

COMP7002/GC19

Business Analytics

Business Analysis Report  
On  
The ORION STAR Company

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# Contents

## Introduction

## Description of the problem

## Methodological approach

## Data & Data Structure

## Model Design and implementation

## The company's general overview

- Revenue

- The customers

- The products

- Suppliers

## Marketing and recommendations

- customers

- market expansion

- product

- Multi-Channel shopping

## Departments

- Sales

- Finance

- Product Development

- Human Resources

## Conclusion

## **Introduction**

The objective of this report is to produce a review of The Orion Star Company's position for CEO and board of executives as of the end of 2013, covering four main areas of the company - finance, sales, human resource and product development. Also, this report is going to provide recommendation on improving the financial position of the company and proposing options to grow sales and market share.

The Orion Star Company is an international retail company that sells sports and outdoor products. The headquarters is based in the United States with a large number of the approximately 600-800 employees, hosting most of the administrative functions, and retail stores are situated in a number of other countries including Belgium, Holland, Germany and United Kingdom, this facilitates a wider customer base of 90,000 and thus promoting company's sales as customers are not only limited to the countries with Orion Star stores. Orion Star offers around 5500 different sports and outdoors products and has taken approximately 980,000 orders for the last five years, from 2008 to 2013.

In 2013, the total sales of \$29,934,910.62, generating 15,898,930.35 profits, a 15.28% increase in revenue from previous year. We have achieved a short-term growth in last year. However, long-term survival is the ultimate goal. In order to maintain Orion Star's market share, it has to be unique in some way by continuous innovation and building a competitive advantage. Improving operational efficient and sustainable are also important for company to compete on global market.

## **Description of the problem**

The key goal of the company is to generate as much profit as possible by increasing revenue and reducing cost. However, in order to compete on global sports and outdoors products market, Orion Star would have to increase market share and create brand loyalty from customers, as well as tailor products and services to customer's interests. Ramping up the production cycle and optimise the supply chain is also one of the aspects that the company would have to take into account. The

interest of shareholders is at the heart of the company, therefore, we aim to create value for them by managing assets and liabilities or merger and acquisition

#### Methodological approach

This report is compiled primarily from bottom up driven data by using SAS software. Quantitative data has been extracted by the IS (Information Systems) from its Online Transactions Systems (OLTP) and Enterprise Resource Planning (ERP) systems, and other external sources. Data warehouse and data marts built by using SAS software enable business analysts to perform query and reporting and advanced analyses to determine key KPIs and thus facilitating decision-making in pursuit of optimising the whole process. Wide range of comparative data will be used to ensure a balanced report. A risk analysis for each of the department of the current Orion Star business will be used. The Analysis of data will inform the recommendations given.

## **Data and Data Structure**

The main data structure is summarised in the following table.

Data Warehouse				
Employees and organizational structure	Merchandise	Customers	Orders	Suppliers

The Product and Organisation tables are organised hierarchically. They use product-level and organisation-level IDs to determine the placement of an entity within the appropriate hierarchy. Each products has a cost price and sales price. All prices are in U.S. dollars. Price changes over time are recorded and the history of price changes is maintained by using a start-date and an end-date for prices in the price list. The data also includes discount prices for certain products at certain times. However, products prices are similar around the world.

Approximately 90,000 customers information are stored in our database. The Address information for a particular customer is stored in a number of tables that contain some basic geographical information such as postal code, city, state, country and etc. This data is controlled by means of pointers (ID columns).

Most of the orders that are included in the scenario are sales to Orion Star Club members for whom customer information is recorded. Retail sales orders have a pointer to the sales person. Approximately 980,000 orders are in the data, and the buying patterns reflect seasonal, geographical and sports traditions. Each order contains one or more order lines—one line per product purchased.

All of the Orion Star products in the database have a pointer to a supplier. Suppliers are based in different countries, but the U.S.-based Orion Star purchasing organisation does all purchasing. There are 64 suppliers, but only one supplier per product.

Geographical data varies in structure and quality from country to country. Some of the geographical tables are populated with data only from certain countries.

## **Model Design and Implementation**

Currently the data is held in a Relational Normalised Data Model that represents the extracts from OLTP, ERP, and other systems. The current normalised data model contains a number of Start\_Date and End\_Date columns. These are used to ensure an accurate history of changes (such as changes in prices for products, and so forth). Thus, an item can exist more than once in a particular table, but only once within a particular time interval. However, now, the data has been cleansed and is being prepared for loading into the new data warehouse.

