



# Buying and Merchandising E-learning Course



## Martec International

Martec International is a leading provider of data, industry knowledge and insight on retailers, consumer goods companies and other suppliers to retail, especially technology companies.

Our customers include:

- Retailers
- Consumer Goods companies
- Technology suppliers to retailers and consumer goods companies
- Marketing services companies that promote services to retailers and consumer goods companies
- Other service providers, such as logistics companies.

We help clients increase their industry knowledge, develop their skills and grow sales. Companies from approximately 35 countries across 6 continents come to Martec for assistance and insight.

## Target Audience

Martec's Buying and Merchandising e-learning course is designed for junior staff who need a greater understanding of the functions of an integrated buying and merchandising team. It will also assist people from other retail functions either moving into or working with the Buying Office. IT Departments and vendors will benefit from an increased understanding of Buying & Merchandising process.

## Objectives of the Suite

This course provides a thorough grounding in basic merchandising and buying principles and concepts. By the end of the program, students will be able to do the following:

- Explain the theory, principles and practice of retail buying and merchandising.
- Describe best practice buying and merchandising processes.

The material provides an overview of the core processes, measures and duties of the B&M team. Students gain insight into daily, weekly, and seasonal activities conducted by Buyers and Merchandisers.



## Course Overview

Buying and Merchandising is a self-paced web-based training program. The program provides about 10 hours of training. We recommend that students study in 30-40 minute segments to maximize learning retention.

The program includes a variety of interest generating features and exercises. The student sees his or her own test scores immediately and can review explanations for the correct answers, as appropriate.

Companies who buy a group of licences will be given access to the reporting facilities in the Learning Management System. This enables management to track which students have started and completed the training and their test scores.

There are three pricing options:

- Induction is suited to new joiners who will complete the complete training suite in a limited time. An induction licence is valid for 3 months.
- Professional is valid for 12 months. This allows those who need to re-visit the classes periodically to refresh their knowledge to do so whenever necessary.
- Performance Enhancer includes access to the complete Retail and Consumer Goods Industry WIKI and performance support system also for a 12 month licence.

You can get a full explanation of the benefits and what is included in each option as explained in our [class pricing options](#) web page.

All a student needs to run the program is access to a PC and a web browser. The program is hosted on Martec International's Learning Management System and is available round the clock.

Companies may also purchase a corporate licence which provides unlimited access within the company's own organization. Prices are available on request.



# Program Contents

## Overview of Retail Buying & Merchandising

- Buying & Merchandising Pre-test
- Corporate Organization
- Challenges & Trends
- Consumer Types & Impact on Strategy
- Retail Buying
- Retail Merchandising
- Private Label & Product Development
- Overview of Merchandise Management
- The Merchandise Hierarchy
- Space Management
- Buying & Merchandising Post-test

## Retail Financials

- Retail Financials Pre-test
- Understanding Margin & Profitability
- Cash Flow & Profits
- OTB and its Use
- OTB: Exercise 1
- OTB: Exercise 2
- OTB: Exercise 3
- Retail and Cost Accounting
- Key Performance Indicators (KPI's)
- Regular & Promotional Pricing
- Price Optimization
- Markdown Optimization
- Shortage
- Retail Financials Post-test

## Pre-Season Activities

- Pre-Season Activities Pre-test
- Buyer's Pre-season Activities
- Seasons
- Merchandise Plan Overview
- Plan Approaches
- The Merchandise Planning Process
- Assortment Planning Overview

**2.5 Retail Buying**

The Buying Office is arguably the most important division in any retail business. The Buying and Merchandising division will be the primary group that executes strategies and activities surrounding assortments and pricing.

It is organized into families of business that are each led by a General Merchandise Manager (GMM). The GMM may also be referred to as the EVP, Executive Vice President. These families of business are then sometimes broken down into smaller divisions led by a Divisional Merchandise Manager (DMM). Each DMM will have one or more buyers reporting to him/her, along with additional support staff. Merchandisers, which in the US are synonymous with the Planner/Allocator function, will have much the same report staff. Often the Buying Office has a sales promotion team.

