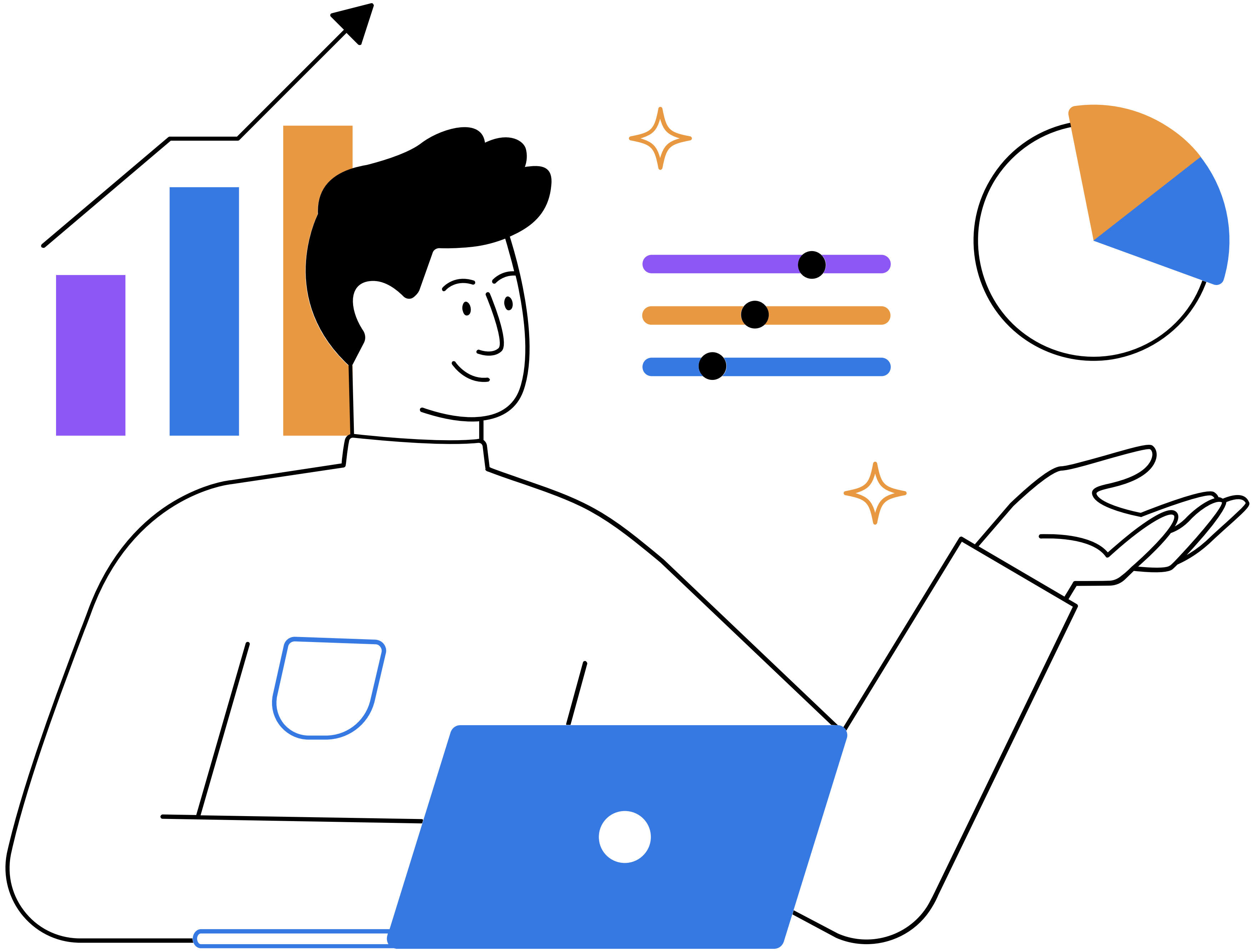
Belinda Thando Mhlanga

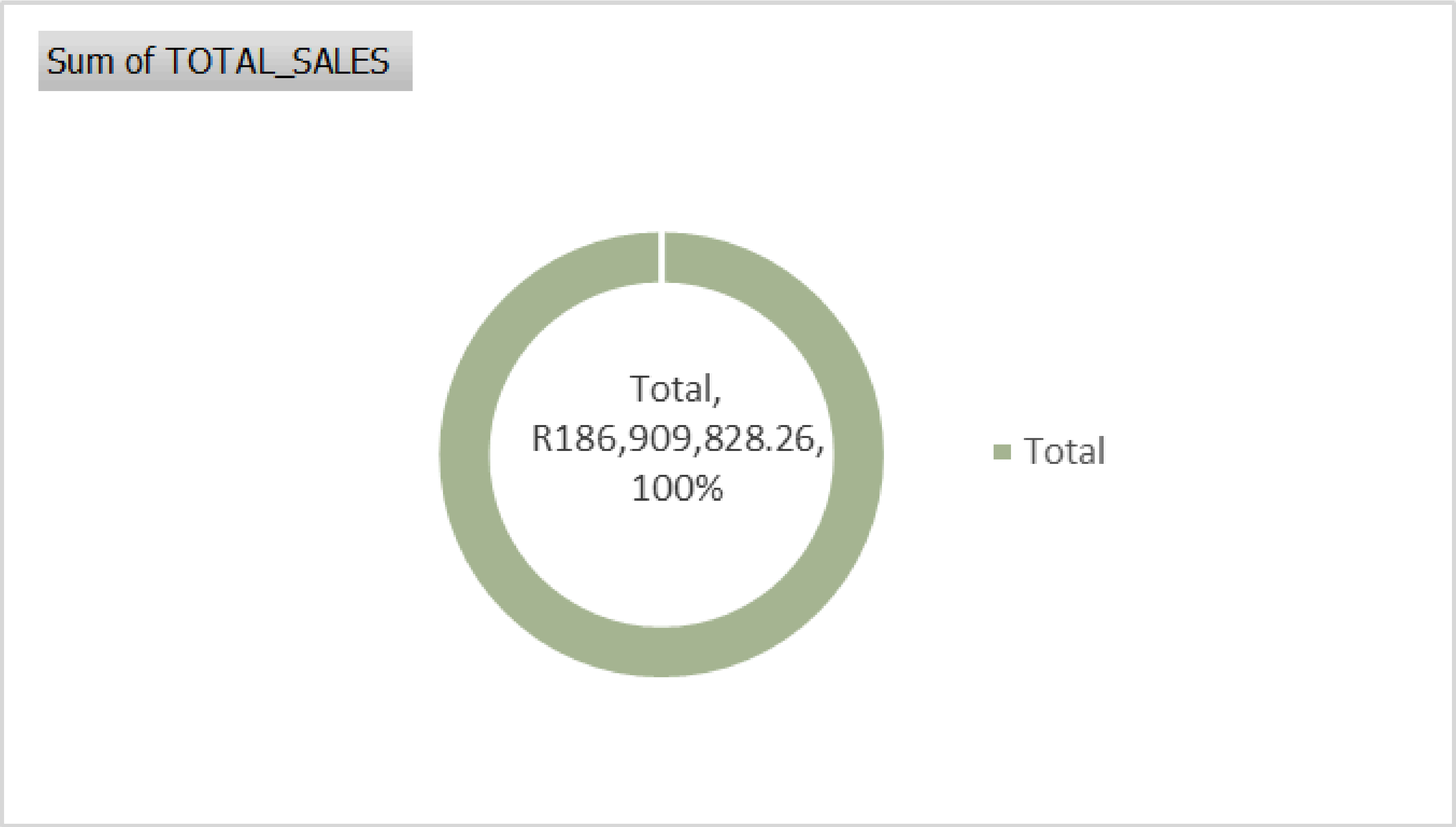
Sales Analysis



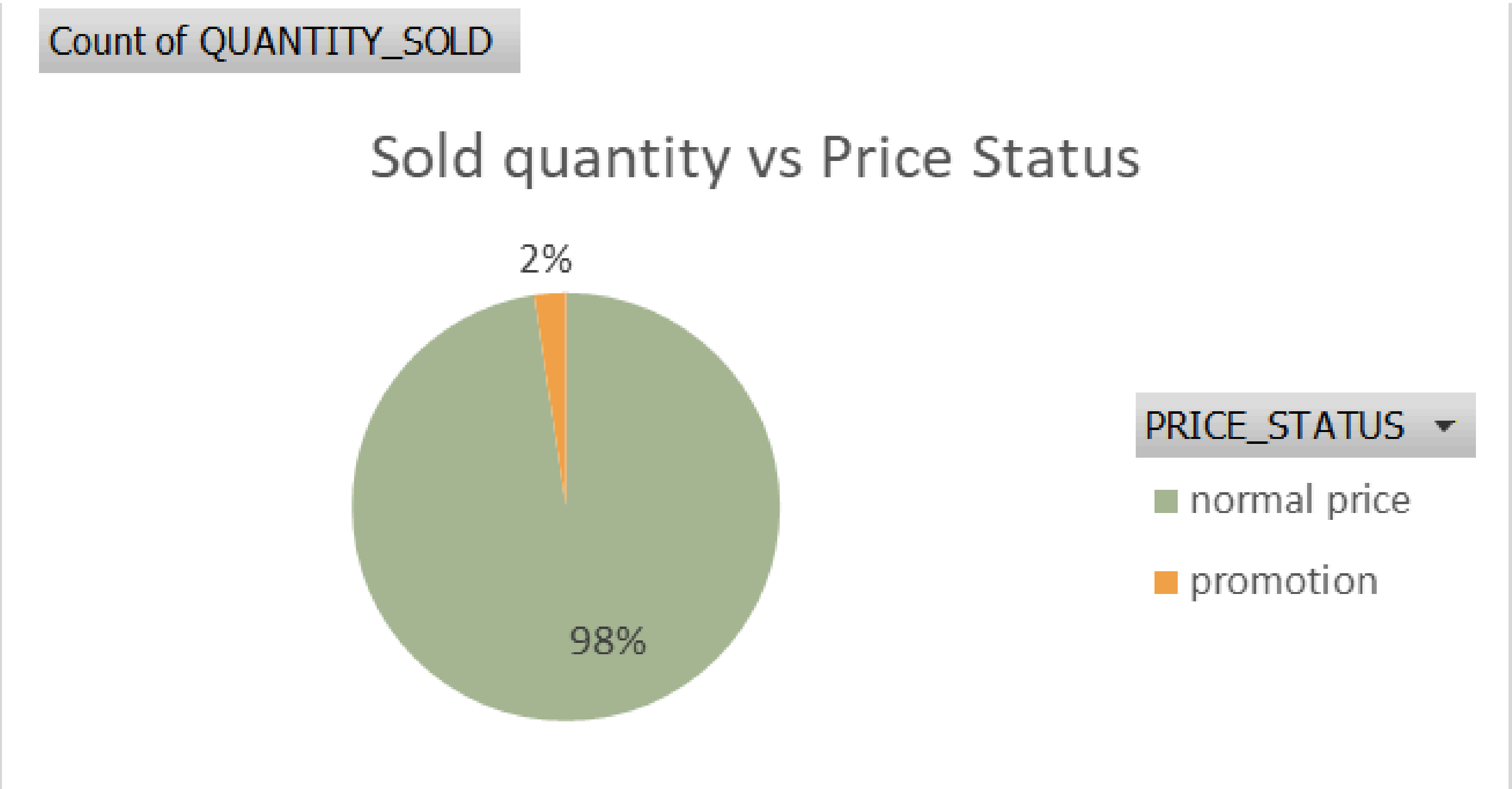
Key Metrics Summary & Total Sales

Key Metrics Summary:

- Total Sales: R186,909,828.26
- Trading Period: Dec 30, 2013 - Nov 16, 2016 (1,055 days)
- Average Price: Between R30-R36
- Average Daily Quantity: 5,380 units
- Average Gross Profit Margin: 2.1%



Sold Quantity Vs Price Status (Pie Chart)



Normal Price: The Vast majority (~95%) of the quantity sold
Orange (Promotion): Small slice (~5%) of quantity sold

