

Category Management: Effective Scan Report Analysis

By [Mark Horne](#)

There are several benefits in scanning including:

- Heads up marketing
- Improved store security
- Faster transactions
- Improved accuracy
- Management information

The goal of this article is to improve our skill in using the scanning management information to improve sales and profits. With the average 2,000 square foot store stocking almost 3,000 items, it is important that scanning information be utilized to improve all phases of store management.

It is important to develop a system to distribute the reports to all of the members of your team that have a need for the information. One problem is that scanning information can cause analysis paralysis. The information obtained from the scanning reports does little good if there is not a structure to utilize the information. For example, when sales of a specific range of SKUs is low, does that automatically mean the products should be eliminated or is there a review process to determine if these items are priced correctly and placed in the correct place in the store. You should maximize the use of the information.

How scanning information should be utilized.

- Sales forecasting
- Sales analysis
- Reducing out of stocks
- Space management
- Product pricing
- Shrink management
- Vendor management

My experience is that most scanning reports are used to reduce the inventory of slow moving merchandise and little else. Although this is admirable there is much more to scanning management reports. For example, a manager may be proud of reducing slow moving merchandise while Out-of-stocks are still excessive in the store. The scanning reports should be used to build inventory of fast selling products.

Sales information by price point tells you what your customer will spend within a classification. Sales by vendor reports tell you which vendors are performing. The more information you can capture, the more efficiently you can control your business and you're buying.

How can scan reports help you with buying?

They will tell you what you sold last year/season, which is a tremendous help when planning for the coming year. A good computer system can allow you to look at inventory on a daily basis, identify what items are not selling and focus attention on problem areas, identify hot items and confirm that there is enough stock on hand and on order to meet the demand.

Now the down side of scanning

Scanning reports don't tell you what you don't have. What I mean by this is that some companies rely too much on scanning information on sales and don't look outside their existing inventory to determine if there are products that they don't carry that will sell. In addition, it is important to recognize that you can't let scanning run your business. For example, I know a company that will not buy any products that aren't bar coded. This perhaps eliminates the opportunity to purchase some imported products sold by chains of dollar stores that may not have bar codes, but may sell very well in your store and create profits. The bottom line is that scanning procedures should not hamper your ability to grow the business with unconventional products.

In conclusion, I would suggest that you make a list of all of the scanning reports that you have available, a list of who should receive each report and written description of how each report is to be utilized. You can measure the results by analyzing the reports after you have implemented this type of system.

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