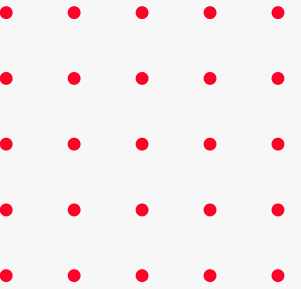


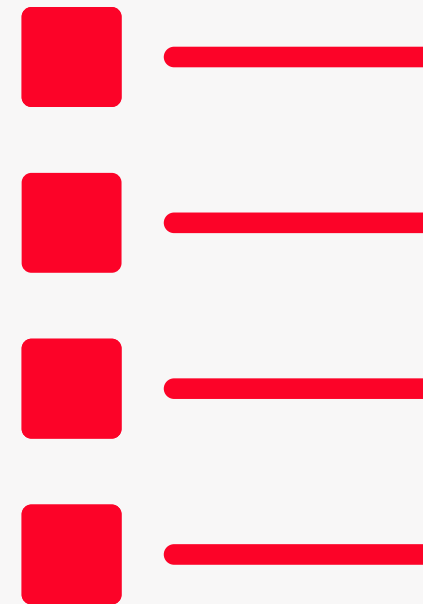


Sales Performance Analysis

Case Study: Daily Trading Analysis for a Single Product
Presented By: Gary Themane
Date: 27 October 2025



Key Findings & Presentation Objective



Objective

To develop core financial metrics and derive actionable insights, particularly concerning price sensitivity (Elasticity of Demand) and profitability, for the product under review.

Key Finding 1

The Average Selling Price (Metric 2) is R37.07 per unit.

