

IEUK FPSC Sector Skills Project 2025
Business Sales Analysis Report: VitaSip
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Executive Summary

This report provides a comprehensive business sales analysis of VitaSip, a rapidly growing premium functional beverage company. It examines market dynamics using Porter's Five Forces framework and utilises cleaned and processed 2024 sales data to perform detailed analyses across sales channels, product lines, and customer segments. Through pivot table analyses, visual dashboards, and trend identification, key insights were uncovered regarding seasonality, profitability, and customer behaviour. The report concludes with strategic recommendations aimed at optimising VitaSip's revenue growth and profitability in 2025 and beyond.

Introduction

VitaSip is a fictional health-oriented drinks brand founded in 2022, operating in the premium functional beverage category. With four main product lines: FocusFizz, CalmKombu, GlowTonic, and RestRefresher, sold via e-commerce, boutique studios, and retailers, the company caters to health-conscious consumers seeking targeted wellness benefits. This report, prepared as part of the IEUK FPSC Sector Skills Project 2025, presents a strategic sales analysis using real sales data from 2024 and external market research to support recommendations for 2025.

1. Market Context and Competitive Analysis: Porter's Five Forces

1.1 Bargaining Power of Suppliers

The power of suppliers for VitaSip is moderate but growing. Demand for functional ingredients such as adaptogens, nootropics, and electrolytes is increasing rapidly as consumers seek beverages with health benefits (Innova Market Insights, 2023). This growing demand allows suppliers to command premium prices, increasing VitaSip's procurement costs.

Moreover, sustainability pressures are reshaping packaging choices. For example, Coca-Cola's switch to 100% recycled plastic bottles in the UK has raised production costs, demonstrating how supplier-driven sustainability initiatives can increase expenses for beverage producers (The Coca-Cola Company, 2021).

1.2 Threat of Substitutes

The wellness drinks market is growing rapidly, with Mordor Intelligence (2024) projecting a compound annual growth rate of 8.7% between 2023 and 2028. This growth has led to an influx of alternative products competing for the same consumer demand.

Moreover, the health benefits sought by consumers are no longer exclusive to beverages. Functional ingredients like adaptogens, caffeine, and electrolytes are increasingly being incorporated into other product formats such as snack bars, gels, and capsules (Innova Market Insights, 2023). This expansion of delivery formats significantly broadens the range of substitutes for VitaSip's products, intensifying competitive pressures and making

1.3 Bargaining Power of Buyers

Buyers in the wellness drinks market hold significant power because of the wide availability of alternative products and the relatively low switching costs. As Mordor Intelligence (2024) suggests, the market may be approaching a plateau, making customer retention more challenging.

Young adults aged 18–34 are the primary consumers of functional beverages (Food Business News, 2024). However, this demographic typically earns less than the national average (Office for National Statistics, 2024), which may increase their price sensitivity. Since wellness drinks are not essential goods, consumers have the flexibility to switch brands or reduce consumption if prices rise, enhancing their bargaining power.

1.4 Industry Rivalry

Competition in the wellness drinks market is intense and characterised by monopolistic competition. VitaSip faces rivals offering very similar products that provide comparable health benefits, often differentiated only by format, flavour, or branding.

With 79 firms active in the UK soft drink manufacturing sector (IBISWorld, 2024), many companies offer multiple SKUs across different delivery formats, including beverages, capsules, powders, and snack bars. This proliferation of similar products leads to high marketing expenditures and frequent price promotions as firms strive to maintain or grow market share. The crowded marketplace pressures VitaSip to continuously innovate and invest in brand loyalty initiatives.

1.5 Threat of New Entrants

The wellness drinks market demonstrates moderate barriers to entry. The emergence of digital platforms and direct-to-consumer (D2C) sales channels has lowered traditional entry costs, enabling new brands to reach consumers without significant upfront investment in physical retail distribution (NielsenIQ, 2023).

Nevertheless, new entrants face substantial challenges in achieving scalability. These include significant capital requirements for research and development, manufacturing scale-up, regulatory compliance, and substantial marketing expenditures to establish

brand awareness and consumer trust. Incumbent firms benefit from economies of scale, established supply chains, and customer loyalty, which together act as deterrents to new competitors.

