

Sustaining a Small Kirana Store: Tackling Inventory and Profit Challenges

This presentation explores how Kochuparambil Stores, a 20-year-old Kirana shop in Kottayam, Kerala, can enhance profitability through data-driven sales strategies, optimized inventory management, and improved customer relationships for sustainable growth.

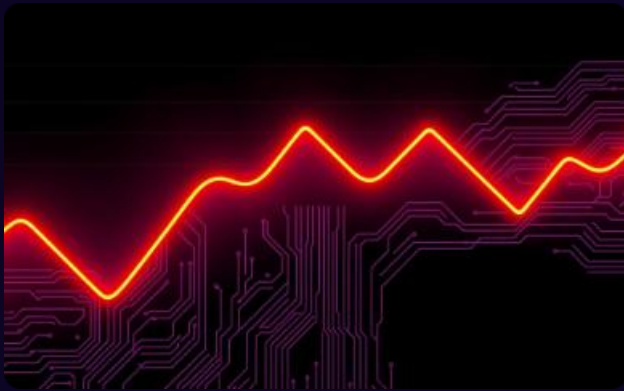
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Challenges faced by Kochuparambil Stores



Demand Fluctuations

Addressing the fluctuating demand for items to stabilize inventory.



Low Profit Margins

Tackling low profit margins after sales to enhance profitability.



Increased Competition

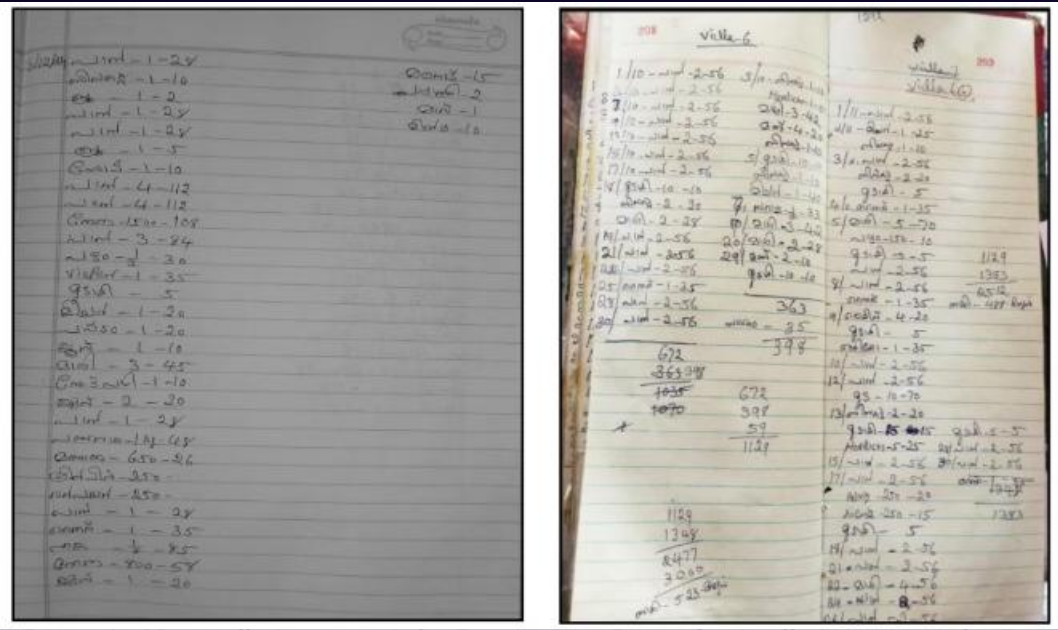
Navigating increased competition in the vicinity to maintain market share.

Data-driven strategies and visual analysis will transform these challenges into actionable insights for Kochuparambil Stores, improving revenue, profits, customer engagement, and competitive positioning.

