
Profit from Best Practices in Retail

Panel Discussion

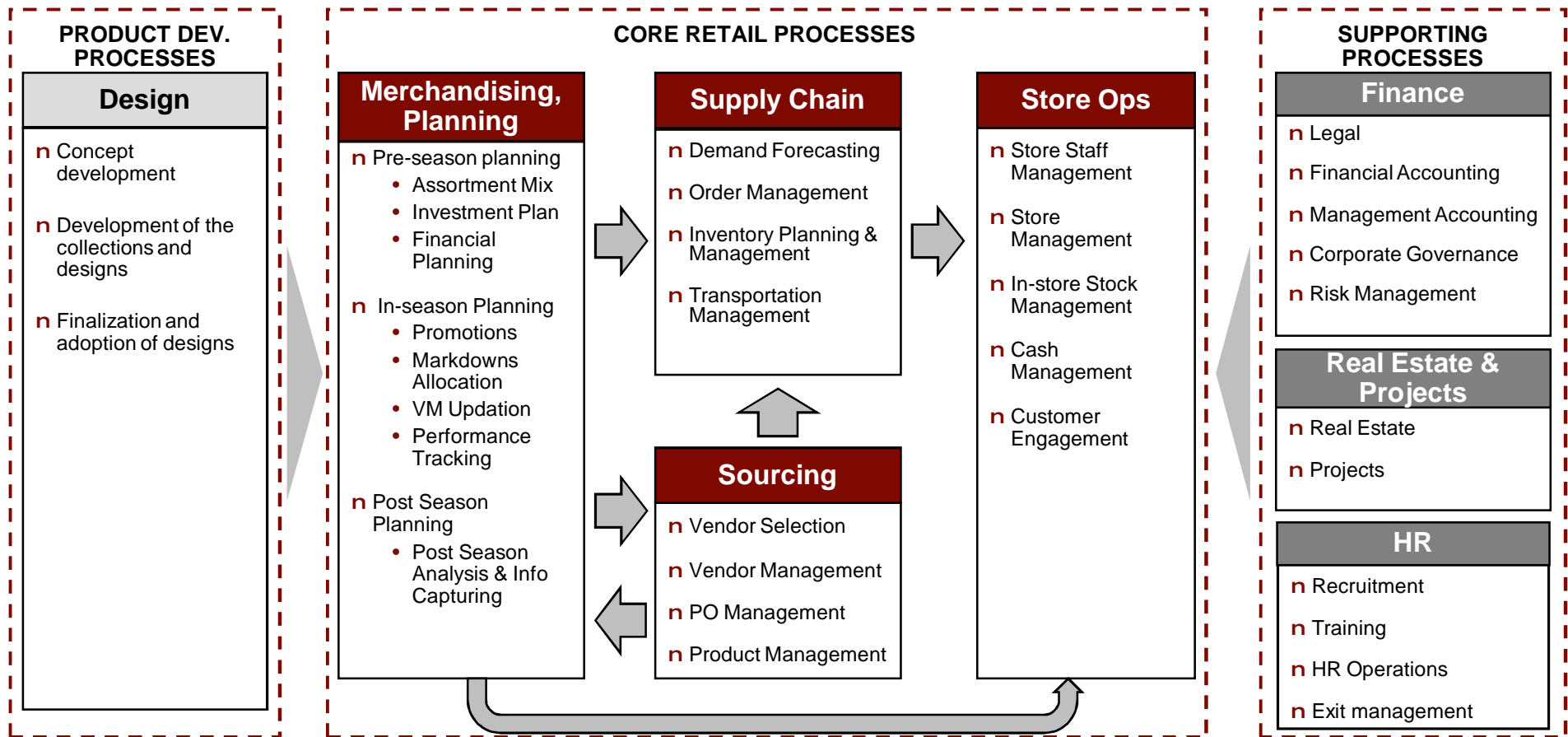
Proposal Document

9th August, 2009

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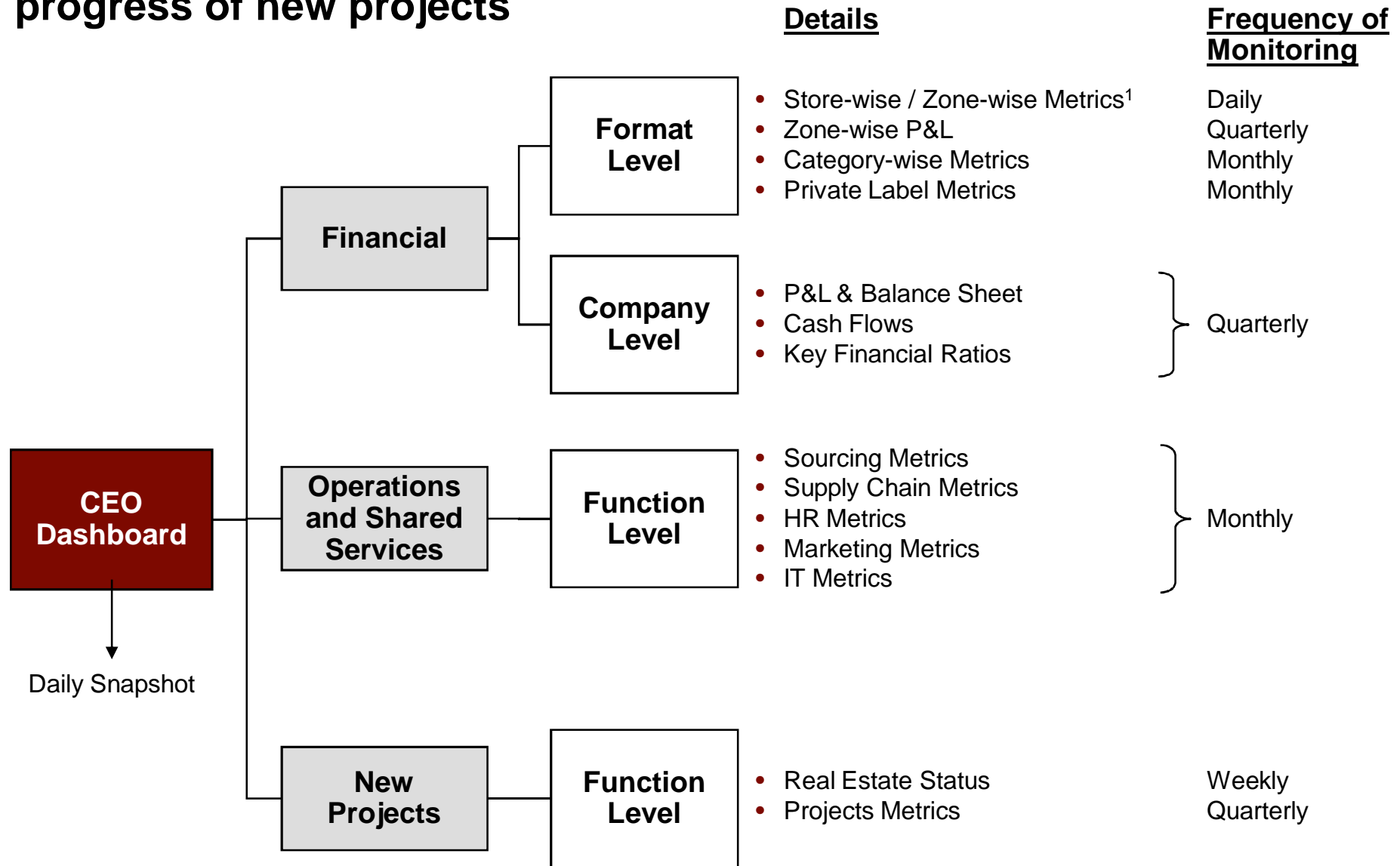
Managing retail requires managing several processes well

Schematic of Standard Retail Operations



Retail is a very process oriented business

CEO dashboard tracks the financial and operating metrics along with progress of new projects

