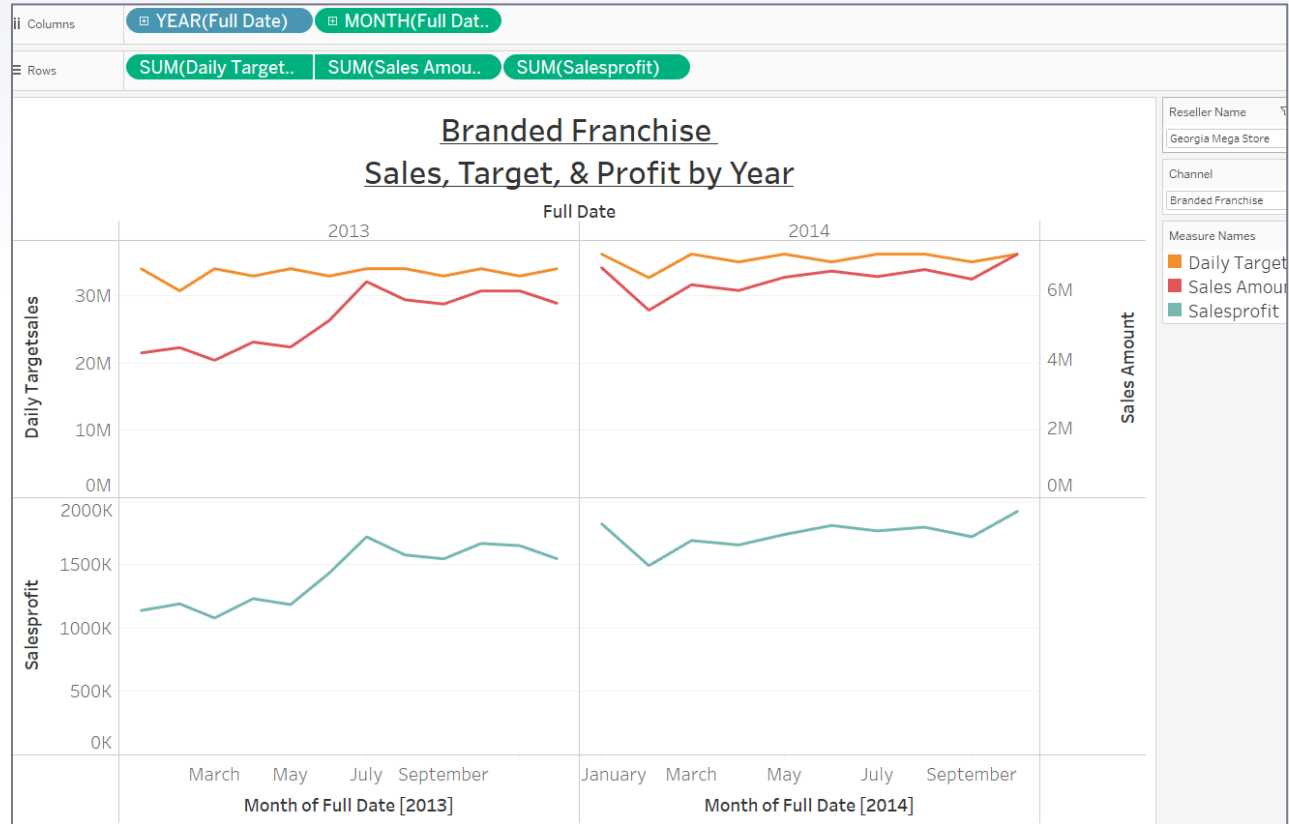# Business Question Analysis
&
Recommendations

Reseller - Branded Franchise

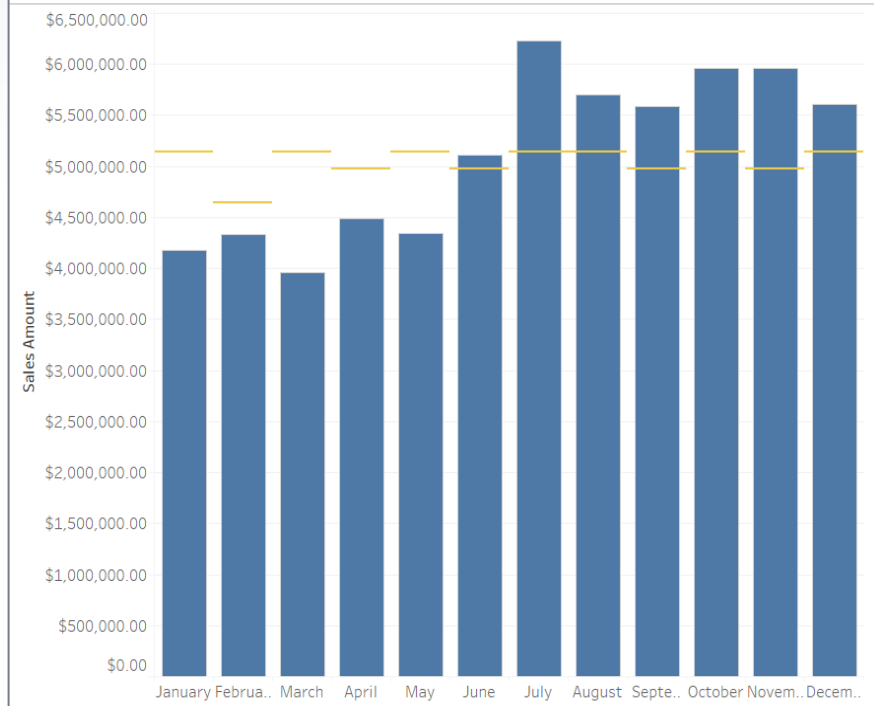Group 5 - Yonas , Josh , Oindrila , Purba

Q1a.

How has the resellers performed against target in 2013 and so far in 2014? Do you expect them to meet the target in 2014 by the end of the year?

Q1a.

How has the resellers performed against target in 2013 and so far in 2014? Do you expect them to meet the target in 2014 by the end of the year?

Mississippi Distributors 2013

Sales Amount vs Target by Month

➢ **Sales Target** : $400,000,000
➢ **Actual Sales** – $410,915,215

➢ **This implies , the overall sales target for the year 2013 were met.**

Q1a. How has the resellers performed against target in 2013 and so far in 2014? Do you expect them to meet the target in 2014 by the end of the year?

