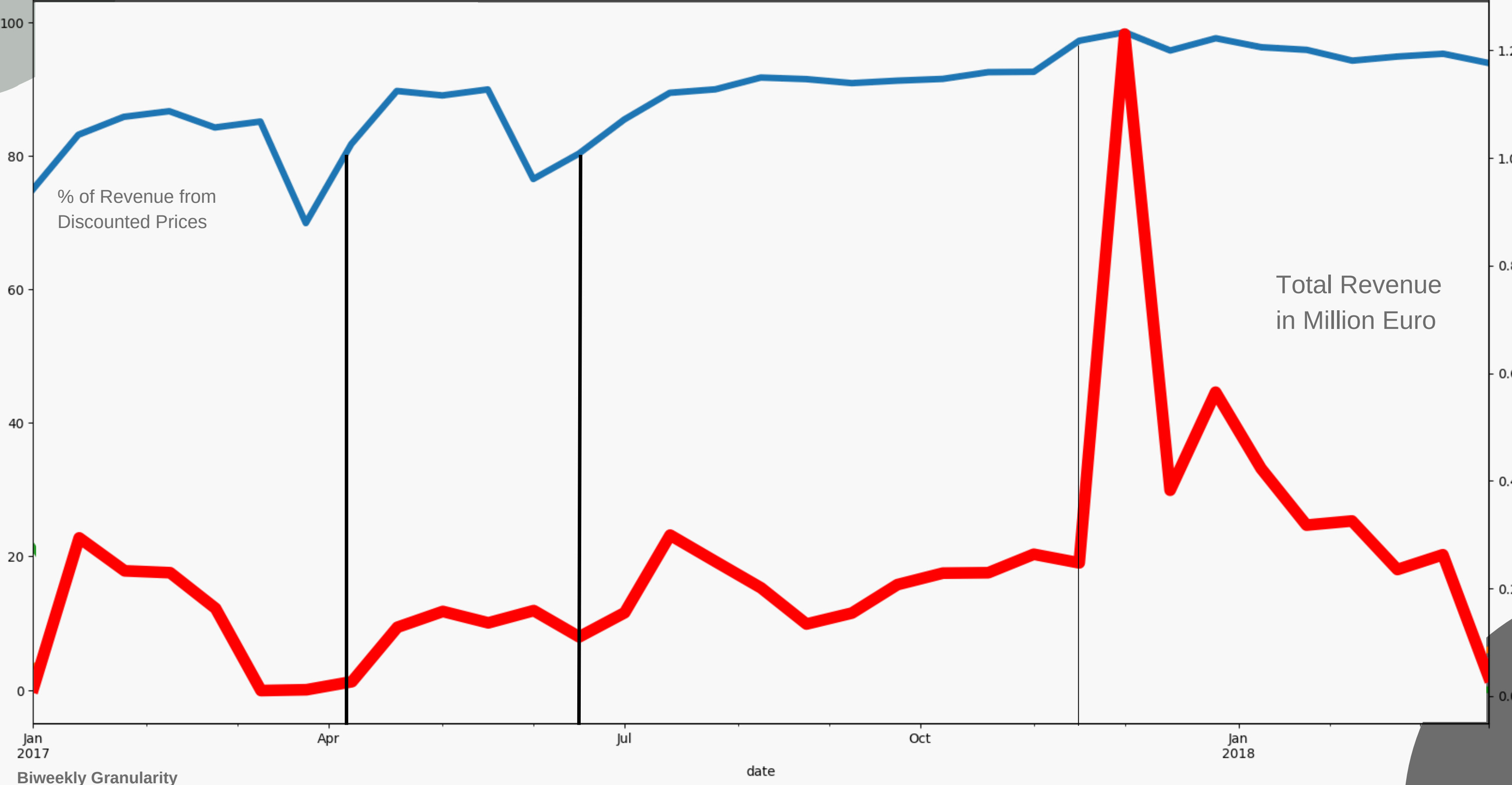# Bigger discounts <u>doesn't</u> mean larger orders!

