Pricing Optimization

Identifying High- and Low-Profit Products

PRESENTED BY

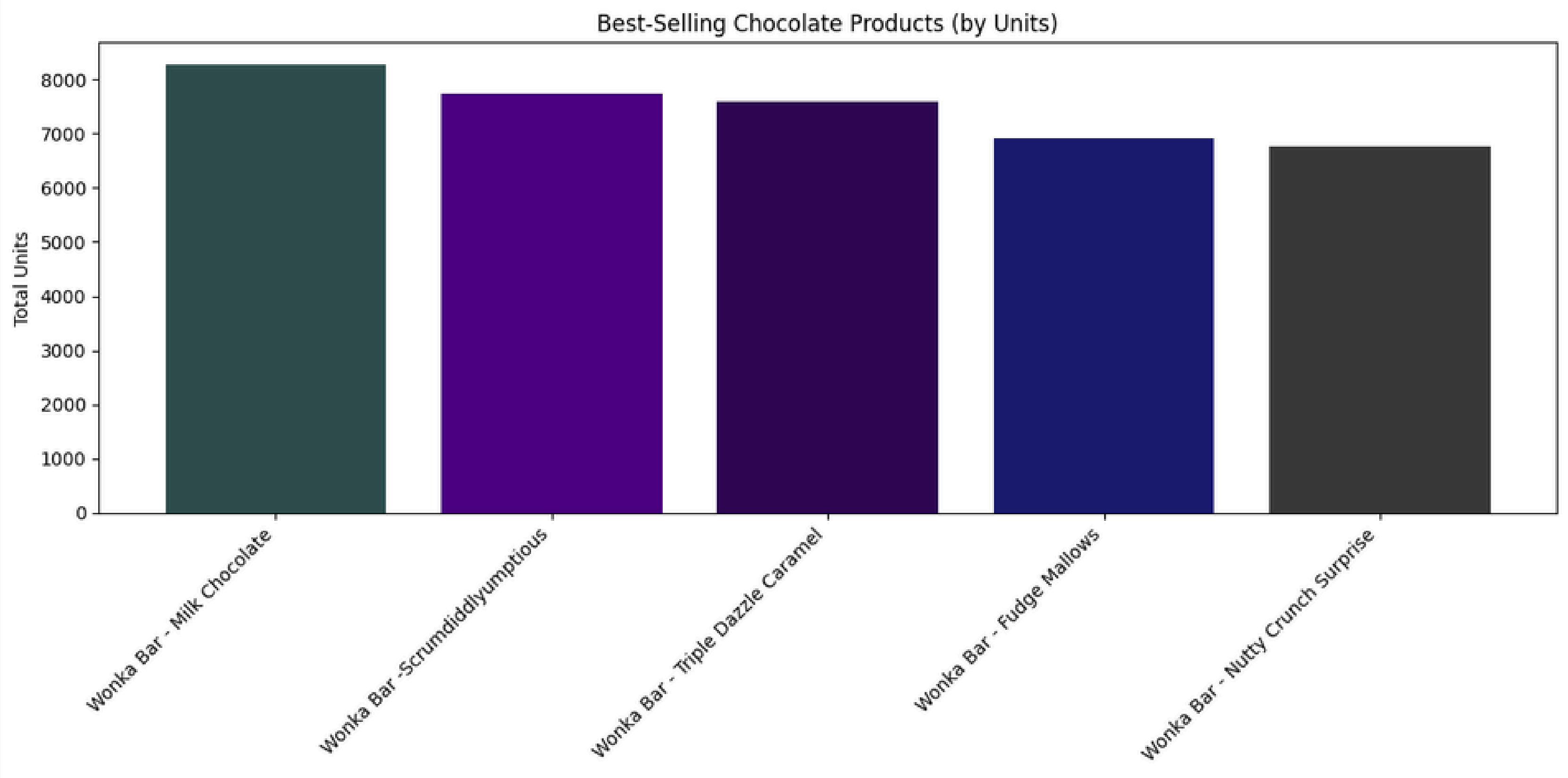
Anna Igumnova
Ayoola Soremekun
Reynold Choruma

