

CHINOOK REPORT

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ABOUT CHINOOK AND THE DATASET

Chinook is a company that engages in selling music albums and video content in the form of TV shows. The database of 11 tables provide information on various aspects from the years 2009 to 2013, including customers, sales, product specifications and employees. Each table contains a primary key which connects with a foreign key of one or multiple other table(s).

MISSIONS

As the new CEO, my strategy map would emphasise on various aspects including growth in revenue, scrutinising new revenue streams, better utilisation of existing assets, upgrading customer value with better quality and more selection of items, new partnerships and improved performance of the employees with right training and strategy.

strategy map

CHINOOK MUSIC COMPANY

FINANCIAL PERSPECTIVE	REVENUE GROWTH BY REGIONS & CUSTOMERS	INCREASED ASSET UTILISATION	EXPAND REVENUE OPPORTUNITIES
CUSTOMER VALUE	PRICE, QUALITY & SERVICE	COLLECTION OF TRACKS & ARTISTS	BRAND & PARTNERSHIP
INTERNAL PERSPECTIVE	DISTRIBUTION & MEDIA TYPE	ENHANCE CUSTOMER VALUE	NEW PRODUCTS & SERVICES
LEARNING AND GROWTH PERSPECTIVE	HUMAN CAPITAL	INFORMATION CAPITAL	ORGANISATIONAL CAPITAL

ANALYSIS OVERVIEW

A thorough analysis of the elements of a Balanced Scorecard stresses on primary aspects of the company which are crucial to achieving the missions laid out by the new CEO. The below analysis outlines each element and corresponding strategies to realize company goals:

FINANCIAL

Over the period of 5 years, Chinook earned a total revenue of \$2328.6¹. The average annual sales from 2009 – 2013 was \$466, however, the trendline is very fluctuating, demonstrating a Yo-Yo effect, staying within a range of +/- 7%. The absolute increase in 5 years is only 0.2% which is clearly negligible. Assuming that the company is involved only in physical distribution of music, the trend can be explained by the rising competition of online music streaming platforms such as YouTube and Spotify. If true, the first strategy for Chinook could be to enter the digital market, if feasible from all other aspects.

Total_Sales	
\$2,328.60	
Year	Sales
2009	\$449.46
2010	\$481.45
2011	\$469.58
2012	\$477.53
2013	\$450.58

Chinook caters to 24 countries of which the top 5 countries producing most sales are USA and Canada, claiming for over 35% of the company's total sales. Looking from a broader perspective of continent-wise revenue, the maximum sales comes from Europe (48%), followed by North America. Nevertheless, the average revenue per country per continent is quite less for Europe when compared against North & South America or even Asia. This indicates that sales from Europe is fragmented and hence, large marketing efforts targeted for the continent may be futile or not as beneficial. On the contrary, India, which contributes to 100% of sales from Asia amounting to \$75 has higher potential for revenue growth if targeted campaigns are done.

Country	Sales	Percentage
USA	\$523.06	22.46%
Canada	\$303.96	13.05%
France	\$195.10	8.38%
Brazil	\$190.10	8.16%
Germany	\$156.48	6.72%

¹ Note: Assuming that the company is based in the USA and all the figures are in US Dollars (\$)

Continent	Sales	Percent	Avg_Per_Country
Europe	\$1,114.36	47.86%	\$65.55
North America	\$827.02	35.52%	\$413.51
South America	\$274.34	11.78%	\$91.45
Asia	\$75.26	3.23%	\$75.26
Oceania	\$37.62	1.62%	\$37.62

Evaluation of cost and profit data, which is absent in the current dataset, is equally significant for managerial decisions. Thus, I would also recommend doing its detailed Revenue-Cost-Profit analysis to understand company dynamics and base certain financial strategies on it.

CUSTOMERS

Chinook has a total of 59 customers of which 10 are corporate customers, accounting for 16.6% of the total revenue. These corporate clients come from Brazil, USA, Canada and Czech Republic.

Total_Customers
59

Client_Type	Customers	Sales	Percent
Corporate	10	\$385.20	16.53%
Individual	49	\$1,943.40	83.44%

Countries_with Corporate_clients	Nbr_of_Clients	Revenue
Brazil	4	\$152.48
USA	3	\$115.86
Canada	2	\$76.24
Czech Republic	1	\$40.62

Year	Nbr_of_unique_customers
2009	46
2010	46
2011	47
2012	47
2013	46

The below table shows number of customers who made a transaction with the company in given year². Moreover, an overview of Chinook's entire customer database suggests that the last new customer acquired was in 2011 and that was the only new customer in that year.

