Email to CEO:

Good Morning,

Attached you will find a few slides that denote some relationships that affected the profit margins of our retail stores.

In summary, three things are identified from this preliminary analysis:

1. Because costs remain fairly constantly cyclical throughout the year, revenue tends to be the biggest driver of margin
2. This past year, there was a large drop in revenue between months three and four causing a drop in margin across all stores. Our stores that outperformed this year were able to weather this drop and maintain a constant margin throughout this period while the worst suffering locations maintained drops of almost 4% in that same period. For all stores, there was a steep decrease in revenue, and thus a steep decrease in margin at the end of the year.
3. There also seems to be a geographical factor in margins. Our stores in NJ and Georgia are well below the average while stores in Texas and California are outperforming. This is in line with the idea that revenue is the key driver to margin as these states are also large population markets. However, our stores in Washington require further investigation.

While this analysis was high level, I recommend further analysis into the trends that are driving the revenue changes for these stores. Please let me know for any further clarifications or questions you may have.

Thanks,

Amit Lodha