

Adventure Works Cycles - Analysis Challenge

- Strategic recommendations
- Insights

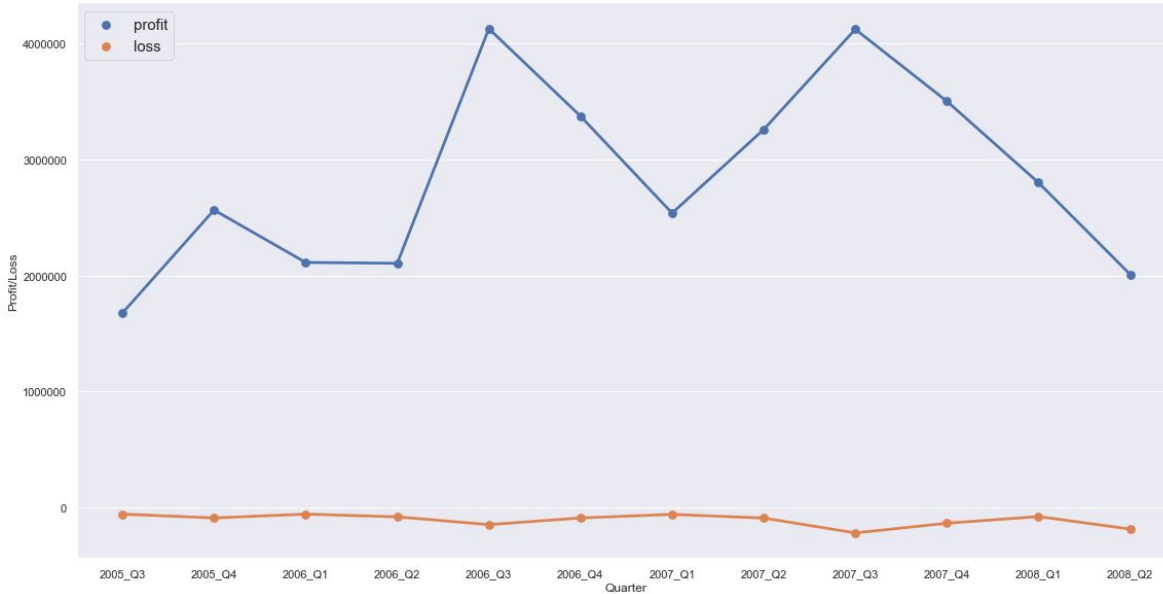


Formulas And Assumptions

$$\text{Profit} = (\text{UnitPrice} - (\text{UnitDiscount} * \text{UnitPrice}) - \text{UnitFreightCost} - \text{UnitCost}) * \text{OrderQty}$$

- Assuming that Freight Cost Charges are paid by Supplier

Total Profit/Loss over quarterly period



Insights:

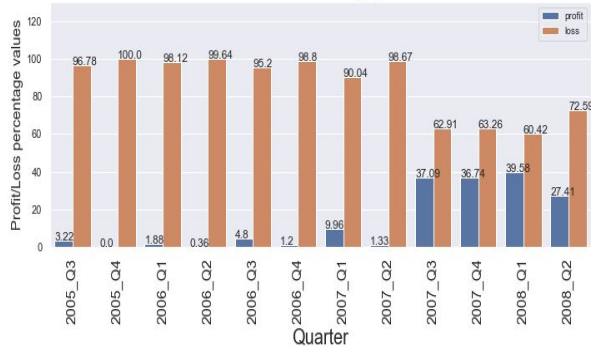
- Profit has started to decrease from 4th quarter of 2007 till 2nd quarter of 2008
- Loss has increased in the 2nd quarter of 2008

Recommendation:

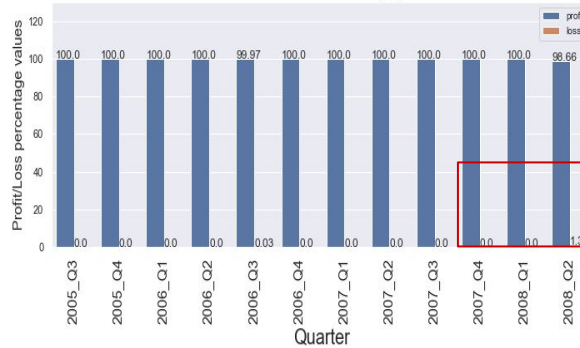
- Further Investigation is required to see which product category is responsible for this decrease in profit and increase in loss