The new warehouse will be based on a dimensional model. This model constitutes a star schema design; it is well suited for use in business intelligence applications as well as for ad hoc query and reporting. This will come in two versions: A star schema containing all data rows, and a subset for “gold customers” with high and low activity and their orders of products in the Clothes & Shoes product line. The structure of the two star schemas will be identical. The proposed dimensional data model will be the result of an ETL (Extract, Transform and Load) process and represents one possible data mart. The dimensional model is a star schema with a fact table that contains orders. The dimension tables represent data for Time, Geography, Customers, Products, Suppliers and Employees.

## The company's general overview of the year

### US

The United States hosts the headquarters as well as most of the administrative functions. It remains as the largest revenue-generating unit globally.

Merchandise revenue  
\$4,831,032

12.7% growth

Number of orders  
36,477  
15.5% growth

### Internet-Catalogs

From browsing through to purchase and delivery, we aim to provide the best shopping experience for our customers. Whether in stores, online or by phone, we offer a convenient service for all our customer.

Multi-channel revenue  
\$7,436,574

3.8% growth

Number of orders  
48,954  
4.6% growth

### International

We are making the Orion Star Sports & Outdoors even more accessible to customers around the world. We now operate in 10 countries across the globe and continue to grow our international presence through a multi-channel approach.

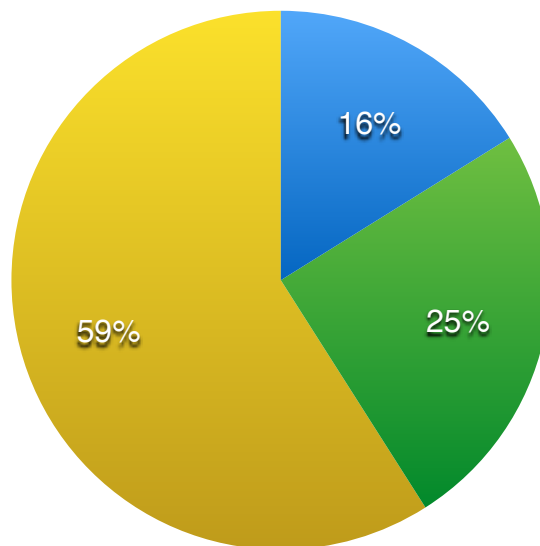
International revenue  
\$17,667,304

21.7% growth

Number of orders  
129,191  
21.6% growth

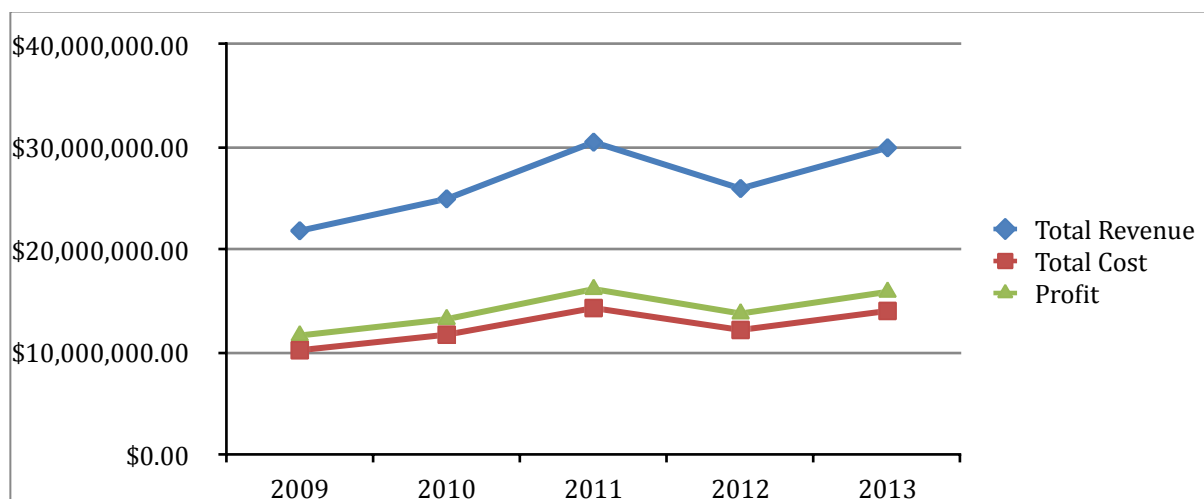
## Revenue Split Comparison for for 2013

● US ● Internet-Catalogs ● International



The pie chart above clearly demonstrates the proportion of revenue generated by US, Internet Catalogs and International sales for 2013. International sales of other countries constituted more than half the total sales while one quarter of the total annual revenue was generated by means of mail-order catalogs and the Internet. Worldwide promotion of healthy lifestyle and sports contributed to the significant increase in global sales. Furthermore, the continued growth of smartphone and tablet ownership meant mobile devices became an even more influential browsing and buying tool this year. This growth has made it easier for customers to shop on the move, leading to increased sales.