Data Collection and Preprocessing

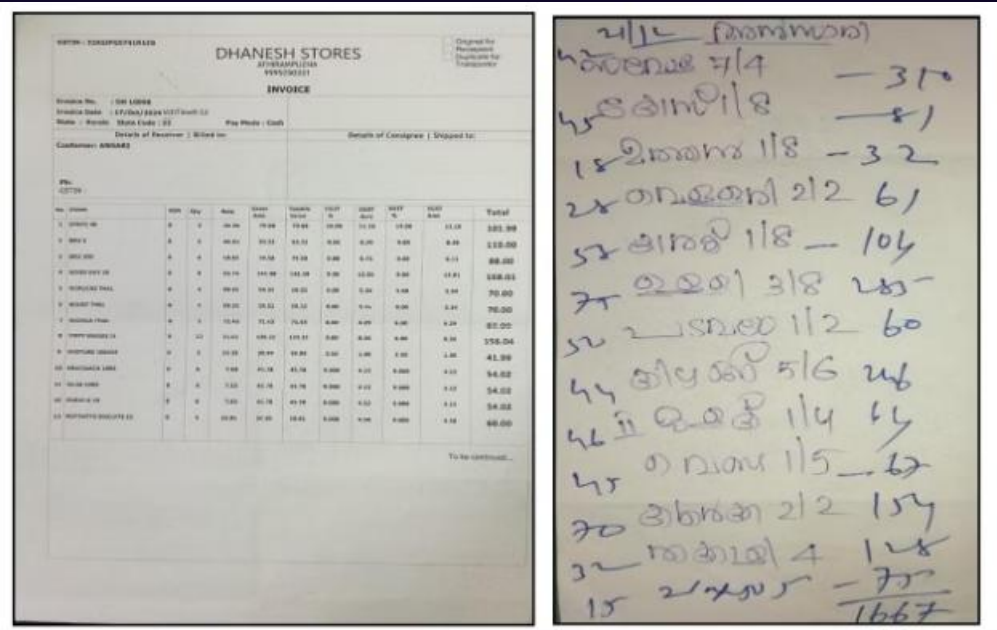
Sales Data

Sales data was collected from the owner's daily and monthly records, including details on item name, quantity, selling price, and customer payment mode. The data was then transferred to Google Sheets for structuring and analysis.



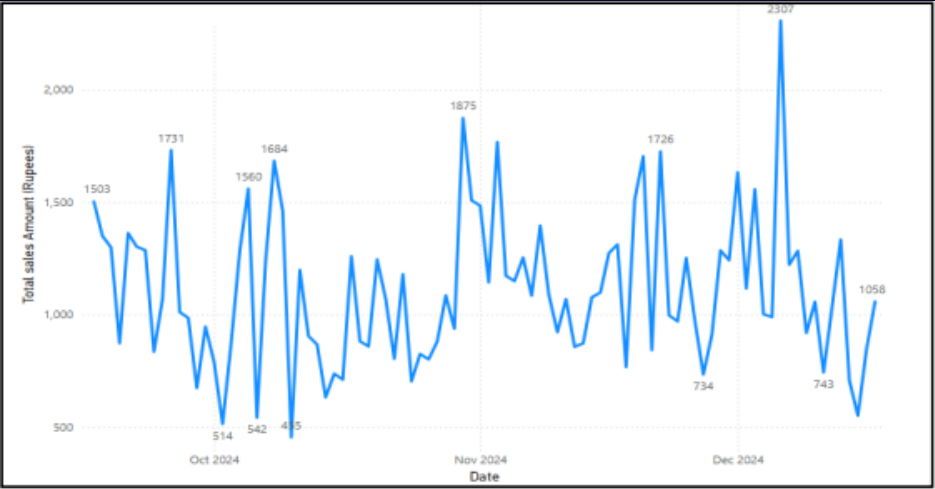
Purchase Data

Purchase data, including item name, category, price, and quantity, was gathered from Dhanesh Stores' bills and handwritten lists from market vendors. This data was crucial for determining the cost price of each item for profit analysis



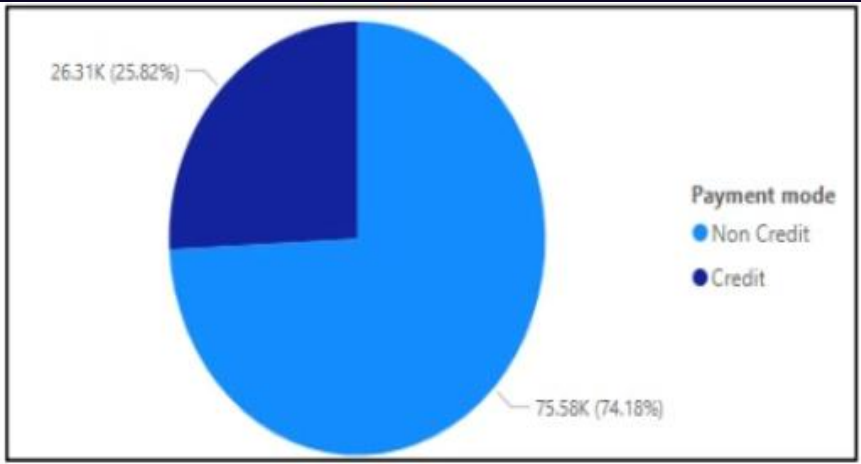
The unstructured data was transformed into a structured format using Google Sheets, employing functions like SUMIF, COUNTIF, and VLOOKUP. The shop's 128 items were organized into 10 categories based on their characteristics, enabling a clearer view of each category's contribution to store revenue and profit.

