

## The Problem

*To prevent market share losses due to the recent entry of competition with improved solutions and reduces production costs, ChemCorp must understand what are its most profitable market opportunities, and divest in products and industries with low profitability.*

### Problem 1

#### **Increased competition in the market.**

New competition is presenting new products and lower production costs on existing products by offering optimized delivery channels for chemicals and using new technologies like machine learning and artificial intelligence.

### Problem 2

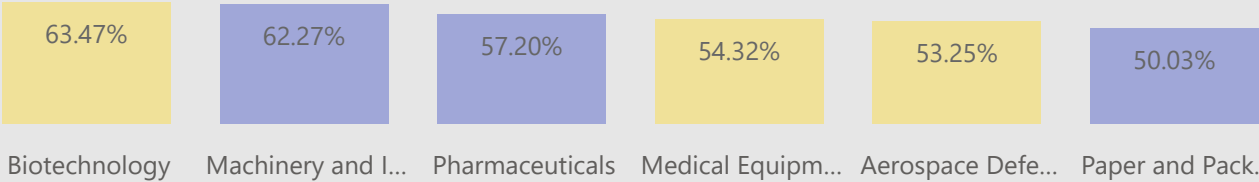
#### **Loss of market share.**

Recent discussion with five long-term customers revealed that ChemCorp was no longer these firms' preferred provider of chemicals. After these customers left, the sales management team found that ~ 10% of sales revenue came from these

Executive Summary

A set of visual and statistical techniques were applied to understand how to 1) develop an improved customer strategy, 2) what long-term opportunities exist in the market, and 3) which products and industries have more growth-potential, and which should ChemCorp divest from.

Average % Profit Margin per Business Type



Key Takeaways

What are the highest-selling products/industries?

There is a significant discrepancy in our most popular products across segments. Chemicals D, B and E are bought by 52.95% of customers over all segments, and in most segments individually, while in the Paper and Packaging segment chemicals I, H and K are bought by 82.25% of customers. This clear discrepancy suggests that the customer strategy is inconsistent between these 2 sets of markets, providing an opportunity to reconsider ChemCorp's target customers.