ID	Name	Country	Sales	Tenure (Yrs)	Last_Purch (Recency)	Nbr_Trans(Frequency)	AvgSpendPerTrans (MV)
47	Lucas	Italy	\$37.62	4	301	7	5.374286
35	Madalena	Portugal	\$37.62	3	22	7	5.374286
41	Marc	France	\$37.62	4	71	7	5.374286

Evidently, no growth in number of customers per year is observed which is alarming for Chinook. Strategies to acquire new customers can include targeted marketing campaigns, special offers and referral programs. In case of budget constraints, the fund allocation on marketing for low value customers can be used for new customer acquisition.

The snippet of the outline of top 10 customers show that highest revenue from a single customer is \$49.62. This customer is from Czech Republic, made her first purchase in 2010, last transacted with Chinook around 1.5 months ago (before end of 2013), has made a total of 7 transactions thus far with an average spending of \$7 per transaction.

ID	Name	Country	Sales	Tenure_Yrs	Days_Since_Last_Purch	Nbr_Trans_Freq	Avg_Spend_Per_Trans_MV
6	Helena	Czech Republic	\$49.62	4	48	7	7.088571
26	Richard	USA	\$47.62	4	270	7	6.802857
57	Luis	Chile	\$46.62	5	443	7	6.66
45	Ladislav	Hungary	\$45.62	4	164	7	6.517143
46	Hugh	Ireland	\$45.62	5	57	7	6.517143
37	Fynn	Germany	\$43.62	5	211	7	6.231429
28	Julia	USA	\$43.62	4	226	7	6.231429
24	Frank	USA	\$43.62	4	133	7	6.231429
7	Astrid	Austria	\$42.62	4	195	7	6.088571
25	Victor	USA	\$42.62	5	26	7	6.088571

The table below shows the top invoices that amounted to more than double the average sale per invoice which has a full overlap of the top 10 customers in the above table.

AvgSalePerInvoice				
\$5.65				
Year	InvoiceId	Customer	Country	Sales
2013	404	Helena	Czech Republic	\$25.86
2012	299	Richard	USA	\$23.86
2011	194	Hugh	Ireland	\$21.86
2010	96	Ladislav	Hungary	\$21.86
2010	89	Astrid	Austria	\$18.86
2011	201	Victor	USA	\$18.86

² Note: All calculations related to tenure and recency of purchase are done considering current year as 2014 because the data is only until the end of 2013.

Chinook's oldest (from 2009) and most loyal customers who made a recent purchase in last 60 days and are also on the list of most revenue generating customers include Hugh O'Reilly and Victor Stevens. The company can offer special loyalty reward to these customers to retain them for a longer period and encourage them to buy more from Chinook. The strategy must also include appreciation reward for our most valued customer - Helena (Customer ID 6).

ID	FirstName	LastName	Country
25	Victor	Stevens	USA
46	Hugh	O'Reilly	Ireland

INTERNAL ANALYSIS

The best performing genre is Rock, followed by Latin and Metal. Digging it further, we see that USA, Canada & Brazil contribute to around 40% of the purchases of Rock music. On the contrary, Rock&Roll, Easy Listening, Heavy Metal and Electronica are the lowest revenue generating genres. However, the number of tracks in our portfolio for each genre is in proportionate with its sales. This suggests that either the earlier management was aware of its customers demands and has modified the portfolio accordingly, or, the sales for these genres is less because there aren't enough options available for the customers. To determine this, we need data or analytical reports of previous years. In case if it is the latter, Chinook needs to re-adjust its portfolio after additional industry research and a survey from its customers and potential customers.

GID	Name	Sales	% Sales	Nbr_of_Tracks	% total_tracks
1	Rock	\$826.65	35.50%	835	23.84%
7	Latin	\$382.14	16.41%	386	11.02%
3	Metal	\$261.36	11.22%	264	7.54%
4	Alternative & Punk	\$241.56	10.37%	244	6.97%
19	TV Shows	\$93.53	4.02%	47	1.34%

Countries_Buying_Rock	Sale	Percent
USA	\$158.40	19.02%
Canada	\$107.91	12.96%
Brazil	\$80.19	9.63%

GID	Name	Sales	Percent_of_Sales	Nbr_of_Tracks	Percent_of_total_tracks
18	Science Fiction	\$11.94	0.51%	6	0.17%
15	Electronica/Dance	\$11.88	0.51%	12	0.34%
13	Heavy Metal	\$11.88	0.51%	12	0.34%
12	Easy Listening	\$9.90	0.43%	10	0.29%
5	Rock And Roll	\$5.94	0.26%	6	0.17%

Another observation is that 'Opera' (ID 25) is one of the genres in the table, but there is no record of it in tracks or invoices tables, hence tracks of the genre should be added to the collection or Opera should be removed from the list.