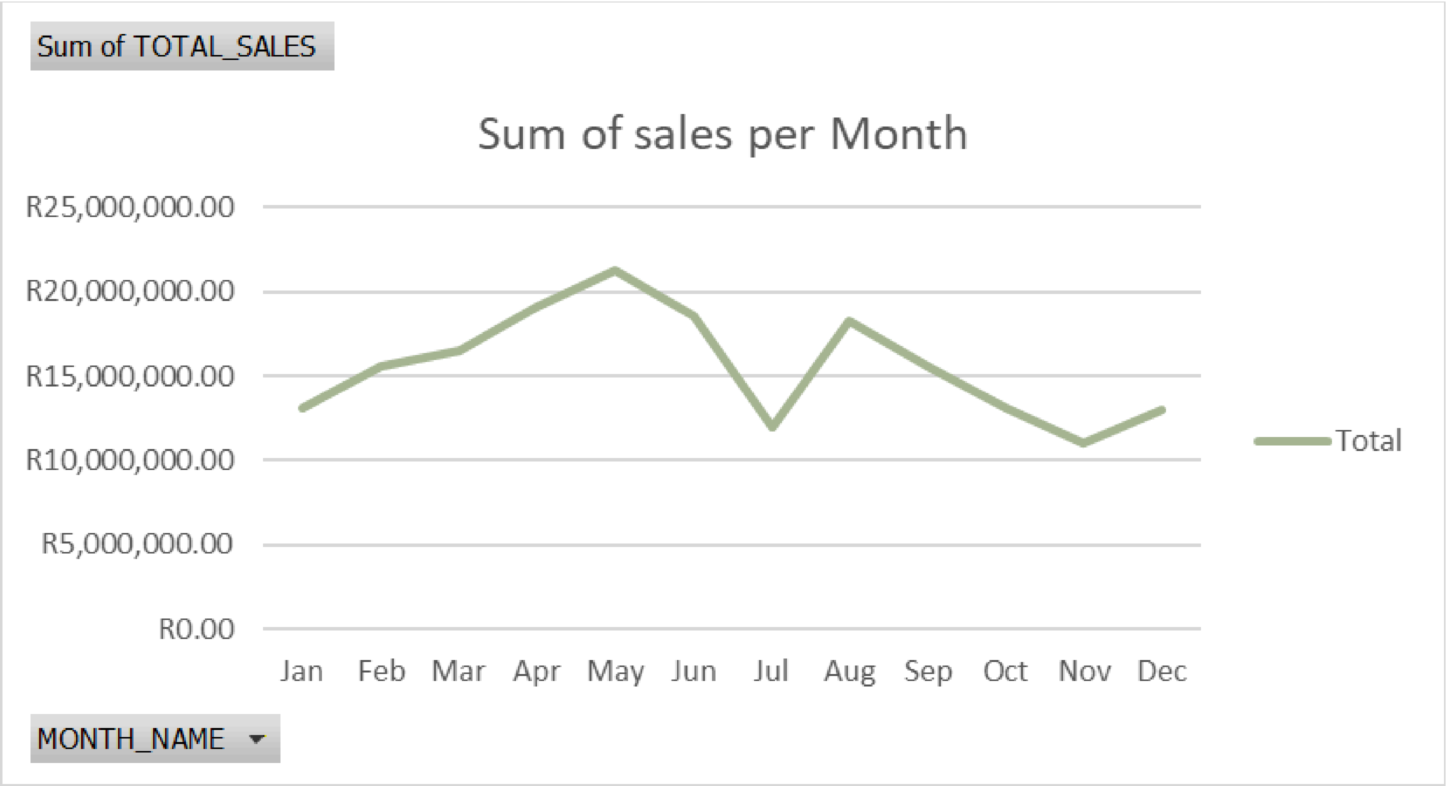
KEY INSIGHTS:
Promotions Are RARE:
Promotional periods are short, OR promotional volume per day is low
Normal Price Dominates:
The Business operates primarily at regular pricing
Customer base buys even without discounts
This is POSITIVE - suggests brand loyalty or a necessity product

Price Trend Analysis & Sum of Sales Per Month

Relatively stable pricing around R3,000-3,500 range each month

Slight decline toward end of year (Nov-Dec)

Minimal volatility throughout most months



Sum of Sales per Month (Bottom)

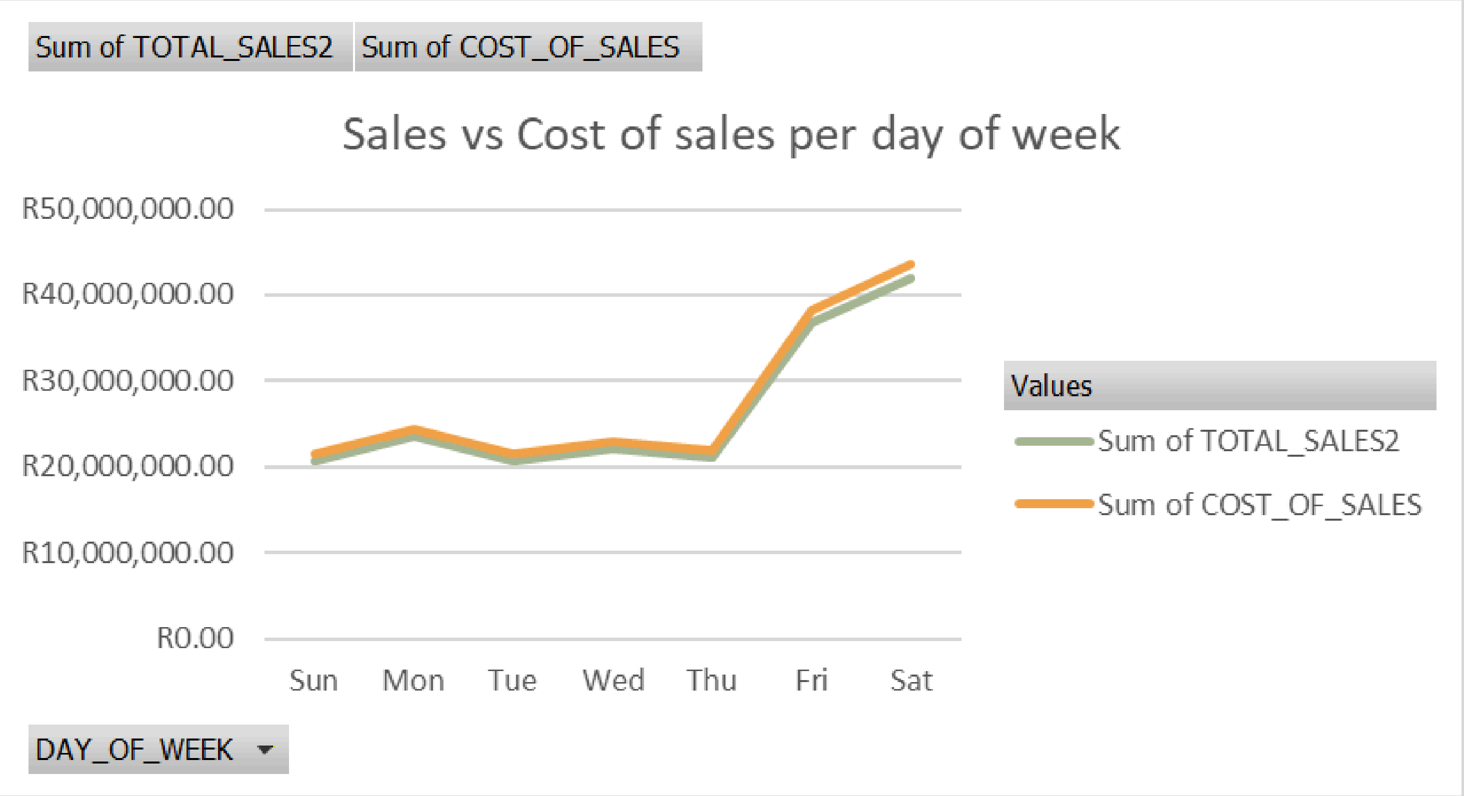
Peak sales: March (~R20M)