Mississippi Distributors 2014

Sales Amount vs Target by Month

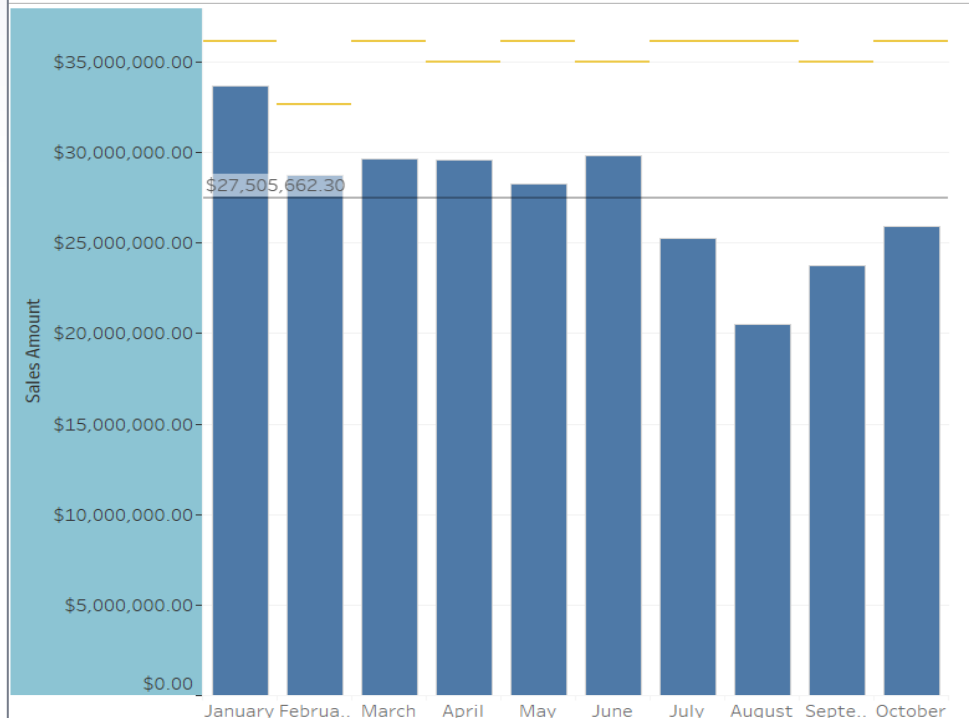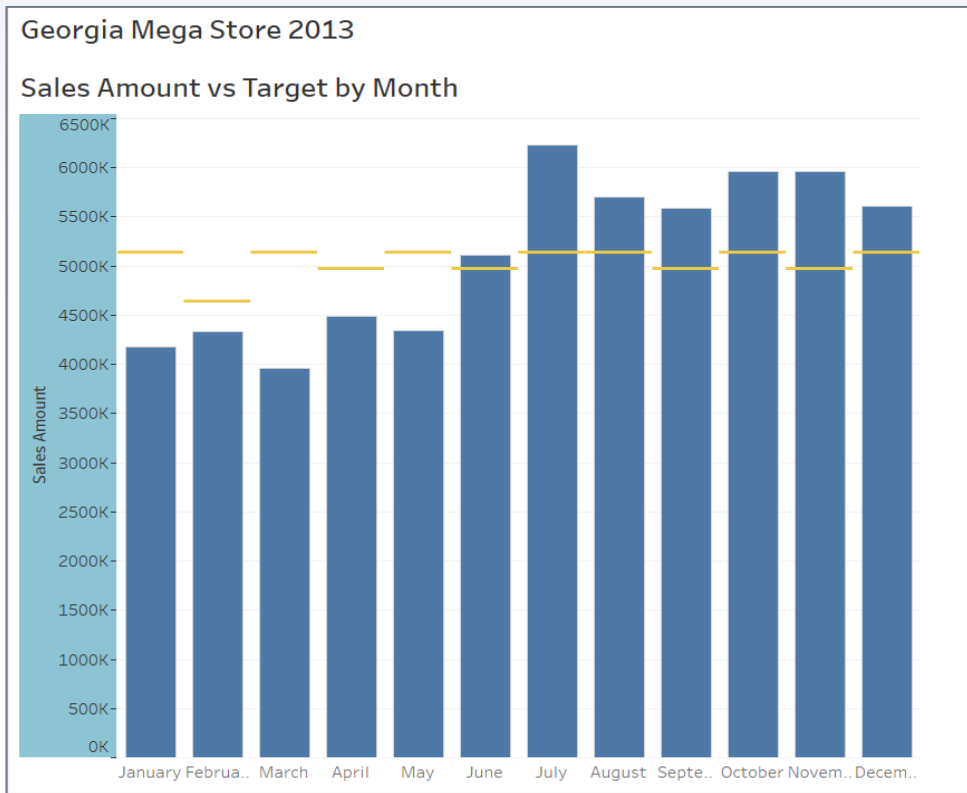- ➢ **Sales Target** – $425,500,000
- ➢ **Actual Sales till October** – $275,056,623
- ➢ **Remaining Sales Amount target** – $150,443,377
- ➢ **Average sales(monthly)** – $27,505,662

- ➢ **Thus Mississippi Distributors wouldn't be able to meet it's 2014 target.**

How has the resellers performed against target in 2013 and so far in 2014? Do you expect them to meet the target in 2014 by the end of the year?

Georgia Mega Store 2013
Sales Amount vs Target by Month

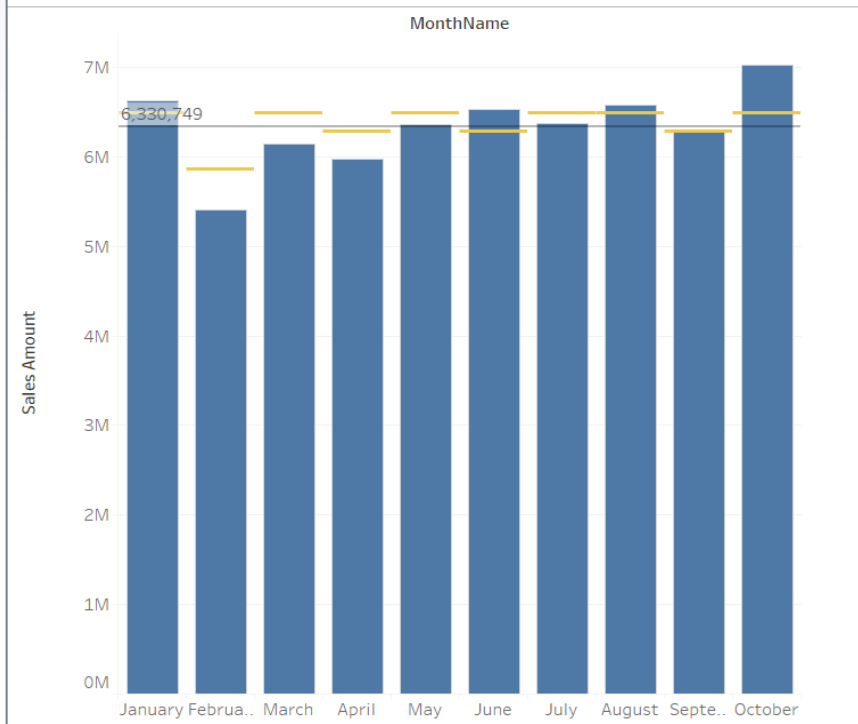- **Sales Target** : $60,500,000
- **Actual Sales –** $61,433,024

- **This implies the overall sales target for the year 2013 were met.**

Q1a.

