

**RETAIL BUYER**

**Aligned with Qualification 103145 OC Retail Buyer**

**Part Qualification 1: Retail Buyer**

**WORKBOOK**

**WORKBOOK**

**KM-01 Managing supplier relationships**

**Retail buyer**

**Part Qualification 1: Retail buyer**

Aligned with

Qualification 103145 OC Retail Buyer

332301000-KM-01, Concepts and principles for managing supplier relationships and the performance of merchandise, NQF Level 6, Credits 10

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| **Company** |  |
| **Learner name & surname** |  |
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| **Line manager name & surname** |  |

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| A close up of a sign  Description automatically generated | **Activity 1 (KM01 IAC0102)**  Part of the assortment planner’s responsibility is to select types of merchandise, type of brand and level of exclusivity.  How does the planner’s responsibility for assortment planning impact on the brand of the business? |

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| A close up of a sign  Description automatically generated | **Activity 2 (KM01 IAC0102)**  Please complete the activity in your workbook.  How does the planner’s responsibility for merchandise control impact on the company’s profits/bottom line? |

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| A close up of a sign  Description automatically generated | **Activity 3 (KM01 IAC0102)**  Work in groups.  Please complete the activity in your workbook.  Explain how the buyer impacts the buying cycle through the following activities:  3.1 Deciding on the product range  3.2 Negotiating prices  3.3 Determining when the products should be available. |

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| A close up of a sign  Description automatically generated | **Activity 4 (KM01 IAC0102)**  Work in groups.  Please complete the activity in your workbook.  Explain how the buyer impacts the buying cycle through the following activities:  4.1 Sales forecast  4.2 Studying market conditions and consumer buying behaviour  4.3 Effective ordering in terms of quantities of specific products (including factors such as colours, and sizes for clothing)  4.4 Efficient and effective inventory planning  4.5 Overseeing delivery and distribution of merchandise. |

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| A close up of a sign  Description automatically generated | **Activity 5 (KM01 IAC0101)**  Please complete the activity in your workbook.  Work in groups.  Discuss the impact of your function on each of the following. ***Give practical examples for each.***   1. Finance 2. The company’s brand 3. Turnover 4. Shrinkage 5. Profitability. |

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| A close up of a sign  Description automatically generated | **Activity 6 (KM01 IAC0103)**  Please complete the activity in your workbook.  Draw a diagram that shows the inter-relationship between you as buyer and/or planner and other departments in the company. The diagram must show and explain the impact of each party on the other. |

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| A close up of a sign  Description automatically generated | **Activity 7 (KM01 IAC0105)**  Work in groups.  Please complete the activity in your workbook.  Referring to Figure 4 in the learner guide, prepare a checklist that the buyer/planner can use when evaluating the ethics of suppliers. |

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| A close up of a sign  Description automatically generated | **Activity 8 (KM01 IAC0104)**  Please complete the activity in your workbook.  8.1 Discuss the implications of the principles of ethics in buying and planning on your job.  8.2 Explain how you would handle the following situations.  8.2.1 You are responsible for the procurement of cleaning products for your company. A potential supplier sends you its catalogue together with a gift of a very expensive fountain pen with the supplier’s logo on it.  8.2.2 You have agreed to a two-year supply contract with a small, foreign supplier, but a drop in demand for your company’s products is seriously depressing its profitability. Another supplier guarantees lower supply prices that would re-establish the margins your company needs to meet its objectives. This would mean breaking the contract with the first supplier without just cause. Legal action by that supplier would be unlikely, because of its small size. |

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| A picture containing plate, window  Description automatically generated | **Activity 9 (KM01 IAC0105; PM01-PA0301; IAC0303)**  Please complete the activity in your workbook.  Read the scenarios then answer the questions.  **Scenario 1:**  During a meeting to discuss the promotion of new products: "But that's ridiculous, Bob! We can't possibly have the new range available in time for the Autumn Fashion show! You scheduled the date way too early. What do the rest of you think? Is anyone else stupid enough to think we'll be ready?"  ***Question***: How can the chairman handle the disruptive behaviour and prevent further conflict?  **Scenario 2**:  "Well, I can see your arguments for co-opting Alison for the sales forecasting. But I just think James would be better, and you're not going to convince me otherwise."  ***Question***: How can the chairman handle the disruptive behaviour and prevent further conflict? |

