

Managing the Merchandise Planning Process in SME

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Abstract

The training on managing the merchandise planning process in *Jamu* (herbal drink) SMEs aims to enhance the skills and knowledge of SME practitioners in the herbal drink sector in planning merchandise effectively. This training covers the basic understanding of merchandise planning, market demand analysis, inventory management, procurement techniques, and the use of technology in planning. Additionally, the training includes case studies and simulations to provide practical experience, as well as explanations on the importance of evaluation and monitoring in the planning process. Through this training, herbal drink SME practitioners are expected to manage their merchandise more efficiently, thereby improving operational efficiency and competitiveness in the market.

Keywords: Training, SMEs, Merchandise.

1. Introduction

Market demand in the food sector is highly dynamic, influenced by consumer trends, seasons, and other external factors. Food SMEs often use traditional methods in managing stock and planning, which are not only time-consuming but also prone to errors. On the other hand, intense competition requires them to always be prepared to meet customer demand quickly and accurately while maintaining product quality (Kotler & Keller, 2016; Yusbardini et al., 2023). Food SMEs, including small shops, restaurants, and catering businesses, often struggle with inefficient raw material inventory management. Errors in planning can lead to raw material shortages during periods of high demand or, conversely, excess stock that results in waste due to perishable food items (Sudaryono, 2016).

Modern technology and tools that can assist in the planning and inventory management process are often underutilized by food SMEs. However, this technology can provide many benefits, such as more accurate demand forecasting, efficient raw material procurement, and better stock management (Wirawan, 2018; Yusuf, 2019). This training aims to equip food SME practitioners with the knowledge and skills necessary to manage inventory effectively, reduce waste, and improve operational efficiency (Utami, 2008). Through this training, herbal drink SME practitioners are expected to be better prepared to face market challenges, enhance customer satisfaction, and optimize their business profits.

The partner for this activity operates in the herbal drink business and also sells food and beverages. This business is located at Liposos 2 RT 23, Eka Jaya Village, Paal Merah District, BCI 7 Housing, Jambi. The business owner is Mrs. Tri Sudarwati. The partner faces several challenges in managing their merchandise inventory, including: a lack of understanding and skills in using modern technology, which is one of the main barriers to improving the efficiency



and accuracy of merchandise planning (Pramana et al., 2023; Yusuf, 2019). The inability to respond to customer demand quickly can lead to the loss of customers and damage the business's reputation (Kotler & Keller, 2016). Efficiency in inventory management is crucial to minimizing waste and optimizing profits (Zainal, 2020).

Ardianto (2015) found that food SMEs participating in training successfully reduced operational costs related to inventory management by 15%. The training helped SME practitioners understand more efficient procurement techniques and optimize resource usage. By implementing proper merchandise planning, SMEs can enhance their decision-making capabilities.

2. Methods

The training activity on managing the merchandise planning process in herbal drink SMEs focuses on several aspects to help these businesses excel over competitors by improving their merchandise planning management. To carry out this training, several steps need to be taken:

- a) Training needs analysis
- b) Training planning
- c) Training implementation
- d) Evaluation and follow-up
- e) Documentation and reporting
- f) Implementation of training outcomes

In the implementation phase, the methods used for the merchandise planning process in herbal drink SMEs may include several approaches designed to provide both theoretical and practical understanding to the participants. These methods include:

- a) Interactive presentations on the merchandise planning process in herbal drink SMEs are an effective method for teaching the planning process. This approach not only focuses on one-way delivery of information but also actively involves participants to enhance their understanding and skills.
- b) Case studies and group discussions on merchandise planning in herbal drink SMEs are an effective training method to help participants understand and apply merchandise planning concepts. This method allows participants to learn from real-life situations and share their knowledge and experiences.
- c) Practical exercises in merchandise planning for herbal drink SMEs are an important method in training, as they enable participants to apply theoretical concepts in real-life situations.

3. Results and Discussion

3.1. Business Profile

The partner, where the activity is taking place, operates in the herbal business and also sells food and beverages. The business is located at Liposos 2 RT 23, Eka Jaya, Paal Merah District, BCI 7 Housing, Jambi. The business owner is Mrs. Tri Sudarwati. The location map is as follows:

