Transcribed notes by Gary Gregg.

On Friday, January 26, 2018, at 2:00 PM, a meeting was held at Chocolati on N 45th in Wallingford. Present were Elise Worthy, Gary Gregg and Abhishek Varma. The meeting lasted approximately one hour. The following topics, and/or points were discussed:

Questions Asked to Elise from the Most Recent Standup –

- In our standup meeting on January 24, 2018, we asked the question of whether there are only consignment items in the legacy sales data, or if there are also new items in the data as well. We had thought that there were only consignment items, but were uncertain. In a surprise, we learned today that **there are** new items in the legacy sales data! These items have a code of **999** for consignor ID.

- In the aforementioned standup on 1/24/2018, we also asked the question of whether consignor partners are allowed to use their consignor credit for the purchase of new items. We had thought they they were not, but in another surprise we learned that **they are** allowed to use consignor credit to buy new items. This is in addition to the 20% discount that consignor partners also receive on the purchase of new items.

- In order to receive the 20% discount on new items, consignor partners used to need a positive balance credited to their account. This lead to some partners deliberately to leave only $1 in their credit account just to receive the discount. The new policy allows partners to have a zero balance in their credit account to receive the 20% discount. All they need to receive the discount is to have a consignor ID.

- A consignor ID of **600** indicates sale activity by "the store." Examples of store activity would be a "new item left too long." For whatever other reasons there may be, this consignor ID of "the store" is required.

- Elise indicates that 1/3 (or > 30%) of *Kids on 45th's* sales are new items. The rest of the sales are consignment items. A figure of $130,000 was mentioned, but this author is uncertain as of this writing whether that figure was for only the new items, or the overall sales. It's probably only the new items.

- In the aforementioned standup, the question was asked of how *Kids on 45th* prices their new items for sale. As we suspected, there is a suggested retail price (SRP), but that the store has leeway to markup or markdown that price. Elise mentioned that the SRP is typically 200% of the wholesale cost of the item.

Rate Increase of Average Monthly Sales Is Lower than Rate Increase of Average Item Cost –

- Gary had discovered this week that average monthly store sales (as measured in dollars) had not kept pace with inflation, but that average monthly item cost had exceeded inflation. The disparity is not great, and **might not** have been noticed had the fixed, and known national inflation rate for the period not been used as a benchmark. We discussed the possibilities for the disparity.

- Gary had theorized that the average monthly number of items purchased during the period had declined, which would explain an overall less than expected average transaction amount, even while the average item price had increased more than expected. Question: Are higher prices causing customers to make fewer purchases?

- An alternative theory was proposed for the above discrepancy, which is that there is a difference in the shopping behavior of consignor partners versus other customers. Elise mentioned that there are only consignor partners in the **Custdata** database, while the **Sales** database contains all sales. The conflicting results come exclusively from these two tables, respectively, and the difference may be a result of that. As mentioned previously, *Kids on 45th* would be very interested in knowing the difference in the shopping habits of consignor partners versus other customers.

- Abhishek Varma made the excellent suggestion that the team should attempt to determine the inflation rate for the 2007 to 2017 time frame for Seattle (or failing that, Washington State) instead of using the national rate. We theorize that there has been greater inflation, and greater cost-of-living increased for the Puget Sound area due to comparatively greater economic vitality. Team: Try to find this information on line.

- Gary made the observation that King County, and/or Washington State sales tax rates may have changed during the period in question, and this may affect total sales amounts. Team: check to see if a change in sales tax rates has occurred.

Equation for Store Profit and Determination of Item Type –

- We discussed what the equation for store profit might be. We came up with this equation for in-store sales:

$$P = \frac{S - C - T}{f(t)} - \$0.50$$

  where "P" is profit, "S" is sale amount, "C" is consignor credit applied, and "T" is tax. $f(t)$ is some function of time, which is in a form that was not settled upon. The $0.50 is the fixed cost of tagging the item for sale, and positioning it for display. The team may make an effort to determine the form of $f(t)$, and also make an attempt to maximize P by adjusting S and C.

- Elise mentions that the fixed cost for making an item available for sale in the on-line store is much greater. It involves – among other things – photographing the item, and doing whatever other technical work is involved in making the item appear on the store's website.

- Elise tells the team that we do not need a *regex* parser for the notes field. Abhishek has suggested parsing this field may yield more actionable item type information than was otherwise available. Elise says: "don't trust the notes for anything for the consignment items." However, she notes that new items **do** have good notes.

- Elise says rely on the "presets" field for determining item type.

Miscellaneous –

- Elise said that *Columbia* dropped the *Kids on 45th* recently because the store needs $20,000 in wholesale business before *Columbia* will work with them. This is a setback for the store.

- Elise mentions that she will be available this weekend (1/27 and 1/28) for text message questions. She will be in the store too, and will be available for walk-in questions.

- We talked about Tableau a bit, and the application's excellent applicability to the task of analyzing *Kids on 45th's* legacy sales data.