

SALES REPORT

Sales and promotion performance analysis: Price elasticity, promotions and profitability insights

presented by

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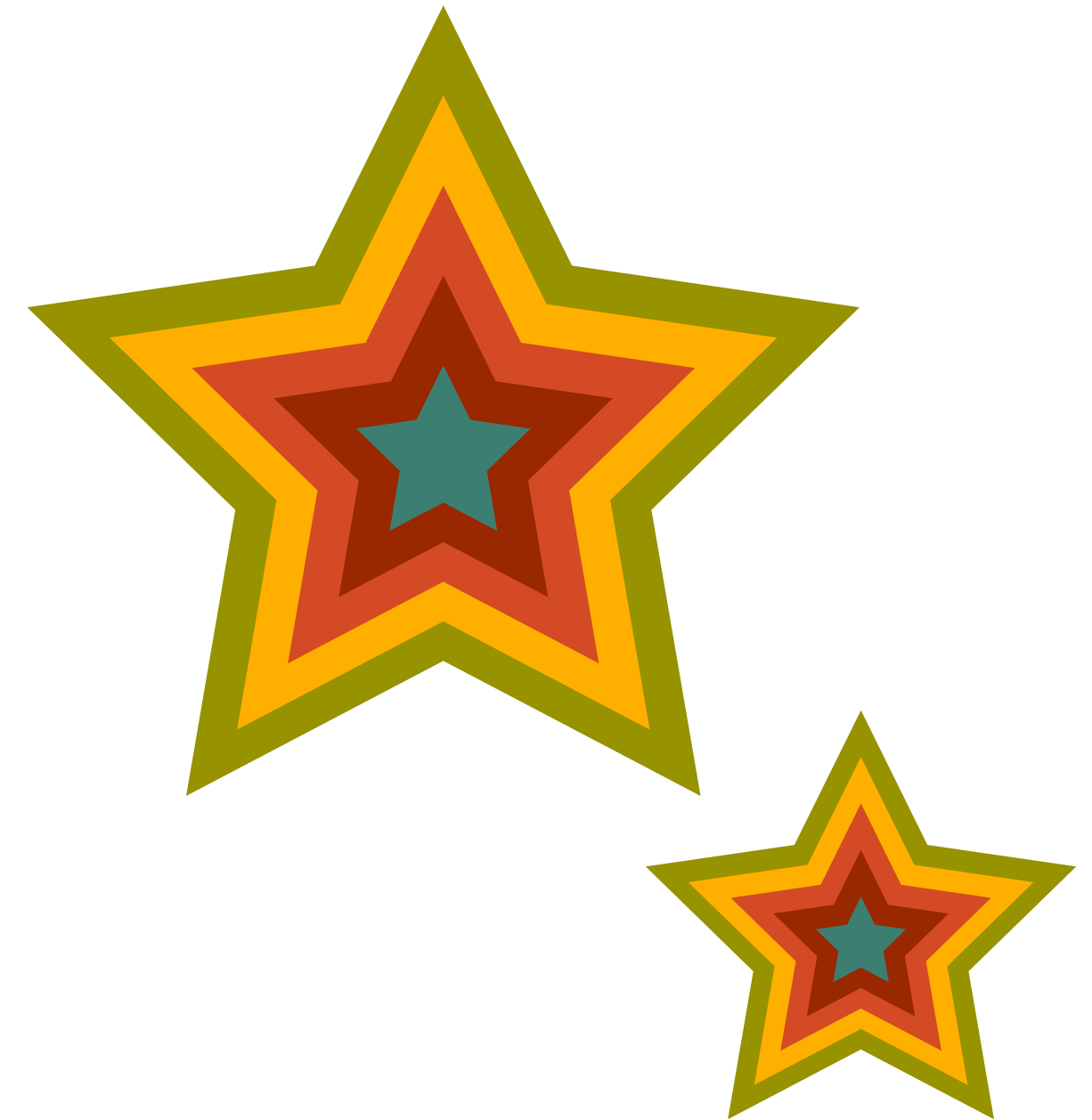


