

Omar Touray

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Merchandising Planning and Buying

BUF 2255

06/22/2017

Final

Part B

Requirement 1: Open to Buy Table for Each Month

	Feb	Mar	Apr	May	June	July
Planned Sales	\$300,000	\$200,000	\$300,000	\$200,000	\$400,000	\$200,000
(+) Planned Reductions	\$20,000	\$26,000	\$31,000	\$17,000	\$46,000	\$45,000
Markdowns	\$8,000	\$12,000	\$4,000	\$3,000	\$18,000	\$25,000
Employee Discount	\$6,000	\$6,000	\$12,000	-	\$20,000	\$14,000
Shortages	\$6,000	\$8,000	\$15,000	\$14,000	\$8,000	\$6,000
(+) Planned EOM stock	\$200,000	\$80,000	\$110,000	\$90,000	\$210,000	\$70,000
Total Monthly needs	\$520,000	\$306,000	\$441,000	\$307,000	\$656,000	\$315,000
(-) BOM Stock	\$160,000	\$200,000	\$80,000	\$110,000	\$90,000	\$210,000
Planned Purchases	\$360,000	\$106,000	\$361,000	\$197,000	\$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	\$91,000	\$216,000	\$162,000	\$396,000	\$82,000
Open to Buy (cost)	\$117,500	\$45,500	\$108,000	\$81,000	\$198,000	\$41,000

Requirement 2: Calculation of Average Monthly Sales

Average Monthly Sales	= Planned total sales for 6 months/ 6
	=($\$300,000 + \$200,000 + \$300,000 + \$200,000 + \$400,000 + \$200,000$)/6
	= $\$1,600,000/6$
	= \$266,000.67

Requirement 3: Calculation of Average Monthly on Order

Average Monthly on Order	=Total on Order for 6 months/ 6
	=($\$125,000 + \$15,000 + \$145,000 + \$35,000 + \$170,000 + \$23,000$)/6
	= $\$513,000/6$
	= \$85,000

Requirement 4: Computation of Markdown % for Each Month

Months	Markdowns	Planned Sales	(Markdowns/ Planned Sales)*100	Markdown %
Feb	\$8,000	\$300,000	$(\$8,000/\$300,000)*100$	2.7%
Mar	\$12,000	\$200,000	$(\$12,000/\$200,000)*100$	6.0%
Apr	\$4,000	\$300,000	$(\$4,000/\$300,000)*100$	1.3%
May	\$3,000	\$200,000	$(\$3,000/\$200,000)*100$	1.5%
June	\$18,000	\$400,000	$(\$18,000/\$400,000)*100$	4.5%
July	\$25,000	\$200,000	$(\$25,000/\$200,000)*100$	12.5%

Part C:

#1. $\$300,000+\$200,000+\$300,000+\$200,000+\$400,000+\$200,000= \$1,600,000$

$(\$1,600,000*0.091) = \$145,600$

$\$1,600,000+\$145,600= \$1,745,600$

New Projected Sales for next season is **\$1,745,600**

#2. $(\$1,745,600-\$1,740,000) = \$5,600$

Sales increase by **\$5,600**

$(5,600/\$1,740,000)= 0.32\%$

The percent increase is **0.32%**

The projected sales for next season increased by 0.32% from the season prior for XYZ store because of the dramatic shift in consumer behavior. Due to the outbreak of the Corona Virus people were forced to stay in quarantine and needed materials to be either entertained or just stay in shape while being at home. The Video game world has seen a major increase in their sales and according to (Valinsky, 2020) “Nintendo said Thursday its annual profit surged 41%, its highest in nine years and profit in the first three months of 2020 more than tripled compared with the previous quarter, (Para 7) .” People have been bored at home and needed some form of entertainment, video games are one of the best kinds and many people have been gaming while being in quarantine. Fitness equipments have also been in great demand since this pandemic. According to (Gibson, 2020), “Last year, online sales of fitness equipment rose 70% from February to March. This year, by comparison, sales increased 535% during the same period (Para 3).” This big demand for home equipment comes as fitness gyms and other nonessential businesses across the country shut down due to the virus. The demand for Products that are used at home has increased, which is a big reason why sales for next season has increased by 0.32% from the prior season for XYZ store.

Reference Sheet

- Valinsky, J. (2020, May 11). Business is booming for these companies during the COVID-19 pandemic. Retrieved June 22, 2020, from <https://www.ctvnews.ca/health/coronavirus/business-is-booming-for-these-companies-during-the-covid-19-pandemic-1.4933907>
- Gibson, K. (2020, April 01). Coronavirus inspires fitness buying binge that tops New Year's. Retrieved June 22, 2020, from <https://www.cbsnews.com/news/coronavirus-inspires-fitness-buying-binge-that-tops-new-years/>