UNICORN
Financial and Operational Results for 2018

This brief summarizes the annual business performance results of the company Unicorn in 2018. The analysis is based on the four following dashboards:

- Sales vs Profitability
- Order KPIs
- Product Analysis
- Business Geography

All the dashboards are interactive and can be used as independent tools for deeper data analysis, also involving other years, quarter-to-quarter analysis, etc.

Sales vs Profitability: *Impressive sales growth cannot conceal a decline in profitability across all product categories*

- In 2018, Unicorn experienced a significant **sales** growth in all major **product categories**. Total sales increased by 36.6% YoY to $757.5k, whereas sales in the Technology category grew even higher by 65.4%.
- Among **customer segments**, the fastest growing was the Corporate Segment (56% YoY). The Consumer segment was still the biggest, although it's share decreased from 50.3% in 2018 to 43.3% in 2019.
- At the same time, **total profit** decreased by 5.8% YoY in 2019, with **the average profit margin** dropping from 15.6% to 6.4%.
- The average profit margin fell across all the three major categories, with the category Furniture becoming unprofitable.

Order KPIs: *Sales expansion was accompanied by significantly growing discounts*

- In 2018, **the average check per order** increased by 6.7% YoY to $228.7. In terms of product categories, however, only Technology showed the increase in the average check on an annual basis, whereas in other categories it declined.
- The growth in the **number of orders** was not accompanied by the improvement in their quality: between 2018 and 2019 the share of "Loss" (i.e. unprofitable) orders increased from 17.3% to 25.5% of the total.
- Parallel to the increase in the orders quantity, a visible growth in **the average discount rate** occurred, from 14% to 18% between 2018 and 2019. The highest discount rates were applied in Furniture and Office Supply categories.

Product Analysis: *To improve profitability, product mix should be further expanded towards technology products*

- In 2018, the overall profitability of the business was largely saved due to higher value Technology products, such as phones and copiers. They largely compensate a negative impact of lower value unprofitable **product sub-categories** (binders, tables, etc.)
- The least profitable products tended to be marketed with the highest discount value.

Business Geography: *Texas, Pennsylvania, and Illinois were major contributors to profit decline*

- Geographically, three major **state markets** mentioned should be tackled to improve profitability. Key **city markets** that need profitability improvement are Philadelphia, Houston, and Chicago.

Recommendations on How to Improve Profitability:

- **Customer Segment:** Continue to target the Corporate Segment, which features a higher average check and is less sensitive to discounted sales.
- **Product Mix:** Decrease the share of unprofitable product sub-categories (mostly from Furniture and Home Office) and continue sales expansion in higher value Technology products, such as phones, which do not require significant discounting to be marketed and sold.
- **Geography:** Prioritize and expand sales in California, New York, and Washington.