



Space-Insider

NEWSLETTER **AUGUST, 2012**

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EDITORIAL

This will be the last Space-Insider newsletters as we are combining it into our Bizlink-Insider newsletter.

We are doing a lot of work on our Generics addition to Spacelink and hope to bring you more information on that in the newsletter.

So for now – please enjoy.

Teresa Hooper
Partner



OUR PARTNERS

Chris Ball / Peter Camenzuli / Jason Evans / Warwick Face / Nigel Fischer / Brett Headrick/ Nigel Batters
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GMROS AND GMROII

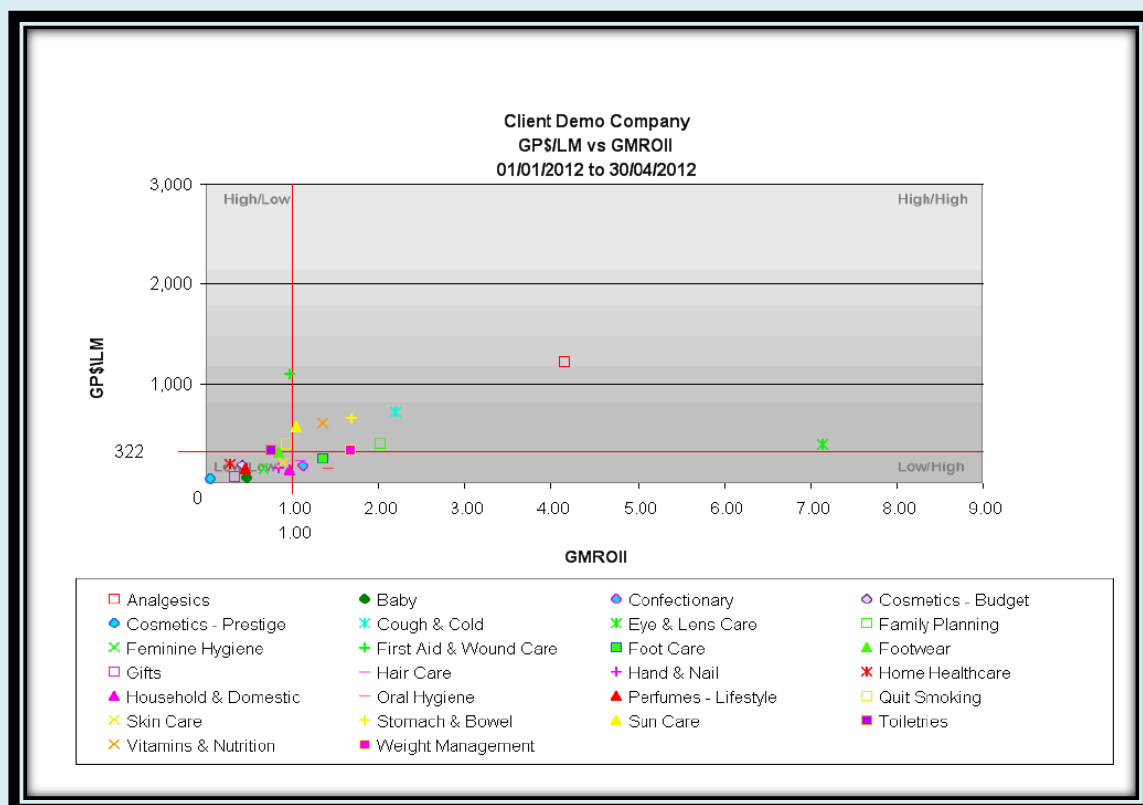
There are 3 reports in Spacelink which show GMROS (Gross Margin \$ Return on Space) and GMROII (Gross Margin \$ Return on Inventory Investment):

- Category Performance Chart
- Space and Productivity Chart
- Pharmacy Productivity Report

The Category Performance Chart was featured in our second newsletter and is available to view on our website www.jr.com.au.

The Space and Productivity Chart sets the category data into a graphical matrix format, the two axis of which are GMROII and GMROS. The matrix depicts the relationship between the gross return on inventory and space for each department. Each quadrant of the matrix indicates the overall performance of each individual department and once interpreted, decisions can be made on what to do with each department i.e. increase/reduce space, focus, price, etc. This will result in lifting the total store space productivity to improve the store profits and cash flow. This chart is included with the JR Pharmacy Space and Stock Productivity Report which provides analysis and advice on the performance of your pharmacy departments. Some of our client's will be familiar with this report.

An example report is provided below.



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The Pharmacy Productivity Report is a tabulated summary of annualised department averages for your pharmacy. In addition to GMROS and GMROII, information detailed on this report includes:

- Customer Numbers
- Sales
- GP\$
- GP%
- Sales/Linear Metre
- Stock Turn
- Average Stock
- Stock Intensity.

This is a very powerful report upon which to base decisions on allocation of appropriate space to departments and products, pricing reviews and stock intensity. It is also the report on which we base our analysis and advice for the JR Pharmacy Space and Stock Productivity Report.

An example of the Pharmacy Productivity report is shown below.

