CHAPTER

2

The Roles of Buying Groups

Retailers cooperate with others in a variety of ways to obtain goods more easily and less expensively, and they use one or more specialized organizations to direct their efforts—that is, to give them advice and help them choose from among thousands of suppliers and manufacturers. This chapter introduces the following topics:

- The different types of buying groups
- The functions, services, and programs typical of these buying groups
- The role of centralized buying in group purchases
- The detailed activities involved in the buying-selling cycle

Any retail store (or chain of stores) uses a number of buying groups, which differ in size, ownership, breadth of market coverage, and so on. They are commonly known as **buying offices**—a term that is not truly accurate but is so widely used in the retail business that, yes, we will refer to them as "buying offices," or sometimes just "offices."

This link in the retail chain was created back in the 1920s, a decade in which the first retail multi-unit chain stores began. Some things never change—independent, single-unit stores wanted a way to counter the new "retail giants," and so buying offices sprang up in large cities to be the communication conduit between stores and manufacturers. This was also the era in which mass production of clothing began, which created a need for continuous representation in that brand-new and fast-growing industry.

During this time, when travel from distant store locations to wholesale markets was far more difficult, buying offices did indeed buy merchandise for their clients. Today, however, they are engaged in a wide range of services that are just as handy, including product development, merchandising consultants, and import programs.

A buying office is an organization located in a major market that represents retailers who have their own buying staffs. It is not to be confused with centralized buying, which we learned about in Chapter 1. These buyers are not buying and merchandising for the stores. Instead, a buying office is a source of information and expertise for store buyers, to help them make their *own* smarter buying decisions. Both small and large stores depend heavily on the flow of information from buying offices. This is where they learn about best-selling items, interesting trends, and emerging new resources, from people who follow the industry for a living.

The buying office and the retail company are organized similarly. For the most part, each executive position in a client or member store has a counterpart in the buying office. The store chain has a buyer; the counterpart in the buying office is the market representative. The store chain has a merchandising manager; in the buying office, it's the head of a division.

The dramatic changes in retailing and general merchandise markets since the 1990s have changed the needs of retail companies, so buying offices have changed (and expanded) their roles in the buying process accordingly. We discuss these functions, and how they developed, later in this chapter.

SPECIAL SERVICES OF BUYING OFFICES

Information exchange is the chief activity of the buying office. In the smallest office, it may mean reporting on best-selling styles and the types of merchandise submitted by clients. In larger corporate offices, the process may be far more sophisticated, with detailed merchandising results (suggested price points, gross margins, estimated turnover, and so forth) and other vital operating data that can be used to monitor the performance of various merchandise lines, stores, departments, and divisions.

Product development has become the most critical modern-day function of the buying office. It is the process of identifying items or lines of merchandise that have some type of advantage over a comparable national brand, in terms of quality, price, exclusivity, and so on. It also involves actually designing the product and/or its packaging, developing specifications so that it can be manufactured, and arranging for its manufacture as a **private-label brand**, exclusive to that particular store or chain (at least, in that region of the country). This is a specialty of the larger buying offices, as they seek ways for their clients to counteract discount retailers and manufacturer-owned stores, as well as allowing the clients to achieve product differentiation and added **mark-on** (suggested prices necessary to increase profit). The areas most active in product development are grocery and drugstore items, family apparel, accessories, and home furnishings.

Most giant retailers shop for and import goods from other countries to offer in-store, but for the smaller retailers, the large independent buying offices have their own **import programs**. They may or may not have foreign offices, but they do have buying connections in different countries. Imported goods may become private-label exclusives, or simply a group purchase divided among stores. The buying office is helpful here in having the technical knowledge of importing laws—duties, quotas, taxes, and so forth. We talk more about both private-label and import programs later in this book, but for now, it's sufficient to note that retailers depend heavily on buying offices to handle the details of product development, and working with international vendors.

