



Buying and Planning

By Marie, Kepra, Itzel and Armelle

Company History

- Started by Ross family in San Francisco in 1957
- Early focus was in California market where discount retailers were surprisingly absent
- 1985 underwent an IPO to raise capital for aggressive expansion
 - Used capital raise to open stores in Colorado, Florida, Georgia, New Mexico and Oregon
 - Opened 41 stores in IPO year
- Opened first 3 dd's DISCOUNTS stores in 2005 in California



Hoovers Database

https://app.avenion.com/company/9f0e71e8-f008-3d29-8f54-1dcd5bd91358#report/company_history_report

Company Structure

Ross Dress for Less

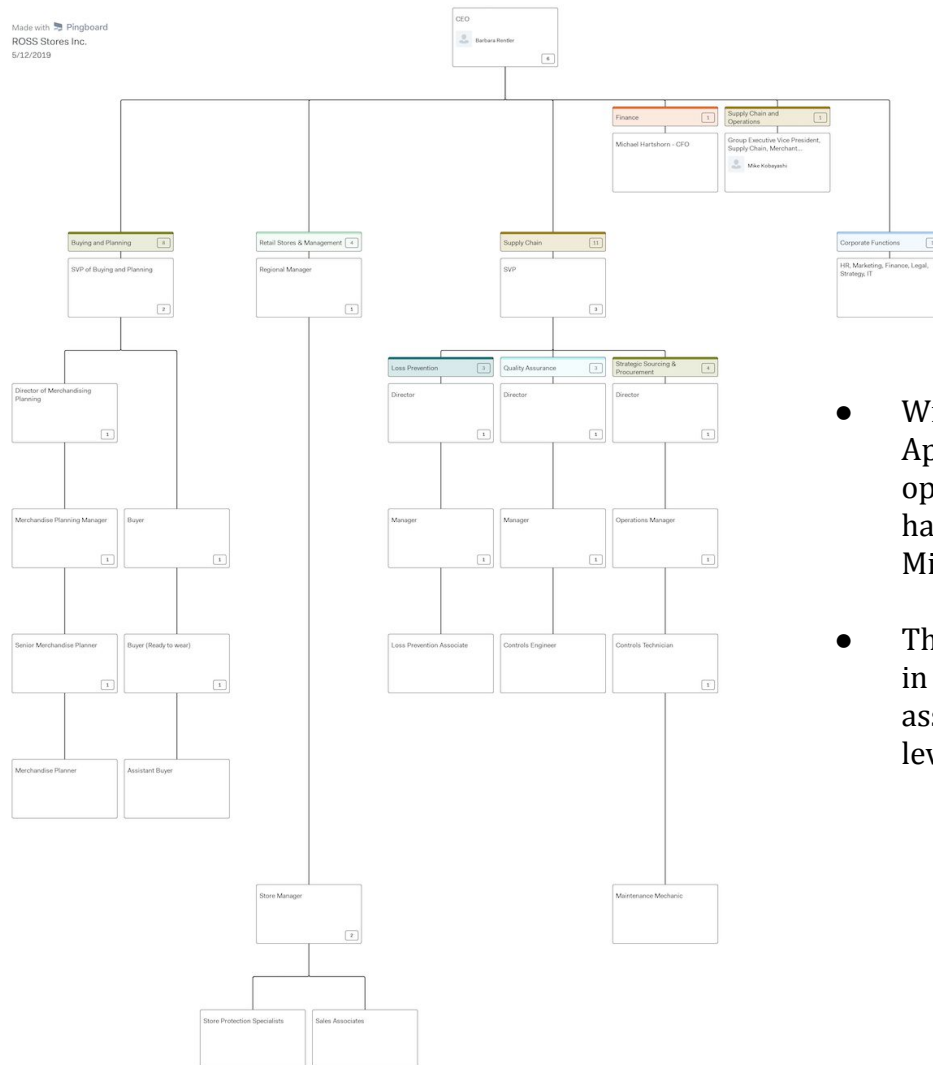
- Offers brand names at 20-60% discounts
- Designed for households with income between \$50,000-\$60,000
- 1,483 Ross Dress for Less stores in 37 states

dd's Discounts

- Offers brand names at 20-70% discounts
- Designed for households with income between \$30,000-\$40,000
- 237 stores in 18 states