How has the resellers performed against target in 2013 and so far in 2014? Do you expect them to meet the target in 2014 by the end of the year?
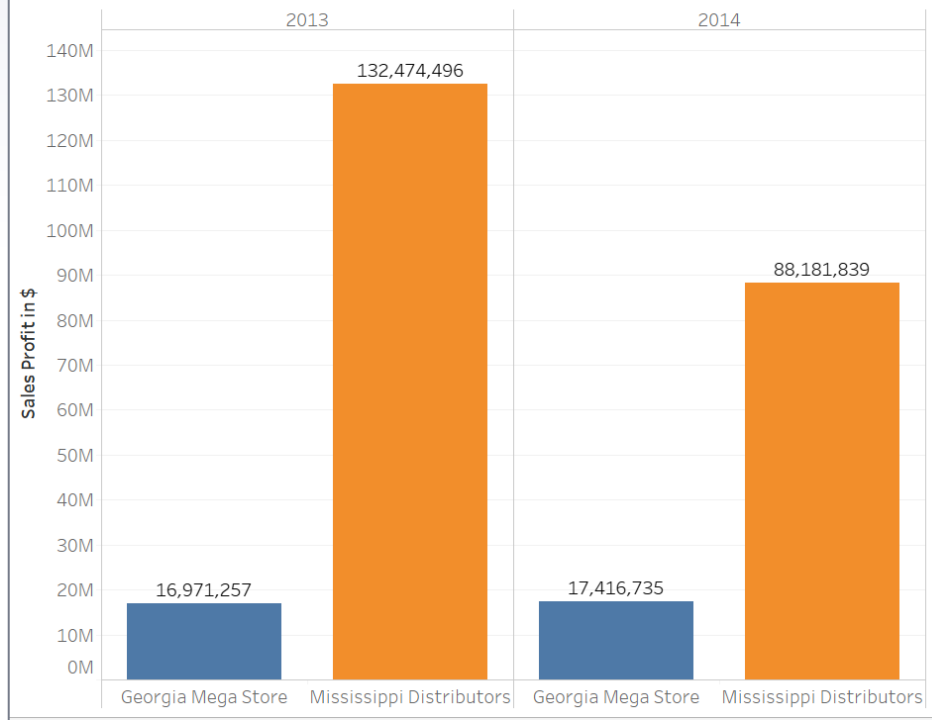

Georgia Mega Store 2014

Sales Amount vs Target by Month

- ➢ **Sales Target :** $76,500,000
- ➢ **Actual Sales** - $61,433,024 till October
- ➢ **Target Sales Amount left –** $15,066,976
- ➢ **Average Sales Amount –** $6,330,749 through October

- ➢ **Assumption 1 :** So , the remaining 2 months , if the store get to their average sales , then $12,661,498 which is slightly less than the Target Sales Amount which is left.
- ➢ **Assumption 2:** Since Georgia Mega Store in the year 2013 and particularly for the months of october , november , december did met their target amount.

- ➢ **Then with this assumption , the overall sales target for the year 2014 will be met.**

Q1b. Compare the profitability trend of the resellers. Should they be used more or less in the future?


Reseller's Profitabiliy Trends

➤ **Mississippi Distributors** : They have a dip in their profits compared to 2013 .

➤ **Georgia Mega Store** : They have seen an increase in profit from 2013 to 2014 . They have incurred more profit in 10 months of 2014 than they did throughout the year of 2013.

➤ **However , Mississippi Distributors must be used more in future because their profits are much higher than Georgia Mega Store for both the year.**

Q1c. Recommend a marketing strategy for the resellers, which products/product type/ product category should be featured? What should be done in the next year to maximize this reseller's profits?

Sales Profit by Product Category
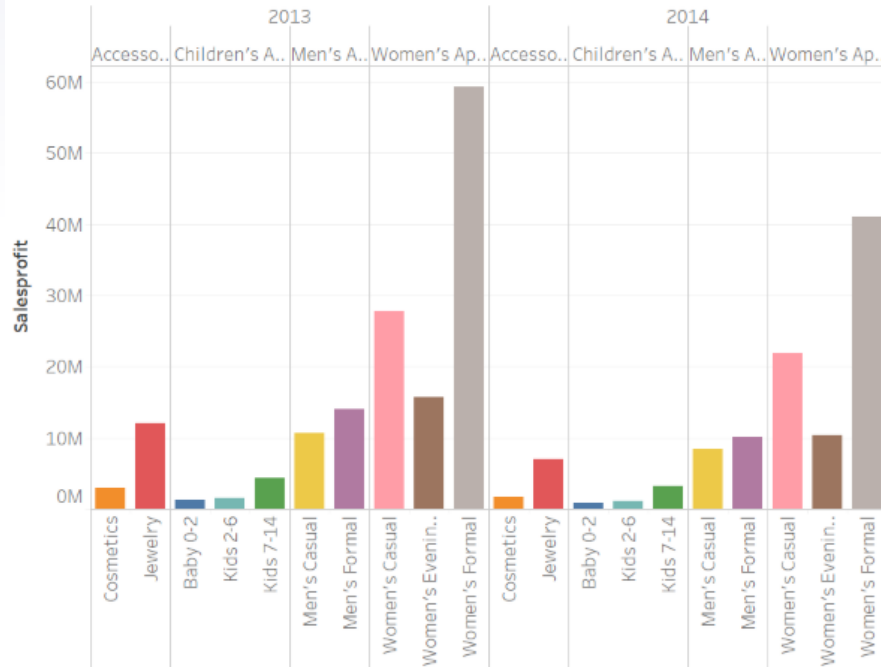
- Women's apparel had the highest profits in both 2013 and 2014 although there was a dip from 2013 to 2014
- The biggest drops in profits 2013 to 2014 came from the strapless dress and dress
  - Recommend shifting marketing dollars to women's formal to try and bring back profits for 2015

Q1c.

Recommend a marketing strategy for the resellers, which products/product type/ product category should be featured? What should be done in the next year to maximize this reseller's profits?

