



CAREER CLUSTER
Marketing

INSTRUCTIONAL AREA
Product Service Management

BUYING and MERCHANDISING TEAM DECISION MAKING EVENT

PARTICIPANT INSTRUCTIONS

- The event will be presented to you through your reading of the General Performance Indicators, Specific Performance Indicators and Case Study Situation. You will have up to 30 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge), followed by up to 5 minutes to answer the judge's questions. All members of the team must participate in the presentation, as well as answer the questions.
- Turn in all of your notes and event materials when you have completed the event.

GENERAL PERFORMANCE INDICATORS

- Communications skills—the ability to exchange information and ideas with others through writing, speaking, reading or listening
- Analytical skills—the ability to derive facts from data, findings from facts, conclusions from findings and recommendations from conclusions
- Production skills—the ability to take a concept from an idea and make it real
- Teamwork—the ability to be an effective member of a productive group
- Priorities/time management—the ability to determine priorities and manage time commitments
- Economic competencies

SPECIFIC PERFORMANCE INDICATORS

- Compare and contrast buying from domestic sources with that of foreign sources.
- Identify components of retail image.
- Explain the shipping process.
- Explain distribution issues and trends.
- Explain the nature of merchandise plans.
- Scan marketplace to identify factors that could influence merchandising decisions.
- Choose vendors

CASE STUDY SITUATION

You and your partner are associate toy buyers for the Bullseye retail chain. The Bullseye chain has 2,000 stores throughout the United States and utilizes a centralized buying strategy. The *brand promise* of ‘Expect More – Pay Less’ has been successfully fulfilled by the employees at Bullseye – from part-time employees (team members) to the Corporate CEO. As a result, Bullseye has become a favorite with customers and has increased sales annually, even in a time of economic uncertainty.

As associate toy buyers it is your job to attain market knowledge so that you can predict future sales quantities, negotiate with vendors, establish product cost and retail price and select reliable vendors with which to do business. As is the case with most retail categories, the toy market is *very seasonal* with nearly 60% of annual sales occurring in the 4th Quarter (October, November & December) during the ultra-important Holiday Sales Period. It is this time of the year that can dictate the level of success for a retailer and effective buying has an enormous impact on profitability and total sales.

There are many categories of products within the toy department including – but not limited to: video games, educational toys, riding toys, outdoor play toys, dolls and doll houses, kids and teen electronics, bath toys, and trains/trucks/vehicles. A toy category that has been a source of huge sales in recent years has been the action figure category. Action figures are pose able character figurines, made of plastic or other materials, and are often based upon characters from a film, comic book, video game, or television program.

The sales potential of action figures can vary widely based on a number of factors and may even have future value as a collectible. For the upcoming holiday season, Bullseye has negotiated an *exclusive* distribution deal with the licensor of five separate action figures associated with an upcoming animated movie that the movie producers say will be a ‘blockbuster’. The movie is to be released nationwide in early October which should stimulate demand for the action figures significantly. Related accessories should be in high demand as well. Exclusive distribution means that your chain of 2,000 stores will be *the only retailers* to have these products during the holiday season. Huge sales could boost your career prospects as well as earn important 4th Quarter profits for Bullseye Corporation. Because Bullseye will be the *only* retailer to carry these action figures they can use them to attract customers who will purchase other items while they are in their stores, thus increasing store sales volume even more. Your team predicts sales of these action figures to be **750,000 units**.

Selecting a vendor from which to buy your products for the holiday season is very important, especially with an exclusive distribution deal. You have narrowed your possible vendors to a foreign producer, Company A and a domestic producer, Company B. You must select a vendor that is cost effective and reliable. You must consider the following factors:

- ✓ The base cost from Company A is \$12.00 per unit based upon a full order.
- ✓ You have used the same foreign manufacturer (Company A) for action figures in the past.
- ✓ The recession has led to more unpredictable deliveries from foreign manufacturers.
- ✓ The foreign manufacturer (Company A) needs 90 days minimum to replenish inventories.
- ✓ You have never used Company B before as a vendor.
- ✓ The domestic manufacturer (Company B) has agreed to produce 500,000 with an option to deliver an additional 250,000 within *twenty days* if needed.
- ✓ Company B has action figure costs that are 15% higher than Company A.