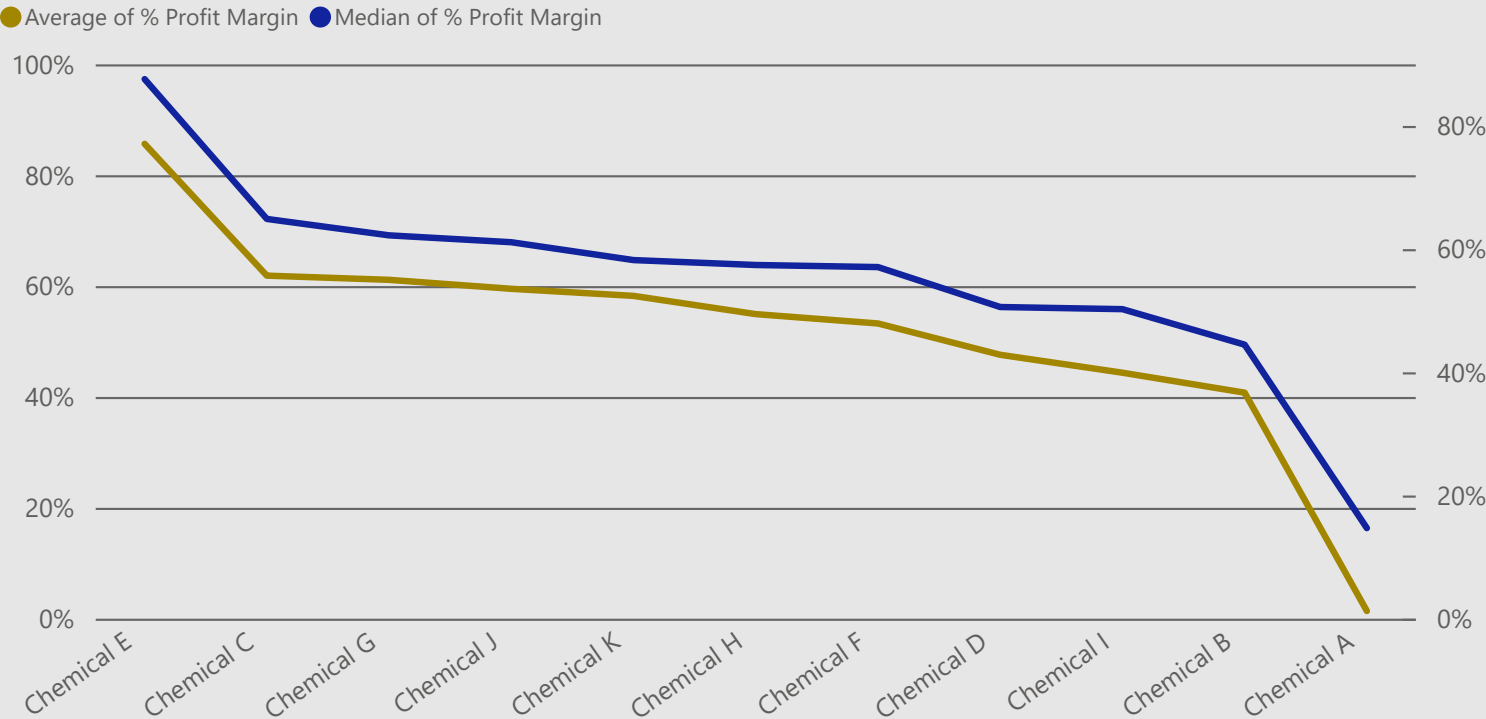
Existing Segment Opportunities

The Paper and Packaging segment provides 51.28% of all revenues and aggregates more costumers than the rest, but it has the lowest profit margin of all segments, suggesting high production costs on its highest selling products. This continued discrepancy between the Paper and Packaging segment and the remaining ones suggests that a new strategy can be developed, focused on increasing investment and increasing market share on the segments with higher profit margins.

Investment & Divestment

In order to improve profitability and increase market share, ChemCorp should develop a new strategy driven by profit margin, dropping segments and products with low profit margins such as chemical A and the Paper and Packaging segment.

Average & Median Profit Margin % of Each Product



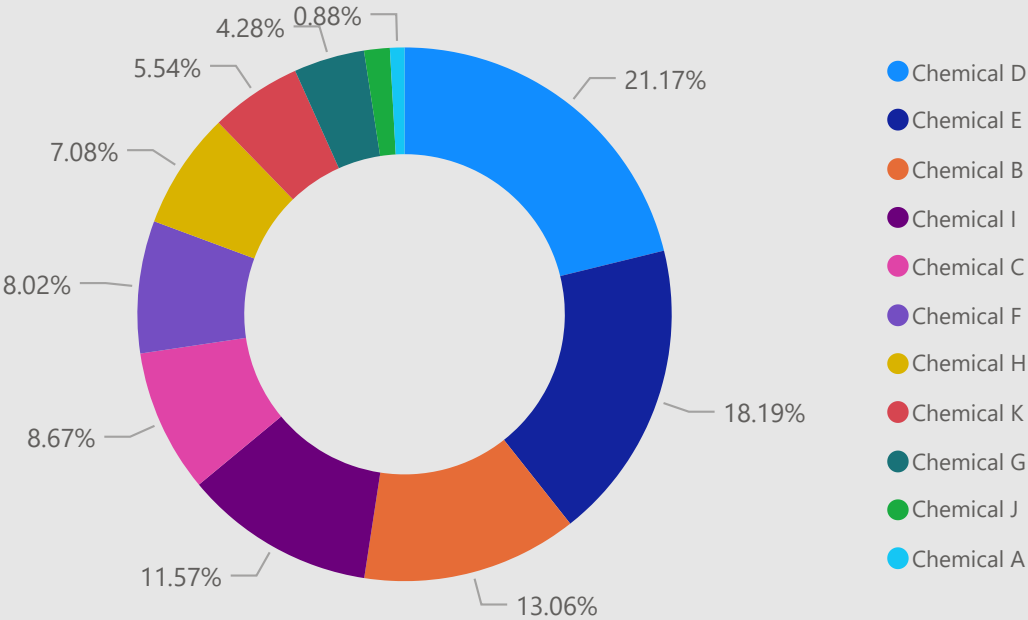
Customer Strategy

The analysis showed that chemicals D, B and E are bought by 52.95% of customers overall segments, a pattern that extends to most segments. Paradoxically, in the Paper and Packaging segment chemicals I, H and K are bought by 82.25% of customers. This clear discrepancy between the Paper and Packaging segment and all the other segments suggests that the customer strategy is inconsistent between these 2 sets of markets, providing an opportunity to reconsider ChemCorp's target customers.

