

How to Analyse Your Sales

Review, Grow & Scale Your Business

week one

the CREATIVE
FLOW COLLECTIVE



What you already know

Before dive into the sales analysis, let's start with what you know from your gut instinct...

Analyse why your best sellers sell, is it because of the:

- Product photography.
- Price point.
- The design, pattern, colour choice, personalisation or message.
- The product description.
- Product type.

What new products are performing well?

- What new products are not performing as well?

Do some products peak during certain times of the year?

What categories do most of your products sit in?

- What different products could you add to your best selling categories to extend these sales?

Initial design ideas

Time to take action! Based on your initials thoughts, write down a few product ideas that come to you.

- Can this work for another recipient?
- Can I offer a different size, gift set, subscription, colour way or material?
- Can it personalised or use a new theme?

Notes & design ideas

Analysing your sales is a great way to identify new product growth areas and develop your product range.

We'll cover four different ways to analyse your sales and work out how to use this data to inform your product development process. Meaning you'll take what's already working and learn how to create even more products that will appeal to your customers!

You'll also be able to track sales patterns, identify your key sales periods, know when you're likely to be busy and plan accordingly.

Even if maths isn't your thing then you can still easily learn how to analyse your data. Plus you can make it creative by getting curious and working out what's impacting your sales. For each section, there are lots of questions to ask yourself to make the most of your sales analysis and get your mind thinking about new products to develop from this.

Best sellers

One of the most well-known ways to analyse your sales is to review your highest and lowest sales by total product sales and units.

Best sellers by product sales

Download your product sales by sales/revenue. Apply a filter on all the columns in Excel and then sort your products by 'ascending' in the revenue tab to find your best selling products by the amount of money they have made.

Best sellers by units

Download your product sales by units. Apply a filter on all the columns in Excel and then sort your products by 'ascending' in the units tab to find your best selling products by the amount of units they have sold.

It's important to look at your data by both total product sales and units so you can spot any differences. If you have a wide range of price points then your higher priced items may bring in more money but you may sell more units of your lower priced items.

For both of these reports decide on how often you'll download your sales and track them in a way that works for your business. If your sales are high then I would recommend weekly, otherwise monthly or quarterly would work.

If you have more than a year's worth of sales then you can start to compare your revenue and unit sales year on year (YoY) to see if your best selling products are consistent or if there has been a change over time.

Compare your YoY sales by downloading the previous year's sales/units and placing it next to the appropriate product. Easily see the increase or decrease YoY by turning the difference into a percentage.

You can do this with the following calculation:

New number (minus) original number (divided by) original number (multiply by) 100

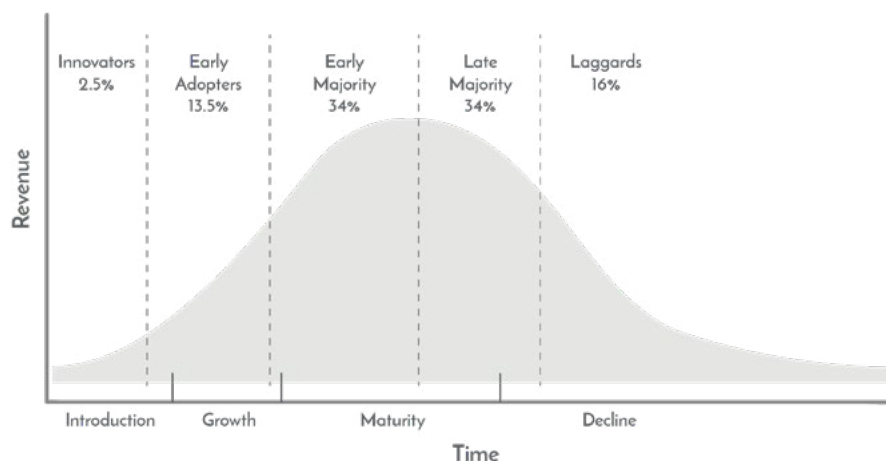
For example:

$$12,027 - 3,040 / 3,040 = 2.956 \times 100 = 295.62\% \text{ increase}$$

A decrease in sales/units sold would come out as a negative (e.g. -79%)

Questions to ask yourself while you're analysing your best sellers:

- Is there a difference between your best sellers by sales and units?
 - If so, what are the contributing factors for this. E.g. it could be a difference in price points or products that are normally bought in bulk.
- What price points are your best sellers?
 - Is this a contributing factor to their success?
- What product categories sell the best for you?
 - Can you develop more products in these best selling categories?
- Do some products peak during certain times of the year?
- When do your overall sales peak throughout the year?
 - E.g. Christmas, summer or wedding season.
- Are your sales increasing or declining?
 - If certain products are declining YoY then this product is in the decline phase of its life and you need to add new products to replace these sales.
 - Products generally follow a product lifecycle as seen below:



Retail tip:

Check your price architecture:

- Do you have a good range of price points?
- Do you have any large gaps between your highest and lowest price points?
- Could you simplify your pricing range?
 - E.g. If you have prices at £25, £25.50, £26, £27 - could you set them all at £26 instead to keep your pricing consistent across your range?

Product ideas & sales analysis notes

Conversion

Conversion is a great metric to see how many shoppers are viewing your product and then go on to buy it.

This way of analysing your sales can highlight products with a high conversion but perhaps lower sales.

You can work out your conversion using the following calculation:

$$\text{Number of checkouts (divided by) number of page views (multiply by) 100}$$

Let's put this into practice for a children's lampshade and a storage box:

Lampshade

- Checkouts = 164
- Total page views = 2,832

$$\text{Lampshade conversion} = 164 / 2,832 = 0.0579 \times 100 = 5.79\%$$

Storage

- Checkouts = 400
- Total page views = 21,032

$$\text{Storage conversion} = 400 / 21,032 = 0.0190 \times 100 = 1.90\%$$

A conversion rate between 2 - 3% in online retail is considered good, so anything above this is great.

Using this example, if you drive more traffic to the lampshade product page with SEO and promotions, sales should go up as the product is already converting well without the promotion behind it. The high conversion shows that when customers do get to this product page they're more likely to buy.

Retail tip:

Page views can be counted in a couple of different ways!

There are total/all page views e.g. the total number of page views a product has had from multiple users and each time the same customers looks at this page is counted.

Or unique page views which is where one customer views your product page multiple times (e.g. five) during one session, but it will just be counted as one unique view instead of the total five page views.

You can use either metric but decide on which one you'll use and then please stick to it! Otherwise your data will be inaccurate going forward. And make sure any employees know the difference and which one you use as a company.

Questions to ask yourself while you're analysing your conversion:

- Are your best sellers the same as your best converting products?
- Check the product pages. What's different from the high and low converting products?
 - Do they have good photos, more photos, keywords in the product description or a detailed description of what the customer will receive?
- Check the difference in your photos from the high and low convertors.
 - Do they have more photos of the details, the product being used/worn, lifestyle imagery instead of a cut-out image, good lighting or has a professional photographer taken the images?
- How much have you promoted the high converting products?
- How much have you promoted the low converting products?
 - If this is not as much, is this impacting your sales for this product?
- Are these products tagged into any key categories on your website or any marketplaces you sell?
 - If they are, see if you can tag your other products into any other categories or request to be in more gifting or curated categories.
- Are your delivery options different?
- Test your product options
 - Do they work, are they confusing, are there too many options to fill in so it's off-putting for customers?
 - More options does mean more work for customers so they may abandon the order process.

Product ideas & sales analysis notes

Daily rate of sale

Working out your daily rate of sale means you can identify what products are performing well, regardless of the time they've been live. For example, you may have a best seller that has made a lot of money for your business, but if that's over a five year period then maybe the sales are slowing. With this calculation you can also see which new products are starting to sell well, even if they haven't been live for that long.

You can work out your daily rate of sale for each product by dividing the total sales between the number of days it's been live. This will give you an indication of best sellers that have plateaued or new products that are becoming best sellers.