**Sales Figure for Years between 2009 and 2013**



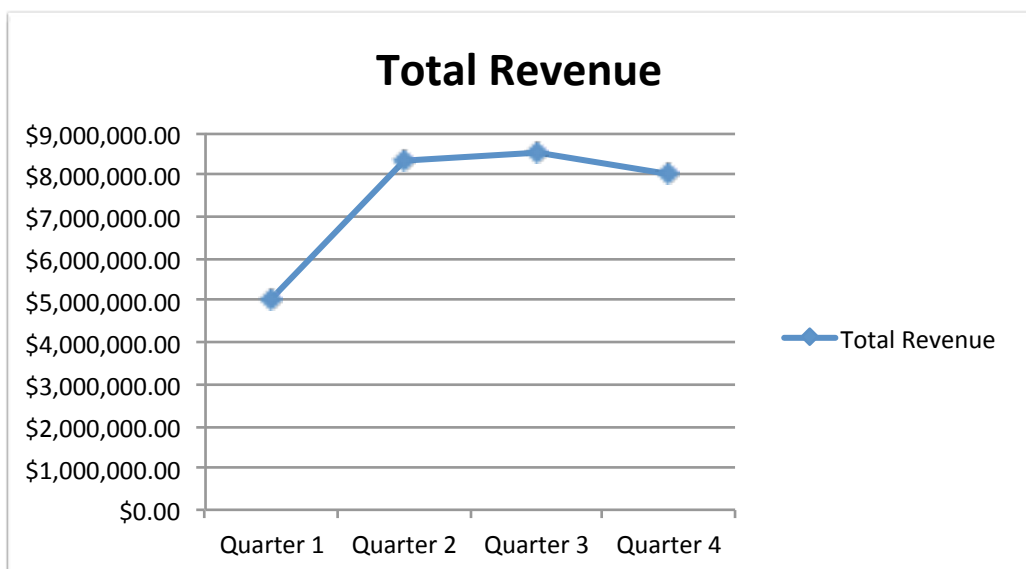
This sales figure generally represents an upward trend for the last five years despite a sudden 14.82% drop in 2012. The U.S. and European economy headed downhill during 2012 financial year. Retail sales fell, manufacturing activity dropped and sales of new homes declined again. Even interest rates were low and would remain low for the foreseeable future. Looking at the graph below, consumer confidence index, as a key indicator for any business had decreased significantly in 2012, adversely impacting customers' buying decisions; high unemployment and low consumer confidence index caused consumers to switch to cheaper brands. During the global economic downturn, unemployment levels remained extremely high in 2012. This would also help to explain low consumer spending on such consumer products as

## Consumer Confidence Index



Sports and outdoors products. Although there was a sudden drop in sales in 2012, a strong recovery in global sales similar to that in 2011 was shown in 2013. As the economy is recovering globally, consumers have more disposable income to spend on sports and outdoor activities. This trend is expected to continue next year provided there is no big economic turbulence occurs. Hence, we set next year's target to \$34,508,965 at around the same growth rate in 2013 would be reasonable.

