

BDM Capstone Project

How will the temporary shutdown of shawarma production at Avocado Juice Bar affect their business.

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Data



Product Details

Code	Product	Type	Price
ORE	Oreo	Shake	50
DF	Dark Fantasy	Shake	60
SHM	Shamam	Shake	60
CHO	Chickoo	Shake	60
CRT	Carrot	Shake	60



Cost Details

Item	Type	Day 1	Day 2	Day 3
Milk & Curd	Diary	365	390	
Sunflower Oil	Oil	1520	1520	
Letchus	Vegitables	2310	0	
Carrot	Venitables	858	0	



1_11

Beef	Chicken	Full-meat	Plate		No of item1	Item1	No of item2	Item2	No of item3	Item3	No of item4
1	1			-	2	BDM ▾	1	CRT ▾	2	DF ▾	
	1			-		▾		▾		▾	
2	3			-				▾		▾	
				-	2	ORE ▾		▾		▾	



Product Details



Cost Details



November



1_11

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30_11



December



1_12

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31_12



January



1_1

.



31_1



February



1_2

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28_2

Profit from shawarma

- **Low returns when compared to Juice**

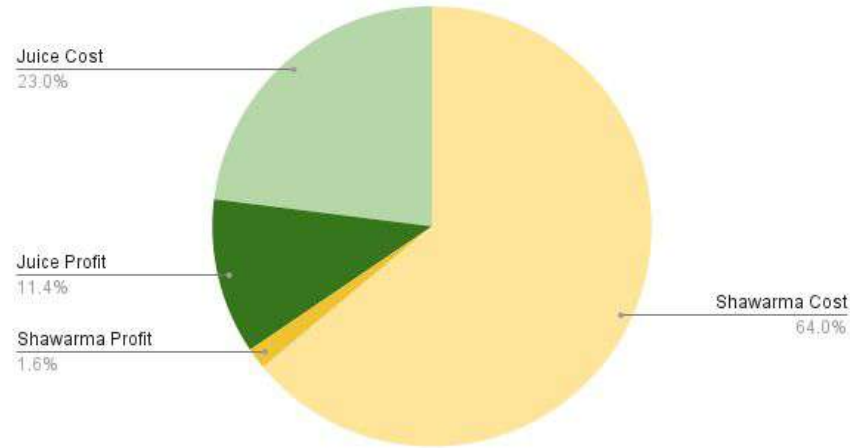
Profit from shawarma is around ₹500, when the cost of production is around ₹20,500. Where as it is ₹3500 from ₹ 7400 in juice. (Daily)

- **Cost of shawarma production.**

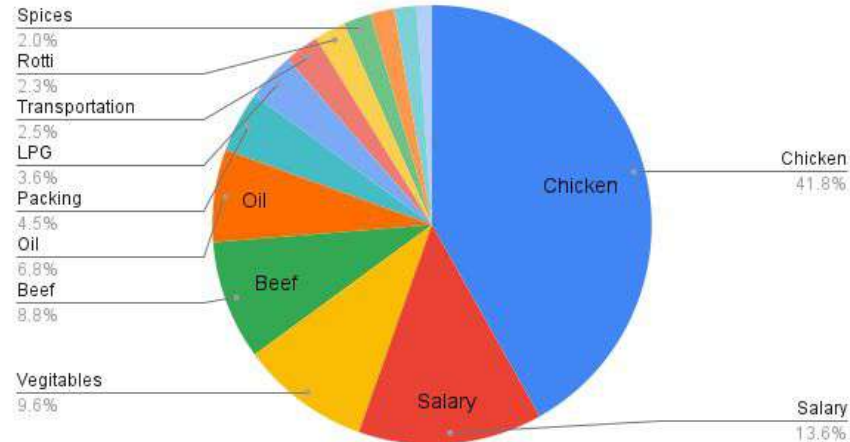
- **Variable cost** - Chicken, Beef, Vegetables ,oil, LPG ...
- **Fixed cost** - Salary (3), Transportation, Rent (2).

