

3 Warning Signs Your Product is at Risk of Discontinuation

Retailers can be cutthroat when it comes to deciding which products win valuable shelf space, especially at a time when, like the rest of the world, retail is experiencing a period of unprecedented uncertainty.

If your product doesn't move like they expect, they'll replace it with one that will. Worried that your product might be at risk of discontinuation? Here are 3 early warning signs that show you might be right . . .

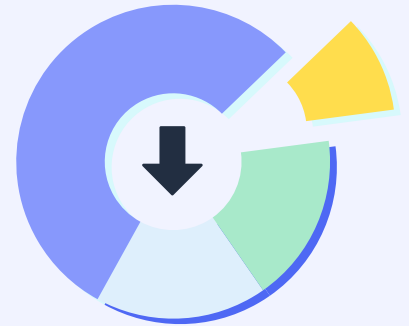
1 Slowing Sales Velocity

Sales velocity is the measure of how quickly a product is selling when it is available in a store or on the shelves. It's an important indicator for retailers because it lets them filter out some of the "noise" in traditional sales data, and understand how well a product is selling relative to distribution. If your sales velocity begins to slip for any reason, or falls below the industry benchmark for your category, then your product might be at risk of discontinuation. The version of velocity that many retailers prefer is units per store per week.



2 Decreased Market Share

Decreased sales is never a good sign, but if sales across your entire category are down, decreased sales isn't necessarily a warning that your product is about to get pulled from the shelves. A better measure to look at is your product's market share, which analyzes your sales in relation to those of other products across the category. If your market share is steady or rising, you're in good shape. If it's slipping, it might be time to worry.



3 Unbalanced Product Promotion Presence

Promotions are a great way to increase sales and drive incremental revenue. But some retailers don't like it when products rely too heavily on promotions because it leads to lower margins. (Other retailers just want promotions — we're looking at you, Publix). If promotions make up too high a percentage of your product's total sales, it might be a sign that your product won't sell without promotion, and retailers might opt to discontinue it in favor of a competitor that doesn't require as many promotions to drive sales, and doesn't eat into their margins.



Stop Product Discontinuation Before It Occurs

Preventing discontinuation requires access to sales data and a deep understanding of its insights. With the right data visualization platform, it's possible to:

- Determine which key performance indicators are slowing your velocity
- Focus on the best markets for your product
- Understand the effectiveness of promotions

With this knowledge, you can get ahead of discontinuation threats, address the underlying factors, and spur growth rather than suffer decline.