

Part 2: 2-3 the Buying-Selling Process

In addition to analyzing the macroenvironment and microenvironment factors impacting The Six Month Merchandise Plan, the retail buyer must constantly multitask in order to complete all the job responsibilities, duties, and activities in an ordinary work day. For many buyers, those duties include the following activities: a) planning and evaluating in order to develop The Six Month Merchandise Budget, b) procuring merchandise, c) promoting merchandise, d) merchandising the department, e) supervising personnel, and f) managing the department.

Generally all buyers are responsible for planning and evaluating, procuring, and assisting in promoting merchandise. However, buyers who work in group or corporate offices usually assist, or are not responsible at all, for merchandising the department, supervising personnel, or managing the department/store. Due to the scope of this course, only planning and evaluating, procuring merchandise, promoting merchandise, and merchandising the department will be investigated.

The reader should note that each duty and responsibility of the buyer is not completed one-at-a-time or on a one-time basis per week, month, or year. For example, a buyer may simultaneously track sales figures and submit reorders for Spring/Summer product, assist in creating promotional advertisements and special events for the Back-to-School season, schedule a market trip, travel to market to procure product for the Fall/Winter season and develop and calculate The Six Month Merchandise Plan for the upcoming Spring/Summer season.

Planning and Evaluating

One of the buyer's major responsibilities in planning and evaluating process is analyzing actual information and happenings in order to provide a foundation for creating the next profitable Six Month Merchandise Plan. Much of any retail buyer's daily work is paper work or desk work, analyzing and crunching figures.

In the next part of this section, the *planning, estimating and budgeting* or steps in conducting an analysis of numerical data will be discussed in-depth. The *planning stage* consists of analyzing the Departmental Six Month Merchandise Plan of the previous year for the same season, and, based upon the findings to estimate planned figures that are realistic and attainable for the upcoming season. The actual planned Six Month Merchandise Budget is then calculated for approval by management.

The other major duty in this stage is *evaluating, anticipating and forecasting* fashion trends to meet the demands and desires of the target consumer. Although the retail buyer is exposed to many innovative fashion trends through the media, at market and by the store's major vendors, many of those trends are not appropriate for the store's target consumer, the geographical location of the store or the store's fashion and store image. Frequently, the buyer must select trends that can be adapted to the *fashion level* (i.e., degree of design innovation inherent to the merchandise) of the consumer and that are saleable in the geographic location of the store.

The buyer has many resources from which fashion trend information is collected. (The reader should investigate further sources and techniques for gathering information on current fashion trends.) A tool for correlating fashion trend information into the merchandising process is the *Buying-Selling Curve*. This curve relates a) the fashion level to the Product Life Cycle of the product, to b) the target consumer, to c) merchandise type, to d) stock/inventory levels e) to buying techniques, and to f) marketing techniques.

The Buying-Selling Curve (page 3) mirrors the bell-shape curve of the Product Life Cycle and follows the same format of the cycle, beginning with innovation and ending with decline and obsolescence. (Refer to Section 1, Part 3: 3-2.) However, the curve is based on the fashion level of the product category and relates the product fashion level to the merchandising activities needed to provide the target consumer with the right product, at the right time.

For the purpose of analyzing the merchandising of fashion products, the curve is divided into six substages: innovation, rise, acceleration, general acceptance, decline and obsolescence. Not all stores carry fashion merchandise in the initial substages of the curve or all of the other substages. However, all fashion merchandise, regardless of the stage when received in the store, gradually travels through the cycle to eventually become obsolete.

The haute couture and/or designer fashion product begins with the *innovation substage* and is usually a one-of-a-kind designer product. Being very exquisite, high-priced merchandise, this product is usually offered to the “fashion trend setter” who has a highly developed sense of design as well as the income and taste level to purchase this designer merchandise. The retail buyer selectively purchases limited sizes and quantities of this merchandise, receives the merchandise very early in the buying season, and markets the product at the very beginning of the selling season or even before, by informing the target consumer of its availability. The buyer expects higher markdowns in this particular fashion level due to the design attributes and higher price points of the product.

Many specialty stores carry fashion merchandise in the next two substages, *rise* and *acceleration*. The target consumers in these substages are the “fashion expert” and “fashion pragmatist”. The fashion expert is aware of the latest fashion trends and purchases the product at the very beginning of the selling season. This merchandise is very trendy or viewed as the most up-to-date items available for purchase by a large segment of the population. The fashion items are offered in a higher or best (i.e., good, better, best) price range, are usually of good quality, and are created in novelty and/or the most current fabrications. In the acceleration stage, the price points for merchandise, more than likely, will range in the better to best categories.

The fashion pragmatist waits until the trend or style is accepted by a substantial group of people before purchasing the product. Moreover, this consumer is more practical with regard to the design aspects of the merchandise. This customer, therefore, often purchases wardrobe building pieces that can be incorporated into the current wardrobe or worn for a longer period of time.