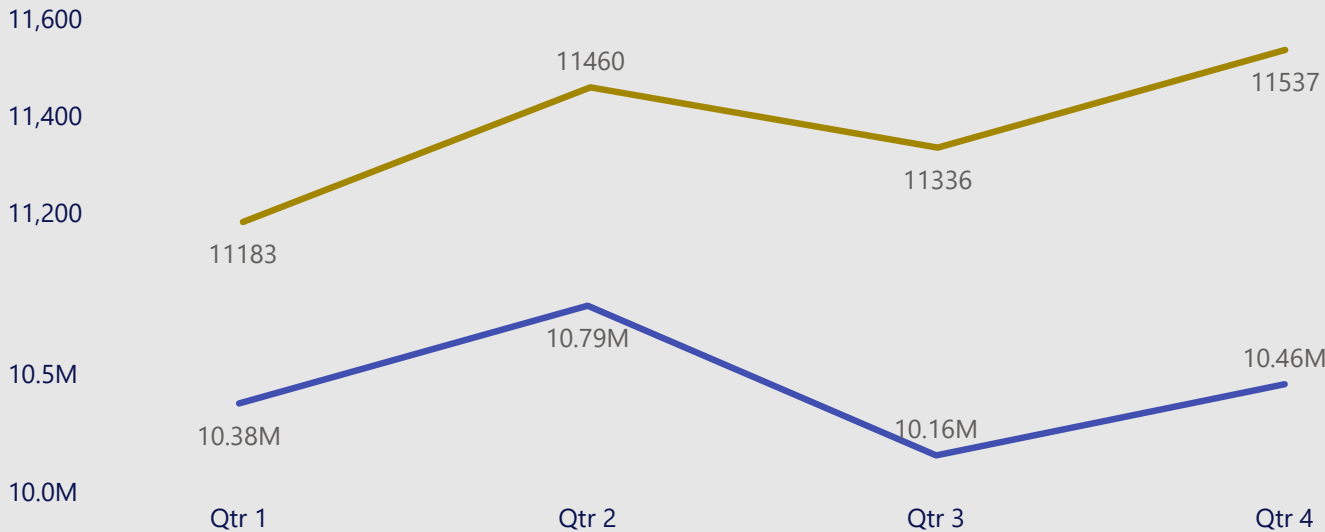
Choose a Industry Segment

Aerospace Defense	Machinery and Industrial Goods	Paper and Packaging
Biotechnology	Medical Equipment	Pharmaceuticals

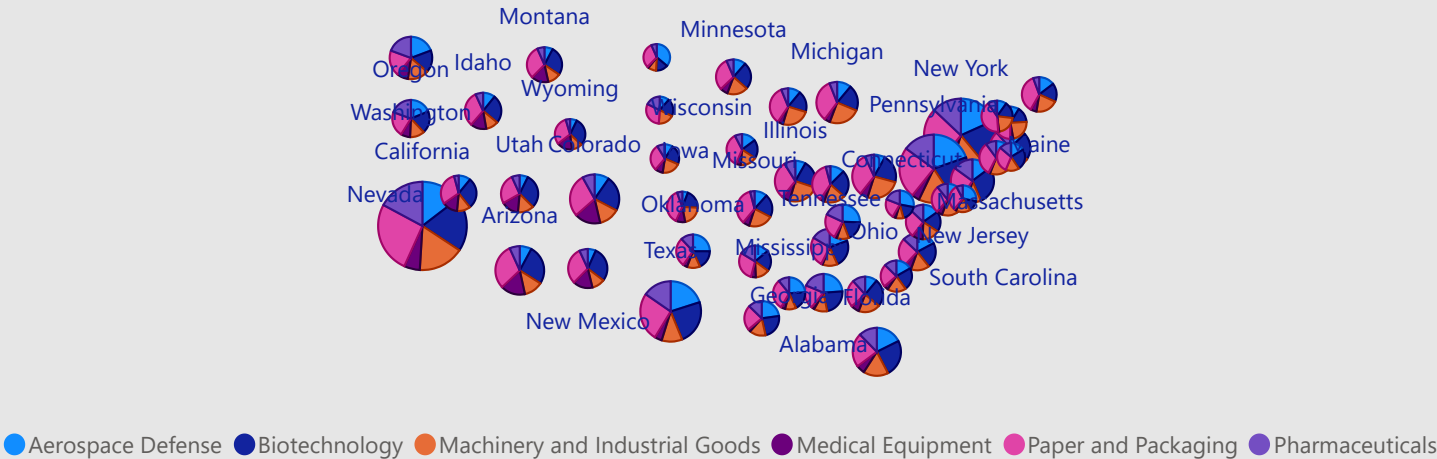
% of Costumers that Bought Each Specific Chemical