Strong months: April, May, June

Declining trend: July through December

Lowest sales: End of year (Nov-Dec ~R12-13M)

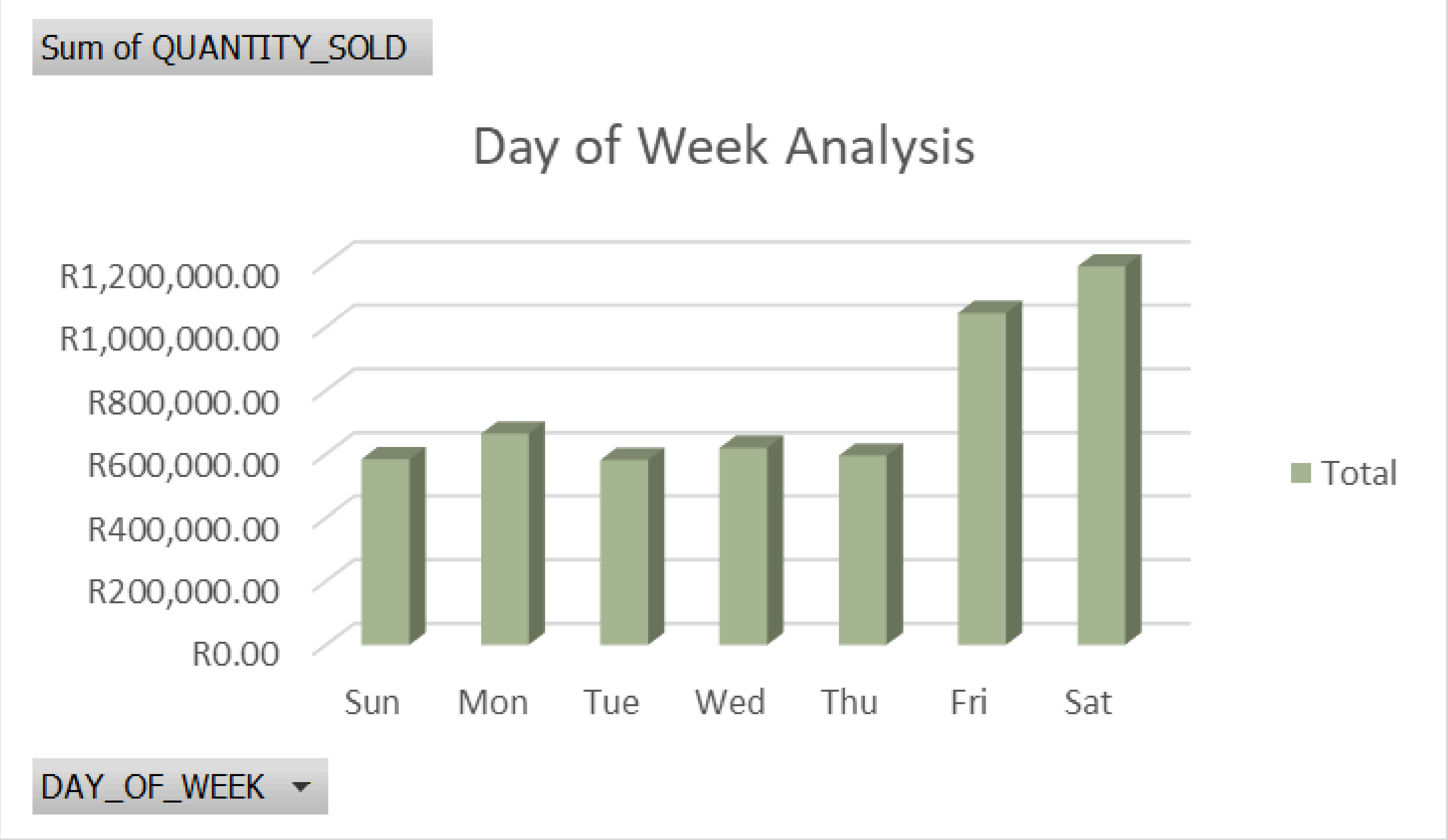
Sales Vs Cost Per Day Of Week & Sum Of Sales Per Month



Cost line to make products is ABOVE sum of sales line

This means that meaning that no profits are derived from the sales of the product, as it costs more to make it

Every day Sun-Thu, the company LOSE money



The product sells well on Friday and Saturday, with an low but consistant sales from Sunday to Thursday

Saturday: Highest sales (R1,200,000+)