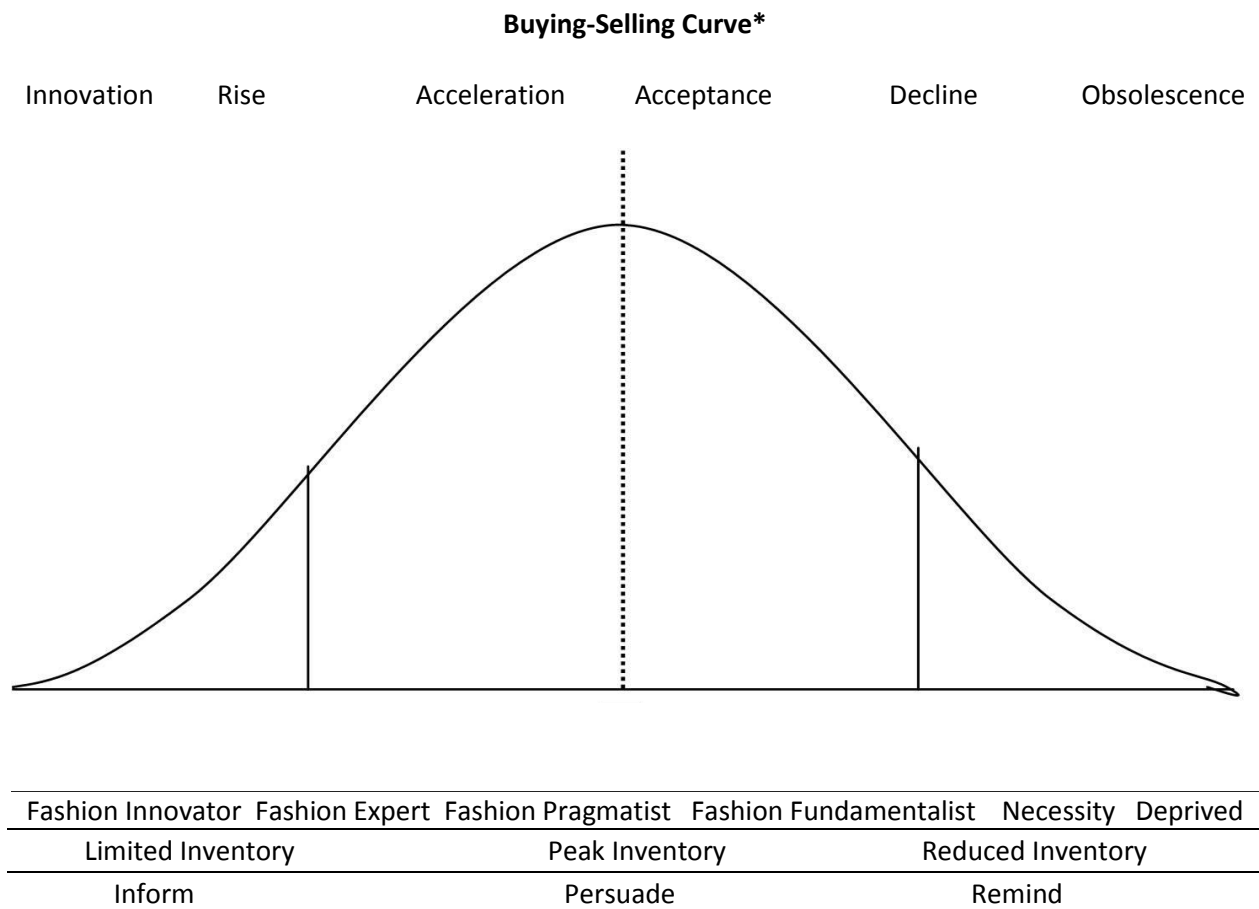
In these two substages the buyer desires maximum coverage of trendy, fashionable merchandise in a variety of styles, colors, fabrications, and brands. The stock is peaked during the acceleration substage and reorders are frequently placed if the vendor has the demanded product available for shipping. The marketing technique continues to be that of providing information in order to alert the consumer of both the trend and the store’s selection of merchandise.

After the trend or fashion is accepted by the general public, the style is positioned in the *general acceptance* substage. All consumers are accustomed to this fashion product or have “trained the fashion eye” to accept or appreciate the look. The fashion is available in many versions, in all price ranges, sizes, fabrications, and colors. Additionally, all store types and departments within those stores carry a knock-off or an adaptation of the product design. The retailer’s major marketing thrust for this substage is to persuade the target consumer to shop his store since the product is available in various sizes, colors and fabrications at a wide range of price points.

In the general acceptance substage, it is imperative that the buyer track closely the sales of the units of this product in order to determine when the sales patterns change. As soon as the demand for the product declines, the buyer must not only strategically discontinue any reordering of the item, but also determine when to begin reducing the product in order to realize the most profit, while clearing out the inventory of unwanted merchandise. In the remaining two substages of *decline* and *obsolescence* the merchandise is usually offered at a markdown retail price and/or is purchased for sale by discount stores or other retail outlets.

