**Fashion Merchandising: Principles and Practice 2**

**Range planning 2**

Range planning and open to buy management are the final elements within the budgeting and product planning activities of the merchandiser. At the end of last week, there was a completed model answer range plan. Its summary details are below:

Analysis 1 – mix analysis

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit analysis | | Selling value analysis | |
|  | Range plan mix % | History mix % | Range plan mix % | History mix % |
| Core | 63% | 47% | 63% | 47% |
| Fashion | 30% | 43% | 30% | 43% |
| High fashion | 7% | 10% | 7% | 10% |
| Total | 100% | 100% | 100% | 100% |

Analysis 2 – variance analysis

|  |  |  |
| --- | --- | --- |
|  | Units % variance | Selling value % variance |
| Core | 87% | 87% |
| Fashion | -2% | -2% |
| High fashion | 0% | 0% |
| Total | 39% | 39% |

Exercise 1 – What are the analyses telling us?

1. What is the mix analyse telling you?
2. What is the variance analysis telling you?

Exercise 2 – How can this information be used?

1. By the buyer?
2. By the finance team?
3. By the marketing team?
4. By the logistics team?
5. By the supplier?
6. By the retail team?

The range plan can also be used to check the validity of the budgeting process.

Exercise 3 - Understanding the relationship between KPI budgets and range plans

1. Complete the exercise below to identify
   1. Sales turnover budgets for the product range
   2. The markdown spend budget

|  |  |  |
| --- | --- | --- |
| Total buy selling value | £53,969 |  |
| Total full price sell through rate from range plan | 76% |  |
| Total full price sales | £41,016 |  |
| Stock value to markdown |  | Total buy selling value - total full price sales |
| Cost of markdown at 50% off |  | Stock value to markdown \* 50% |
| Sales value at reduced price |  | Stock value to markdown - cost of markdown at 50% off |
| Total sales value |  | Total full price sales + sales value at reduced price |
| Total markdown value |  | Cost of markdown at 50% off |
| Markdown expressed as % to sales |  | Total markdown value/total sales value |

Exercise 4 – KPI budgets, open to buy and range plans

1. Question - is there a linked process?
2. Do the outputs of this process influence other activities in the value chain
3. Is it more effective to discuss KPI budgets and open to buy at cost or selling value?