Sales Profit by Product Category
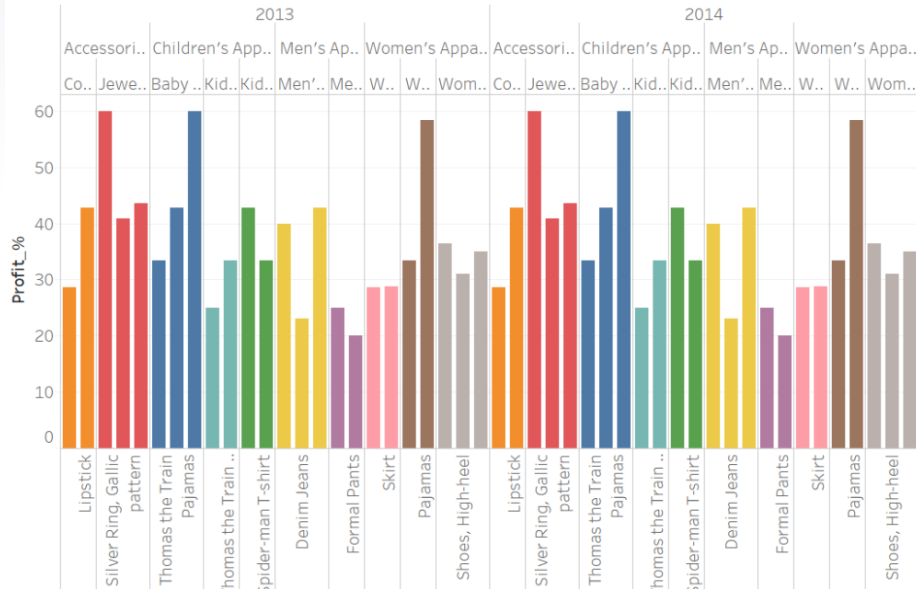
- ▸ The accessories category had a large profit margin, specifically the Amyheast necklace
- ▸ Pajamas, both in children's and women's, also had very high profit margins
  - ▸ More marketing dollars in these high profit margin items

Q2: Bonus Allocation to Resellers

Basis of recommendation:

1. How well the resellers are meeting their sales targets
2. How well they are selling Product Categories of Men's Apparel and Children's Apparel compared to the two Department Store resellers

Bonus Split
1. 75 % of Bonus Allocated based on Criteria 1
2. 25% of Bonus Allocated based on Criteria 2