## Quarterly Revenue for 2013



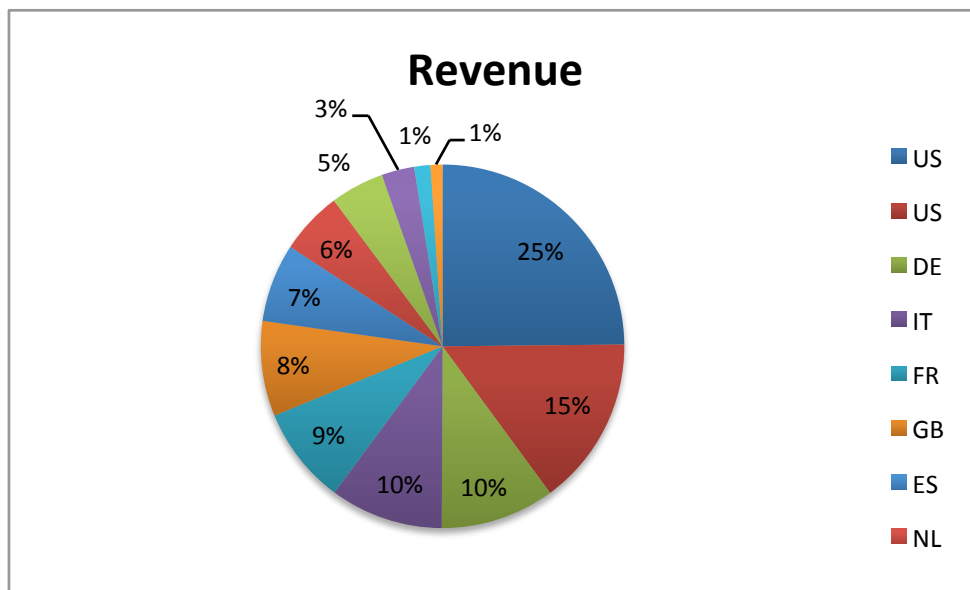


To analyse 2013 sales in detail, the total annual revenue is broken down into four quarters. A seasonal trend is then predicted by looking at the above line chart. Revenue generated for quarter two and three remained steady, but it fell when heading into winter with limited outdoor activities available. A sharp increase in sales from quarter one to quarter two indicated increased physical activity among consumers and their participation in various sports and outdoors activities as weather during warmer seasons. Therefore, the market sales for sports and outdoors products should follow the same trend, not only The Orion Star products.

### Sales Figure For Each Country Office in 2013

Company	Country	Quantity	Revenue	Cost	Profit	population
Logistics		85403	\$7,436,574.46	\$3,500,252.84	\$3,936,321.62	
Orion USA	US	59001	\$4,514,140.12	\$2,118,570.32	\$2,395,569.80	280,000,000
Orion Germany	DE	34981	\$3,036,829.95	\$1,413,087.27	\$1,623,742.68	80,000,000
Orion Italy	IT	34321	\$3,011,983.67	\$1,402,277.05	\$1,609,706.62	45,000,000
Orion France	FR	32401	\$2,588,085.98	\$1,209,358.40	\$1,378,727.58	50,000,000
Orion UK	GB	34529	\$2,534,782.87	\$1,183,327.95	\$1,351,454.92	50,000,000
Orion Spain	ES	27182	\$2,085,470.50	\$984,669.85	\$1,100,800.65	35,000,000
Orion Holland	NL	19543	\$1,674,982.23	\$792,407.46	\$882,574.77	20,000,000
Orion Australia	AU	16133	\$1,432,257.64	\$673,886.09	\$758,371.55	20,000,000
Orion Belgium	BE	11216	\$870,323.93	\$409,746.23	\$460,577.70	8,000,000
Orion Denmark	DK	4923	\$432,587.07	\$198,838.36	\$233,748.71	5,000,000
Purchasing		2461	\$316,892.18	\$149,558.45	\$167,333.73	

### Total Revenue Split for Each Country Office in 2013



The most profitable country office was the Orion USA because it hosts all centralised functions such as logistics and purchasing. It also has the most human resources of 600-800 employees involved in business dealings. Orion USA generated the largest proportion of total revenue (15%) and the highest profit for the 2013 financial year. A continued growth is expected in 2014 as the US economy is currently recovering from an economic recession. Another reason behind why Orion USA generated the highest revenue is due to its largest population of 280,000,000 as compared its other country offices. Such a large population would have explained a higher demand for sports and outdoors products, especially so when sports is an important part of the United States culture. Having achieved excellent results for sports in the world, young people are inspired to be actively involved in various sports. This drives up the demand for sports products, and Orion Star Sports & Outdoors, as a branded international sports and outdoor products retail company, has benefited from this market boom. Orion Denmark had the lowest sales; it took up only 1% of the organisational revenue, probably due to its smallest population size among all the country offices.

Looking in detail at the revenue split pie chart above, Orion Germany and Orion Italy ranked second and third best profitable country office respectively. Each took up

10% of the total organisational revenue. The population size of these two countries are very small as compared to that of US, implying that the annual expenditure on sports products by the average person in Germany and Italy is much higher than that in US (i.e. the personal expenditure in Germany and Italy is three and four times as much as that in US respectively). Therefore, a suggestion may be made to expand the market in European countries by embarking on international advertisement and opening new retail stores in those countries to attract potential new customers.

### Revenue for Each Department

Department	Group	Quantity ordered	Revenue	Cost	Profit
Stock & Shipping	Internet/Catalog Sales Management	85403	\$7,436,574.46	\$3,500,252.84	\$3,936,321.62
Sales	Outdoors	37156	\$4,761,293.15	\$2,239,091.35	\$2,522,201.80
Sales	Assorted Sports Articles	37156	\$3,593,084.20	\$1,748,896.30	\$1,844,187.90
Sales	Shoes	37156	\$3,519,775.47	\$1,704,239.00	\$1,815,536.47
Sales	Clothes	37156	\$3,470,067.45	\$1,627,494.50	\$1,842,572.95
Sales	Golf	37156	\$1,491,852.08	\$686,284.75	\$805,567.33
Sales	Winter Sports	37156	\$1,152,253.85	\$502,847.25	\$649,406.60
Sales	Children Sports	37156	\$1,033,490.04	\$474,438.75	\$559,051.29
Sales	Running - Jogging	37156	\$827,233.99	\$363,311.40	\$463,922.59
Sales	Racket Sports	37156	\$621,516.54	\$249,549.05	\$371,967.49
Sales	Indoor Sports	37156	\$576,706.00	\$274,994.90	\$301,711.10
Sales	Team Sports	37156	\$427,075.09	\$199,521.82	\$227,553.27
Sales	Temporary	37156	\$392,964.19	\$182,006.42	\$210,957.77
Purchasing	Outdoors	2461	\$316,892.18	\$149,558.45	\$167,333.73
Sales	Swim Sports	7882	\$277,647.57	\$116,284.50	\$161,363.07
Sales	Trainees	574	\$36,484.37	\$17,208.99	\$19,275.38

