

# RETAIL MERCHANDISING



# What is Merchandising ?

- Merchandising can be termed as the planning, buying and the selling of merchandise.
- The function of merchandising is an integral part of retailing and also one of the most challenging functions.
- Retailers often say, “goods well bought are half sold”.

# Merchandise Management

Merchandise Management can be termed as:

- Analysis
- Planning
- Acquisition
- Handling
- Control

## □ Analysis

It is required because a retailer needs to understand the needs and wants of his target audience.

## □ Planning

It is necessary to plan since the merchandise to be sold in the future, must be bought in advance.

## □ Acquisition

Merchandise to be sold in the retail store, needs to be procured from others – either from distributors or manufacturers.

## □ Handling

It is necessary to determine where merchandise is needed and ensure that the merchandise reaches the required stores at the right time and in the right condition.

## □ Control

As the function of merchandising involves spending of money for the acquiring of products, it is necessary to control the amount of money spent on buying.

# Factors affecting the Merchandising Function

Merchandising does not function in isolation. It is affected by various factors, like:

- Organization Structure
- Size of the Retail Organization
- Merchandise to be carried
- Type of Store

# Functions of Merchandise Manager

The merchandise manager is responsible for particular lines of merchandise. Their functions are:

- Planning
- Directing
- Coordinating
- Controlling

# Functions of a Buyer

- Developing the merchandising strategies for the product line, store or organization.
- Planning and selecting the merchandise assortments.
- Vendor selection, development and management.
- Pricing the merchandise
- Inventory management.



# Functions of Merchandisers

- Inventory-turn Management
- Achieving Sales & Margins
- Plans Merchandise
- Availability Management, as per range plan
- Merchandising Strategy & Planning
- Processing of Purchase Orders
- Analysis of Data & Sales Budgeting
- Profitability Targets & Expense Control
- Vendor/Supplier relations for both, in-house products as well as for brands.

# Merchandise Planning

- Planning is of great importance, because it takes time to buy merchandise, have it delivered, record the delivery in the company's records and then, to send the merchandise to the right stores.

## Stages of Merchandise Planning:

- Stage – I : Developing a Sales Forecast.
- Stage – II: Determining the Merchandise Requirements.
- Stage – III: Merchandise Control – The Open-to-Buy.
- Stage – IV: Assortment Planning.

# Stage – I : Developing a Sales Forecast

Forecasting involves predicting as to what consumers may do under a given set of conditions.

The process of developing sales forecast involves the following steps:

1. Reviewing Past Sales
2. Analyzing the Changes in the Economic Conditions
3. Analyzing the Changes in the Sales Potential
4. Analyzing the Changes in the Marketing Strategies of the Retail Organization and the Competition
5. Creating the Sales Forecast

## Stage – II: Determining the Merchandise Requirements

- Planning is essential to provide direction and to serve as a basis of control for any merchandise department.
- In order to be able to provide the right goods to the consumer, at the right place and time, one needs to plan a course of action.

Planning is at two levels:

- 1) The creation of the Merchandise Budget, and
- 2) The Assortment Plan

## Stage – III: Merchandise Control – The Open-to-Buy

- The purpose of Open-to-Buy is twofold.
- First, depending on the sales for the month and reductions, the merchandise buying can be adjusted.
- Secondly, the planned relation between the stock and sales can be maintained.

### Open-to-buy ensures that the buyer:

- ✓ Limits overbuying and under buying,
- ✓ Prevents loss of sales due to unavailability of the required stock
- ✓ Maintains purchases within the budgeted limits, and
- ✓ Reduces markdowns, which may arise due to excess buying.

# Stage – IV: Assortment Planning

- Assortment Planning involves a determination of the quantities of each product that will be purchased so as to fit into the overall merchandise plan.
- The main purpose of creating an assortment plan is to create a balanced assortment of merchandise for the customer.
- Details of colour, size, brand, materials, etc. have to be specified.

**THANK YOU**