Retail Profitability Case Study

Optimising Performance in Tier-2 Cities

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Unpacking Profitability Challenges

Our retail chain faces a critical challenge: **inconsistent profitability** across its Tier-2 city stores. This inconsistency masks underlying issues that hinder overall financial health.

Underperforming Stores

Identifying and addressing stores that consistently fall below profit targets.

Deadstock Identification

Locating products with minimal sales contributing to inventory holding costs.

Category Optimisation

Refining product category strategies to align with local market demand and maximise returns.

Understanding these areas is key to unlocking sustainable growth and improving operational efficiency across our Tier-2 footprint.

Our Data Foundation

This analysis is built upon a comprehensive dataset, providing granular insights into our retail operations.

- **Transaction-level sales data:** Capturing every individual sale for detailed analysis.

- **Key columns:** Date, City, Store, Category, Product, Quantity, Cost, Revenue. These dimensions allow for multi-faceted slicing and dicing of performance.

- **Coverage:** Approximately six months of sales activity across all 20 stores in Tier-2 cities.

- **Granularity:** Sufficient detail to identify specific product and store-level trends, not just aggregated performance.

Core Performance Metrics

Our analysis focuses on several key performance indicators (KPIs) to benchmark current performance and identify areas for improvement.

₹4.5M
Total Revenue
Aggregate revenue generated across all Tier-2 stores.

₹900K
Total Profit
The overall profit margin from sales after costs.

250K+
Units Sold
The total volume of products sold.

20
Operating Stores
The number of active retail locations in Tier-2 cities.

120+
Unique Products
The breadth of our product catalogue being offered.

These KPIs serve as our baseline for evaluating the effectiveness of future optimisation strategies.

Key Visual Insights from the Data

The initial visual analysis reveals critical patterns and areas requiring immediate attention.

Store Performance Disparity

Store_10 and Store_18 are consistently underperforming, significantly dragging down overall profitability.

Category Leadership

"Personal Care" emerges as the top-performing category, indicating strong market demand and healthy margins.

Stable Revenue Trend

Despite store-specific issues, the overall revenue trend remains largely stable, suggesting localized rather than systemic issues.

Deadstock Identified

Several products have been flagged with near-zero sales, leading to unnecessary inventory costs.

Strategic Recommendations

Based on our insights, here are actionable recommendations to enhance retail profitability in Tier-2 cities.

Optimise Product Assortment

Implement a clear strategy to remove or heavily discount deadstock and low-selling products.

Tailor Store Promotions

Launch targeted, store-specific promotions for underperforming locations (Store_10, Store_18) to boost sales.

Focus on Core Categories

Allocate more resources and marketing efforts to the top three performing categories, especially Personal Care.

Leverage Dashboard for Decisions

Utilise the Streamlit dashboard monthly for data-driven decisions on inventory, promotions, and store performance.

Next Steps for Implementation

To translate these recommendations into tangible results, we propose the following immediate and future actions.

- **Pilot Deadstock Clearance:** Run a targeted campaign in 5 selected stores to clear deadstock products within the next month.

- **Continuous KPI Monitoring:** Establish a routine of monthly KPI reviews using the Streamlit dashboard to track progress and adjust strategies.

- **Expand Analysis Scope:** Extend this profitability analysis framework to Tier-1 cities to identify similar opportunities.

- **Explore Supply Chain Optimisation:** Initiate a study into supply chain efficiencies that could further reduce costs and improve product availability.

Ready to Implement?

This presentation can be easily shared and presented using various platforms:

Google Slides

Fastest for quick sharing and collaborative editing.

PowerPoint

Ideal for offline presentations and detailed customisation.

Canva

Offers beautiful templates for visually stunning designs.

Let's turn insights into action and drive profitability forward!