Dividing the revenue into each department of the organisation shows that we have the largest proportion of profit earned from physical retail stores located across the world. Customers are more likely to shop in a physical store so that they can personally try on products and directly communicate with sales assistants if they have any enquiries about these products. Purchasing from local stores saves

customers from being charged with both delivery and return costs; and prevents them from ordering unsuitable sizes or problems with product quality. Orion Star should strive to provide customers with a stress-free and inspiring environment, and make them feel valued so that they are satisfied with their overall shopping experience. With further breakdown of the subgroups in each department, the outdoors and general sports products such as clothes and shoes ranked high as best-selling product groups, each generating at least 3 millions revenue in 2013.

### Top 10 Most Valuable Customers

Customer Name	Revenue spent	Country
J.J.W. Roelants	\$12,311.88	Netherlands
R.J.F. Hop	\$10,849.80	Netherlands
Iván García Vela	\$9,841.82	Spain
Octavia Mccotter	\$9,536.34	UK
Tillmann Wuth	\$9,345.46	Germany
T.A.M. Winthagen	\$9,113.00	Netherlands
Pedro Armiseng	\$9,046.20	Spain
Crescent Eigel	\$8,932.10	US
Jack Tiberi	\$8,915.30	France
Massimo Perone	\$8,710.73	Italy

The top ten most valuable customers are measured by the revenue generated from their orders. Three customers who appeared on the list above came from the same country; the Netherlands, and two came from Spain. Since Orion Star does not operate retail stores in Netherlands, all the orders were either created through catalog sales or Internet sales. Therefore, an opportunity is seen to open a physical retail store in Netherlands for potential customers to try Orion Star products personally. Displaying Orion Star sports products could be an effective advertisement for products at low cost. Since the top ten most valuable customers are concentrated in Europe, considerations to expand the Orion Star market to Europe should be made to further extend the reach of the Orion Star Sports & Outdoors brand. Furthermore, compared to the US, Europeans are more interested

in uniqueness and luxuries. As such, selling more high-end products of higher prices from the Orion Star brand may be effective.

### Specific Product Groups Rankings Measured by Revenue

Product Groups	Quantity	Revenue	Cost	Profit
Internet/Catalog Sales Management	85403	\$7,436,574.46	\$3,500,252.84	\$3,936,321.62
Outdoors	39617	\$5,078,185.33	\$2,388,649.80	\$2,689,535.53
Assorted Sports Articles	38886	\$3,593,084.20	\$1,748,896.30	\$1,844,187.90
Shoes	37520	\$3,519,775.47	\$1,704,239.00	\$1,815,536.47
Clothes	55621	\$3,470,067.45	\$1,627,494.50	\$1,842,572.95
Golf	13530	\$1,491,852.08	\$686,284.75	\$805,567.33
Winter Sports	7714	\$1,152,253.84	\$502,847.25	\$649,406.59
Children Sports	28664	\$1,033,490.04	\$474,438.75	\$559,051.29
Running - Jogging	16081	\$827,233.99	\$363,311.40	\$463,922.59
Racket Sports	6412	\$621,516.54	\$249,549.05	\$371,967.49
Indoor Sports	3741	\$576,706.00	\$274,994.90	\$301,711.10
Team Sports	15273	\$427,075.09	\$199,521.82	\$227,553.27
Temporary	5176	\$392,964.19	\$182,006.42	\$210,957.77
Swim Sports	7882	\$277,647.57	\$116,284.50	\$161,363.07
Trainees	574	\$36,484.37	\$17,208.99	\$19,275.38