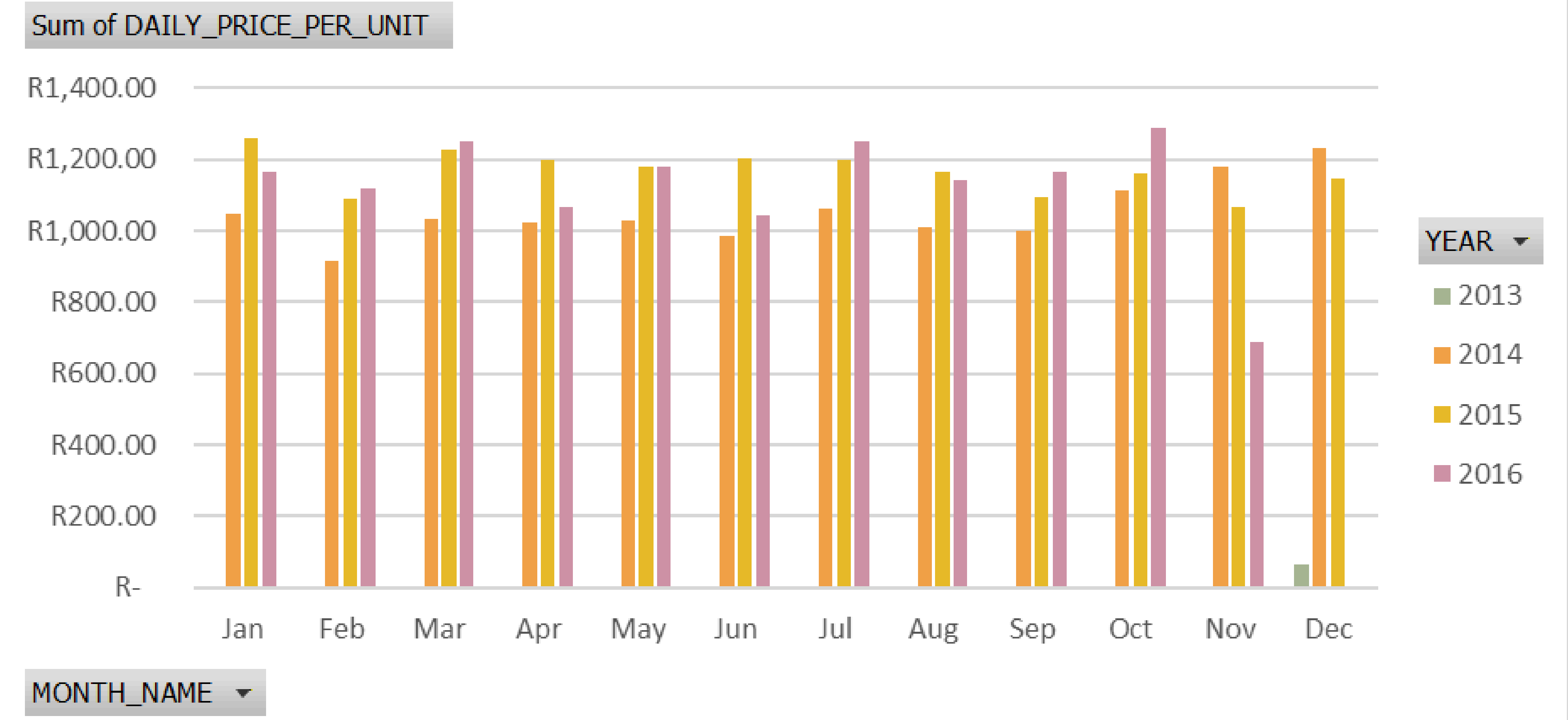
Friday: Second highest (R1,100,000+)

Monday: Third (R750,000)

Sunday: Lowest (R650,000)

Tue-Thu: Middle range (R650,000-700,000)

