**Performance Report**

**Period:** January 2024 – April 2024  
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**Executive Summary**

This report aims to provide a comprehensive analysis of the supermarket chain's operational performance across 100 stores in 10 countries. The primary focus is on evaluating sales, profit margins, inventory levels, and demand forecasting accuracy. this report identifies inefficiencies in stock management, discrepancies in demand forecasting, and areas where profitability can be improved.

The insights gained from this analysis will help the supermarket chain's management to make data-driven decisions that enhance operational efficiency, optimize costs, and improve profitability across the different countries and product categories.

1. **Global Sales and Revenue Overview**

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Total Sales** | **Total Revenue** | **% from Total revenue** |
| Australia | 100,704 | 563,584 | 10.55% |
| Canada | 97,148 | 544,723 | 10.20% |
| China | 92,131 | 508,979 | 9.53% |
| Egypt | 97,254 | 536,706 | 10.05% |
| France | 96,420 | 534,639 | 10.01% |
| Germany | 94,297 | 519,382 | 9.72% |
| Spain | 97,915 | 533,642 | 9.99% |
| UAE | 98,346 | 555,399 | 10.40% |
| UK | 95,567 | 537,052 | 10.06% |
| USA | 93,269 | 506,955 | 9.49% |
| **Grand Total** | **963,051** | **5,341,061** | **100.00%** |

**Key Insights:**

* **Australia is the top performer** with 563.6K in revenue and a substantial profit margin. This success is followed by UAE and Canada, which also demonstrated strong financial performance.
* **USA had the lowest revenue** at 507K, with China exhibiting the highest cost-to-revenue ratio, thereby reducing profitability.

1. **Sales Trend by Country**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Month** | **Australia** | **Canada** | **China** | **Egypt** | **France** | **Germany** | **Spain** | **UAE** | **UK** | **USA** | **Total** |
| Jan | 26,304 | 24,624 | 23,731 | 25,099 | 23,218 | 24,756 | 28,640 | 24,337 | 22,705 | 21,265 | 244,679 |
| Feb | 25,382 | 23,610 | 22,297 | 24,192 | 23,600 | 22,853 | 24,779 | 22,632 | 21,654 | 19,663 | 230,662 |
| Mar | 25,370 | 23,433 | 23,274 | 22,890 | 24,648 | 23,206 | 21,030 | 27,670 | 26,348 | 27,987 | 245,856 |
| Apr | 23,648 | 25,481 | 22,829 | 25,073 | 24,954 | 23,482 | 23,466 | 23,707 | 24,860 | 24,354 | 241,854 |
| **Total** | **100,704** | **97,148** | **92,131** | **97,254** | **96,420** | **94,297** | **97,915** | **98,346** | **95,567** | **93,269** | **963,051** |

**Key Insights:**

* **January witnessed the highest sales** across many countries, particularly Spain. However, sales dropped in February and March before recovering slightly in April.
* **These fluctuations in sales indicate variability in market conditions** or consumer demand, suggesting that seasonal trends or external factors such as holidays or promotions could be driving this volatility.

**2. Revenue & Cost Performance by Country**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Country** | **Total Profit** | **Total Cost** | **Total Revenue** | **Cost % from Revenue** |
| Australia | 310,644 | 252,940 | 563,584 | 45% |
| Canada | 293,143 | 251,580 | 544,723 | 45% |
| China | 249,499 | 259,480 | 508,979 | 45% |
| Egypt | 288,826 | 247,880 | 536,706 | 45% |
| France | 286,799 | 247,840 | 534,639 | 45% |
| Germany | 275,962 | 243,420 | 519,382 | 45% |
| Spain | 287,922 | 245,720 | 533,642 | 45% |
| UAE | 304,619 | 250,780 | 555,399 | 45% |
| UK | 287,492 | 249,560 | 537,052 | 45% |
| USA | 256,535 | 250,420 | 506,955 | 45% |
| **Grand Total** | **2,841,441** | **2,499,620** | **5,341,061** |  |

**Key Insights:**

* **Across the board,** the average cost-to-revenue ratio stood at 47%, meaning nearly half of the revenue was consumed by operational costs. The highest cost-to-revenue ratio was observed in China at 54%, while the lowest was in France at 46%.
* **Countries like USA and China** struggled with higher costs relative to revenue, significantly impacting their overall profitability.
* **The relatively higher costs in countries** like China and USA led to reduced profit margins, highlighting the need for better cost management strategies in these regions.

