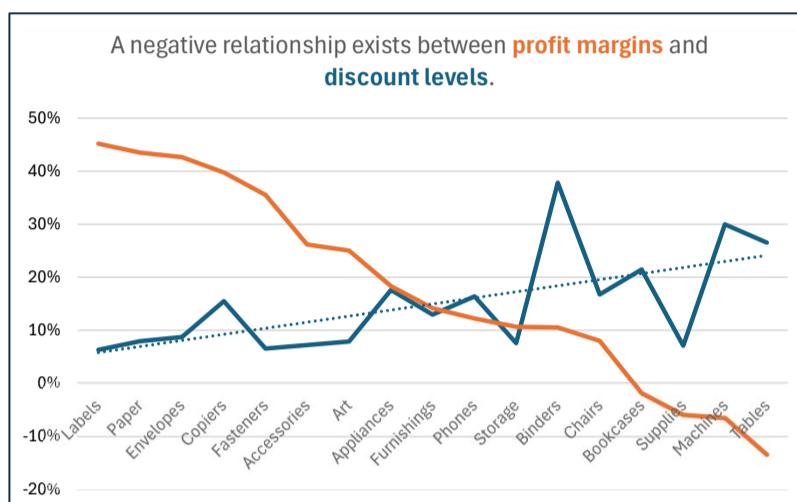


## Why are profits inconsistent despite strong sales?



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
<b>Furniture</b>			
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%
<b>Office Supplies</b>			
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%
<b>Technology</b>			
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.