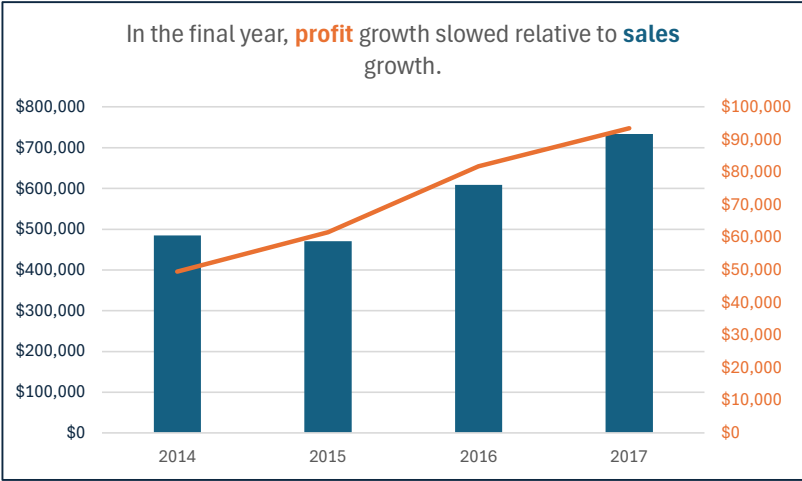
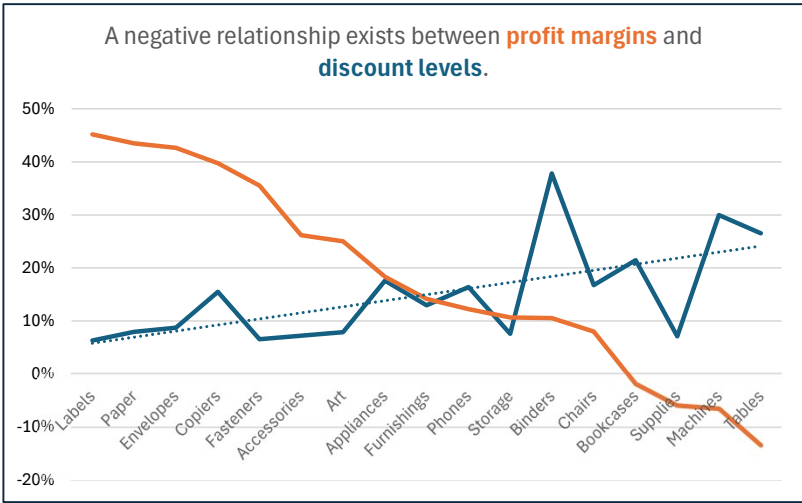


Why are profits inconsistent despite strong sales?



Certain sub-categories generate high sales volumes but low or negative profit due to weak **profit margins**.

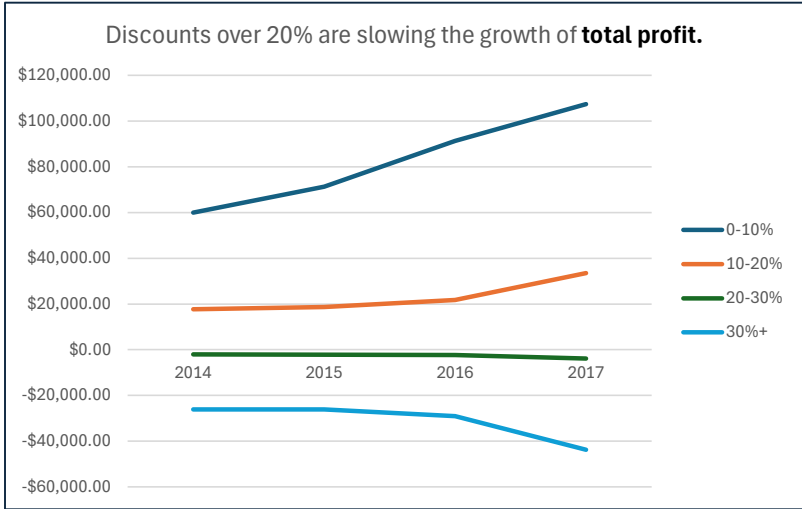
Sub-Category	Total Sales LY	Total Profit LY	Profit Margin LY
Furniture			
Bookcases	\$30,024.28	-\$583.63	-2%
Chairs	\$95,554.35	\$7,643.55	8%
Furnishings	\$28,915.09	\$4,099.16	14%
Tables	\$60,893.54	-\$8,140.69	-13%
Office Supplies			
Appliances	\$42,926.93	\$7,865.27	18%
Art	\$8,863.07	\$2,221.96	25%
Binders	\$72,788.05	\$7,669.74	11%
Envelopes	\$3,378.57	\$1,441.76	43%
Fasteners	\$857.59	\$304.95	36%
Labels	\$3,861.22	\$1,744.61	45%
Paper	\$27,694.72	\$12,040.84	43%
Storage	\$69,677.62	\$7,402.80	11%
Supplies	\$16,049.41	-\$955.31	-6%
Technology			
Accessories	\$59,946.23	\$15,672.36	26%
Copiers	\$62,899.39	\$25,031.79	40%
Machines	\$43,544.68	-\$2,869.22	-7%
Phones	\$105,340.52	\$12,849.33	12%



Discounts above 20% consistently result in negative profit margins. Discounts exceeding 30% lead to critically high losses.

Discount Group	Profit Margin LY
0-10%	29%
10-20%	13%
20-30%	-12%
30%+	-57%

Profit instability is primarily driven by the expansion of high-discount transactions (20%+), which are structurally unprofitable and have grown over time. In the most recent year, increased reliance on deep discounting significantly amplified total losses, offsetting gains from revenue growth.



Recommendations

Introduce category-specific discount thresholds for low-margin products to prevent structurally unprofitable sales.

Limit or monitor transactions exceeding 20% discount, as these consistently generate negative margins.

Evaluate whether deep discounting drives incremental demand or erodes profitability without sustainable revenue benefits.