

Malik Lee

June 20, 2023

BUF 2255

Final

Part B.

Using the figures provided you will calculate the following for the XYZ store. 1. Open to buy (R/C) for each month

2. Average monthly sales

3. Average monthly on order

4. Mark down % for each month

| B1. | Planned Sales. | On order | Employee Discount | MDS | Shortages | EOM | BOM |
|-----|----------------|-----------|-------------------|----------|-----------|-----------|-----------|
| | Feb. \$300,000 | \$125,000 | 2% | \$8,000 | 2% | \$200,000 | \$160,000 |
| | Mar. \$200,000 | \$15,000 | 3% (6) | \$12,000 | 4% (8) | \$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 \$200,000 | \$23,000 | 7% | \$25,000 | 3% | \$70,000 | \$210,000 |

| Months | February | March | April | May | June | July |
|-----------------------|---|--|---|---|---|---|
| Planned sales | \$300,000 | \$200,000 | \$300,000 | \$200,000 | \$400,000 | \$200,000 |
| + Planned reductions | 2% (6000) (ED) 2% (6000) (shortages) \$8,000 (MD) | 3% (6000) (ED) 4% (8000) (shortages) \$12,000 (MD) | 4% (12000) (ED) 5% (15000) (shortages) \$4,000 (MD) | 0% (ED) 7% (\$14000) (shortages) \$3,000 (MD) | 5% (20000) (ED) 2% (8000) (shortages) \$18,000 (MD) | 7% (14000) (ED) 3% (6000) (shortages) \$25,000 (MD) |
| +Planned EOM Stock | \$200,000 | \$80,000 | \$110,000 | \$90,000 | \$210,000 | \$70,000 |
| =Total monthly needs | \$520,000 | \$306,000 | \$441,000 | \$210,7000 | \$446,000 | \$315,000 |
| -BOM Stock | \$160,000 | \$200,000 | \$80,000 | \$110,000 | \$90,000 | \$210,000 |
| =Planned purchases | \$360,000 | \$106,000 | \$610,000 | \$1997000 | \$566,000 | \$105,000 |
| -Merchandise on order | \$125,000 | \$15,000 | \$145,000 | \$35,000 | \$170,000 | \$23,000 |

| | | | | | | |
|-----------------------------|------------------|-----------------|------------------|-------------------|------------------|-----------------|
| =Open to buy (At Retail) | \$235,000 (R) | \$91,000 (R) | \$465,000 (R) | \$196,2000 (R) | \$396,000 (R) | \$82,000 (R) |
| =Open to buy (at Cost) | \$117,500 (C) | \$45,500 (C) | \$232,500 (C) | \$981,000 (C) | \$198,000 (C) | \$41,000 (C) |

Feb.

300,000 - Planned Sales
 2% (6000) - employee Discount
 2% (6000) - Shortages
 + 8,000 - mark Downs
 + 320,000
 200,000 - Eom
 - 520,000 - Total monthly needs
 160,000 - Bom
 - 360,000 - Planned purchases
 125,000 - merchandise on order.
 = 235,000 - open to buy (R)
 = 117,500 = 235,000 / 2 - open to buy (C)

Planned Reductions

march

200,000 - Planned Sales
 3% (6000) - employee Discount
 4% (8000) - Shortages
 + 12,000 - mark Downs
 + 226,000
 + 80,000 - Eom
 - 306,000 - Total monthly needs.
 200,000 - Bom
 - 106,000 - Planned Purchases
 15,000 - merchandise on order
 = 91,000 - open to buy (R)
 = 45,500 = 91,000 / 2 - open to buy (C)

Planned Reductions

April

300,000 - Planned Sales
4% (12,000) - employee Discount
5% (15,000) - shortages
+ 4,000 - mark Downs
331,000
+ 110,000 - Eom
- 441,000 - Total monthly needs
80,000 - Bom
- 610,000 - Planned Purchases
145,000 - merchandise on Order
= 465,000 - open to buy (R)
= 232,500 - 465,000 / 2 - open to buy (C)

Planned
Reductions

May

200,000 - Planned sales
0% employee Discount
7% (14,000) - shortages
+ 3,000 - mark Downs
217,000
+ 90,000 - Eom
- 2107,000 - Total monthly needs
110,000 - Bom
- 1997,000 - Planned Purchases
- 35,000 - merchandise on Order
= 1962,000 - open to buy (R)
= 981,000 = 1962,000 / 2 - open to buy (C)

Planned
Reductions

June

200,000 - Planned Sales
5% (20,000) - employee Discount
2% (8,000) - Shortages
+ 18,000 - mark Downs } Planned Reductions
446,000
+ 210,000 - Eom
656,000 - Total monthly needs
- 90,000 - Bom
566,000 - Planned Purchases
- 170,000 - merchandise on order
= 396,000 - open to buy (R)
= 198,000 = 396,000 / 2 - open to buy (C)