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INTRODUCTION

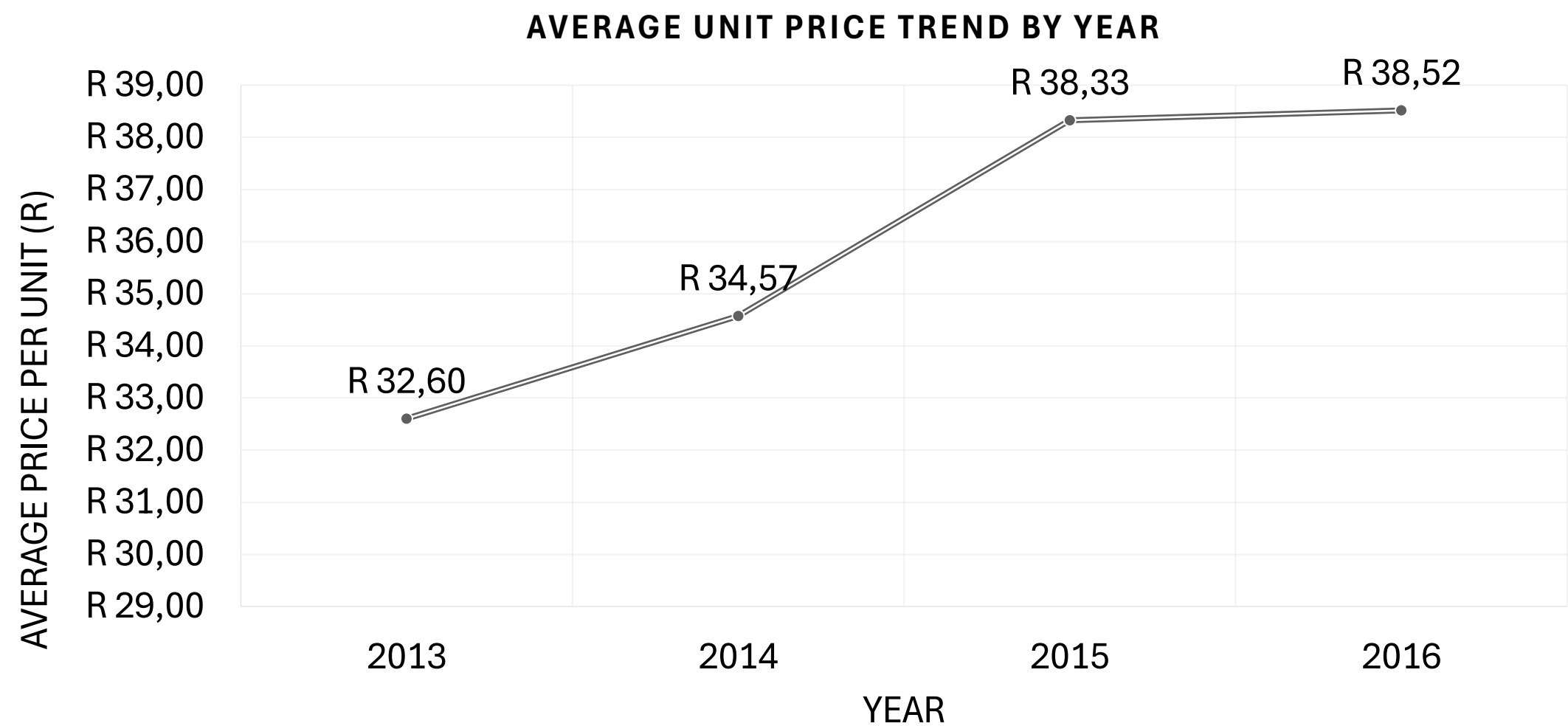
This presentation analyses sales data to understand how pricing and promotional strategies influence customer demand and profitability. Using transactional sales data, the analysis focuses on key performance metrics such as sales volume, pricing, gross profit, and price elasticity of demand.

The objective of this analysis is to evaluate whether promotional pricing improves product performance and to identify the trade-offs between increased sales volume and profit margins. By using pivot tables and visualisations, the insights presented aim to support data-driven decision-making regarding pricing and promotion strategies.



