## CONTENTS

About the authors xii
Preface xiv
Acknowledgements xvi

#### 01 Introduction 1

Reference 4

# O2 Fourndations of retail and supply chain and merchandising 5

Retail basics 5
What is retail? 5
A brief history of retail 7
Sectors within retail 8
Standard functions of a retailer 9
The commercial function 9
Supply chain and merchandising basics 13
Areas of supply chain/merchandising 14
Summary 15
References 15

#### 03 Merchandise planning 16

Placing orders 16
Lead times 17
Minimum order quantities 18
Purchase orders 19
Forecasting 19
WSSI management 21
OTB and stock management 27
Promotion planning 29
Exit planning 31

Supplier management 32 Summary 34

References 34

#### **04** Branch merchandising 35

Role within the business 35

Grading 36

Push vs pull 40

Allocating 41

Basic replenishment systems 43

Complex replenishment systems 46

Promotional planning 47

Visual merchandising 50

Shop fill and minimum credible display requirements 50

Planograms 51

Despatch planning 52

Exit planning 53

Summary 54

References 55

### **O5** Buying and sourcing 56

Buying 56

The buying process 57

Branded product 61

Own brand 61

Buying for different sectors 62

Buying and supply chain 62

Summary 63

References 63

#### 06 Logistics 64

Brief overview of logistics 64

Why logistics is relevant to supply chain and merchandising 67

Warehousing 67

Transport 76

Returns centre 77
Intake and despatch planning 78
E-commerce logistics 86
Delivery frequency and delivery cycle 88
Imports 93
Summary 104
References 105

#### **07** Finance 106

Introduction to finance 106
Balance sheets and profit and loss accounts 107
Business ownership 108
Stock budgets 109
Sales, cash margin and margin rate 110
Supply chain and logistics budgets 111
Cost of carrying inventory 113
Provisioning 113
Summary 114
References 115

### **08** Omni-channel retailing 116

Omni-channel customers 116
Omni-channel store 117
Web and e-commerce 118
Online marketplaces 119
Drop ship vend 120
Merchandise planning for omni-channel 121
Logistics for omni-channel 122
Omni-channel checklist 122
Summary 124
References 124

### **O9** Tools, reports and documents 125

Introduction 125 WSSIs 125 Line cards 127 Best seller report 128
Forecast versus actual 128
Delivery schedule 131
Growth sheets 134
Range plans 134
Exit plans 135
Branch merchandising reports 136
Using branch merchandising reports for insight 137
Summary 141
References 142

#### **10** Technology 143

Technology with supply chain and merchandising 143
Overview of the IT function 143
Supply chain development 144
Microsoft applications 145
Business intelligence tools 149
Enterprise resource planning systems 150
Forecasting and ordering systems 150
Replenishment systems 152
Warehouse management systems 152
Big data 153
Product information management 153
Summary 154
References 154

## 11 Roles within supply chain and merchandising 155

Functional structures 156
Creating a structure 157
Overview of roles 165
Succession routes (hierarchies) 177
Extra roles and 'mini' functions 178
The supply chain/merchandising professional of today 180
Summary 183
References 184

#### 12 Vertical integration and manufacturing 185

Vertical integration 185

Benefits 186

Challenges 187

Manufacturing and production planning 188

Strategic questions concerning vertical integration 189

Summary 190

References 190

#### **13** The fashion industry 191

The fashion industry and merchandising 191

Fashion merchandisers 191

Succession through fashion merchandising 192

Planning 195

Trading 196

Relationships with other functions 199

The importance of understanding the business 202

Store based/online merchandising 204

Summary 205

References 206

#### 14 Supermarket and food retail 207

Overview of the supermarket sector today 207

Availability is king: Understanding the importance of on shelf availability 208

Price is the new convenience 210

Multi-format, multi-channel: Online 211

Promotions 214

Complex networks 215

Systems and technology 217

Structures and people 218

Understanding the whole supply chain 219

Summary 219

References 220

#### 15 Electronics retailing 221

Electronics retailing overview 221

Stock management: The number one KPI 223

Availability for electronics retailing 224

Online and omni-channel 225

Structures and people 226

The supply chain 226

Summary 228

References 228

#### 16 Big ticket retailing 229

Logistics 229

Merchandising 232

Summary 234

References 234

#### **17 SME retail** 235

Supply chain and merchandising – it's not just for big business 235

Types of small retailer 235

Differences 237

Challenges versus large retailers 238

Advantages versus large retailers 239

Managing the supply chain 239

Merchandising for SMEs 240

Owner-operator 241

Small tech 241

Moving from a small to a large retailer 242

Summary 243

References 243

# 18 Troubleshooting common issues in supply chain and merchandising 244

Scenarios 244

Too much stock 244

Too much terminal stock 247

Poor availability 249
Inconsistent availability and weeks' cover across the store
estate 250
Cost base too high 251
Poor execution of range reviews and promotions 252
Summary 253

# 19 The future for supply chain and merchandising in retail 255

The future of retail 255
The rise of the machines 255
The shopping experience 255
Operational technology 256
Customer behaviour 257
Leveraging logistics for competitive advantage 257
Mega businesses 259
Supply chain future trends 260
Is this the end? 261
Summary 262
References 262

Index 265