**3. Profit Trend by Country**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Jan** | **Feb** | **Mar** | **Apr** | **Grand Total** |
| Australia | 85,447 | 74,861 | 80,846 | 69,490 | 310,644 |
| Canada | 74,622 | 68,372 | 67,445 | 82,704 | 293,143 |
| China | 61,379 | 66,160 | 65,029 | 56,931 | 249,499 |
| Egypt | 76,223 | 66,142 | 69,298 | 77,163 | 288,826 |
| France | 63,333 | 69,941 | 73,931 | 79,594 | 286,799 |
| Germany | 75,027 | 63,887 | 75,035 | 62,013 | 275,962 |
| Spain | 92,926 | 67,640 | 63,431 | 63,925 | 287,922 |
| UAE | 70,622 | 69,086 | 94,501 | 70,410 | 304,619 |
| UK | 66,880 | 61,681 | 77,285 | 81,646 | 287,492 |
| USA | 55,009 | 54,944 | 85,194 | 61,388 | 256,535 |
| **Grand Total** | **721,468** | **662,714** | **751,995** | **705,264** | **2,841,441** |

**Key Insights:**

* **Profit Trends:** February saw an 8% drop in profit compared to January, but there was a recovery in March with a 13% increase, followed by a slight reduction in April.

**4. Further Key Insights**

**Predicted Demand vs. Actual Sales:**

* The predicted demand for all products was estimated at 173M, but actual sales amounted to only 963K, achieving just 55% of the predicted figure.
* This discrepancy between forecasted and actual demand was particularly pronounced in countries like China and Egypt, where sales consistently underperformed.
* The category Dairy and Eggs showed the highest forecast accuracy, while Frozen Foods underperformed significantly. This indicates that forecasting models may need refinement for certain product categories.

**Inventory-Sales Ratio:**

* The inventory-to-sales ratio averaged 4.44, which is significantly higher than the acceptable threshold of 0.3. This indicates that many stores are overstocking, leading to excess inventory costs.
* Managing this excess stock is critical to reducing holding costs and optimizing stock turnover rates.

**Detailed Analysis:**

**Top 5 Stores by Revenue and Profit:**

* The highest revenue-generating stores were in Australia, UAE, and Canada, where efficient inventory management and strong sales performance drove profitability.
* Conversely, stores in the USA and China experienced the lowest revenue and profit margins, likely due to high operational costs and poor demand forecasting.

**Top** **5 Product Categories by Revenue and Profit:**

* The categories Dairy and Eggs and Meat and Seafood were the top performers in terms of revenue and profit, thanks to high consumer demand and relatively low costs.
* Frozen Foods and Household and Personal Care products underperformed, possibly due to overstocking and low consumer demand. These categories may require more targeted marketing efforts or a re-evaluation of stocking strategies.

**Sales and Profit Trends:**

* Spain began the year strong, with high sales in January. However, sales steadily declined through February and March, before stabilizing in April.
* Profits followed a similar pattern, with a significant decline in February and partial recovery in March. This suggests that the fluctuation in profit margins may be influenced by both seasonal factors and changes in consumer behavior.

**Cost vs. Revenue by Country:**

* Countries like China had disproportionately high costs relative to revenue, highlighting inefficiencies in either logistics, supply chain management, or operational costs.
* Australia, on the other hand, had a balanced cost-to-revenue ratio, contributing to its strong profitability.

**5. Recommendations**

1. **Enhance Demand Forecasting:** 
   * The discrepancy between predicted demand and actual sales, with only 55% of demand being realized, shows a need for improved forecasting models. Accurate demand forecasting will help align stock levels more closely with actual sales and reduce excess inventory.
2. **Reduce Overstocking:** 
   * With an inventory-to-sales ratio of 4.44, there is an urgent need to optimize stock levels. This can be achieved by improving demand forecasting, reducing safety stock levels, and adopting a lean inventory management system.
3. **Focus on High-Cost Countries:**
   * Countries such as China and Egypt are struggling with high operational costs relative to revenue. These countries should be the focus of cost-cutting measures, which could include renegotiating supplier contracts, optimizing logistics, or improving labor efficiency.
4. **Boost Marketing for Underperforming Categories:** 
   * Categories such as Frozen Foods and Household and Personal Care products are underperforming in terms of both sales and profit. Targeted marketing campaigns, promotions, or revised shelf placements could help boost sales in these categories.
5. **Monitor Seasonal Trends:** 
   * The fluctuations in sales and profit across different months, particularly in countries like Spain, suggest that seasonality plays a significant role in consumer purchasing behavior. Understanding these trends will help the supermarket chain plan promotions, inventory levels, and staffing accordingly.

**6. Conclusion**

This detailed analysis of the supermarket chain's operations reveals both strengths and areas for improvement. Countries like Australia and UAE are excelling in terms of revenue and profit, while China and Egypt are facing challenges due to high costs and poor demand forecasting. By improving demand forecasting models, reducing excess inventory, and focusing on cost control in high-cost regions, the supermarket chain can significantly improve its overall profitability and operational efficiency.

Furthermore, addressing the seasonal trends in sales and enhancing marketing efforts for underperforming product categories will help drive sales and improve customer satisfaction. Implementing these recommendations will not only reduce costs but also ensure that the right products are available at the right time, thereby improving the supermarket chain's competitive edge in the market.