AVERAGE UNIT PRICE OF THE PRODUCT BY YEAR

- The average unit price increased from R32.60 in 2013 to R38.52 in 2016, representing an overall increase of approximately 18%.
- The most significant price change occurred between 2014 (R34.57) and 2015 (R38.33), indicating a notable pricing adjustment.
- Price stability between 2015 and 2016 suggests that the product reached a mature pricing level.



THE PRODUCT’S AVERAGE UNIT SALES PRICE

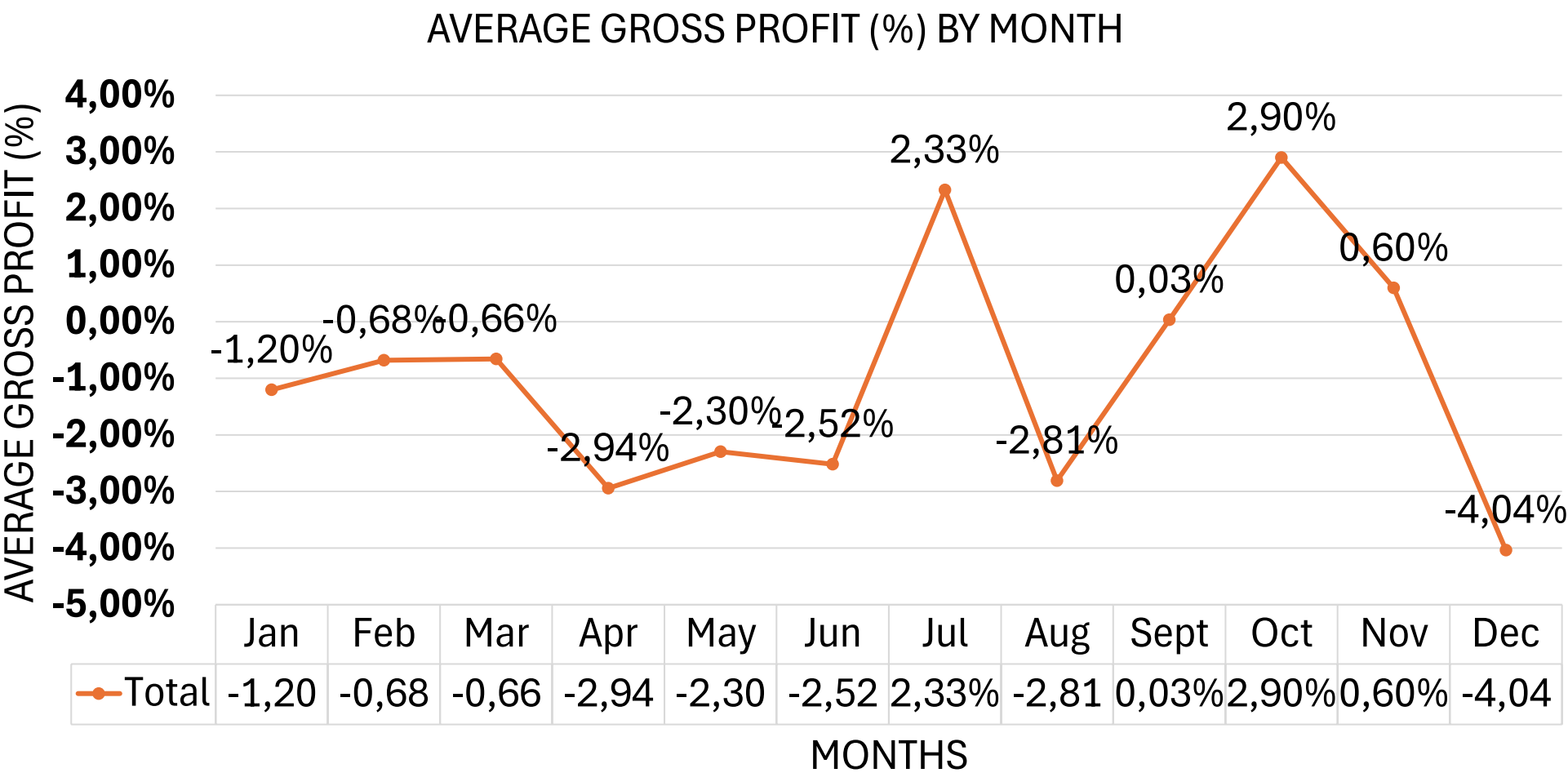
- The product achieved an average unit sales price of R37.07 across the analysis period.
- This average reflects a balance between earlier lower pricing and later price increases, indicating a stable long-term pricing position.
- The consistent average suggests that the product maintains pricing sustainability despite periods of promotions and price adjustments.
- Only a KPI dashboard was developed for this analysis, as it provides a concise and effective summary of the key insights derived from the dataset.