You will be meeting with the Toy Buying category leader and must address the following issues:

- ✓ What is the total cost differential for Company A versus Company B
- ✓ What risks are associated with bringing a *new vendor* into the assortment?
- ✓ How does selecting one vendor over the other impact future relationships?
- ✓ How important is it to have these items on the shelf at all times to sell during the holiday season? Would it cause a customer to walk out the door if the action figures were out of stock?
- ✓ What is the risk of being seriously over-stocked with these action figures? Would these action figures eventually sell out at regular price (price reductions kill profits)
- ✓ Provide an analysis of both vendors (A and B) and explain your recommendation.

It is your job as a team of associate buyers to make a decision of whether to buy from a domestic producer or from a foreign producer. Terry Smith (the judge) will begin the role play when you enter his office.

JUDGE'S INSTRUCTIONS

The student team is playing the role of associate toy buyers for the Bullseye retail chain. The Bullseye chain has 2,000 stores throughout the United States and utilizes a centralized buying strategy. The *brand promise* of 'Expect More – Pay Less' has been successfully fulfilled by the employees at Bullseye – from part-time employees (team members) to the Corporate CEO. As a result, Bullseye has become a favorite with customers and has increased sales annually, even in a time of economic uncertainty.

As associate toy buyers it is their job to attain market knowledge so that they can predict future sales quantities, negotiate with vendors, establish product cost and retail price and select reliable vendors with which to do business. As is the case with most retail categories, the toy market is very seasonal with nearly 60% of annual sales occurring in the 4th Quarter (October, November & December) during the ultra-important Holiday Sales Period. It is this time of the year that can dictate the level of success for a retailer and effective buying has an enormous impact on profitability and total sales.

There are many categories of products within the toy department including – but not limited to: video games, educational toys, riding toys, outdoor play toys, dolls and doll houses, kids and teen electronics, bath toys, and trains/trucks/vehicles. A toy category that has been a source of huge sales in recent years has been in the action figure category. Action figures are pose able character figurines, made of plastic or other materials, and are often based upon characters from a film, comic book, video game, or television program.

The sales potential of action figures can vary widely based on a number of factors and may even have future value as a collectible. For the upcoming holiday season, Bullseye has negotiated an *exclusive* distribution deal with the licensor of five separate action figures associated with an upcoming animated movie that the movie studio says could be a 'blockbuster'. The movie is to be released nationwide in early November which should stimulate demand for the action figures significantly. Related accessories should be in high demand as well. Exclusive distribution means that your chain of 2,000 stores will be *the only retailers* to have these products during the holiday season. Huge sales could boost your career prospects as well as earn important 4th Quarter profits for Bullseye Corporation. Because Bullseye will be the *only* retailer to carry these action figures they can use them to attract customers who will purchase other items while they are in their stores, thus increasing store sales volume even more. The student team of associate buyers predicts sales of these action figures to be **750,000 units**.

Selecting a vendor from which to buy your products for the holiday season is very important, especially with an exclusive distribution deal. The student team of associate toy buyers has narrowed the possible vendors to a foreign producer, Company A and a domestic producer, Company B. They must select a vendor that is cost effective and reliable. They must consider the following factors:

- ✓ The base cost from Company A is \$12.00 per unit based upon a full order.
- ✓ You have used the same foreign manufacturer (Company A) for action figures in the past.
- ✓ The recession has lead to more unpredictable deliveries from foreign manufacturers.
- ✓ The foreign manufacturer (Company A) needs 60 days minimum to replenish inventories.
- ✓ You have never used Company B before as a vendor.
- ✓ The domestic manufacturer (Company B) has agreed to produce 600,000 with an option to deliver and additional 150,000 within *twenty days* if needed.
- ✓ Company B has action figure costs that are 15% higher than Company A.

