RETAIL GUIDE

The WSSI - What Do I Need to Know?

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Retail Guides

The WSSI - What Do I Need to Know?

What is a WSSI?

The WSSI (or 'Wizzy') stands for Weekly Sales, Stock and Intake and is an industry tool used to manage inventory and track sales. It ultimately determines how much money you need to purchase the correct quantity of stock to meet anticipated demand. This is known as OTB or Open-to-Buy.

The WSSI tool enables retailers to forecast future demand for their products and plan inventory levels accordingly, thereby avoiding over- or under-stocking their business, which maximises profits and minimises risk. It also enables retailers to track their sales performance against targets and identify any trends or issues that may be impacting their sales, allowing them to react accordingly.

How does it work?

The WSSI is driven by three main measures:-

- Sales
- Markdown
- Stock

In the most basic sense, retailers forecast what they plan to sell by week and then ensure they have sufficient stock in place to meet those sales targets. If sales change, then the amount of stock required changes.

When forecasting their future sales, markdowns, and stock levels, they incorporate internal and external factors that may affect sales or stock levels, such as shop expansion or unusual events, like the Coronation. Actual, also known as materialised, sales and stock levels, are captured at the end of week, and these can be used along with analysis to ensure future forecasts are accurate and are driving sufficient OTB.

What is OTB?

It refers to Open-to-Buy and is the amount of money needed to invest in inventory to reach forecasted sales.

If circumstances change, retailers can reforecast their sales, which will, in turn, impact the OTB and, therefore, inventory levels going forward. For example, if sales increase due to reforecasting, then the amount of OTB required to bring in the stock needed to meet these new sales targets will also increase.

By maintaining an accurate WSSI, retailers can drive profits through capturing sales and avoiding markdowns.

Forecasting

When setting up the WSSI, it can be 'seeded' with data from either the previous year or the previous year minus one, depending on how typical trade was. For example, if last year was affected by unusual events that impacted trade, such as the pandemic or a major sporting event, then the decision may be to use LY-1. Retailers can also input their own externally created forecasts.

When forecasting using historical data, take into consideration the following factors which may have affected it:-

- **Weather:** Extreme conditions, such as an exceptionally hot summer
- **Major Events:** Olympics, Coronation
- **Supplier issues:** Delivery issues resulting in poor availability
- **Innovation:** Upcoming development impacting demand
- **Economic factors:** inflation, conflict abroad.
- **Business Strategies** may include:
    - Store changes
    - Category changes
    - Pricing Strategies.

In-Season Forecasting

The WSSI serves as both a planning tool at the start of the season and an in-season decision-making tool. As circumstances change, Retailers can reforecast their stocks and sales in reaction, but they can also try some 'what-if' scenarios to decide the best course of action and be proactive.

Considerations

The WSSI offers several benefits and useful functions that can help you manage it effectively.

Hierarchical levels.

Data in the WSSI can be viewed across the retail hierarchy, ranging from the overall total business level to more granular department and category levels. You can also apply roll-ups to view different time periods, such as Year, HYTD, or Week.

Seasonality

Data can be split by seasonality, allowing you to manage them differently, such as managing potential terminal stock to minimise risk and avoid markdowns.
Seasonality can refer to Continuity, Spring Summer, Autumn Winter, Old, etc..

Measures

In addition to Sales, Stocks, and OTB, various other measures can be included, such as Stock turn, spot cover, forward cover, and more. Measures tend to reflect current data, but may also include Budget, Last Year and Last Year -1.

Versions

There are different versions of the WSSI, each reflecting a distinct set of data.

- **Actual/Forecasted:** Sales are shown as Actual and forecasted. The forecasted sales of the previous week are replaced by the Actual sales when that week has actualised or been completed.

- **Last Year:** 'Last Year' (LY) refers to the previous year's captured data. 'LY-1' refers to the year before last. The decision to use LY or LY-1 is based on whether LY was a typical trading year; if not, LY-1 is often used as a more representative benchmark

- **Budget:** This refers to a business target, typically set at a higher hierarchical level, such as Department rather than Category.

Channels
The WSSI can reflect sales across different channels, showing the split of trade. For example, if a business operates both online and in-store channels, it may indicate that 40% of its sales are conducted online. Knowing this allows Retailers to allocate the correct amount of stock to the right place to meet demand for that channel.

Summary
Ultimately, the WSSI is a decision-making tool that enables retailers to proactively manage their sales and stock by season, maximising profits and minimising risk.

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