Global Superstore Report

Executive Summary

In the writing below, we have analyzed a given data set. We identify the best performing country’s, regions, markets and more along with also identifying the best and worst performing products. We look at different factors that are suspected to affect profits a company can make and dive in depth to prove whether or not it does indeed have an impact on sales and profitability of products. Upon the completion of the analysis, suggestions are provided as to what the best strategy would be going forward to boost profits and sales and improve the company’s performance.

Table of contents   
1: Global Sales and Profit overview and analysis

2: How discounts have an effect on the Profit and sales of products

3: Segment by Segment analysis

4: How shipping costs affect the profitability and sales of products.

5: Product Performance Analysis

1: Global Sales and Profit overview and Analysis (354 words)

Global profits are strong, and most regions are making a profit. However, according to the data given it can also be seen that certain regions are not profitable. A few examples of such regions are: Nigeria, Kazakhstan, Myanmar, Philippines and more. The data given also lets us analyse and find out what the best performing sub category of goods are in terms of sales and profitability. There is one clear under performer upon analysis of the data, and that is under the category furniture, tables. While the amount of money made from sales is still higher than some other categories, the losses made on the production and selling of tables is significant.

We’re able to deduce the best performing products by region, and the most lucrative region also with the data we have available to us. The Asian market, for the most part, is very profitable and very few countries in the region make a loss. For example, in central EU, the most profitable products to sell are office supplies, where as the highest selling products come from the technology industry. The least performing products is furniture, however it is still profitable nonetheless. The product earning the most revenue from sales worldwide are mobile phones, where as the most profitable products from a global standpoint, are copiers. Both are technological products. 3 of the top 4 most profitable products worldwide are technological products, and 4 out of the top 5 least profitable subcategories worldwide are office supplies. Also, the two products earning the most revenue from sales are technological products, phones and copiers, while the 4 products making the least revenue are office supplies, Art, Envelopes, Fasteners and labels. It would be recommended that we focus more resources on the production of technological products such as phones and copiers as they’d provide a better return on investment than if we were to invest the same amount of money into producing envelopes. Also, ideally, producing more goods into the Asian market, particularly Central and North Asia, will improve performances, as those regions are highly profitable and generate a lot of revenue.

2: How discounts have an effect on the Profit and sales of products (295 words)

Discounts are used by most companies, like us, to lure more customers into our store to purchase our goods and in turn boost our sales and increase our market share. But this comes with a cost, total cost of producing and selling a good rises as money goes into providing discounts. Now, while they boost sales, in some cases it doesn’t boost it to a point where a significant profit is made compared to what was already being made and it sometimes also results in losses. The average discount per sale on tables is far higher than the average discount per sale on any other product, and as the discount curve goes higher, our profit curve slopes downwards. Sales does increase as a result of increased discount but it isn’t enough to say providing discounts is the right method to boost profits as it has only led to declining profits over the last three years and increased total costs. As you can see across the board, when discounts provided have remained at a sustainable level and not varied too much, companies have made a steady increase in sales and also profits. For example if we take a closer look at the technological subcategory, machines have the highest average discount per sale, and while it is still profitable, it is far less profitable than the other technological subcategories.  
The best strategy moving forward would be to not invest much money into providing higher discounts, as that does not guarantee more sales or increased profits, instead to invest this into reducing the cost of production of goods by purchasing better capital and investing in more skilled workers to produce better goods, which would naturally improve sales and boost profits in the long run.

3: Segment by Segment analysis (281words)

According to the data provided to us, the most profitable group in the market is the regular consumer, followed by the corporate market and then the home office market. The same order is followed in terms of markets which provide the most revenue for companies as well. The product providing the most revenue in each group are phones, but the most profitable product varies. Phones remain the most profitable for consumers, but for both, the corporate and home office market, the most profitable product are copiers. This helps us identify that the cost of production of copiers is significantly lower than that of phones as revenue from phones is highest in all three segments. Tables are the least profitable products in all three segments, though it doesn’t have the least revenue from sales.

An advisable strategy going forward would be to first invest into reducing the cost of production of phones, by investing in better labour, training and improving worker efficiency making smart capital purchases, using lean manufacturing and more. This would boost profits significantly as revenue made from phone sales is the highest.

Another suggestion would be to invest more into the production of storage items as even though the sales aren’t as high it is one of, if not the most profitable office supply item in all three segments.

Investing more into the consumer market and targeting audience from that market would be advisable as it is the most profitable market out of the three, by far. It is advisable to invest more resources into the APAC market, rather than the LATAM market for example, as it is the best performing market for all segments.

4: How shipping costs affect the profitability and sales of products. (244 words)

Shipping costs play a big role in the final decisions of a consumer on whether or not to purchase a product or not. High shipping costs would mean higher prices to pay for a consumer and it will put consumers off of buying the goods that have high shipping costs, and they may buy from a rival firm instead. Increased shipping costs also reduce profits for companies. In the visualization made, we see that profits are eaten up by shipping costs, even from a lower amount, but the chance of making a higher profit is when the shipping costs are on the lower end of the spectrum. Also, most goods are purchased when the shipping costs are low. Losses are still made and this comes down to total cost of production in the end and we’ve discussed how to reduce this above.  
The obvious and smart move to move forward here would be to implement techniques to reduce shipping costs. Shipping packages in bulk would provide a discounted shipping rate, and bode well for the future if the company is loyal to one shipping carrier. Removing unnecessary items from packaging would reduce weight and would allow you to reduce the size of a package which in turn reduces shipping costs as well. Using more efficient and lighter packaging as opposed to boxes would also be beneficial as this would reduce shipping costs even further if method above are applied along with this.

5: Product performance Analysis (286 words)

Earlier we identified the best and worst performing categories and subcategories globally, and even regionally. Now as we take a look at the best and worst performing products it, one obvious trend is seen throughout the data. Products that have the highest sales and profits are no where near the top of most average discount provided. This adds to the point we proved earlier regarding discounts not necessarily having the positive effect on profits that is thought to be had. One product stands out from the rest and is the best performing product by far, the Canon imageclass2000 copier. All its revenue is generate from the US and it is not available in any other market. Increasing the production of this product in the US would boost profits massively as its cost of production is less and the return on investment is high. Copiers are a highly profitable product in the US market as proven by a more in depth analysis on the chart provided. According to the data, a lot of the least profitable items are furniture and they’re either at break-even or making a loss in most markets, even though the sales aren’t particularly the worst. Profits decline heavily as we go through the products and while there are a few outliers where products from the furniture category are up there making a lot of profit, it is clear to see most technological products are on the top half of the spectrum. The right strategy moving forward would be to reduce stocks and productions of goods that are less profitable such as the computer tables and focus the money saved from that into the production of the more profitable products.

WORD COUNT: 1460 (individual word count per dashboard also given at beginning of each paragraph.)