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| A close up of a sign  Description automatically generated | **Activity 10 (KM01 IAC0201)**  10.1 Explain the difference between the cold supply chain and the general supply chain.  10.2 Which type(s) of supply chain is/are relevant to your own job as buyer and/or planner?  10.3 Draw a diagram that explains the type of supply chain that is relevant to your own job as buyer and/or planner. Describe the function of each element in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 11 (KM01 IAC0201)**  Please complete the activity in your workbook.  Hernan David Preez argues in Supply Chain Quarterly that “Organizations tend to want their supply chains to have simultaneous capabilities: efficient, fast, agile, custom-configured, and flexible, among others. Yet each of these capabilities requires different skills, and in the majority of cases, these skill sets are incompatible within the same supply chain. However, it is possible to develop several *parallel* supply chains within a single organization, each focused on a defined market segment with a responsiveness level and a cost structure that are appropriate to the segment it serves.”xxix  *You may refer to the additional reading for further information*.  11.1 Create a table with 5 columns (landscape orientation would be best)   1. In the first column, list the categories of products offered by the retail chain you represent.   (ii) In the second column, for each category, indicate the supply chain model(s) currently being used.  (iii) In the third column, describe how the model is being applied.  (iv) In the fourth column, indicate whether you are of the opinion that it is the most appropriate model for the category (Yes/No).  (v) In the last column, explain why you say “Yes” or “No”.  11.2 Did you identify any areas where a different model could be investigated? If so, explain why. |

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| A close up of a sign  Description automatically generated | **Activity 12 (KM01 IAC0203)**  Please complete the activity in your workbook.  12.1 List all the methods of distribution used in your role. For each, give a short description.  12.2 For each distribution method you identified, draw a spider diagram (see below). Use the “legs” of the diagram to describe the **impact** of the method in your role as buyer and/or planner. Give examples of positive and negative impacts**.** |

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| A close up of a sign  Description automatically generated | **Activity 13 (KM01 IAC0204)**  Please complete the activity in your workbook.  13.1 Draw a diagram that shows all the role players in the flow of merchandise, relevant to the retail chain you represent.  13.2 Explain all the interrelationships between the role players. |

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| A picture containing plate, window  Description automatically generated | **Activity 14 Case study (KM01 IAC0203; PA0101; PA0102)**  Work in groups.  Please complete the activity in your workbook.  During May 2020, in the middle of the global COVID-19 pandemic, McKinsey issued a report, ***Fashion’s digital transformation: Now or never***). For better insight into the report and recommendations, you may find and read the report online.  (Available at: *https://www.mckinsey.com/industries/retail/our-insights/fashions-digital-transformation-now-or-never)*  The report opened with the statement that “Some apparel, fashion, and luxury companies won’t survive the current crisis; others will emerge better positioned for the future. Much will depend on their digital and analytics capabilities.”  The report contained recommendations for adaptations to me made in the fashion industry, including the following, which can safely be assumed to apply to all categories of retail chain stores:    **Questions:**  14.1 Which of the recommendations would or could apply to the supply chain or distribution models for retail chain stores? Motivate your selection.  14.2 What changes would need to be made to the supply chain and distribution models for different retail categories (for example, groceries, apparel, and beauty). Motivate your recommendations.  14.3 How would adaptations to the supply chain and distribution models impact on (i) buying and (ii) planning?  14.4 Draw a map of an adapted supply chain for one of the retail categories. Map the critical management points in the adapted supply chain. Discuss any new critical management points.  14.5 What areas for improvement in the supply chain for retail chain stores can you identify, based on the recommendations in the report?  Present your case study answers to the large group. |

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| A close up of a sign  Description automatically generated | **Activity 15 (KM03 IAC0301)**  Please complete the activity in your workbook.  Use the Kraljik matrix and identify the four types of buyer-supplier relationship for the company where you are a buyer, by giving examples for each block. |

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| A picture containing plate, window  Description automatically generated | **Activity 16 (KM02 ICC0301)**  Work in groups.  Please complete the activity in your workbook.  Discuss the responsibilities of the planner in managing the supply chain.  16.1 How do you monitor spending against buying plans?  16.2 How do you monitor prices and agreements?  16.3 How do you stay informed of and study market conditions so you can make informed buying and assortment planning decisions?  16.4 How do you ensure effective and efficient inventory management?  16.5 How do you oversee merchandise allocation, delivery and distribution?  16.6 Are there other responsibilities of the buyer in managing the supply chain? |