Profit/Loss % for different product categories over quarterly period

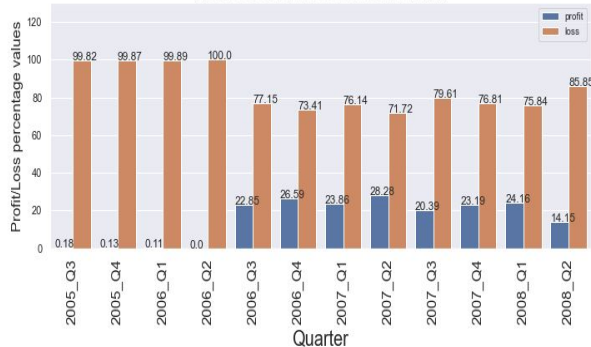
Profit/Loss % for Product Category: Accessories



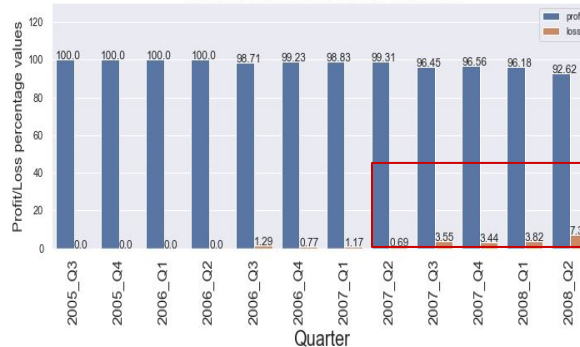
Profit/Loss % for Product Category: Bikes



Profit/Loss % for Product Category: Clothing



Profit/Loss % for Product Category: Components



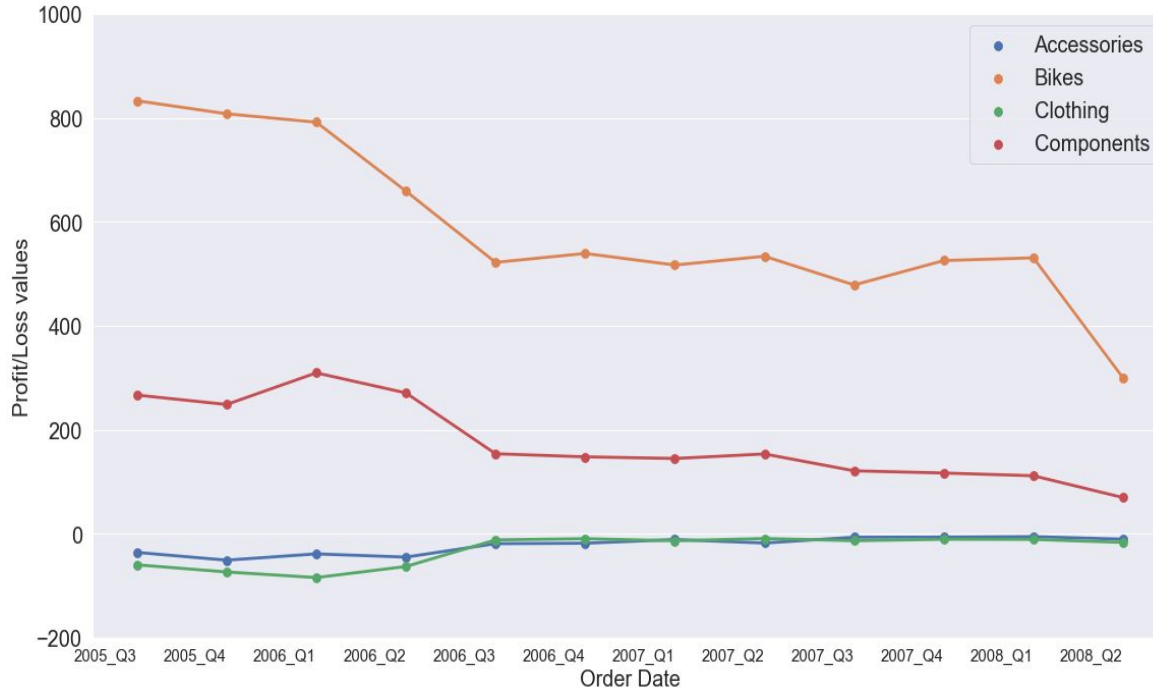
Insights:

- Accessories and Clothing are majorly responsible for loss
- Bikes and Components are major contributors to profit but in the last 3 quarters have also contributed to loss

Recommendations:

- Sell Accessories and Clothing only when customer has purchased Bikes and Components in bulk so that it will compensate for the loss caused by higher shipping charges per unit of Accessories and Clothing

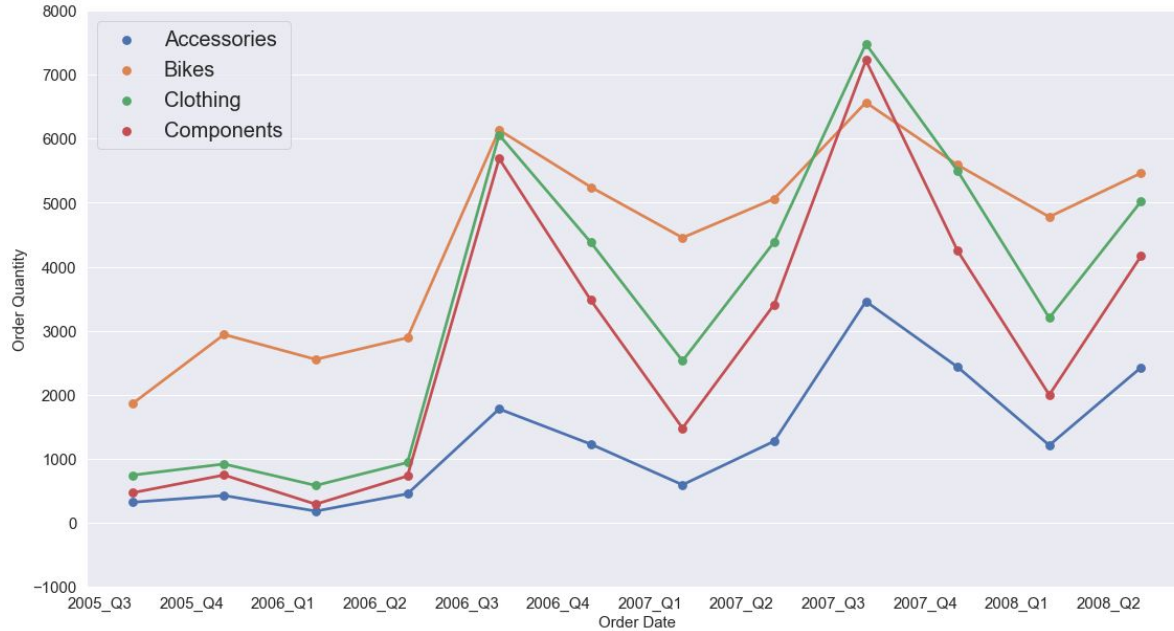
Average profit earned per unit across different product categories over quarterly period



Insights:

- Average profit earned per unit of Bikes and Components have decreased over time
- On the other hand Clothing and Accessories have shown an improvement as the loss decreases

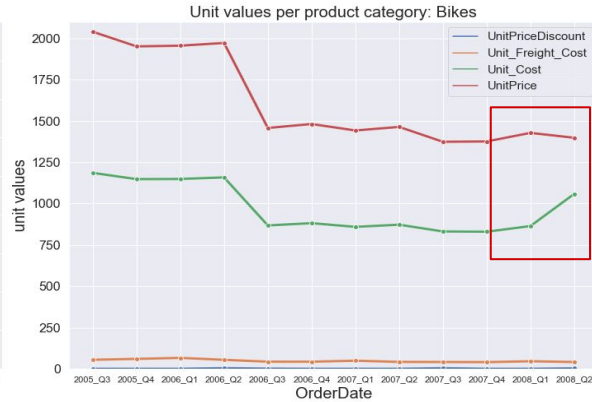
Number of Products sold across different categories over quarterly period