Revenue and Customer Analysis



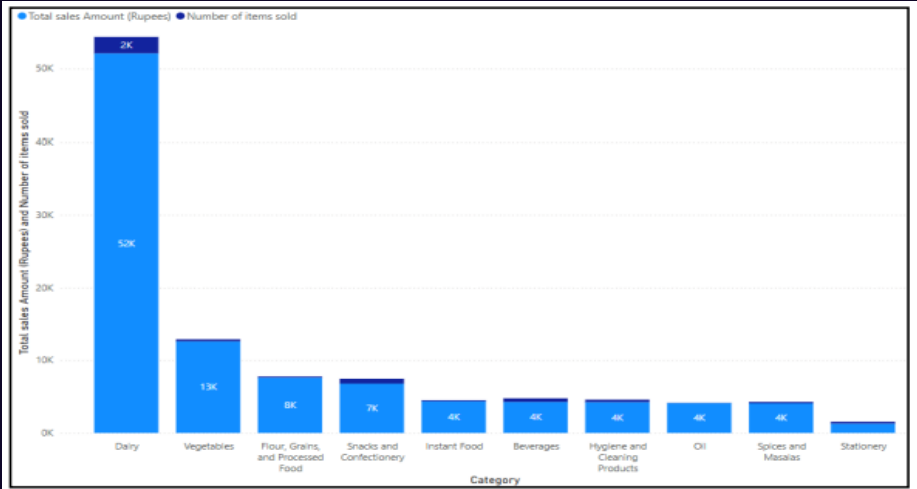
Daily Revenue Trend

Sales revenue shows high variability, with notable spikes in November and December, likely due to festive demand. Revenue drops on certain days may reflect slower sales periods.



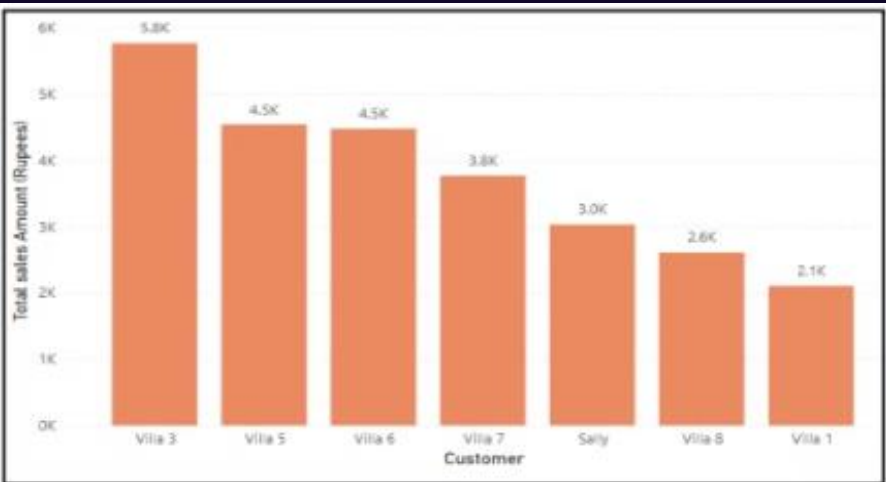
Credit Customers

Contribute more than 25% (Rs. 26,307) of the total revenue. Understanding the specific needs and preferences of these credit customers can help tailor services and offers to retain their loyalty.



Category-Wise Analysis of Total Sales and Number of Items Sold

Dairy products have the highest sales revenue (51% of total revenue) and the highest number of items sold, indicating strong demand. Vegetables rank second in total sales.



Key Contributors

Villa 3, Villa 5, and Villa 6 contribute the most among credit customers. Hence foster a deeper connection with these key customers.

