

Retail Sales Analysis Report

1. Executive Summary

The business generated \$10.64M in gross revenue, resulting in \$9.75M net revenue after accounting for returns. While overall demand is strong, the analysis reveals significant revenue leakage through returns and cancellations, heavy seasonal and geographic concentration, and limited customer visibility due to anonymous purchases. Addressing these areas can improve profitability without increasing demand.

2. Insights

❖ Key Performance Indicators (KPIs)

- Gross Revenue: \$10,642,111
- Return Revenue: -\$893,980
- Net Revenue: \$9,748,131
- Return Rate: 8%
- Total Orders: 19,960
- Orders Returned/Cancelled: 3,836 (19%)
- Total Quantity Ordered: 5,572,420
- Total Quantity Returned: 275,560 (5%)
- Total Customers: 4,339
- Customers Who Cancelled Orders: 1,590 (36.6%)
- Average Order Value (AOV): \$533.17

❖ Time-Based Sales Trends

I. Monthly Trends

- Sales peak in Q4 (October–December), with November being the strongest month, generating \$1.5M in revenue.
- Despite the strong November performance, revenue drops sharply by approximately 57.6% in December, indicating potential issues such as stockouts, delivery delays, or increased returns.

- Q1 records the weakest performance, with February being the lowest revenue month at \$522,546.

Business Implication:

Production planning, inventory management, and staffing should be scaled up ahead of Q4, while cost optimization and targeted promotions are needed during Q1.

II. Hourly Trends

- Sales are highest during the morning to early afternoon, specifically between 10 AM and 3 PM.
- After this period, sales decline by approximately 56%.

Business Implication:

Marketing campaigns, discounts, and promotional activities should be concentrated during peak selling hours to maximize conversion.

❖ Country-Level Sales Analysis

- The UK is the dominant market, generating over \$9M in revenue, accounting for 84.6% of total sales.
- Several countries, including Czech Republic, Bahrain, and Saudi Arabia, generate less than \$1,000 in revenue.

Business Implication:

While the UK market is highly profitable, the business is heavily dependent on a single country. Expanding targeted marketing efforts in underperforming regions could reduce geographic risk and unlock new growth opportunities.

❖ Product Analysis

Sales Performance

- PAPER CRAFT, LITTLE BIRDIE is the highest-selling product and the top revenue generator, contributing \$168,470.
- MEDIUM CERAMIC TOP STORAGE JAR ranks as the second-highest selling product.

- Products such as JUMBO BAG RED RETROSPOT and WHITE HANGING HEART T-LIGHT HOLDER sell in lower quantities but generate relatively high revenue, indicating strong pricing power.

Business Implication:

Marketing efforts should prioritize high-margin, high-value products to improve profitability.

❖ **Returns Analysis**

- PAPER CRAFT, LITTLE BIRDIE is also the most returned product, with return volumes nearly matching sales volumes.

Business Implication:

This indicates potential issues related to product quality, packaging, or customer expectations and requires immediate investigation to reduce revenue leakage.

❖ **Customer Analysis**

- Anonymous customers contribute approximately 16.5% of total revenue, limiting customer-level insights and retention strategies.
- After excluding anonymous transactions, Customer ID 14646 emerges as the most valuable customer in terms of both revenue and quantity purchased.
- Customers 17450 and 18102 generate high revenue primarily by purchasing high-value products rather than large quantities.

Business Implication:

Encouraging customer identification through loyalty programs or account-based purchases can improve personalization, retention, and long-term revenue.

3. Conclusion

The analysis highlights a business with strong demand but concentrated revenue sources and hidden inefficiencies. By reducing return rates, optimizing peak sales periods, diversifying geographic markets, focusing on high-margin products, and improving customer visibility, the company can significantly improve net revenue and operational efficiency.