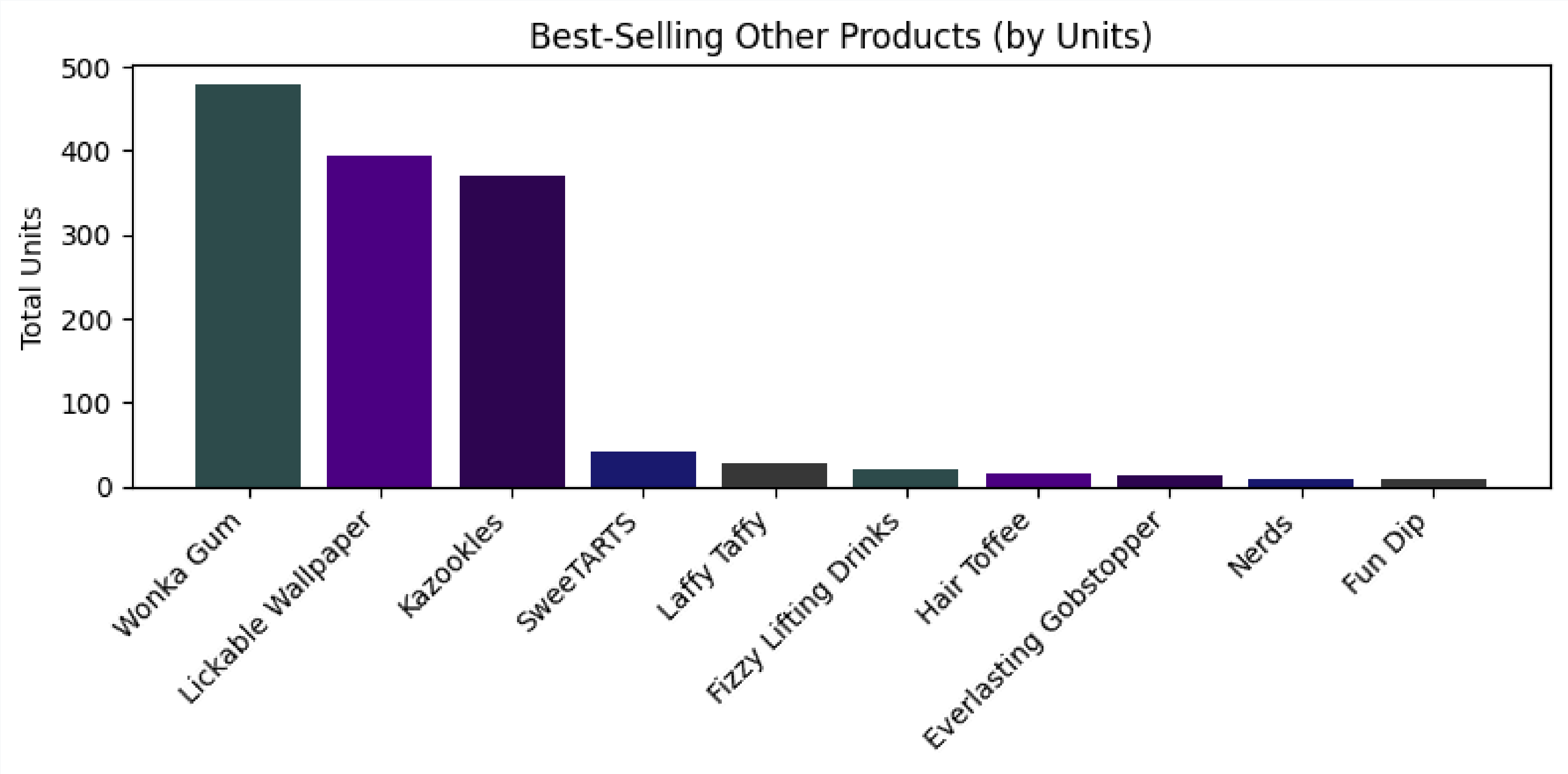
Pricing and Production Optimization

- Focus on understanding what truly drives profitability by balancing volume and margins
- Analyze product margins, production costs, and factory performance
- Identify high-value opportunities alongside areas of loss
- Apply a rigorous, hypothesis-driven analytical framework
- Leverage multiple data sources to generate actionable insights
- Use findings to refine pricing, optimize production allocation, and guide product portfolio decisions
- Drive sustainable improvements in profitability and operational efficiency