Q2: Bonus allocation for 2013

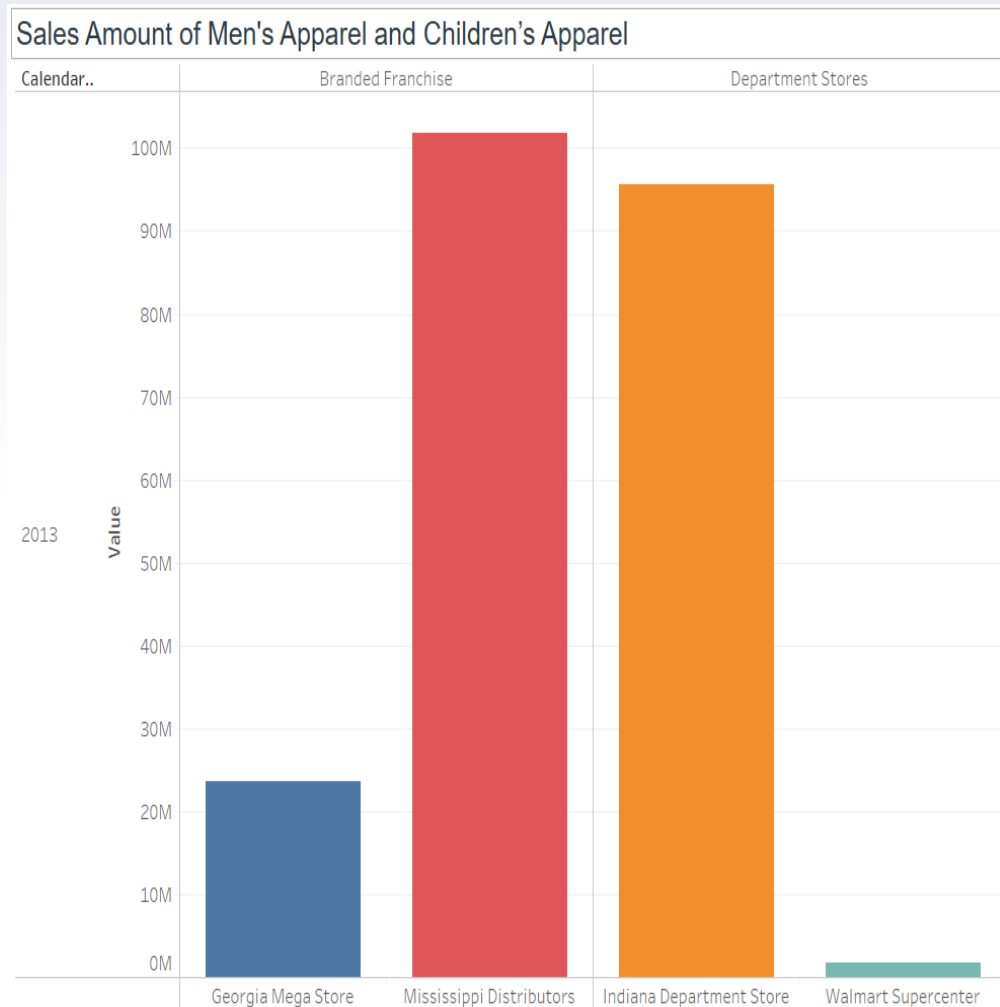▸ Total Bonus to be given : **$100,000**

Sales Target for 2013

▸ Targets met by : Georgia Mega Store, Mississippi Distributors, and Indiana Department Store
▸ 75% of the the total bonus to be allocated to these 3 resellers, i.e. $75,000
▸ **Georgia Mega Store: $24,315 from Sales target**
▸ **Mississippi Distributors: $42,631 from Sales target**
▸ (Remaining bonus: Indiana Department Store:8052.6$)
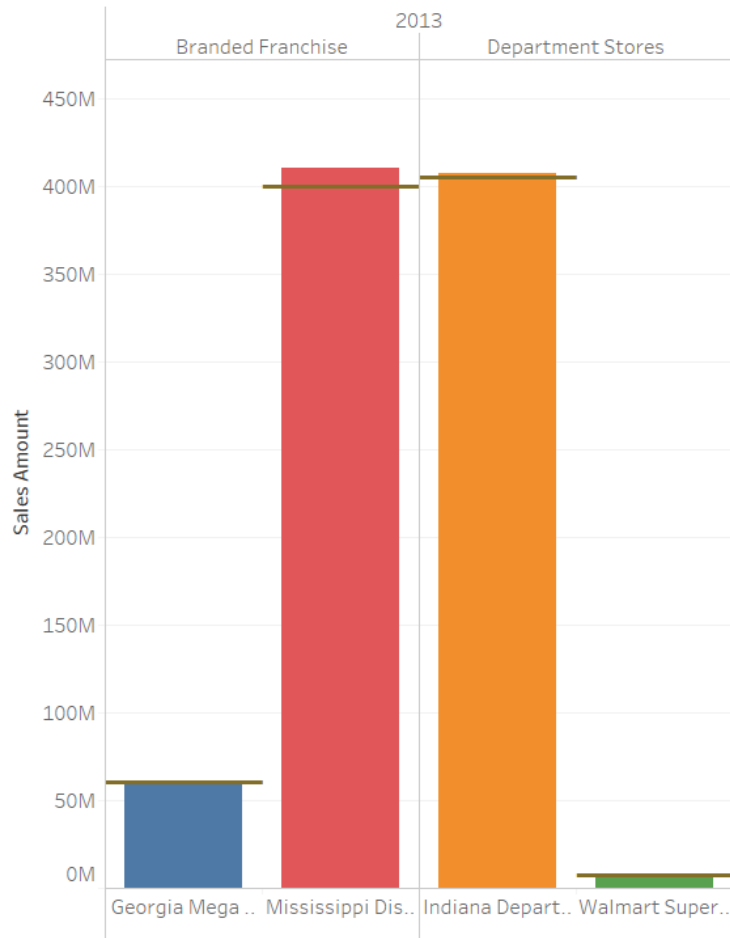
Q2: Sales Amount: 2013

- $25,000 allocated to these 4 resellers.
- Georgia Mega Store attributes to 10.58% of the total sales of Men's and Children's apparel.
- Mississippi Distributors attributes to 45.69% of sales.
- **Georgia Mega Store: $2,646 from Sales Amount**
- **Mississippi Distributors: $114,23 from Sales Amount**

Sales Amount of Men's Apparel and Children's Apparel

Q2: Total bonus Allocation for Branded Franchise for **2013**:

- Georgia Mega Store: **$26,961**
- Mississippi Distributors: **$54,054**

Q2: Bonus allocation for 2014

- Total Bonus to be given : **$200,000**
- 75% of Bonus allocated on the basis of Sales Target, i.e. **$150,000**
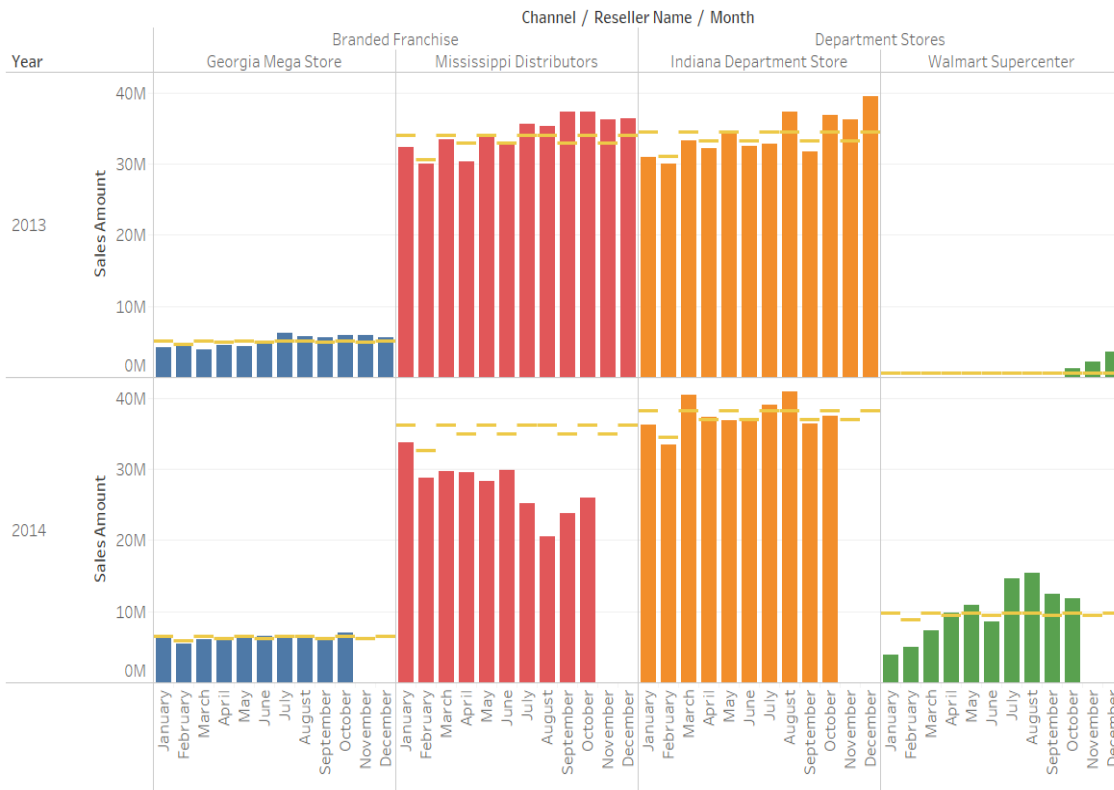- 25% of Bonus allocated on the basis of Sales Amount, i.e. **$50,000**

Steps:

