

STEPS IN FASHION MERCHANDISING

There are three basic steps in fashion merchandising :

- Planning
- Buying/procuring
- Promoting/selling

MERCHANDISE PLAN COMPONENTS:

- Receipt plans- cost of goods(at retail value)that need to be received to sell in the store
- Sales plans
- Mark-up plans-adding on to prices to cover costs; see retail pricing
- Mark-down plans-reducing prices to move goods
- Inventory shortages
- End-of-month stock levels-goods that are in the store

- Weeks to supply-how long it will take to sell out merchandise
- Gross margin-profits
- Promotional plans
- Stock turn-figured by sales/average stock

PLANNING SALES GOALS: the retailer's goal is to exceed its own merchandise plan. To make a realistic estimate of prospective sales, a buyer must consider the following points:

- Economic conditions
- Market and trend analyses
- Shifts in population
- Local retail competition
- Variations in consumer demand
- Seasonal consumer demand
- Weather
- Holidays
- Physical expansion or alterations needs in the store

- An individual department's ability to house and display the merchandise effectively.

PLANNING STOCK: the next step in planning is to determine the amount of stock. Stock must be brought to a peak just before the expected time of peak selling and enough units must be available to fill the floors. Stock plans are part of the retailer's computer organized financial systems.

THE BUYING PLAN: the buying plan is the description of the types, quantities, prices and sizes of merchandise that a buyer expects to purchase from vendors within a specific period of time.

The more detailed the buying plan, the less confusing buying decision will be, allowing the buyer to concentrate on the fashion aspects of the merchandise during the seasonal market.

ASSORTMENT PLANNING: a merchandise assortment is a collection of various styles, quantities, and prices of retailed merchandise, usually grouped under one classification within department. The buyer plans to buy a balanced assortment merchandise to meet consumer demand and appeal to a particular group of target customers.

OPEN-TO-BUY: considering stock on hand at the beginning of any given month(BOM) and the end of each month(EOM), the buyer has to calculate the amount of purchases that can be made if stock and sales are to kept in balance. The difference between the actual stock and planned stock equals open-to-buy(OTB), the value of planned purchases.

ACTUAL STOCK – PLANNED STOCK=OPEN-TO-BUY

BUYING: the buyer purchases merchandise in accordance with the merchandising plan and sales and profit goals.

THE BUYER'S ROLE:

- A buyer's knowledge of merchandise stems from both education and experience.
- The ability to evaluate merchandise and judge whether it is suitable for a customer develops over years of examining all types of merchandise for quality, styling and price.
- It is also very important for buyers to have store line experience; they need to be on the sales floor to learn about customers' wants and needs.

RESEARCH: market and trend research becomes second nature to the buyer. Buyers most constantly research the following:

- Demographics and psychographics

- The effect of economic conditions on demand for certain types and prices of merchandise.
- Global influences on styling and sourcing
- Market and fashion trends
- Influence of the media and celebrities on fashion
- The competitors' merchandise offering

THE BUYING-SELLING CYCLE: the buying and selling cycle is related to the fashion cycle of consumer acceptance. A buyer's responsibilities involve a complete cycle: planning what to buy; searching the markets and selecting the right merchandise; working with advertising, display, and special events to promote merchandise; training sales personnel; and marking down leftover merchandise.

The buying-selling cycle is constantly overlapping : new goods come into the store while other goods reach their peak or decline in sales. Thus, the buyers job of identifying and

interpreting consumer demand and evaluating current sales is a continuing process.

BROAD ASSORTMENT BUYING: ideally, buyers would like to buy a broad(many styles) but shallow(only a few of each)assortment to merchandise at the beginning of a season to test consumer reaction, and then, as certain styles emerge as best-sellers, increase stock in depth.

By comparing current sales of a particular style with the previous week's or month's figures, a buyer can determine whether sales are rising or declining.

If sales of certain styles are on the rise, then more of these looks maybe ordered.

NARROW AND DEEP BUYING: if a category of merchandise is very popular, or if the buyer feels strongly about a style, he or she may buy

narrow(just a few styles) and deep(many garments in each size and color).

SHORT-CYCLE BUYING: buyers use short cycle buying(buying close to the selling season)to judge market conditions and trends and to respond quickly to the market, particularly for junior and contemporary fashions.

SALES PROMOTION:

It is one of the five aspects of the **promotional mix**. Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Sales promotion can be directed either at the customer, sales staff, or distribution channel members.

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promotions targeted at the consumer are called **CONSUMER SALES PROMOTION**. Sales promotion is implemented to attract new customers, to hold present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research. It is made up of activities, both outside and inside activities, to enhance company sales. Outside sales promotion activities include advertising, publicity, public relation activities, and special sales events. Inside sales promotion activities include window displays, product and promotional programs such as premium awards and contests.

OBJECTIVES AIMED @ BUYERS THROUGH SALES PROMOTION:

Stop and shop: customers who are just passing by, with no intention of purchasing would be encouraged to enter the store.

Shop and buy: once the customers have been persuaded to enter the shop, they have to be

convinced to purchase by presenting it in such a manner that the customer feels a desire to buy.

Buy bigger: the promotional activities aims to persuade the customer to buy in a greater quantity or buy other products in addition.

Repeat purchase: the activities maybe aimed at persuading the customer for repeated buying.

Introduce a new brand: a sales promotion maybe engaged to introduce a new brand to customers.

Counter competitor's strategy: a sales promotion may also be used to counter the promotional activities of a competitor or brand or retailer.

TOOLS USED FOR SLES PROMOTION:

- Coupons
- Contests
- Demos
- Samples
- Frequent shopper
- POP/POS

- Prizes
- Referral gifts
- 2 for the price of 1