

Insights and Recommendations (by Nissim Panchpor)

Group – Channel 2

Please refer to the story named 'Story- Analysis of Channels' in the Tableau report.

Mandatory Visualizations:

Pajamas , white socks and Amytheyst necklace and are products are most profitable products, while Thomas pajamas, Spider-man T-shirt and Denim Jeans are the least profitable products.

Indirect channels (Resellers) have highest number of sales and profit across all channels.

Q1) Compare the market share trends of each channel based on profit. Should any channels be reduced or expanded?

Though profit through online channel is not high, the yearly trend is increasing even though November and December profits are not yet out for the year 2014. Currently Online Channel is present in 3 out of the 7 states. Thus, Online shopping should be encouraged and started in other 4 states also.

Reason1 – Online channel is showing highest increase in market share from 2013 to 2014.

Reason2- It shouldn't cost a lot of money to do so because online site is already up. We just need to tie up with delivery service such as UPS in the other states where we want to introduce online channel.

Q2) Recommend a marketing strategy for the individual channel/channel categories, which channels and which products/product type/ product category should be featured?

Women's apparel most profitable in Boutiques and indirect channels.

Improve sale through on-line channel and outlets.

Amytheyst necklace, white socks and pajamas are the most profitable products. The visualization shows that there is a decent demand of Amytheyst necklace and Pajamas, but it is being fulfilled mostly through Indirect channels, we should promote these products through Direct Channels. Since the demand for White socks is comparatively lower but it is a highly profitable product, we could introduce it through Direct Channels with a promotional offer, so as to increase the sales.

On the other hand, Thomas pajamas, Spider-man T-shirt and Denim Jeans are the least profitable products. However, they have a decent demand, so we can increase the wholesale price of these products so as to increase our profit.

If we analyze these 3 high and 3 low profitability products with days of the week, we find that sales of these products are NOT higher on weekends, as one might expect. Sales of these products are stable across online channel; so if we could promotion of online channels should positively affect the sales of these products across all days of the week.

Q3) How has the online channel 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? [actual sales vs sales target]

Unlike 2013, Online Channel has already gone past its stipulated Target Sales for 2014.

As per the forecast for sales from November 2014 onwards, it is seen that our business will do better with time. The sales can be expected to rise in coming months and targets could be revised accordingly.

Q4) Give an overall assessment of channel sales and what should be done in the next year to maximize channel profits.

Currently Online channel is present in three states. Promote Online channel across all states since it's market share has seen the highest increase from 2013 to 2014.

Provide discounts for Women's Apparel (most popular segment) in Online and Outlet Channels.

Promote products through direct channels in Indiana and Mississippi. To help the transition of customers from indirect channels to direct channels in Indiana and Mississippi, we could give 10% to 20% discount to them as an incentive to purchase products from direct channel (such as Online, as mentioned in the Q5) instead of purchasing them through indirect channels.

Q5) Analyze individual state sales trends by channel. What conclusions can you draw? Make recommendations for change and/or improvements.

Trend of sales for each channel is very similar across all states, which is surprising (considering the data as real and not dummy data).

Indiana and Mississippi states have the highest sales amount across all states and majority of this business is coming through Indirect channels (Resellers).

However, the profit margin of Indiana and Mississippi are the least among all states. This is because we selling products to resellers at a wholesale price and resellers are probably selling the products at the actual price that we sell them for on direct channels. Thus, we have to share the profit with resellers on indirect channels.

Now, since these states have displayed highest sales, maybe it is time to introduce other profitable direct channels in these states. This will help us increase our profits. Especially, we can introduce the Online Channel in these two states, since:

1) Will not cost a lot money to introduce

2) Market share is increasing

To help this transition of customers from indirect channels to direct channels, we could give 10% to 20% discount to them as an incentive to purchase products from direct channel (such as Online, as mentioned in the statement above) instead of purchasing them through indirect channels.