Product Overview

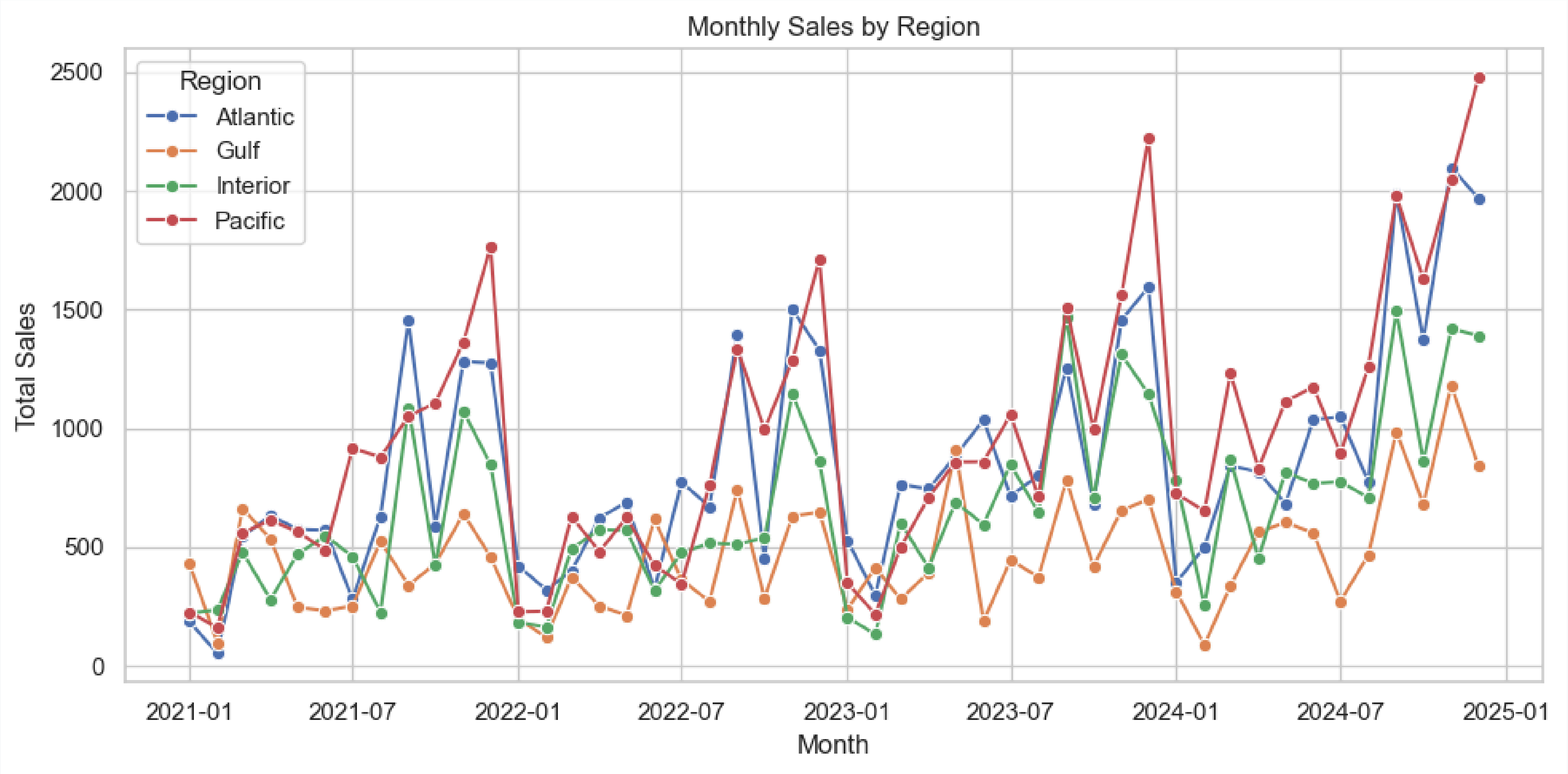
- Overall sales are driven by the top five chocolate products
- Chocolate bars show consistently strong performance across the portfolio
- The Milk Chocolate Wonka Bar is the top-selling product overall
- Flavor-based chocolate variants follow closely behind in sales volume
- Sales outside the core chocolate bars are concentrated in only a few products
- Wonka Gum, Lickable Wallpaper, and Kazookles dominate unit sales in the non-core category
- Most other non-core products sell in very low volumes, indicating limited demand
- These low-volume items contribute little to overall revenue and profitability