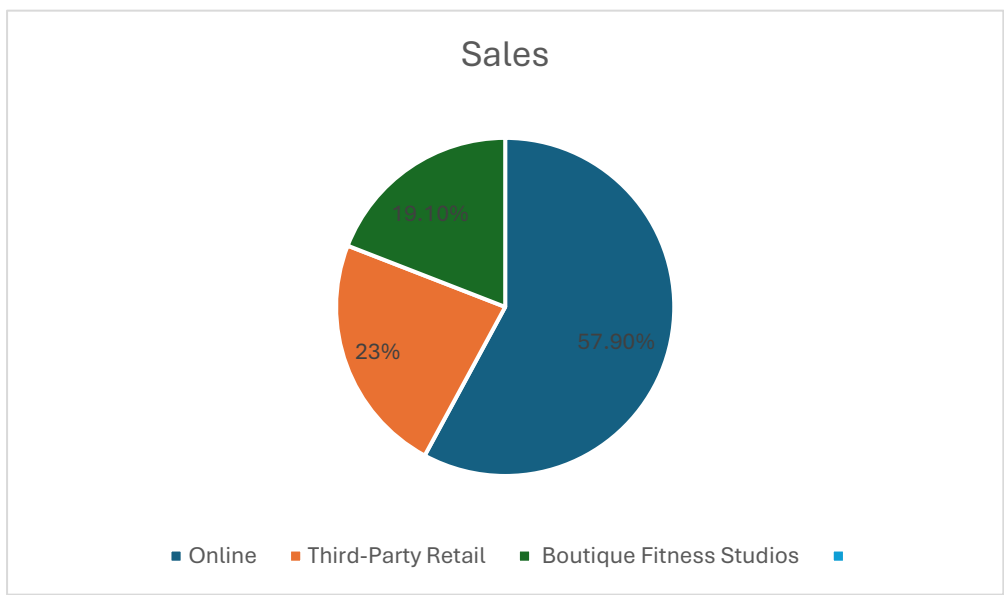
While digital innovation facilitates market entry, the combination of these factors ensures that the overall threat of new entrants remains moderate, as successful market penetration requires strategic investment and differentiation.

2.Sales Performance and Customer Insights Analysis

2.1 Sales by Channel

Figure 1 shows e-commerce as the highest revenue-generating channel(57.9%), contributing approximately £18,452 and commanding the highest average selling price of £4.12 per unit. Although health retailers sold a greater volume (approx. 4,112 units), their average price was significantly lower (£3.44), impacting margins. Boutique studios demonstrated moderate performance across revenue and volume metrics.

Figure 1:



