



Australian Government

SIRXINV004A Buy merchandise

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit describes the performance outcomes, skills and knowledge required to buy merchandise in a retail environment. It involves analysing the market, planning the product range, establishing supplier relationships, negotiating supply of goods, introducing the product range, maximising profit and rationalising stock.

Application of the Unit

Application of the unit

This unit requires the consistent application of store policy and legislative requirements in regard to market analysis, planning merchandise and service ranges, procurement and rationalisation of stock, maintenance of supplier relations, quality control and staff merchandise training. The team member is required to recognise known and unknown loss and how it affects buying and ordering patterns, and to interpret and apply market trends to the store situation to create opportunities to improve sales and service while maximising profits.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units Nil

Employability Skills Information

Employability skills The required outcomes described in this unit contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit is packaged will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency. Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1 Analyse market.	1.1 Identify and analyse <i>store merchandise and marketing policy and procedures.</i> 1.2 Monitor <i>customer requirements</i> formally and informally in order to evaluate market trends and customer needs. 1.3 Research new products and services. 1.4 Identify, evaluate, implement and review opportunities to improve sales. 1.5 Monitor <i>merchandise range</i> to identify the demand for individual items and seasonal variations.

ELEMENT	PERFORMANCE CRITERIA
	1.6 Monitor market competition.
2 Analyse factors affecting stock levels and range requirements.	2.1 Apply mathematical calculations to measure analyse and report on existing and potential stock loss and dissipation and its impact on business operations. 2.2 Analyse store or department sales figures to determine contribution rates of product lines. 2.3 Determine store or department space requirements and brand product mix according to store policy. 2.4 Determine future directions for merchandise ranges according to store policy.
3 Plan merchandise ranges.	3.1 Develop and implement buying plan according to outcomes of analysis and store policy. 3.2 Determine future directions for merchandise ranges according to store policy. 3.3 Liaise with relevant personnel to coordinate promotional and marketing activities. 3.4 Analyse store or department sales figures to determine contribution rates of product lines. 3.5 Determine investment levels with reference to previous years' sales figures, predicted demand and projected gross profit. 3.6 Identify and act upon contribution improvement opportunities. 3.7 Determine store or department space requirements and brand product mix according to store policy. 3.8 Determine stock levels according to peak seasons, special events and supplier lead time. 3.9 Analyse, evaluate and amend merchandise range and sources of supply according to management, staff and customer feedback.
4 Establish supplier relations.	4.1 Develop cooperative relationships with supplier representatives according to store policy. 4.2 Continuously review existing suppliers in regard to quality, profitability, service and delivery status. 4.3 Identify new suppliers and delete existing suppliers

ELEMENT**PERFORMANCE CRITERIA**

according to *performance indicators*.

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| 5 | Negotiate supply of goods. | <p>5.1 Negotiate and implement arrangements with suppliers according to store policy and procedures, and communicate to relevant personnel.</p> <p>5.2 Authorise special pricing arrangements and customer payment agreements and communicate to relevant staff and management personnel according to store policy.</p> <p>5.3 Monitor records of suppliers and stock for accuracy and legibility and take appropriate action where necessary.</p> <p>5.4 Identify market factors affecting supply and communicate to relevant personnel.</p> <p>5.5 Convey complete and accurate records of negotiations and agreements to relevant personnel within designated timelines.</p> <p>5.6 Take immediate corrective action where potential or actual problems with supply are indicated.</p> <p>5.7 Identify and develop new suppliers to maintain and improve sales and service delivery.</p> <p>5.8 Analyse, evaluate and amend stock range and source of supply according to management, staff and customer feedback.</p> |
| 6 | Monitor quality control. | <p>6.1 Establish merchandise quality standards with suppliers according to legal requirements, customer requirements and store policy.</p> <p>6.2 Monitor and ensure quality of merchandise during supply, manufacture and delivery processes.</p> <p>6.3 Record and analyse stock return figures against target figure.</p> |
| 7 | Introduce product ranges. | <p>7.1 Inform relevant personnel of new product ranges and advise on preferred location of merchandise.</p> <p>7.2 Implement staff training in product knowledge to introduce product range.</p> <p>7.3 Demonstrate or display new ranges to staff according to store merchandising plan.</p> |

ELEMENT**PERFORMANCE CRITERIA**

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| 8 | Maximise profit. | 8.1 Calculate or estimate individual product range contributions against budget and targets. |
| | | 8.2 Develop and implement product range assessment checks against budget and targets. |
| | | 8.3 Calculate or estimate overall selling space contributions according to store merchandising plan. |
| | | 8.4 Maximise profit margins in negotiations with suppliers. |
| | | 8.5 Determine store pricing policies according to stated net profit margin in store merchandising plan and consumer law. |
| | | 8.6 Negotiate specifications for <i>terms of trade</i> . |
| | | |
| 9 | Rationalise stock. | 9.1 Review and update stock range at regular intervals. |
| | | 9.2 Identify stock lines to be <i>deleted</i> and take action to minimise adverse effect on profit. |
| | | 9.3 <i>Consolidate stock</i> as required to maximise sales potential. |

