

Products Performance Analysis

Now for an in-depth analysis of your products database, let's review your historical results and take the past 3 years into consideration.

This will be an easier exercise for you, less cumbersome, if you are using a financial package such as Pastel or Quickbooks because this data has already been captured there.

Products Profitability

To identify your profitable products, open up a spreadsheet e.g. Excel and insert ...

1. the year
2. all your products or product categories into the next column by year
3. the next column, their total turnover or sales by year
4. the next column, their total GP or Gross Profit by year; and then
5. calculate the profit percentage of each product or product category by year. This is the **value** of each product.

Year	Category/Product	Turnover	GP	% GP to Total
2011	A	51 000	15 000	5
2011	B	342 000	147 000	46
2011	C	183 000	142 000	45
2011	D	86 000	14 000	4
Total		662 000	318 000	100
2012	A	65 000	35 000	11
2012	B	350 000	127 000	40
2012	C	240 000	139 000	44
2012	D	54 000	13 000	4
Total		709 000	314 000	100
2013	A	80 000	42 000	12
2013	B	370 000	130 000	38
2013	C	300 000	160 000	47
2013	D	45 000	11 000	3
Total		795 000	343 000	100
Total		3 537 000	1 607 000	100

Make a note of the profitable products or product categories because you can then package profitable products with popular ones.

Products Performance Analysis

Products Popularity

To identify your popular products, open up a spreadsheet e.g. Excel and insert ...

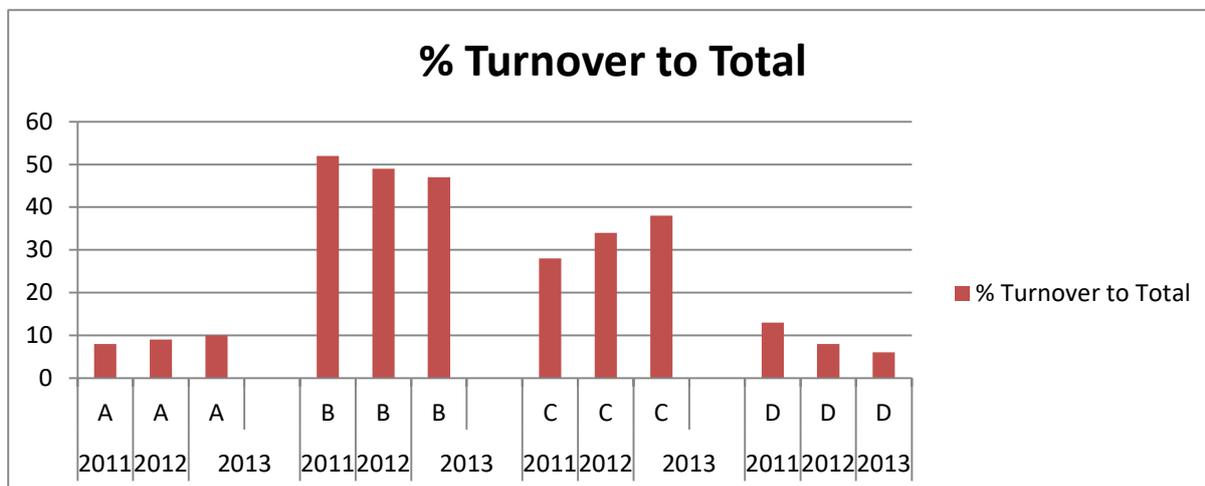
1. the year
2. all your products or product categories into the next column by year
3. the next column, their total volume by year, and then
4. calculate the turnover percentage of each product or product category by year that each product or product category contributes to your annual turnover.

Year	Category/Product	Volume	% Volume to Total
2011	A	51 000	8
2011	B	342 000	52
2011	C	183 000	28
2011	D	86 000	13
Total		662 000	
2012	A	65 000	9
2012	B	350 000	49
2012	C	240 000	34
2012	D	54 000	8
Total		709 000	
2013	A	80 000	10
2013	B	370 000	47
2013	C	300 000	38
2013	D	45 000	6
Total		795 000	

Make a note of the overall percentage each product or product category contributes to your total turnover. You'll need this information for your sales target setting and when you are analysing your competition.

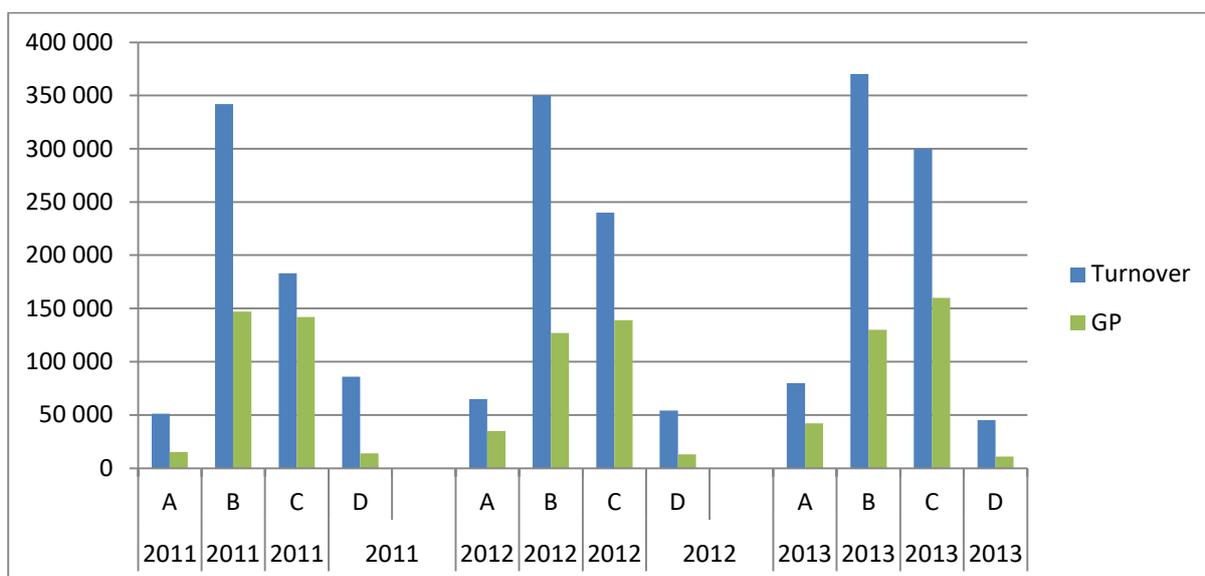
Products Performance Analysis

Let's have a look at how the marketplace is responding to your products. Using the same information, create a graph by year, product and % of turnover.



Look out for any products on the decline and find out why this is happening by visiting the customers buying this product. There may be something wrong with the product which you can fix, before you lose these customers. For example, are your customers moving to a competitor's product? Is your product becoming unaffordable?

Next, you are looking for the most **popular** product (turnover) versus the most **profitable** product or product category (gross profit).



Products Performance Analysis

Now if we have a look at this graph, based on these figures, this is the information being depicted.

Product A is growing in popularity and profitability.

Product B is very popular but less profitable

Product C is popular and profitable; and

Product D's popularity and profitability is declining.

Sometimes, you can move your inventory by packaging a popular product with your profitable, slower moving product. So you may consider packaging Product A with Product B and Product B with Product C. You may also want to discontinue Product D.