Merchant Academy Journal

By Hannah Adele Brong

Module 1: AA01 - AA05: Introduction to the Assortment Analytics

Overview: The first module went over the basics of assortment analytics. The course explained how it is a 'forward looking' focused job. And the purpose is to find insights that you will use when creating your assortment (or strategic) plan. Examples of assortment analysis include the pareto analysis, quadrant analysis, best/ worst selling reports, and attribute analysis. These analysis builds structure towards your assortment.

3 Key Learnings:

1. Pareto analysis is a common technique primarily used to find opportunities for more assortment breadth.
2. Product hierarchy contains classes and also subclasses below a broad segment of products - followed by attributes.
3. Attribute analysis can help determined if your actual purchases are lining up with the product attributes.

Module 1: AA01 – AA05: Activities/ Assignments

1. **Think about the Five Below product category you are working on. Brainstorm all of the attributes you can think of that could influence customer purchase decisions.**
   - Color, material, decor, adjustments/ add-ons, style, length/ size, durability, finish (matte/ glossy), collection/ season

2. **Discuss your lists within your group and identify which attributes you think are High Importance, Medium Importance or Low Importance to your target customer.**
   - High importance: Color, material, & durability.
   - Medium importance: decor, finish, & style
   - Low importance: collection/ season, length/ size, & any adjustments

3. **How does this assessment impact your thinking on what attributes to create assortment mix targets for?**
   - This impacted my thinking because there are so many details to consider and think about what thinking of attributes. As well as trying to think and understand what attributes are the most important to the consumer and if I am even correct on my consumer analysis. It made me realize the more data you have on your consumer the easier it is.

4. **Based on the current Assortment attribute mixes, your understanding of the customer, your assessment of the competitive landscape and your proposed assortment direction... what mix targets would you set for the attributes you've decided are of High Importance to your customer?**
   - Product design and product sourcing

Module 2: AP01 - AP10: Introduction to Assortment Planning

Overview: Module 2 went over the different product roles & types, assortment performance analysis, and assortment building approaches. Assortment planning is an essential pre-season activity to identify the product. Product types include the lifecycle of a product and get you thinking about your target mixed assortment. Insights and analysis are needed for your assortment performance analysis; for example social media and/ or store visits and feedback. And in order to build an assortment you need to approach your ideas by either starting with a master assortment and editing it down, or starting with core/ must-have items and laying other products.

3 Key Learnings:

1. Your data will never be perfect - focus on what you can learn from the imperfections.
2. Ask yourself - does this assortment meet consumer needs? Who? When? Where?
3. Identify the role you want each product in the assortment to play - ensure you're *not* treating all products in the same way.

Module 2: AP01 – AP10: Activities/ Assignments

1. **For every retailer you visit (in person or online) in the next seven days, identify examples of these Product Roles at each of them: Destination; Routine/Core/Traffic Driving; Seasonal/Occasional; Complementary; Convenience/Impulse. What is your reasoning for why you've classified this product into each role? Is it due to the retailer's assortment breadth/depth? Placement in the store space or on their website? Their marketing and/or pricing approach?**

   - At the dollar store they currently have their Valentine's Day assortment out. This can be Classified as seasonal and occasional products since they are only out during this specific holiday (Valentine's Day). This is due to the assortment depth of their inventory. The placement of the Valentine's Day products were placed right upon walking into the store. Their pricing approach is unique since the entire store is $1.00 ($1.25 now).

Module 2: AP01 - AP10: Activities/ Assignments

2. **Identify what portion of the Five Below category you are working on is currently: Fashion, Seasonal/Seasonal Basic, or Core/Basic/Continuity/Never-out-of-stock? What is the reasoning for your % allocation by product type? What were you looking for to identify what is fashion vs. seasonal vs. core? Discuss with your group whether you want to shift these mixes in your recommended future assortment, and the reasoning behind making these shifts.**

- The category we're currently working on are seasonal basics (bags/ footwear). During the summer months the store might carry more sandals or water shoes rather than sneakers which will take up more percent allocation. As well as the bookbags - during back-to-school Five-Below will place their book-bags and totes towards the front of the store with a new assortment. To identify, we would look for the inventory of said product, where it is within the store, and the price point.

Module 2: AP01 – AP10: Activities/ Assignments

Practice turning the data on the current assortment and your insights into the customer, market and opportunities into a fluent, comprehensive story.
Use the attached template to help organize your thoughts and recap the strengths, weaknesses and gaps you want to fill in the Five Below Category you are working on.

[AP04 Activity](AP04%20Activity)

Module: MFP01 - Merchandising Financial Plan

Overview: Within this module, we went over what is needed within a financial plan, and how to go about creating one. What is needed within a merchandise financial plan? What are the core components of the plan? This what we discovered throughout the course.

3 Key Learnings:

1. Knowing the relationship between sales, inventory, & margin is important, you cannot sell what you do not own.
2. By planning period-by-period you can build a financial roadmap to guide your purchasing decisions
3. A merchandise financial plan provides the budget, or open-to-buy, for purchases; as well as the roadmap for in-season business analysis, management decisions, and reaction

Module: ISM02 - What is in-season OTB?

Overview: In module ISM02 it went over what in-season open to buy is. It is based on the pre-season merchandise financial plan that you built prior and used to plan your purchases. The plan was developed to help guide your assortment planning and pre-season purchases. As well as defining your company's financial expectations.

3 Key Learnings:

1. The plan contains your expected sales, markdowns, and receipt flow by period.
2. The idea is not to "re-plan", but essentially it is there for you and your business to stay in line with your goals and stay reactive.
3. "I have $600,000 in OTB" is an example of the amount you can spend.

Module: RPT 01 – 04: KPIs and Reporting

Overview: Buyers spend a lot of their time analyzing *key performance indicators* (KPIs). They are helpful when making buying decisions because retail is a data-driven business.

3 Key Learnings:

1. For a group or class of items that have a wide range of values, then unit sell-thru is the most accurate measure.
2. You're trying to measure profitability, stock profitability, stock quality, consumer reaction to assortment choices/ reaction to pricing, etc.
3. It is better to act rather than to look for the impact and delay actions all together.

Module: RF10: Retail fundamentals/ math

Overview: Retailers must understand - Why are you calculating these things? What insights are given? What further analysis is suggested? What decisions & actions will you take as a result? You want to be able to immediately spot an error so you're able to fix it and benefit your company.

3 Key Learnings:

1. Initial Markup Percent (IMU): The difference between the retail price and the purchase cost of an item, expressed as a percentage (%).
2. Variance Percent: Shows you the changes in any number of measures
3. Sell-Thru Percent: Describes the percentage of stock you had available for sale which was actually sold.