

# Retail Profitability & Pricing Strategy Analysis

**Project Title:** Retail profitability & pricing strategy Analysis(SQL,POWER-BI)

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## Executive Summary

The analysis reveals that profit erosion is driven primarily by aggressive discounting rather than weak demand. While overall revenue remains stable, a meaningful portion is structurally unprofitable, concentrated in specific categories and regions.

By enforcing pricing discipline and prioritizing high-loss segments, the business can recover ₹43.28K in profit, particularly from Office Supplies in the East and Central regions, with minimal impact on total revenue. This analysis supports leadership decisions on pricing governance, regional prioritization, and margin protection.

## Business Problem

Despite steady revenue performance, the business experiences **inconsistent profitability and margin erosion**.

Leadership lacks clarity on:

1. Whether revenue growth is translating into profit
2. Where discounting is destroying margin
3. Which actions will deliver the fastest profit recovery

## Data & Methodology

### Data Preparation

- Cleaned order-level transactional data
- Validated revenue, profit, and discount fields
- Created derived metrics:

Profit Margin % , Loss Amount , Revenue at Risk , Profit per Order, Priority Score

### Analytical Approach

- SQL used for aggregation, filtering, and validation
- Power BI used for visualization, pattern identification, and prioritization
- Insights validated across both tools to ensure consistency

1. Is revenue growth translating into profit?

total_sales	total_profit	profit_margin
2272449.86	282857.75	0.12

## 2. How is discounting affecting profitability?

discount_band	SUM(Sales)	SUM(Profit)
High Discount	127371.25400000016	-98327.905699
Medium Discount	234065.96980000005	-35825.857100
Low Discount	838235.312500003	99827.472700
No Discount	1072777.3199999915	317184.04429

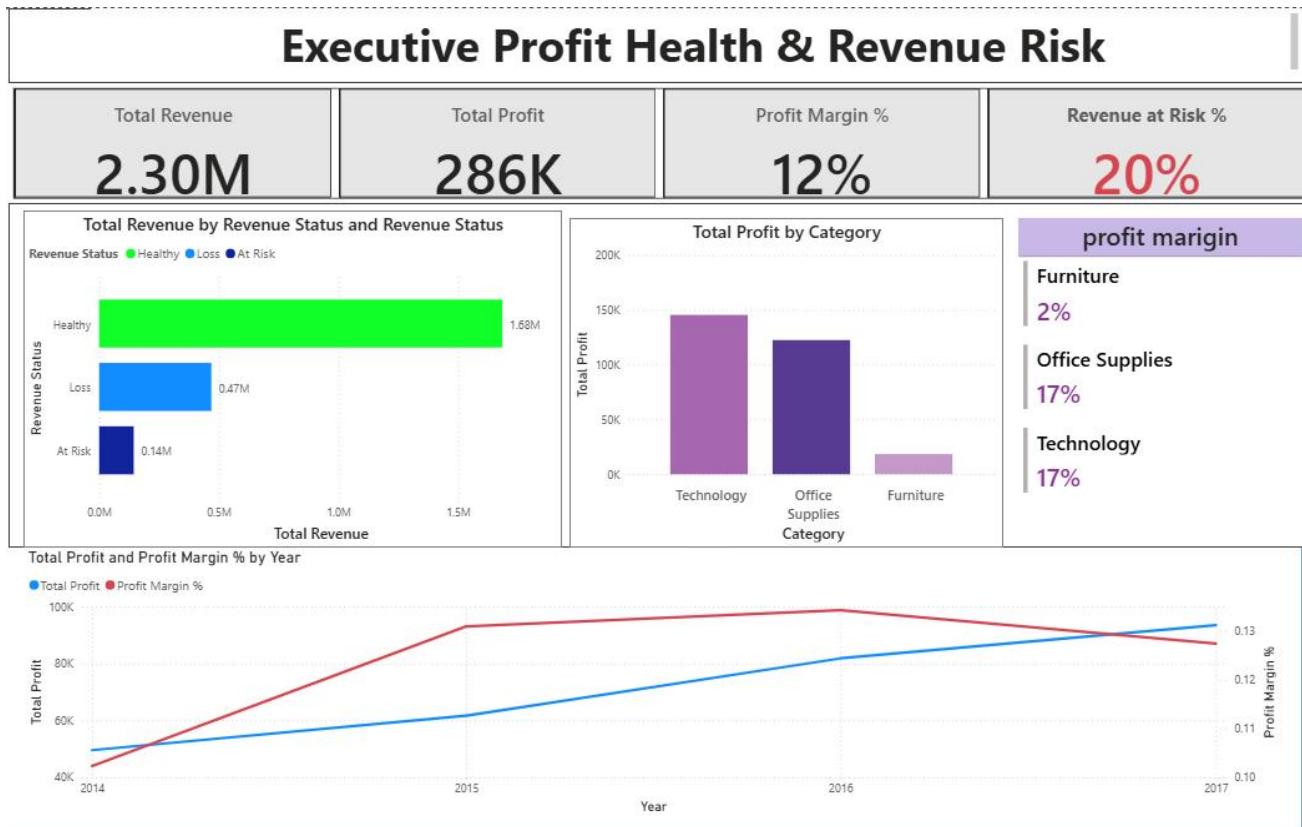
## 3. How much revenue is at risk due to unprofitable orders?

