SUPERSTORE PERFORMANCE INTELLIGENCE

Strategic Insights & Recommendations for Growth

Team DN8 – MGMT 599 | Summer 2025

PROBLEM STATEMENT

DESPITE STRONG TOP-LINE SALES AND SEASONAL SURGES, SUPERSTORE FACES **PROFITABILITY EROSION**, **LOW CUSTOMER RETENTION**, AND **MISALIGNED PRODUCT ECONOMICS**.

Three core strategic gaps threaten sustainable growth:

❖ Over-reliance on discounting erodes margins.

❖ Heavy dependence on a few high-spend customers masks poor retention.

❖ Furniture category profitability crisis, subsidized by better-performing product lines.

KEY FINDINGS FROM ANALYSTS

Carlo Rama – Sales Analysis
- Q4 consistently delivers ~30% higher revenue than Q1.
- Central region shows good sales but suffers from negative margins due to deep discounting.

David Jetter – Product Analysis
- Technology products deliver highest sales and profit.
- Furniture has high sales volume but zero or negative profit, mainly due to deep discounting and high fulfillment costs.

Ryan Splitstone – Customer Analysis
- Pareto pattern: 20% of customers drive ~80% of revenue.
- Over 70% are one-time buyers, with low second-purchase rates.
- Top spenders are not always profitable due to discount-heavy purchases.

Samriddh Gupta – Regional/Operational
- West and East perform well with profit margins >20%.
- Central and South regions operate near break-even or loss.
- Shipping times are equal across regions (~3.9 days), ruling out logistics as the issue.

KEY INSIGHT 1 - PARETO CHART OF CUSTOMER LIFETIME VALUE (CLV)

Pareto Analysis of Customer Lifetime Value

Top 49.9% of customers (396 of 793) generate 80% of revenue
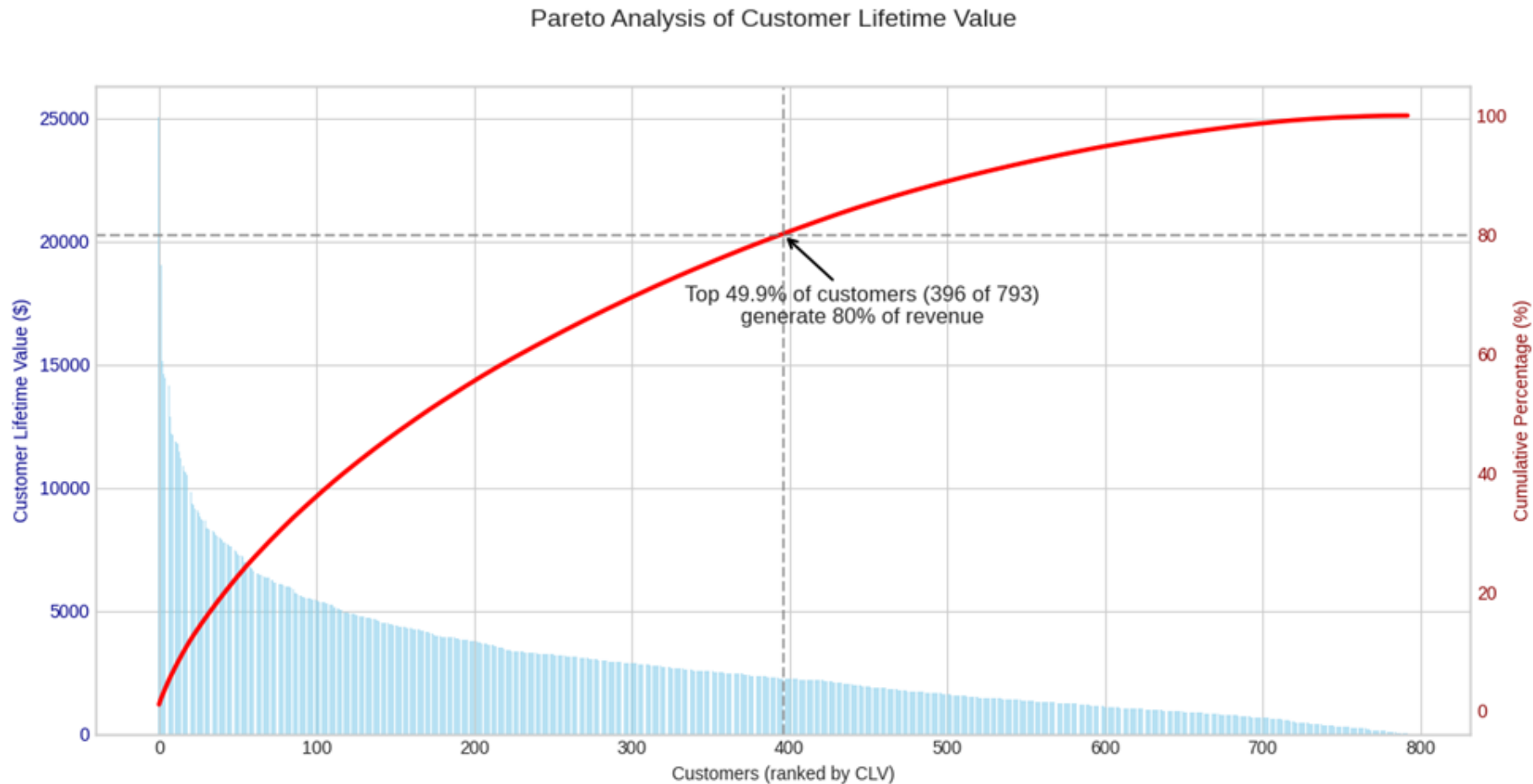
- Customers ranked by CLV (bars, left axis) with cumulative-revenue curve (red line, right axis).
- A dashed line at 80 % revenue shows that the top ≈ 20 % of customers drive ≈ 80 % of revenue.
- Used to evidence revenue concentration risk.