Seasonality: Variation of Sales (Above) and Revenue (Below) per Quarter



State Distribution of Costumers per Business Segment



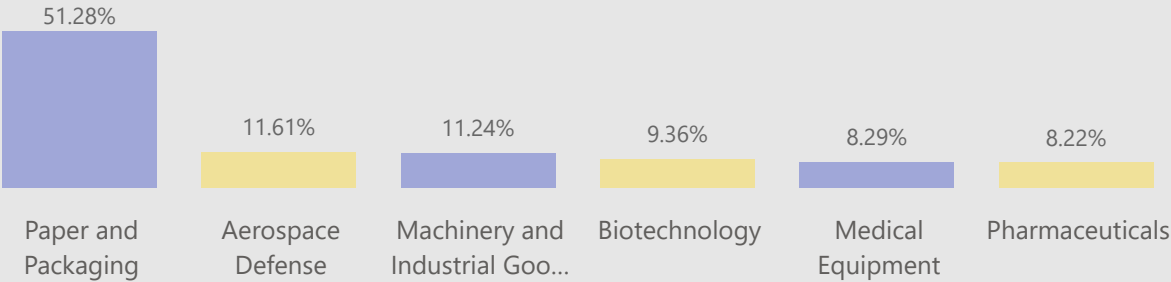
Market Opportunity

The Paper and Packaging segment provides 51.28% of all revenues and aggregates more costumers (12,785), but it has the lowest profit margin of all segments (50.03%), suggesting high production costs on its highest selling products. Along with the previous analysis, this discrepancy suggests that a new strategy can be developed, focused on increasing investment and increasing market share on the segments with higher profit margins.

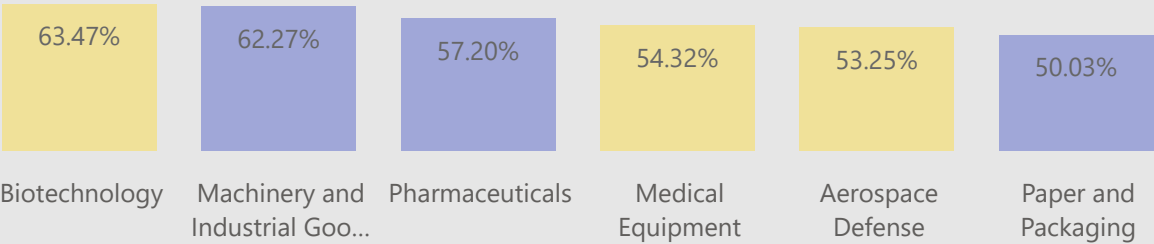
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Aerospace Defense	Machinery and Industrial Goods	Paper and Packaging
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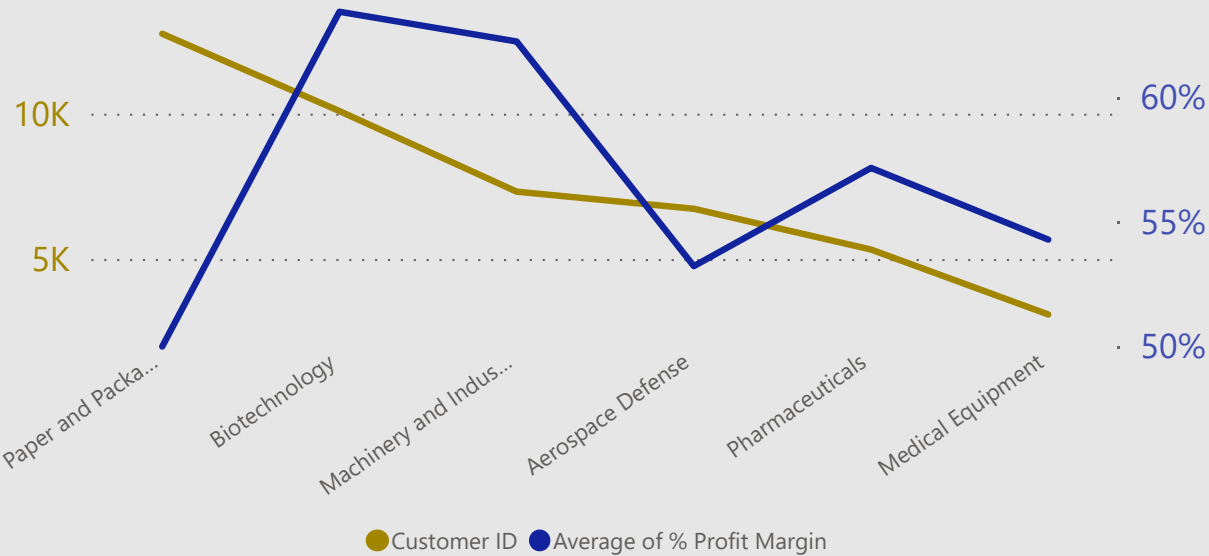
Total Revenue per Industry Segment