Chinook proposes music tracks produced by 275 artists in total, of which Iron Maiden and U2 generate a revenue of 9.5% ensemble and make up for 7% of our product range. It may be worth expanding the portfolio of a few high value creating artists rather than having a large list of artists.

BestSelling_Artist	Sale_Per_Artist	% Sales	Nbr_of_Tracks	% total_tracks
Iron Maiden	\$138.60	5.95%	140	4.00%
U2	\$105.93	4.55%	107	3.05%
Metallica	\$90.09	3.87%	91	2.60%
Led Zeppelin	\$86.13	3.70%	87	2.48%
Lost	\$81.59	3.50%	41	1.17%

The unit price of each track is either \$0.99 for audio content or \$1.99 for video content. The classification of the number of tracks per unit price is available below. Majority of Chinook's products are offered at \$0.99.

Unit_Price	Nbr_of_tracks
0.99	3290
1.99	213

While the top 3 tracks yielded maximum returns of \$43.77 each, there are plenty of tracks that largely underperformed. The second table below categorises tracks grossing more than \$15 as Good, between \$6 and \$15 as Average and less than \$6 as Low performers. Only 149 tracks gained over \$15 from 2009 – 2013. It is worth noting that this table only considers the tracks that were at least sold once.

Name	Sales	Artist
The Fix	\$43.77	Heroes
The Woman King	\$43.77	Battlestar Galactica
Walkabout	\$43.77	Lost
Phyllis's Wedding	\$29.82	The Office
Dazed and Confused	\$28.71	Led Zeppelin

Performance	Nbr_of_Tracks
Average Performance	1234
Low Performance	857
Good Performance	149

One of the most interesting findings is that out of the total 3503 tracks offered by Chinook, 1519 tracks remain absolutely unsold in these 5 years which occupies 47% of the memory. Deleting these tracks and removing them from our collection will make our database cleaner and save many terabytes.

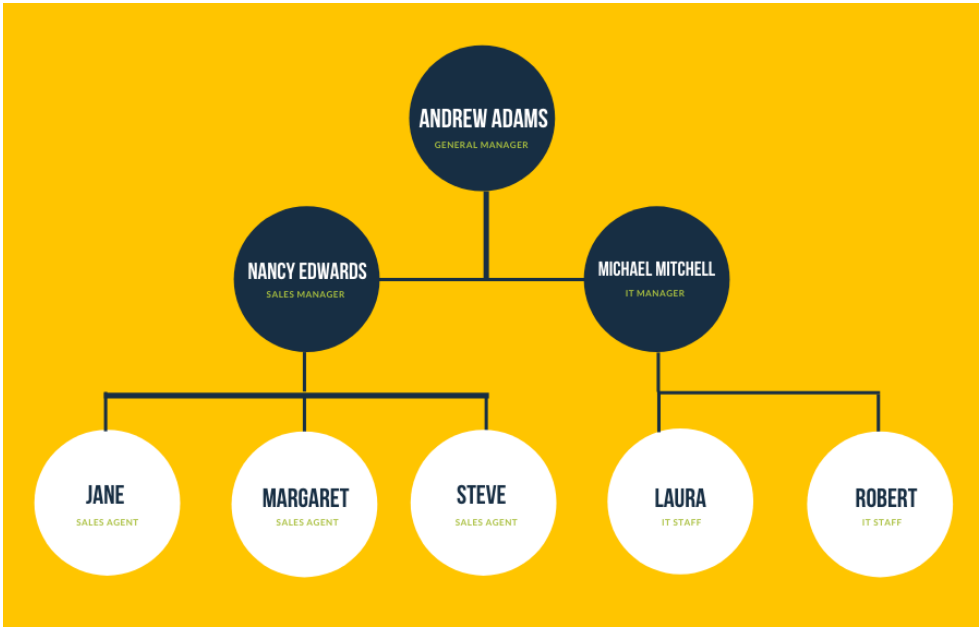
Tracks_Never_Sold	Unsold_Bytes	Total_Bytes	Unsold_Bytes_Percentage
1519	5.53E10	1.174E11	47.11%

In terms of media type, MPEG audio file was most in demand, constituting of 84% of the total sales. Chinook should ensure that all its audio content should definitely be available in this format at the least.