Average of PRICE_PER_UNIT
R37,07



AVERAGE GROSS PROFIT (%) OF THE PRODUCT BY MONTH

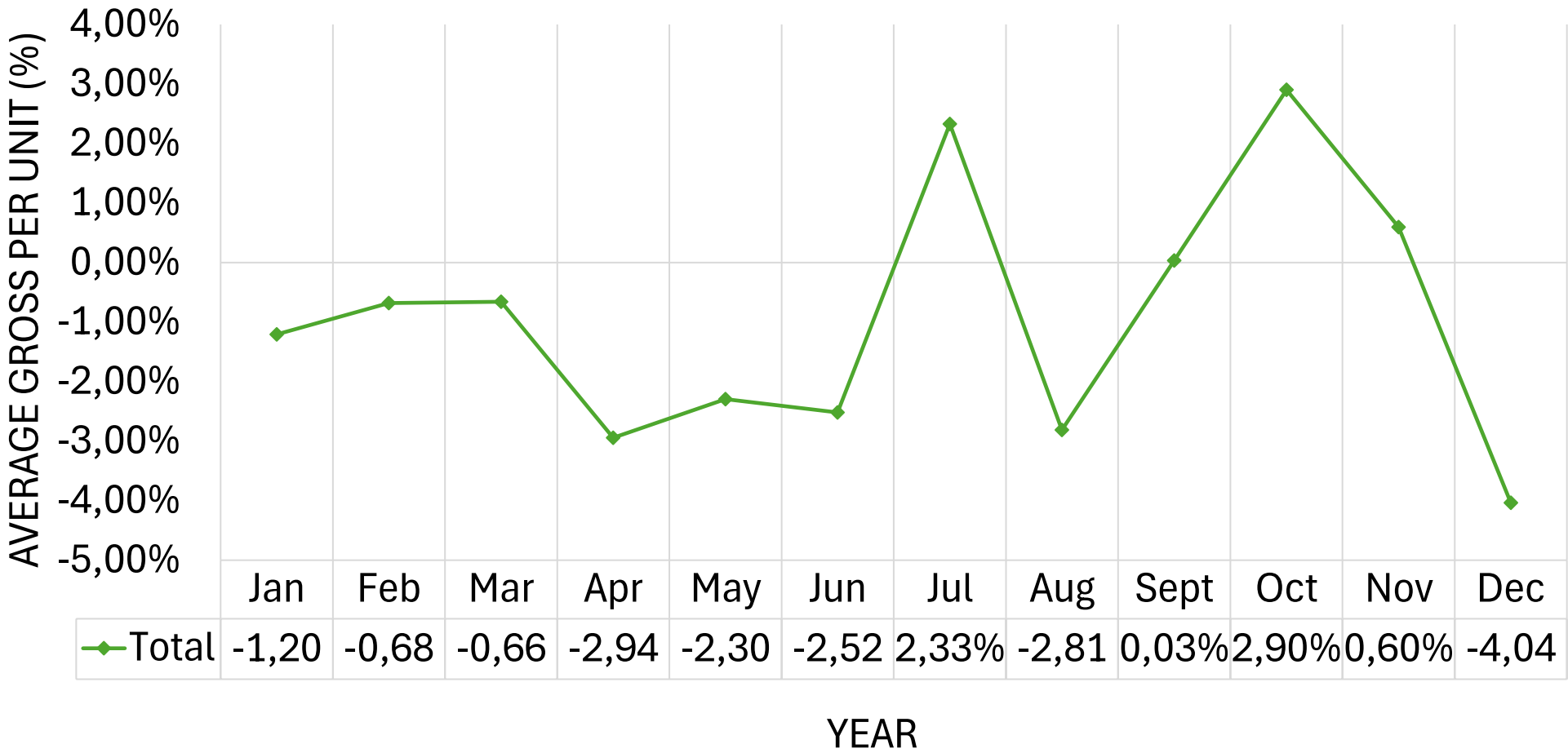
- Overall Margins: Most months show negative gross profit, averaging -0.87%, reflecting sustained margin pressure.
- Best Months: October (2.90%) and July (2.33%) stand out with stronger margins, likely due to better pricing discipline or fewer promotions.
- Worst Months: December (-4.04%) and April (-2.94%) show the weakest performance, probably caused by heavy discounting or higher costs.
- Volatility: Profitability fluctuates sharply month to month, highlighting inconsistent margin control across the year.



