

Improving Performance with Store Analysis

A Step-by-Step Guide to Creating a Store Analysis

Accelerated Analytics[®]
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“An analysis of your buyer’s stores is a valuable tool to help vendors better understand and improve store performance. By following the guidelines provided by Accelerated Analytics®, we were able to quickly and easily create a store analysis that gave us the critical insight we needed to make recommendations to enhance results.”

— Analyst from Consumer Products Company

Objectives

The primary purpose of a store analysis is to identify the stores which are making the largest contribution to total sales. When the highest contributing stores are identified, an analyst can study the characteristics of those stores, including SKU assortment, demographics, promotions, min/max on hand, and make recommendations on how other stores can be improved to enhance performance. An important objective of a store analysis is to grade stores by performance into major categories to save time and focus out of stock and forecasting on the highest contributing stores in future analysis.

Key Considerations

When comparing store sales, it is best to use dollars sold because it provides a more accurate cross-store comparison than units sold. Consider for a moment two stores; one store sells five \$20 items and the other store sells five \$10 items. If the store analysis was unit-based, these two stores would show equal performance. However, if the analysis is dollars-based, the \$100 store will have a higher performance ranking.

Additional considerations for creating the most accurate store analysis include:

- **Store sales analysis can be skewed by merchandise assortment.** If there is more than one plan-o-gram in effect with significantly different SKU assortments, the store analysis will be most useful when conducted for one plan-o-gram at a time.
- **Store sales analysis is best conducted using dollars not units.** If your retailer provides only unit sales, it will be necessary to estimate the dollar sales for each store using the units sold multiplied times the item retail price.
- **Because the analysis requires two comparable periods, you will need to consider any price changes which may have occurred during the analysis period.** If, for example, a 5% price increase occurred during the period being analyzed, you will need to decide if you want to see the effect of the price increase or if you want to factor it out. In some cases, you will want to factor out the price increase so the store performance is analyzed based on a constant selling price. In that case, you would determine the date of the price change and adjust the sales by the amount of the change so that sales remain at a constant selling price. On the other hand, you may be interested in analyzing if the price change caused an increase or decrease in store performance. If so, you will need to conduct the analysis two times: first with the price increase factored out, and then a second time with the price change in effect. This will enable you to compare the percentage change in sales to see if the price change had a positive or negative effect.



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- Store opening and closing dates should be considered to ensure the two periods being compared have the same number of selling weeks. This can be done easily by sorting the data ascending for each of the period sales and then eliminating any rows with a zero or null cell. If you are unsure, either eliminate the row or reference the by-week selling detail to ensure each period has an equal number of weeks selling. If you reference the by-week selling activity, you should consider that some stores may have inventory on hand that has been active, but simply did not have any sales for the week. These are valid stores and should remain in the analysis. Therefore, you will sometimes need to review the surrounding weeks sales to determine if the store was active at a given point in time.

Step-By-Step Construction

1. Compare Store Sales

The first step in a store analysis is to construct a simple report that compares store sales for two comparable periods. This period can be YTD with a comparable period for the prior year or if the data is available, two full year periods can be pulled. The longer the period used for the analysis, the more accurate the data analysis.

Note that stores should be sorted in descending order for the most current period. If the retailer that you are analyzing has buying offices, regions or other geographic groupings, include those columns because they will be useful for additional analysis later. To have an accurate two-period comparative analysis, any stores with no sales in one or both periods should be eliminated. *See Figure 1.*

FIGURE 1

State	City	Store Nbr	2008	2009
CA	HOLLYWOOD	6616	\$93,283.80	\$122,618.74
FL	HOLLYWOOD	6310	\$118,534.87	\$121,586.31
CA	LOS ANGELES	6611	\$89,035.36	\$109,954.33
FL	ANGLES	274	\$93,036.73	\$99,323.34
CA	NORTH HOLLYWOOD	6613	\$87,458.88	\$97,812.32
HI	HONOLULU	1701	\$84,989.38	\$95,877.18
FL	BOYNTON	224	\$93,170.98	\$93,914.70
CA	BEACH	674	\$83,998.93	\$92,189.73
FL	MIRAMAR	6353	\$92,925.06	\$91,264.30
FL	LAKE PARK	220	\$82,792.02	\$90,367.64