JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM (M) - 2017-19

1. Course Code:	**2. Course Title:** Merchandising and Category Management

3. Course Overview:

What customers/shoppers want" is perhaps the most baffling question, worldwide the retailers are trying to address to. Which product the customers are going to buy, which variant they will prefer, and which pack size will find a place in her shopping cart adds to the complexity of the question. The success of any retailing format depends on how agile its merchandising is, how quickly they can turn their stock, how they can accommodate the fluctuations in demand of the product, how they can ensure minimum inventory without compromising on the stock availability. No doubt effective merchandising is the backbone of any retailing operations and any store is as good as its merchandise planning.

This course deals with several such issues affecting merchandising decisions and discusses various strategies and tools which may be used by retailers to ensure maximum returns from the merchandise.

Increasing competition, retailing environment, customer's preference for variety makes merchandising decisions much more complex. Category management in early 90's emerged as an answer to some these questions, and retailers started clubbing stock keeping units (SKU) in groups known as categories, and it started with clubbing all the brands provided by same manufacturer in one category. The success of category management depends on retailer and manufacturer acting as a close business associate, sharing data, mutual decision making and working for mutual benefits. Gradually category management became an accepted tool for managing merchandise effectively in retail outlets. The success of retail giants like Wal-Mart, Kroger, Albertson's, Supervalu, is largely attributed to category management.

Thus category management appeared as an eight step process facilitating retailers to sell products more efficiently and effectively. By late 90's because of distinct challenges of different retailing format, different retailing environment and to make category management more flexible the traditional category management gave way to "Consumer Centric Category Management".

The course deals with various factors affecting merchandise management in a retail outlet in detail, and discusses the various steps involved in designing a category management process for a retail outlet, the course also focuses on developing various metrics as benchmark of performance and thus ensuring better monitoring and control over merchandise.

4. Course Learning Outcomes (CLO's) :

After undergoing this course, the student will be able to:
1. Monitor, control and make timely adjustments to improve the merchandise performance in a retail outlet (P05)
2. Devise merchandize plan for different merchandise required for successful retail operations (P03).
3. Deciding on how to define category and various steps required for managing categories of different retail outlets (P02).
4. Decide and develop various metrics to monitor and control the performance of merchandise in a retail outlet to infuse creativity amongst students (P05).

5. List of Topics/ Modules:

Topic/ Module	Contents/ Concepts
Module 1: Basics of Merchandising	• Role of Merchandising in retail Stores. • Role and estimation of GMROI, Stock to sales ratio, inventory turnover, average inventory etc and its effect on profitability of retailers. • Overview of buying systems centralized v.s. decentralized and their merits.
Module 2: Managing factors affecting profitability of retailers.	• Assessing profitability of retailers. • Profit Path model to assess the performance of retailers. • Turnover Path model to assess the performance of retailers.
Module 3: Merchandising decisions and managing merchandise.	• Managing inventory for Staple Merchandise. • Managing inventory for fashionable merchandise and preparing a Merchandise budget plan for the same. • Space Productivity Index to ensure maximum utilization of selling space. • Markup management to ensure maximum revenues from merchandise. • Managing Vendor selection and evaluation.
Module 4: Category Management the process and its role in a retail outlet.	• Role of Category Management. • Process of category Management. • Using category management by retailers.

6. Evaluation Criteria

Component	Description	Weight (%)
Quizzes	Quizzes are an excellent tool to monitor performance of students on continuous basis. 2 quizzes will be taken in the entire course (each quiz will be of 10 Marks and best of 2 quizzes is considered for computation of final marks obtained); the quizzes will have MCQs.	10
Assignments (Case Based)	Case based assignments will be given to student groups; each group will get a unique case. The students in group will be asked to present in class the solution arrived at in Case Based Assignments This exercise gives an opportunity to the students to list and analyze the various factors affecting the merchandising and category management decision. It also gives them an opportunity to plan and suggest what needs to done in given situation.	10
Presentation	The students in group will be allotted specific company by instructor. They will have to present the existing situation of merchandising and category management and strategies for future. They will also submit a written report (five pages) for the same.	20
Mid Term Examination	The Mid Term Exams are intended to check the understanding of various theoretical and fundamental concepts of the course; mid-term examination will have questions with an objective to check their retrieval, understanding and application of those concepts.	20
End Term Examination	The end term exams evaluate the overall comprehension of the course by the students. By this time the students have undergone various quizzes, case based assignments and others. End term exam consists of some direct questions and some application based questions to check their ability to apply the knowledge assimilated and create or suggest a solution in a given situation.	40

7. Recommended/ Reference Text Books and Resources

Text: No Prescribed reading.