- Avg. order size of the TOP 100 discounted product categories:
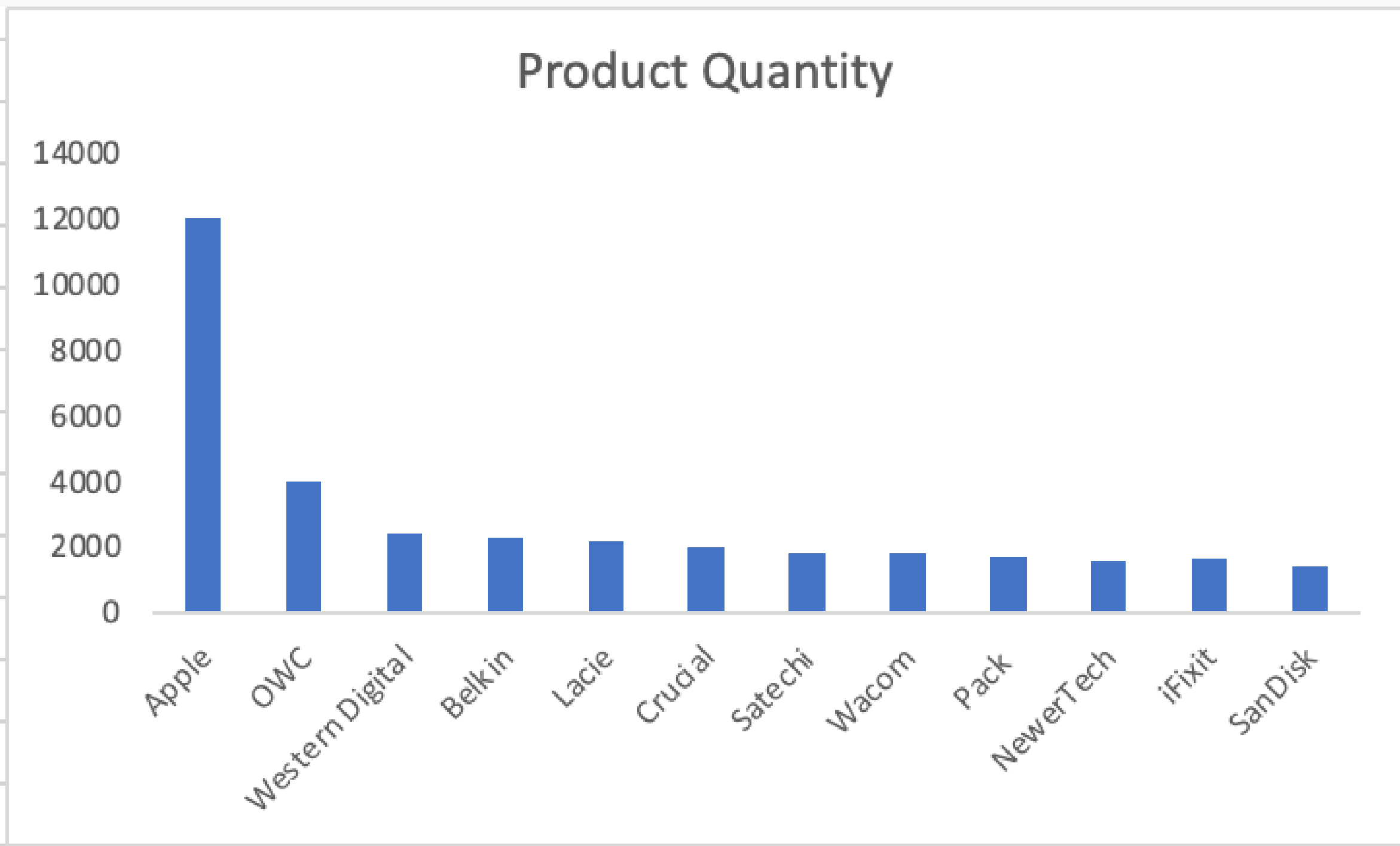  **115€**

- Avg. order size of the BOTTOM 100 discounted product categories:
  **223€**

# Discounts May Help Overcome a Bottom in Revenue

% of Revenue from Discounted Prices

Total Revenue in Million Euro

date

Biweekly Granularity

# Brand Loyalty beats discounts

## Product Quantity

Discount increase during peak months
does not lead to a change
in top performing brands throughout the year

# Findings & Recommendations

1.  Eniac uses a rather aggressive, "across the board" discount strategy focused on lower-priced items

2.  Eniac should increase discounts during non-peak times and incentivize the purchase of low-selling items and brands

3.  Eniac should collect more and higher quality data (i.e. first-time customers, competitors)

ENIAC INC.