

Melchior Thompson & Associates

We help you do it better!

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From: Mel Thompson
Re: Merchandise Mix Analysis

We assist retailers in analyzing and fine-tuning their merchandise mix.

We start by analyzing your sales over the last three years (or more, if you have the data) to identify merchandise trends and sales performance. We also examine your store's sales-per-square-foot sales ratios and inventory turnover rates. These are important measures of how effectively you are using your available retail space and capital.

An important part of Merchandise Mix Analysis which is often given insufficient attention is examining what merchandise lines your competitors carry, including their depth and breadth.

If you have a ComTrac-POS system in your store, we can take data from your system and quickly determine the general outline of your store's trade area by major department line. If you have a less sophisticated version of ComTrac, or if you have a good customer list in computer-readable format, we can generate a pin map of your customer base which provides a less detailed but still useful picture of your customer dispersion. When we combine this information with competitor information we can develop suggestions on where you can find untapped sales opportunities for your business.

We can take all this information and use it to complete a spreadsheet similar to the one which follows this text. The spreadsheet in and of itself is not particularly unique, most of you who have some familiarity with spreadsheet programs could duplicate it with a few hours work.

What's special is that we can use our accumulated sales data and years of experience in working with comics and pop culture retailers to calibrate the spreadsheet for your particular store, and then use that as a base to explore potential, alternative merchandise mix strategies for you.

We also use a mathematical tool called Linear Programming to help determine the most profitable mix of merchandise lines, given your cost of rent, profitability by merchandise line, our estimates of maximum sales by merchandise line at your store and other factors such as the cost of additional fixturing and inventory combined with the amount of capital you want to invest in merchandise line changes.

Merchandise mix analysis projects begin at \$250.00 and go up to several thousand dollars depending on the complexity and depth you want to go into.

Projected Sales by Merchandise Line

**For a 1,200 s.f. Comics Shop
Located in a Small Strip Center**

**Client: Generic
Date: 9/11/2002**

Sales Area (sf) 1000 (Out of 1,200 total)

Merchandise Category	Pct of Mdse Mix	Gross Sales	Min Area	Avg Area	Max Area	Sales Per Day	# Items Sold	Mdse Category	Low	Mdm	High	Avg Cost
New Comics	48%	60000	50	75	120	\$164.84	82.4	NC	500	800	1200	2.00
Graphic Novel	4%	5000	8	13	25	\$13.74	1.1	GN	200	400	600	12.00
Trade Paperback	3%	4000	7	10	20	\$10.99	0.7	TP	200	400	600	16.00
Common Back-Issue	12%	15000	75	100	150	\$41.21	20.6	BAK-C	100	150	200	2.00
High-Val Back-Issue	0%	0	0	0	0	\$0.00	0.0	BAK-H	200	400	800	10.00
Games-Modules	8%	10000	50	25	13	\$27.47	2.7	GAME-M	200	400	800	10.00
Games	4%	5000	11	17	33	\$13.74	0.7	GAME	150	300	450	20.00
Sports Cards	0%	0	0	0	0	\$0.00	0.0	CARD-S	450	900	1800	2.95
Game Cards	4%	5000	3	6	11	\$13.74	4.7	CARD-G	450	900	1800	2.95
Entertainment Cards	4%	5000	3	6	11	\$13.74	4.7	CARD-E	450	900	1800	2.95
Video Sales	0%	0	0	0	0	\$0.00	0.0	VIDEO	100	200	400	14.95
Clothing	4%	5000	17	25	50	\$13.74	0.9	CLOTH	100	200	300	15.95
Preservation Supply	4%	5000	13	17	25	\$13.74	3.1	SUP	200	300	400	4.50
Models	2%	2000	4	7	13	\$5.49	0.2	MODEL	150	300	500	25.00
Anime	4%	5000	11	17	33	\$13.74	0.9	ANIME	150	300	450	16.00
Magazines	2%	2000	10	5	3	\$5.56		MAG	200	400	800	3.00
Totals	100%	126000	251	315	505	\$346.15						
Sales per S.F.			\$502.10	\$399.65	\$249.64							

Projected Sales by Merchandise Line