revenue_at_risk
► 464810.99

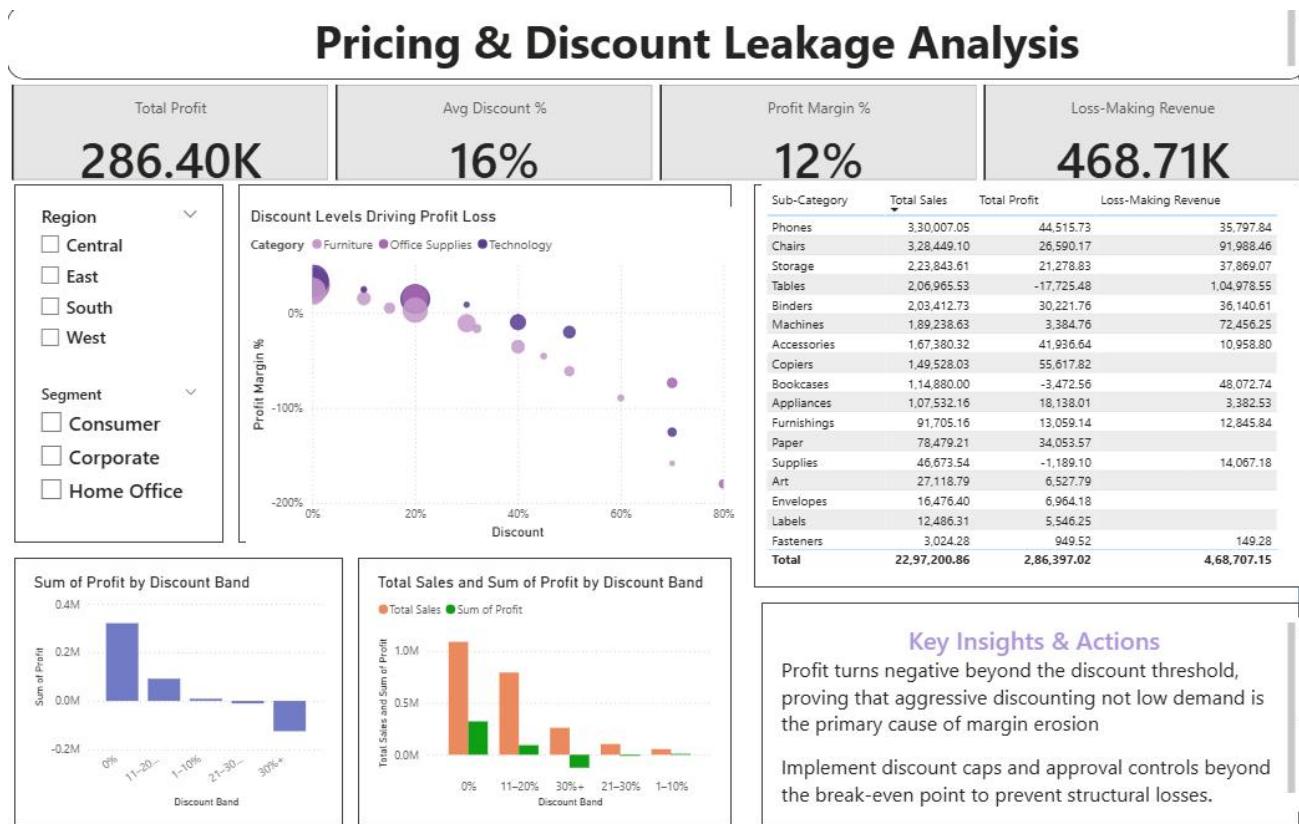
## 4. Region-wise Loss Concentration

Region	total_profit	loss_making_revenue
East	90672.01	159431.67
Central	40128.9	140013.35
South	46035.69	91339.64
West	106021.15	74026.33

