

RPM Retail Metrics and KPIS

Metric	Definition	Formula
Sales \$	The sell-out price charged to customers	RPM displays Retail Sales figures Incl GST by default
Cost \$	The purchase price paid to suppliers	RPM displays the Cost price Excl GST by default
Gross Margin \$	The portion of sales that is your margin	(Sales Price – Cost Price) NB both Prices excluding GST
Stock on Hand \$	Value of stock based on Cost	Value of stock on hand at cost (excl GST) = SOH * Average Cost
Customers	A count of the number of distinct sales transactions	NB Excludes transactions where there is nothing sold (e.g. till openings, account payments etc.
Days Cover	Number of days worth of stock for sale that is held in the business	Stock on Hand (Quantity of units) / Daily Rate of Sale
Suggested Order	The quantity of stock that should be ordered to raise stock levels to their Optimal level of Days Cover	Rate of Sale for this product at this store x 60 Days Cover
Products Stocked	A count of the number of distinct Products with SOH > 0	
Products Sold	A count of the number of distinct Products with Sales Quantity > 0	

KPI	Definition	Formula
Share %	The contribution to overall Sales (or Margin or any other Metric) from this Store / Customer / Supplier / Staff member or other dimension of Products e.g. Category	e.g. (Sales \$ for this store / Sales \$ from all stores for the same period) x 100
Gross Margin %	The portion of sales that is your margin	((Retail Price – Cost Price) / Retail Price) x 100 NB both Prices excluding GST
Sales Growth %	The change in sales this year compared with the same days last year	((Last 30 Days Sales \$ This Year/ Trading Days this year) – (Same 30 Days Sales \$ Last Year/Trading Days last year) / Same 30 Days Sales \$ Last Year)) x 100 N.B is adjusted to reflect “Same Stores” N.B. the 30 Days Last Year are aligned to match the corresponding days of the week This Year
Products Per Customer	Number of different products in a single sale to a customer	Count of the different retail products sold to each customer
Average Price	The value of each different product in a single sale to a customer	Total sale value (incl GST)/ number of different products in the sale
Average Sale	The total value spent by your average customer	Products Per Customer x Average Price OR Sales \$ (incl GST) / Customers
Stock Turn	Number of times per year that your stock is turned over and replaced	Sales for last 30 days (at cost) x 365/30 (to annualise sales) / Stock on Hand (at cost)
GMROI	Gross Margin Return On Investment. The Gross Margin \$ produced in a year for each \$1 of stock holding.	\$Gross Margin for the last 30 days x 365/30 / \$ Stock On Hand NB A more accurate value requires 12 months' Gross Margin \$ and a formula for averaging the Stockholding over the past year (e.g. value of stock at the end of each month /12). A simplified calculation can be used: GM% x Stock Turn – and this is a useful way of comparing different category's ROI.

Dead Stock %	The portion of stock that has not sold for a number of days at this store	(Value of stock on hand with no sale for 180 days / Total value of stock on hand) x 100 N.B. Once an item is flagged as "Dead" it remains on the Dead Stock report even if there are subsequent sales. The Dead flag is only removed when SOH falls to 0 OR when SOH increases by a quantity of 2 or more units N.B. Products that are "New" (have SOH >0 but have <u>never</u> had a sale) – are flagged as "Dead" after 90 Days without a sale
Low Stock %	The portion of stock that needs to be ordered to bring stock levels up to a buffer level of 30 Days Cover	(Value of orders to bring all products up to 30 days cover / Sales \$ at cost for the last 30 days) x 100
Out-of-Stock %	Missed sales due to out-of-stocks in the last 30 days	(Number of days out-of-stock x daily rate of sale for all products that have been out-of-stock in the past 30 days) x 100

Retail Markups

For most retail products we recommend a standard markup of 80% (i.e. Real cost multiplied x 1.8 + GST)

Example: Cost = \$10.00 (excl GST)

Retail = \$10.00 x 1.8 x 1.15 = \$20.70 Incl GST

Round this figure to the nearest .99c = \$20.99 Incl GST

This markup provides a Gross Margin % of 44.4% (see the table below).

Markup %	Multiply Costs by:	Gross Margin %
50%	x 1.5	33%
60%	x 1.6	37.5%
70%	x 1.7	41.2%
80%	x 1.8	44.4%
90%	x 1.9	47.3%
100%	x 2	50%