



# MERCHANDISE BUYING AND MANAGEMENT

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John Donnellan

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# MERCHANDISE BUYING AND MANAGEMENT

# PREFACE

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*Merchandise Buying and Management* has been written for college-level courses covering the topics of retail buying and the management of retail inventories. Though industry restructuring has diminished the number of available retail buying positions, the topics covered in this book are equally important to store-level merchants responsible for space productivity, inventory turnover, and profitability. The topics are presented in the context of a contemporary retail environment where buyers are often responsible for fiscal management and product development, and store management assumes an increasingly active role in planning assortments and presenting merchandise. Advances in retail technology, such as space management, electronic data interchange, and point-of-sale systems, are discussed throughout the book with a focus of their impact on an ever-changing retail environment. A considerable amount of the of the text is dedicated to quantitative procedures for planning and analyzing sales, profit, and inventory. Written in a retail trade vernacular that reflects the perspective of an academician with twenty years experience in department and specialty store merchandising and operations, *Merchandise Buying and Management* can also serve as a handy reference for retail practitioners.

Sixteen chapters are organized into five parts. Summary points, a list of key terms and concepts, discussion questions, problems in chapters that include quantitative procedures, and suggested readings conclude each chapter. Each chapter is supported by company profiles of "real world" examples of the concepts covered in the chapter. Supplemental information linked to the chapter topics is featured in shaded boxes throughout the text. A glossary of key terms concludes the text.

The five chapters that compose part one explain the structure of the retail industry. *Retail Merchandising* covers the retailer's role in bringing consumer products from their point of production to their point of consumption, and the merchandising functions of a retail enterprise. *Retailing Formats* categorizes retail stores by their merchandising strategies, while *Retail Locations* covers the various settings in which retail stores operate. *Retail Growth and Expansion* is a discussion of the strategies that retailers adopt to grow and remain competitive in the marketplace. *Communicating with Consumers* looks at the various groups of consumers catered to by retail stores, and some of the tech-

niques that retailers use to attract customers to their stores.

The three chapters of part two are product-oriented. *Fashion Merchandising* deals with the merchandising of fashion versus basic goods, while *Brands and Private Labels* deals with merchandising nationally distributed products versus products developed for exclusive distribution by a single retailer. *Resources of Merchandise* describes the wholesale marketplace and the various types of suppliers from which retailers buy merchandise.

Part three includes three chapters that deal with inventory performance and the fiscal aspects of retail merchandising. *Measures of Productivity* covers the critically important concepts of turnover and sales-per-square-foot. *Merchandising Accounting* interprets fundamental accounting concepts from a retail perspective, while determining the value of retail inventories as organizational assets is the topic of *Inventory Valuation*.

The three chapters in part four involve planning, purchasing, and pricing retail inventories. *Pricing* covers the concepts of markup and markdowns, as well as promotional pricing strategies. *Planning* covers several mathematical procedures for determining the amount of inventory that is needed to achieve an organization's sales goals. Price, delivery, and payment negotiations between retail buyers and their suppliers are covered in *Purchase Terms*.

Part five has two sections. *Merchandising Controls* is an explanation of various reports that are used to evaluate sales and inventory performance. *Store Layout and Merchandise Presentation* deals with some fundamental store design and merchandise presentation concepts with which both buyers and store managers should be familiar.

The *Instructor's Guide for Merchandise Buying and Management* includes chapter teaching tips, answers to end-of-chapter discussion questions and problems, additional discussion questions, as well as chapter examination questions in the form of multiple choice, fill-in, and true and false. The *Guide* cross-references the material in each chapter with two compatible textbooks published by Fairchild Publications: *Mathematics for Retail Buying, Revised 4th Edition* (1996) by Bette K. Tepper and Newton E. Godnick, and *Merchandising Mathematics* (1994) by Antigone Kotsiopoulos and Jikyeong Kang-Park.

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