Internet/Catalog Sales had the highest total sales quantity in 2013, generating \$7,436,574.46 revenue and \$3,936,321.62 profit, much higher than other product groups. However, Internet/Catalog sales is a combination of sales of all products, so it has limited information to disclose specific information as to product groups. Outdoors is ranked as the no. 1 selling product group in terms of quantity and profit whereas swim sports and Trainees ranked low in the table above. It implies that people prefer outdoor activities than indoor and too professional intensive trainings. Outdoor activities are suitable to all age groups and people pay less or at no cost to enjoy a healthy lifestyle. For other activities such as swim, trainees, golf, etc., that need special training or place, they would cost a range of fees, most of the elders would not choose these activities because they are too intensive and therefore not

suitable for them. For winter sports products, they were ranked in the middle as expected because winter sports are seasonal, the sales mainly occurred from end of fourth quarter to early first quarter. Since children only have a small population, the sales for children sports products were not ranked high. Products for trainees were sold less than 1,000 (less than two was sold per day), generating \$19,275.38 profits, which was quite unprofitable. This could be explained by the fact that most people are involved in regular exercise rather than such intensive trainings.

### Top 10 Most Popular Products Measured by Revenue and Quantity

Products Name	Revenue	Category	Products Name	Quantity	Category
Family Holiday 4	\$743,637.60	Outdoors	Petanque Balls Chromium 8-pack	8436	Assorted Sports Articles
Hurricane 4	\$441,084.40	Outdoors	Hurricane 4	6638	Outdoors
Family Holiday 6	\$364,720.20	Outdoors	Lucky Tech Intergal Wp/B Rain Pants	6514	Outdoors
Expedition Dome 3	\$315,000.00	Outdoors	Comfort Shelter	6273	Outdoors
Comfort Shelter	\$296,120.00	Outdoors	Family Holiday 4	5951	Outdoors
Big Guy Men's Air Tuned Sirocco Shoes	\$182,890.20	Shoes	Bulls Eye Stuart/Tungsten 24 Gram	5785	Assorted Sports Articles
Lucky Tech Intergal Wp/B Rain Pants	\$175,783.40	Outdoors	Rain Jacket	5464	Outdoors
Basic 10, Left , Yellow/Black	\$150,697.80	Outdoors	Expedition10,Medium,Right,Blue Ribbon	5387	Outdoors
Weston F4 Men's Hockey Skates	\$130,728.00	Assorted Sports Articles	Big Guy Men's Air Tuned Sirocco Shoes	5281	Shoes
Jl Legacy Curig I.A.Jacket	\$124,733.00	Outdoors	Basic 10, Left , Yellow/Black	5087	Outdoors

To be more specifically for which product sells the best, a table of Top 10 Most Popular Products Measured by Revenue and Quantity respectively is shown above to further support the previous result that the best selling group is outdoors, measured either by revenue generated or quantity sold; assorted sports articles follows. The information provided in this table suggests a further development in

outdoors and assorted sports articles to make them unique and more attractive to a potential range of customers. To be specialised in outdoors products is a feasible way to produce profits when there are such as a wide range of outdoors activities available to choose from nowadays.

### Top 10 Least Popular Products Measured by Revenue and Quantity

Least popular products	Revenue	Category	Least popular products	Quantity	Category
Nylon with Pin, Medium	\$4.98	Assorted Sports Articles	Aeromotion 25 77,12 shuttlecock	1	Rocket Sports
Pingo White Balls in 6-pack	\$5.80	Racket Sports	Aftm Swing Power 500 Sx Black/Silver/Red	1	Rocket Sports
Lock System	\$7.00	Assorted Sports Articles	Atlanta Fleece Women's Pants w/ Piping	1	Clothes
Gobble Socks	\$7.90	Children Sports	Black Met	1	Assorted Sports Articles
Telescope Meter	\$9.30	Assorted Sports Articles	Clipper Comp,Rottbeer Fade	1	Assorted Sports Articles
Universal	\$11.40	Assorted Sports Articles	Convertible Pants	1	Outdoors
George Elastic Elbow Pad	\$11.90	Assorted Sports Articles	George Elastic Elbow Pad	1	Assorted Sports Articles
White Classic Latex Swim Cap	\$16.80	Swim Sports	Gobble Socks	1	Children Sports
Shuttlecocks, Gold	\$18.70	Racket Sports	Jacket Cataway Jacket	1	Clothes
Fitness Short Socks	\$21.00	Clothes	Pleasant Line Wind Pants	1	Clothes

Assorted Sports Articles appears in the table of Top 10 Least Popular Products Measured by Revenue and Quantity most frequently. The reason for this is that this category contains a mix of different products, some products sold worse and the rest could have sold very well so that the overall ranking of this category was ranked as the second best selling category in terms of both quantity sold and profit generated.

