

11.10: Putting It Together- Merchandise Management

In this section, we have delved into the nuts and bolts of retail merchandise management- a topic at the very heart of the retail business. We started with a discussion of the organization and function of retail buying organizations. We broke down the primary roles of Buyer, Planner, and Operations personnel, saw how their responsibilities differ, and how they work together on merchandise planning. We explored how retail merchants approach different categories of goods differently, specifically, staple versus fashion merchandise, and how that impacts how retailers forecast sales estimates.

Our discussion then focused on five important and crucial retail methodologies: planning assortments, determining inventory levels, controlling merchandise flow, developing allocations, and evaluating merchandising decisions. While these functions are not exclusive to the retail industry, retailers do these things differently and in much greater detail due to the number of variables with which they must deal. For example, product managers in various industries develop assortment plans, inventory levels, and product flow for their product lines, but retailer methodology must factor multiple dimensions: a product perspective: group, division, department, vendor, classification, sub-class and SKU; location perspective: region, area, district, store, department, classification and SKU; and time dimension: year, season, quarter, month and week.

Finally, our discussion of retail merchandise management drills down on the buying function. We explored how buyers make brand selections and sourcing decisions. We examined negotiation preparation and skills for retail buyers, the benefits of building strong business partnerships and the ethical and social responsibilities of buying decisions.

The state of the retail industry continues to evolve. Mainstay retailers who have been in business for over a century and have anchored malls around the world are now closing their doors. Newer niche players are growing into national brands and will soon operate world-wide. Merchandise management is a key core competency needed to run a successful retail business. These principles apply to all retailers large or small, utilizing physical stores, online or hybrid multi-channel strategies. As the retail industry continues to evolve, so too must merchandise management techniques.

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