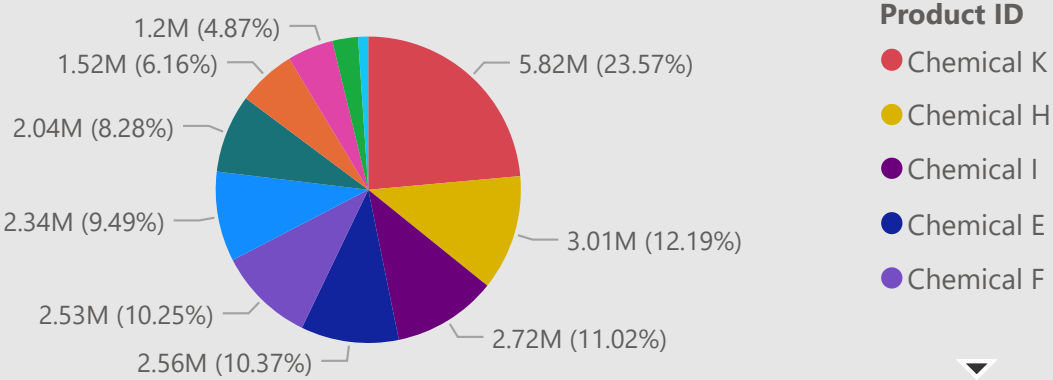
Average % Profit Margin per Business Type



Average Profit Margin % (Right Side) vs Number of Costumers (Left Side) per Business Segment



