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BUF 2255

**Open- to- Buy Project Final**  
**Creating A Fashion Retail Store**

**Part B**

**(1) Open to buy for each month-**

	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>
<b>Planned Sales</b>	\$300,000	\$200,000	\$300,000	\$200,000	\$400,000	\$200,000
<b>(+) Planned Reduction</b>						
<b>Markdowns</b>	\$8,000	\$12,000	\$4,000	\$3,000	\$18,000	\$25,000
<b>Employee Discount</b>	\$6,000	\$6,000	\$12,000	\$0	\$20,000	\$14,000
<b>Shortages</b>	\$6,000	\$8,000	\$15,000	\$14,000	\$8,000	\$6,000
<b>(+) Planned EOM Stock</b>	\$200,000	\$80,000	\$110,000	\$90,000	\$210,000	\$70,000
<b>Total Monthly Needs</b>	\$520,000	\$306,000	\$441,000	\$307,000	\$656,000	\$315,000
<b>(-) BOM Stock</b>	\$160,000	\$200,000	\$80,000	\$110,000	\$90,000	\$210,000
<b>Planned Purchases</b>	\$360,000	\$106,000	\$361,000	\$197,000	\$566,000	\$105,000
<b>(-) Merchandise on Order</b>	\$125,000	\$15,000	\$145,000	\$35,000	\$170,000	\$23,000
<b>Open to Buy (At</b>	<b>\$235,000</b>	<b>\$91,000</b>	<b>\$326,000</b>	<b>\$162,000</b>	<b>\$396,000</b>	<b>\$82,000</b>

<b>Retail)</b>						
<b>Open to Buy (At Cost)</b>	<b>\$117,500</b>	<b>\$45,500</b>	<b>\$163,000</b>	<b>\$81,000</b>	<b>\$198,000</b>	<b>\$41,000</b>

**(2) Average monthly sales-**

Average monthly sales = Sum of Planned Sales from February to July / Sum of # of months from February to July

$$= (\$300,000 + \$200,000 + \$300,000 + \$200,000 + \$400,000 + \$200,000) / 6$$

$$= \$1,600,000 / 6$$

$$= \mathbf{\$266,666.67}$$

**(3) Average monthly on orders-**

Average monthly on orders = Total On Order for February to July / Sum of # of months from February to July

$$= (\$125,000 + \$15,000 + \$145,000 + \$35,000 + \$170,000 + \$23,000) / 6$$

$$= \$513,000 / 6$$

$$= \mathbf{\$85,500}$$

**(4) Mark down % for each month**

<b>Months</b>	<b>(Markdowns / Planned sales) * 100</b>	<b>Markdown %</b>
<b>February</b>	$(\$8,000 / 300,000) * 100$	<b>2.67%</b>
<b>March</b>	$(\$12,000 / 200,000) * 100$	<b>6.00%</b>
<b>April</b>	$(\$4,000 / 300,000) * 100$	<b>1.33%</b>

<b>May</b>	$(\$3,000 / 200,000) * 100$	<b>1.50%</b>
<b>June</b>	$(\$18,000 / 400,000) * 100$	<b>4.50%</b>
<b>July</b>	$(\$25,000 / 200,000) * 100$	<b>12.50%</b>

**Part C**

**(1) After careful analysis of the economic data from the U. S. Government the XYZ store set a sales plan increase for the next season (Feb-July) of 9.1%. Based on this year's sales plan what is the company's new projected sales plan for the next season?**

$$\$1,600,000 * 9.1\% = \$145,600$$

$$\$145,600 + \$1,600,000 = \mathbf{\$1,745,600}$$

**(2) In the prior year, same sales period the XYZ store had actual sales of \$1,740,000.00. What was the dollar increase/decrease for the sales period and suggest reasons for the change from one season to the next. What was the percentage increase/decrease?**

$$\$1,740,000.00 - \$1,745,600$$

$$= \mathbf{\$5,600.00}$$

$$= (\$5,600 / \$1,740,000) * 100$$

$$= 0.00321 * 100$$

$$= \mathbf{0.32\%}$$

$$\text{\$ Increase / Decrease for Sales Period} = \mathbf{\$5,600.00 \text{ Increase}}$$

$$\text{\% Increase / Decrease for Sales Period} = \mathbf{0.32\% \text{ Increase}}$$

Online shopping has been quite popular around this period of time, because of what is going on in the world right now. Many people can't go out, because of being quarantined at home. So while being stuck at home in this situation and getting bored, the only thing that to get out of boredom is online shopping. Many businesses are trying to increase their sales by making them online for people to shop. "Online sales is now the fourth largest sector overall, bringing in about \$59.8 billion in adjusted sales for February. Motor vehicles and parts is the largest segment, making up about 20 percent of all retail spending. Food and beverage store sales and restaurants and bar sales each make up about 12 percent." (CNBC, 2020). The reason for the change from one season to the next is the increase of people's needs and what they might need to survive in this world pandemic to increase their sales. "The days of the internet and online shopping being 'just a fad' have come a long way over the years, but February's Retail Sales report (released Monday) highlighted another of many major milestones that the growth of online shopping has reached over the years," said Paul Hickey, co-founder or Bespoke Investment Group, which reported the statistic in a note to clients Tuesday." (CNBC, 2020).

### **Reference Page**

Online shopping overtakes a major part of retail for the first time ever. (n.d.). Retrieved June 22, 2020, from <https://www.google.com/amp/s/www.cnbc.com/amp/2019/04/02/online-shopping-officially-overtakes-brick-and-mortar-retail-for-the-first-time-ever.html>