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SALES REPORT

An Overview of Sales Performance and Key Metrics.

INTRODUCTION TO SALES REPORT

This case study analyses the daily sales performance of a single product in a large retail store, using a simulated dataset containing daily totals. Each record represents the trading activity for one day, including total sales value, cost of sales, and quantity sold. By developing key metrics such as unit price, gross profit, and price elasticity of demand, the study aims to understand how pricing and promotions affect both revenue and profitability for this product.

AIM

To evaluate the sales, pricing, and profitability performance of a retail product over time, and to assess how promotional pricing impacts demand and gross profit.

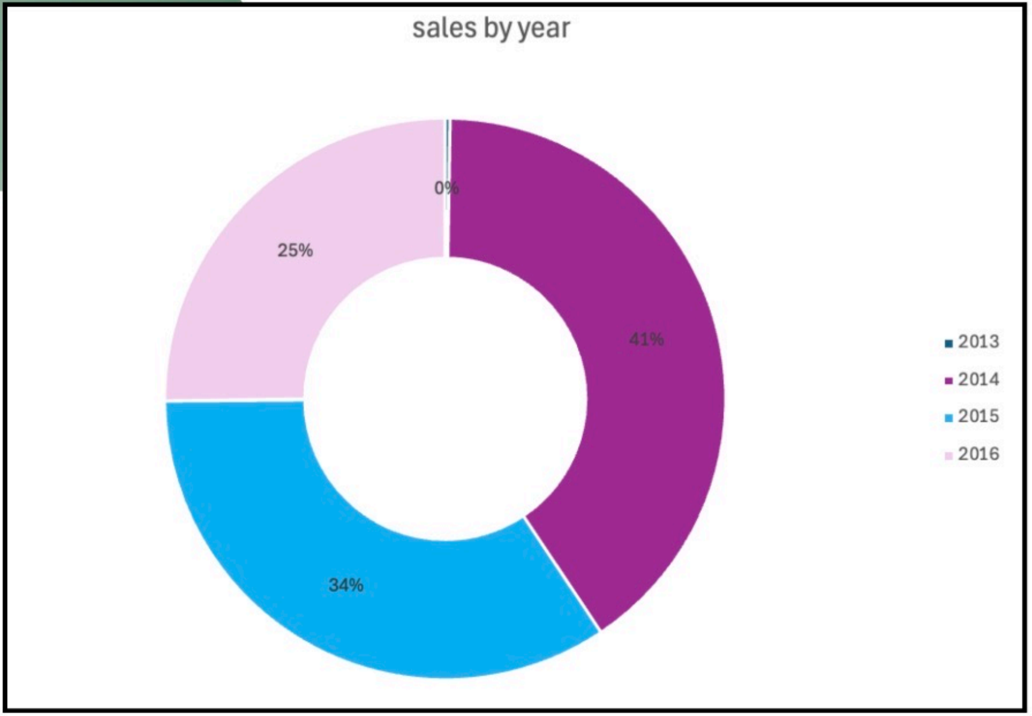
OBJECTIVES

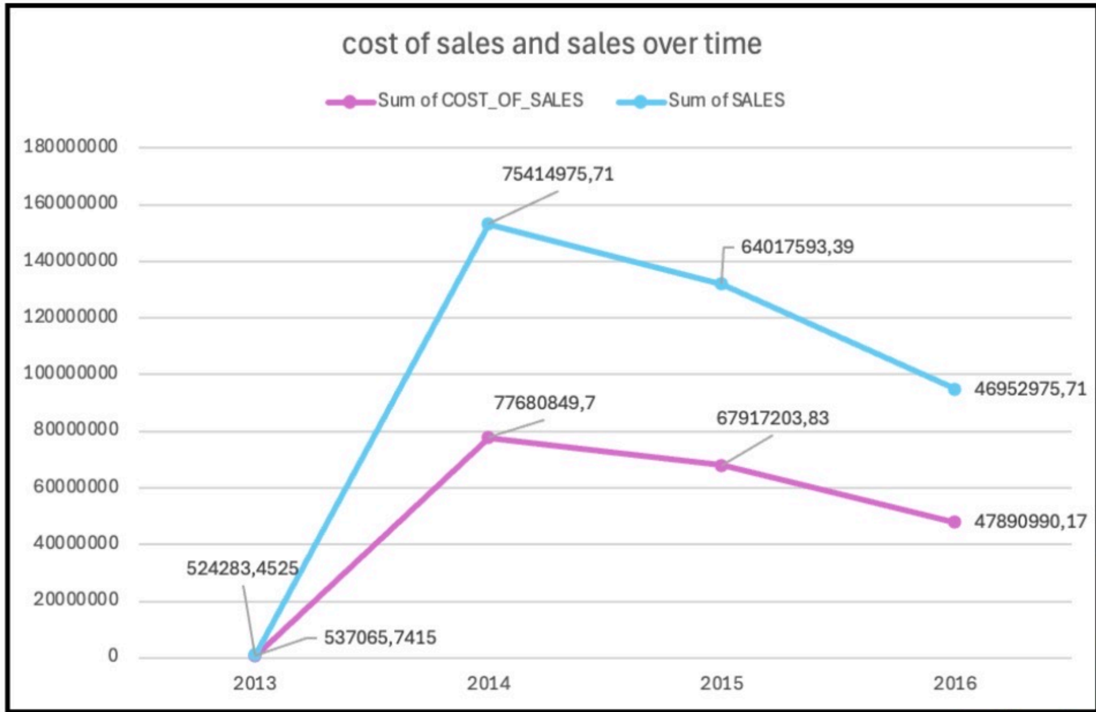
- Calculate the daily sales price per unit for the product.
- Determine the average unit sales price over the full period.
- Compute the daily gross profit percentage.
- Calculate the daily gross profit percentage per unit.
- Calculate the price elasticity of demand (PED).

METHODS

- Data Preparation
  - Import the Sales Case Study dataset into Excel, SQL, or BI tools.
  - Review key fields: Date, Sales, Cost of Sales, Quantity Sold.
- Metric Calculations
  - Compute daily unit price: Sales ÷ Quantity Sold.
  - Calculate average unit price across the entire dataset.
  - Calculate daily gross profit %: (Sales − Cost of Sales) ÷ Sales × 100.
  - Compute daily cost per unit and gross profit per unit %, using unit price and cost per unit.
- Promotion Analysis
  - Identify at least three promotional periods where unit price drops.
  - Compare prices and quantities before vs during promotions.
  - Calculate Price Elasticity of Demand (PED) using:
    - % change in quantity ÷ % change in price.
  - Interpret whether demand is elastic (>1) or inelastic (<1) and assess promo effectiveness.