Profit per Product

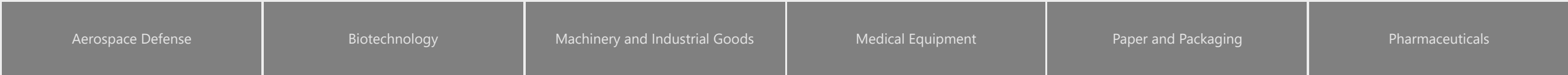


Investment & Divestment

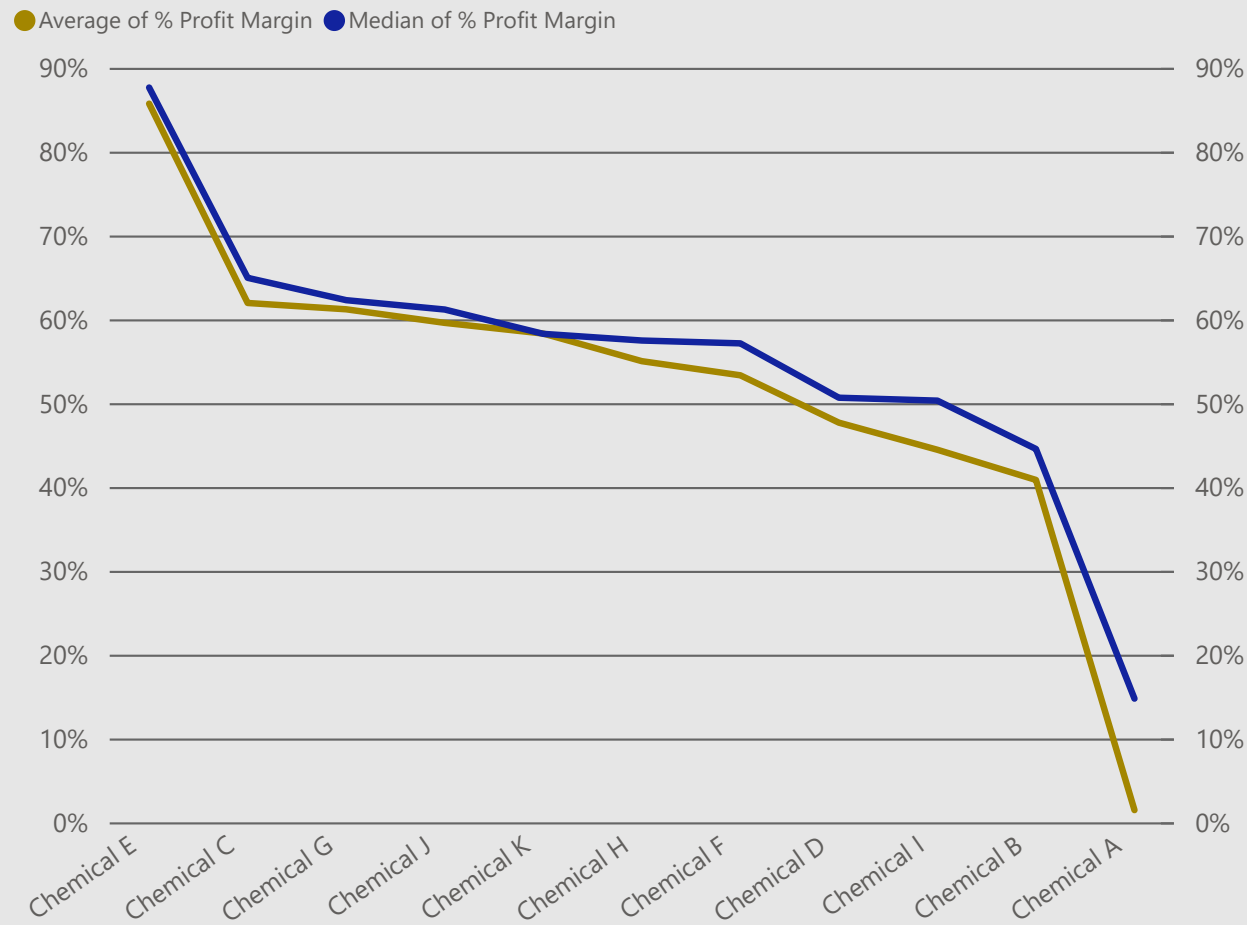
Source: 1564687817\_ChemCorp\_Sales\_Data\_Jan15\_Dec15

Chemical A has the lowest profit margin (avg. 1.59%) and the lowest percentage of customers overall (0.88%). Regarding industries, the Paper and Packaging segment has the lowest profit margin (50.03%). Along with the previous analysis, this suggests that in order to improve profitability and increase market share, ChemCorp should develop a new strategy driven by profit margin, and in doing so, dropping segments and products with low profit margins such as chemical A and the Paper and Packaging segment.

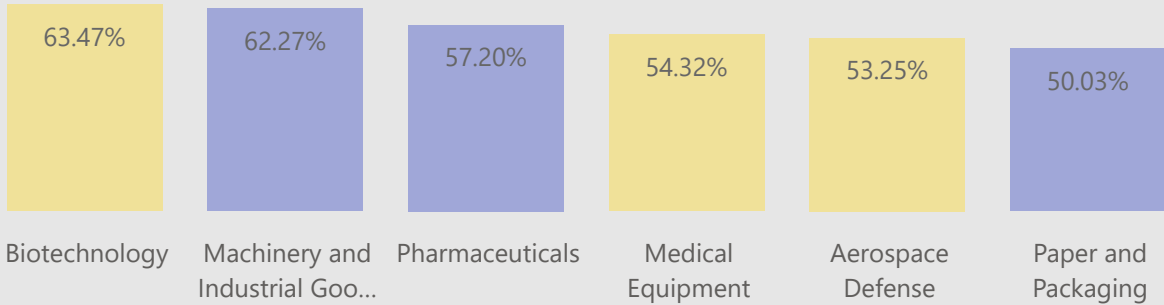
Choose a Industry Segment



Average & Median Profit Margin % of Each Product



Average % Profit Margin per Business Type



% of Costumers that Bought Each Specific Chemical

