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Final- Open To Buy Project

	Planned sales	On order	Employee Discount	MD\$	Shortages	EOM	BOM
Feb.	\$300,000	\$125,000	2%	\$8,000	2%	\$200,000	\$160,000
Mar.	\$200,000	\$15,000	3%	\$12,000	4%	\$80,000	\$200,000
Apr.	\$300,000	\$145,000	4%	\$4,000	5%	\$110,000	\$80,000
May	\$200,000	\$35,000	0%	\$3,000	7%	\$90,000	\$110,000
June	\$400,000	\$170,000	5%	\$18,000	2%	\$210,000	\$90,000
July	\$250,000	\$24,000	7%	\$25,000	3%	\$70,000	\$210,000

(Instructors are encouraged to change the above figures periodically)

Months	Feb	Marc	April	May	June	July
Planned Sales	300,000	200,000	300,000	200,000	400,000	250,000
+ Planned Reduction	20,000	26,000	31,000	17,000	46,000	50,000
+Planned EOM Stock	200,000	80,000	110,000	90,000	210,000	70,000
= Total Monthly Need	520,000	306,000	441,000	307,000	670,000	370,000
- BOM Stock	160,000	200,000	80,000	110,000	90,000	210,000
=Planned Purchases	360,000	106,000	361,000	197,000	580,000	160,000
-Merchandise Order	125,000	15,000	145,000	35,000	170,000	24,000
= Open To Buy ® (divided by 2 to get cost)	235,000	91,000	216,000	162,000	410,000	136,000
Open to Buy (C)	117,500	45,500	108,000	81,000	205,000	68,000

Planned Reduction

Feb : 300,000-2%(6,000) Shortage /// 300,000-2% (6,000) Empl. Dis.

$$6,000+6,000+8,000=20,000$$

March : 200,000-4% (8,000) Short. /// 200,000-3%(6,000)

$$8,000+6,000+12,000=26,000$$

April : 300,000-5% (15,000) // 300,000-4% (12,000)

$$15,000+12,000 + 4,000= 31,000$$

May : 200,000-7% (14,000) // 0% =0

$$14,000+0+3,000= 17,000$$

June : 400,000-2% (8,000) // 400,000-5% (20,000)

$$8,000+20,000+18,000 =46,000$$

July : 250,000-3% (7,500) /// 25,000-7%(17,500)

$$7,500+17,500+25,000 =50,000$$

B2) Average monthly sales

$$300,000+200,000+300,000+200,000+400,000+250,000= 1,650,000$$

$$1,650,000/6 = 275,000$$

$$\text{Average monthly sales} = 275,000$$

B3) Average Monthly Order

$$125,000+15,000+145,000+35,000+170,000+24,000 = 514,000$$

$$514,000/6=85,666.66667$$

$$\text{Average Monthly Order} = 85,666.67$$

B4) Markdown for each month

Month=MD/Planned Sales = Answers

$$\text{Feb} = 8,000/300,000= .0266 \sim 2.6\%$$

$$\text{March} = 12,000/200,000=.06 \sim 6\%$$

$$\text{April} = 4,000/300,000=.01333\sim 1.33\%$$

$$\text{May}=3,000/200,000=.015 \sim 1.5\%$$

$$\text{June}=18,000/400,000=.045 \sim 4.5\%$$

$$\text{July} = 25,000/250,000=0.1\sim 10\%$$

Part C

Question 1c New Project sale for next year

$$1,650,000 + 6.2\% (102,300) = \$1,752,300$$

The New Project sale is \$1,752,300

Question 2C Suggest increase/decrease of sales period

$$1,820,000 - \text{Retail } 1,236,000 = 584,000$$

$$584,000 / 1,236,000 = 47.2\% \text{ increase in sales}$$

Essay is on the next page

Why Retailers experience an Increase of Sales

As the Nation moves further and further from the pandemic leaving fear behind the market begins to bloom once again. Consumers get ready for summer events such as Labor day, 4Th of July and Juneteenth. Retailers make the most profit in the summer as marketers advertise sales to draw in consumers.

Holidays are huge for retailers, for instance stores like Walmart, Target and Macy's are optimistic for the new year as they reported strong holiday earnings welcoming the new year (Repko 2022). With most places running at full capacity and events such as graduation, prom and senior trips being allowed back in school, consumers are increasing their spending. ThredUp research even states the possibility of fashion resales doubling up to 77 Billion dollars by 2025 (Erdly 2021). Having dealt with a pandemic for the last two years and having less restrictions than before, more events like summer festivals such as Coachella, Summer Jam and many more give retailers the chance to market to their target audience of young adults to purchase different items for these days long trips. Increase money circulation.

Russia's War on Ukraine has also caused prices to rise even more though inflation as oil shortages generate high gas prices. It is reported that piped gas has increased 22.7 % and 48% since the start of the year. However the FERC Federal Energy Regulatory Commission expects prices to go up 54% (Ginsburg 2022). Places New York and Florida have prices in the high \$4 per gallon and are expected to reach \$5 dollars a gallon. Out in the West coast Califional has already set their average prices to 5\$ a gallon. (Sommer 2022). With this raise in transportation cost, retailers are forced to increase prices in order to earn profit.

In conclusion the increase of retailers sales generated from both inflation and the pandemic. As inflation increases due to the shortages this causing retailers to increase price points. Also the 2 year pandemic effect also causes consumers the desire to be more free as they get ready to finally let loose.

References

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