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

The following skills must be assessed as part of this unit:

- evaluating and analysing:
 - market trends and projections
 - sales figures and investment levels
 - space requirements
- negotiation skills
 - interpersonal communication skills to:
 - liaise with relevant personnel
 - establish supplier relationships, negotiate supply of goods
 - provide information and training on product range
 - provide feedback and coaching through clear and direct communication
 - ask questions to identify and confirm requirements
 - give instructions
 - use language and concepts appropriate to cultural differences
 - use and interpret non-verbal communication
- group presentation skills
- report writing
- using and applying technology, including electronic data interchange
- literacy and numeracy skills in relation to:
 - developing pricing policies
 - calculating and estimating product range contributions
 - calculating the cost of stock loss and dissipation
 - analysing stock figures.

The following knowledge must be assessed as part of this unit:

- store policy and procedures in regard to:
 - marketing
 - buying
 - profit margins
 - quality control
 - stock inventory levels: current and future
 - stock location and allocated areas

REQUIRED SKILLS AND KNOWLEDGE

- staff product knowledge training
- industry and store information, including:
 - market needs
 - range of merchandise available
 - market competition
 - existing and possible new suppliers
 - channels of distribution
- relevant legislation and statutory requirements
- relevant industry codes of practice
 - pricing procedures, including GST requirements.

Evidence Guide

EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- consistently applies store policy and procedures, industry codes of practice, statutory requirements and regulations in regard to buying, merchandising and marketing practices
- applies market analysis, planning, procurement and rationalisation of stock and merchandise and service ranges, maintenance of supplier relations and quality control
- interprets market trends and applies these to the store situation to create opportunities to improve sales and services, while maximising profits
- analyses market and plans the introduction of a product and service range
- identifies suppliers, negotiates supply of goods, rationalises stock and monitors quality control
- trains and communicates information to and from staff or team members in regard to stock and merchandise and service range.

EVIDENCE GUIDE

Context of and specific resources for assessment

Assessment must ensure access to:

- a retail work environment
- relevant information and documentation, including:
 - store policy and procedures
 - legislation and statutory requirements
 - industry codes of practice
 - merchandise and supplier data.

Methods of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- observation of performance in the workplace
- third-party reports from a supervisor
- customer feedback
- written or verbal questioning to assess knowledge and understanding
- review of portfolios of evidence and third-party workplace reports of on-the-job performance.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

Assessing employability skills

Employability skills are integral to effective performance in the workplace and are broadly consistent across industry sectors. How these skills are applied varies between occupations and qualifications due to the different work functions and contexts.

Employability skills embedded in this unit should be assessed holistically in the context of the job role and with other relevant units that make up the skill set or qualification.

Range Statement

RANGE STATEMENT

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The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below.

Store merchandise and marketing policies may include:

- store culture
- current market position
- target market.

Customer requirements may be monitored by:

- questionnaires
- surveys
- observation.

Merchandise range may include:

- existing stock
- new stock.

Impact on business operations may include:

- buying
- ordering patterns
- planning
- budgeting.

Relevant personnel may include:

- frontline staff
- relevant managers
- supervisor
- team leader
- specialist staff.

Feedback may be sought and given:

- verbally
- in writing
- in groups
- individually.

RANGE STATEMENT

Performance indicators may include:

- price
- quality
- performance
- supply reliability
- merchandise range.

Negotiation process may include:

- face-to-face
- correspondence
- meetings
- telephone or electronic media.

Pricing arrangements may include:

- cash on delivery (COD)
- cheque
- credit card
- invoice
- GST.

Market factors may include:

- fashion trends
- product availability
- sales performance.

Legal requirements may include:

- sale of second-hand goods
- Trade Practices and Fair Trading Acts
- licence, patent or copyright arrangements
- pricing procedures, including GST requirements.

Staff training may include:

- on-the-job
- off-the-job
- one-on-one coaching
- any combination of the above.

RANGE STATEMENT

Staff may include:

- full-time, part-time, casual or contract staff
- people from a range of social, cultural and ethnic backgrounds
- people with varying degrees of language and literacy levels.

Terms of trade may include:

- special buys
- payment terms
- promotional deals with supplier.

Stock lines may be **deleted** due to:

- changes in store policy and culture
- sales performance
- customer requirements
- fashion trends
- product availability
- problems with supply.

Methods to **consolidate stock** may include:

- movement of stock between departments or stores.

Unit Sector(s)

Sector

Cross-Sector

Competency field

Competency field

Inventory