Inventory Categories

- Women's apparel
- Home accents, bed & bath
- Accessories, lingerie
- Jewelry & fragrances
- Men's apparel
- Shoes
- Small electronics
- Small furnishings
- Sporting goods and exercise equipment
- Cookware
- Educational toys
- Children's apparel



- With COO resignation in April 2019, general operational responsibilities have been consolidated into Mike Kobayashi's role.
- There are generally 4 levels in the hierarchy between assistant buyers and the top level of management

Position in the Marketplace

Target Markets

- Age: 18-54 year olds
 - Income: Upper and Lower
 - Middle-Income Households
 - Location: United States
- Ross Dress for Less positions itself as the leading off-price retail store that provides their customers extraordinary savings on a wide selection of specialty brands.
 - Ross is the largest off-price apparel and home fashion chain in the US
 - They are the 3rd largest company amongst its competitors, coming behind TJ Maxx and Kohl's.
 - They give back to the community specifically to the Boys and Girls Club of America
 - Guaranteed family savings of 20% to 60% below department and specialty store regular prices every day
 - Buying techniques to purchase advance-of-season, in-season, and past-season merchandise keeping their customers interested

Mission and Vision

Mission: Offer their customers the best name brand bargains everyday.

Our mission is to offer competitive values to our target customers by focusing on the following key strategic objectives:

- Maintain an appropriate level of recognizable brands, labels, and fashions at strong discounts throughout the store.
- Meet customer needs on a local basis.
- Deliver an in-store shopping experience that reflects the expectations of the off-price customer.
- Manage real estate growth to compete effectively across all our markets

Vision:

- “Ross is committed to creating value for our Associates and our communities, and doing so with a high level of ethics and integrity. In addition to fulfilling our mission of offering customers the best name-brand bargains possible, we aim to empower our Associates, operate in ways that reduce our environmental impact, and give back to the communities where we conduct business.” —Barbara Rentler CEO

Social Responsibility

- **Policies**

- **Empowering Our Associates**

- Commitment to Diversity
- Safe Work Environment
- Advancement Opportunities
- Stuart Maldow Scholarship Program

- **Supporting Our Communities**

- Ross Stores Foundation
 - Invest in the communities they operate in
 - Partner with programs and provide money in the communities that help build academic achievements and life skills with young children

- **Operating Sustainability**

- Energy efficiency
- Sustainable Product Transportation

- **Partnerships**

- Ross has collaborated with various charitable organizations and non-profits on social and community projects across the nation. Some of these include Boys and Girls Club of America and Reading Partners

- Will not purchase merchandise from any manufacturer that is involved in the use of child, slave, prison, or forced labor.
- Provide publicly and accurately information regarding the company's financial status and performance
- Ross Equal Employment Opportunity Policy prohibits any form of discrimination in the workplace.
- Ross Associates have an obligation to comply with all laws of the cities, states and countries.
- Ross commits to free and open competition in the marketplace and all business dealings
- Relationships with vendors and suppliers are based on price, quality, service and reputation.



Empowering Our Associates



Supporting Our Communities



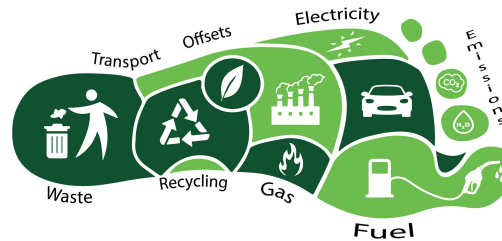
Operating Sustainably



Conducting Business Ethically

Sustainability

- Energy efficient lighting, heating, insulation systems-- they are now using 30% less energy than in 1996 when the initiative began
- Transportation of goods done in bulk to consolidate shipments and reduce carbon footprint by limiting the number of trips.
- Encourage employees to recycle waste and remain mindful of wasting natural resources



Competitive Advantage

- Extensive Retail Network (Over 1,500 physical retail outlets across over 30 states)
- Extensive Vendor and Manufacturing Network
- In-house distribution infrastructure comprised of 6 regional distribution centers
- Ross maintains a loyal and cost effective relationship with over 8,000 suppliers by purchasing in bulk.
- Unlike many retailers, Ross does not require suppliers to offer incentives such as markdowns, the right to return product or money back if sales do not meet expectations or promotional allowances.
 - Results in large discounts of 20-60%
- The “No-frills” approach Ross takes allows them to focus entirely on offering the BEST PRICE. That is what has set kept them afloat in a challenging time for brick and mortar stores. Less financial liabilities for Ross means more bang for the customer’s buck.