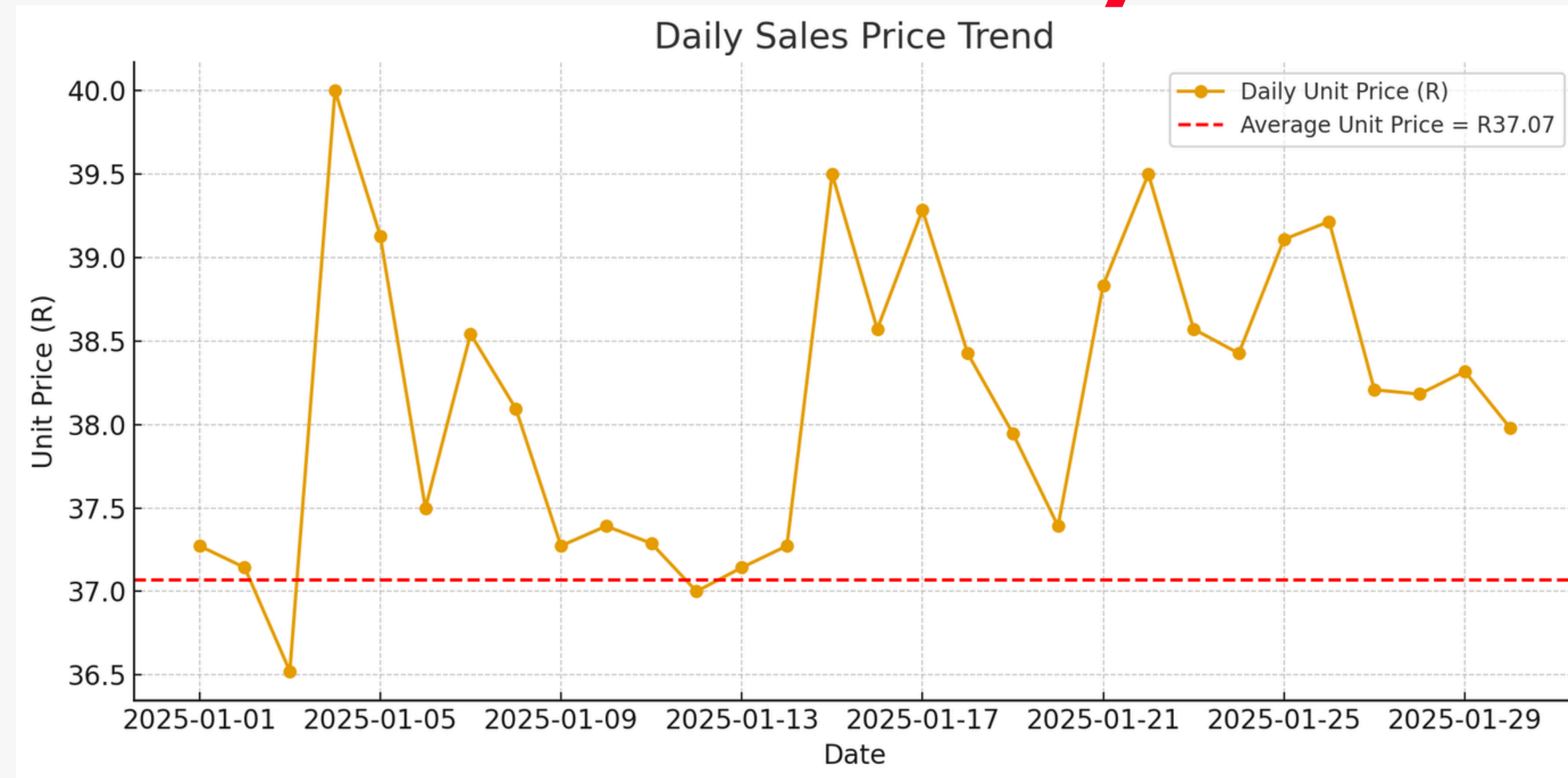
Key Finding 2

The product exhibits periods of Elastic Demand (PED values typically range from -4.5 to -5.5), indicating volume sales are highly responsive to price drops.

Key Finding 2

Daily Gross Profit Margin is consistent, averaging -0.9% (Metric 3 & 4), but total profit dollars are subject to high day-to-day volume variability.

Daily Performance and Profitability Metrics



Metric 1: Daily Sales Price

Result: Tracks day-to-day fluctuations, highly variable, ranging from R30.70 to R43.81.

Metric 2: Avg Unit Price

Result: R37.07 (The constant benchmark price across all periods).

Metric 3 & 4: Daily % Gross Profit

Average Result: -0.9% (Requires immediate strategy to increase price or reduce cost).

Sales Day Classification: Understanding Daily Performance

Insight:

We classify each trading day based on whether its price and volume were above or below the overall product averages.

Classification Categories:

1. Potential Promotion Day:

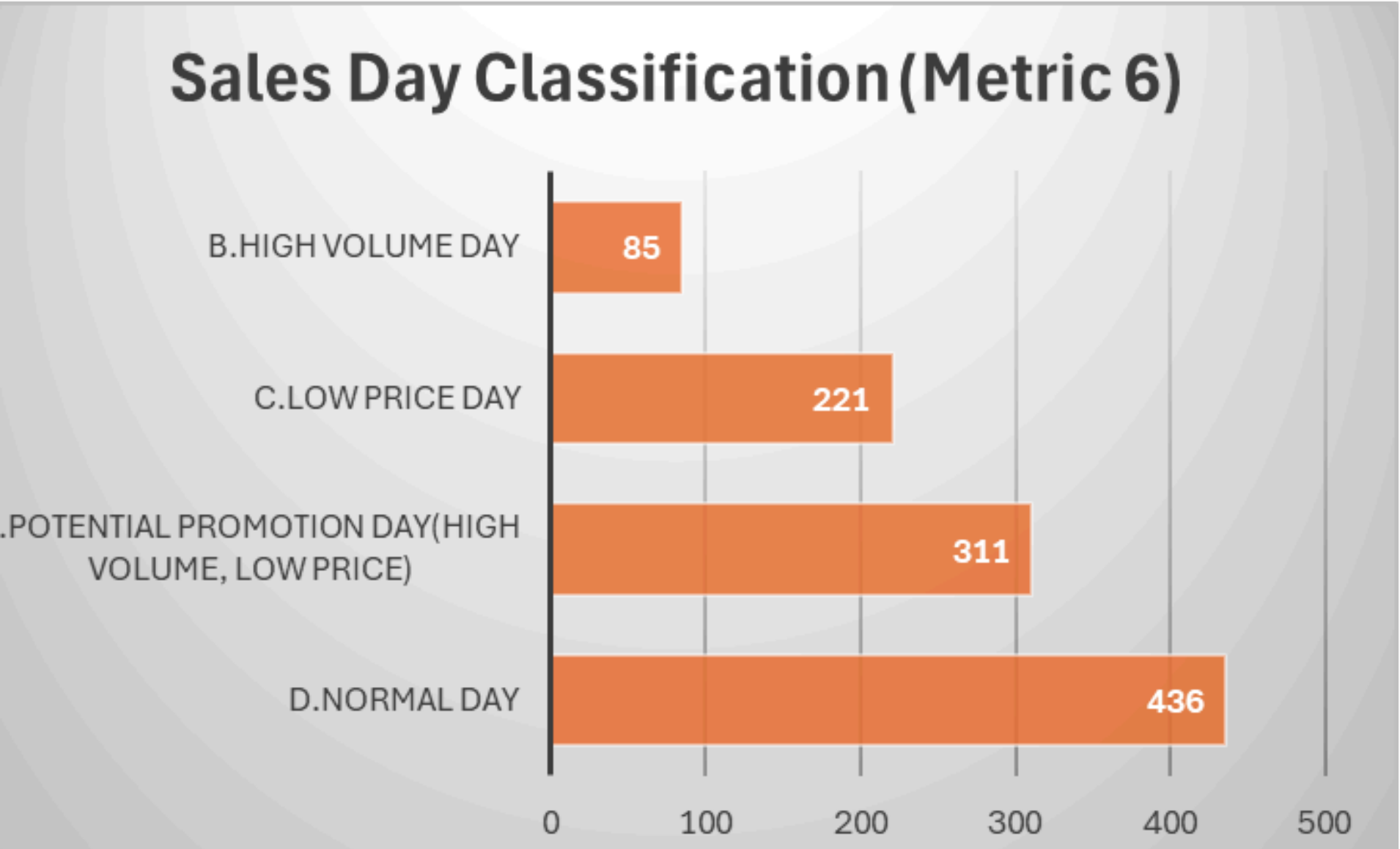
Low Price AND High Volume (Identifies successful sales days.)

2. Normal Day:

Both Price and Volume near or below average.

Actionable Takeaway

The high count of "Potential Promotion Days" suggests the low price is the primary driver of volume. The "Low Price Days" category identifies missed opportunities where a price drop failed to generate high volume.



