**Retail Performance Analysis - Q3 2021**

**Executive Summary**

Analysis reveals four key challenges limiting performance:

1. Sell-out rates are below universal standards for both own brand and major vendors.
2. New customer acquisition is declining despite rising repeat sales.
3. Overstocked, underperforming store locations are tying up capital.
4. Best sellers are understocked while millions remain in unsold inventory.

Addressing these with targeted promotions, smarter inventory allocation, and data-driven replenishment could unlock significant revenue gains.

**Objective**

Maximize Sales Performance and Capital Efficiency in the Next Quarter

**Vendor Underperformance Pulling Down Sell-Out Rates**

Finding:

* Company-wide sell-out rate: 66%
* Own brand: 69%, falling short of 80% universal target
* Major vendors: mostly below 60% universal target, except Safari
* Underperformance in both categories dragging company average down

Impact:

* Falling short of benchmarks suggests lost sales opportunities and slower stock turnover, increasing holding costs

Recommendation:

* Targeted End-of-Week Promotions: Use historical sales peaks to boost conversion rates
* Product Mix Optimization: Target quick sales with products already in demand, reduce low-demand products

**New Customer Acquisition Declining as Repeat Buyers Drive More Sales**

Finding:

* New customers more than repeat customers in count, but new customer numbers declining month-on-month
* Repeat customers steadily increasing and contributing more sales
* Sales share from new customers dropping over time

Impact:

* Shrinking new customer base limits long-term growth potential, even as repeat customers become more valuable

Recommendation:

* Capitalize on Repeat Customers: Launch loyalty program, offer anniversary or birthday discounts to drive larger baskets
* Reverse New Customer Decline: Targeted first-purchase promotions to boost acquisition

**Underperforming Stores with Inventory Mismatch Draining Capital**

Finding:

* Bottom 5 store locations generate 18.68% of revenue but hold 30.84% of inventory value (Does not include Kisumu since it has been running for one month only)
* Top 5 locations: 52.41% of revenue, 39.24% of inventory value
* Excess inventory in low-sales regions increases holding costs and reduces capital efficiency

Impact:

* Misaligned stock allocation slows turnover, tying up funds that could be invested in faster-moving products and regions

Recommendation:

* Localized Marketing: Region-specific promotions/events to boost traffic in underperforming stores
* Inventory Rebalancing: Shift excess stock to high-performing locations to improve sell-through

**Best Sellers Out of Stock While Millions Sit in Unsold Inventory**

Finding:

* Top-selling product (596 units sold) has only 3 units left across 15 store locations
* Stock-to-sales universal benchmark = 1.5–2.0; most stores below 1.0 (see Appendix for full table)
* Over KSh 4M tied up in products with zero sales in last 3 months (see Power BI Dashboard for full list)
* Only Kisumu meets healthy stock ratios (newly opened)

Impact:

* Stock-outs on high-demand products mean immediate lost sales; stagnant inventory ties up working capital and storage space

Recommendation:

* Prevent Stock-Outs: Automated replenishment triggers based on real-time sales trend and demand forecasts
* Liquidate Non-Movers: Clearance discounts or repackaging to clear dead stock

**Recommendations**

**Short Term**

* End-of-week promotions
* Clearance campaigns
* First-purchase incentives

**Medium Term**

* Inventory rebalancing
* Loyalty program rollout
* Replenishment automation

**Long Term**

* Advanced demand forecasting
* Product mix refinement
* Regional sales execution improvements