Depending on the retailer's approach to private label (own brand) products, there are two main types of Buying Office organizations. Smaller retailers that have private label product lines do not normally employ any design expertise. Generally, the main design work is performed by the supplier. Such design expertise, as there may be in-house, is the typical responsibility of the buyer. Thus, smaller organizations may have only one definitive buying office.

Larger retailers may have in-house design teams. These can be sub-organizations of the Buying Office or, if big enough, can be entire separate companies. In the US, Federated Department Stores and Limited Brands are examples of retailers that formed separate subsidiary companies that design, source, and produce the private label goods available in their stores. Companies of this size and layout are then recognized to have multiple buying offices. John Lewis Partnership, a leading UK department store chain, has internal design teams for Ladies Ready To Wear. However, it relies on an outside agency (Li & Fung) for design expertise for its smaller Childrenswear business.

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graph TD
    GMM[General Merchandise Manager (GMM)]
    GMM --- MIM[Merchandise Information Officer (MIO)]
    GMM --- DMM1[Divisional Merchandise Manager (DMM)]
    GMM --- DMM2[Divisional Merchandise Manager (DMM)]
    MIM --- Buyer
    MIM --- Merchandiser[Merchandiser (Planner)]
    DMM1 --- Buyer
    DMM1 --- Merchandiser[Merchandiser (Planner)]
    DMM2 --- Buyer
    DMM2 --- Merchandiser[Merchandiser (Planner)]
    Buyer --- AssistantBuyer[Assistant Buyer]
    Merchandiser --- AssistantMerchandiser[Assistant Merchandiser]
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**4.5 Plan Approaches**

There are several varying approaches for the merchandise plan. The most common and accepted variations are discussed below:

**Top Down**

The top-down method allows the planner to start with company financial performance targets, making some fairly global assumptions and then allowing the merchandiser to develop these assumptions into more detailed and specific plans - always checking back to the expected performance target.

**Bottom Up**

Bottom-up planning is a low-level approach to merchandise planning. The planning level is by style and color and this is often by store within department within season, or by period within season. Each assortment would normally be planned for the store, period-by-period or week-by-week, within the season. The individual store plans are consolidated to produce an overall assortment plan at department level and the department figures are then consolidated to produce a company plan. The normal checks associated with top-down planning can then be made to ensure that reasonable targets have been set and that the plan is achievable overall.

Some computerized systems offer both methods of top-down and bottom-up planning and leave it up to the user to reconcile the two results.

**Combinations**

The alternative to these two approaches combines elements of both top-down and bottom-up planning. Generally, strategic targets will be set at the company and department levels, and assortments planned. Total assortment figures can then be split over store groups and used for individual store budget figures. Store operations can then plan each individual store, using the guidelines provided by each department to produce an overall store plan. These store plans can then be consolidated to produce a planned merchandise plan (period by period or week by week depending on how the stores were planned). The totals of this consolidation may or may not agree with the original overall plan, depending upon the rules applied to the planning process and whether each store is allowed to exceed, or plan for less, than the budget figure.



# Program Contents

## Buying Activities

- Buying Activities Pre-test
- Merchandise & Supplier (Vendor) Selection
- Vendor Negotiations
- Vendor Partnerships
- Purchase Order Management
- Vendor Management & Monitoring
- Promotion Planning & Evaluation
- Sales & Inventory Management
- Buying Activities Post-test

## Merchandising Activities

- Merchandising Activities Pre-test
- Merchandiser's Responsibilities
- The Location Assortment Planning Process
- Sales Forecasting
- Allocation
- Replenishment
- Merchandising Activities Post-test
- Buyer's Week / Merchandiser's Week
- Buyer's Week / Merchandiser's Week Pre-test
- Buyer's Week
- Merchandiser's Week
- Team Work / Working Collectively

## Post-Season Activities

- Buyer's Week / Merchandiser's Week Post-test
- Post Season Activities Pre-test
- Post Season Activities
- Post Season Activities Post-test

## Mastery Test

**5.3 Vendor Negotiations**

Inventory is the biggest cost for any retail business. Purchasing the inventory at the least overall cost is an important duty of the buyer.