Client Demo Company - Pharmacy Productivity Report (Annualised)													
From 01/10/2011 to 31/03/2012													
Spacelink Department	Customer Numbers	Linear Metres	% of Space	Sales	GP\$	% of GP\$	GP%	Sales/LM	GMROS	Stock Turn	GMROII	Average Stock	Stock Intensity
Analgesics	5,564	15.80	3.27 %	\$ 47,783	\$ 20,117	11.12 %	42.10 %	\$ 3,024	\$ 1,273	6.92	\$ 5.03	\$ 3,999	\$ 253
First Aid & Wound Care	2,268	8.40	1.74 %	\$ 29,361	\$ 9,615	5.31 %	32.75 %	\$ 3,495	\$ 1,145	2.51	\$ 1.22	\$ 7,854	\$ 935
Cough & Cold	3,756	28.50	5.90 %	\$ 61,265	\$ 27,471	15.18 %	44.84 %	\$ 2,150	\$ 964	4.23	\$ 3.44	\$ 7,980	\$ 280
Sun Care	846	8.80	1.82 %	\$ 13,384	\$ 6,258	3.46 %	46.75 %	\$ 1,521	\$ 711	1.40	\$ 1.23	\$ 5,096	\$ 579
Vitamins & Nutrition	3,264	48.00	9.94 %	\$ 83,017	\$ 29,867	16.51 %	35.98 %	\$ 1,730	\$ 622	2.64	\$ 1.49	\$ 20,110	\$ 419
Toiletries	1,006	5.35	1.11 %	\$ 9,586	\$ 3,093	1.71 %	32.27 %	\$ 1,792	\$ 578	2.79	\$ 1.33	\$ 2,324	\$ 434
Stomach & Bowel	2,570	15.00	3.11 %	\$ 30,378	\$ 8,554	4.73 %	28.16 %	\$ 2,025	\$ 570	3.94	\$ 1.55	\$ 5,536	\$ 369
Quit Smoking	524	7.50	1.55 %	\$ 14,193	\$ 3,661	2.02 %	25.80 %	\$ 1,892	\$ 488	3.51	\$ 1.22	\$ 3,002	\$ 400
Eye & Lens Care	1,714	18.00	3.73 %	\$ 18,581	\$ 8,441	4.66 %	45.43 %	\$ 1,032	\$ 469	20.55	\$ 17.10	\$ 494	\$ 27
Family Planning	302	3.60	0.75 %	\$ 3,797	\$ 1,480	0.82 %	38.98 %	\$ 1,055	\$ 411	2.87	\$ 1.83	\$ 809	\$ 225
Foot Care	1,080	19.50	4.04 %	\$ 14,476	\$ 5,815	3.21 %	40.17 %	\$ 742	\$ 298	2.35	\$ 1.58	\$ 3,690	\$ 189
Weight Management	428	16.20	3.35 %	\$ 14,375	\$ 4,810	2.66 %	33.46 %	\$ 887	\$ 297	3.18	\$ 1.60	\$ 3,006	\$ 186
Perfumes - Lifestyle	162	6.00	1.24 %	\$ 4,452	\$ 1,770	0.98 %	39.76 %	\$ 742	\$ 295	1.29	\$ 0.85	\$ 2,073	\$ 345
Footwear	90	4.20	0.87 %	\$ 3,755	\$ 1,171	0.65 %	31.17 %	\$ 894	\$ 279	1.61	\$ 0.73	\$ 1,608	\$ 383
Hair Care	1,034	26.40	5.47 %	\$ 16,982	\$ 6,346	3.51 %	37.37 %	\$ 643	\$ 240	1.93	\$ 1.15	\$ 5,519	\$ 209
Skin Care	1,468	40.80	8.45 %	\$ 25,895	\$ 9,548	5.28 %	36.87 %	\$ 635	\$ 234	1.90	\$ 1.11	\$ 8,590	\$ 211
Cosmetics - Budget	570	18.50	3.83 %	\$ 11,269	\$ 4,198	2.32 %	37.26 %	\$ 609	\$ 227	0.86	\$ 0.51	\$ 8,245	\$ 446
Home Healthcare	1,662	35.60	7.37 %	\$ 31,075	\$ 7,749	4.28 %	24.94 %	\$ 873	\$ 218	1.67	\$ 0.55	\$ 13,978	\$ 393
Confectionary	1,114	6.00	1.24 %	\$ 3,580	\$ 1,143	0.63 %	31.92 %	\$ 597	\$ 190	2.85	\$ 1.34	\$ 855	\$ 143
Hand & Nail	334	8.00	1.66 %	\$ 3,600	\$ 1,509	0.83 %	41.92 %	\$ 450	\$ 189	1.54	\$ 1.11	\$ 1,358	\$ 170
Gifts	2,386	61.80	12.79 %	\$ 32,934	\$ 10,469	5.79 %	31.79 %	\$ 533	\$ 169	1.66	\$ 0.77	\$ 13,551	\$ 219
Oral Hygiene	834	15.60	3.23 %	\$ 7,408	\$ 2,601	1.44 %	35.11 %	\$ 475	\$ 167	2.84	\$ 1.54	\$ 1,690	\$ 108
Feminine Hygiene	250	3.60	0.75 %	\$ 1,778	\$ 584	0.32 %	32.85 %	\$ 494	\$ 162	1.63	\$ 0.80	\$ 733	\$ 203
Household & Domestic	1,398	12.00	2.48 %	\$ 6,883	\$ 1,644	0.91 %	23.88 %	\$ 574	\$ 137	3.15	\$ 0.99	\$ 1,663	\$ 139
Baby	846	36.70	7.60 %	\$ 12,516	\$ 2,737	1.51 %	21.87 %	\$ 341	\$ 75	2.20	\$ 0.61	\$ 4,454	\$ 121
Cosmetics - Prestige	746	13.20	2.73 %	\$ 12,380	\$ 289	0.16 %	2.34 %	\$ 938	\$ 22	1.01	\$ 0.02	\$ 11,992	\$ 908
Total	29,694	483.05	100%	\$ 514,702	\$ 180,940	100%	35.15 %	\$ 1,066	\$ 375	2.38	\$ 1.29	\$ 140,208	\$ 290

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