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| A picture containing plate, window  Description automatically generated | **Activity 17 (KM02 ICC0302)**  Work in groups.  Please complete the activity in your workbook.  17.1 For each stage in the supply chain management process, identify the ***critical steps*** that should be managed to mitigate risks in the supply chain. Explain what the potential risk is and the consequences if the step is not managed effectively.  Present to the large group.   |  |  |  |  | | --- | --- | --- | --- | | **Stage** | **Step** | **Potential risk** | **Consequences** | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  |   17.2 Prepare a checklist of critical check points in the flow of stock where disruptions could occur in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 18 (KM01 IAC0303)**  Please complete the activity in your workbook.  18.1 List shortfalls that you have experienced in the supply chain. Explain the actions you took or considered taking to remedy the shortfalls.  18.2 Research (on the Internet or in books) remedies for the specific shortfalls that you have observed in the supply chain. Discuss how you could use this information to prevent similar shortfalls in the future.  18.3 Work with a partner and exchange ideas on remedies for shortfalls in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 19 (KM01 IAC0101; KM01 IAC0102; KM01 IAC0203; KM01 IAC0302; KM01 IAC0304; PA0101; PA0102)**  Please complete the activity in your workbook.  The recent COVID-19 pandemic created the first-ever situation in history where total lockdown in several countries on all continents brought most categories in the retail industry to either a total standstill or had a severe impact on business because of prohibition on trade for several weeks.  Such a pandemic is but one example of how unexpected situations can create a dire need for buyers and planners to immediately re-assess current buying and merchandise planning plans and processes. It is suggested by reputed global consultancies that other situations such as natural disasters may require the same type of swift and severe action in amending plans and meeting customer needs and demands.  **Instructions:**  Read the McKinsey report on how the pandemic had an immediate impact on the beauty industry. The research on which the report was based, also referred to changes in consumer buying behaviour and expected consumer spend, at least in the immediate future. The research quotes consumer’s expected spend on (A) Groceries, (B) Personal care products, (C) Skincare/make-up and (D) Apparel.  Consider how your job as buyer and/or planner would be impacted if that report was published now. Answer the questions:   1. How would the expected spend on a category for which you are a buyer/planner impact on your job, that is, what should you do and how should you manage the supply chain (KM01 IAC0101; KM01 IAC0301), for example:  * Ensuring availability of products that meet consumer demand? * Assortment planning for stores in different regions? * Amending purchase orders? * Developing sales forecasts? * Analysing changes in economic conditions? * Analysing changes in the marketing strategies in the retail chain you represent and its competitors? * Amending the merchandise budget?  1. What changes would you need to make to your 6-month purchasing plan? (KM01 IAC0101). Use your actual merchandise plan/budget as basis for your answer. 2. How will the changes you make to your 6-month purchasing plan impact on (i) finances; (ii) the brand; (iii) turnover; (iv) shrinkage and (v) profitability? (KM01 IAC0102) 3. Describe the supply chain(s) that your company is currently using. (KM01 IAC0201) 4. Describe the methods of distribution (right to the consumer) you are currently using. (KM01 IAC0202) 5. Describe how the current distribution methods impact on your buying and planning. (KM01 IAC0203) 6. Has your company made any changes to buying, planning and distribution processes since the pandemic? If so, describe the changes and explain why they were made. 7. Draw a diagram that illustrates your current supply chain management process. Indicate and discuss the critical check points in the flow of stock that you need to monitor and manage because of possible disruptions in the supply chain. (KM01 IAC0302; PA0101) 8. Describe what changes you would need to make in (i) sales forecasting; (ii) assortment planning; (iii) merchandise allocation; (iv) merchandise control; (v) merchandise distribution; and (vi) pricing strategies. 9. Describe typical contingency plans that you can use to manage the supply chain in the changed situation (KM01 IAC0304; PA0102) |

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| A close up of a sign  Description automatically generated | **Activity 20 (KM01 IAC0402)**  Read the information given in the article “Procurement key performance indicators and metrics” available at  *https://www.datapine.com/kpi-examples-and-templates/procurement*  Identify operational standards that can be used to measure performance of suppliers relevant to your position, in terms of service delivery, merchandise quality, order fulfilment and lead times.  Prepare a scorecard based on the measures that you have identified. |

