

11.11: Why It Matters- Merchandise Management

You are the buyer of Mens activewear at Dick's Sporting Goods. It is high-demand job as you are constantly chasing the biggest trends and working with your suppliers to ensure the inventory is delivered at the right time to your stores. You are facing increased pressure from discounters such as Walmart and Target on the low-end, regional department stores such as Macy's, Dillards and Nordstrom on the high-end, national brand outlet stores from Nike, Adidas and Asics, and specialty stores like Lulumon and Foot Locker. You and your team are managing roughly \$350M in existing inventory by trying to shift more dollars to best sellers and reduce liability in slower selling items.

At the same time, you are working on your seasonal plans for next year where the company has tasked each department for a .5% increase in profit margin from improved inventory productivity. You have been asked to develop a presentation on how profitability and inventory productivity are key drivers to success in your business. You have never really thought about it so you take a moment to consider all of the factors before beginning work on your presentation. What is the common denominator to success in this season's performance and next season's plans? Let's discuss a few key concepts as we begin this module.

What do you believe to be one of the most expensive costs to the retailer in today's retail environment?



If your response was INVENTORY you are correct! It has the most significant impact on the retail business and it also is one of the more important financial assets to any business. Overall, effectively managing merchandise has several positive as well as negative implications that can lead to either success or failure of the retailer.

Several factors influence merchandise management including a retailer's size, consumer shopping behavior, and the individual functions of each member of the merchandising team from buyer to planner.

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