Once the buyer has selected a supplier, the two parties draw up a contract agreement. This contract will cover topics such as payment terms, shipping rules, discount schedules, advertising requirements, etc. The major points of the contract will be negotiated long before the start of the season (or, if already in season, before the first orders are written). This contract is legally binding, however, both parties will continue to negotiate throughout the season as business unfolds.

The buyer may continue to negotiate with the supplier throughout the season, for things like additional quantity discounts, deals or opportunity buys. The buyer may ask for higher discounts on goods that arrive late, or for additional ad support if an unforeseen opportunity comes along. The supplier may also approach the buyer and attempt to negotiate a better price on goods that may have been cancelled by another retailer, overruns, etc. The point is, negotiations between the buyer and the supplier occur on an ongoing basis.

**Some of the factors the buyer seeks to negotiate are:**

- Cost price and payment terms
  - May include rebates and price breaks dependent on quantity ordered
  - May qualify for a further discount if the total value of purchases from a supplier in a month exceeds a certain figure
  - Longer payment terms creates a positive cash flow for the retailer
- Cooperative marketing funds and/or promotional support
- Store merchandising support
- Exclusivity
- Unique colors (exclusive to the retailer), fabric patterns, etc.
- Quality requirements
- Pre-packs for individual stores
- Return policy
- Defective product allowances
- Delivery standards
- Shipping expenses
- Stockholding at the supplier
- Logistics issues such as palletized stock, shipment container marking, product bar-coding, packaging, ticketing, security tagging, use of EDI to transmit and receive purchase orders, credit notes etc.

**OPEN TO BUY CALCULATION**

**Exercise 1**

Shown below is a skeleton Open to Buy plan for a seasonal business. This shows the plan of a development phase at the beginning of the season. Your first task is to calculate the amount of closing inventory required each period. As this company requires two months inventory cover, the figure is simply the sum of the next two months sales. Therefore in August, the closing inventory required is 3000 + 3000 (SEP and OCT sales).

Enter your answers in the spaces provided and press Tab to see if you have entered the correct amount.

MONTHS	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Estimated Sales	1500	2000	3000	6000	6000	4000	2000	2000
Opening Inventory	2000							
Closing Inventory Required (Sum months sales)	5000	6000	13000	12000	6000	4000		
Inventory Required (Open To Buy)								
On Order	3000	4000	6000	3000	3000	1000	0	
Open To Buy								

Use the Next arrow at the top of the page to move on to OTB Exercise 2



## Testing

At the end of each module there is a mastery test. If the learner completes this test with a pass mark of 70% or more and also completes our short class survey, they will be issued with a certificate and a digital badge. The digital badge can be shared on social media and has metadata, so anyone clicking on the badge can see what the learner has achieved. We also issue credits for classes completed. For more information on digital badges click [here](#).

## Delivery Options

This program can be delivered in three ways:

- Individuals or companies can order the program for one or more people via the Martec International web site at [www.martec-international.com](http://www.martec-international.com).
- If a company wants to train batches of students, the e-learning program can be studied to a group time schedule and live web-based instructor-led sessions can be provided to allow for interaction with a subject matter expert. There is an extra charge for this for smaller size groups.
- Live instructor-led classes can be presented using the same material. This is relevant when there are 20 or more people to train at the same time.

Further information and pricing can be provided on request.

## More Information

You can learn more about Martec at the following locations:

<https://www.martec-international.com>

Our YouTube channel at <https://www.youtube.com/channel/UCy9AbJlSWOIOJitqjqWZsDA>.

If you have an enquiry you would like to make of Martec, you can use the Enquire Further button on <https://www.martec-international.com/contact-us> or call +44 1823 333469.