- Grouped 128 items into 10 Categories based on their characteristics:
- Dairy
 - Vegetables
 - Flour and Processed
 - Snacks
 - Instant Food
 - Beverages
 - Toiletries
 - Oil
 - Spices
 - Stationery

The credit customers pay on a monthly basis.

Building strong relationships with these key customers can lead to long-term and sustained business growth.

Detailed Product Analysis:



Milk - Product with the highest sales

86% of the Dairy category, with sales of Rs. 45,330.



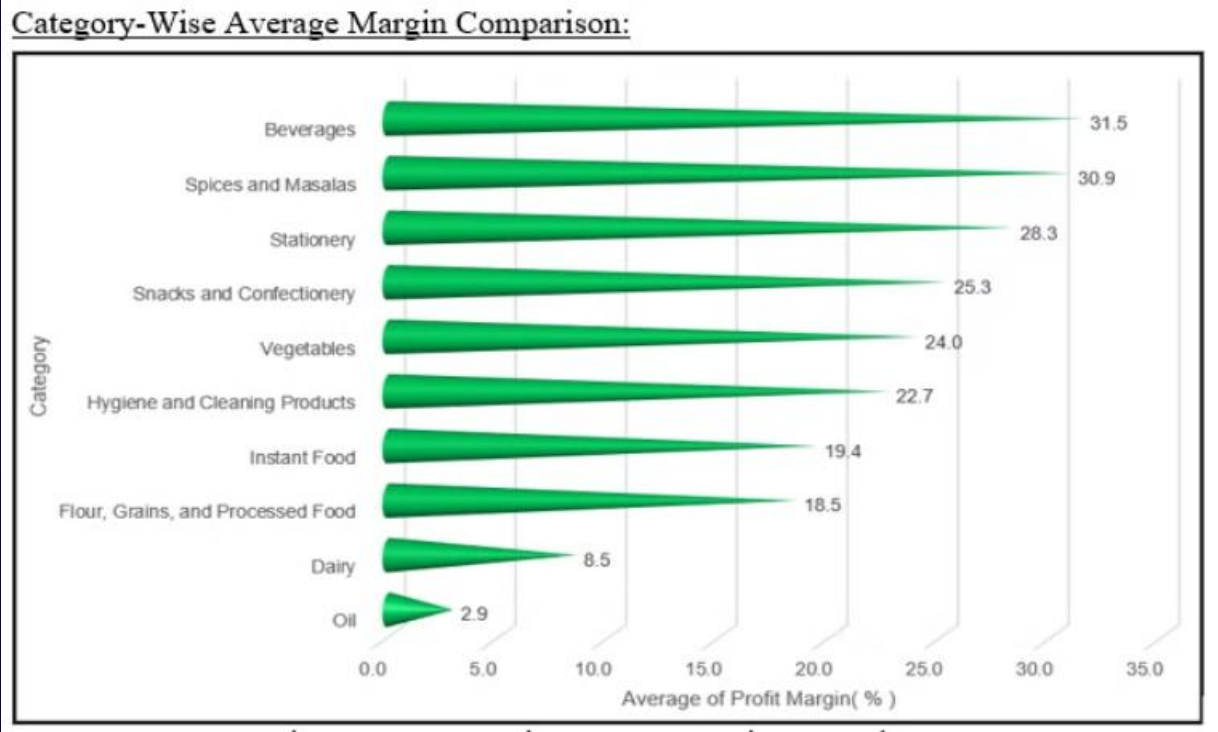
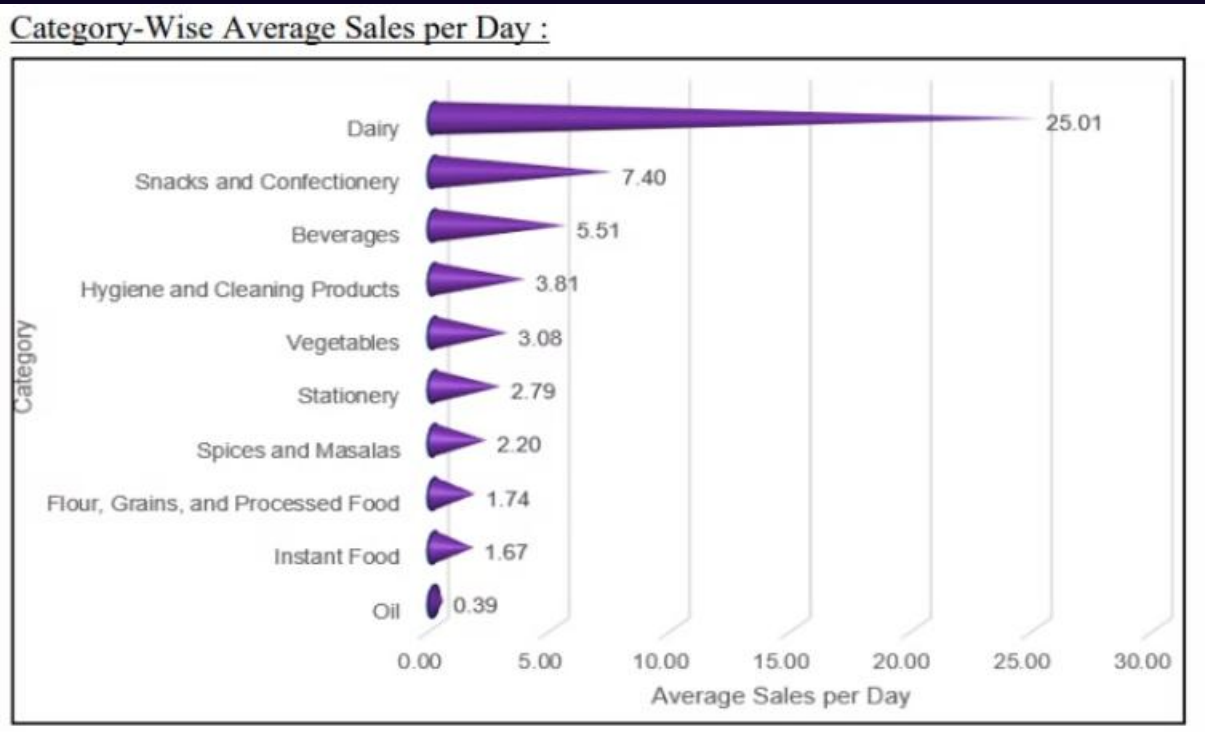
Fast-Selling Categories