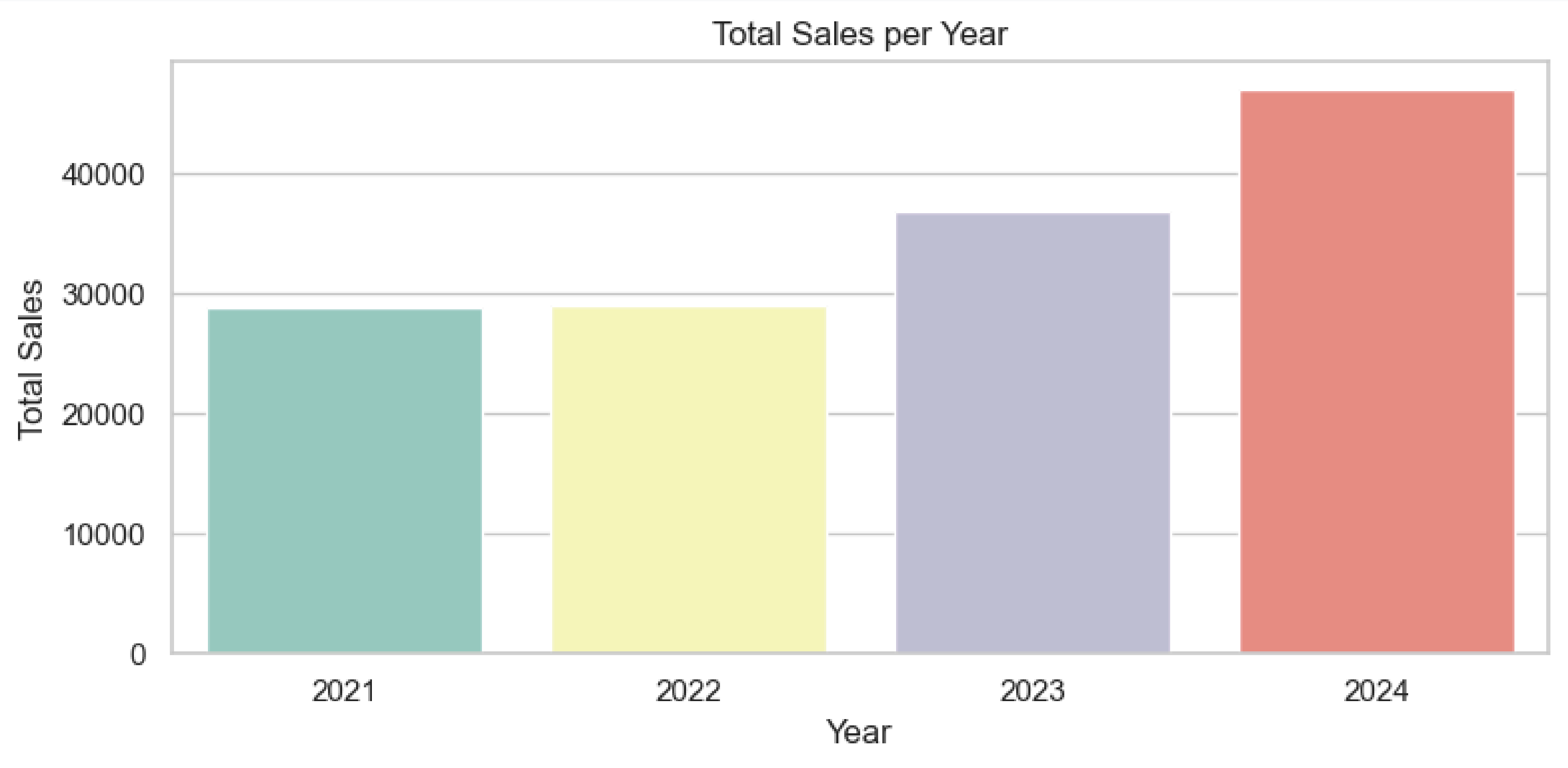


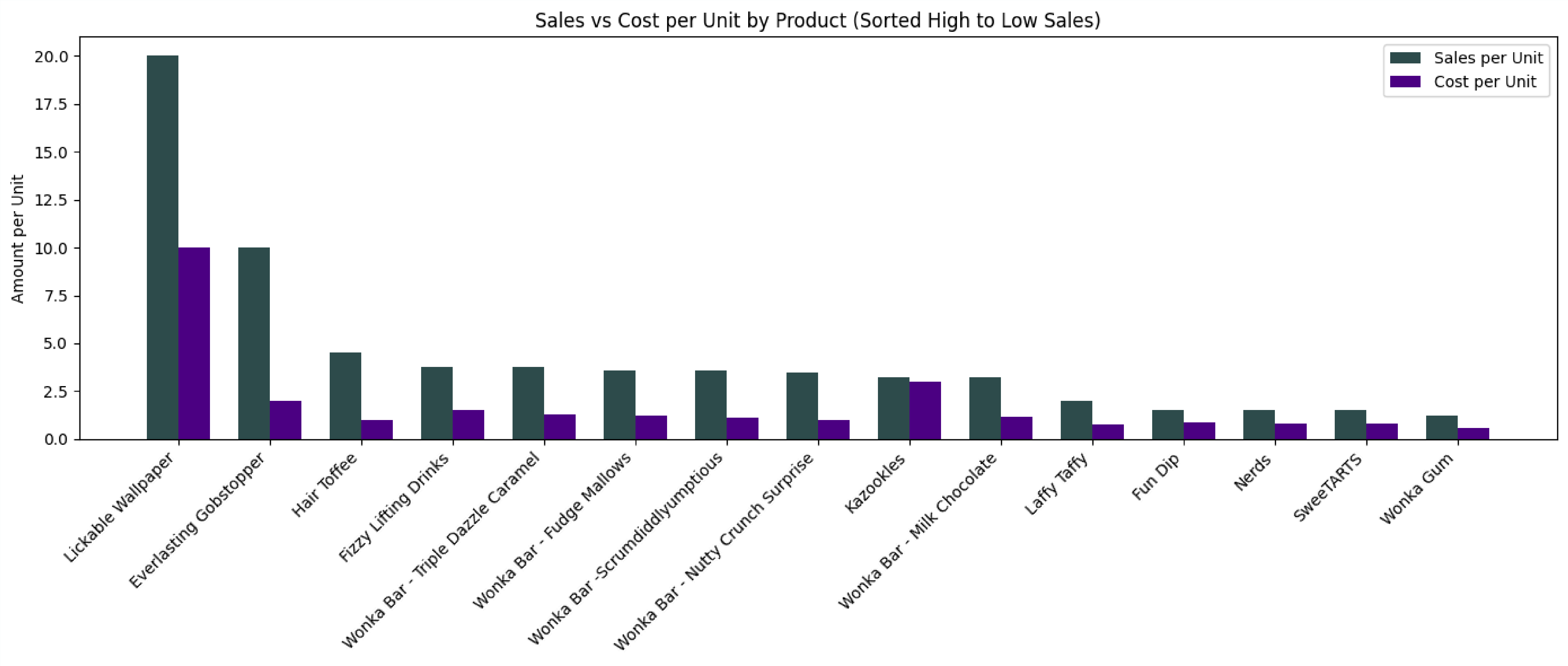


Market Insights

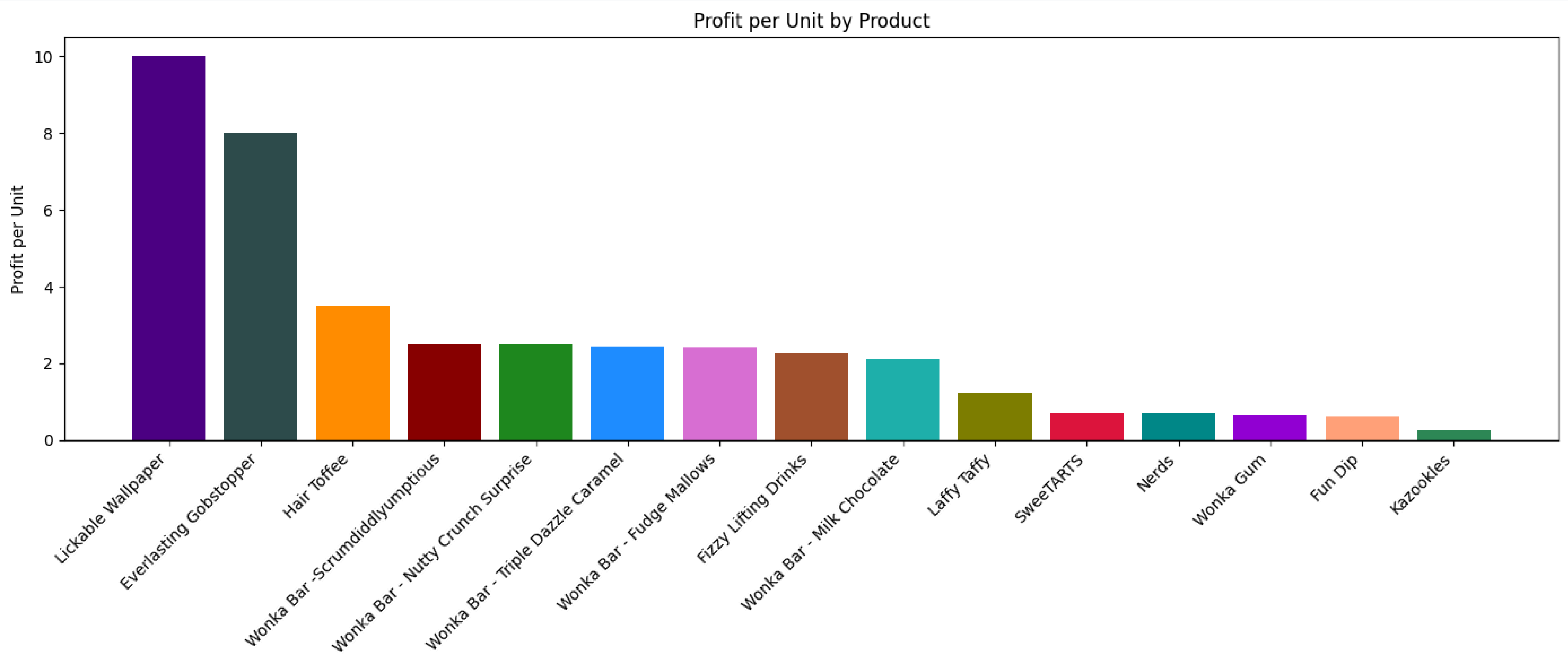
- Sales follow a clear seasonal pattern across all regions, with regular ups and downs throughout the year
- The Pacific and Atlantic regions consistently generate the strongest sales and drive most of the growth
