

Retail KPIs

KPI	Formula	Definition
Gross Margin Return On Inventory (GMROI)	$(\text{Gross Profit } \$ / \text{Average Inventory})$	GMROI shows how much profit inventory sales produce after covering inventory costs. A higher GMROI is generally better, as it means each unit of inventory is generating a higher profit. The recommend GMROI is $>=3.2$
Returns Rate	$(\# \text{ of Units Returned} / \# \text{ of Units Sold}) * 100$	This shows the percentage of items returned. For retail stores the average is usually around 10%.
Average Transaction Value (ATV)	$(\text{Sales Revenue} / \# \text{ of Transactions})$	The average dollar amount that a consumer spends with your business in a single transaction. Industry Avg 2020= \$54.14
Sell Thru Rate	$(\# \text{ of Units Sold} / \text{Beginning Inventory}) * 100$	Sell-through rate can help retailers make adjustments to what products they buy based on how quickly they sell. The higher the rate, the faster the inventory is moving, a good benchmark is 70%.
Shrinkage/Variance on Inventory Counts	$((\text{Recorded Inventory} - \text{Actual Inventory}) / \text{Recorded Inventory}) * 100$	The percentage of inventory lost. The lower the rate the better, industry average is 1.38%.
Sales per Sq. Ft	$\text{Sales} / \text{Selling Area in Sq. feet}$	Sales per square foot is one of the best metrics you can use for gauging the performance of your brick-and-mortar stores. It tells you how efficient you are with your use of space and can give insights for improving store layout, merchandising, staff performance, and more. (Specialty $> \$325$, Apparel $> \$336$, Grocery $> \$510$)
Labor Efficiency (Store Front Labor as % of Sales)	$((\text{Standard Labor Hours}/\text{Amount of time worked})*100)*\text{Where Standard Labor Hours is the standard amount of time it should take for an employee to complete a project}$	While productivity measures quantity, efficiency measures quality. You could calculate a very high productivity number per employee, but that number alone doesn't give you any insight into the quality of work (in theory, an employee could seem very productive, but actually be producing horrible outputs).
Inventory to Sales Ratio (ISR)	$\text{Inventory value} / \text{Sales value}$	Measures the amount of inventory you are carrying compared to the number of sales orders being fulfilled.
Same store sales growth	$((\text{Total Sales}_{T+1}/\text{Total Sales})-1)*100$ *Total Sales refers to the total sales generated from the company's stores; and Total Sales _{T+1} refers to the total sales generated in the next period (next month, quarter, etc.) from the company's stores in the preceding period.	Same-store sales, also known as comparable-store sales, is a financial metric commonly used by companies in the retail industry to evaluate the performance of existing stores.
Sales by Department or Product Category	$(\text{Dept or Product Sales}) / (\text{Total Sales Revenue})$	Shows you which Dept/Product Category is thriving and which ones could be holding you back.

Repeat Purchase Rate (RPR)	Number of Customers who bought more than once (365 days) / Total number of customers (365 days)	A calculation that shows you the percentage of your current customer base that has purchased at least a second time. This metric is influenced by your customer retention efforts and is a good indicator of the value you are providing your customers.
Customer Satisfaction Score (CSAT)	# of customers who were "satisfied" / Total # of customers surveyed	Otherwise known as happy customer key performance indicator (KPI) helps to evaluate the client's service satisfaction with your business, products, or services. Measuring customer service satisfaction helps to gain insights into what they think about you.
Days to Inventory Turn	$(\text{COGS} / \text{Average Inventory during period}) \times \text{\# days in period}$	Tells us how fast we are selling inventory.(Compare this to how fast you have to pay your supplier)
Monthly Recurring Revenue (MRR)	(Total number of paying users/ average revenue per user)	Income that a business can count on receiving every single month - a predictable revenue. It's a consistent number you can use to track all of your recurring revenue over time, in monthly increments.

For a review of your KPIs, [contact us](#) for a free consultation!

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