Dairy and Snack items are sold quickly. Milk is the fastest-selling product, with 17.8 units sold daily.



Highest Profit Margin

Products like Small onions, vinegar, matchsticks, and soda have high profit margins of more than 50%



Dairy products, especially milk, dominate sales. Oil and Instant Food items are sold at the lowest speed. Although beverage products contribute less revenue than dairy products, they have the highest profit margin (31.5%), whereas dairy products generate the highest revenue but with a much lower profit margin(8.5%).

Profit Analysis: Margins and Contributions

Profit margin analysis of the Fast Selling and Slow Selling Products:

Item Name	Selling Category	Average Profit Margin (%)
Milk	Fast-Selling	7.19
Egg	Fast-Selling	15.14
Bru	Fast-Selling	33.67
Toffee	Fast-Selling	9.68
Biscuit	Fast-Selling	29.23
Vivel	Slow-Selling	32.20
Dry Beans	Slow-Selling	7.14
Sunflower Oil	Slow-Selling	12.50
Sunrich Sunflower Oil	Slow-Selling	12.50
Coconut Oil	Slow-Selling	5.36

High-Sales, Low-Profit

Milk and Toffee have high sales. However, their profit margins are low.

Low-Sales, High-Profit

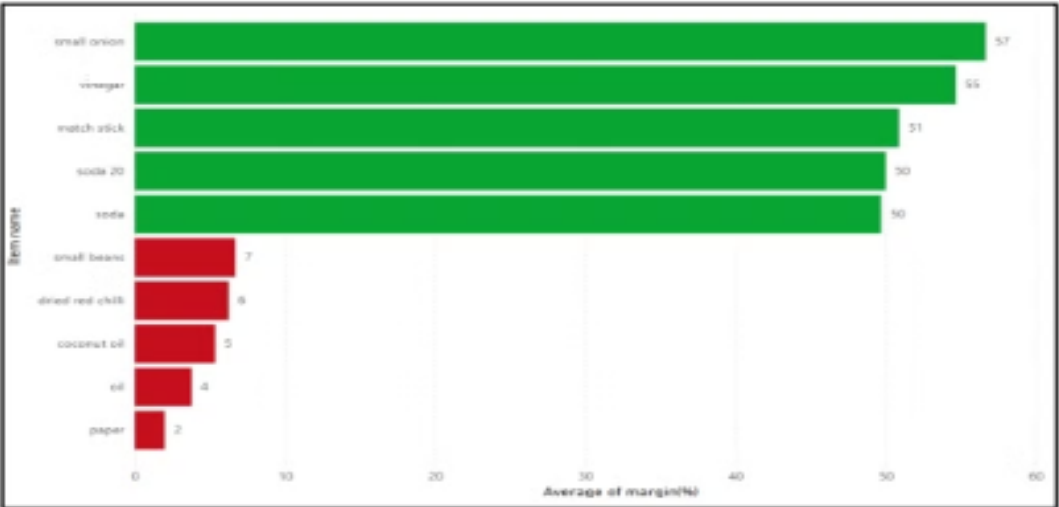
Vivel has a significant profit margin (32.2%). But its sales are low.