AVERAGE GROSS PROFIT (%) OF THE PRODUCT BY MONTH ‘PER UNIT’

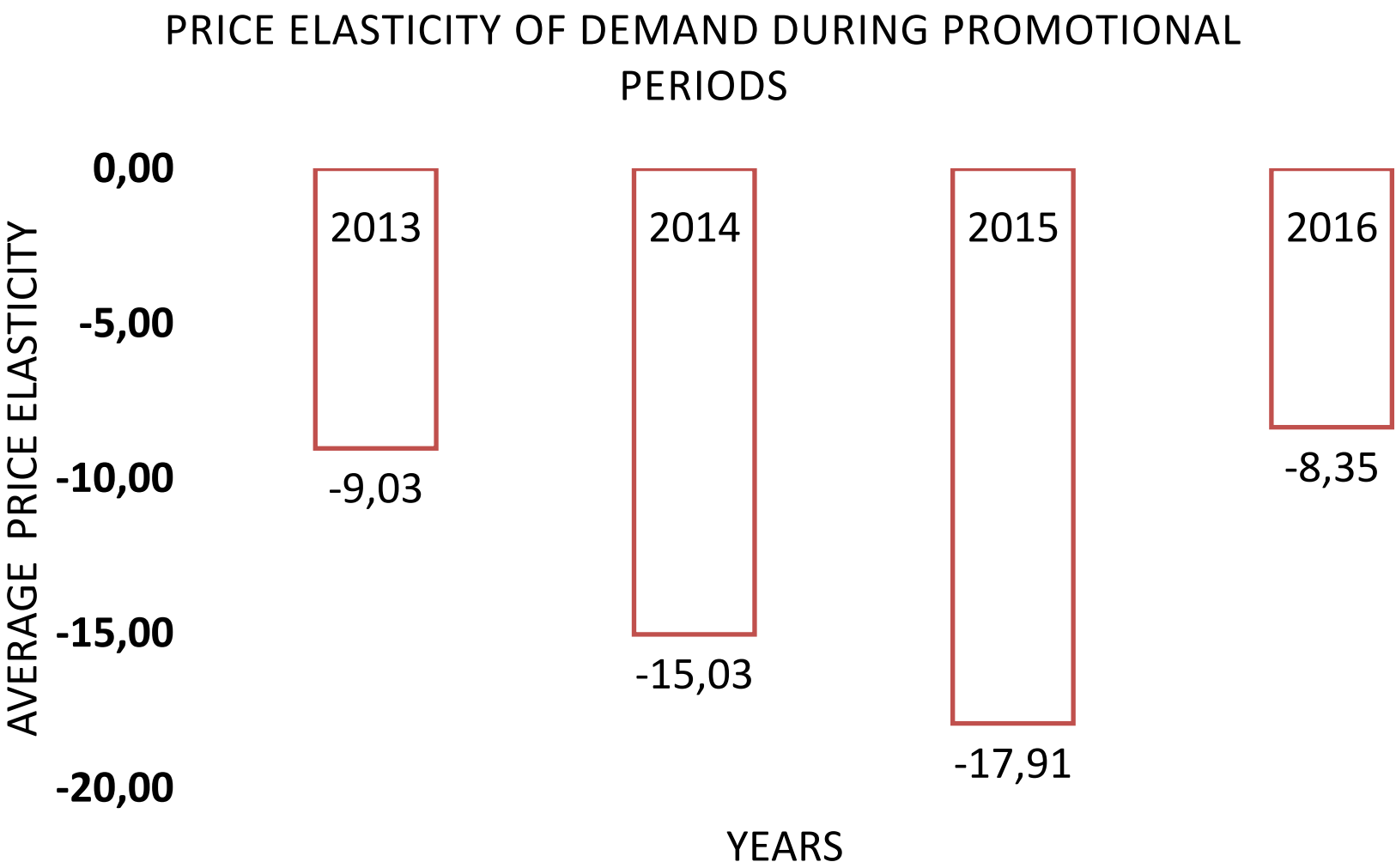
- Sustained Margin Pressure: The overall average gross profit is -0.87%, with 9 out of 12 months showing negative margins—indicating persistent profitability challenges.
- Peak Performance: October (2.90%) and July (2.33%) are the only months with strong positive margins, suggesting effective pricing or reduced discounting during these periods.
- Lowest Margins: December (-4.04%) and April (-2.94%) reflect the steepest losses, likely due to aggressive promotions or elevated costs.
- Inconsistent Control: Margins fluctuate sharply month to month, highlighting volatility and inconsistent margin management throughout the year.