- Analysing the trends to check which reseller might achieve the target
- Analysing the gap between the actual amount and the target to allocate the bonus to the resellers.
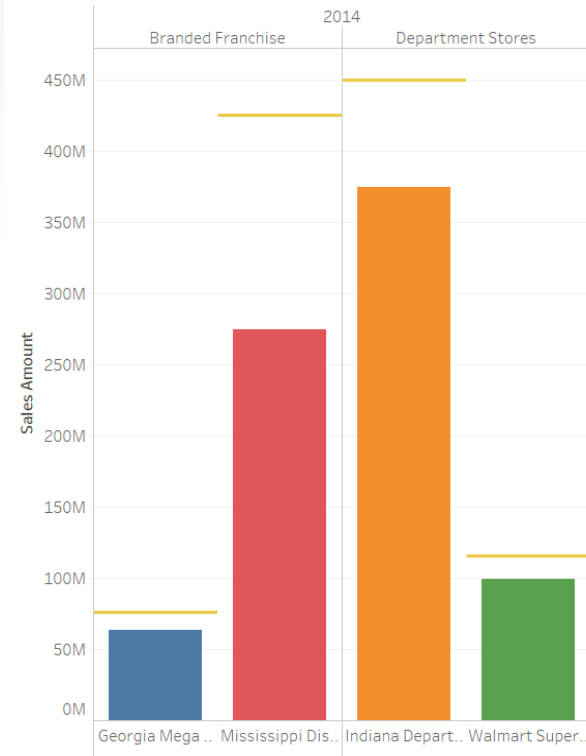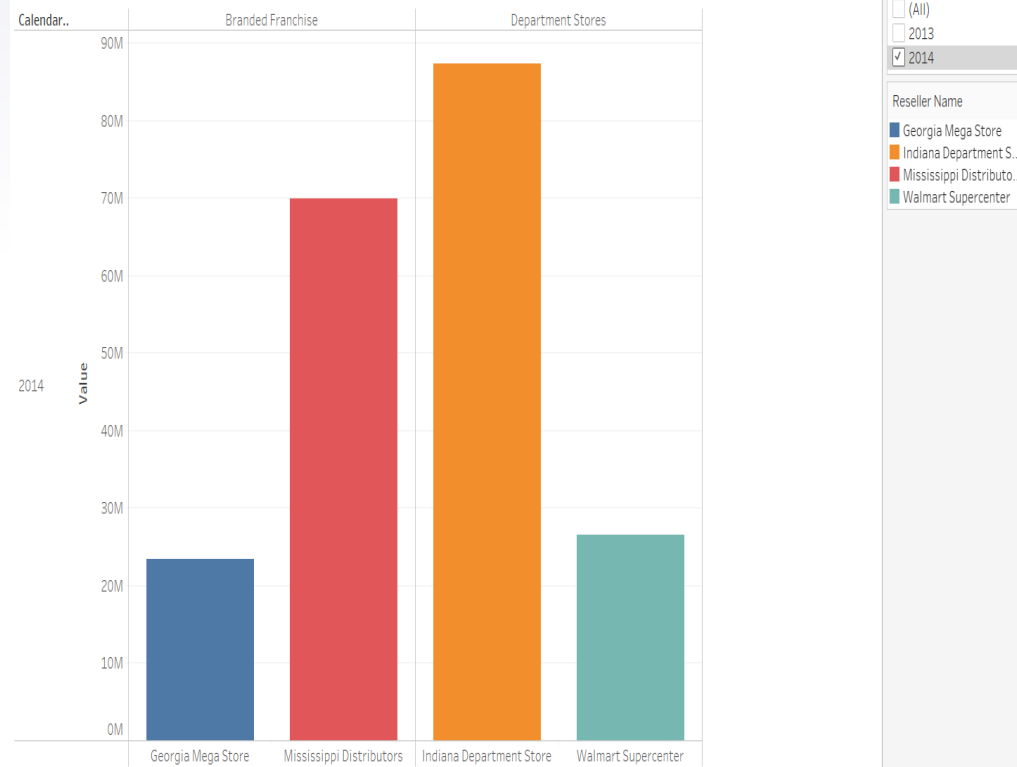
Q2: Sales Target : 2014

Q2: Sales Target : 2014

- We see that Georgia Mega Store, Indiana Department Store, Walmart Supercenter are most likely to achieve their target by the end of 2014.
- By analysing the gaps, we see that Georgia Mega Store has the maximum gap between target and actual sale compared to the 2 resellers.
- Hence, **Georgia Mega Store gets : $45,000 from Sales target**

Q2: Sales Amount: 2014

- 50,000$ allocated to these 4 resellers.
- Georgia Mega Store attributes to 12.79% of the total sales of Men's and Children's apparel.
- Mississippi Distributors attributes to 38.14% of sales.
- **Georgia Mega Store: $6,395 from Sales Amount**
- **Mississippi Distributors: $19,070 from Sales Amount**

Q2: Total bonus Allocation for Branded Franchise for **2014**:

- Georgia Mega Store: **$ 51,395**
- Mississippi Distributors: **$ 19,070**

Calculations (for reference)

- **By Sales Target**
  - **2013**
    - Normalise the target and sales gap : NormGap=(Sales Amount- Sales Target)/ Sales Target
    - Calculate the weights and allocate bonus to each reseller=

      NormGap$_{Reseller1}$/ (sum of NormGap of each reseller)* $75,000
  - **2014**
    - Normalise the target and sales gap : NormGap=(Sales Target-Sales Amount)/ Sales Target
    - Calculate the weights and allocate maximum bonus to the reseller with the minimum gap.
- **By Sales Amount**
  - Calculate the contribution of each reseller towards the total sale for Men's and children's apparel.

Q3. Assess product sales by day of the week for the Branded Franchises. What can we learn about sales trends?

Sales Quanity by Day of Week

Sunday: 5,211,917
Monday: 5,268,960
Tuesday: 5,271,181
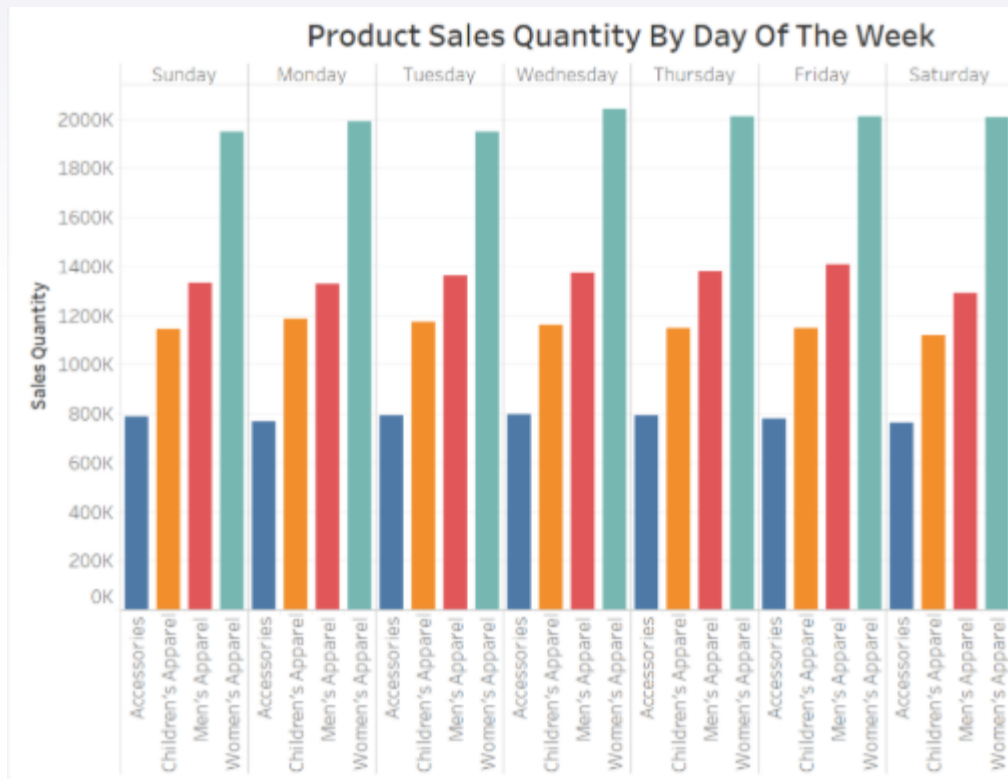Wednesday: 5,368,959
Thursday: 5,329,998
Friday: 5,349,030
Saturday: 5,178,256

