**Fashion Merchandising: Principles and Practice 2**

**Formative assessment**

Question 1: The role of B&M

Clark defines the B&M function as ‘A role that connects the creative and financial product requirements of a fashion brand through strategic range planning and operational trading that optimises a fashion business opportunity.’ Use this definition to demonstrate your understanding of the rationale of the roles of buyer and merchandiser within a fashion business.

Question 2 Analysis

The womenswear product analysis reviews a small range that has been in 10 stores for 6 weeks. Review the analysis

* What rate of sale and sell through rate trends emerge from the analysis?
* What recommendations, if any, would you make to improve the trading performance of core basic products?
* Would you expect high fashion products to trade as they are in this analysis?
  + Support your assertion with the reasons that informed your decision

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Product description** | **Option** | **Fashion status** | **Selling price** | **Sales units** | **Stock units remaining** | **Total buy units** | **Rate of sale** | **Sell through rate** |
| Blouse | Cream | Core basic | £42.00 | 215 | 160 | 375 | 3.6 | 57.3% |
| Blouse | Navy | Core basic | £42.00 | 190 | 185 | 375 | 3.2 | 50.7% |
| Drape back top | Black | Core basic | £24.00 | 250 | 125 | 375 | 4.2 | 66.7% |
| Cigarette pant | Navy | Core basic | £40.00 | 275 | 100 | 375 | 4.6 | 73.3% |
| Pencil skirt | Navy | Core basic | £55.00 | 25 | 250 | 275 | 0.4 | 9.1% |
|  |  |  |  | **955** | **820** | **1775** | **3.2** | **53.8%** |
| Straight leg jean | Light blue | Fashion | £40.00 | 200 | 0 | 200 | 3.3 | 100.0% |
| Floral print blouse | Light blue | Fashion | £45.00 | 195 | 5 | 200 | 3.3 | 97.5% |
| Lace top | Cream | Fashion | £32.00 | 85 | 15 | 100 | 1.4 | 85.0% |
| Drape back top | Silver | Fashion | £55.00 | 80 | 20 | 100 | 1.3 | 80.0% |
|  |  |  |  | **560** | **40** | **600** | **2.3** | **93.3%** |
| Floral print maxi dress | Light blue | High Fashion | £139.00 | 15 | 25 | 40 | 0.3 | 37.5% |
| Pencil skirt | Metallic Silver | High Fashion | £65.00 | 6 | 34 | 40 | 0.1 | 15.0% |
| Jacket with satin trim | Metallic Silver | High Fashion | £68.00 | 5 | 35 | 40 | 0.1 | 12.5% |
|  |  |  |  | **26** | **94** | **120** | **0.1** | **21.7%** |
| **Womenswear** |  |  |  | **1541** | **954** | **2495** | 2.1 | 61.8% |

Question 3 KPI budgeting

The KPI budgeting summary sheet below has been completed by the merchandiser at the end of the budgeting process.

* The budgeted Gross trading profit for this year is £36,250
  + Is this better or worse than last year?
  + What changes in relationship between the variables within the Gross Profit calculation have resulted in the £36,250 Gross trading profit?
  + Referring to the differing fashionability attribute types, how could the KPI budgets below reflect a change in product mix?
  + Discuss various trading risks that would need to be considered if this KPI budget summary was to be put into practice

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| --- | --- | --- | --- |
| **KPI Budget** | **This Year Budget** | **Previous year actual** | **% Variance** |
| **Sales turnover budget £** | **£85,000** | **£90,000** | **-5%** |
| **Markdown spend budget £** | **£10,000** | **£22,250** | **-55%** |
| **Intake margin % budget** | **58%** | **62%** | **-6%** |
| **Gross trading profit £** | **£36,250** | **£35,005** | **3%** |
| **Gross trading profit %** | **51%** | **47%** | **+4 points** |
| **Opening stock budget £** | **£42,500** | **£50,000** | **-15%** |
| **Closing stock budget £** | **£42,500** | **£55,500** | **-23%** |
| **Vat 20%** |  |  |  |

Question 4 Range planning and OTB

The range plan below has been completed by both buyer and merchandiser. Refer to it to answer the following questions

* List which columns are the responsibility of the buyer and which are the responsibility of the merchandiser
* Review the merchandisers assumptions that created the unit buys
  + Do you think that the resulting unit buys for each option are balanced? Justify your decisions by referring to the range plan detail to explain your answer
  + What would happen to the unit buys if you increased the rate of sale, but changed no other column?
* The range plan must not exceed the OTB budget
  + If the OTB budget has been calculated at £8,000, how much is the range over or under budget?
  + What actions could the merchandiser suggest to the buyer to bring the range plan into line with the calculated OTB budget?

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Description | Colour | Fashionability | Cost price | Selling price | Weeks lifecycle | Rate of sale | Sell Through rate | Unit buy | Buy cost value | Buy selling value |
| Basic T shirt | White | Core basic | £4.00 | £15.00 | 8 | 12 | 80% | 120 | £480 | £1,800 |
| Basic T shirt | Black | Core basic | £4.00 | £15.00 | 8 | 12 | 80% | 120 | £480 | £1,800 |
| Basic T shirt | Navy | Core basic | £4.00 | £15.00 | 8 | 12 | 80% | 120 | £480 | £1,800 |
| Polo T shirt | Blue | Fashion style | £7.70 | £25.00 | 8 | 8 | 80% | 80 | £616 | £2,000 |
| Polo T shirt | Red | Fashion style | £7.70 | £25.00 | 8 | 8 | 80% | 80 | £616 | £2,000 |
|  |  |  |  |  |  |  |  | 520 | £2,672 | £9,400 |