### Product not Sold in 2013

Product Name	Category
Osprey Catalyst Jr.V-Neck T-Shirt	Shoes
Women's Running Shoes Brevard	Clothes
Trooper li Dmx-2x Women's Walking Shoes	Clothes
Original Hood Zip	Clothes
Zx F Athl Short Tight	Clothes
Zx Pants Jersey	Clothes
Mns Tee	Clothes
Otter Snowboard Pants	Clothes
Sunbeach Bermuda shorts	Clothes
Oxygen Women's	Clothes
Cap Le Beanie Pipe	Outdoors
Twain X-Line Beanie Ski Cap	Outdoors
Prosoccer Away Children's Shorts	Assorted Sports Articles
Essential Strap Pants, 92% Cotton	Indoor Sports
Smasher Graphlex Ti Lite Tennis Racket	Racket Sports
Top Bat Concav 5-Ply	Racket Sports

This table shows the products not ordered in 2013, but ordered in 2009, 2010, 2011 or 2012. There are 16 kinds of products not sold in 2013, over half of them are under clothes category. The competition for clothes market is much more intense than other categories because it is quick and easy for clothes to go out of fashion. Normally, the trend in clothing will last for less than one year or even shorter. Orion Star would lose its market share unless it never stops innovating in its products. Other sports brand such as Nike and Adidas that have already built their international brand loyalty could grab customers away from Orion Star when they have new innovation in their products. For example, later year, Nike co-operated with designer Stella McCartney who established her luxury brand selling, all collection had been sold out on the first day of launch even the price for a shorts was three times as much as a normal brand's shorts.



## **Supplier**

Orion Star has 64 suppliers based in different countries. Most of these suppliers are concentrated in countries where there is high demand for sports and outdoors products (i.e. 24 out of 64 suppliers are in the US, 10 in the UK, and 5 in France). These countries are ranked as the most revenue-generating units. By having local suppliers in Orion Star's branch countries, it saves long-distance transportation costs, and results higher profits made. In addition, suppliers located within the same country as the branch store facilitates communication between suppliers and Orion Star. This avoids any unnecessary delay in product dispatch and keeps quality under control. Should a problem be spotted, closer proximity enables Orion Star to come up with a solution efficiently with suppliers in close proximity.

## **Marketing and Recommendations**

### **Customers:**

Because Orion Star is a consumer products company, the relative popularity of various sports and fitness activities and changing design trends affect the demand for our products. We must, therefore, respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, styles and categories, and influencing sports and fitness preferences through extensive marketing. Failure to respond in a timely and adequate manner could have a material adverse effect on our sales and profitability. This is a continuing risk.

Great customer service was a key consideration for shoppers. Designed trainings to employees would have to be launched provide them with the knowledge and resources required to respond to our customers' changing needs. Health and wellbeing also feature prominently in consumer priorities. They looked to retailers to help make living a healthier lifestyle more enjoyable and affordable. Ultimately, consumers wanted to feel every purchase they made was worthwhile, adding genuine value to their lives. As a result, they looked to retailers to inspire them and provide clear reasons to spend.

### **Market expansion:**

Market expansion into Europe by opening new physical stores in Germany and France where earns great profit and explore new market in other countries with valuable potential customers.

The Emerging Markets, such as China that has over 1/5 of the world population, are massive opportunities for Orion Star. Each market has a unique heritage, culture and commercial environment. At the same time, they all share a universal connection to sport and competition. We believe this is a crucial competitive advantage as China transitions from a manufacturing-led economy to a consumer-led economy. Our

opportunity is to connect with these consumers to help them achieve their potential and celebrate their love of sports.

Brazil is also an economy in rapid transition. With the World Cup coming up in 2014 and the Olympics in 2016, the world is soon going to learn a lot more about life and business in this dynamic economy. I have new plans to invest in Brazil to respond to these world sports event in order to make potential customer aware of our brand.

### **Product:**

Innovation drives everything at Orion Star. It gives us new technologies and materials, and helps us create iconic products and services that people want. Innovation gets us closer to athletes and consumers. It shatters the traditional methods of manufacturing and distribution, and bridges the physical and digital worlds of sport. Innovation would make Orion Star more competitive, sustainable and profitable. While we strive to produce products that help to reduce injury, enhance athletic performance and maximise comfort, if we fail to introduce technical innovation in our products, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial expense to remedy the problems. Innovation in profitable products groups such as outdoors is necessary as it shows a general market trend that a significant proportion consumers like outdoor activities and would like to spend on outdoor products. Orion Star aims to not only retain current customers but also attract new potential customer to our products.