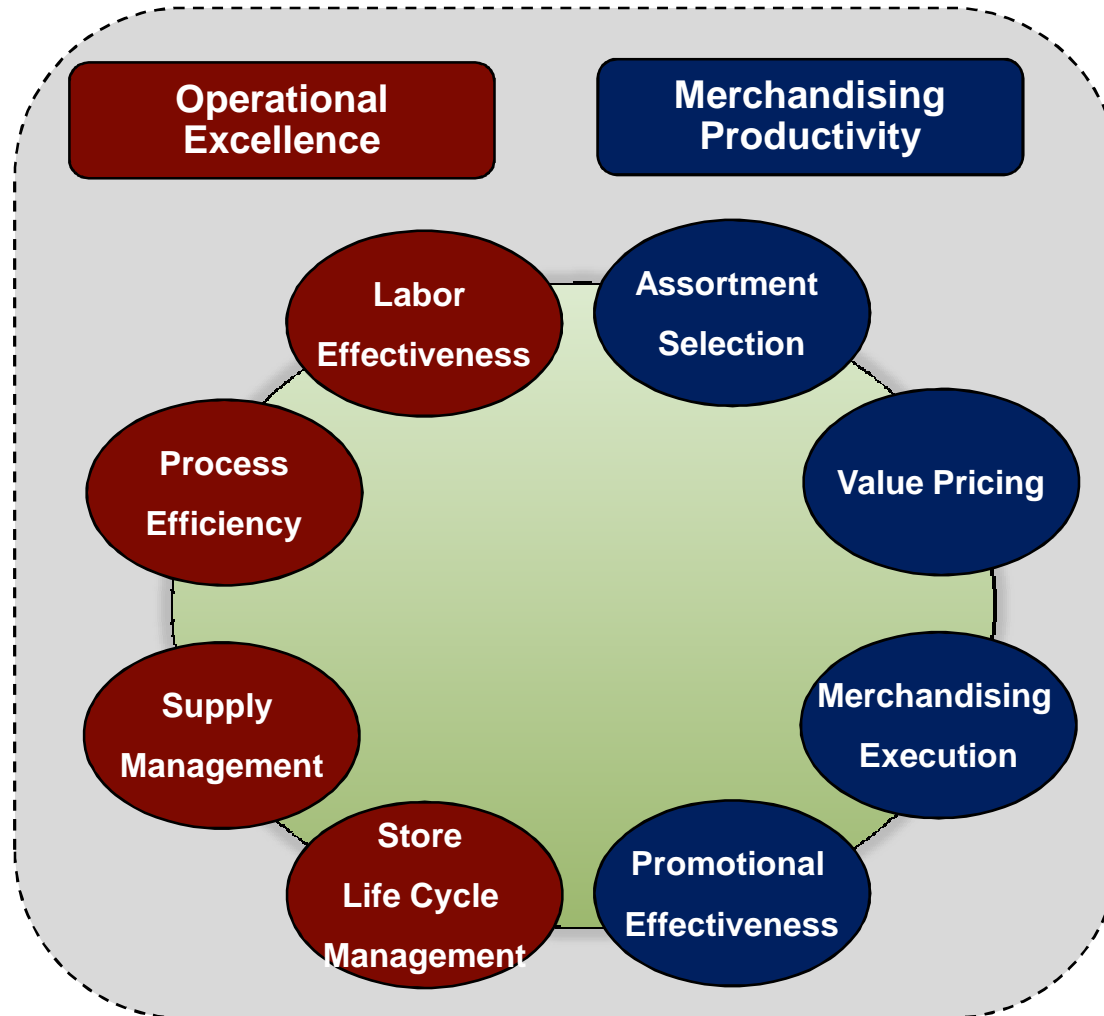


Overview of Financial Metrics – Format Level

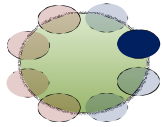
Daily Metrics	Monthly Metrics	Quarterly Metrics
<p>Store-wise / Zone-wise Metrics¹</p> <ul style="list-style-type: none"> • Sales • Sales per sq.ft • Gross Margin (%) • No. of Footfalls • No. of Transactions • Average Ticket Size 	<p>Store-wise or Region-wise Metrics</p> <ul style="list-style-type: none"> • Sales • Sales per sq.ft • Gross Margin (%) • No. of Footfalls • No. of Transactions • Average Ticket Size • GMROI (%) • GMROF (%) • Sales per Employee • Returns • Dump • Days of Inventory • Working Capital <p>Category-wise Metrics</p> <ul style="list-style-type: none"> • Sales Mix • Sales per sq.ft • Gross Margin (%) <p>Private Label Metrics</p> <ul style="list-style-type: none"> • Sales Contribution (%) • No. of Private Label SKUs • Gross Margin (%) 	<p>Store-wise or Region-wise Metrics</p> <ul style="list-style-type: none"> • Sales • Sales per sq.ft • Gross Margin (%) • No. of Footfalls • No. of Transactions • Average Ticket Size • GMROI (%) • GMROF (%) • Sales per Employee • Returns • Dump • Days of Inventory • Working Capital <p>Store-wise / Region-wise Zone P&L</p> <ul style="list-style-type: none"> • P&L Statement <p>Category-wise Metrics</p> <ul style="list-style-type: none"> • Sales Mix • Sales per sq.ft • Gross Margins <p>Private Label Metrics</p> <ul style="list-style-type: none"> • Sales Contribution (%) • No. of Private Label SKUs • Gross Margin (%)

Productivity of merchandising and operational excellence are the two cornerstones of retail profitability

High-Impact Improvement Levers

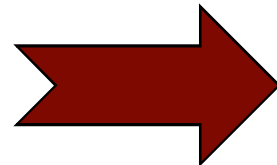
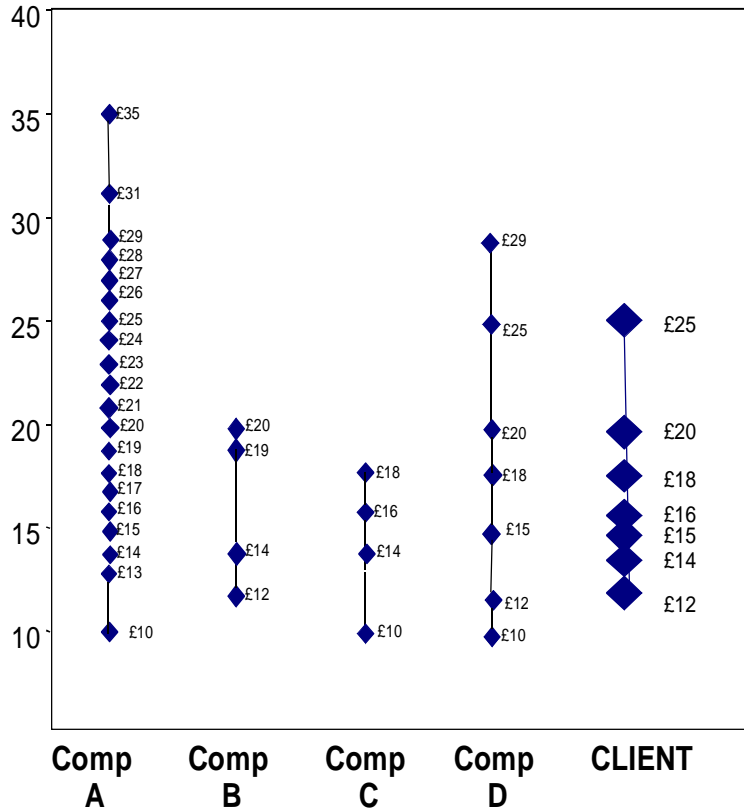


For example, looking at pricing the way a customer looks at it...

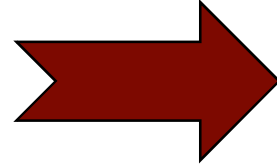


Pricing Analysis

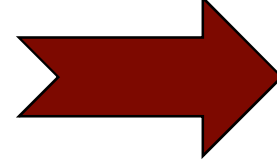
Sample Pricing Analysis



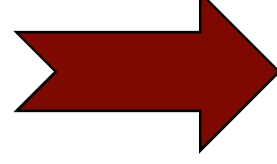
Selectively offer higher price point products to enable up-sell



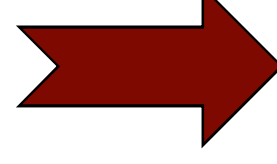
Close Price Gaps to avoid lost opportunities



Create competitively priced products you can promote



Influence your perceived price through Average Price of Supply



Introduce new entry price points to attract price sensitive customers

Price perception is more important than your lowest price