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| A close up of a sign  Description automatically generated | **Activity 21 (KM01 IAC0403)**  Please complete the activity in your workbook.  21.1 Describe one target market for the retail chain you represent.  21.2 Describe their interests that may affect the operating standards required of the retail chain and its suppliers.  21.3 Describe how the interests impact on operating standards for the retail chain and its suppliers. |

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| A picture containing plate, window  Description automatically generated | **Activity 22 (KM01 IAC0404)**  Work in groups.  Please complete the activity in your workbook.  Discuss corrective measures that can be implemented where suppliers do not meet the key standards of on-time-delivery, quality, price or continuous improvement. Give examples of poor performance and then suggest appropriate corrective measures. For each corrective measure your group suggests, list the advantages and disadvantages for the buying company. |

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| A picture containing plate, window  Description automatically generated | **Activity 23 (KM01 PA0101; PA0102)**  Work in groups.  Please complete the activity in your workbook.  Read the scenario then:  23.1 Describe the shortfall in the supplier’s performance.  23.2 Brainstorm and identify possible causes of the problem  23.3 Propose corrective measures to improve the supplier’s performance  **Scenario:**  DH Supply, a building materials wholesaler, touted its new 20-thousand-square-metre high-tech warehouse in Gauteng. With the opening of this massive warehouse, a new approach to receiving and dispatching processes was required. Management realised the importance for a new stock management system to cope with the expected increase in operations.  Buying from this supplier would assist with regionalisation of suppliers for at least some of the product in the merchandise assortment for Hard-Build, a hardware and building materials retail chain. The buyer, Joe Ntuli, evaluated DH Supply based on past performance figures for on-time delivery, competitive pricing and quality of the product range that the wholesaler quoted during an exploratory meeting Jackson had with the executive of HD Supply.  A supplier agreement was signed, and Jackson was positive that changing over to this regional supplier would alleviate delivery lead times. This has been an Achilles heel for the last two years with one of Hard-Build’s suppliers from North-West.  In the first two months, Jackson could already see an improvement and was quite satisfied. However, in the third month, things started going wrong. At the heart of the crisis were delays in order fulfilment. Performance measurements recorded for the last month were as follows:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Area** | **Scorecard criteria** | **Agreed standard** | **May** | **June** | **July** | | Quality | Compliance with specifications | 95% | 95% | 97% | 96% | | Support | Responds to requests in a timely and effective manner | 95% | 98% | 96% | 75% | | Able to access expert resources to recommend solutions for specific consumer needs | 80% | 85% | 88% | 87% | | Delivery | On-time delivery | 95% | 100% | 95% | 72% | | Correct delivery | 95% | 98.5% | 85% | 80% | | Cost | Price changes and terms are transparent and timeous | 95% | 99% | 92% | 90% |   HD Supply’s management gave very few details about the nature of its struggles to meet agreed performance measures.  23.1 Describe the shortfall in the supplier’s performance.  23.2 Brainstorm and identify possible causes of the problem  23.3 Propose corrective measures to improve the supplier’s performance |

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| A close up of a sign  Description automatically generated | **Activity 24 (PA0201 IAC0201; PA0202 IAC0202; PA0203 IAC0203)**  Please complete the activity in your workbook.  Consider the information gathered from a sales report for the ladies’ accessories department.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | CATEGORY | Planned Q1 | Sales Q1 | Planned Q2 | Sales Q2 | Planned Q3 | Sales Q3 | Planned Q4 | Sales Q4 | TOTAL SALES | | Sunglasses female classic | 400 | 370 | 300 | 280 | 180 | 200 | 500 | 520 | 1 370 | | Sunglasses female trendy | 500 | 294 | 220 | 250 | 320 | 323 | 600 | 634 | 1 501 | | Handbags floral fabric | 200 | 200 | 200 | 170 | 200 | 220 | 260 | 250 | 840 | | Handbags leather - black | 350 | 400 | 350 | 340 | 380 | 440 | 450 | 500 | 1 680 | | Handbags leather - grey | 280 | 294 | 260 | 250 | 330 | 323 | 350 | 368 | 1 235 | | Handbags leather - brown | 200 | 235 | 220 | 200 | 300 | 320 | 300 | 294 | 1 049 | | Handbags leather - red | 80 | 100 | 100 | 85 | 120 | 110 | 100 | 125 | 420 | | Scarves long | 200 | 300 | 260 | 255 | 300 | 330 | 300 | 375 | 1 260 | | Scarves square | 280 | 250 | 230 | 213 | 300 | 275 | 300 | 313 | 1 050 | | Bracelets with charms | 450 | 400 | 300 | 340 | 300 | 440 | 600 | 500 | 1 680 | | Bracelets chain | 220 | 200 | 200 | 170 | 200 | 220 | 200 | 250 | 840 | | Sandals | 900 | 895 | 300 | 311 | 400 | 445 | 800 | 756 | 2 407 | | Shoes pump | 200 | 244 | 400 | 462 | 500 | 598 | 200 | 280 | 1 585 |   24.1 Calculate sell through for each of the categories for Quarter 4.  24.2 Calculate sell through for all four quarters combined.  24.3 Rank the categories in order of performance for the year (top selling to lowest performance), using sell through method.  24 .4 For each category, determine whether it performed on, above or below standards (plans).  24.5 Propose ideas to improve performance or clear dead merchandise, as applicable. |