July

200,000 - Planned Sales
7% (14,000) - employee Discount
3% (6,000) - Shortages
+ 25,000 - mark Downs } Planned Reductions
245,000
+ 70,000 - Eom
315,000 - Total monthly needs
- 210,000 - Bom
105,000 - Planned Purchases
- 23,000 - merchandise on order
= 82,000 - open to buy (R)
= 41,000 = 82,000 / 2 - open to buy (C)

B2. Average monthly sales

Planned Sales Total / number of months = (300,000 + 200,000 + 300,000 + 200,000 + 400,000 + 200,000) = 133000 / 6

$$= \frac{133000}{6} = 22166.66 \% = \mathbf{2.7 \%}$$

B3. Average monthly on order

On Order Total / number of months = (125,000 + 15,000 + 145,000 + 35,000 + 170,000 + 23,000) / 6

$$\frac{513000}{6} = \mathbf{85,500}$$

B4. Mark down percent for each month

Formula = $\frac{\text{Markdowns}}{\text{Planned Sales}}$

$$\text{February} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{8000}{300,000} = \mathbf{0.0266\%}$$

$$\text{March} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{12,000}{200,000} = \mathbf{0.06\%}$$

$$\text{April} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{4000}{300,000} = \mathbf{0.0133\%}$$

$$\text{May} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{3000}{200,000} = \mathbf{0.015\%}$$

$$\text{June} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{18,000}{200,000} = \mathbf{0.09\%}$$

$$\text{July} = \frac{\text{Markdowns}}{\text{Planned Sales}} = \frac{25000}{200,000} = \mathbf{0.125\%}$$

Part C. Solve the following:

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 years sales plan what is the companies new projected sales plan for the next season?

$$\begin{array}{rcl}
 \text{planned sales total -} & 400,000 + 200,000) = & 133000 + 12103 = \\
 (300,000 + 200,000 + & 133000 & \mathbf{145103} \text{ (New Project} \\
 300,000 + 200,000 + & = 133000 \times 9.1\% = & \text{Sales)} \\
 & 12103 &
 \end{array}$$

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

Retail: \$1,182,000

$$1,740,000.00 - 1,182,000 = 558000$$

$$\frac{558000}{118200} = 4.720$$

$$4.720 = \mathbf{47\% \text{ (Increase)}}$$

Essay Below

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Reasons For the increase of sales for Lee Stylez by M.LEE

In the recent year, Lee Stylez has seen an 47% increase in sales when compared to the previous year. These are various reasons contributing to the store's new sale increase. Assistance from the marketing team the company utilized social media strategies would improve customer engagement creating partnership with influencers to gain traction to the business in efforts to boost the sales. According to Liu (2023), "Social media as the most preferred media that meets the needs of consumers in terms of sourcing credible information about environmentally friendly products and services, influencer entertainment, and engagement with other consumers of similar interests in sustainability." Social media is a marketing tool which can increase the exposure of business to consumers as well as give consumers insight on products soon to be released or pricing creating a connection between the two leading to a brand loyalty relationship to ensure business will continue to flourish. Lee Stylez transformed their social media pages more importantly Instagram creating reels/product videos to increase page traffic, interactive stories to increase the customer engagement as well as responding to customer's needs or feedback through direct messaging and comments left on company post resulting in the increase of sales through ecommerce.

Another reason of increase in sales for Lee Stylez was widening the target audience as well as bad publication, through the years continuously producing products for the same target audience gave the company a bad reputation in magazines which Lee Stylez became known for the past year, mentioned by Berger (2010) “negative publicity can sometimes increase purchase likelihood and sales. One way publicity can influence product success is through influencing product evaluation.” Meeting with the company’s production team after reviewing the negative comments by publications Lee Stylez decided to shift their audience to reach more consumers promoting product awareness. In result of the negative statements made by publications Lee Stylez made improvements to products with more enriched fabrics, durable quality as well as extend sizing for items, with the changes Lee Stylez released a statement on social media discussing the comments ensuring consumers are aware their needs are top priority at the business. Publications noticed the quick changes from the company offering full spread advertisement for free increasing the traction for the business.

The final reason for Lee Styles increases in sales came from the effects of the covid-19 pandemic. Compared to competitor retailer Lee Stylez shown the ability to release product quicker than the others due to the rapid responses from the company’s trend forecasters but during the pandemic the company took some time to adjust to the new normal placing more effort into e-commerce. According to Luo (2023) “Pre-pandemic, Millennials and Gen Z were the most ecommerce dependent, but during the pandemic they made relatively small shifts towards increased ecommerce dependency”. Years after the pandemic Lee Stylez continues to provide services to consumers such as curb side pick-up, pick up in store and express shipping on all orders. Other online services Lee Stylez offer to consumers is the ability to order items, try them on and pay for the items they decided to keep while sending the unwanted items back to the

company or dropping it off at one of the retail stores. Throughout the years Lee Stylez by M.Lee experienced various trial and error method to ensure their consumers are satisfied with the services provided to them which can be shown in the 47% increase sales for the year.

References:

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