SALES

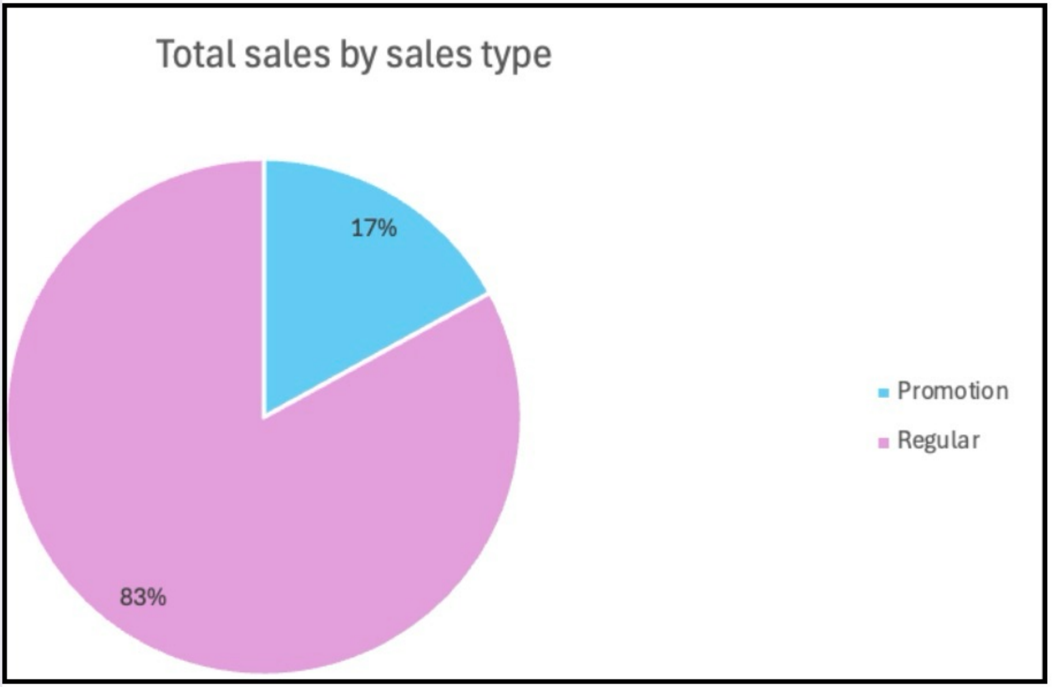


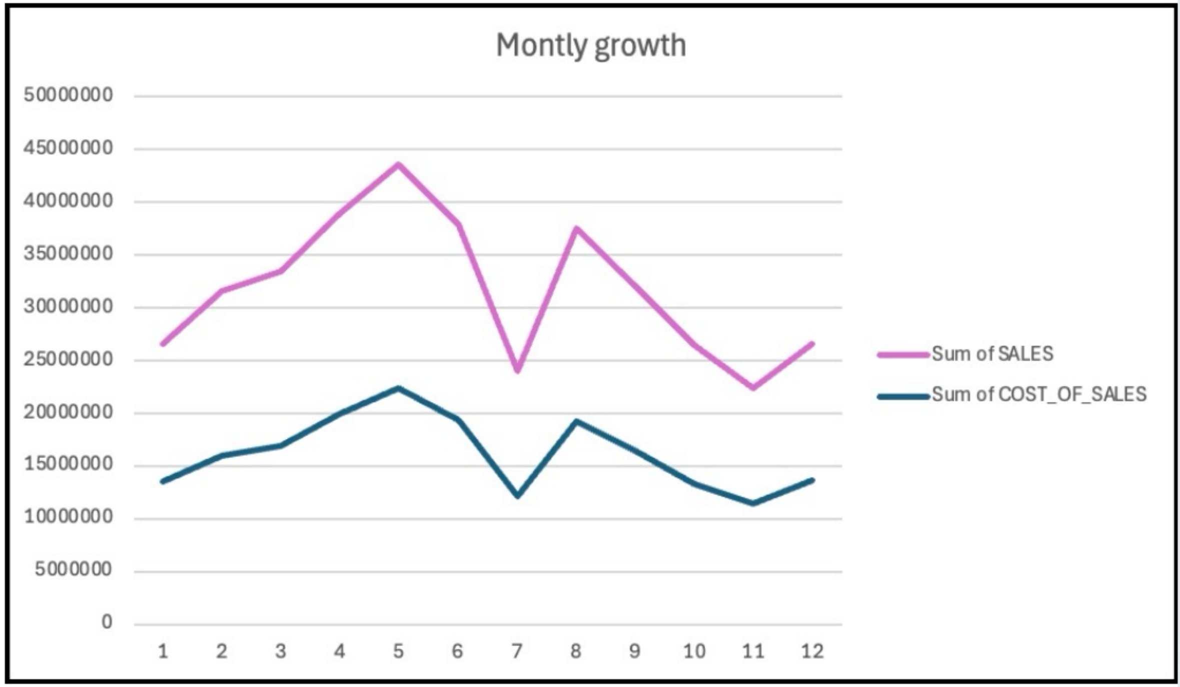


- Sales peaked in 2013 and 2014, with 2013 contributing the highest share overall.
- There was a noticeable decline in sales after 2014, reaching very low levels by 2016.
- Cost of sales also dropped after 2014, creating a profitable gap between revenue and costs in that year.
- Overall, 2014 stands out as the strongest performance year in both sales growth and cost efficiency.

GROWTH

- Regular sales contribute 83%, showing they are the main driver of total revenue, while promotions make up only 17%.
- Monthly growth shows strong fluctuations, with clear peaks around May–June for both sales and cost of sales.
- Sales consistently stay above cost of sales, indicating profitable performance across the year.
- Despite dips later in the year, overall trends show steady growth with seasonal highs.