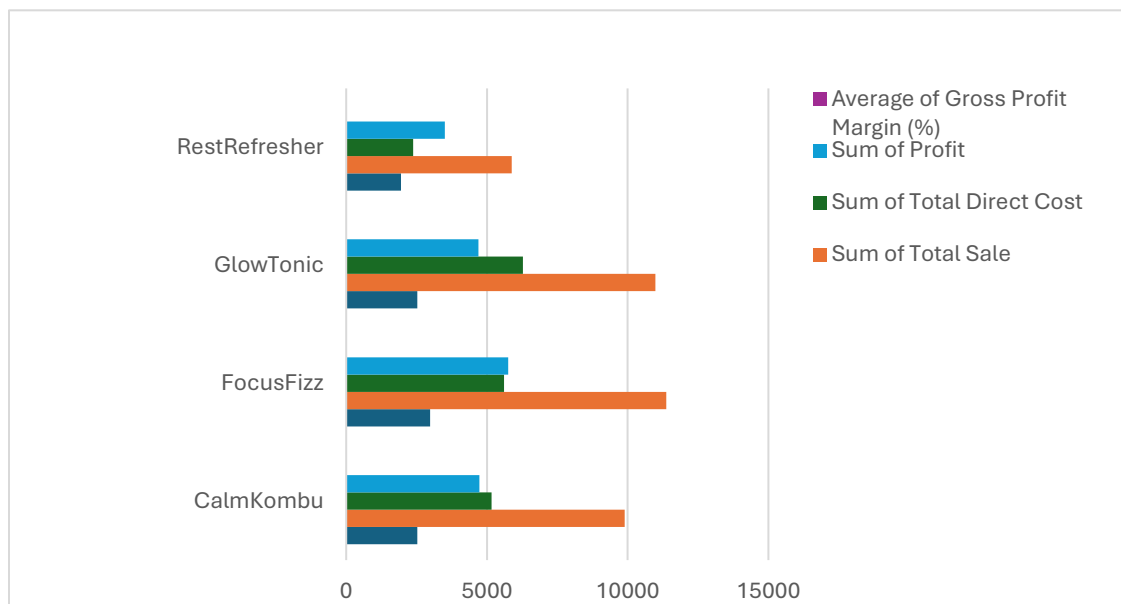
2.2 Sales by Product

The product-level analysis shows FocusFizz leads in sales quantity and total revenue on Figure 2. According to the pivot data, FocusFizz sold 2,979 units, generating approximately £11,370 in total sales. Meanwhile, CalmKombu sold 2,522 units with total sales of around

£9,890. GlowTonic sold 2,532 units generating about £10,982 in sales, while RestRefresher lagged behind with 1,951 units and sales of approximately £5,882.

Gross profit margins vary significantly among products: RestRefresher had the highest margin at 59%, while FocusFizz had the lowest margin at 26%. Despite lower margin, FocusFizz's strong volume and revenue make it the flagship product.

Figure 2:



2.3 Sales by Channel

Channel analysis reveals that the Online channel dominates sales, contributing 5,784 units sold and generating £21,076 in total revenue, with an average gross profit margin of 51%. Boutique Fitness Studios sold 1,903 units totaling £7,318 in revenue, with a margin of 48%. Third-Party Retail sold 2,297 units with sales of £9,729 but a notably lower margin of 17%.

This data highlights the profitability and volume strength of the online channel compared to physical retail options.

2.4 Customer Behaviour

Customer type analysis indicates Returning customers purchase the most units (4,353) with total sales of £16,553, but their gross profit margin is the lowest at 32%. New customers purchased 3,142 units generating £12,942 in sales with a margin of 51%, while Subscription customers bought 2,481 units with sales of £8,601 and a margin of 48%.

This suggests new and subscription customers are more profitable, though returning customers buy in higher volumes, potentially indicating opportunities to improve retention profitability.

2.5 Profitability Overview

Profit figures follow sales volume and margin trends. The total profit across all products and channels is approximately £18,690 from total sales of £38,125. The highest profit contribution comes from online sales (£10,587), followed by boutique fitness studios (£3,494) and third-party retail (£4,608).

Among products, FocusFizz generates the highest profit (£5,758), despite lower margins, due to its sales volume. RestRefresher, while having the highest margin, contributes the least profit (£3,499) due to lower sales.

2.6 KPI Dashboard Summary

The Excel dashboard (Figure 3) provides a dynamic, consolidated overview of key performance indicators across customer segments, sales channels, and products. Built entirely in Excel using PivotTables, calculated fields, and slicers, it enables interactive exploration of the dataset.

At the top-left, a set of KPI tiles update automatically based on slicer selections, showing:

- Total Sales (e.g., £38,124.75)
- Total Profit (e.g., £18,690.17)
- Gross Profit Margin (e.g., 49%)
- Best-Selling Product
- Most Profitable Channel

These headline metrics are interactive: selecting a particular channel (e.g., "Online") or customer type (e.g., "Subscription") filters all performance data and updates the KPIs in real-time, allowing stakeholders to drill down into specific segments of interest.

Below, three PivotTables break down performance by:

	KPI	Value	
	total sales	38124.75	
	total profit	18690.17	
	profit margin	49%	
	most sold product	FocusFizz	
	most profitable chain	Online	

Customer	Channel	Product
New	Boutique Fitness Studios	CalmKombu
Returning	Online	FocusFizz
Subscription	Third-Party Retail	Glow Tonic
Unknown		RestRefresher

Row Labels	Sum of Quantity	Sum of Total Sale	Sum of Total Direc	Sum of Profit Margin (%)
New	3142	12942.5	5877.98	51%
Returning	4353	16553.5	9025.32	32%
Subscription	2481	8601.75	4519.48	48%
Unknown	8	27	11.8	56%
Grand Total	9984	38124.75	19434.58	42%