Buying offices may also offer promotion services like catalog production. The vendors and manufacturers pay the cost of preparing the catalogs, which can be branded with the company name and shipped to stores and on to consumers. Advertising calendars, promotion and sale ideas, and suggestions for window and interior displays may all be part of the services offered.

There are several types of buying offices, so let's take a closer look at each type.

THE INDEPENDENT BUYING OFFICE

The independent buying offices were the original buying offices—service organizations that provided helpful links between distant retailers and manufacturers. They were all located in New York City, until regional markets in Chicago, Dallas, and Los Angeles were developed. Their staff began as market representatives, advising clients on trends, best-sellers, and special offers, helping and guiding store buyers who came to the "big city" for a market or event, and following up on delivery details after an order was placed.

Buying offices still provide these basic services, but the independents have dwindled in numbers over the years. This does not mean their impact has diminished. Several thousand of the smaller merchants still use independent buying offices; they are mostly either discount department stores or specialty clothing stores.

The independent buying office also plays greater (and multiple) roles for its clients than in the past. Market coverage and expert advice is especially critical to the survival of a small retailer, and an insider's knowledge of what other retailers are doing is considered by some to be the single most important benefit of a buying office affiliation. Once almost entirely production-focused, the offices now are as sophisticated as the fashion industry itself. They can "land" exclusives, create private-label brands, and/or arrange for imported products for their clients.

The consulting function of the buying office is at the core of its usefulness to the retail buyer, who depends heavily on its expertise, both with competitors and manufacturers. Buyers can do the following:

- Ask for research in a certain market for a particular item or need, or request market reports on just about any topic.
- Call ahead and have the office schedule appointments for the buyers' visits to manufacturers' and importers' showrooms.
- Ask for guidance about opening inventory amounts by merchandise classification.
- Attend meetings hosted by the office at the start of each season, to preview new products or styles and get recommendations before they even visit the vendors' showrooms.
- Depend on the buying office to make airline and hotel reservations, reserve meeting space when they're in town, and so on.

One reason there are fewer independent buying offices today is that there are fewer independent retailers. Just as the smaller chains are being bought out by larger ones, buying offices have been merging as well. The trend has been to create "niche" offices, in which larger offices absorb a number of smaller ones, each with its own specialty market expertise. One office, for instance, consists of eight formerly independent smaller firms. Together, the group now serves more than 500 retail companies! What has emerged from this trend is buying office organizations with strong, complementary resources capable of meeting the needs of many different types of retailers. Some have invested huge amounts in technology upgrades to ensure their communication and information is up-to-the-minute, which experts believe is a trend that will keep the buying offices in business in the fast-paced future, along with the addition of even more services, like recruiting and placement of retail executives, and store site selection assistance.

Before this consolidation, numerous small offices served perhaps 50 clients or less, which meant close ties between office and client. Of course, some of this was lost when high-tech replaced “high-touch.” A small store owner/buyer can easily come to resent being one of a crowd of 500 to 700 clients, and receiving less personal attention as a result. The surviving buying offices have tried to mitigate this by splitting themselves into divisions for different types of merchandise—the largest apparel buying office, for example, has 11 divisions, each with its own director and personnel. The store buyer may come into contact with only one or two of the divisions, making personal relationships still possible.

An example of a major independent buying office is The Doneger Group, headquartered in New York City and focused on apparel and accessories. The company is made up of five different merchandising divisions, including specialty divisions for plus sizes, high-fashion (designer and couture) apparel, off-price deals, and even a division that negotiates the import of United States-made goods to foreign markets. Doneger also has a consulting division for individual clients’ custom projects, as well as an online division that maintains three Web sites so clients can view research, download style photos, and so on.

Buying offices make their profit in a couple of different ways. Most are paid by the retailers they represent. The arrangement is usually an annual contract with a set monthly fee for service (called a **fixed fee**, it is usually one-half or 1 percent of the store’s annual sales volume), but the terms depend somewhat on the types of services required. The buying office agrees not to work for direct competitors of its clients, or at least, no other direct competitors in a certain geographic area. This is especially important to maintain the clients’ trust—and to ensure that the special services of the office are, indeed, “special.”