▸ Decrease in sales over the weekend

▸ Sales picks up slightly in the middle of the week from Wednesday– Friday

Q3. Assess product sales by day of the week for the Branded Franchises. What can we learn about sales trends?

Product Sales Quantity By Day Of The Week

- ▸ Sales quantity by product type remains relatively consistent across different over different days of the week
- ▸ Slight increase in women's apparel midweek sales
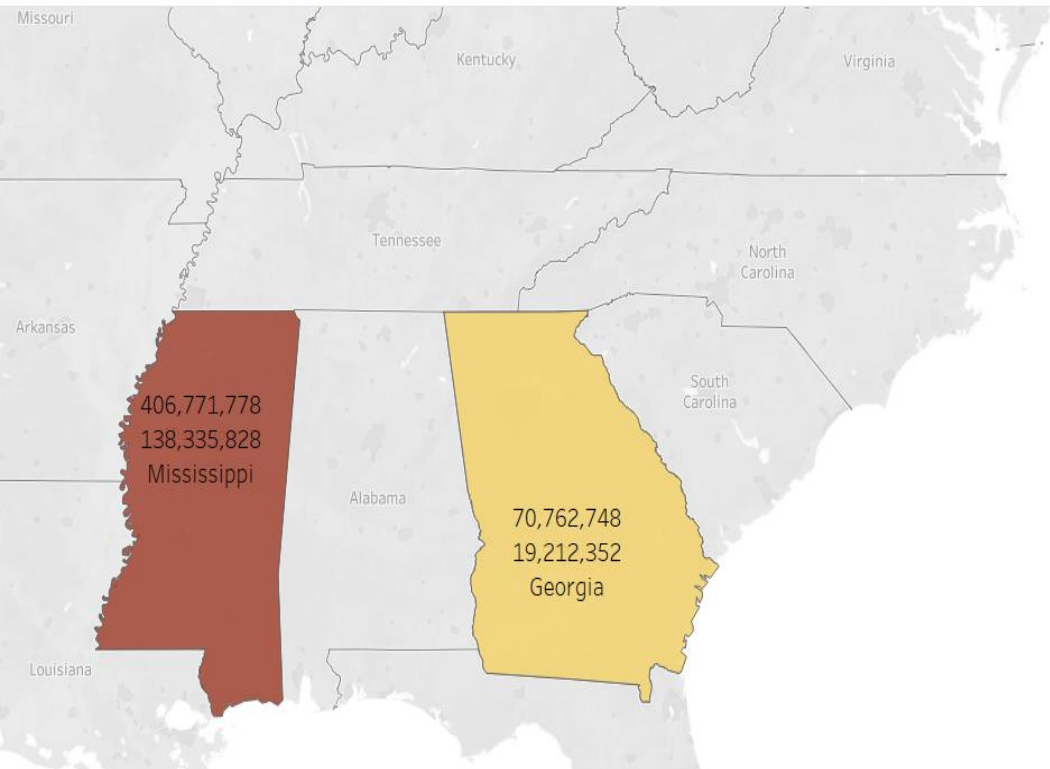- ▸ Friday had the highest profits of any day because of slight uptick in the sales of men's apparel

Resellers Performance by Location
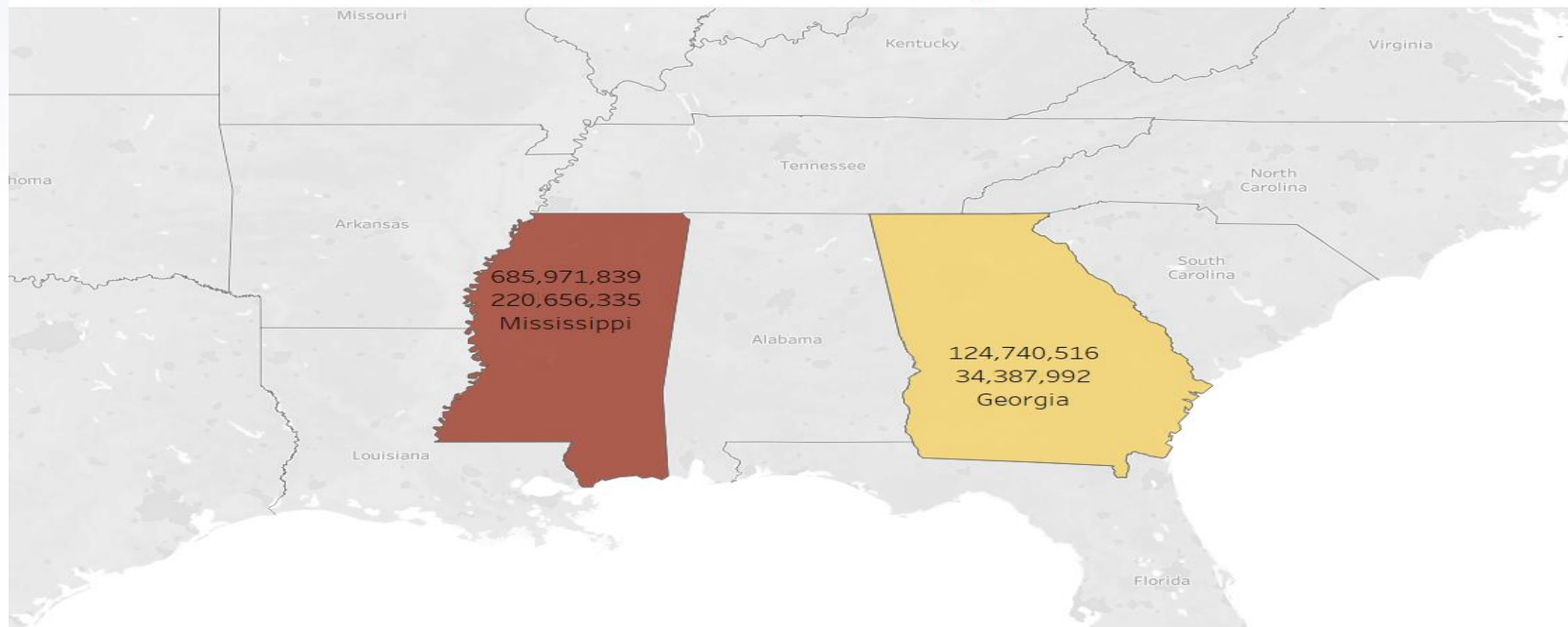
Q4: Resellers Performance by Location by Product Category
Jan – Oct