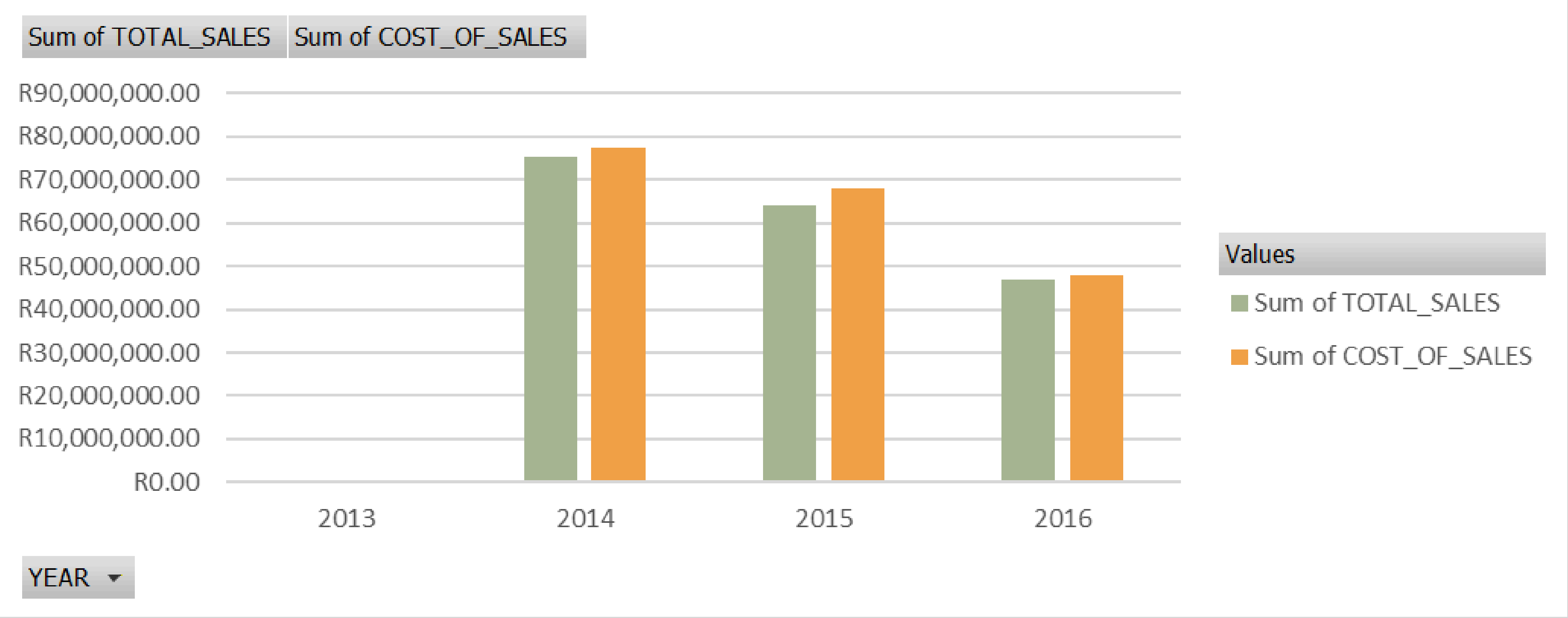
Monthly Price & Yearly Sales Vs Cost



Daily price per month per year

All 4 years (2013-2016) show similar patterns

Year 2016 shows high daily price



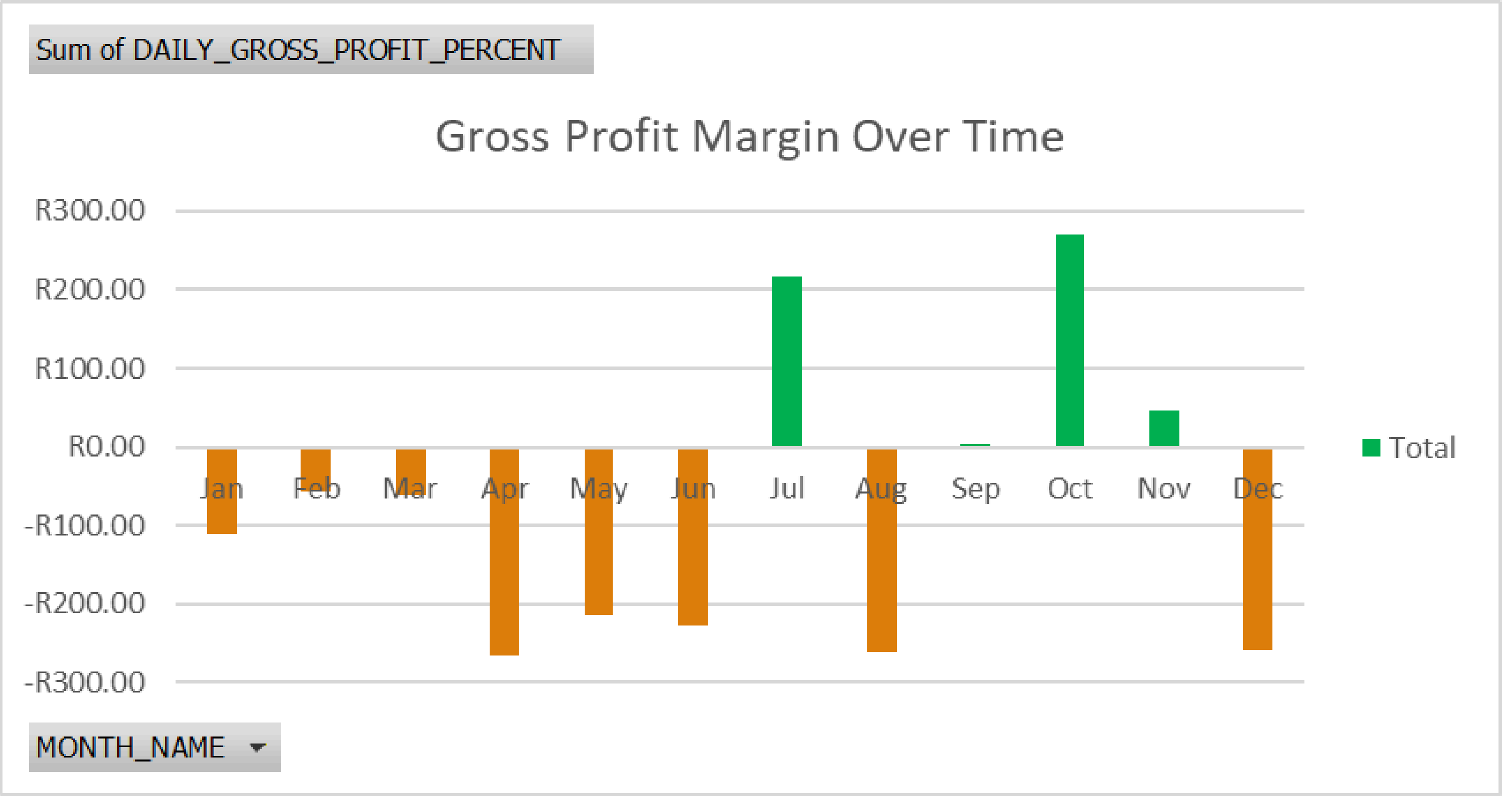
Cost bars (orange) are consistently HIGHER than sales bars (green)

2014: Peak year (~R75M sales, ~R77M cost)