MONTHLY AVERAGE GROSS PROFIT (%) PER UNIT



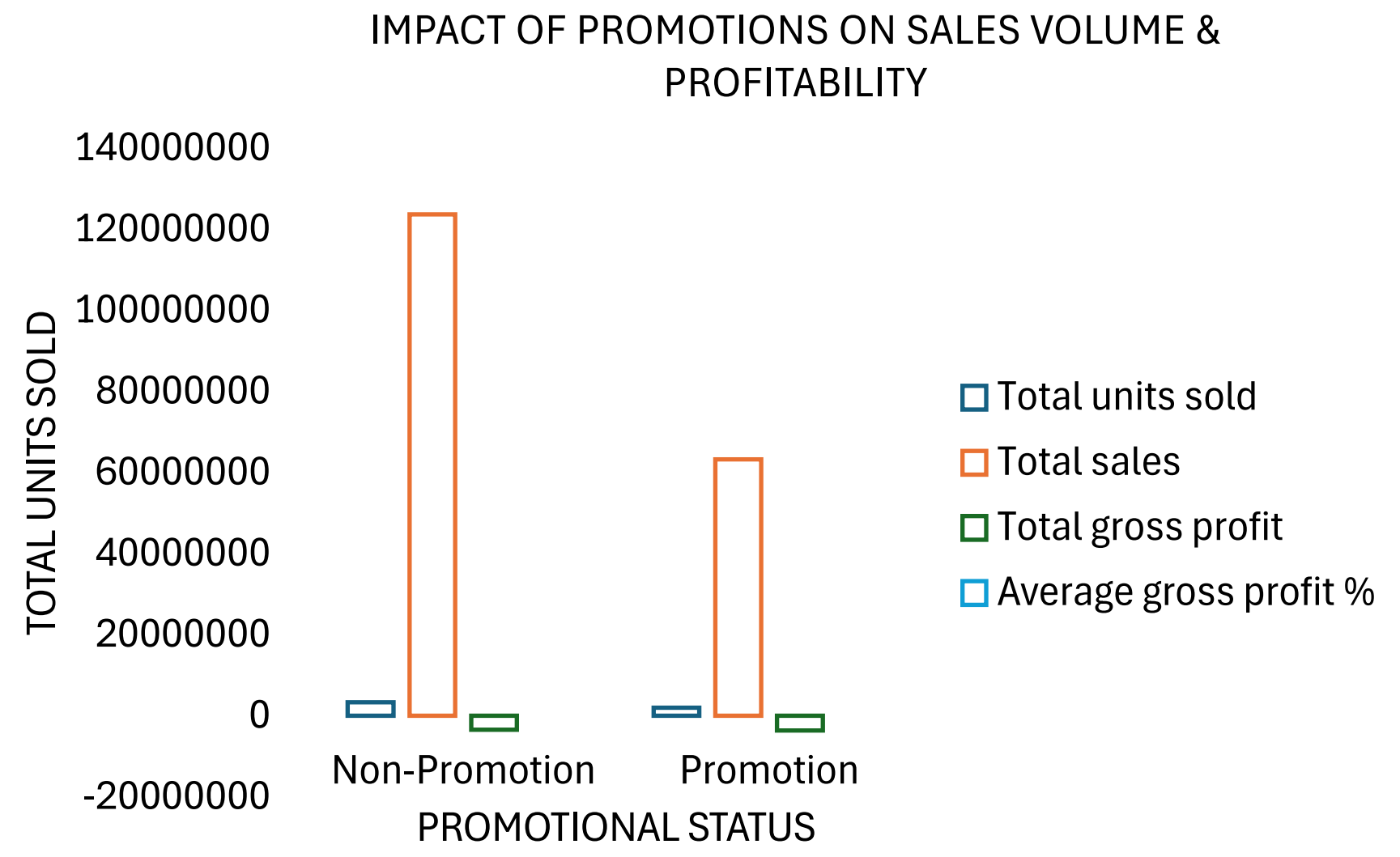
PRICE ELASTICITY OF DEMAND DURING PROMOTIONAL PERIODS

- Highest Elasticity: In 2015, price elasticity peaked at -17.91 , indicating extremely high consumer responsiveness to price changes during promotions.
- Consistently High Sensitivity: Both 2014 (-15.03) and 2013 (-9.03) show strong negative elasticity, confirming that promotional pricing significantly influenced demand.
- Lowest Elasticity: In 2016, elasticity dropped to -8.35 , suggesting reduced promotional impact or changing consumer behavior.
- Overall Average: Across all years, the average promotional price elasticity is -14.58 , reinforcing that price cuts consistently drive demand—but at potentially steep margin costs.