Resellers Performance by Location

Calendar Year
(All)

Productcategory1
Children's Apparel

Month Name
(Multiple values)

Channel
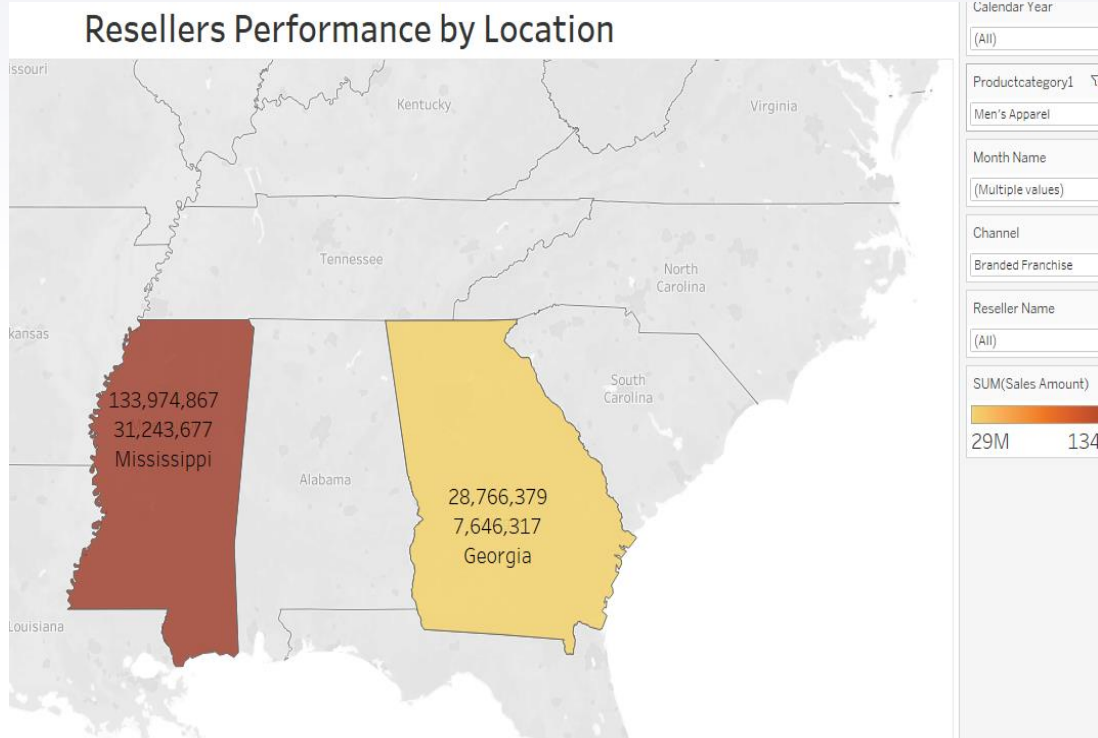Branded Franchise

Reseller Name
(All)

SUM(Sales Amou...

14M

20,064,522
6,439,865
Mississippi

13,646,662
4,331,715
Georgia
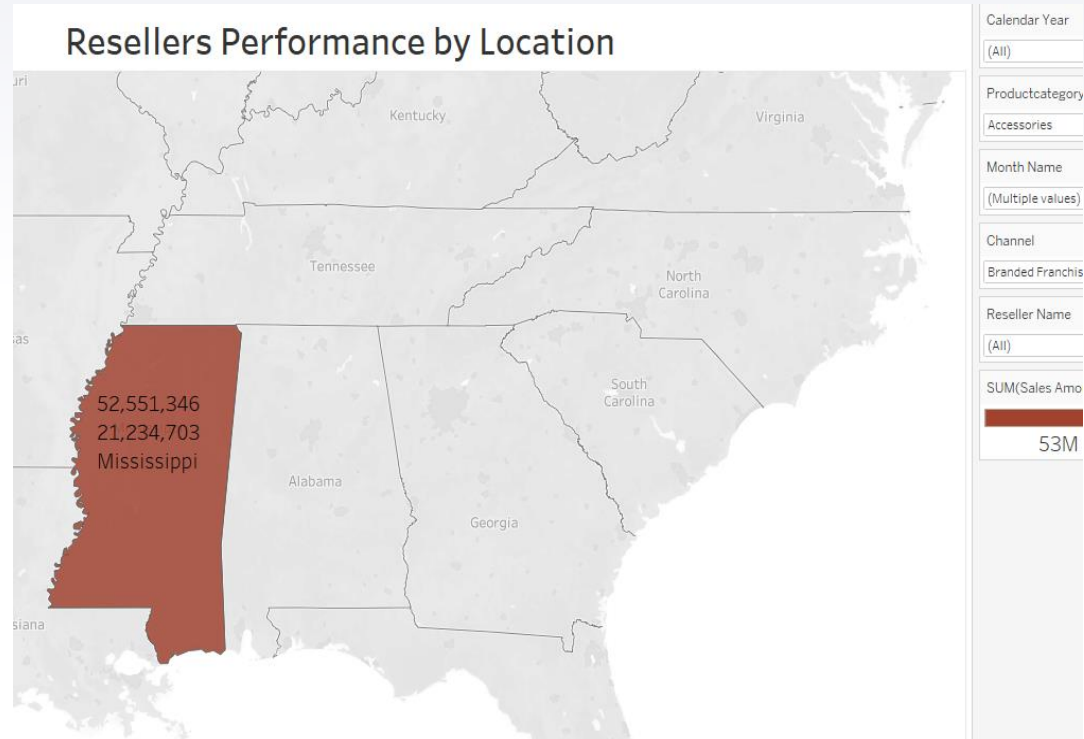
<u>Mississippi</u>
Children's Apparel
  - Sales ↓ by (22%)

<u>Georgia</u>
Children's Apparel
  - Sales ↑ by 236%

2013 - 2,103,687
 2014 - 7,071, 987

Performance Comparison

Mississippi is Performing Better

- Accessories

Georgia is Performing Better

- Women's Apparel
- Men's Apparel
- Children's Apparel

Thank you!