The daily rate of sale calculation is:

Total product sales since launch (divided by) days the product has been live for

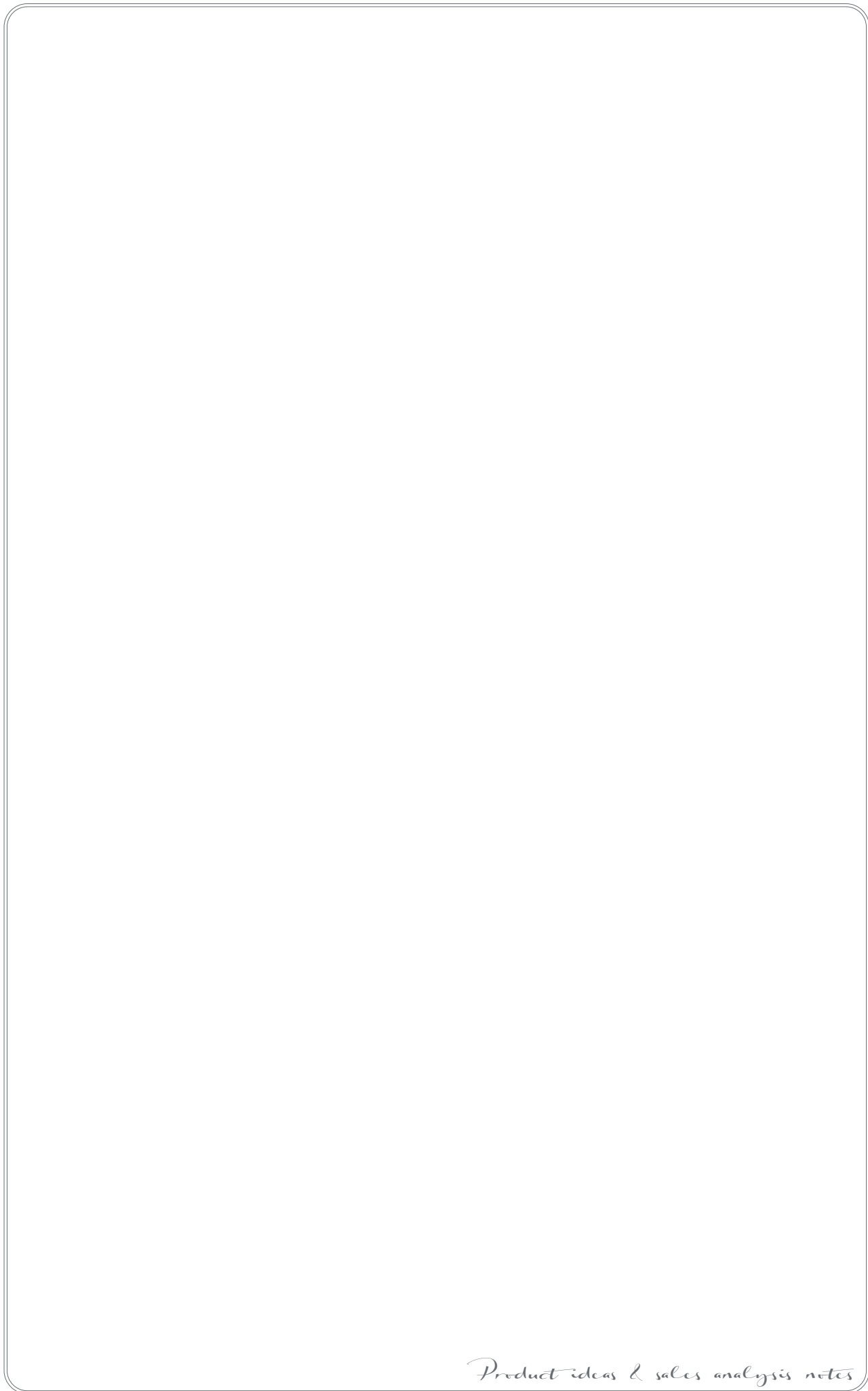
Let's put this into practice for some jewellery:

- Drop earrings have made £410,000 and have been live for 912 days (2.5 years). The daily rate of sale = 449
- Chandelier earrings have made £41,500 and have been live for 55 days. The daily rate of sale = 754

You want to look at which number is higher. So as you can see the chandelier earrings are currently outperforming the drop earrings. They haven't brought in as much money but are selling more overall based on the number of days each product has been live. This simple calculation shows the drop earrings sales are in the decline phase and chandelier earrings are in the growth phase of their product lifecycle.

Questions to ask yourself while you're analysing your daily rate of sale:

- What new products are performing well?
- What new products are not performing as well?
- Analyse why this is and ask yourself is it:
 - Product photography.
 - The design, pattern, colour choice, personalisation or message.
 - The product description.
- What older products are still performing well and why?
- What older products are declining in sales?
 - Can you revamp these with a new version and design a new best seller?



Product ideas & sales analysis notes