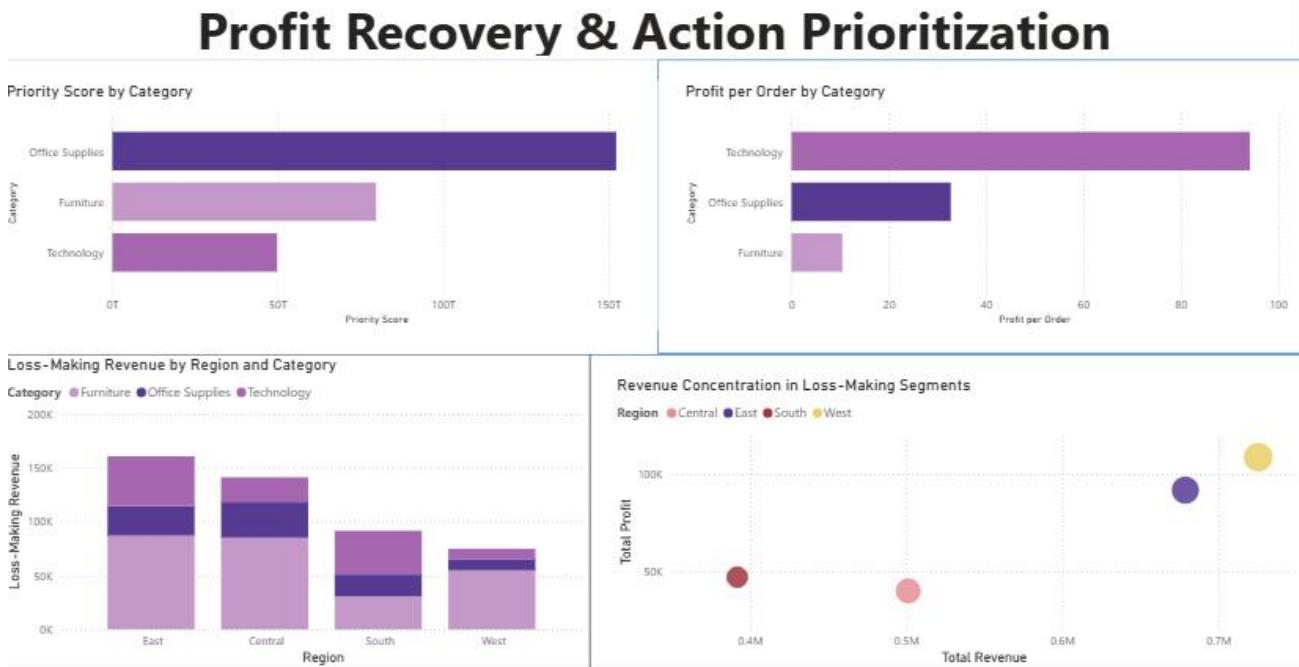
## DASHBOARD 1 — Executive Profit Health & Revenue Risk



## DASHBOARD 2 — Pricing & Discount Leakage Analysis



## DASHBOARD 3 — Profit Recovery & Action Prioritization



## Key Insights & Recommendations

- ₹0.61M (20%) revenue at risk due to low/negative margins, driven mainly by Furniture 2% and Office Supplies.  
**Act:** Track Revenue at Risk as a KPI and prioritize high-loss categories.
- Discounts >30% turn profit negative, creating ₹468.7K loss-making revenue.  
**Act:** Enforce discount caps and approvals beyond break-even levels.
- High revenue ≠ high profit; Technology shows strong sales but weak margins.  
**Act:** Shift focus from sales to profit per order and margin efficiency.
- East & Central regions drive most losses and hold the highest recovery potential.  
**Act:** Apply targeted pricing and discount controls in these regions first.
- ₹43.28K recoverable profit concentrated in Office Supplies (East & Central).  
**Act:** Fix top loss segments first; monitor recovery via margin KPIs.

## Conclusion

Revenue growth alone is insufficient to ensure profitability. This analysis reveals structural profit leakage driven by excessive discounting, low-margin categories, and regional loss concentration. By prioritizing Furniture and Office Supplies, enforcing disciplined discount governance, and focusing corrective actions in East and Central regions, the business can recover ₹43.28K in profit with minimal revenue impact. Embedding margin-centric KPIs and targeted monitoring will stabilize profitability and enable sustainable growth.

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