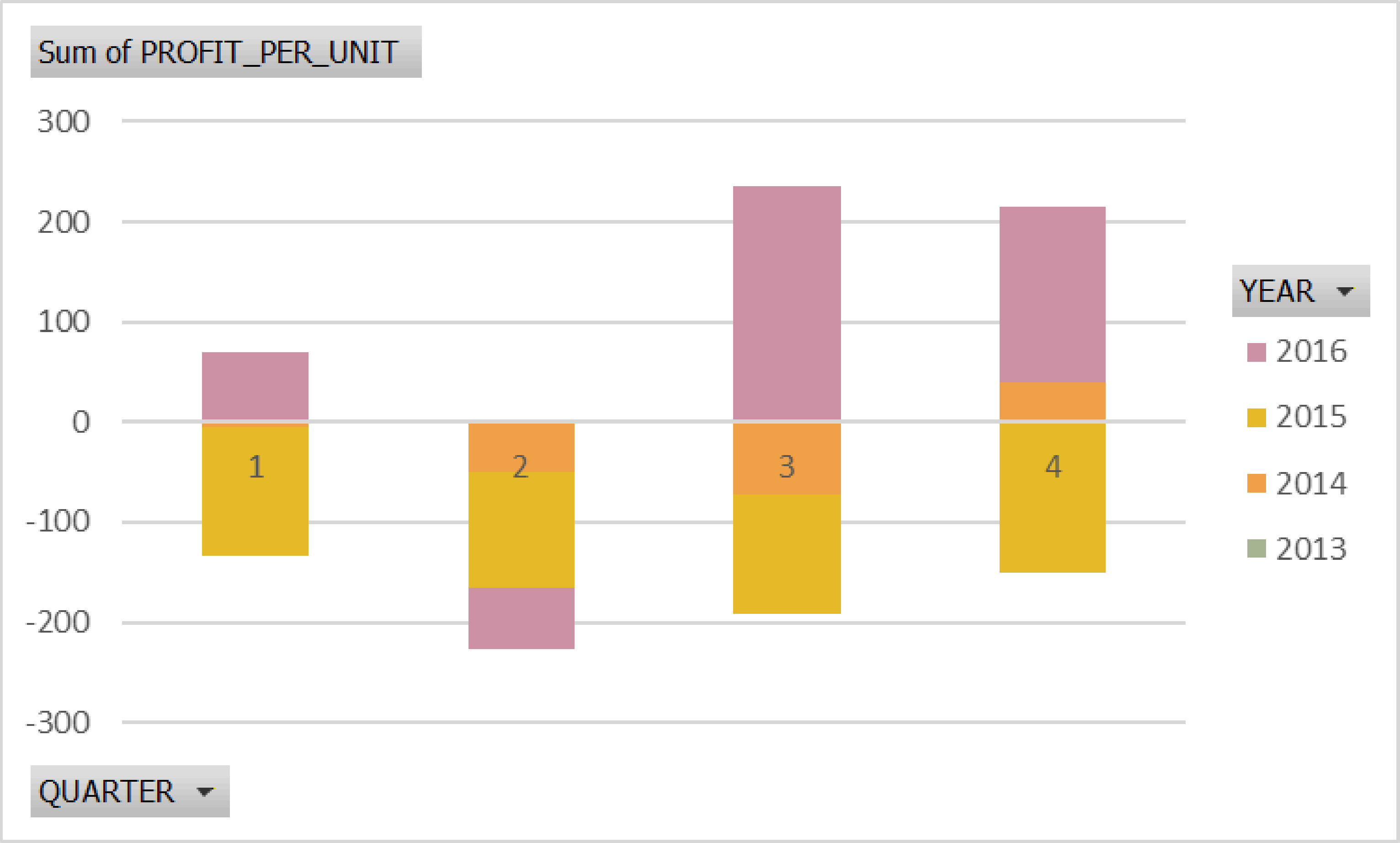
Declining trend from 2014 → 2016

Every single year operates at a loss

Gross Profit Margin Over Time & Profit Per Unit By Quarter

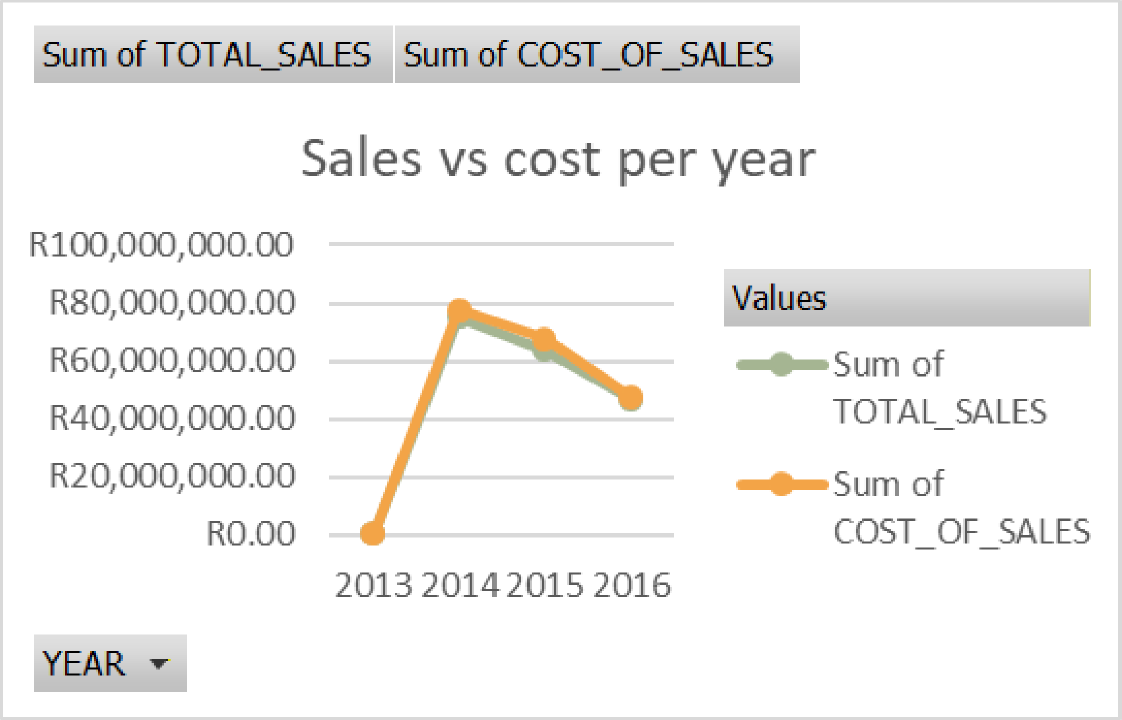


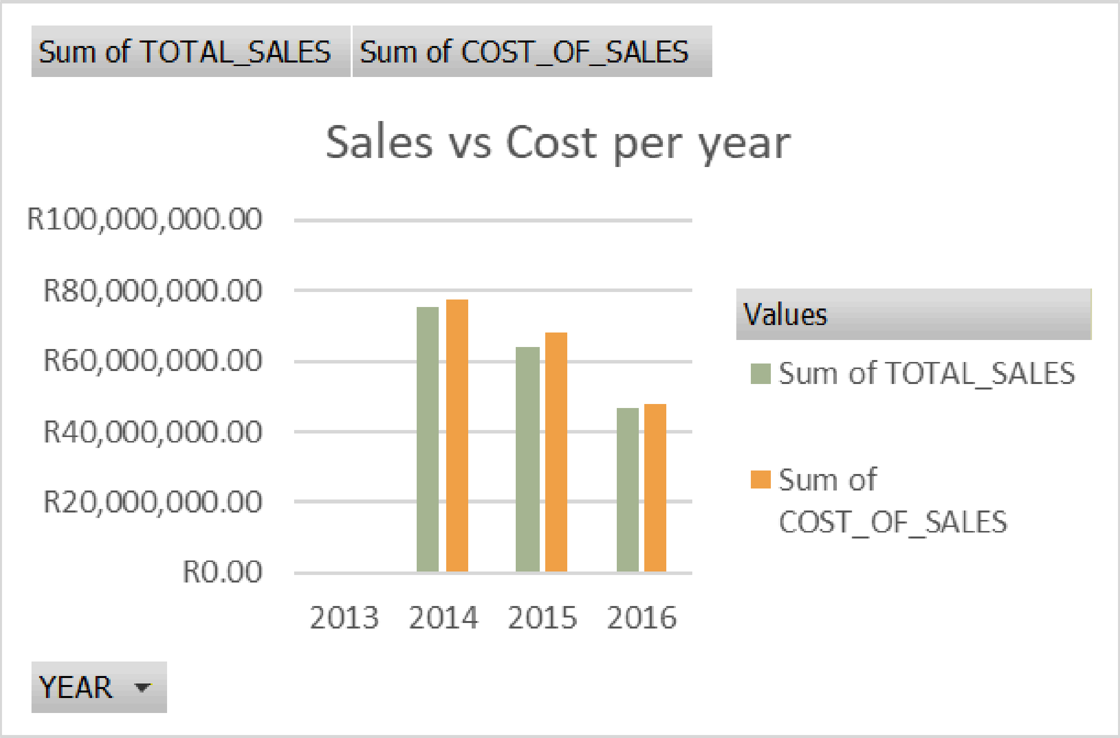
In 10 out of 12 months, the business loses money (between -R100 and -R300).
Only July and October make a small profit (about R200–R250).
This means most of the year (83%) destroys value instead of creating it.
Months with the highest sales (March–May) actually lose the most money (over -R250).
Selling more doesn't help because each sale costs more than it earns.