- The Gulf region continues to lag, with lower sales and more uneven performance
- Overall sales stay fairly steady in 2021 and 2022, showing a solid baseline
- Growth picks up noticeably in 2023, and 2024 becomes the strongest year so far
- The upward trend is driven by sustained regional performance rather than one-time sales spikes







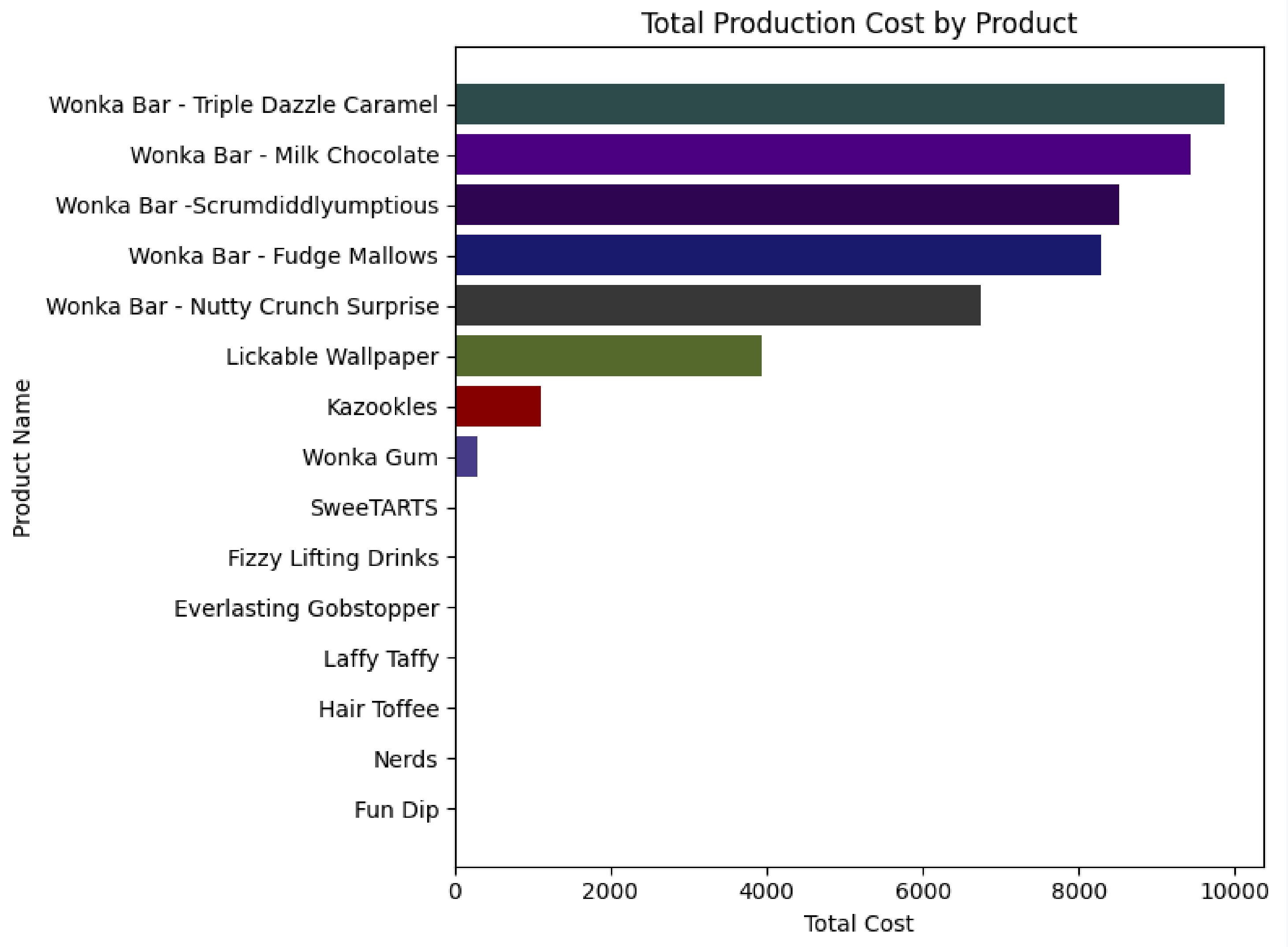
- Some products sell at much higher prices per unit than others
- High selling price does not always mean high profit after costs
- Several chocolate bars have similar sales and cost levels, resulting in modest margins
- A few non-core products show strong price–cost gaps, indicating higher per-unit profitability
- Pricing and cost control are key levers to improving margins across the portfolio