# KM-02 Local and overseas suppliers

**WORKBOOK**

**KM-02 Local and overseas suppliers**

**Retail buyer**

**Part Qualification 1: Retail buyer**

Aligned with

Qualification 103145 OC Retail Buyer

332301000-KM-02, Concepts and principles for identifying and sourcing products and selecting suppliers, NQF Level 6, Credits 7

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| **Line manager name & surname** |  |

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| A close up of a sign  Description automatically generated | **Activity 25**  Please complete the activity in your workbook.  Which strategy or strategies of the company you represent should be considered for you to strategically source suppliers? |

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| A close up of a sign  Description automatically generated | **Activity 26 (KM02 IAC 0101)**  Please complete the activity in your workbook.  Do research on the Internet.  26.1 Draw a diagram that explains the impact of imports on the South African economy.  26.2 Find information on the Internet about the current exchange rate (Rand/Dollar) and 6 months ago. Explain how fluctuation of the exchange rate would impact on the current cost of imports versus 6 months ago. |

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| A close up of a sign  Description automatically generated | **Activity 27 (KM02 IAC0102)**  Please complete the activity in your workbook.  Find an HS tariff code for South Africa on the Internet.  27.1 On the HS tariff code list, find a category of products currently being imported by the retail chain you represent. What are the first 6 digits of the code for that product?  27.2 If that product were imported from the EU, what would the Customs duty be?  27.3 If that product were imported from China, what would the Customs duty be? |

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| A close up of a sign  Description automatically generated | **Activity 28 (KM02 IAC0103)**  Please complete the activity in your workbook.  28.1 On the HS tariff list, find a product imported by the company you represent.  Explain how the import costs would affect the selling price of products if the product was imported (i) from a country in the EU versus (ii) from China.  28.2 What “hidden costs” could be implied in buying this product? |

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| A close up of a sign  Description automatically generated | **Activity 29 (KM02 IAC0201; PM03PS01-PA 0101)**  Please complete the activity in your workbook.  29.1 Source 5 suppliers in South Africa able to provide merchandise needed by the company you represent, using different research techniques.  29.1.1 Explain which methods you used and how you used them to source the suppliers.  29.1.2 List the suppliers you sourced and indicate which method you used to source each.  29.2 Source 5 international suppliers able to provide merchandise needed by the company you represent, using different research techniques.  29.2.1 Explain which methods you used and how you used them to source the suppliers.  29.2.2 List the suppliers you sourced and indicate which method you used to source each.  29.2.3 Determine from the HS tariff code list the duties, tariffs and legislation applicable to the import of that merchandise. |

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| A close up of a sign  Description automatically generated | **Activity 30 (KM02 IAC0202; PM03PS02 AK0302; PM03PS03 PA0301)**  Please complete the activity in your workbook.  30.1 Discuss the requirements that you are currently using for evaluating suppliers.  30.2 Are there other requirements that you think should be added to the list of requirements you are currently using? If so, why?  30.3 Search for examples of retail supplier scorecards on the Internet.  Create a supplier scorecard for evaluating potential suppliers. |

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| A picture containing plate, window  Description automatically generated | **Activity 31 (KM02 IAC0203)**  Work in groups.  Please complete the activity in your workbook.  31.1 Discuss practical examples that you have experienced of how logistics impact on the supply chain.  31.2 How does the information you have available about logistics, impact on your choice of suppliers? |