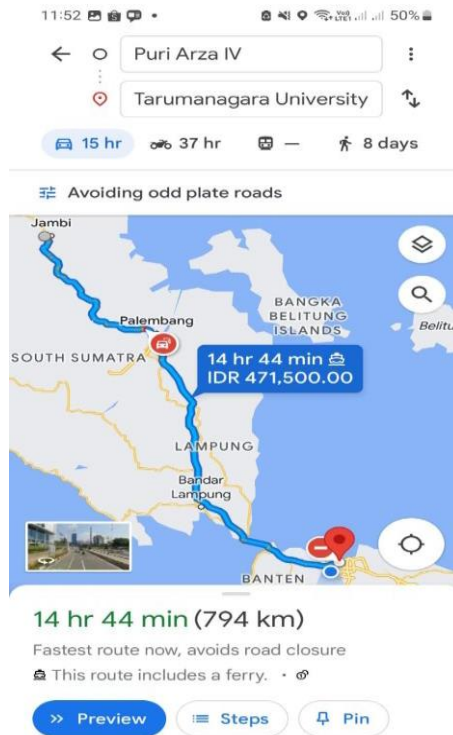


Figure 1. Location Map



Figure 2. Partner Business Products

3.2. The Model of Science and Technology (IPTEKS) Transfer to Partners

3.2.1. Increasing Gross Margin

1) Raising Prices

One effective strategy for increasing the gross margin is by raising prices. However, it is important to apply price increases carefully to avoid losing customers (Levy et al., 2014). The key is finding a balance where the price increase does not significantly affect demand. This can be achieved by ensuring that the perceived value of the product justifies the higher price, possibly through improved quality, better service, or enhanced features.

2) Reducing the Cost of Goods Sold

Reducing the cost of goods sold is another effective strategy for increasing the gross margin. This can be achieved by optimizing supply chain management, reducing production costs, or negotiating better terms with suppliers.

3) Reducing Customer Discounts

Minimizing customer discounts can also help improve the gross margin. By offering fewer discounts, a business can retain more revenue, thus increasing profitability. This does not necessarily mean eliminating discounts completely, but rather optimizing the discount strategy to ensure they are used effectively. For example, discounts can be targeted more strategically, offered during specific periods, or provided to encourage bulk purchases. In this way, businesses can still attract customers with occasional discounts while maintaining healthier gross margins.

3.2.2. Forecasting Staple Merchandise

1) Forecasting Staple Merchandise

The main approach to forecasting sales for staple merchandise is projecting past sales trends into the future. This is done by making adjustments based on factors that are predicted to influence future sales, such as promotions and weather conditions. By using historical data and relevant factors, retailers can create more accurate projections of future sales.

2) Using Historical Sales Data

Sales of staple merchandise tend to be stable from year to year, which makes forecasting more reliable. This forecast is typically made by extrapolating historical sales data. Due to the availability of a large amount of sales data, various advanced statistical techniques can be applied to forecast future sales for each SKU (Stock Keeping Unit). Statistical methods such as regression analysis, time series models, and machine learning can help make more accurate forecasts.

3) Adjustments for Controllable and Uncontrollable Factors

When forecasting sales, it is important to consider both controllable and uncontrollable factors.

a. Controllable Factors:

- Store Openings and Closures: Changes in the number and location of stores can affect sales.
- Pricing Strategy: Strategic pricing of merchandise can increase or decrease sales.
- Special Promotions: Special promotional campaigns designed for specific categories can increase visibility and sales.
- Placement of Merchandise in Stores: Strategic placement of products in-store can enhance appeal and sales.

b. Uncontrollable Factors:

- Weather: Unpredictable weather conditions can affect the number of customers visiting the store.
- Economic Conditions: General economic conditions that influence consumers' purchasing power are also important.
- Vendor-Specific Promotions or Product Introductions: Actions by suppliers, such as launching new products or running special promotions, can influence customer preferences.
- Competitors' New Products, Pricing, and Promotions: Actions taken by competitors, including new products, pricing strategies, and promotions, can affect market share.

3.2.3. Merchandise Inventory Control System

1) Flow of Staple Merchandise

The automatic replenishment system plays a crucial role in ensuring the availability of staple merchandise. When stock reaches a certain level, the system automatically places a new order to prevent stockouts. These fluctuating stocks are known as cycle stocks.

2) Determining Safety Stock Levels

Determining the optimal safety stock level for each SKU is crucial in inventory management. Safety stock is the additional amount of goods kept to anticipate unexpected demand or delays in delivery.

3) Continuous Automatic Replenishment

After the buyer sets parameters such as desired product availability and other relevant factors, the automatic replenishment system can operate autonomously. This system ensures that staple merchandise is always available on the shelves without requiring constant manual intervention.

4) Inventory Management Reports

Inventory management reports provide comprehensive information regarding the management of staple merchandise stocks. These reports include key decisions made by buyers, such as product availability levels, safety stock quantities, and the volume of orders to be placed. This information is essential for effective inventory management strategies.



Figure 3. Documentation during material delivery through Zoom Meeting

4. Conclusion

The training on the merchandise planning process was delivered through a PowerPoint presentation that covered topics such as increasing gross margin, forecasting merchandise, and merchandise inventory control systems. The training and socialization were conducted online via the Zoom platform and proceeded smoothly. The partners showed high enthusiasm in receiving and understanding the material presented. They were also actively engaged in the discussion and Q&A sessions with the facilitators during the socialization process.

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