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Sales Performance Analysis

Particularly in the bike category

Combined Product vs Bicycle

Combined Product Category	Bicycle-Category
• AOV: 33 • Cost: 53,016,986 • Order Quantity: 1,345,316 • Profit: 32,221,100 • Revenue: 85,271,008 • Unit Sold: 1,345,316 • Total Profit: 32,221,100	• AOV: 1,697 • Cost: 41,262,858 • Order Quantity: 36,411 • Profit: 20,519,276 • Revenue: 61,782,134 • Unit Sold: 36,411 • Total Profit: 20,519,276

The KPI chart highlights a notable contrast between the combined product category and the bicycle category. The bicycle category has an Average Order Value (AOV) of $1,697, which is 51 times higher than the AOV for the combined product category.

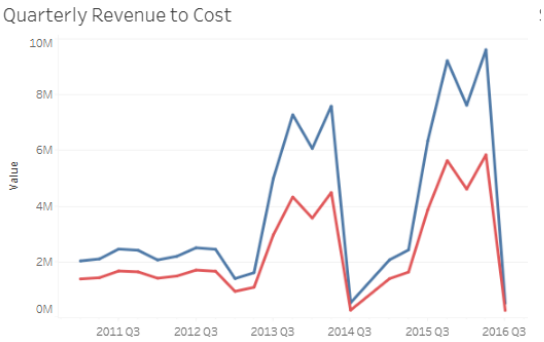
This disparity results in a significant difference in order quantities, with the combined product category reaching 1.3 million orders compared to only 36,000 orders for bicycles.

Despite this AOV and order quantity gap, the profit difference is not as pronounced. The high AOV allows the bicycle category to generate substantial profits without needing a high volume of orders; it earned $20 million, approaching the Pareto profit threshold, compared to $32 million earned by the combined product category.

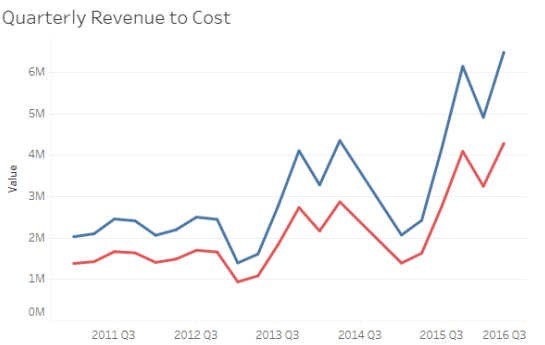
In terms of costs, the total for the combined product category is $53 million, while the bicycle category's costs are $41 million, indicating a high production cost of approximately $1,139 per bicycle unit.

Revenue patterns reflect a similar contrast, with the combined product category generating $85 million in revenue compared to $61 million for the bicycle category. Although there is a $24 million difference, the average sale price per bicycle unit remains significant at around $1,694.

Revenue to Cost of Bicycle Category



Combined Product Category



Normal Bicycle Category

The first chart illustrates significant fluctuations in revenue and costs. This volatility is marked by sharp drops in both metrics, especially around Q1 2014 and Q3 2016. In contrast, the second chart reveals a more stable trajectory for bicycles. This chart is characterized by fewer dramatic shifts and no significant drops to zero, suggesting more resilient performance with minimal disruptions.

Profitability is evident in both charts, as revenue consistently exceeds costs. However, the second chart shows a wider gap between revenue and costs, particularly after Q3 2015, indicating improved profit margins and effective cost management in the bicycle segment.

Additionally, the cost patterns diverge; the first chart shows costs that fluctuate alongside revenue peaks, suggesting a reactive approach to market demands. In contrast, the second chart indicates a more controlled rise in costs for bicycles, particularly from 2015 onward.

Product and Target Consumer

The product line with the best sales record is road bikes. From 2011 to 2012, road bikes dominated bicycle sales. After the launch of touring bikes, road bikes continued to be the highest-selling type of bicycle each consecutive year.

In terms of consumers, the buyers of these bicycles are adults aged 35 to 64. This demographic constitutes the largest consumer base, accounting for over 50% of total sales.

Recommendations

The total profit from the bicycle category is 20 million USD; therefore, the Pareto value for the bicycle category is approximately 16 million USD. This value can be achieved solely through combined sales from 7 cities across 3 continents. These cities are California, Washington, England, British Columbia, New South Wales, and Queensland.

To enhance sales and profitability in the bicycle category, the board should focus on implementing localized promotions and community engagement initiatives in the high-performing regions above.

By optimizing the road bike segment, which has consistently dominated sales, the company can develop its product line to cater to the preferences of adults aged 35 to 64.

Through regular monitoring of KPIs and gathering customer feedback. The company can maintain a competitive edge in the growing bicycle market.