<https://www.sfgate.com/business/article/High-hopes-for-low-prices-Ross-appeals-to-2733854.php>

<https://www.vault.com/company-profiles/retail/ross-stores-inc>

Marketing Efforts

- The messy environment (right) is not unusual for Ross stores
- Less investment in labor, displays and store maintenance allows Ross to deliver the lowest possible prices to its customers
- According to business insider, customers don't seem to mind.
- The strategy has allowed them to continue opening many stores, while competitors have been closing down stores by the 100's
- Ross does not have a website- no direct marketing to the consumer
- Unlike most of the industry,, Ross is "immune" to the growth of e-commerce because of the **treasure-hunt experience** and steep discounts
- Relies mainly on television- most effective and cost effective medium
- Able to follow Ross Stores activities and product lines and can interact directly, through its social media accounts, such as Facebook and Instagram



Growth Initiatives

- Brand extension of DD's Discounts.
 - Diversified customer mix to include those that cannot afford the Ross Dress for Less stores or simply do not feel that they are receiving enough of a discount at Dress for Less
- During Fiscal year 2018, the company opened 89 new stores
 - Of these stores, 69 were Ross Dress for Less and 20 dd's DISCOUNTS
- During Fiscal Year 2019 Ross planned to open 100 new stores including 75 new Ross Dress for Less and 25 dd's DISCOUNTS stores in new locations
- Invested **\$371M** of capital expenditure during FY2018,
 - **\$137.1M** for opening new stores
 - **\$126M** for renovation, relocation and expansion of existing stores
 - **\$66.4M** for information systems, corporate, and other
 - Remaining **\$41.9M** for distribution networks in FY2018
- Continues to invest in its infrastructure, spending **\$413.9M** of capital expenditures in fiscal year 2019
 - Largely a result of further investment in their distribution centers

<https://investors.rossstores.com/static-files/4b00c3f3-b9be-4039-a99f-38801b171537>

Omni-channel and M&A Initiatives

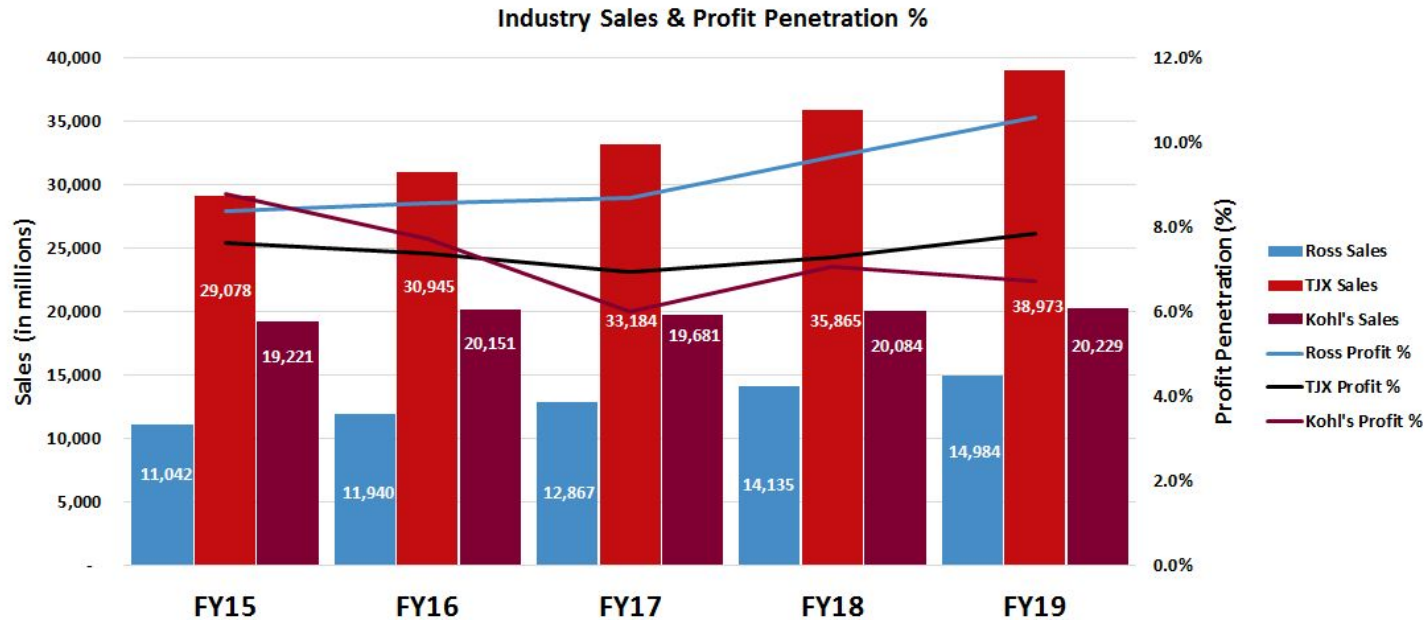
- Ross has no e-commerce capabilities on website and no app
- DSW attempted entry into e-commerce was a complete disaster
 - DSW purchased Ebuys in 2016 for \$62.5M
 - DSW writes down value of Ebuys in November 2017 for \$52.7M
 - DSW decided to liquidate Ebuys in March 2018
- Ross has focused on their competitive advantage in discount retail and avoided e-commerce entry
 - Disciplined investment spend in retail and geographical expansion has maintained the highest profit penetration % among its peers
 - E-commerce entry could result in a shift of focus and jeopardize their pricing advantage

