

## **BUYING DECISION OF MERCHANDISE AND ITS MANAGEMENT**

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### **ABSTRACT**

**Objective-** To understand the merchandise buying decision in addition, understand the strategic decision making regarding the merchandise quantity and to understand the management process of merchandise.

**Methods--**In construction of this research paper secondary data is used, this data was collected through books, journals and business magazines. Secondary data studied properly to find the gape in previous writing and to find new facts to build that gap and some articles related to merchandise buying and merchandise management.

**Findings-**major findings of this research paper is that how buying decision regarding merchandise is acritical in order make buying decision also there are difference in buying of phantom and international brands. Also this research paper give us the deep analysis regarding the problem any retailer finds during the buying of local merchandise and for buying international brand merchandise trade shoes plays a vital roll to make retailers aware regarding the on going trend in merchandise. Merchandise management is came out as the art of placing merchandise in retails store.

### **INTRODUCTION**

Buying decision of merchandise is the most and important step in retail management. What merchandise to buy and what should be the quantity to be buy these are the few steps under these decisions, which should be, took very carefully.

These decisions need full assortment plan. These decisions can make or break any firm. It is mainly deals with the decision related to the quantity that how much quantity of merchandise to be ordered that meet the demand of customers.

These buying decisions also is the process of choosing the vendors through which any retailer will buy the merchandise. These buying decisions of merchandise bring buyers and vendors on

one single platform, where they sit together and do discussions on many things like price, delivery, term and conditions regarding payments.

The first step in merchandise buying decisions to determine what brands and quality to buy under certain categories.

Negotiation is the most important part of merchandise buying decisions every buyer wants to build a long term relationship with the vendors so they can get merchandise on time and less in price along with best quality.

This research paper have description of merchandise options and rather buying decision of national brand or local merchandise, also elaborate the responsibilities regarding buying the merchandise.

## **REVIEW OF LITRATURE**

The retailer and buyer is not only responsible for the controlling cost but also responsible for generating revenue (**Wagner at al 1989**).

Retailer are members of different retail buying associations, which may limit the number of suppliers to choose among (**Robinson and Clarke Hill-1995**).

Own label are becoming more and more widespread in retailing, the retail buyers become more and more involved in product development sales forecasting market analysis and so on (**Swinaley- 1992**).

There is some differences in the use of merchandise requirements depending on the type of merchandise (**Shipley-1985**).

**Fiarita (1990)** found the type of merchandise to be correlated wither variable marketing effort (fair prices, gross profit, percentage, minimum order requirement).

(Heeler et al -1973) describe the models whether a product was accepted or rejected. The use these models for number of decisions to analyses highest predictive power.

Chatterjee (2001) has focused on the effects of negative reviews on consumers' decisions to patronize the retailer, given that consumers needed to purchase a particular product. He concluded that the results showed that a majority of participants wanted to access product reviews.

Davies and Ward (2002) have examined the physical factors in store environment in relation to various elements, such as, orienting factors signage, spatial factors and ambient conditions.

### **DATA INTERPERTATION**

Buying decision of the merchandise is very critical, issue involved in buying national brands or phantom brands and this includes a high level of negotiation with vendors. There is always a strategic partnering relationship between retailers and their suppliers. There are many brand options and retailers and buyers face a very tough decision making situation about the mixture of national brands and phantom brands.

Manufacturers brands are product those are designed buy, produced buy and market buy different vendors and sold in market buy many different retailers vendor is responsible for all kind of activities rather it's the development of merchandise, rather its marketing activities or it's the establishing the brand image. But in other case there are other scenario where retailers organize their brand buying activities many times they give importance to only one single product an keep all verities of one brand.

On the other hand there are phantom brands also known as store brand, house brand or own brand these kind of brands are developed buy vendors its self. Retailers make designed and all other specifications for the phantom products and contract with manufacturers to make the product. In a time phantom brands are big business in Europe there is a very high percentage of their own merchandise.

Nevertheless, in past making business in local label brands was very difficult because these local brands do not had resources to develop them self, it almost impossible for local brand owners to

mark them self in economy of scales. However, in recent era size of retailers on economy of sales are growing in a very high scale. They have resources to develop their own product and large numbers of vendors too to produce their product and all kind of suppliers are now working towards accommodate the needs of retailers and make them develop.

Now there are decisions regarding buying national brand merchandise and local label merchandise. There are certain ways through which we can contact to the national brand vendors and talk on the quality, quantity, and cost.

Firstly- **meeting and contacting to the national vendors.** One of the best way of identifying the national vendors is internet. Internet bring all these vendors on one single plat form with their specifications and with their designed ideas about products. Even any one can share their ideas, see their creations and decide rather its matching the need of a merchandise buyer or not. Its one of the most accessible plat form for every retailer to be introduced with the merchandise with his or her own use.

Second - **wholesale market centers.** For the merchandise, buyers regularly visit the vendors. From vendors they get their all kind of merchandise they required specially fashion apparel and accessories. These wholesale market center have permanent vendor showroom, so retailers can visit those showrooms throughout the year.

Third- **Trade shows.** These is the another opportunity for the buyers to get their desired latest product and they can interact with the vendors. In these trade shows vendors display their stuff and buyers choose and negotiate for buying. These trade shows provide big platform for the buyers to see the new stuff get to know about the new trends and help them to select best according to the market and demand. In India also there are lots of trade shows conducted with moto to aware the buyers about the new trends and motivate them towards the right buying.

Now secondly we have to know the buying decision for the phantom product. Retailer use a verity of different processes to develop and buy private label merchandise. In these, their ae large number of people devoted to develop their own private label merchandise. In this division, people specialize in identifying trends, designs and specific products and more over specialize to find the suitable manufacturer.

In just significant investment, smaller retail chain can offer private label merchandise. This private label merchandise often make major changes to provide the merchandise with the store brand name or a special label copyright by the national brand.

These all two aspect of merchandise buying decision negotiating with vendors is very much important. Whenever any buyer want get private label merchandise or national level brands through one thing they have to go that is negotiation and in this stage there are few things those can help buyers to put game in their own coat.

One of the most important factor is knowledge. Market information is very much important. Information about market, trends, vendors and manufacturer. Here mutual trust and respect been established.

After knowing all the buying decisions and strategies know understanding, the management part of merchandise is very much important. Merchandise management is the process through which retailer try to give right quality of the right merchandise, in the right place and right time to meets the company's financial goal. Buyers always have to be in the touch with the customer to know the need and preference of the customer.

In this merchandise management process, first step is to forecast the sales every buyer forecast the sale to get idea how much merchandise he need for his store. This forecasting help the buyers to make final decision regarding merchandise.

Formulation of plan is the second step where buyers have to make full edge plan to make decision regarding merchandise management. After this step third one is to allocate the merchandise in the store rather they have to make sections in store or rather they have to put according to the verity.

Once allocation is done now retailers have to review the performance rather allocation is working properly or not or rather merchandise quantity and quality is proper or not.

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