Some buying offices are paid not by retailers, but by the manufacturers they represent. These are called **commission offices** or **merchandise-broker offices**. The manufacturer pays the buying office based on a percentage (usually 2 to 4 percent) of what the retail store has purchased from that manufacturer, through the broker.

CORPORATE BUYING OFFICES

When a department store chain is large enough, it opens its own buying offices—in major United States cities and/or foreign markets—for the exclusive use of its subsidiary companies. The **corporate buying office** is similar to the independent in function, but its emphasis is on corporate merchandise programs, including private brands and imported goods based on that chain’s profit goals and consumer research. A corporate buying office is also called a **syndicated office** (if it works for a large ownership group with several different store names) or a **private buying office** (if it works for a single store). These buying offices exert considerable influence on the companies they serve. The buyers and merchandise managers in these offices are responsible for choosing vendors and setting overall buying policies for the store or chain of stores. They are also the headquarters for the company's product development programs.

Corporate offices can afford highly expert and specialized buying staffs to closely monitor their respective markets, and they have large support staffs for the buyers and merchandising managers. This ensures that their stores have the most current access to research about market trends. And because of their constant and powerful presence in the marketplace, they are able to closely watch manufacturers' production schedules and even monitor the manufacturers' of the raw goods that make up the product—fabric, for example, in the world of apparel. They can set quality standards and double-check that shipments to stores are made as ordered. They know when price changes will take effect, and how much they're likely to be. The sheer size of the office is indicative of its ability to buy in bulk for savings, on behalf of several store chains owned by a single corporation.

Group buying (or bulk purchasing) is a significant part of the corporate buying office duties. Vendors are usually happy to comply, and to offer discounts, because such large purchases allow them to better plan their production. Group buying—even if the items are split up and sold in half a dozen different stores under common ownership—is used frequently for seasonal items, like Christmas and back-to-school goods.

In addition to strong, solid relationships with long-time vendors, the best corporate buying offices are always on the lookout for interesting new products and vendors—emerging designers with unique ideas that they might develop for mutual benefit.

In the corporate buying office, private-label programs are key. It is not uncommon for the largest store chains of all types to have 100 or more people working on product development activity. Depending on the type of retail store, from 30 to 80 percent of its sales may be private, store-branded merchandise.

The private-label trend shows no sign of diminishing, so the corporate buying office function has changed accordingly—from buyers who select or "shop for" products to buyers who actually supervise the creation of custom-made and/or custom-labeled products for the company. A number of huge manufacturers specialize in producing *only* private-label products, for a wide variety of customers, both in the United States and overseas.

ASSOCIATED BUYING OFFICES

An **associated buying office** (also called a **cooperative buying office**) is owned jointly by a group of independent companies, most often full-line department store retailers. The costs of operation are split between the retailers based on their sales volume and the level of service they require. The member stores must be willing to trust each other enough to exchange confidential data and assist one another in all phases of buying and merchandising, publicity, store management, and control.

There are only a few associated buying offices, but the multibillion dollar sales volume of the stores they represent make them major players in the retail industry. The largest is Associated Merchandising Corporation (AMC), which is owned by Target Corporation and has more than 50 offices worldwide. AMC also does the product development and importing for Marshall Field's and Mervyn's stores, among others.

For stores that carry general merchandise—particularly with a fashion component, like housewares and apparel—this joint buying office is the major device for cooperation between independent stores. The offerings include certain wholesaling functions: scouting for new products, assembly, packaging, storage, and delivery in appropriately sized lots. Remember, the office takes the place of an actual wholesaler and therefore eliminates the wholesaler's "middleman" profit from the cost of goods. The theory is that the functions will be more effective if they are directed entirely for the benefit of retailers.

