

SHANA RAMNARAIN June 22, 2022 Merchandising Final

Part A (60%)

As a buyer for XYZ retail store you will choose a classification of merchandise that you would like to buy. You will decide where your store will be located and what type of store it will be. This information will be backed up by valid research and trend information. Once you have decided on the type of merchandise you want to carry and have developed a name for the store and location you will have **\$1,236,000 (Retail)** and **\$618,000 (cost)** to spend to stock your store.

Once you determine the product category we will use **50% markup** which you will use to determine the costs of the merchandise that you will need to buy.

*When illustrating your SKU's please be sure this is shown right after the three page discussion portion of the project. Your SKU's should also be typed.

Part B.

Using the figures provided you will calculate the following for the XYZ store.

1. Open to buy (R/C) for each month *Answers in Blue & yellow Boxed in Red.*
2. Average monthly sales *Ans. below chart*
3. Average monthly on order *answer below chart's*
4. Mark down % for each month *answers below charts*

	Feb	Mar	APRIL	May
Planned Sales	300,000	200,000	300,000	200,000
Planned Red.	+ 20,000	+ 26,000	+ 31,000	+ 17,000
Planned EOM Stock	+ 200,000	+ 80,000	+ 110,000	+ 90,000
Total M.N.	520,000	306,000	441,000	307,000
- BOM	- 160,000	- 200,000	- 80,000	- 110,000
= Planned purch.	360,000	106,000	361,000	197,000
- merchandise on order	- 125,000	- 15,000	- 145,000	- 35,000
OTB (R)	235,000	91,000	216,000	142,000
OTB (C)	117,500	45,500	108,100	81,000

- Planned sales
- + Planned reductions
- + Planned EOM Stock
- = Total monthly needs
- BOM
- = Planned purchases
- Merchandise on order
- A. = Open to buy (At Retail)**
- = Open to buy (at Cost)**

400,000	200,000
+ 40,000	+ 25,000
+ 210,000	+ 70,000
650,000	295,000
- 90,000	- 210,000
560,000 planned purchase	105,000 planned purchase.
- 170,000	- 23,000
390,000 = OTB Retail	82,000 = OTB Retail
195,000 = OTB Cost	49,500 = OTB Cost.
JUNE	JULY

HIGHLIGHT = DONE WITH

Planned Sales	On order	Employee Discount	MDS	Shortages	EOM	BOM
Feb. \$300,000	\$125,000	6,000 2%	\$8,000	2% 6,000	\$200,000	\$160,000
Mar. \$200,000	\$15,000	6,000 3%	\$12,000	4% (8,000)	\$80,000	\$200,000
Apr. \$300,000	\$145,000	12,000 4%	\$4,000	5% 15,000	\$110,000	\$80,000
May \$200,000	\$35,000	0 0%	\$3,000	7% 14,000	\$90,000	\$110,000
June \$400,000	\$170,000	20K 5%	\$18,000	2% 8,000	\$210,000	\$90,000
July \$250,000	\$24,000	17.5K 7%	\$25,000	3% 7.5K	\$70,000	\$210,000
1,650,000	514,000					

Part B #2: $1650,000 / 6 = 275,000$ Avg. monthly sales.

Part B #3:

on order / 6 = $514,000 / 6 = 85,666.67$
 Avg. monthly on order

Part B #4
 Feb = $8K / 300K = .0266 = 2.7\%$
 Mar = $12K / 200K = .06 = 6\%$
 April = $4K / 300K = .0133 = 1.3\%$
 May = $3K / 200K = .015 = 1.5\%$
 June = $18K / 400K = .045 = 4.5\%$
 July = $25K / 250K = .1 = 10\%$

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 **6.2%**. Based on this years sales plan what is the companies new projected sales plan for the next season?

Planned sales total = 1,650,000
 inc. 6.2%
 $1,650,000 \times 6.2\% = 102,300$
 $1,650,000 + 102,300 = 1,752,300$
 new proj. sales

2. In the prior year same sales period the XYZ store had actual sales of **\$1,820,000.00**. 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?

(Parts B and C are worth 40%)

Retail 1,230,000
 $\frac{584,000}{1,230,000} = .47241...$
 .47 **47% increase**

ESSAY ON FOLLOWING PAGE...

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Reasons for Increased Sales for Shana Styles Retail 2022

During the year 2020, Shana Styles (previously known as XYZ retail store) had a 47% increase in sales compared to that of the year prior. One reason that attributed to the store's increase in sales, was the introduction of a new marketing team that implemented social media strategy into their marketing plan. Utilizing social media in a retail store can multiply sales many times over. Revising the marketing plan included many new aspects. According to Ezeife (2017), "Identifying a target audience, developing a customer road map to convert prospects to consumers, managing consumer relationships to increase brand loyalty, and developing specific goals and key performance indicators that measure the success of the social media campaign implemented are all ways in which social media can be used to increase a retail store's profit." Social media platforms act as another way that consumers can find out about one's retail business, and skyrocket exposure which can lead to increased sales. Social media has the potential to create loyalty in customers as well as give access to a more shareable, easier way to gain exposure for your brand. Overall, utilizing social media in Shana Styles retail marketing strategy will help to increase branding exposure as well as sales all around.

Another reason for sales increase, conversely, is bad publicity. Shana Styles experienced a bad review recently from a fashion critic, which put Shana Styles in the headlines of many magazines. Although this idea might be controversial (Berger et al., 2010), negative publicity about a product can have a positive effect versus a negative one the

negative publicity can increase purchase likelihood and sales by increasing product awareness (p. 815-827). As a result of the bad publication, Shana Styles gained free advertising in all the magazines that were publishing the negative review. Although consumers were stunned at the news, it prompted their curiosity, leading to an influx in walk-ins, therefore increasing store sales. Consumers now know about the retail store and being in the news made Shana Styles a hot topic, although the review was bad. Consumers wanted to see for themselves why the review was negative, which in turn caused them to want to experience the store themselves. This publication method forces us to embrace the negative and find the positive in our sales increase.

The last reason for Shana Styles' price increase came from a new step in their product release process. Shana Styles implemented a new pre-test method for new products by seeing how well new products worked with their internal sales force before releasing the product to the external market. Atuahene-Gina (1997) states, "Successfully launching a new product to the company Salesforce requires the same high levels of creativity, energy and managerial insight as does the product's launch into the marketplace." By implementing this strategy, Shana Styles is able to test their products in another step, before sending the product out to the market. This ensures that another layer of protection falls between the company and possible losses. Through their experiments, they learned that the Salesforce was already interested in the products that they had to offer. If the product was successful with the sales force, the sales force would be able to more genuinely sell the product to their consumer, making it profitable in the market. With the successful launch of a new product in the Salesforce, Shana Styles gained confidence in their new product. After receiving positive reactions to their new product from the sales force, the Salesforce was more motivated and

genuine in their selling practices to consumers. With overall joy and satisfaction for the new product, Shana Styles was also able to weed out the issues and malfunctioning features from their new products before they hit the marketplace resulting in more satisfied customers and increased sales.

References

Atuahene-Gima, K. (1997). Adoption of new products by the sales force: The construct, research propositions, and managerial implications. *Journal of Product Innovation Management, 14*(6), 498-514.ial insight as does the launch of the product into the marketplace.”

Berger, J., Sorensen, A. T., & Rasmussen, S. J. (2010). Positive effects of negative publicity: When negative reviews increase sales. *Marketing science, 29*(5), 815-827.

Ezeife, L. (2017). *Social media strategies for increasing sales* (Doctoral dissertation, Walden University).