KEY INSIGHT 2 - Q4 SALES SPIKE

- Q4 drives +30% sales but also has highest discount usage (~16% avg), eroding margins.
- Validates strong seasonality and informs inventory/staffing recommendations.
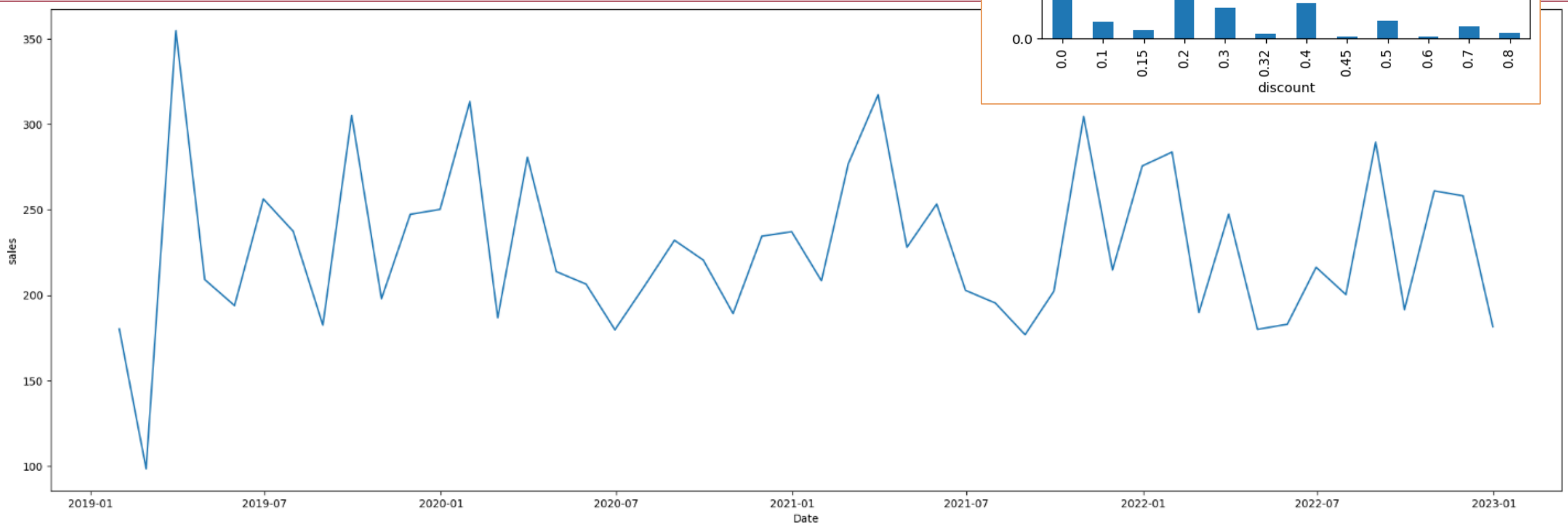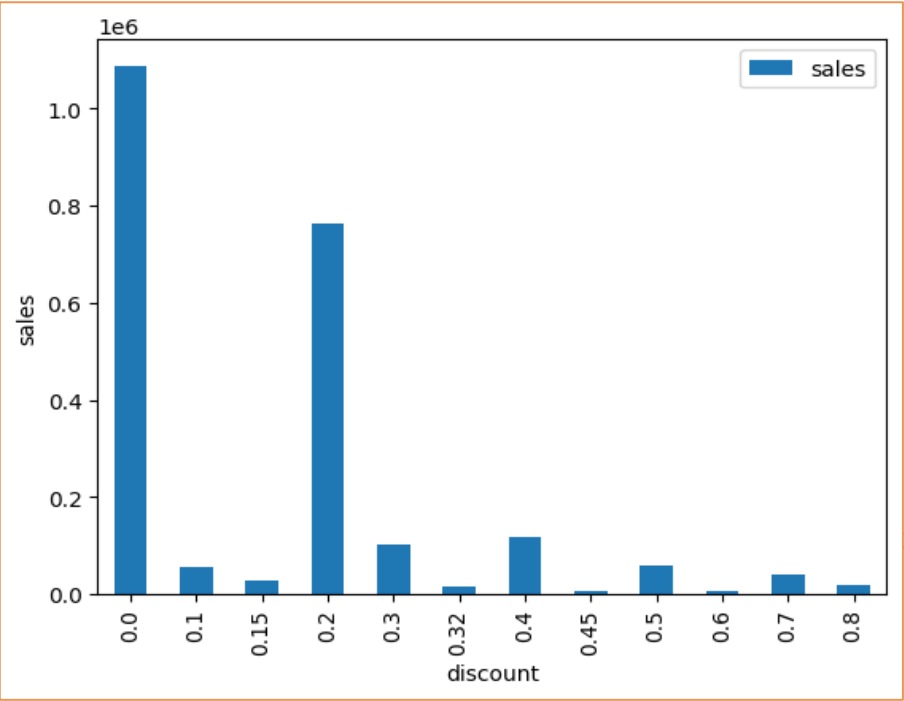
INTEGRATED INSIGHTS

Discover:
➤ Seasonal Q4 demand is strong, but profits vary sharply by region and category.

Investigate:
➤ Deep discounting (avg. 15.6%) is the key driver of margin erosion, especially in high-volume segments.

Validate:
➤ High revenue doesn't equal profit. Many top-line customers generate losses after discounts and shipping.

Extend:
➤ Realign product, pricing, and customer strategies to correct margin leaks and unlock profitable growth.

DIVE FRAMEWORK

TOP 3 STRATEGIC RECOMMENDATIONS

1. Optimize Pricing Discipline

❖ Implement ML-driven discount guardrails

❖ Restructure sales incentives to reward profitable sales

2. Retain and Grow Customer Value

❖ Launch tiered loyalty program + 30-day re-engagement triggers

❖ Use predictive models to personalize offers

3. Fix Furniture Economics

❖ Reduce discount depth, bundle with high-margin items

❖ Prune unprofitable SKUs and negotiate supplier terms

EXPECTED IMPACT (30/90/365-DAY HORIZON)

Timeline	Key Milestones & KPIs
30 Days	Deploy discount controls; design loyalty program; Q4 prep task force
90 Days	Launch predictive retention model; initiate pilot for dynamic pricing
12 Months	Achieve: +5% margin gain in Central/South, 45% repeat purchase rate, EBITDA up 4 pts

❖ Discounts reduced from **15.6% to 10%**

❖ Furniture profitability **> 5%**

❖ Repeat purchases up from **30% to 45%**

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THANK YOU

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