

# The Buying Cycle

## What is a Buying Cycle?

The buying cycle is just one part of your overall planning and it describes some of the desirable activities that should ideally take place during the season.

The timing of the activities is down to when your key selling periods are.

**There are 5 key parts: these 5 phases will vary from organisation to organisation depending on your seasonality.**

Imagine the planning cycle as a circle. At the heart of the wheel is the MUSEUM STRATEGY, out of which you develop your RETAIL STRATEGY and from that you develop your PRODUCT STRATEGY.



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## The Five Key Phases

1. The **first** phase should ideally begin at the end of your trading season is analysis and evaluation of the performance of your product range. You need to understand how many lines you have in your business and how much profit each of them gives you.
2. The **second** phase is to begin to plan the upcoming season. This can take the form of a simple grid where you list the ranges/lines you want to run. This will include the lines that you are continuing with and should detail how many new lines you need to look for. You can plan whether they should be off-shelf lines or bespoke, and if they will come from an existing supplier or you need to find a new supplier.
3. The **third** step in the cycle is create, develop and implement – that's where you take all your findings and ideas and put them together to create ranges, source them and implement your plan.
4. By the **fourth** stage you are evaluating in an ongoing way the range that you have developed. This involves ensuring that slow sellers are liquidated as soon as possible, and that best sellers are maximised and that there are no stock-outs of the bestselling lines.
5. This brings you full circle to the **fifth** section, and you begin to update your strategy as you evaluate the successes and failures and consider and changes and events that are planned for the overall museum for the next season.

## Creating a Purchase Budget

In order to know how much you need to buy for your shop overall you need to create a purchase budget: before you can do that you need to also create a sales budget – you cannot know how much to buy if you don't know what you are planning as sales.

Create a sales budget and phase the sales over the year, by month as a minimum, taking into account **last year's sales, changes to public and school holidays if relevant as well as any events being planned in the museum** that could have an impact on sales.

Once you have budgeted your sales you can work out your purchase budget – this is called Open-to-buy (OTB) and once planned, can be monitored on a regular basis.