

5 Minutes to Learn Something Awesome

How (and When) Retailers Determine Buy Quantities for a Style

by Adam Salzman

Scenario

You are a buyer for a retailer

Nike orders are due this week

How many Polo Shirts should you buy?

Consider your Assortment Plan

Based on analysis of past results...

- Your plan is to sell Polo Shirts in all store locations
- **Your budget allows you to buy Polo Shirts from 5 different brands**



Consider your Promotion Plan

Based on competitive monitoring...

- You plan on advertising more aggressive discounts for Father's Day
- **You need an item you can sell for \$29.99 profitably**



Determine your Inventory Need

Presentation Quantity

x Number of Colors

x Number of Stores

+ Expected Demand (12 weeks)

= Your “Initial Buy” Quantity

28,800 Units
(10 Colors, 100 Stores)

Determine your Purchase Order Flow

Expected In-Store Date

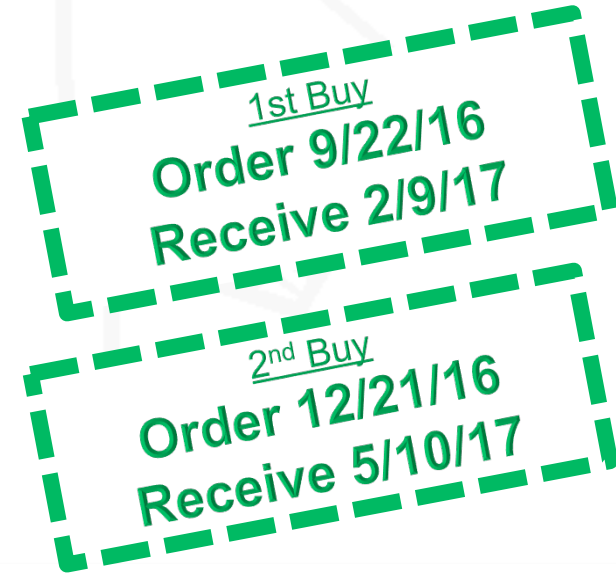
+ Vendor lead time for Materials & Production

+ Shipping time for Container

+ Transit time to your Warehouse

+ Receiving time for your Store

= 20 week “lead time” to receive



What could go wrong?

You under-sell
You over-sell
You under-buy
You over-buy
You under-promote
You over-promote
You under-price
You over-price
Stores have no space
Stores have too much space
Stores open
Stores close down

Shipment is early
Shipment is late
Shipment is lost
Factory burns down
Factory makes double
Weather is too cold
Weather is too hot
Weather is too nice

**“This shit is not easy”
-Betsy**

Conclusion...

Analysis & planning guide **how much** is bought

Supply chain constraints guide **when**