MediaType	Sale_Per_MediaType	Percent_of_Sales
MPEG audio file	\$1,956.24	84.01%
Protected MPEG-4 video file	\$220.89	9.49%
Protected AAC audio file	\$144.54	6.21%
Purchased AAC audio file	\$3.96	0.17%
AAC audio file	\$2.97	0.13%

EMPLOYEES

The organisational chart gives an idea about the company’s internal structure of 8 employees at three levels of hierarchy. The tables after the chart sheds a light on the employees age and tenure at the company.



FirstName	LastName	Title	Age	Tenure
Margaret	Park	Sales Support Agent	73	17
Nancy	Edwards	Sales Manager	62	18
Andrew	Adams	General Manager	59	18
Steve	Johnson	Sales Support Agent	56	17
Laura	Callahan	IT Staff	53	17
Robert	King	IT Staff	50	17
Jane	Peacock	Sales Support Agent	47	19
Michael	Mitchell	IT Manager	47	17

Title	Count
General Manager	1
IT Manager	1
IT Staff	2
Sales Manager	1
Sales Support Agent	3

The General Manager, Andrew Adams will enter the retirement age in a year while Sales Manager Nancy Edwards and one of the Sales Support Agent, Margaret Park are over 60 years. We can see that Jane Peacock, 47, is the youngest Sales Agent at the company and has the best performance. She has also been with the company for the longest time compared with all other employees. Chinook should plan ahead for the retirement of the General Manager and Margaret who brings 33% of revenue to the company.

Name	Sales	Percent
Jane	\$833.04	35.77%
Margaret	\$775.40	33.30%
Steve	\$720.16	30.93%

Having a glance at each of the Sales Agent's hold in specific countries, we know that Jane's highest selling is in Canada followed by the USA which remains at the top for Margaret and Steve. It is interesting though that the best employee Jane's sales are focused on fewer number of countries compared to Steve and Margaret and yet her sale per country far exceeds the others. The company may consider recommending a similar approach to Steve (lowest performing agent, serving maximum number of countries) to boost his sales.

Country	Sales by Jane
Canada	\$191.10
USA	\$119.86
Germany	\$81.24
France	\$80.24
Brazil	\$77.24
India	\$75.26
United Kingdom	\$75.24
Hungary	\$45.62
Ireland	\$45.62
Finland	\$41.62

Country	Sales by Margaret
USA	\$239.72
France	\$77.24
Portugal	\$77.24
Brazil	\$75.24
Czech Republic	\$40.62
Norway	\$39.62
Belgium	\$37.62
Canada	\$37.62
Argentina	\$37.62
Australia	\$37.62
Denmark	\$37.62
Poland	\$37.62

Country	Sales by Steve
USA	\$163.48
Canada	\$75.24
Germany	\$75.24
Czech Republic	\$49.62
Chile	\$46.62
Austria	\$42.62
Netherlands	\$40.62
Sweden	\$38.62
Brazil	\$37.62
Spain	\$37.62
United Kingdom	\$37.62
France	\$37.62
Italy	\$37.62

In terms of corporate clients, again Jane outperforms the other two. However, the average sale per corporate client for each employee remains almost at the same level.

Employee	Nbr_corporate_clients	Sales
Jane	4	\$154.48
Margaret	3	\$115.86
Steve	3	\$114.86

CONCLUSION

Chinook Music Company faces stagnancy in growth of new customers and turnover. For achieving the new CEO's objectives, there is an immediate need to direct utmost efforts to customer acquisition. To start with, the CEO can review additional revenue streams such as digital media and enlargement of the existing portfolio with newer artists, experimental genres and new Rock playlists. A re-adjustment of collection of playlists and tracks is essential based on customer preferences we know for genre, artists and media type.

More targeted marketing can be done in Asian and South American markets where there are huge prospects for increased returns. Loyal customers must be rewarded time and again to maintain a long-term relationship with them.

For enhanced performance of employees, a different strategy can be adopted. For instance, splitting the continents among the three sales agents. However, the CEO must ensure that the existing clients are not sensitive to changes in Support Representatives serving them. If so, some other strategy can be employed. Moreover, Chinook would be in a tight spot if it doesn't start looking for replacements of those to retire soon. There should be sufficient time to train the new employees and make a smooth transition. If cost-benefit analysis is favourable, more sales employees should be hired to augment the sales.