### **Multi-Channel shopping:**

Internet/catalogs sales took up one quarter of the total annual revenue, we saw it as an opportunity for us to develop. Over the last 12 months we have made the Orion Star shopping experience easier and more convenient – as well as more inspiring – for our customers, however they choose to shop with us. We are applying multi-channel thinking right across the business and are building a world class infrastructure to help us fulfil our customers' expectations. This year, we launched our mobile-optimised site to deliver an even richer browsing and shopping

experience. We plan to launch our first ever transactional iPhone app early in 2014 and create a Orion Star sports iPad app, which brings our catalogue to life in an easy-to-shop format

## Department

### sales

In our data analysis, we realised there are 27,326 customers who have not placed an order in the last 12 month. Such a big of loss of customers could be detrimental to our business because almost one-third of our customers has shifted to other brands .We have to come up with innovative ideas to retain customers and attract new customers to our product in order to be able to survive in such a competitive market.

#### Delivery Times

Delivery Time	Order Volumes
Within 24 Hours	121302 Orders
1-3 Days	24371 Orders
More than 3 Days	22462 Orders

We are proud of our delivery efficiency, we aim to despatch every order in the next working day once the order is placed. The average delivery time is around 24 hours, indicating our efficient operational system; we have enough stock in warehouse to meet our customers' demand and keep low rate of transportation disruption of orders. However, orders delivered longer than 10 days (the longest is 29 days) posed a potential risk of order being delayed because specific product may run out of stock. Therefore, the sales and warehouse department have to monitor stock level and facilitate communication with suppliers regularly.

### Finance

Finance department focuses on risk analysis in pursuit of the maximising profit. Our products are subject to risks associated with overseas sourcing, manufacturing, and financing. There could be a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, we might not be able

to locate alternative suppliers of materials of comparable quality at an acceptable price, or at all. This could have impact out business adversely.

Our financial results may be adversely affected if substantial investments in businesses and operations fail to produce expected returns. From time to time, we may invest in business infrastructure, acquisitions of new businesses, product offering and manufacturing innovation, and expansion of existing businesses, such as our retail operations, which require substantial cash investments and management attention. We believe cost effective investments are essential to business growth and profitability. However, significant investments are subject to typical risks and uncertainties inherent in acquiring or expanding a business. The failure of any significant investment to provide their expected returns or profitability could have a material adverse effect on our financial results and divert management attention from more profitable business operations.

Our results of operations are likely to fluctuate significantly from period to period. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer preferences, weather conditions, availability of import quotas and currency exchange rate fluctuations, could adversely affect our business and cause our results of operations to fluctuate. Our operating margins are also sensitive to a number of factors that are beyond our control, including manufacturing and transportation costs, shifts in product sales mix, geographic sales trends, and currency exchange rate fluctuations, all of which we expect to continue. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

### **Product Development**

Innovation and quality control are the most important factors in product development department for Orion Star to generate sustainable profit and retain market shares in the long term.

## Human Resources

### productivity of workforce

Best performance sales person	Revenue Generated	Salary	Manager	Country
Agnes de Fourtou	\$745,288.58	\$26,790.00	Alain-Patrick Da Cunha	FR
Christelle Bourrier	\$734,800.92	\$27,555.00	Alain-Patrick Da Cunha	FR
Jaime Wetherington	\$712,405.42	\$26,120.00	Renee Capachietti	US
Donald Washington	\$704,219.97	\$27,460.00	Renee Capachietti	US
Joseph Robbin-Coker	\$703,747.27	\$28,845.00	Renee Capachietti	US
Brienne Darrohn	\$701,531.23	\$29,525.00	Renee Capachietti	US
Sigrid Kagarise	\$700,889.36	\$28,225.00	Renee Capachietti	US
Ray Abbott	\$700,242.44	\$25,660.00	Renee Capachietti	US
Inés Niqui Salvat	\$693,668.17	\$31,515.00	Juan Sánchez Marín	ES
Muthukumar Miketa	\$684,132.07	\$28,310.00	Renee Capachietti	US

Surprisingly, the best performing sales person in 2013 generated the highest revenue, but earned relatively low salary. Therefore, to boost their potential, human resources department would implement new bonus plan next year to those who sells products valued over a band level. Furthermore, most of the best performing sales person and managers are from US, which means our workforce is most productive in US. Orion Star has many country offices across the world, sales person in other countries are not that productive is due to lack of training provided to them. In order to overcome this concern at low cost, Orion USA plans to exchange those productive sales persons to other countries to personally demonstrate how to perform better. Most of the top sales person are managed by Renee Capachietti, who deserves a big bonus this year and is going to share her management style with other managers.

## **Conclusion**

Orion Star is still continuing to grow and must look for partners where their ethics and branding are corresponding, with the aim of enhancing customer shopping experience and creating brand loyalty.

We must also look at targeting segments currently not being catered for and could do this with market expansion and advertising. This must be branded distinctively from existing products from other competing brands in order to retain existing customers.

These strategies should grow both sales and market share, whilst retaining Orion Star core values in the long term, driving Orion Star beyond 2013.