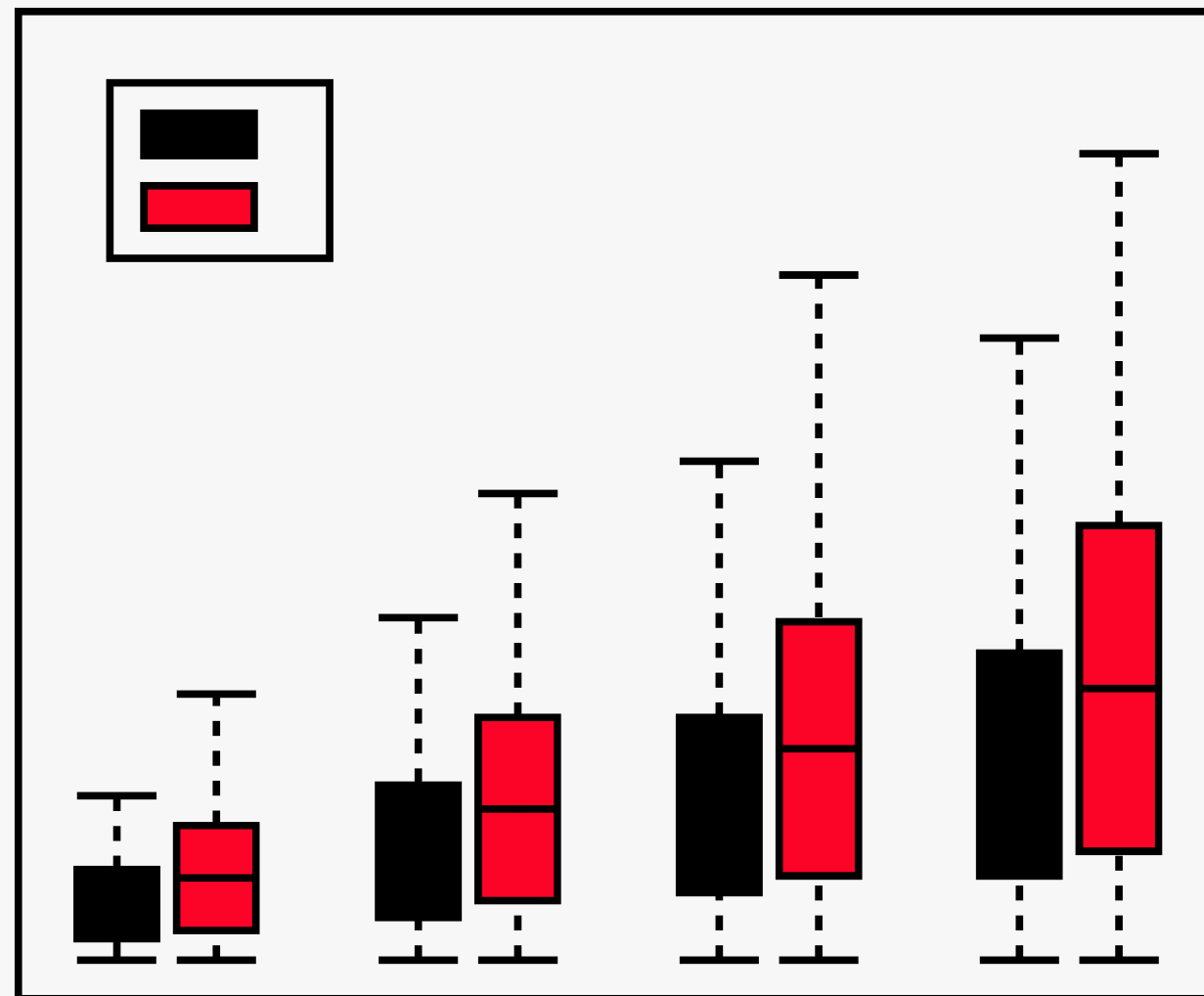
D. Normal Day (436 days): This is the most frequent category, indicating that for nearly half the period, both price and volume were near or below their overall averages.

A. Potential Promotion Day (311): This is the second-largest category, confirming that strategic low prices often lead to high volume—a successful outcome.

C. Low Price Day (221 days): This is a critical insight, showing a large number of days where the price was below average but failed to drive high volume, representing inefficient margin sacrifice.

B. High Volume Day (85 days): The least frequent, indicating that high volume rarely occurs organically without a price reduction.

Price Elasticity of Demand (PED)



Concept

PED measures the percentage change in quantity sold for every 1% change in price. We used the Arc Elasticity method comparing daily sales to the previous day's baseline.

Criteria for Promotion

Identified days with a **Price Drop** > 5% and a corresponding Quantity Increase to isolate likely promotional events.



PED Results and Performance Assessment (Metric 5)

