# Re-Merchandising a Category

Re-merchandising a category is a way to re-allocate your owned, usually aged, inventory into price points that need to be fed, without having to spend more money. The job involves looking at what your currently have in inventory, knowing what was sold at what price points and making decisions on moving your non-performing merchandise.

Balance to Buy™ gives us easy access to this information by category, price point and aged inventory. By analyzing these numbers, we are able to see our consumers buying patterns and if need be, adjust our inventory selection and or price points accordingly.

Suggestions on using Balance to Buy™ when managing your categories:

## *Looking at Balance to Buy™ Data*

**1** Next go to **Summary-Detail Perspectives** and select **Categories**

   ✓ Select a single category to work on

The top performing categories or vendors are a good place to start, they have the most impact on the overall business, but ultimately, all of your categories should be reviewed.

**2** Use GMROI to determine inventory levels.

High GMROI can be an indication that the category may need more inventory to increase sales. **$1.50 and above GMROI is considered high and should be examined further**.

Low GMROI can be an indication that there may be too much inventory and the assortment needs to be slimmed down to be more in line with sales. **$0.85 and lower GMROI is considered low**.

**3** After selecting a category, hover over the category you want to examine and left mouse click to see the *drop- down menu* . Select **By Price Point** in the drop-down menu and left-mouse click to show this category by price point.

   ✓ Click on the column header to sort by price point (clicking again will reverse the order)

   ✓ Review the **GMROI** column to identify price points that are over or under performing

   ✓ Price points where **Units Sold** far exceeds **Units On Hand** may need additional stock

   ✓ Price points where **Units On Hand** far exceeds **Units Sold** may have candidates for re-pricing or returns

Review Aged Inventory for each price point. Consider re-merchandising the aged inventory into different price points that need inventory.

Notice "dips" in sales from adjoining price points – or selling at price points above and below. This could be an indication that they need to be addressed for:

> ✓ *Breadth of selection*
> ✓ *Quantity and age of items*
> ✓ *Perceived value*

**4** To drill down into more detail, left-mouse click on any price point to display the drop-down menu. Select Inventory Comparison

> ✓ Shows Sales and Inventory side-by-side by price points.
> ✓ Highlights Fast-Sellers in green. Aged Inventory in red.
> ✓ Inventory Comparison can be sorted by the three drop-down lists at the top. Look at multi-selling styles and seasonality. Check with your BTB consultant or the Learning Center for additional functionality.
> ✓ Review overall sell through by price point versus current inventory. Look for price points where sales far exceeds what is in stock. Additional inventory in these price points may stimulate sales.

## *Physically Examine the Merchandise:*

Visually looking at the category merchandise can be a very eye opening exercise. A great exercise to get your staff involved in as well. You might be surprised at what you see and learn.

**1** Remove all inventory in the category from the display case. Line it up by price points in trays.

**2** Visually examine each item in price point.

> ✓ Perceived value – do each of the items in the price point have the same perceived value?
> ✓ Holes – are there holes in price points and are there meaningful price points missing?
> ✓ Aged – set to the side pieces that need to be re-priced, grouped in sale case, or traded back to vendor.
> ✓
> Re-Pricing – Aged items re-priced into new prices based on their perceived value to fill in gaps in other price points.
> ✓ Your Choice- pull together items that work well together in the same price point to offer as "Your Choice".
> ✓ Meaningful Price Points – re-price items with odd price points. See document Price Point Recommendations.

**3** Clean all merchandise, retag items with worn tags and redisplay.