

Instore Article – Utilizing a Merchandise Brief for Strategic Purchasing

Purchasing new product should always be approached with considerable evaluation, a dose of analytics, and some vision and passion. Most buyers don't have a problem with the passion part! While working a show, you will usually see more fun and compelling product than you have dollars for. It is crucial to step back from the great things you discover and make sure that the product will achieve the results you want. I developed the Merchandise Brief Form to easily compare potential new product, and ensure that I was not forgetting any of the aspects to consider.

Once you have received all the pictures and pricing of the product you are considering buying from working the show, I suggest that you fill out the Brief for each designer, collection, program or group of products. The Form calls for your best estimate or projection – be realistic, not best case or worst case.

The first section deals with the metrics – your projected revenue for the first twelve months, what you think it has the potential to do afterwards, projected turn and projected margins. There really are no wrong answers here – you might want to bring in a program of 1 ½ to 2 ct. Solitaires, which would deliver high revenue numbers due to the average sale, but low margin percent and low turn. Conversely, a fashion Silver line would deliver modest revenues, but the margin and turn could be very high.

The next section is about describing the product. What is/are the metals? How many SKUs in the assortment? What is the diamond quality? What is the range in price points? And, very importantly, a description of the design elements – the look and feel.

Now we deal with the section on Opportunity/Positioning. Is it a new product or an extension of a current assortment? Who is the customer demographic who you think will buy this product? Will the sales be wholly incremental, or will it affect another assortment, and if so, how? The reason you want to identify if there is competing or similar product in the marketplace as it will impact your retails and your margin. If you

have a proprietary or unique product, you can maximize your profitability, versus a staple everyone carries.

Next you will need to decide how you want to market or advertise the product. What is the concept or points of differentiation that you will want to convey? What vehicles will you use to reach your customer? Does it need an in case display?

The cost section is very important because I find if you don't think about it all upfront, and you wing it, you will always overspend. I indicate R&D (research and development) and Prototypes, because you may be collaborating with a vendor to design exclusive product for you, or creating something in house. Inventory investment and potential marketing and advertising costs need to be calculated. Is it a program where you will want your vendor to shelf stock some inventory? Can you get a part of it on memo? And lastly, something no one really wants to think about – what happens if it does not sell – your exit strategy? If the product is diamond intensive, you might consider scrapping it. If it is designer product with high labor and a designer premium built into it, scrapping would not be an option. If it is a bridal line that primarily generates special orders, time or traditional markdowns won't solve the problem. Ideally, you have a performance agreement with the vendor upfront, and can return it.

The investment in time to complete the Brief will pay off in the avoidance of buying mistakes and missteps. You will be going into your buying decisions with wide open eyes, and a full understanding of how the product fits into your overall Merchandising Strategy. This is a powerful discipline that identifies both opportunities and pitfalls.