Centralized buying is just one function of the cooperative, and it generally takes two forms:

- The **joint retailer-owned wholesale establishment** was first developed in the drug and grocery arenas, and is now an important conduit for general merchandise-type stores. The supermarket chain creates a wholesaling subsidiary. This is especially useful for purchasing staples that all retailers carry (but in limited quantities in each store), and for the development of private brands (which may be either warehoused or drop-shipped to the stores). The service charge to participating retailers is considerably less than using a third-party (unaffiliated) wholesaler. The extra selling costs are eliminated, and only items in active demand in all stores are stocked. (Remember, the "extra selling costs" are only the wholesaler's *profit*. The wholesaler still makes money, by charging for performing the functions listed previously.)
- A voluntary chain is created when a wholesaler, distributor, corporate chain, or even a manufacturer decides to "sponsor" a buying group for retailers. The retailers don't have to make the financial investment of setting up individual buying offices themselves.

  The wholesaler that undertakes this function is known as a **contract wholesaler**, because they are entering into buying and servicing contracts with several different (usually independent) firms. The wholesaler gets a certain amount of guaranteed business, because the retailers naturally concentrate much of their buying there. The retailer often pays a fee for the service and gets special deals, assistance in merchandising and promotion, and other management services from the wholesaler.

  Today's contract wholesaler has expanded services to include things like accounting and recordkeeping, joint advertising, and suggestions about signage, store fronts, and merchandising policies. (Sometimes, these "suggestions" are mandatory, spelled out in the contract). Hardware retailing is one area that makes extensive use of the contract wholesaler system.

Finally, there are a couple of alternatives for busy stores that just don't want to be involved with a buying office for every purchase in every department. They prefer the autonomy of hiring subcontractors to utilize some of their floor space:

- The **leased department** has become common in supercenters, those large combination food and mass merchandise stores. Have you noticed that at least part of their space is contracted out to other businesses—a jeweler, bank, hair salon? This is another way for the retailer to relinquish some, or almost all, of the responsibilities for buying those items and furnishing a full store department. Instead, the supercenter's parent company offers the space on-site, in return for a percentage of sales volume of the lessee.
- In some categories, buying authority happens through a working relationship between the retailer and either a manufacturer or wholesale distributor. In this arrangement, the retail buyer (not a buying office) primarily selects the brands or lines to be carried and allocates selling space for them. It is up to the manufacturer's salespeople ("detail people") to visit the store regularly, keep the displays full and looking good, count the inventory, and write up reorders. This **vendor control** practice (i.e., "Let the *vendor control* the space") is standard in the grocery industry, for everything from soft drinks to greeting cards.

  The retailer doesn't ignore these brands or lines—they track the volume of sales and profit returned from that space—but the vendor accepts the overall responsibility for the space. It works well, because both parties keep an eye on the space, and the vendor may be able to keep it up more efficiently than the retailer.

A FINAL WORD ABOUT BUYING GROUPS

No matter what the buying method, it is equally important that it be efficiently administered. We've covered a number of ways retailers organize the task of market coverage. Interestingly, none of them has demonstrated a clear and substantial cost advantage over the others—except, that is, when inefficient individual operations are replaced or improved by being part of a group that benefits from volume purchases or discounts. You will also notice that the different buying group methods do not eliminate any of the tasks required in the buying-selling process, nor those connected with wholesaling. The burdens may be shifted, but they still exist. The costs of performing the tasks also remain—whether they are absorbed by the individual retailer, a buying office, a chain headquarters, a wholesaler, or a manufacturer—and these costs must somehow be passed on when the goods are priced.

If a retail buyer is able to select the buying offices he or she wants to work with, it is important that the buyer assesses honestly whether he or she will actually use the many services the retail company will be paying for, and whether the buyer feels the alliance is a good fit for both parties. This decision will be partly based on the compatibility of the retail and buying office employees, but also on the types of merchandise represented, the other merchants in the buying office "stable," and the overall quality of service.

Remember, there are other types of businesses that provide research and advice to the fashion industry and other retail businesses. *Reporting services* do what their name suggests: report on trends and analyze market changes, sending the results to clients regularly by mail or e-mail for a subscription fee. *Fashion forecasters* work even farther ahead, predicting style trends for their clients months in advance to assist in the planning process. *Trade associations*, like the National Retail Federation and the U.S. Association of Importers of Textiles and Apparel, research market conditions and product trends. Trade associations often publish magazines and newsletters, produce training materials, and sponsor conferences for industry members.

