1. Explain the process merchandising in a related Organization.
Ans: The process of merchandising involves understanding consumer needs, identifying & sourcing of right merchandise, deciding the right assortment, planning distribution of merchandise to different locations in the right quantities, deciding on the pricing, communicating merchandise offerings to the target customers, and taking feedback of consumers.

Process of Merchandising
Let us learn the steps involved in the process of merchandising. These steps are as follows:

Understanding consumer needs: The merchandiser should understand the different ways in which the consumer presently satisfies the need. Let us assume that the consumer has need for hair care. Based on the study the merchandiser may find that there are various ways in which the need is being satisfied. These may be hair soap, oil, lotion, shampoo, cream and dye. With the help of consumer survey the method/product which is most in demand for satisfying the need is ‘shampoo’.

Identifying and sourcing of right merchandise: Further, the merchandiser may need to identify the right merchandise for shampoo.
For example, in shampoo the merchandiser may find that there are three variants – herbal, medicinal, and regular. The merchandiser based on the study of consumer feedback would like to know, which one is most in demand, or will help the retailer to serve the consumer needs. Suppose the merchandiser decides for ‘medicinal shampoo’. For medicinal shampoo, the merchandiser needs to identify the right suppliers/sources of this type of shampoo. He/she may like to analyse the brands like Vatika, Sunsilk, Pantene, Head & Shoulder, and Palmolive which can supply the medicinal shampoo.

Planning the right assortment: Next the merchandiser has to decide on the different sub-categorization. The sub-categorization can be made, based on the consumer need for medicinal shampoo. The shampoo may be used to treat different kinds of hair condition i.e. dull, oily, dry, normal, straight, and curly. Thus, the merchandiser must know based on past trend, experience or survey, the right quantities to be maintained under each sub-categorization. In other words, the assortment should cover needs of different hair conditions.

Planning distribution to different locations: Once the assortment is cleared then the merchandiser needs to work out the quantities to be dispatched to different distribution centres. The quantity dispatched should be based on the number of outlets in each location, the minimum stocks to be maintained, turnover ratio, the replenishment time, etc. The logistics for delivery of goods should also be taken into account.

Providing right quantities: Once the goods reach the different distribution points, the goods further needs to be sent to each of the outlets in the region. For this the retailer will take into account the consumer requirement in each of the stores based on previous sales trends or its own study of consumer needs. Thus, for each store its requirement in terms of different assortment is worked out and the goods are dispatched.

Deciding the price: Once the goods reach the store, the merchandiser needs to decide on the pricing of each of the products/items. Normally, the pricing is decided at the time of assortment stage itself. In case of certain retail chains the pricing may be left to the respective store managers also. The manager will work upon prices after the guidelines from the chief merchandiser for the product category. The prices are decided based on the gross margin policy for each of the products.

Communicating offerings to target consumers: Once, the goods are on the floor of the shop, the merchandiser will work out the visual merchandising. He/she will communicate such strategy for the given store or group of stores. The merchandiser may provide certain props and signages to each of the store to communicate right messages and offerings to consumers. There could be advertisements in print media or TV or radio or hoardings etc for giving mass publicity to the offerings.

Taking/understanding feedback of consumers: The merchandising team may decide to take feedback on different brands/items to know consumers reaction to pricing, quality, availability, display, after use effect etc. The feedback acts as a guideline for improving sourcing and assortment, so as to provide maximum satisfaction to consumers.

2. “Buying plays are important role in Organized retail industry”. Comment on this statement.
Ans: Buying is a process which is in existence since the trading activities got evolved over the ages. Hence for every organization, this is one of the most basic and universal process. It plays significant role to survive in a competing situation. In case of a retailer, the main function of the Buying Department is to obtain the best value for the money spent on purchase of the required merchandise. The