Almost every quarter shows a loss per unit sold.
The only exception is Q4 2016, which made about R200 profit per unit.
But that profit happened when sales volume was very low (75% less than Q4 2014).
This shows a clear problem: selling more units increases losses, while selling fewer units helps break even.
The root issue is that prices are set below the actual cost of making the product.

Sales Vs Cost Per Year (Line & Bar Charts)





From both the graphs we observe that Sales were highest in 2014 at R75M but dropped sharply to R50M in 2016 (a 33% fall in just two years).
Costs are always a bit lower than sales but still higher overall, meaning the business loses money every year (2013–2016).
The gap between sales and costs has gotten smaller but never closed, so losses continue.
As sales volume goes down, costs don't drop enough to match, which makes the loss per unit even worse.
This shows the business is stuck in a downward spiral: selling more or less, it still loses money.

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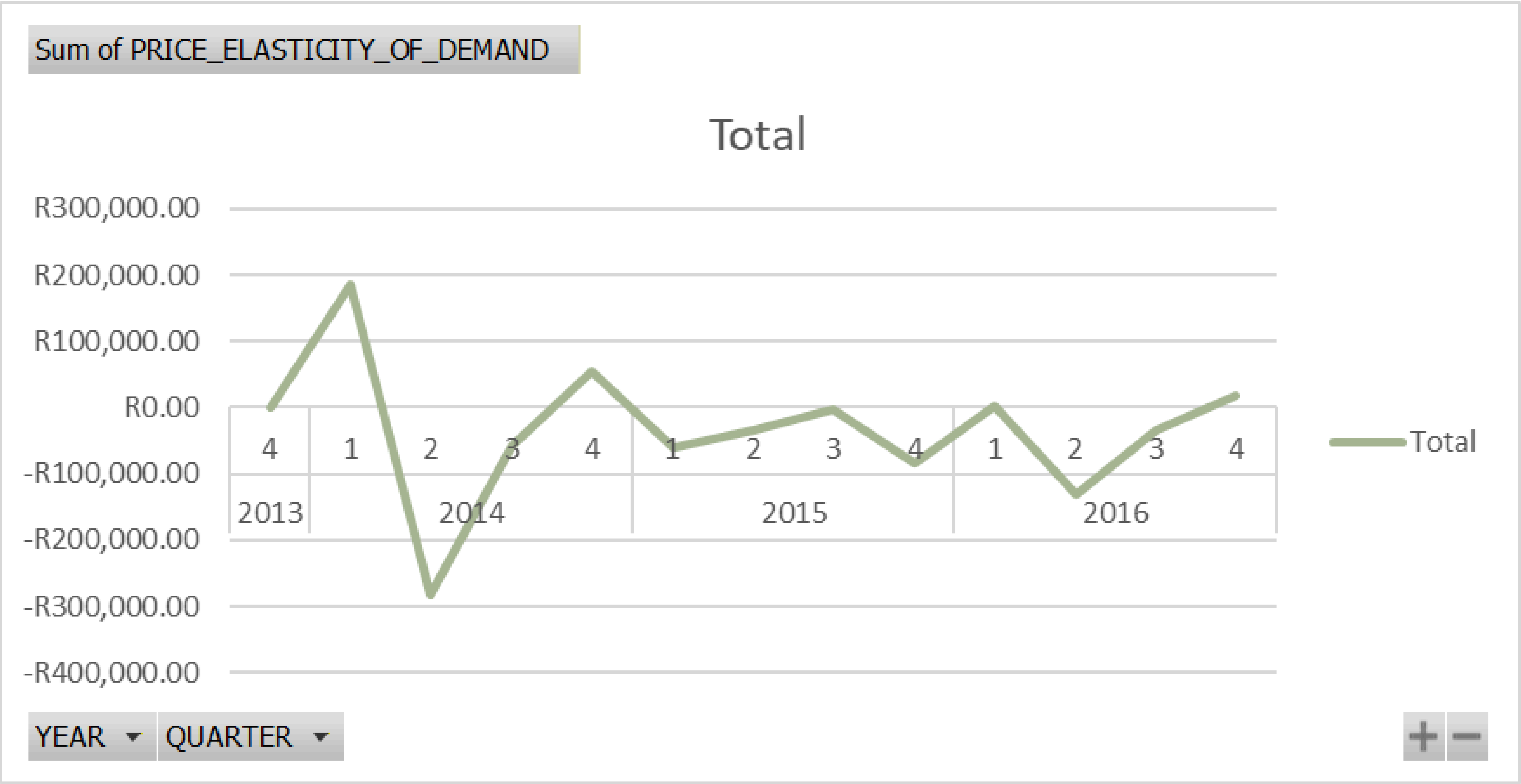
Price Elasticity Of Demand



Price Elasticity Insight:
Price elasticity has shown extreme volatility, ranging from peaks of +R180K to troughs of -R270K.
This reflects inconsistent pricing discipline and a lack of strategic structure in promotional decisions, resulting in unpredictable customer responses.
In recent quarters, elasticity has stabilized near zero.
Combined with declining sales volumes, this indicates market saturation or commoditization, where price adjustments no longer materially influence demand.
The implication is that the product is losing pricing power, either due to reduced relevance or intensified competitive pressure.

Executive Summary

This product has operated at a loss every single year despite R186.9M in cumulative sales because costs consistently exceed revenue by 2-10%, creating negative unit economics where each sale destroys value. With 83% of months unprofitable, 5 out of 7 days losing money weekly, revenue declining 33% since peak, and only weekend sales providing marginal relief, this business requires immediate 15-20% price increases and equivalent cost reductions within 30 days or should be discontinued to prevent further losses.

YES, the product CAN perform better at promotional prices IF priced correctly.
The current promotional strategy is flawed because it prices below cost. With proper pricing:
Use the high elasticity to your advantage
Set promotional price at R33.50-R34.00 (still 3-5% discount)
Maintain positive margin while increasing volume
Expected result: 50-80% volume increase with 1-2% profit margin

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Thank You

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