- **The low margin and concentration of variable costs makes it vulnerable.**

Daily Revenue Distribution



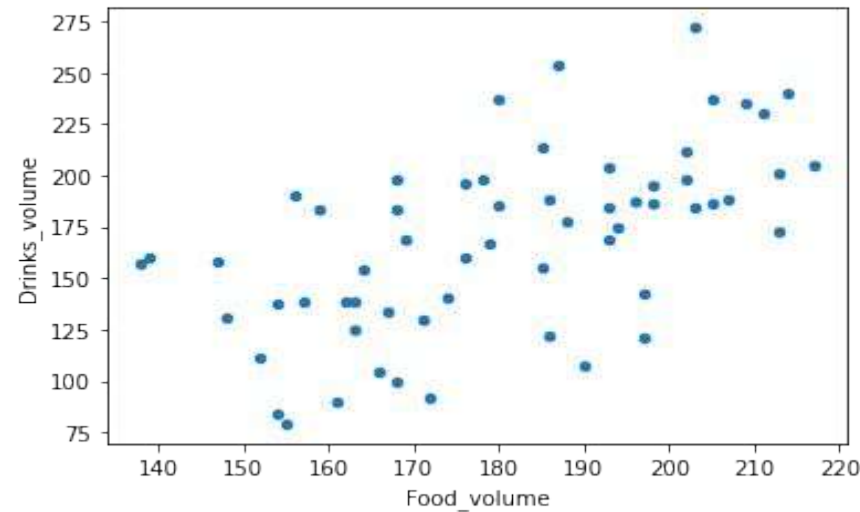
Cost distribution of shawarma



Influence of shawarma on Juice sales

Correlation

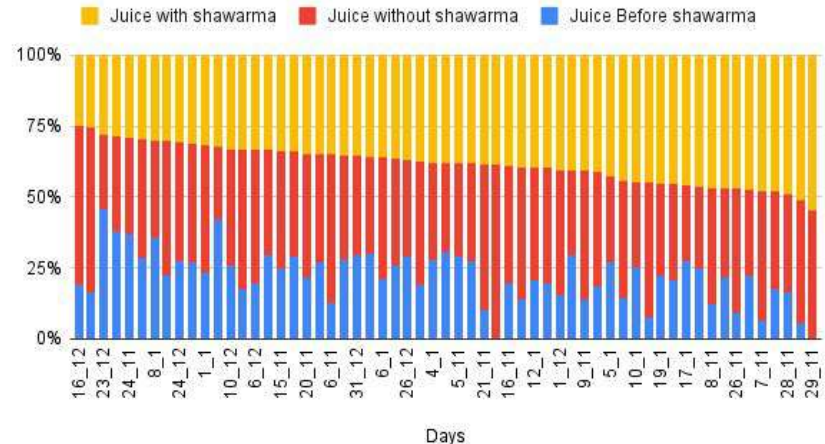
- Is there more juice sales when more shawarma is sold ?
- The correlation is only moderate (0.5)



Customer Behaviour

- How many customers prefer a shawarma and juice together? (*among the juice buyers*)
- On an average 38% customers have a habit of buying shawarma and juice together.

Customer Behaviour



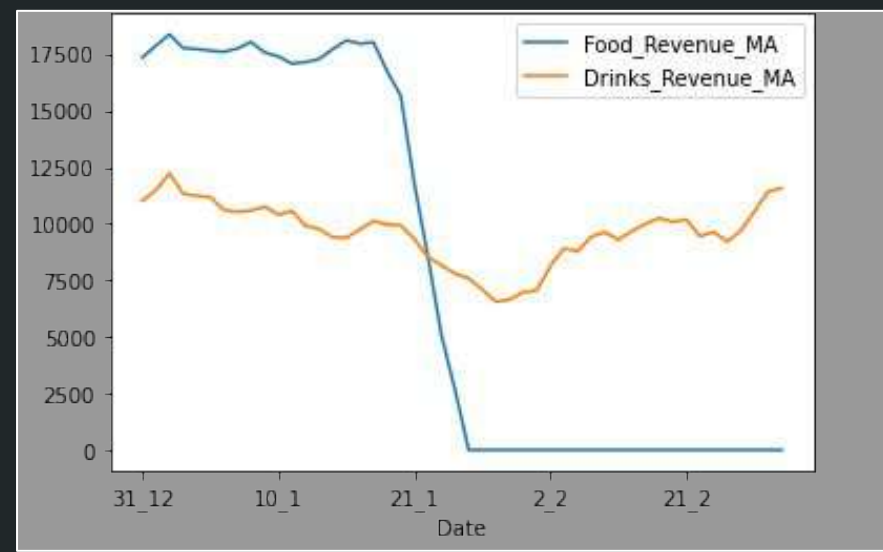
Conclusion

No long term impact on the juice sales

- Since there is no strong correlation, there won't be a significant impact.
- Since 38% of customers have a habit of buying food and drinks together, we can see a short term impact (25% dip) on the juice sales.

No effect on overall profit

- The contribution of shawarma sales on the total profit was very small.
- The decrease in expense due to lay off of juice section employee will offset the decrease in profit from shawarma closure.



Short term dip in Juice sales

- The short term dip in juice revenue after Jan 20 was recovered in 2 weeks.
- That could be the time taken for customers who buy food & drinks together (38%) to adapt to the change.

Suggestion

- Temporary shutdown of Shawarma production will not have a significant impact on the profitability of the business, even if it took him some more time to reopen the shawarma section.
- Low margin and concentration of variable costs of shawarma makes it risky and vulnerable. Market conditions or competition could reduce the margin and bring it down to loss
- Use this opportunity to either find a way to reduce the cost of production of shawarma or look for a different product which can give a higher margin.

Thank you