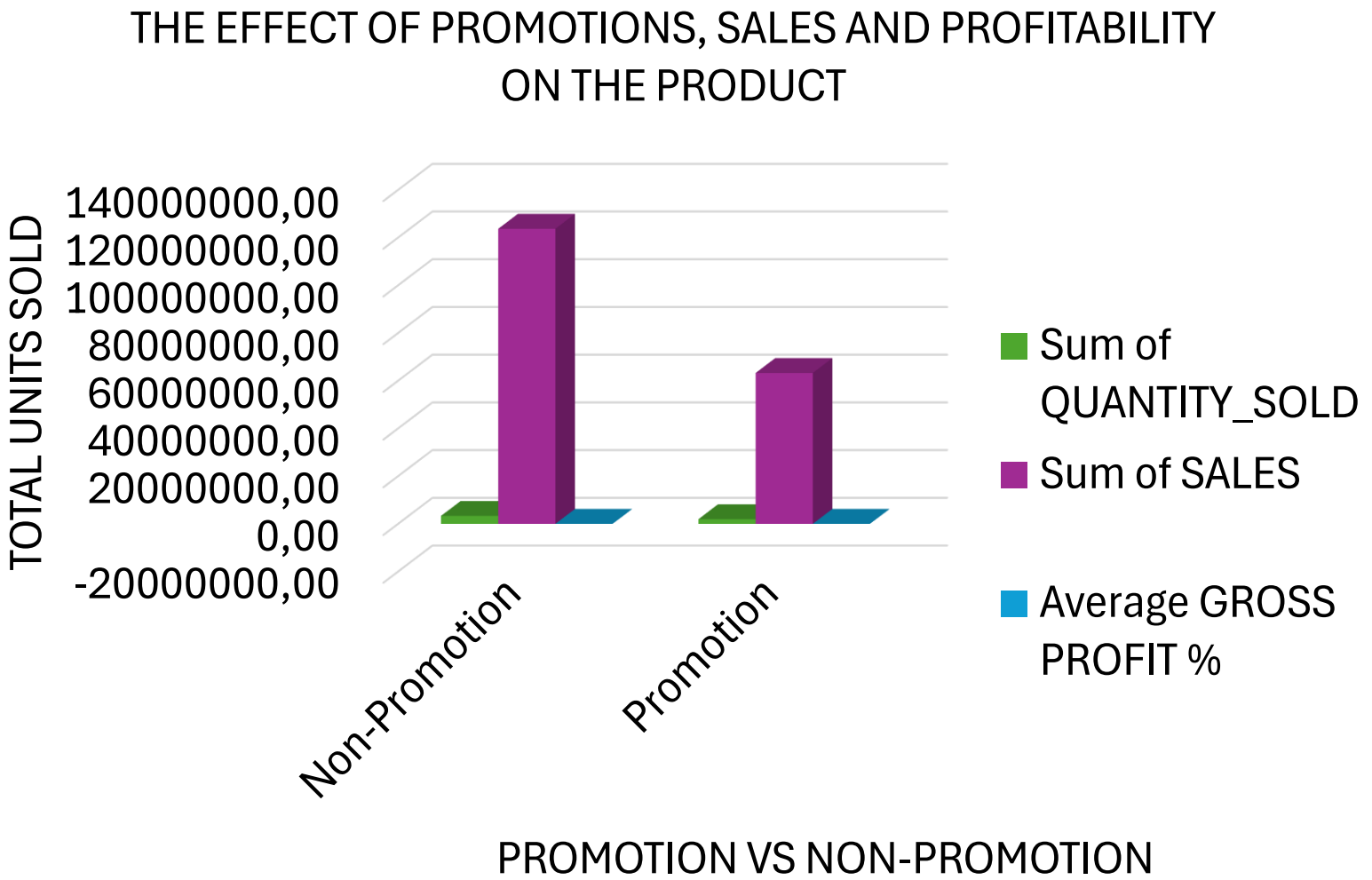
THE IMPACT OF PROMOTIONS ON SALES VOLUME AND PROFITABILITY

- Sales Volume: Non-promotion sales were higher (3.33M units) compared to promotion sales (1.95M units). This shows that most customers purchased without discounts.
- Revenue Contribution: Non-promotion generated R123.68M, while promotions added R63.23M. Promotions still contributed a significant 34% of revenue, despite fewer units sold.
- Gross Profit Impact: Both categories recorded losses. Non-promotion lost R3.44M, while promotions lost R3.68M. Promotions caused bigger losses even with lower sales volume.
- Profit Margins: Non-promotion sales had a slim positive margin (+0.26%), but promotions dragged margins down to -5.42%. This gap highlights how discounting erodes profitability.
- Overall Business Effect: Across all sales (5.28M units, R186.91M revenue), the company ended with a -R7.12M gross profit and an average margin of -0.87%, signalling unsustainable profitability under the current mix.



THE EFFECT OF PROMOTIONS, SALES AND PROFITABILITY ON THE PRODUCT

- Sales Volume: Non-promotion sales led with 3.33M units, showing stronger baseline demand.
- Revenue Split: Promotions contributed 34% of revenue despite lower volume.
- Profitability: Promotions had a negative margin (-5.42%), while non-promotions stayed slightly positive (+0.26%).
