FASHION MERCHANDISING

A Practical Course in Fashion Merchandising

Pricing · Brand Positioning · Design Planning · Sourcing and Assortment

Delivery Drops · Competitive Strategy · Product Development · Brand Launch

Training for apparel merchandising teams



Six Modules

01	**Apparel Pricing**	**Pricing framework, multipliers and price architecture**
02	Brand Positioning and Operations	Brand image, research, operating steps and design plans
03	Sourcing and Assortment	Fabric sources, stock versus made-to-order, and size ratios
04	Delivery Drops and Marketing	Backward scheduling, sample reviews and competitive strategy
05	Product Development	Six stages from planning to placing orders
06	Building a New Brand	Target customer, price bands, sales channels and design direction

What You Should Be Able to Decide

From the first merchandise plan to the day a garment goes on sale, who makes each decision, what information do they use, and when is it due?

Understand the numbers

Calculate direct cost, price multipliers and the price structure. Explain why a garment sells at a given price.

Build the season calendar

Work backward over a 140-day example and put planning, sourcing, sampling, reviews and the order meeting in sequence.

Put the plan into practice

Use practical forms and standards from concept boards to production specifications, and from size ratios to the four decisions behind a new brand.

How Is a Garment’s Retail Price Set?

A similar coat might sell for CNY 300 at wholesale, CNY 1,500 in a department store or more than CNY 10,000 under a luxury label.

Fabric and workmanship explain part of the difference. Cost structure and channel multipliers explain how each price is built.



Seven Factors Behind the Price

Think of price as product cost and taxes, plus target return and allowances for brand recognition, trend demand, season and local spending levels. Cost and tax can be calculated. The target return is set internally, the brand premium depends on the label, and the final three factors move with the market.

Product cost

Materials, manufacturing and management expenses.

Taxes

VAT and applicable additional taxes or charges.

Target return

The standard return set by the business.

Brand recognition

The premium the brand name can command.

Trend demand

How strongly buyers want the product.

Season

The premium a launch window can support.

Local price levels

Spending power in the sales region.

Cost and tax establish the baseline. The remaining five factors show how much pricing power the brand has.

Pricing Multipliers by Sales Channel

Direct cost = materials (fabric and trims) + manufacturing (labor and factory profit). The multiplier converts direct cost into an indicative retail price.

Product tier	Main channel	Illustrative multiplier	At CNY 100 direct cost
Low selling cost	Wholesale market	2×	About CNY 200
Higher selling cost	Mainstream department store	3–5×	About CNY 300–500
Branded apparel	Branded retail	5–8×	About CNY 500–800
Top-tier labels	Prime retail or luxury channels	15× or more	CNY 1,500 or more

Rent, channel commissions, staffing, stock losses and marketing all have to come out of that spread. A store commission of 25% or more in the course example, plus fit-out and staff costs, raises the required multiplier over a wholesale sale with identical direct cost.

Four Parts of Direct Cost

Materials

Shell fabric is calculated as consumption × unit price. The course uses 50% or more of direct cost as a typical starting point. Trims include lining, zippers, buttons, interfacing, thread and swing tags.

Manufacturing

Labor covers cutting, sewing, pressing and inspection, often assessed on a piece-rate basis. The course uses a factory profit allowance of 15–30% of the processing charge as an example.

Why track the components?

Revisions often change one fabric, one operation or one lining. Work at that level and you can price each change. In the course example, switching to fabric with five percentage points more wool could add roughly CNY 70,000–80,000 across 5,000 units.

Seven Prices for the Same Garment

Each price, from the ticket price to clearance, fits a different commercial purpose and channel relationship.

Price	When it is used
Standard retail price	The ticket price based on the normal multiplier and the reference for other prices.
Promotional price	A temporary holiday, seasonal or member discount that sacrifices part of the margin to drive sales or attract customers.
Agent discount	A trade discount tied to buying volume and agent tier.
Distributor buyout price	A one-time purchase of regional inventory that transfers ownership and inventory risk.
Wholesale buyout price	A deeply discounted cash-and-carry price for full packs. The brand hands over the stock risk.
Direct-to-consumer price	A direct sale in the brand’s own store or website, with the most room for margin when intermediaries are removed.
Clearance price	A price to recover cash from broken size runs, seconds or past-season stock. It can fall below cost.

Three Pricing Decisions to Get Right

01 Establish the cost base

Separate fabric, trims, labor and factory profit before applying a multiplier. Each price depends on that starting number.

02 Price for the channel

The examples run from 2× at wholesale to 3–5× in department stores and 5–8× in branded retail. Commissions, rent, staff and inventory set the minimum the channel can support.

03 Plan prices before the season

Ticket prices set the reference. Promotions drive traffic, trade prices move volume, and clearance recovers cash. A muddled price structure trains customers to wait for discounts.

What Makes Customers Remember a Brand?

