Store XYZ Open to Buy:

February-July 2022, 2023, 2024

Menucha Libman

Business Department, New York City College of Technology

BUF 2255 OL25: Merchandising Planning and Buying

Dr. Adomaitis

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Part B: 1

February	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	300,000	300,000*2%=6,000 300,000*2%=6,000 +8,000 $20,000
+Planned Reductions	20,000	
+Planned EOM Stock	200,000	
=Total Monthly Needs	520,000	
-BOM Stock	160,000	
=Planned Purchases	360,000	
-Merchandise on Order	125,000	
=Open to Buy (at retail)	235,000	
Retail/2=Cost	117,500	235,000/2=117,500

March	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	200,000	200,000*3%=6,000 200,000*4%=8,000 +12,000 $26,000
+Planned Reductions	26,000	
+Planned EOM Stock	80,000	
=Total Monthly Needs	306,000	
-BOM Stock	200,000	
=Planned Purchases	106,000	
-Merchandise on Order	15,000	
=Open to Buy (at retail)	91,000	
Retail/2=Cost	45,500	91,000/2=45,500

April	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	300,000	300,000*4%=12,000 300,000*5%=15,000 +4,000 $31,000
+Planned Reductions	31,000	
+Planned EOM Stock	110,000	
=Total Monthly Needs	441,000	
-BOM Stock	80,000	
=Planned Purchases	361,000	
-Merchandise on Order	145,000	
=Open to Buy (at retail)	216,000	
Retail/2=Cost	108,000	216,000/2=108,000

May	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	200,000	200,000*0%=0 200,000*7%=14,000 +3,000 $17,000
+Planned Reductions	17,000	
+Planned EOM Stock	90,000	
=Total Monthly Needs	307,000	
-BOM Stock	110,000	
=Planned Purchases	197,000	
-Merchandise on Order	35,000	
=Open to Buy (at retail)	162,000	
Retail/2=Cost	81,000	162,000/2=81,000

June	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	400,000	400,000*5%=20,000 400,000*2%= 8,000 +18,000 =46,000
+Planned Reductions	46,000	
+Planned EOM Stock	210,000	
=Total Monthly Needs	656,000	
-BOM Stock	90,000	
=Planned Purchases	566,000	
-Merchandise on Order	170,000	
=Open to Buy (at retail)	396,000	
Retail/2=Cost	198,000	396,000/2=198,000

July	$	ED$=PS*ED% S$=PS*S% Reductions$=ED$+MD$+S$
Planned Sales	200,000	200,000*7%=14,000 200,000*3%= 6,000 +25,000 $45,000
+Planned Reductions	45,000	
+Planned EOM Stock	70,000	
=Total Monthly Needs	315,000	
-BOM Stock	210,000	
=Planned Purchases	105,000	
-Merchandise on Order	23,000	
=Open to Buy (at retail)	82,000	
Retail/2=Cost	41,000	82,000/2=41,000

Part B: 2
Total PS/6= Average Monthly Sales
300,000+200,000+300,000+200,000+400,000+200,000=1,600,000
1,600,000/6=$266,666.67

Part B: 3
Total On Order/6= Average Monthly On Order
125,000+15,000+145,000+35,000+170,000+23,000=513,000
513,000/6=$85,500

Part B: 4

Month	(MD$/PS$)*100=MD%
February	(8,000/300,000)*100=2.7%
March	(12,000/200,000)*100=6%
April	(4,000/300,000)*100=1.33%
May	(3,000/200,000)*100=1.5%
June	(18,000/400,000)*100=4.5%
July	(25,000/200,000)*100=12.5%

Part C: 1
300,000+200,000+300,000+200,000+400,000+200,000=1,600,000=Total Planned Sales$
This season total planned sales$*9.1%= Increase$
1,600,000*9.1%= 145,600
This season total planned sales$+Increase$=Next season total planned sales$
1,600,000+145,600=$1,745,600

Part C: 2
Last year's season sales$-This season total planned sales$=$Increase/decrease
1,740,000-1,600,000=$140,000 Decrease

(Decrease$/Last year's season sales$)*100=Decrease%
(140,000/1,740,000)*100= 8% Decrease

At the end of this year's season store XYZ is projected to fall $140,000 (8%) short of last year's season actual sales of $1,740,000. The business expects this to be a short-term dollar decrease. Next season, store XYZ plans to reach a total sales of $1,745,600. This is a 9.1% increase from this season. The business is experiencing this short-term sales decrease because of boring advertising, bad hiring, and political wokeness.

Consumers are bombarded with countless advertisements throughout their day across social media and other platforms. Ads must be innovative, unique, and creative to stand out and reach the target market. The tone for each year's advertising scene is set in February with the Super Bowl commercials (Buller-Russ, 2023). In 2023 the Super Bowl ads were boring, repetitive, and safe (Adams & Kelly, 2023). The rest of the year did not deliver well either. Social media companies struggled to find the balance of ads to content leaving users frustrated (Hsu, 2023). Store XYZ must improve their advertisements in order to connect with consumers.

An additional balance companies are struggling to find is diversity vs talent. When ‘diversity hires’ join a team they are resented (Thompson, 2021). The new hire is stereotyped as talentless and a nuisance. This resentment leads to lower team performance (2021). Some studies have shown stock performance improvements and tried to link it to diversity. Reality has proven these improvements to be circumstantial (Charney, 2021). Diversity is an important factor to a company’s success but virtue signalling with diversity hires is a business suicide mission. Store XYZ must hire people because they are talented and the best prospect for a job; natural diversity will follow.

A connected issue to diversity is political wokeness. New companies jump on the wokeness wagon each year but do not see the benefits they are promised (Charney, 2021). Woke companies make decisions with disregard to their diverse American market. An example is the NBA. The association had to make the pregame American national anthem mandatory after Mark Cuban, owner of the Dallas Mavericks, tried to pull it from the program (Feis, 2021). Mr. Cuban fell prey to the woke phenomenon that is being fueled by false population majorities on social media and other online forums (Kaisar, 2021). Accounts that scream the loudest get promoted by the algorithm further increasing their voice and making it appear that they represent the majority (Lau & Akkaraju, 2019). Reality tells the opposite. Using Twitter as an example, 80% of tweets are posted by just 10% of accounts (Kaisar, 2021). It is crucial that companies, including store XYZ, use real data to understand their target consumer and not get blinded by the bells and whistles of the internet.

In order to reach the 9.1% increase in projected sales for next year’s season store XYZ will need to re-evaluate and change their approach. The store is perched on a skyscraper house of cards that the slightest wind will knock down. The good news is these mistakes appear to have started during the past year sometime after last season.

Consumers are quick to forgive one time mistakes so implementing new changes immediately will lead to the projected positive sales dollar increase.

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