Merchandise Plan for Fall
Fall Budget for P3

There is no "typical" margin for a retailer.  Each have their own strategy and way of doing business.  The closest to what might be "typical" is that retailer's will generally aim for double plus $2.  It cost you $50, so double + $2 (to cover transportation) = $102.  These rates are rarely achieved, due to liquidation issues.  Additionally, store occupancy costs (rent, depreciation, etc.) can widely affect margins (depending on the store).  Shrinkage (insufficient security measures) or consumer theft as you might know it, can adversely affect margins.  Every retailer is different.  As a result, every retailer's margin is different, for those reasons.

*Retail markups are constantly evolving. It used to be strictly keystone (wholesale price X2) but it's moving upwards to 2.10 to 2.5.*

Whatever you see on the rack for full price is roughly 233% of the cost to the retailer. In other words of the sticker price on a retail piece of clothing, **70% of it is markup** and **30% of it is cost to the retailer**.

If a shirt is normally priced for $100, it means the retailer's total cost (shipping fees, cost of the shirt itself, paying rent etc.) is $30. That's why retailers can afford to give you up to 70% off on items, but almost never will you see a retail store give you more than 70% off.

The reason for that is because 70% off the sticker price is their absolute cost minimum.
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Assignment:

Think of 5 NEW products that we could offer in P3 for the fall. Since I cannot go to the Mart in Atlanta anytime soon, you must use the internet to find wholesale sites and “good deals”. Remember, we need to work on markup at P3 because we are paying for shipping, etc. Make sure you read the information above when thinking about markup %. Make a chart to outline your info and print out at the end of class. This is DUE today!

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| New Product Name | New Product Description | Link to product | Picture of Product | Cost of Product | Mark up %/profit margin | Price of Product at P3 |
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