Promotion Period 1

Date: 2016-06-23

Promotion Period 2

Date: 2016-08-24

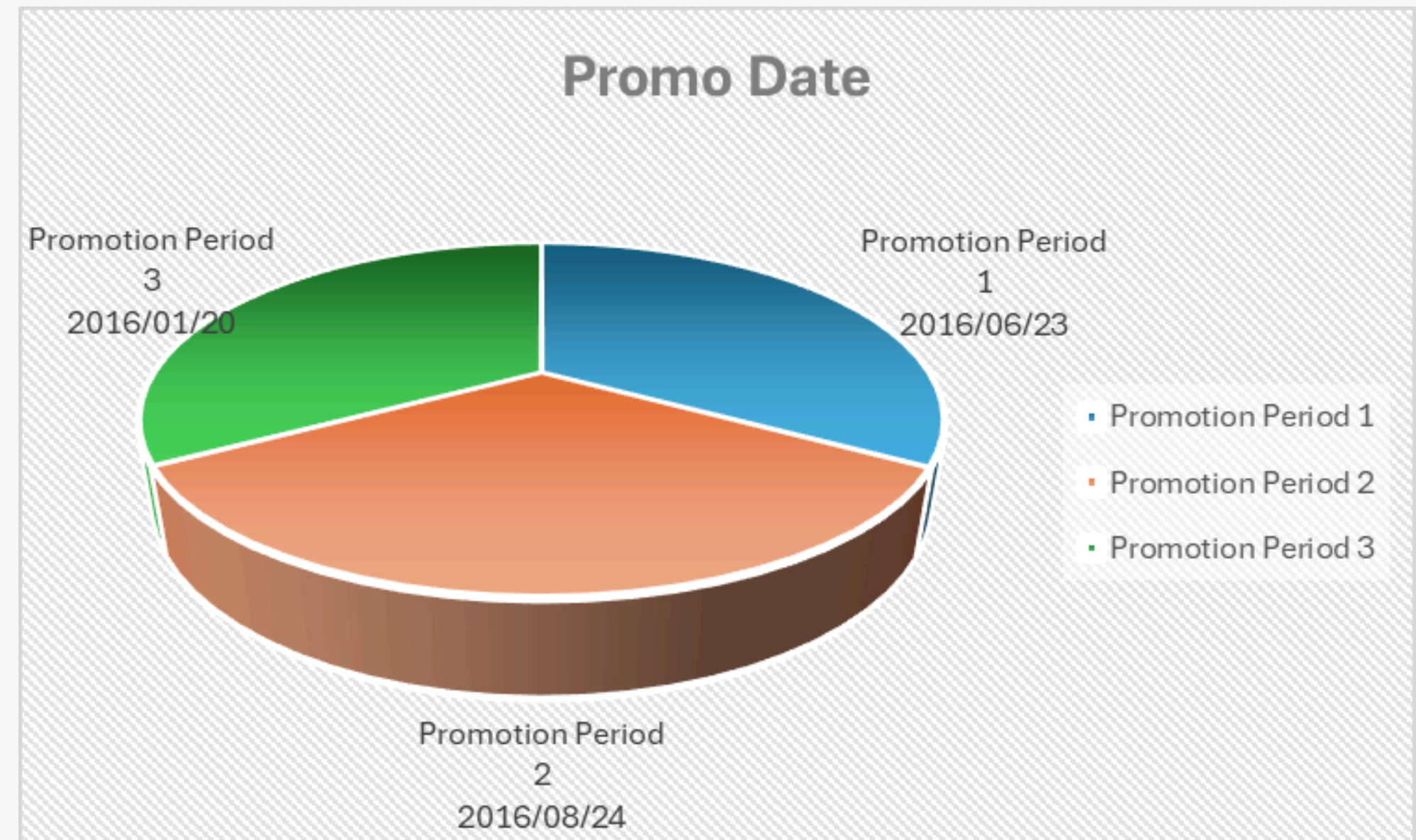
Promotion Period 3

Date: 2016-01-20

Overall Performance (Metric 5 Opinion)

My Opinion:

The product **performs better** when sold at a promotional price because the demand is generally Elastic ($PED < -1$) during successful price drops. This means the increase in volume more than offsets the drop in price, leading to a net gain in revenue.



Summary and Strategic Recommendations



Profitability Crisis

The average -0.9% GPM is unsustainable. Immediate action is required to either increase the base price or reduce the Cost of Sales.

Pricing Strategy

Leverage Elasticity:

Since the product is highly elastic, use promotions strategically to maximize volume and generate cash flow. Do not use small, ineffective price changes.

Base Price Correction

Shift the non-promotional (base) price above the R37.07 average to ensure the 9.7% **GPM target is met at base price.**