

Standard Operating Procedure (SOP)

Merchandise Planning and Assortment Selection

This SOP defines the process of **merchandise planning and assortment selection** to optimize product mix and inventory management. It covers analyzing market trends, customer preferences, and sales data to develop strategic purchasing plans. The procedure ensures assortment diversity, seasonal relevance, and alignment with business goals, facilitating efficient stock allocation and maximizing profitability.

1. Purpose

To establish standardized guidelines for merchandise planning and assortment selection that drive sales growth, minimize stockouts, and ensure an optimal product mix aligned with current market demands and company objectives.

2. Scope

This SOP applies to all merchandising, buying, and inventory teams involved in the planning, selection, and procurement of merchandise for [Company/Department Name].

3. Responsibilities

- Merchandise Manager:** Oversee the entire merchandise planning process, review assortment plans, and approve purchasing decisions.
- Buyer:** Conduct market analysis, identify assortment needs, and source products.
- Inventory Planner:** Analyze inventory levels, sales data, and coordinate with warehouse and supply chain teams for stock allocation.
- Data Analyst:** Provide trend analysis, sales reports, and customer preference insights.

4. Procedure

Step	Description	Responsible
1. Analyze Market Trends	Review industry publications, competitor assortments, and emerging customer behaviors.	Buyer, Data Analyst
2. Gather Sales and Customer Data	Compile historical sales data, inventory turnover, and customer feedback to identify top-performing categories and gaps.	Inventory Planner, Data Analyst
3. Define Assortment Strategy	Set goals for product mix, price points, category diversity, and seasonal requirements in alignment with business objectives.	Merchandise Manager, Buyer
4. Assortment Selection	Shortlist products based on data analysis, trend compatibility, and supplier proposals; ensure inclusion of core, seasonal, and experimental items.	Buyer
5. Budgeting and Purchasing	Allocate budget per category and finalize purchasing plan, negotiating terms as necessary.	Merchandise Manager, Buyer
6. Stock Allocation and Monitoring	Distribute inventory across channels; set up regular reviews to monitor sales performance against targets and adjust as needed.	Inventory Planner
7. Review and Feedback	Analyze assortment performance post-season; collect feedback and integrate learnings into the next planning cycle.	All Stakeholders

5. Documentation and Records

- Market Analysis Reports
- Sales and Inventory Reports
- Assortment Plans and Purchase Requisitions
- Post-Season Review Notes

6. Key Performance Indicators (KPIs)

- Sell-through rate
- Inventory turnover
- Gross margin return on investment (GMROI)
- Stockout and overstock rates
- Assortment diversity score

7. Review

This SOP will be reviewed annually or upon significant changes in merchandise strategy or market conditions.