**Hurley Sales Analysis – Project One – Written Summary Analysis**

**Group 5**

**What Is our most popular category?**

* We analyzed this by creating two pie charts representing the past two years of data.
  + Our first pie chart represents 2016 and shows that the top five categories are:
    1. T-Shirts (47%)
    2. Boardshorts
    3. Walkshorts
    4. Wovens
    5. Hats
  + This shows that most of the units sold within all the categories in 2016 are from T-shirts and Boardshorts.
  + Our second pie chart represents 2017 and shows that the top five categories are:
    1. T-Shirts (51%)
    2. Walkshorts
    3. Boardshorts
    4. Tank Tops
    5. Hats
  + This year compared to last resulted in a growth in the sales of T-shirts and Walkshorts. Walkshorts beat Boardshorts by 1% which is a very small margin.
* Our hypothesis for this question proved to be correct since both T-shirts and Boardshorts were the top categories in 2016 but in 2017 board shorts dropped to the 3rd top category.

**What Category has the Highest Margin Dollars and Rate?**

* Since we predicted that T-shirts and Boardshorts were our top category we assumed they would also have the highest margin rate within all categories. For this question, we produced a bar graph and analyzed the categories that have the highest margin. To determine the numbers for the categories, we took the average of all gross margin rates for one category.
* To our surprise, only several of our top categories from the pie chart had the highest margin rate. Hats which was our 5th top category ended having the highest gross margin rate. This proved that Hurley rarely pushed any promos on their hats. With their high MSRP (retail price) and low cost, Hurley has made the most profit from their hat sales even when they have not sold as many as the T-shirts.
* In 2017, Hats dropped to the 3rd highest margin rate. and t-shirts jumped to number one.
* Since T-shirts ranged within the top 1st and 2nd category from both years, they have proved our hypotheses correct. However, Boardshorts did not make the top 5 categories with the highest margin rate in both 2016 and 2017 proving that part of our hypotheses incorrect.
* Although they have sold many units, it seems that there have been too many promos on boardshorts or too many markdowns leading to a lower margin rate compared to other categories.
* We also analyzed that although wetsuits, swimwear, and tank tops were not in the top categories, they were all sold at or close to full price allowing for its margin to increase.

**Should we reduce the number of promos within certain categories to improve the Gross Margin Rate?**

* When analyzing our top categories, the Gross Margin rate was lower in 2016 for T-Shirts than it was in 2017 but the gap between them was not too big. The gap between the quantity sold was fairly big proving that they offered more promos in 2017 whereas in 2016 they didn’t since the gross margin rate was fairly high for the number of units sold.
* Boardshorts had a very similar gross margin percent for both years. Although It was not very high, it wasn’t a lower performing category. In comparison to the units sold, the same for t-shirts applied for boardshorts. It seems that in general for both years, they pushed promos reducing the gross margin rate but the number of units sold in 2017 surpassed 2016 by several thousand units.
* As for our lowest performing category. You are able to see the lowest gross margin rate is for Swimwear in 2016 but many units were sold. This shows that they lost profit in this year and you can see the turn in gross margin rate and units sold in 2017 once Hurley realized how markdowns and promos affected them the year prior.

**Which Warehouse has the Highest Performance in Gross Margin Dollars ($)?**

* Davenport has the highest gross margin rate and dollars in 2016 out of all warehouses. However, in 2017 their numbers dropped. According to other variables such as weather, Hurricane Urma affected sales in our Florida doors in 2017 due to lack of traffic and sales. In order to rebuild their sales and improve their gross margin, they initiated more promos and sales decreasing their gross margin rate in 2017.
* In addition, Fullerton has fairly high and comparable gross margin rates but one of the lowest in terms of gross margin dollars. Seems that they have not sold many products or made much profit but have a better rate in comparison to other warehouses.
* Some of the lowest performing stores in both years differed. Where one store exceled in 2016, they did not in 2017 and likewise.
* We predicted that Bakersfield would not be a high performing store and would have to push a lot of promos because their demographic doesn’t apply to the brand. However, we were proved that although they were not in the highest performing stores in either year, they were also not in the lower performing stores.
* This proved that even if the region isn’t by an ocean or lake, they can still excel within their sells if branded or operated properly.

**Which Division is the Highest Performing? What factors led to this and should Hurley improve or cut their lower performing division?**

* Mens is the division that is the highest performing over the span of 3 years (increasing steadily).
* In 2016, the sales took a jump upwards due to the introduction of a Summer Olympic line that is mostly male dominated.
* Since Womens did not have much selection and was a low performing category, Hurley played with the idea of cutting the line. However, they introduced a new designer in 2017 relaunching their Womens line in 2018 (data not included since it is not complete).
* Our hypotheses was incorrect. We assumed that since females like to shop, they would be the highest performing division but since there are other variables at play, we were proven that the Mens division is the winner.