In summary, the positioning of the retail store's fashion product on the Buying-Selling Curve helps to assist the retailer in establishing store and fashion image. Based on that positioning, the consumer can translate the fashion level of the retailer, the quality and brand of the product and even the price ranges of the merchandise.

One of the most difficult duties for the retail buyer is determining the positioning of the product in the Product Life Cycle and tracking its evolution on the bell-shape curve. Further, upon determining this information, the buyer must translate the information into workable knowledge in order to make buying decisions and to determine the impact on the calculations of The Six Month Merchandise Plan.



[Adapted from Kincaid, Gibson & Woodard (2004)] – *Fashion Level, Consumer Type, Inventory Level, Marketing Technique

Procuring Merchandise

Another step in the Buying-Selling Process is *procuring*, or searching for and selecting merchandise, for the retail store. Hours of planning go into this process since the market trip impacts the execution of and the success and profitability of the planned merchandise budget. In today's current economy, travel is very costly and is also time consuming. All market trips must be well-organized with vendor appointments made in advance and buying plans approved by management.

The first step in procuring the merchandise is shopping the market or searching for the "right merchandise". The buyer might travel to a fashion center or garment district such as New York City or Seventh Avenue, travel abroad to Paris, France; London, England; or Milan, Italy in order to visit designers' and manufacturers' showrooms, viewing the new seasonal lines of the designer or branded company. Also, the buyer may visit regional (i.e., geographical) marts or buildings housing the showrooms of manufacturing and branded companies in order to select merchandise. Additionally, some retailers have designated space at corporate headquarters so that vendor representative (i.e., account execs, sales representatives) may come directly to the retail buyer with the company's offerings. Some buyers are now previewing the vendors' seasonal lines on the Internet in order to procure merchandise.

Therefore, a buyer has a choice of locations and techniques in order to search for and select the merchandise mix. Most buyers usually exercise several of them to finalize the seasonal buy. The market visit may be organized by a) location, b) key vendors, and/or c) product classifications. Shopping the market can be very stressful, yet a very rewarding job when the buyer locates the desired merchandise. While at market the buyer must take copious notes with regard to vendor findings. Oftentimes, vendors offer very similar products but sometimes at different price points or in different fabrications, colors, or styles. More likely than not, the buyer will be required to choose between vendor products with regard to sizes, styles, colors and fabrications. The job has only begun when the buyer leaves market.

The difficult job in the final stage of procuring the merchandise is *selecting* the right merchandise, in the right style, color, and size, at the right price, in the right quantity. The task is much easier if the buyer has built a viable retail/vendor matrix and has established seamless working partnerships with those vendors. The job responsibilities in this step of the Buying-Selling Process are very important as they impact not only the seasonal merchandise plan but also future happenings and plans for the department or store.

Promoting Merchandise

Based on the organizational structure of the retail organization or store, the buyer may or may not play a major role in the marketing of the product. However, all buyers, in some manner, will select the trend or product to be promoted and give "voice" to the type of sales promotion most productive for reaching the target consumer.

When the buyer goes to market, s/he must select product to be advertised and make arrangements with the vendor to secure advertising materials during the time sequence of the promotion. Additionally, the buyer must observe ideas in market for fashion events, special promotions, and events that are the most appropriate for marketing the brand and/or the trend and product. Creating excitement and "retailtainment" (i.e., retail entertainment) for the merchandise are major responsibilities of the buyer in order to assure that the department or store reaches planned sales goals and margins.

Additionally, visual merchandising (i.e., integration of merchandise presentation and display) is one of the most important aspects of marketing product. Sometimes buyers have the opportunity to work with vendors in order to build, within the department or store, shop concepts, featuring the vendor's merchandise mix complete with fixturing, displays, and signage. At other times, the buyer must assist with developing a plan-o-gram for presenting the merchandise in order to create impulse buys or add-on sales in order to create a higher sales volume.

Merchandising the Department

Again, based on the retail organization's or store's organizational structure, the buyer may or may not play a major role in the merchandising of the store or department. Using every square foot of sales space to house, display and promote merchandise in order to build customer traffic and eventually additional sales, the buyer oftentimes assists with the planning and execution of the merchandising of the department. For example, the buyer might select the product classification to be displayed or suggest new types of fixturing, visual aids in the shop concept, or new locations for positioning lucrative outposts (i.e., freestanding selling unit stocked with merchandise and sold in another location within the store).

In summary, the buyer must carefully review records of all happenings in the store or department in the same season for the previous year. What major decisions regarding estimating and budgeting for the season need to be revised in order for the retailer to realize planned sales or an increased profit? What trends were missed and which trends will carry over to the upcoming season? Which vendors performed best and what product was missing or could not be reordered? Which major marketing and merchandising techniques produced the desired results and what techniques did not work? All of these factors must be examined when planning future merchandise plans.