Insights:

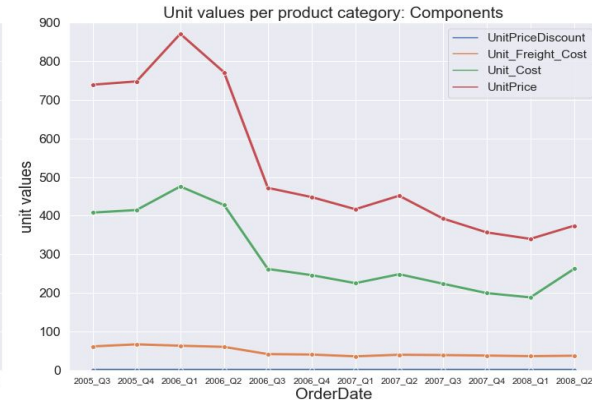
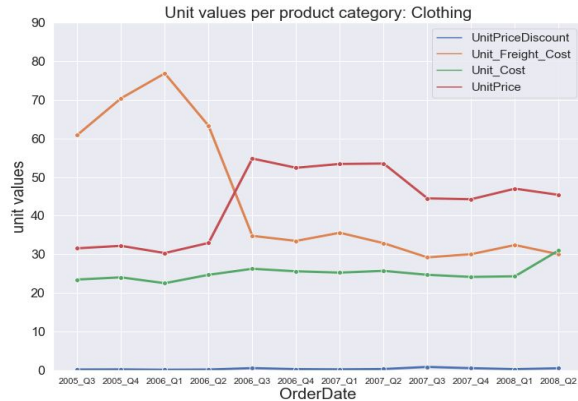
- Number of products sold across different categories shows the decline in last quarters starting from 4th quarter of 2007

Average unit freight cost, unit price discount, unit cost and unit price over quarterly period for different product categories



Insights:

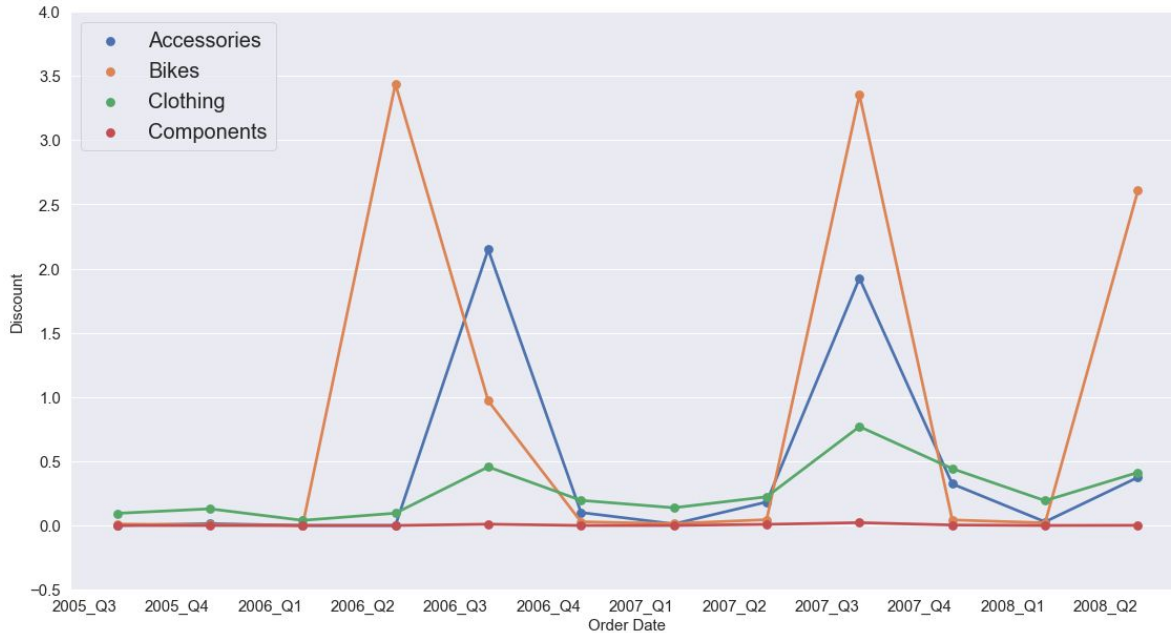
- Average unit cost for manufacturing bikes has increased in last quarter but it is being sold for lesser price