A CLOSER LOOK AT THE BUYING-SELLING CYCLE

Now we can expand on the retail buyer's job description first mentioned in Chapter 1. For purposes of more detailed analysis, the three phases of the buying-selling cycle may be expanded into five to more specifically describe the work being performed. The five activities are buying, stock keeping, pricing, selling, and planning/control. Although they are the chief responsibilities of the buyer, in most retail companies, they are split among a number of people.

1. *Buying* is only briefly detailed here because the topic is greatly expanded in the following chapters. The work of buying includes:

   a. Deciding specifically what to buy, and how much to buy
   b. Deciding when to buy, and when to bring the items into stock
   c. Deciding where to buy, how much to pay, how to pay, and how to ship the merchandise
   d. Doing the actual work of selection, negotiation, and placement of the order, or delegating these tasks
   e. Training assistants in all of these activities

   No hard-and-fast rules define the scope of tasks involved in any specific buying function, or in how much time "should be" devoted to each.

2. *Stock keeping* is the process of handling, checking, and protecting the goods between the time they are received and the time they are sold. The term is also used to describe some of the ordering and sales-expediting tasks in

order to maintain a store or chain's preplanned inventory assortments. There are a few subcategories that make up the stock keeping function:

a. Receiving, assembling, and distributing. This task list includes the following:

(1) Checking incoming orders for correct quantities, general condition, and obvious conformance to the purchase order—are these the right colors, style numbers, sizes, and so on? Except for small stores, this job is done by receiving department staff, who usually report to an operations manager.
(2) Checking less obvious elements of material and workmanship. This is a quality control function—how does the finished product compare to the specifications or samples we saw months ago? It is nearly always the buyer's responsibility.
(3) Furnishing the information to mark or ticket the items for sale is the responsibility of the buyer. If not marked automatically by the vendor at the point of production, the buyer must give information about the price, classification, SKU numbers, UPC codes, and so on to . . .
(4) The people who will do the marking or ticketing. Again, many manufacturers do it themselves; but it may be receiving room personnel, or marking may be done centrally at a warehouse or the buying center of a chain.
(5) Determining where to store the incoming goods.
(6) Moving and storing the goods. Where stores have stockrooms, the function of seeing that they are filled with the right amounts of merchandise is the responsibility of the selling department manager (who may or may not be the buyer). Storage and handling of goods in bulk is a specialized function of the Operations Division of a store or chain of stores.
(7) Distributing the goods, in the case of multi-unit operations. **Distribution orders** are the written documents (from the Merchandising Division) that instruct Operations about what is to be delivered where, and in what quantities. A distribution order cues the Operations Division warehouse or distribution center to store, assemble, and ship orders.
(8) Notification of the shipment's arrival. The buyer's duty is to inform everyone concerned with the new shipment that it is on the way from the manufacturer, so they can schedule their own work around it.
(9) Checking and authorizing invoice for payment. The buyer checks the invoice to be sure it reflects the original agreement with the manufacturer, and that everything promised was delivered in good order. In central buying operations, where the buyer may not be the only person involved in the pricing agreement, the buyer still needs to double-check the invoice but may not have to "approve" it.

(10) Authorizing return to vendors and transfers. This is the responsibility of either the buyer or the manager who is accountable for merchandise received in a department.

b. *Protection* includes all the functions of keeping the merchandise in good, salable condition until the consumer buys it and takes it home:

(1) Safeguards against theft, including loss prevention and regular physical inventories.
(2) Cleaning, folding or hanging, packaging, and other means by which the store protects against items getting soiled, broken, or (in the case of foods) spoiled.
(3) Repairing or reconditioning goods that have been damaged. Often, this includes returning the goods to the manufacturer; if it can be done in-house, it is a function of the Operations Division.