Annual Sales and Profit

*in millions	ROSS	TJ Maxx	Kohl's
Net Sales % Increase from fiscal 2018 to 2019	2018 Net Sales: \$14,135 2019 Net Sales: \$14,984 Net Sales Increase: 6.0%	2018 Net Sales: \$35,865 2019 Net Sales: \$38,973 Net Sales Increase: 8.7%	2018 Net Sales: \$20,084 2019 Net Sales: \$20,229 Net Sales Decrease: 0.7%
Net Profit penetration % for fiscal 2019	Net Sales: \$14,984 Net Profit: \$1,587 Net Profit Penetration: 10.6%	Net Sales: \$38,973 Net Profit: \$3,060 Net Profit Penetration 7.9%	Net Sales: \$20,229 Net Profit: \$1,361 Net Profit Penetration: 6.7%

*Data provided by respective 10-K forms

Annual Sales and Profit Penetration %



- TJ Maxx is the sales leader in the discount industry and has built their top line considerably Year-over-Year
- **Net Profit Penetration: 10.6%**
- Despite equivalent scale, Ross has better margins than both Kohl's and TJ Maxx, largely driven by their "no frills" strategy

*Data provided by respective 10-K forms

Sales Mix

	2018	2017	2016
Ladies	26%	27%	28%
Home Accents and Bed and Bath	26%	26%	25%
Men's	14%	13%	13%
Accessories, Lingerie, Fine Jewelry, and Fragrances	13%	13%	13%
Shoes	13%	13%	13%
Children's	8%	8%	8%
Total	100%	100%	100%

- Women's wear and Home Accents remain the strongest segment with little change over the past 3 years

Need For Buyers and Planners?

- Ross Stores operates as a discounted department store, therefore each department needs buyers to find what the target customer wants to purchase
- Buyers for different departments
- Merchandise Planners are necessary to Ross as they are responsible for projecting sales and being the liaison for the buying office and the planning office.
- Identifying specific markdowns is essential to the success of the store.

Buying & Planning Salary Ranges

- Director of Merchandising Planning: \$121k-\$174k
- Buyer: \$80k-\$110k
- Merchandise Planning Manager: \$75k-\$111k
- Senior Merchandise Planner: \$72K-\$103K
- Merchandise Planner:\$61k-\$88k
- Associate Merchandise Planner: \$54k-\$79k
- Buyer (Ready to Wear): \$52k-\$74k
- Production Planning Process Manager: \$51k-\$82k
- Assistant Buyer: \$46k-\$64k

Salary: \$65-\$92k

Assistant Planner

Qualifications & Duties

Qualifications: Bachelor's degree required, must demonstrate analytical and quantitative skills with strong math background and success with analytical projects, have prior work experience and retail knowledge preferable but not required