Recommendations:

- Selling price should also be increased as the manufacturing price increases specially for bikes as they contribute to major profit

Average discount for different product categories over quarterly period



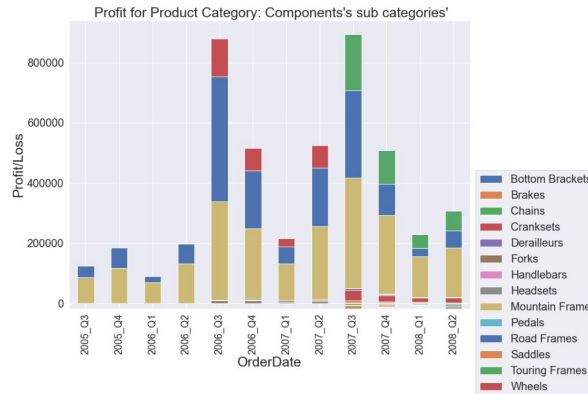
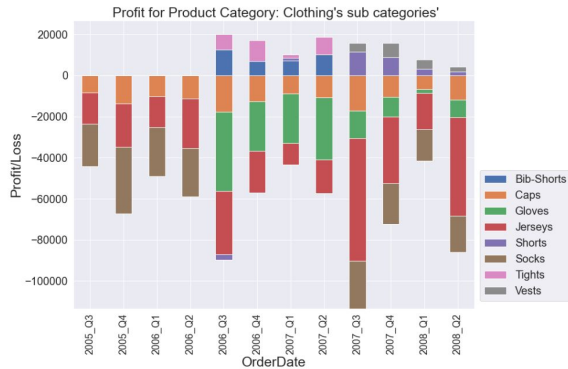
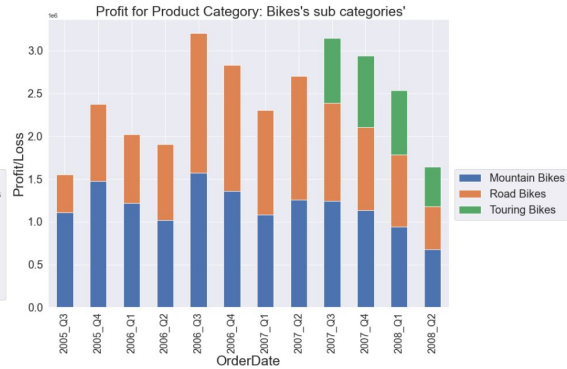
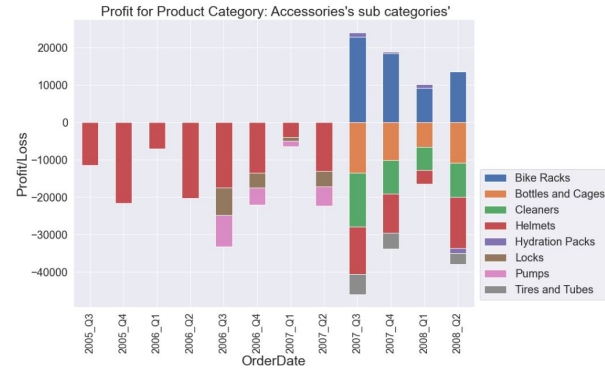
Insights:

- Along with the increase in Unit Cost, discount given on Bikes resulted in lesser profit in last quarter

Recommendations:

- Discount should be given when the manufacturing price is less and selling price is more.

Profit for different product subcategories over quarterly period



Insights:

- In Accessories, Helmet and Bottles & Cages have contributed to major loss over time
- In Clothing, Jersey, Socks, and Gloves are responsible for major loss

Recommendations:

- Tights and Bib-Shorts should be relaunched in Clothing as they contributed for higher profit from 2006 Q3 to 2007 Q2.
- Bike racks selling to be further extended to gain more profit

THANK YOU