

DIVE Journey summary on Sales Drivers Analysis

D – Discover (Basic Finding)

- **Initial Question:** What are the strongest drivers of retail sales in the dataset?
- **Basic Finding:** Store Type A, locations like Quito and Guayaquil, and product families like “GROCERY I” and “BEVERAGES” are the top sales drivers.
- **First Impression:** Sales performance is heavily influenced by store type, geographic location, and essential product categories.

I – Investigate (Dig Deeper)

- **Why These Factors Matter:**
 - **Store Type A:** Larger stores attract more traffic and offer broader assortments.
 - **Quito & Guayaquil:** High population density and economic activity drive higher footfall.
 - **GROCERY I & BEVERAGES:** Essential, high-frequency purchases with inelastic demand.
 - **Promotions:** Provide gradual boosts but are less impactful than structural factors.
- **Business Mechanisms:**
 - Strategic market segmentation and store placement.
 - Supply chain optimization for high-volume categories.
 - Category management to prioritize core vs. impulse items.
 - Tactical use of promotions for short-term gains.

V – Validate (Challenge Assumptions)

- **Potential Weaknesses:**
 - **External Events:** Holidays, weather, and economic shifts are not captured.
 - **Data Limitations:** No price/margin data, limited timeframe (2013–2014), no competitor insights.
 - **Model Limitations:** Poor performance in atypical periods, new locations, or long-term forecasting.

E – Extend (Strategic Application)

- **Next Week:**
 - **Action:** Ensure full stock and staffing in “GROCERY I” and “BEVERAGES”.
 - **Measure:** Daily sales and stockout rates.
- **Next Month:**
 - **Action:** Replicate successful tactics from top-performing stores.
 - **Measure:** A/B test sales uplift from new tactics.
- **Long-Term:**
 - **Action:** Build a business case for remodeling or category expansion in underperforming stores.
 - **Measure:** ROI forecast vs. actual post-remodel sales growth.

Action Plan outlining three specific initiatives for store managers, including success metrics and corresponding risk mitigation strategies, based on the Sales Driver Analysis:

1. Optimize Inventory & Staffing for Core Categories

- **Action:** Prioritize stock availability and staff presence in “GROCERY I” and “BEVERAGES” aisles, especially during peak days (e.g., weekends).
- **Success Metrics:**
 - **Sales Volume** in these categories (daily/weekly).
 - **Stockout Rate:** Frequency of zero-stock incidents.
- **Risk Mitigation:**
 - Use real-time inventory tracking to anticipate shortages.
 - Cross-train staff to flexibly support high-traffic zones.

2. Localize Best Practices from High-Performing Stores

- **Action:** Identify and replicate successful tactics (e.g., product displays, promotions) from Type A stores in Quito/Guayaquil to lower-performing stores.
- **Success Metrics:**
 - **Sales Uplift** from A/B testing new tactics.
 - **Customer Engagement:** Track footfall or dwell time in affected sections.
- **Risk Mitigation:**
 - Pilot changes in a single store before scaling.
 - Monitor for unintended effects (e.g., cannibalization of other categories).

3. Build Business Case for Store Type Upgrades

- **Action:** Use data to propose remodeling or expanding underperforming stores (e.g., Type D) to include more high-demand categories.
- **Success Metrics:**
 - **ROI Forecast Accuracy:** Compare projected vs. actual sales post-upgrade.
 - **Category Sales Growth:** Track uplift in newly added sections.
- **Risk Mitigation:**
 - Include sensitivity analysis in ROI models.
 - Phase upgrades to minimize disruption and validate early results.