

The Analysis of Sales and Profits in Africa and Asia

Summary

This report emphasises the key findings in the sales, profits and other economic measurements in the countries of Africa and Asia from the view of an online retailer. Combined, these regions account for over a quarter of both sales and profits of the company in three categories: technology, furniture and office supplies. The main discoveries include the high losses in Nigeria, and minimal gains in other African countries, while Asia seemed to be one of the most profitable places to form a strong company presence. Also, Nigeria had the highest discount rates and Asian countries had one of the lowest, which was likely the result of losses and gains.

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Overview

The company has to process a lot of orders from all around the world. Such places also include African and Asian countries. In the last four years, from 2019 to 2022, African and Asian countries have produced 88,674 and 316,498 in profit respectively. Collectively, it accounts for over 27% of total profitable gains of the company. Both of the continents have relatively the same number of customers, however, the difference in sales is humongous, Asia's having more than thrice the number of sales in Africa. However, Africa has a distinct outlier with losses at 80,751, Nigeria. As for Asia, the least profitable customers were from Pakistan, resulting in losses at 22,447. Another difference is in the average shipping cost, which to African countries is 19, and to Asia – 35. Lastly, both continents have similar average discount rates at around 15-16%. In addition, Asia was divided into three regions: North Asia, Central Asia and Southeast Asia for a more detailed description of the region.

Category Analysis

Let's have a closer look at what categories of products bring the most profit in these regions. In Asia the most profitable countries are China, India and Japan, where Technology was the most lucrative type of goods with over 130,000 in profit and 540,000 in sales cumulatively. Furniture and office supplies were the second and third most profit-making categories respectively.

African countries, as expected, showed lower numbers: Morocco, South Africa and Democratic Republic of Congo brought the highest profits, cumulatively accounting for over 60,000 in profit and 269,000 in sales. Nigeria has a strong influence on profits from Africa, the most losses were suffered from products in the Technology category, with 28,431 in profit losses.

As a result, the average profits in Africa, Central, North and Southeast Asia were not similar in-between. Africa and Southeast Asia have the lowest average profits of all, 19.35 and 6.07 respectively, while North and Central Asia showed astonishing average profits at 70.91 and 64.66 each.

Discount

In order to find out why Africa and Southeast Asia have little profit and Niger brings so many losses, we looked closely at discount rates. It turns out that both of these regions have high discounts across the customers in every category, primarily in Office Supplies, resulting in a cumulative discount across all regions of more than 1,000 points and around 300 points in Technology and Furniture. If we look precisely at the countries with the highest average discount, we see that Niger had an 80% discount over the last four years. Additionally, South Korea also had high discounts, around 40%, over the course of 4 years as well. These findings are likely the causes of such low profits that we found previously in the category analysis. As for other countries, they did not have high discounts, ranging from 0.0 to 0.2.

Customer Distribution and Profit

Now, let's have a closer look at the customers from these regions. As we can see from the upper two graphs, Nigeria has the leading number of unique clients, 332, which is 55% more than in the second most popular country in Africa. In Asia, China, and India take the leading positions in the number of clients, most likely because they have more people than all the countries in the world, with 548 and 493 people respectively. Consequently, Nigerian buyers, as well as Chinese and Indians, took all the leading positions in the quantity of items shipped to them, from 400 to 634 in Nigeria, from 931 to 2,033 in India and from 1,409 to 2,276 in China over the span of 4 years. What is more, the quantity usually raised over this time. Other countries indicated much lower results: average ordered quantity in Africa without Nigeria dropped from 70 to 58, and this number plunged in Asia much more significantly without India and China, from 388 to 239. It means that Nigeria accounts for 17% and China and India for 38% of total quantity of items delivered to them, meaning how valuable these destinations are.

Shipping Analysis

On the last slide, you can see the correlation between profit, sales, and the connection with order priority. There are a couple of outliers in Africa: Egypt, South Africa, Congo, and Morocco had both the highest sales and profits from people who put a medium order priority.

Nigeria is also easily distinguished by having the lowest profit and high sales from clients who also had medium order priority. In Asia, the leaders in sales and profits were China and India, also with medium order priority, followed by the clients from the same countries but with high order priority. As for Shipping mode, the Standard Class was the dominant one across all regions, mostly likely due to being the most affordable across all ship modes. The Standard mode resulted in bringing a profit of 250,178, which is by 61% more than all the other modes combined, with Africa taking 18.7% of those profits. Moreover, North and Central Asia showed a strong presence in almost all the ship modes, leading to from 60, up to 85 percent of profits in each of the mode.

Recommendations

We see that Nigeria, China, and India are one of the most precious parts of the world to the country, since some of them bring high profits, while others have a huge impact on it with the large number of consumers. Nigeria seems to be creating such large losses due to the high number of people with high discounts leading to low profits, so to tackle this problem we advise either to impose higher shipping rates which cannot be influenced by coupons, or completely close operations to this country. As for China and India, clients from these countries should be closely monitored in order to keep the high number of clients and possible growth of the client base. It can be done via sending more coupons to the most active clients or creating a stronger presence among other online retailers, thus satisfying more clients. Lastly, Nigeria is infamously known for the large number of blackmails, so raising the customers' cautiousness via emailing may be a cheap solution to the issue.