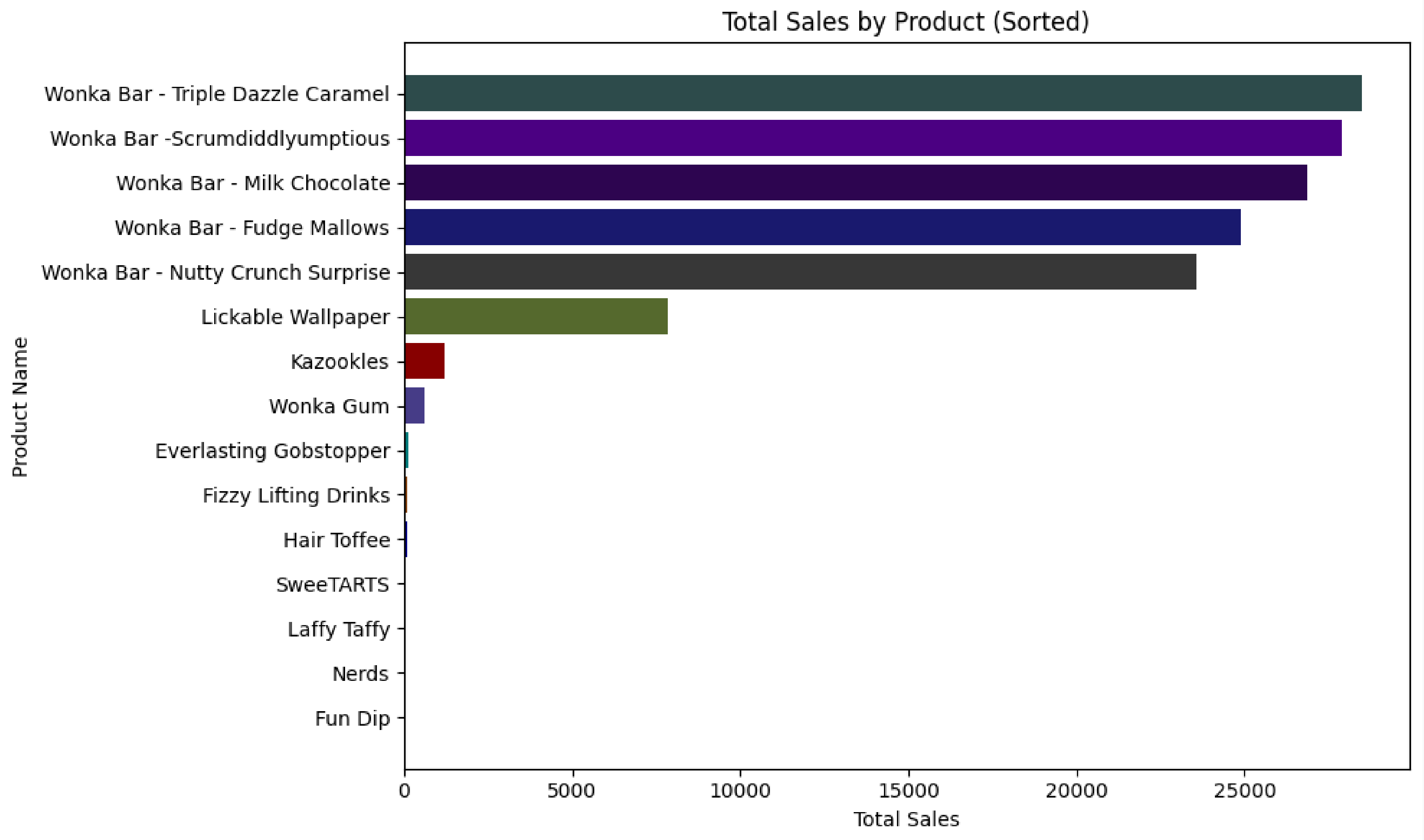


- Profit per unit varies widely across the product portfolio
- Lickable Wallpaper and Everlasting Gobstopper stand out with the highest margins per unit
- Core chocolate bars deliver steady, mid-range profit on each sale
- Several products generate very low profit per unit, limiting their overall impact
- This highlights the importance of balancing high-volume items with high-margin products to improve total profitability

Product Profitability Overview

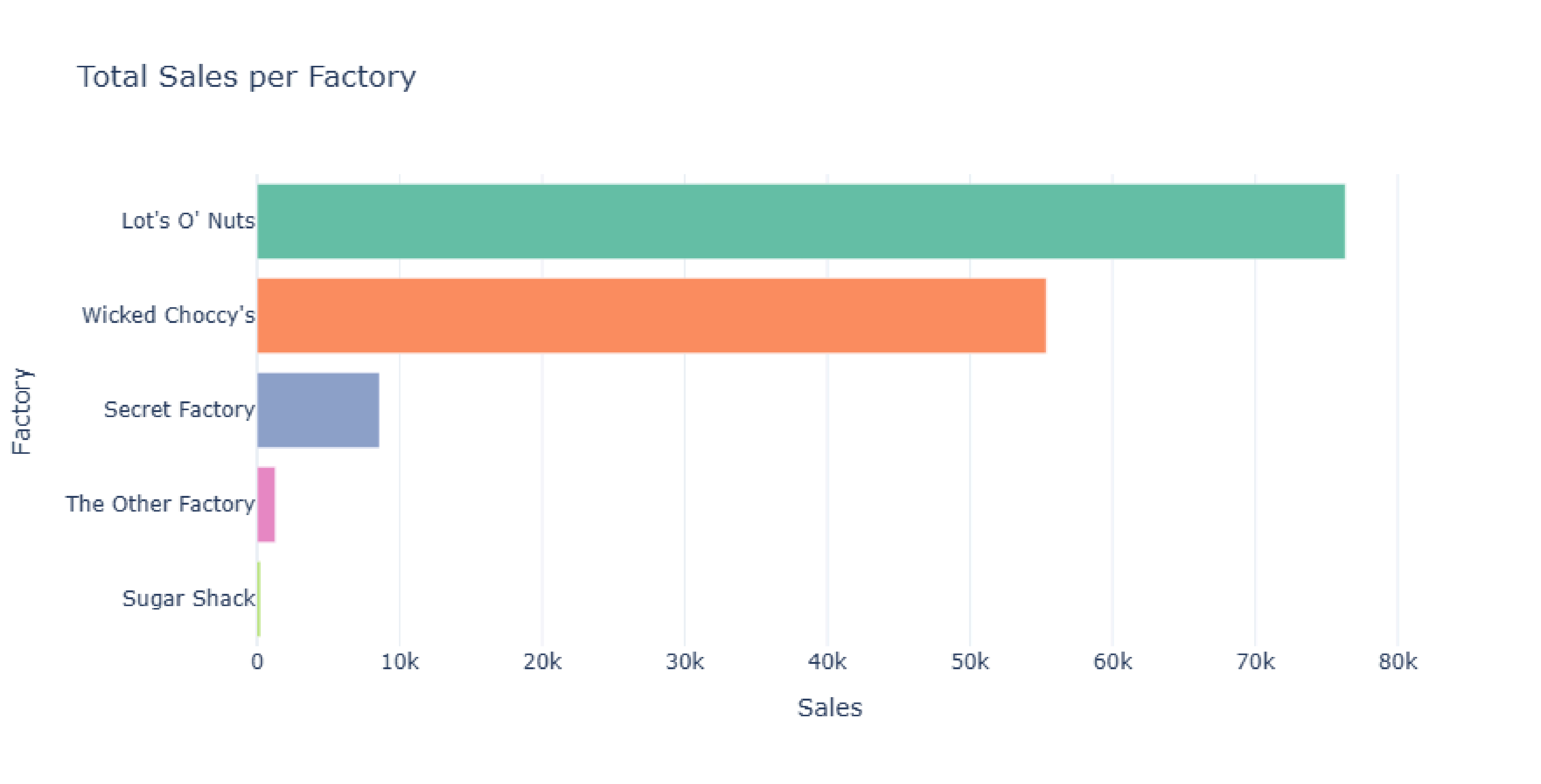
- Core chocolate bars account for the majority of total sales and drive overall revenue
- While these products have higher production costs, their scale delivers strong contribution and margin potential
- Several non-core products generate minimal sales but still incur production costs, adding operational complexity
- Shifting focus toward high-volume, high-margin chocolate bars and reducing low-impact items can significantly improve profitability and efficiency