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| A close up of a sign  Description automatically generated | **Activity 32 (PM03PS02 AK0302; PM03PS03 PA0301)**  Please complete the activity in your workbook.  Referring back to activity 30.3, do you need to add requirements to your supplier evaluation scorecard to accommodate logistics? If so, do that. |

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| A close up of a sign  Description automatically generated | **Activity 33 (KM02 IAC0301)**  Please complete the activity in your workbook.  Describe each of the following then explain how that would impact on the buyer’s product selection at the retail chain represented by the buyer.   |  |  |  | | --- | --- | --- | | **Factor that impacts on product selection** | **Description of this factor in the retail chain represented by the buyer** | **How this will impact on the buyer’s selection of products** | | Target market |  |  | | Store size |  |  | | Consumer buying preference |  |  | | Strategy |  |  | | Branding |  |  | |

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| A picture containing plate, window  Description automatically generated | **Activity 34 (KM02 IAC0302)**  Work in groups.  Please complete the activity in your workbook.  Discuss and describe methods used for developing ranges. |

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| A close up of a sign  Description automatically generated | **Activity 35 (KM02 IAC0303)**  Please complete the activity in your workbook.  Explain how trends, fashion, fads and world events impact on product selection for categories for which you are responsible. |

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| A close up of a sign  Description automatically generated | **Activity 36 (KM02 KT04 IAC0401)**  Please complete the activity in your workbook.  Based on what you have learned, draw a diagram that explains methods for conducting research on product availability. |

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| A close up of a sign  Description automatically generated | **Activity 37 (KM04 KT04 IAC0402)**  Please complete the activity in your workbook.  Draw a mindmap that explains the methods used for analysing research data on product availability.  The graphic demonstrates what an mindmap looks like. From the centre (the topic) branches are drawn (you need to draw a branch for each method). From these main branches, further branches are drawn (for you to explain – one sub-branch for each point about the method). |

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| A close up of a sign  Description automatically generated | **Activity 38 (KM04KT04 IAC0404)**  Please complete the activity in your workbook.  Describe how you could use a SWOT analysis for analysing competitor ranges in relation to your own position at the retail chain you represent. |

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| A close up of a sign  Description automatically generated | **Activity 39 (KM04 KT04 IAC0405)**  39.1 Explain how a SWOT analysis is used for completing a SWOT analysis of competitor product ranges.  39.2 Find appropriate secondary sources of information on the Internet for conducting such a SWOT analysis relevant to your position and the retail chain you represent. |

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| A close up of a sign  Description automatically generated | **Activity 40 (KM02 KT05 IAC0501)**  40.1 How does the company you represent describe the target market?  40.2 On which category/categories is the target market based?  40.3 Draw mindmaps to explain how target markets are categorised in the wholesale and retail industry – one mindmap each for demographic, geographic, psychographic and behavioural).  For each factor (e.g. age, gender) that you indicate on each of the mindmaps, give practical examples. |

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| A close up of a sign  Description automatically generated | **Activity 41 (KM02KT05 IAC0502)**  41.1 Describe how the retail chain you represent uses LSM to set ranges for the company’s stores.  41.2 Do you think the company’s use of LSM for setting product ranges can be improved? Explain why you say “Yes” or “No”. |

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| A close up of a sign  Description automatically generated | **Activity 42 (KM02KT05 IAC0503 IAC0504)**  Please complete the activity in your workbook.  Use the spreadsheet from SAARF as basic source document, in conjunction with the LSM band on which retail chain that you represent targets.  Describe the buying habits of shoppers falling into the LSM 1, LSM 5 and LSM 10 bands, as they relate to the company’s product ranges. |

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| A picture containing plate, window  Description automatically generated | **Activity 43 (KM02KT05 IAC0503)**  Work in groups.  Please complete the activity in your workbooks.  Conduct research on the Internet on the topic of how the following factors influence customer shopping habits:   * Ethical sourcing * Green products and green sourcing * Price * Brand   Make notes in your workbooks and do a presentation to the rest of the large group on information that is additional to the information in your Learner guide. |

**WORKBOOK**

**KM-03 Buying merchandise**

**Retail buyer**

**Part Qualification 1: Retail buyer**

Aligned with

Qualification 103145 OC Retail Buyer

332301000-KM-03, Concepts and principles of buying merchandise,   
NQF Level 5, Credits 6