Two labels can use the same fabric, factory and markup. Shoppers remember one and pass over the other even at 70% off.

The difference lies in how the brand presents itself, learns about its customers and carries out the positioning.



Three Ways Customers Experience the Brand

Retail environment

Space, lighting, fixtures and display make the first impression and encourage shoppers to buy. A store selling a CNY 3,000 coat should have a presentation that matches its price and style.

Customer service

Staff appearance, clothing, language and the service itself shape how customers imagine wearing a piece. Train staff in styling, product explanations, service standards and fitting-room procedures.

Brand communications

Campaigns, packaging, social media, PR, bags, hangtags and online storefronts send the same message. An upscale store, casual service and bargain-looking campaign make the experience feel disjointed.

Three Ways to Research the Market

1. Surveys

Set an objective and prepare written questions about customer preferences, acceptable prices and reasons for buying.

2. Observation

Count visits, try-ons or purchases in the field. Compare what shoppers say with what they do when they spend their own money.

3. Data analysis

Use sales records, industry reports and e-commerce data to test a judgment against what has actually sold.

Use all three together. Surveys capture stated opinions, observation captures behavior, and existing data shows what happened before.



Match the Research Method to the Question

Method	What it tells you	Limits	Typical use
Survey	Preferences, price acceptance, purchase motives and demographics	Wording may lead respondents. Answers may diverge from purchases.	Price-band tests, style preference polls and customer profiles
Observation	Store visits, try-ons, dwell time and styles purchased	Takes time. Samples may be small and observers can introduce bias.	Competitor visits, bestseller displays and retail-area trends
Data analysis	Past sales, industry reports and marketplace data to validate trends	Definitions differ, data lags and sudden changes are hard to predict.	Sell-through, drop reviews and next-season allocations

Cross-check the results across all three methods before making a merchandising decision.

From Brand Positioning to a Product Customers Can Buy

Brand operations turn a market position into a product and a commercial result through three connected stages.

1. Design

Turn the brand idea into something people can see and wear. The quality of the design leads here.

2. Production

Turn the design sample into a consistent bulk product. The priority is manufacturing quality.

3. Sales

Convert the money invested in stock into sales revenue. Distribution is the priority.

A weak link in design, production or sales can stall even a well-positioned brand.



Figure 1. Production turns a design into a repeatable product.

Six Steps for Setting Up Brand Operations

01	**Ownership model**	**Sets how costs are shared and how flexibly capital can be used.**
02	Organization	Define teams, responsibilities and handoffs.
03	Funding	Set the scale and strategy. The course advises planning for two years of market risk.
04	Brand positioning	Define a clear, workable position, especially style and price.
05	Design plan	Translate the position into a concept board, range plan and technical flats.
06	Purchasing plan	Schedule fabrics, trims and manufacturing capacity.

> **Set the business structure and budget first. Then settle positioning and design before committing to procurement.**

Who Owns Each Decision and Handoff?

1. Ownership model

A privately held company, joint venture or factory-owned label will have different decision speeds, cost structures and flexibility in how funds are used.

2. A typical department sequence

Merchandising → Design → Sample Room → Purchasing → Marketing → Production → Warehouse → Finance

Document two things

Name who selects fabric, verifies cost and signs orders. Define the documents design hands to purchasing and the sample room hands to production. Unclear handoffs delay deliveries and make accountability harder.

Funding Sets the Scale. Positioning Sets the Direction.

3. Funding

Capital determines collection breadth, fabric commitments, store investment and the length of the cash cycle you can carry. The course recommends enough runway for two years of seasonal risk: stock can build up in year one and require correction in year two. When funds are tight, reduce SKUs, use more stock fabric and run small test orders.

4. Brand positioning

Make the positioning specific enough to act on. Style determines who is drawn to the range. Price determines who can buy it. A label that promises office wear, streetwear, budget pricing and luxury at once leaves shoppers without a clear reason to choose it.

Capital determines how fast and how far you can go. Positioning determines where you go. More capital can accelerate a mistake if the position is wrong.

The Design Plan Starts With a Storyboard

A concept board gives management, sales and the factory a visual grasp of the collection at a glance.

A. Silhouette and styling

Put representative looks together to establish the main shapes of the collection.

B. Color

Show the key colors using standard or custom swatches. Group them by role and share of the range.

C. Fabric

Match proposed swatches to the silhouettes and show their relative use.

D. Range plan and flats

Map categories, attributes, groups, styles and quantities. Include clear front and back flats and construction notes.

The next four pages cover the overall board, styling, color and fabric in order.

What Belongs on the Overall Concept Board?

Label the board with the brand, year and season.

Design idea and style

Write the season’s central idea in a sentence, then name the look and feel and the collection theme.

Visual references

Include mood and lifestyle images and the sources of inspiration.

Market position

State the target customer, product categories, price band and selling channel.

Brand identity

Show a shopping bag design or the brand mark.