- Overall Impact: Total margin was negative (-0.87%), signaling that promotions are hurting profitability.



CHALLENGES AND OPPORTUNITIES

⚠ Challenges

- Price instability may signal inconsistent strategy or reactive discounting.
- Falling prices can shrink profit margins.
- Customer confusion from frequent price changes.
- Competitive pressure may force unsustainable price cuts.

☀ Opportunities

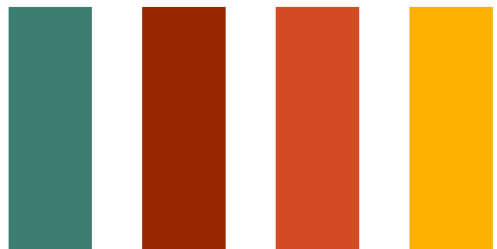
- Stable or rising prices suggest room for premium positioning.
- Historical data enables smarter segmentation and pricing.
- Promotions can be optimized using past price-performance trends.
- Value perception can be reinforced through branding and communication.





ACTION PLAN

- Analyze year-on-year price trends vs. volume and margin.
- Segment products and apply tiered pricing.
- Limit deep discounts to strategic periods.
- Benchmark against competitors to maintain positioning.
- Use simulations to forecast pricing impact.
- Communicate value clearly to justify pricing.





THANK YOU!



Thank you for your attention to our sales report presentation. If you have any questions or would like to discuss the findings in more detail, please don't hesitate to reach out to our sales team. We appreciate your continued support and partnership.