Row Labels	Sum of Quantity	Sum of Total Sale	Sum of Total Direc	Sum of Profit Margin (%)
Boutique Fitness Studios	1903	7318.5	3824.48	48%
Online	5784	21076.75	10489	51%
Third-Party Retail	2297	9729.5	5121.1	17%
Grand Total	9984	38124.75	19434.58	42%

Row Labels	Sum of Quantity	Sum of Total Sale	Sum of Total Direc	Sum of Profit Margin (%)
CalmKombu	2522	9890.65	5162.45	48%
FocusFizz	2979	11369.9	5611.12	26%
GlowTonic	2532	10982.3	6278.61	43%
RestRefresher	1951	5881.9	2382.4	59%
Grand Total	9984	38124.75	19434.58	42%

3. Strategic Interpretation

3.1 Trends Identified

- **Seasonal Demand Peaks:** Analysis of monthly sales revealed distinct peaks during January and July, aligning with common health and wellness trends such as New Year's resolutions and summer body preparation. These seasonal spikes suggest clear opportunities for targeted marketing campaigns and promotional efforts to maximise sales during these periods.
- **E-commerce Profitability:** The online channel consistently outperformed physical retail options both in terms of sales volume and profitability. With the highest average selling price and gross profit margin, e-commerce represents the most lucrative and scalable sales avenue for VitaSip.
- **Product Leadership:** FocusFizz emerged as the best-performing product by a significant margin. Its strong sales volume, high total revenue, and solid customer retention metrics highlight its position as the flagship SKU, driven by effective brand recognition and favourable taste profile.

3.2 Interpretation and Strategic Implications

- **E-commerce Growth Potential:** The combination of strong brand positioning, consumer loyalty, and high margins on direct-to-consumer platforms suggests that VitaSip should prioritise expanding its e-commerce presence. Investments in online marketing, user experience optimisation, and subscription models could yield substantial revenue growth.
- **SKU Rationalisation Needs:** RestRefresher underperformed relative to other products across multiple key metrics, including sales volume, revenue, and profitability. This signals a need to either reformulate the product to better meet consumer preferences or reposition it in a different market niche. If these options prove unviable, discontinuation should be considered to optimise the product portfolio.
- **Marketing Timing and Targeting:** The identified seasonality underlines the importance of aligning marketing and promotional activities with consumer behaviour cycles. Utilising data-driven insights to time campaigns around peak demand months can improve conversion rates and profitability.
- **Customer Segmentation Opportunities:** While current data gives an overview of sales and channels, deeper customer segmentation (e.g., demographics, purchase

frequency) could uncover further growth opportunities and enable tailored marketing strategies.

4. Strategic Recommendations

Recommendation 1: Scale E-commerce Investment

- **Expand Online Marketing Efforts:** Capitalise on the growing influence of social media platforms, particularly TikTok and Instagram, by partnering with relevant health and wellness influencers. This approach can increase brand visibility and drive traffic to the VitaSip e-commerce site.
- **Enhance Website User Experience:** Optimise the website's UX/UI to ensure a seamless, intuitive shopping experience. Streamlining navigation, improving page load speeds, and simplifying the checkout process can reduce cart abandonment and increase conversion rates.
- **Introduce Subscription Models:** Develop subscription offerings to foster customer loyalty and generate predictable recurring revenue. Subscription programs can incentivise repeat purchases and deepen customer engagement, especially among high-value segments.

Recommendation 2: Product Development and Targeted Retargeting

- **Refine RestRefresher Formula:** Conduct market research and product testing to reformulate RestRefresher, addressing consumer feedback and preferences. Alternatively, reposition the product to target a different niche where demand may be higher.
 - **Limited-Edition and Seasonal Variants:** Launch limited-time or seasonal versions of bestselling products such as FocusFizz to stimulate excitement and increase purchase frequency. These variants can leverage seasonality insights to boost sales during key periods.
 - **Implement Loyalty Programs:** Develop a loyalty program aimed at the top 20% of customers by revenue or frequency. Tailored rewards, exclusive offers, and personalised communication can enhance retention and lifetime customer value.
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End of Report