

Category Performance Analysis/Category Management

Category performance analysis, also often referred to as category management, provides insight into merchandise performance by product, category, geography and vendor. Product, store and channel managers analyze sales performance to understand which products and categories are selling well and which are selling poorly, in which geographies and stores, during which time periods. Just this basic level of knowledge allows managers to optimize their product mix, ensure inventory levels are appropriate, and offer specific product selections demanded locally by consumers. Using more advanced features of business intelligence, marketers are able to identify statistically significant product relationships (which products sell well together, which products sell well at the POS) and optimize merchandising strategies through "what if" analysis and predictive modeling.

Sample Report: Geographic Product Trends

Flavor	Store	Price Tier	Average Retail Price	Retail Promotion	Quantity - Previous	Quantity - Current	Volume Difference	Volume % Change
Vanilla	Marketfresh	Full	\$ 2.49	no	65,421	70,655	5,234	8%
	Foodcat	33% off	\$ 1.74	yes	98,132	107,945	9,813	10%
	Crunchmonkey	Full	\$ 2.99	yes	32,547	32,987	440	1%
Chocolate	Marketfresh	Full	\$ 2.49	no	32,547	25,387	(7,160)	-22%
	Foodcat	Full	\$ 2.49	no	48,821	49,854	1,034	2%
	Crunchmonkey	10% off	\$ 2.71	yes	16,274	20,324	4,068	25%
Strawberry	Marketfresh	25% off	\$ 1.89	yes	12,548	16,689	4,141	33%
	Foodcat	Full	\$ 2.49	no	18,822	15,654	(3,168)	-17%
	Crunchmonkey	Full	\$ 2.99	no	6,547	4,897	(1,650)	-25%

This report shows overall changes in sales volume by region for an ice cream manufacturer. Sales, product, merchandising and marketing managers can see at-a-glance which territories require attention. Drilling into the flavor sales distribution for underperforming regions at the region, flavor or store level, managers can identify factors contributing to under- or over performance and correct or replicate tactics.

COMMON BUSINESS QUESTIONS

- Which regions are experiencing the most growth in Product A sales?
- What are my top selling products?
- What other products are selling at the same time as my top seller?
- What is the contribution to sales of my top products?
- Which products have declining sales momentum?
- How have sales of Product A changed year over year?
- What items did Customer X buy in her last transaction?
- What is the annual sales trend of each product?
- What is the profit per unit for Product A?

- Key Performance Indicators**
- % Change in # Orders
 - Top 10 Products in Sales
 - Profit Per Unit
 - Top 3 Related Products
 - % Change in Sales
 - Bottom 10% of Products by Sales
 - Cumulative Profit by Customer
 - Units Per Transaction