They will be meeting with the Toy Buying category leader (the judge) and must address the following issues:

- ✓ What is the total cost differential for Company A versus Company B
- ✓ What risks are associated with bringing a new vendor into the assortment?
- ✓ How does selecting one vendor over the other impact future relationships?
- ✓ How important is it to have these items on the shelf at all times to sell during the holiday season? Would it cause a customer to walk out the door if the action figures were out of stock?
- ✓ What is the risk of being seriously over-stocked with these action figures? Would these action figures eventually sell out at regular price (price reductions kill profits)

It is their job as a team of associate buyers to make a decision of whether to buy from a domestic producer or from a foreign producer. You should introduce yourself as Terry Smith when the team enters your office as a way to begin the role play situation.

Judge Questions and possible answers:

Q 1: Where did you get the projected sales figure of 750,000 units from?

Possible Answer:

The sale projections are determined by looking at sales of action figures from recent years – and increasing them by 20% because of the exclusivity agreement.

Q 2: Would you start selling the product on Black Friday or would you start earlier? Why?

Possible Answer:

We would sell them before Black Friday due to the fact that the time between Thanksgiving and Christmas is shorter this year than normal. The goal is to sell as many as we possibly can and we can more easily achieve that goal if Bullseye starts selling them earlier.

JUDGING THE PRESENTATION

Team members, assuming the role of a management team for the business represented, will analyze a case situation related to the chosen occupational area. The team will make decisions regarding the situation, and then make an oral presentation to the judge. The role of the judge is that of an executive for the business.

Participants will be evaluated according to the Evaluation Form.

Please place the name and identification number label on the Scantron sheet (unless it has already been done for you).

Participants will have a 30-minute preparation period and may make notes to use during the role-play.

During the first 10 minutes of the presentation (after introductions), the team will present their analysis, their decisions and the rationale behind the decisions. Allow the teams to complete this portion without interruption, unless you are asked to respond.

During the next 5 minutes, you may ask questions of the team to determine their understanding of the situation presented. Each member of each team should respond to at least one question. To ensure fairness, you must ask each team the same questions. After asking the standard questions, you may ask other questions for clarification specific to the current team.

After the questioning period, please thank the team and state that they will be notified of your decision soon. Then complete the Evaluation Form, making sure to record a score for all categories. The maximum score for the evaluation is 100 points. The presentation will be weighted at twice (2 times) the value of the exam scores.

A maximum score of “Exceeds Expectations” in any category means that, in your opinion, the information is presented effectively and creatively; nothing more could be expected of an employee.

A “Meets Expectations” rating means that the information is present well. Though there may be a few minor problems or omissions, they are not significant. Creativity, however, is not shown to any great degree. A combined total score of 70 or better on the written and presentation sections will earn the participant team DECA’s Certificate of Excellence at the international conference.

A “Below Expectations” score means that the information presented does not meet minimum standards of acceptability.

A “Little/No Value” score means either that some major flaw has been noted that damages the effectiveness of the presentation (this may be a major omission, a serious misstatement or any other major flaw) or that the information presented is of no value (does not help the presentation at all).

We hope you are impressed by the quality of the work of these potential managers. If you have any suggestions for improving the event, please mention them to your series director.

We thank you for your help.



**BUYING AND MERCHANDISING
TEAM DECISION MAKING, 2014**

Participant: _____

Participant: _____

**JUDGE'S EVALUATION FORM
DISTRICT EVENT**

I.D. Number: _____

INSTRUCTIONAL AREA: Product Service Management

Did the participant:

		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Compare and contrast buying from domestic sources with that of foreign sources	0-1-2-3	4-5-6	7-8	9-10	
2.	Identify components of retail image	0-1-2-3	4-5-6	7-8	9-10	
3.	Explain the shipping process	0-1-2-3	4-5-6	7-8	9-10	
4.	Explain distribution issues and trends	0-1-2-3	4-5-6	7-8	9-10	
5.	Explain the nature of merchandise plans	0-1-2-3	4-5-6	7-8	9-10	
6.	Scan marketplace to identify factors that could influence merchandising decisions	0-1-2-3	4-5-6	7-8	9-10	
7.	Choose vendors	0-1-2-3	4-5-6	7-8	9-10	
21st CENTURY SKILLS						
8.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
9.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
10.	Communicate clearly and show evidence of collaboration?	0-1	2-3	4	5-6	
11.	Show evidence of creativity?	0-1	2-3	4	5-6	
12.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
TOTAL SCORE						