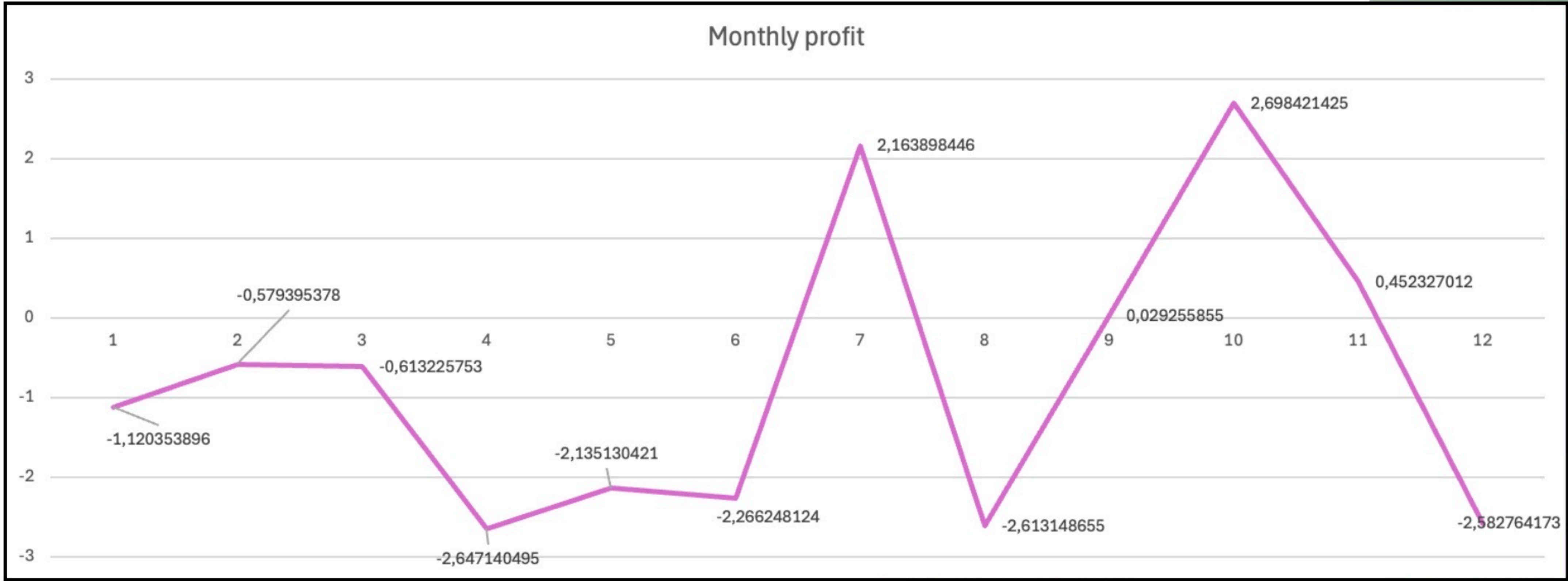


PED

- The PED values are mostly negative, showing demand is price elastic customers respond strongly to price changes.
- Demand reaches its most elastic point around month 5, where sensitivity to price is the highest.
- After month 6, elasticity gradually moves closer to zero, suggesting demand becomes less sensitive to price changes.
- Overall, the trend shows high volatility, meaning pricing decisions have a significant impact on customer purchasing behavior.

PROFIT

- Profit fluctuates heavily throughout the year, with several months showing negative profit, indicating cost pressures or low sales.
- The most significant losses occur around month 4 and month 12, where profit drops to its lowest points.
- Strong profit peaks appear in month 7 and month 10, showing periods of higher efficiency and revenue performance.
- Overall, the pattern suggests inconsistent profitability, highlighting the need for better cost control and more stable sales strategies.



RECOMMENDATIONS

- The data shows strong mid-year performance, so the business should focus marketing and sales efforts during peak months while working to reduce costs and improve efficiency in low-profit periods.
- Regular sales dominate, so introducing more strategic promotions could diversify revenue.
- Because demand is often price-sensitive, pricing should be adjusted carefully, using discounts when elasticity is high.
- Finally, analyse what drove success in profitable months and replicate those strategies to stabilise performance throughout the year.

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