Protection is the responsibility of the manager in whose charge the goods may be at any point. The buyer (who is not a department manager) is responsible for approving any type of packaging, and for authorizing recondition and repair.

c. *Inventory control* refers to the specific tasks of maintaining the planned assortment of inventory. We discuss major planning and control functions in Section 5 of this list, but here's an outline of the major tasks with some planning functions included for convenience and clarity:

(1) Checking the unit composition of the assortment as a whole. Quite a bit of analysis goes into this seemingly simple task. Sales and stock data is collected, organized, coordinated, and interpreted as a basis for whether items are reordered or not in the future. Decisions must be made about how to group items, not only for best sales, but for control of them in inventory. These plans, programs, and schedules must be made and followed.
(2) Monitoring of staples to make sure they are always in stock in sufficient supply and creating "never-out" stock plans to that end.
(3) Making special checks on fast-selling items—should they be reclassified? Should they be ordered or promoted more often? Should the current plans be changed to do this?
(4) Distribution is also a stock keeping function in centrally merchandised, multi-unit operations. Its primary function is to maintain the unit composition of inventory assortments in individual stores, by checking their stocks and ordering appropriate replenishments (not from the manufacturer, but from the chain's warehouse), as well as correcting over- or under-shipments by transfers from one store to another.

3. Pricing is not only highly integrated with the buying activities but also with selling activities to ensure the final profit objective is met. The idea is that a combination of price and rate of sale should produce an optimum dollar profit. So pricing involves the following tasks:

a. Setting markup and margin goals
b. Setting price lines and ranges or "zones"
c. Pricing individual items
d. Repricing, to move slow sellers or anticipate changing costs for replacements

This is where the buyer's financial savvy is much needed, in ways that are as creative as the initial buying process. Most buyers have either the authority to price, or the obligation to suggest prices. To do this well, the buyer must have a probable selling price in mind for every item he or she chooses, closely observing the company plans and controls, as well as the competition.

4. *Selling*, as mentioned previously, is the twin main-line function along with buying. For the buyer, it means taking responsibility for passing on information about how and why to sell everything they have bought! All buyers have input, whether it's a recommendation or the final decision, about what will be promoted, when, and to what extent. It is usually the case that the more experienced and knowledgeable a buyer is, the greater role he or she will have in selling activities. These include the following:

a. Management of the work and personnel required to operate a sales force, including some of the actual selling (especially in closing difficult sales) and arranging for special orders.
b. Deciding (or at least, helping to decide) what to promote and when.
c. Giving information to (and of course, motivating) the store personnel that will be selling the products. This may include requesting or writing memos, bulletins, e-mail correspondence, and display pages, as well as making presentations to senior management, store management, and floor salespeople.
d. Sharing similar information with advertising and display staffers, and requesting appropriate media and space for advertising. (The final decisions here usually rest with the Advertising Department or an outside advertising agency, but the buyer's recommendations are very important).
e. Requesting and/or outlining window and interior store displays, including signage, as well as arranging for display materials directly from vendors (or negotiating allowances with which to purchase them).
f. Making decisions about floor or fixture position and display space to be given to specific products.

5. *Planning and control* are interactive skills. Both involve the coordination of all the tasks just listed, in order to best cater to customer demands and make a profit. This may be handled by the buyer's superior in the line organization, or by a number of staff specialists. Sometimes, the buyer does it personally, although it always involves other divisions of the business.

Planning and control tasks include the following:

a. Actively helping to determine the company policies and objectives about the following:

   (1) The consumers whose patronage is desired.
   (2) How to serve the consumers with respect to pricing policies, quality, selection, brands, fashion position (in the case of apparel and accessories), the depth and breadth of assortments, and ancillary services (How will the stores' image be reflected in design and decor? Will they offer charge accounts? Layaway? Delivery services?)
   (3) Promotions: How will they be handled and emphasized? How often will they be scheduled? How will displays, store decor, and advertising be impacted?
   (4) Sales: margins, expense, profit, and turnover of merchandise.

b. Analyzing and forecasting demands and requirements of the target customers.