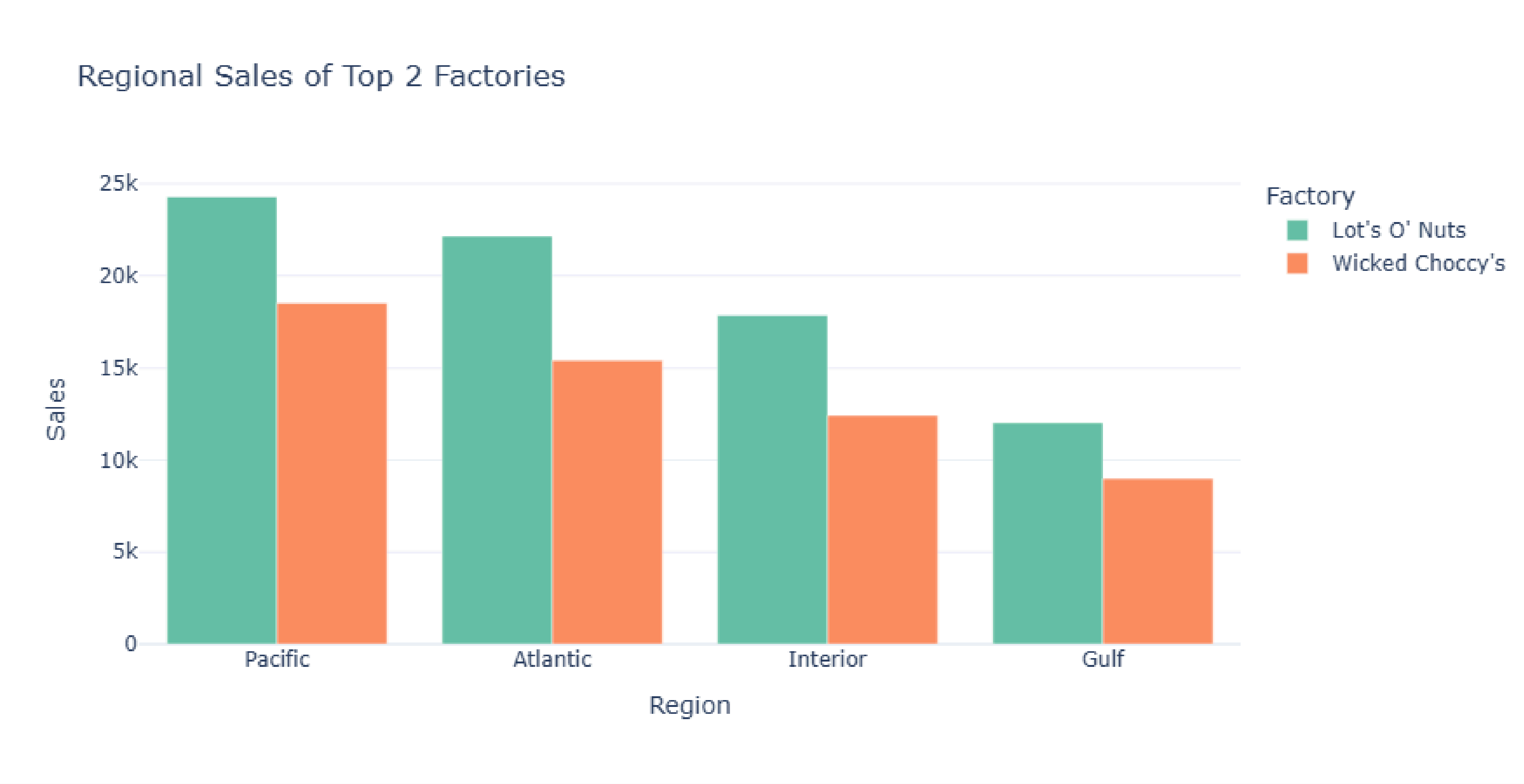




Factory Efficiency

- Sales are heavily concentrated in two factories: Lot’s O’ Nuts and Wicked Choccy’s, which together account for the majority of total output
- Lot’s O’ Nuts clearly stands out as the top-performing factory, significantly outperforming all others in sales volume
- Wicked Choccy’s is the second-largest contributor, but there is a noticeable gap compared to the leading factory
- The remaining factories generate only minimal sales, indicating underutilized capacity, weaker demand, or limited strategic focus
- This imbalance suggests opportunities to reassess production allocation and improve overall operational efficiency





Key Findings

- Some products are priced in a way that doesn't fully reflect their higher production costs, suggesting they may be underpriced.
- Differences in production costs across units and product types point to operational inefficiencies and opportunities to improve batch planning, reduce setup time, and lower unit costs.
- Bringing together cost per unit, selling price, and profit per unit clearly highlights high-margin priority products, as well as low-margin items that may need price adjustments, cost improvements, or portfolio simplification.

Actionable Recommendations

- Gradually increase prices on best-selling chocolate bars where customers show low price sensitivity to improve margins
- Concentrate production on high-margin products such as Everlasting Gobstopper and Lickable Wallpaper
- Allocate more production to the strongest-performing factories and regions, particularly the Pacific and Atlantic
- Simplify or reduce low-impact products that increase costs without contributing meaningful profit
- Regional price adjustments to understand customer response and minimize risk

Thank You