References:
  a) Jay Diamond and Gerald Pintel, 'Retail Buying', 8th Ed., , Pearson Education
  b) Levy and Weitz, Retailing Management, 5th Edition Tata McGraw Hill
  c) Dunne Patrick M, Lusch Robert F, Griffith David A, Retailing, (5th Ed.), Thomson South Western.
  d) A C Nielsen with John Karolesfski and Al Heller, "Consumer Centric Category Management", John Wiley and Sons Inc.

8. Session Plan: KLK/ Ch.1, Pp. 2-27

Session	Topic	Readings (Chapter No. and pp/ Cases	Learning Outcome
Module 1: Basics of Merchandising			
1	Introduction to merchandising	Discussion and	Understand and estimate the

	and its role in profitability of a store.	Exercises	relevance of Merchandising decisions LO1
2	Basics of Merchandising Inventory Turnover. Gross Margin Return on Inventory Investment (GMROI).	Levy & Weitz/ Ch.6 , Pp. 190 Discussion and Exercises Case 1 Selecting the best four Case 2 Dropping the worst two	Analyze and discriminate the factors affecting merchandising decisions. LO1
3	Sales to stock ratio. Stock to sales ratio. Open to buy (OTB)	Levy & Weitz/ Ch.13 , Pp.402 Discussion and exercises	Analyze and discriminate the factors affecting merchandising decisions. LO1
4	Role of Buyer, retail buying and role of distribution system Guest Session :1	Discussion	Understand the role of various parties in merchandising decisions. LO1
5	Merits and demerits of Centralized vs. decentralized Buying centers	Discussion	Evaluate create/select/design the best buying system for a retail organization. LO1
Module 2: Managing factors affecting profitability of Retailers			
6	Overview of retailers Financial Strategy	Levy & Weitz/ Ch.6 , Pp. 186 Discussion and Case Study	Analyze and Measure the factors affecting performance of retailers LO1 LO2
7	The Profit Path	Levy & Weitz/ Ch.6 , Pp. 188 Discussion and Case Study	Appraise, compare and explain the reasons for performance and non-performance based on income statement. LO1
8	The Turnover Path Assignment (Case Based Given)	Levy & Weitz/ Ch.6 , Pp. 194 Discussion and Case Study Case Study 3 Who is performing better Tanishq or Pantaloons	Appraise, compare and explain the reasons for performance and non-performance based on balance sheet. LO1
9	Product range and assortment planning.	Discussion	Design optimal merchandise mix for a retailer LO1,2
Module 3: Merchandising decisions and managing merchandise			
10	Staple Merchandise buying		Devise a merchandise plan for

	System and made to order merchandise	Discussion and Case Study Case Study 4 A budget plan for a fashionable retailer	staple product category LO1,2
11	Merchandise Budget Plan.	Levy & Weitz/ Ch.13 , Pp. 404-409 Discussion and Exercises	Devise a merchandise plan for fashionable product category LO1,2
12	Preparing Budget plan for fashionable Retailer.	Levy & Weitz/ Ch.13, Pp. 409-415 Case Discussion and exercises.	Analyze and prepare a Budget Plan. LO1,2
13	Open to Buy System. Inventory Management Report	Dunne &Lusch/ Ch.9 , Pp.220 Discussion and Exercises	Critical analysis of planned and actual operations LO1,2
14	Space Productivity Index. Analyzing Merchandise Performance.	Dunne &Lusch/ Ch.9 , Pp.235 Discussion and Exercises	Measure the space allocation and design an optimal allocation plan LO1
15	Merchandise Pricing and Markdown Management Assignment (Case Based Submission Due)	Levy & Weitz/ Ch.15 , Pp. 491 Discussion and Exercises	Estimate and devise a pricing strategy of a retailer. LO1,2
16	Deciding on timing and quantum of Markdown	Dunne &Lusch/ Ch.10 , Pp.242 Exercises	Estimate and create a Markdown Management plan for merchandise LO1,2
17	Vendor management and negotiations. Guest Session:2	Dunne &Lusch/ Ch.9 , Pp.231 Discussion	Develop a evaluation system for effective vendor management LO1
Module 4: Category Management the process and its role in a retail outlet.			
18	Student Presentation on Case Based Assignments.	Discussion and Presentation	Prepare, present and critically evaluate solution in a given situation. LO1,2,4
19	Student Presentation on Case Based Assignments	Discussion and Presentation	Prepare, present and critically evaluate solution in a given situation LO1,2,4
20	Need and role of category management Factors Affecting the Category Management	Discussion	Understanding the role and need of category management process. LO3
21	Category management process	Discussion	Understanding category management process