Recommendations

To increase profitability, it may be beneficial to focus on promoting products with high profit margins and boosting their sales volume. Targeting marketing efforts towards products like Bru and Biscuit could result in significant profit gains. Additionally, considering ways to enhance the visibility and appeal of lower-selling items with high profit margins, such as Vivel, could help improve overall profitability.

Also focusing on promoting products with high profit margins of more than 50% could significantly boost profitability.

Highest vs Lowest Profit Margin Graph:



High-Sales, High-Profit

Bru and Biscuit have high demand. They offer substantial profit margins.

Low-Sales, Low-Profit

Coconut Oil and Dry Beans have low sales and profit margins. They are the least profitable.

Competitor Analysis: SWOT Insights

Strengths

Diverse product range, fast-moving products, visible snack stock, reliable milk supply, home delivery, and soft drinks.

Weaknesses

Dependence on regular customers, limited demand for certain products, lack of fresh chicken, and no specialty items.

Opportunities

Expansion into specialty products, increased home delivery, visibility of niche products, and community engagement.

Threats

Competition from fresh products, price competition, less recognition, and customer loyalty shifts.

A SWOT analysis reveals the shop's strengths in variety and product freshness, weaknesses in customer dependence and limited product range, opportunities for expansion, and threats from competitors' offerings and pricing strategies.

Inventory Management and Product Diversification



Real-Time Tracking and Analysis

Implement tools to track inventory in real time and regularly analyze sales data to adjust inventory planning.



Strategic Promotions

Optimize slow-moving inventory with seasonal offers, targeted discounts, or value packs (e.g., "Buy 1, Get 1 Free"), especially on high-sale days like Fridays. Negotiate with suppliers for returns or trade-offs to manage inventory effectively.



High-Visibility Shelving

Place top-selling or bundled items like dairy products and complementary products at the front transparent shelves to attract customer attention and boost sales.



High-Margin Focus

Prioritize sodas for stock and visibility to boost its demand and overall profitability.



Stock Planning for Fast-Selling Products

Ensure regular availability of high-demand items like milk and introduce complementary dairy snacks to boost sales. Implement stock planning to prevent shortages and meet customer demand efficiently.



Lemon Juice as a High-Margin Alternative to Soda

Replace soda with lemon juice to leverage higher margins and boost profits. Conduct market analysis to gauge consumer preference and diversify the product range for business growth.

Focus on high-margin products like sodas, implement real-time inventory tracking, analyze sales data regularly, and optimize slow-moving inventory with strategic promotions to improve overall profitability and reduce stockouts.

Financial Management and Customer Engagement



Payment Adjustments

Shift customer credit payments to every three weeks.



Dairy Agreements

Negotiate weekly payments for dairy products.



Cost Management

Reduce purchase expenses and avoid over-purchasing slow-moving items.



Seasonal Campaigns

Offer festive-exclusive products and tailored offers.



Home delivery

Create customer groups for direct communication and orders.



Boost Sales

WhatsApp promotions, festive offers, signboards, and seasonal deals

Adjust customer credit payment schedules, negotiate weekly payments for dairy products, reduce purchase expenses, and offer festive and seasonal campaigns to improve cash flow, reduce costs, and enhance customer engagement.



Improvements and Future Growth



Offer unique products, set quantitative goals, introduce technology for inventory management, gather customer feedback, and engage with the community to enhance competitiveness and ensure long-term growth for Kochuparambil Stores.