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| **Learner name & surname** |  |
| **Learner ID number** |  |
| **Learner signature** |  |
| **Line manager name & surname** |  |

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| A close up of a sign  Description automatically generated | **Activity 44 (KM03KT01 IAC0101; IAC0105)**  Please complete the activity in your workbook.  44.1 Draw a flow diagram that represents the three phases of the negotiation process.  44.2 Discuss the stages in each phase of the buying negotiation process.  44.3 Explain how the buyer should prepare for negotiation with a supplier. |

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| A close up of a sign  Description automatically generated | **Activity 45 (KM03KT01 IAC0104)**  Please complete the activity in your workbook.  45.1 Describe the different relationships your company has with different suppliers and how each of these relationships impact on how you conduct or should conduct negotiations.  45.2 Research on the Internet the advantages and disadvantages of the different types of relationships.  (You will find some information at *https://www.coursehero.com/file/p20qdhjq/Disadvantages-of-Transactional-Relationships-Potential-for-communication/*.  See what more you can find.) |

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| A close up of a sign  Description automatically generated | **Activity 46 (KM03KT01 IAC0102)**  Work in groups and complete the activity in your workbooks.  Read the information about negotiation strategies.  Summarise the different strategies and give examples of situations where each is appropriate. Present your examples to the large group. |

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| A picture containing plate, window  Description automatically generated | **Activity 47 (KM03KT01 IAC0103)**  Work in pairs and complete the activity in your workbooks.  Discuss possible conflict situations in buying negotiations and methods that can be used to manage the conflict. |

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| A picture containing plate, window  Description automatically generated | **Activity 48 (KM03KT01 IAC0108)**  Please complete the activity in your workbook.  48.1 Prepare a checklist of what needs to be included in a buying contract.  48.2 Describe what needs to be covered in the contract for each of the items you listed in the checklist. You may conduct Internet research to help with this. |

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| A close up of a sign  Description automatically generated | **Activity 49 (KM03KT02 IAC0201)**  Please complete the activity in your workbook.  Tick the pricing strategies you use, in line with the requirements of the company you represent. Then give a description of the strategy and explain how you use it.   |  |  |  |  | | --- | --- | --- | --- | | **Pricing strategy** | **Used?** | **Description** | **How used** | | Cost-based strategy |  |  |  | | Demand-based pricing |  |  |  | | Competition-based pricing |  |  |  | | Value-based pricing |  |  |  | | Premium-based pricing |  |  |  | | Penetration pricing |  |  |  | | Bundled pricing |  |  |  | | Promotional pricing |  |  |  | | Segment-based pricing |  |  |  | | Psychological pricing |  |  |  | |

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| A close up of a sign  Description automatically generated | **Activity 50 (KM03KT02 IAC0202)**  Please complete the activity in your workbook.  50.1 Explain what markup is. Give an example.  50.2 Explain what gross margin is. Give an example. |

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| A close up of a sign  Description automatically generated | **Activity 51 (KM03KT IAC0205)**  Please complete the activity in your workbook.  Discuss how the following economic factors impact on your pricing practices:   * Inflation * Exchange rates * Economic situations in the country * Other economic factors, if any |

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| A close up of a sign  Description automatically generated | **Activity 52 (PM05PS02)**  Calculate selling prices, given the following information:   |  |  |  | | --- | --- | --- | | **Cost price (excluding VAT) and required markup** | **Selling price excluding VAT** | **Selling price including 15% VAT** | | Cost price of hand-held mixer SKU 3302 is R250.50  Required markup is 30% |  |  | | Cost price of T-shirt SKU312 is R70.20  Required markup is 42% |  |  | | Cost price of set of beer glasses is R42.28  Required markup is 38% |  |  | |

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| A picture containing plate, window  Description automatically generated | **Activity 53 (KM03-KT03 IAC0302)**  Work in groups.  53.1 Discuss the methods for determining ordering quantities that you use. Select two methods. For those two methods, prepare a poster that (i) summarises the method and (ii) lists the advantages of using the method as well as (iii) challenges experienced with using the methods.  53.2 Insert a photo of your group’s poster in your workbook. |

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| A picture containing plate, window  Description automatically generated | **Activity 54 (KM03-KT03 IAC0303)**  Work in groups.  Please complete the activity in your workbook.  Discuss the methods members of your group use to record orders. For each method, provide guidelines to ensure efficiency. |