- **Review future plans based on historical performance and knowledge of future business conditions (e.g. product availability and assortment strategies)**
- Analyze performance using standardized reports prepared monthly
- **Identify risks and/or opportunities by product and Region**
- Begin to learn how to propose recommendations (i.e., influence changes to be made) to Region plans to Location Planning Manager and implement approved changes into the planning system
- Prepare hindsight analysis and collaborate with Merchandise Planning counterpart at key fiscal points (e.g. events/holidays and quarterly)
- Partner with Location Planning Manager to conduct hindsight reviews to present findings to Senior leadership
- **Propose recommendations in order to capitalize on opportunities and/or reduce risk for next year (e.g. influence product flow changes to drive sales/reduce liabilities)**
- Work with cross-functional teams (Store Planning and Allocation) to implement Store strategies and address callouts and errors
- Utilize forecast to evaluate future Store plans against system parameters
- Analyze historical performance and develop skills to propose flow strategies to Location Planning Manager
- Partner with Merchandise Planning counterpart to inform the Chain plans of Region recommendations
- Under Location Planning Managers direction, develop Region plans by applying their independent hindsight analysis and known assortment strategies to update the initial system generated plans
- Review higher product levels to validate the mix of assortment within a Region using additional reporting tools
- Present recommended plans to Location Planning Manager in a formal meeting for continued learning
- **Recommend store lists for limited door product opportunities and analyze different store groups (e.g. door rankings, target demographics) to determine location strategies and initiatives**
- Modify system generated Store level plans by resolving outliers and exceptions

Assistant Planner Glassdoor Reviews

Current Employee: Worked at Ross Stores full-time for more than 8 years

Great people to work with- approachable, caring and supportive Ability to grow and learn- in role and through career advancement

Planner Career Path

How long do you expect to be a Merchandise Planner before promotion? **3 Years**

- **Assistant Planner** Entry level position
- **Merchandise Planner**
- Minimum of three years in merchandise planning experience
- 2 years in inventory and sales planning
- **Senior Merchandise Planner**
- Minimum of 5 years in merchandise planning
- 3 years in inventory and sales planning
- Leadership and management skills required

Assistant Buyer

Qualifications and Duties

Assistant Buyer

Salary: \$46-\$64k

Qualifications: Bachelor's degree required

Strong retail math skills, Strong organizational skills and attention to detail, Highly effective written and verbal communication, Strong PC/Microsoft Office skills, with an emphasis on Excel spreadsheet application

Duties:

- Performs the administrative functions supporting the buying team, including purchase order management while building foundational merchant skills.
- Provides basic analysis of key business data and reporting as directed by their Buyer including the monitoring of regional merchandise reports, Open-To-Buy, stock analysis and other ad hoc reports.
- Develops effective relationships with vendors and appropriately interacts with them to follow up on open business issues as directed by their Buyer.
- Begins to effectively utilize the merchandising systems and understand warehouse process.
- Develops and demonstrates basic product knowledge through sharing information with Buyer as a result of competitive shopping, shopping Ross Stores, and the market.
- Ensures timely delivery of merchandise through communication with Buyer, merchant teams, and external vendors.
- Supports Buyers in preparation of key business meetings (i.e. vendor appointments, style-outs, assortment planning).

Assistant Buyer Glassdoor Reviews

Rating: 3.2 out of 5

Pros - Good for a first job, Good discount percentage, flexible hours, 401K benefits, overtime, advancement opportunities, Great company culture, offers voluntary time off

Cons - Pay is low for work demanded, Not a good company to retire from, limited payroll, poor upper management, favoritism, Unorganized, external & internal theft , understaffed, little to no training

Buyer Career Path

4 Year Expectation as an Assistant Buyer

- Assistant Buyer I entry level position.
- Assistant Buyer: II 1 to 2 Years experience required as an Assistant Buyer I at Ross or another merchant, preferably a large retail chain.
- Buyer: 4 to 6 years of experience as an Assistant Buyer required.

Would we work for Ross Stores?

Kepra - I think any job in a corporate department store environment would be a fun and exciting experience at first but I don't believe Ross has a strong focus on creative and innovative merchandise, so I wouldn't see myself being happy or excited being a buyer here. I wouldn't want to work for Ross.

Armelle - I personally would not want to work for Ross because I want to work for a company that I have a genuine interest in and have longevity in that company.

Marie - Although Ross does not invest much into marketing tactics, they have a very unique "less is more" strategy that I never would have thought to be successful. A concern of mine is that creativity would be stunted because they are so conservative with their cash because of lack of investment in their marketing.

Itzel - I wouldn't work for Ross because my preference is to work in the beauty industry, but other than that I believe it will take long to grow in this company being in any position. They also have a responsibility about taking care of their employees, the reviews say otherwise.