



Task 1: Store Format

Task 1: Store Format for Existing Stores

Your company currently has 85 grocery stores and is planning to open 10 new stores at the beginning of the year. Currently, all stores use the same store format for selling their products. Up until now, the company has treated all stores similarly, shipping the same amount of product to each store. This is beginning to cause problems as stores are suffering from product surpluses in some product categories and shortages in others. You've been asked to provide analytical support to make decisions about store formats and inventory planning.



Task 1: Determining Store Format

To remedy the product surplus and shortages, the company wants to introduce different store formats. Each store format will have a different product selection in order to better match local demand. The actual building sizes will not change, just the product selection and internal layouts. The terms formats and segments will be used interchangeably throughout this project. You've been asked to:

- Determine the optimal number of store formats based on sales data.
 - Use percentage sales per category per store for clustering (category sales as a percentage of total store sales).
 - Use only 2015 sales data.
 - Use a K-means clustering model.

Task 1: Store Format

Task 1 Submission

1. What is the optimal number of store formats? How did you arrive at that number?
2. How many stores fall into each store format?
3. Based on the results of the clustering model, what is one way that the clusters differ from one another?
4. Please provide a map created in Tableau that shows the location of the existing stores, uses color to show cluster, and size to show total sales. Make sure to include a legend! Feel free to simply copy and paste the map into the submission template.

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