			LO3	
22	Defining and identifying categories	Discussion	Developing a category structure for a retailer LO3,4	
23	Aligning category goals with objectives of organization.	Discussion	Devising a category success plan. LO3,4	
24	Category performance evaluation	Discussion	Designing an evaluation system for category performance management LO3,4	

RUBRICS FOR ASSESSMENT COMPONENTS

RUBRICS FOR QUIZ

UNSATISFACTORY	MINIMAL	PROFICIENT	EXEMPLARY
ONLY UP TO 30% ANSWERS ARE CORRECT	**BETWEEN 31 – 60% ANSWERS ARE CORRECT**	**BETWEEN 61 – 80% ANSWERS ARE CORRECT**	**MORE THAN 80% ANSWERS ARE CORRECT**
A very few of the concepts are clear and student is unable to understand the same.	A few of the concepts are clear and understood by student.	Majority of concepts are clear and understood by student.	Most of concepts are clear and understood by the student.

RUBRICS FOR WRITTEN ASSIGNMENT

CRITERIA	INADEQUATE	ADEQUATE	ABOVE AVERAGE	ADVANCED
	Less than 30%	**Between 31-60%**	**Between 61-80%**	**Above 80%**
Content	Demonstrates some thinking and reasoning but ideas are largely underdeveloped.	Indicates thinking and reasoning with original thought on a few ideas.	Indicates original thinking and develops ideas with sufficient evidences.	Demonstrates synthesis of ideas, and indepth analysis.
Grammar	Many spelling, punctuation, and grammatical errors.	Frequent spelling, punctuation, and grammatical errors.	A few spelling, punctuation, and grammatical errors.	Evidently no spelling, punctuation, and grammatical errors.
Organization	Incoherent flow of the thematic topics offered.	Demonstrates logical flow of the theme/ topics offered. Some points are missing.	Coherent and specified flow of the theme/ topics offered. Overall unity of ideas present.	Completely as per defined matrices and clearly leads to logical conclusion.
Format & style	Fails to follow prescribed format & style is mostly elementary.	Follows prescribed format to a limited sense & style is simple.	Follows prescribed format majorly & sentence variety used effectively.	Follows prescribed format in detail & sentence variety used quite

				effectively.

RUBRICS FOR GROUP PRESENTATION

CRITERIA	DEVELOPING	PROFICIENT	ADVANCED
Structure	Presentation lacked clear structure	Basic recommended structure was followed	Good use of IT interface and marketing concepts in making a well-structured presentation
Communication	Most group members could not convey clearly what they had to share	Group members conveyed clearly The arguments were not well developed	Group members conveyed clearly The arguments were well developed
Group Dynamics	No demonstrated coordination	Group members appear to have contributed, however coordination missing	Good contribution of group, good coordination, one-two members in the lead
Overall defense of the presentation (Q/A)	The group was not able to clearly defend the presentation.	The group explained the components of presentation to a limited extent; members appeared disjointed and clear reasoning missing.	The group was able to clearly defend all the components and the justifications offered were satisfactory.

RUBRICS FOR MID TERM & END TERM

UNSATISFACTORY	MINIMAL	PROFICIENT	EXEMPLARY
ONLY UP TO 30% ANSWERS ARE CORRECT	**BETWEEN 31 – 60% ANSWERS ARE CORRECT**	**BETWEEN 61 – 80% ANSWERS ARE CORRECT**	**MORE THAN 80 % ANSWERS ARE CORRECT.**
Most of the concepts are not clear and student is unable to understand the same.	A few of the concepts are clear and understood by student.	Many of the concepts are clear and understood by student.	Most of concepts are clear and understood by the student.

Sample Case Questions:

Case 1: Selecting the Best Four.

- Given the constraints of retail operations like limited capital, how to select the best merchandise category not only to achieve maximum profits but also to decide on most suitable category mix for the Retailer

Case 2: Dropping the worst two

- Analyze the given situation and helping the retailer to drop two categories to reduce the cost or losses incurred taking into consideration the impact not only on profits but overall image of Retailer.

Case 3: Who is performing better Tanishq or Pantaloons?

- Analyze the performance of these two different retailers using Profit Path Model, and Asset Turnover Model to sensitize students about the different costs, profits and factors affecting retailing operation.

Case 4: Preparing a budget plan for a fashionable retailer

- Preparing a Budget Plan for a fashionable retailer taking into consideration, the estimated sales, reductions, seasonal period etc and deciding on the Monthly additions to stock or the money required to support the inventory investment required by retailer.

9. **Contact Details:**

Name of the Instructor:	Prof.
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Teaching Venue:	
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