

## Why adding more fast sellers will increase your store sales

**Human nature can be a funny thing. Have you ever noticed that although we are all different we still largely like the same things? The most popular flavors of ice cream, the most commonly driven models of car, the most populated holiday spots during the summer all have one thing in common – they outnumber the success rate of their competitors by three or four to one, sometimes more. By and large the majority of the population like the same sorts of things. As a retailer this fact is something that you can learn to take advantage of.**

This holds true for the individual products in your store. You know how often you have an item that seems to fly off the shelf as soon as it comes in, yet other pieces sit and look at you day after day; month after month. Retail is a numbers game. A small percentage of your inventory is contributing a large percentage of your storewide sales. How much this is depends on your willingness to keep it on the shelf.

**As a rough rule of thumb 20% of your inventory is responsible for 80% of your sales.**

To illustrate using a store with 5000 items and \$1 million in store sales:

Examples	Quantity of Items in store	\$ contribution to sales	Ratio
Fast sellers	1,000	\$800,000	20/80
Slow sellers	4,000	\$200,000	80/20
TOTAL	5,000	\$1,000,000	

The 1000 fast selling items (20% of the 5000 total items in store) is contributing 80% (\$800000/\$1M) of the stores revenue. In other words there are only 1000 of the 5000 items sitting in this store that are generating most of the money coming in. What would happen if, when these items sold, they weren't reordered? Let's put it this way. If the bestselling car in the United States happened to be a Ford and your

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local car dealer doesn't have any will they sell as many of them as someone who does? The answer would be no. Yet everyday many stores are suffering missed sales by not reordering those fast selling items.

Here are the results we see for the average US store based on analysis of over 150 stores:

Examples	\$ of inventory in-store	\$ contribution to turnover	Ratio
Fast sellers	\$62,333	<b>\$710,000</b>	9:71
Slow sellers	\$634,133	<b>\$410,000</b>	91:29
TOTAL	\$696,466	<b>\$1,054,833</b>	

The average US store has only 9% of its inventory as fast sellers (\$62,333/\$696,466) because it does not actively reorder them when they sell. **As a result this 9% is contributing 71% of the storewide sales** (\$710,000/\$1M total) -quite an achievement considering how little inventory there is. Could this store sell more with such a low percentage of fast sellers? That would be like expecting an ant to carry a tractor! If this store reordered its good sellers and built the ratio up to 20% or more (1000 fast selling items) then they could expect a corresponding increase in the \$ of fast selling items and hence an increase in overall gross sales.

**You know yourself when you are shopping if you don't see what you like then you are unlikely to buy what you see.**

So why not reorder? The reasons vary from "I have tax to pay next week and can't afford to", to "the customer who bought it doesn't want to see someone else wearing it" to "the staff are bored with it".

So ask yourself these questions:

- If you don't reorder and resell it will you be able to pay that next tax payment that falls due?
- If you stop carrying it to keep it exclusive are the public likely to find it anywhere else? How about at your competitor's store? Chances are your competition may pick the item up and guess where your customers will buy it then! Is your customer really going to see the item on someone else? (I know a store in a town with 15000 people who sold the same diamond ring 46 times and has never once had a customer say they have seen it on anyone else)!
- Are your staff paying to buy the product or is it your customers? Who deserves the right to get bored with it first?

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If you are serious about building your business reorder those good sellers when they sell. It's time to take your business to a new level



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