   (1) Watching economic trends, generally and in the market areas of the vendors and the stores, as well as the competitors.
   (2) Learning the characteristics (**demographics**) of customers as individuals and groups, including their shopping habits and motivations.
   (3) Determining trends in merchandise and service preferences.

c. Budgeting sales and stocks.

   (1) Formulating estimated dollar sales by category and by time period.
   (2) Estimating the value of the merchandise in stock at certain points, and checking it against the turnover goals.
   (3) Estimating unit sales and reconciling them with the financial plans.
   (4) Building "model stocks" by unit, to get an overview of the assortment and decide the depth (how much of each item) of stock that is necessary; then reconciling this with the "dollar stock" (value of the merchandise) according to the plan.
   (5) Determining the required purchases by certain time periods.
   (6) Allocating the funds for purchases at the start of each selling season, with enough in reserve to "fill in" the planned assortment or take advantage of a special promotion if it comes up mid-season.
   (7) Estimating and setting objectives for markon, markdown, and other elements of margin, as well as certain expenses and profit levels.

d. Control involves creating systems to track all of these goals and plans:

   (1) Checking on the performance of inventory control systems, which were mentioned in Section 2.
   (2) Setting up checkpoints, standards, and guidelines for all operations from the previously mentioned forecasts and budgets.

(3) Setting up systems (often by computer) and procedures for measuring performance against plan, and checking the condition of any aspect of the business.

(4) Measuring and projecting deviations from the plan, and recommending (or making) the required adjustments—in the operation, the methodology, or the plan itself.

In later chapters, we discuss the control functions at work. In the next chapter, however, we turn our attention to retail customers—how to determine what they're thinking, and how to perform buying functions accordingly.

CHAPTER SUMMARY

Retailers count on the work of buying offices to keep them current on trends in their industry and help them make intelligent buying decisions. There are several types of buying offices, which are organized much like the retail store hierarchy, into divisions with executives, specialists, and staff members. Most divisions specialize in a particular type of merchandise. They research every aspect of the business and can pass this "insider's knowledge" on to their retail clients. Most buying offices have the skills on staff to develop private-label products and import goods from international markets.

Retail buyers (and, to a lesser extent, merchandising managers) will work extensively in partnership with their buying offices, so the buyer and buying office counterpart should be compatible; and the retail store itself should "fit" well with the specialties and services of the buying office. Buyers should also avail themselves of the other market research available to them, also on a fee-for-service or membership fee basis, from fashion forecasters, trade associations, and reporting services.

The detailed outline that ends this chapter covers many of the buying-selling duties, and mentions in most cases whose responsibility they are—or, at least, to what extent the buyer or buying office is involved in them.

DISCUSSION QUESTIONS

1. Does the major emphasis on private labeling and group buying today diminish the importance of the retail store buyer? Of the market reps who work in the buying office? Why or why not? If you feel it has, how would you work to maintain your influence?

2. What job skills might be necessary to be good at product development?
3. What is the difference between an independent buying office and a syndicated buying office?
4. Why would a retailer want to be a member of a voluntary chain? Name and briefly describe two of the advantages, then two of the disadvantages.
5. Do you think the buying office does too much of the work of the retail buyer? Shouldn't buyers have to do their own research to realistically stay current on trends?
6. Are there any situations in which you think a retailer would *not need* a relationship with a buying office? If so, how would they obtain some of the comparable services?
7. Look at the list of buyers' responsibilities in Section 4, and decide which of these could safely be handled by the buyer's assistant. Which could not, and why not?
8. Why would retailers prefer domestic manufacturers as sources of private-label merchandise, even if they are more expensive than foreign sources?
9. In which type of buying office do you think the retail buyer for a large chain has the most autonomy to make decisions? In which does the buyer have the least autonomy?
10. What do you think the future of buying offices will be as technology continues to improve? Will they become more influential, or less? Will there be more of them, or fewer?