> **Put those four market decisions directly on the board so anyone reviewing it can tell who will buy the collection, at what price and where.**



Figure 2. A concept board gives everyone in a range review the same visual reference.

Build the Styling Board Around Three Looks

Look 1

Top - front flat

Bottom - front flat

Look 2

Top - front flat

Bottom - front flat

Look 3

Top - front flat

Bottom - front flat

Add design detail callouts and coordinate shoes, bags, scarves or other accessories. Give the sampling team enough information to understand each look.

Specify Main, Supporting and Accent Colors

Color mood

Include one image that shows the overall feeling of the palette.

Swatches

Use a standard color reference or a custom color card. Label the color codes.

Color roles and proportions

Group main, supporting and accent colors, and state each group’s share of the season. Tie the shares to an actual style count so purchasing and the order can follow them.



Figure 3. Standard or custom color cards provide the swatch references.

Show Fabric Swatches, Ratios and Applications

Fabric mood

Use images to explain the materials' character and where the clothes will be worn.

Actual swatches

Choose candidate fabrics that suit the intended silhouettes.

Shell fabrics and trims

Separate them, note each material's use and arrange swatches so the proportions are clear.

Purchasing and the factory should be able to read the board directly. Clear usage makes sourcing, costing and revisions easier.



Figure 4. Visible fabric proportions help purchasing work from the board.

The Range Plan and Technical Flats

Range plan

Map product categories, attributes, collection groups, style types and quantities. Set style counts by group and units by category before drawing individual styles. Review the whole season for gaps and imbalances.

Technical flats

Show each style clearly from the front and back. Add side views or enlarged details where needed. Specify key measurements, construction methods and other production notes for the patternmaker and factory.

The range plan defines how much to make. Flats define how to make it. Both belong in the design plan.

Four Principles for Running the Brand

Principle	What it means
Lead with positioning	Align retail environment, service and communications. Make style and price clear and workable.
Start with research	Use surveys, observation and sales data to support decisions beyond the owner’s preferences.
Keep the sequence	Ownership → organization → funding → positioning → design → procurement.
Make the design plan usable	Give the boards, range plan and flats the ratios and notes needed to guide production.

What Should Drive a Fabric Buying Decision?

Fabric can account for more than half of garment direct cost in the course example. One unsuitable fabric can leave an entire range unsellable.

This chapter covers where to buy, when to buy stock or place advance orders, and how to allocate the range.

Why Fabric Comes First in Purchasing

50%+

The course uses more than half of direct garment cost as an example for fabric, the largest single cost item in that model.

What else depends on the cloth?

Price: fabric establishes the cost base. Timing: late fabric holds up every downstream step. Quality: shrinkage, pilling and press shine can all start with the cloth. Reorders: a bestseller can only be replenished if its fabric is available.

Check fiber and finishing risks, delivery, shade variation and availability before ordering. Acetate, for instance, may develop shine under excessive pressing heat.

Three Sources of Fabric

Source	Advantages	Trade-offs	Best fit
Fabric mill	Low direct prices, potentially fast delivery, direct access and custom development	Narrower range, higher minimums and little negotiating leverage for small buys	High-volume basics and repeat shell fabrics
Fabric agent	Broad choice, including imported and specialty cloth	Higher prices and potentially longer lead times	Design-led styles, distinctive textiles and premium ranges
Fabric market	In-stock options, immediate swatch inspection and flexible quantities	Grades and consistency vary, and a repeat lot may be unavailable	Small trials, samples and quick top-ups

Match the source to the job. Buy repeat basics from a mill, use an agent for distinctive styles, and test small runs with market stock.

Swatch, Select and Approve Reorders

1. Collect swatches

Purchasing visits fairs and fabric markets, collects swatches and supplier information, and builds a reference library.

2. Confirm the selection

Design shortlists fabrics and completes a purchase request. Management and sales confirm the choices alongside design.

3. Approve any additional purchase

Production, design and finance sign off before the general manager signs the contract. Document each addition so excess purchasing can be traced to an approval.

In-Stock Fabric and Made-to-Order Fabric

Consider availability, minimums and the cost of an incorrect forecast.

Decision	In-stock buying	Advance or made-to-order buying
Flexibility	Buy as needed and respond quickly to changes.	Reserve in advance and develop custom colors or constructions.
Main risk	Quantities may be limited. Dye-lot variation can be hard to control, and a bestseller may be impossible to repeat.	Larger minimums require a detailed plan and more cash.
Best fit	Small or new brands, test runs and teams still building forecasting capacity	Brands with established planning, reliable demand and enough working capital
Trade-off	A premium can buy flexibility and reduce the cost of a wrong call.	Planning ahead can lower cost and stabilize supply when the forecast is right.

Combine the two: lock in price and availability for proven basics, then test uncertain designs with stock fabric before committing to an advance order.

Plan the Collection, Size and Color Mix

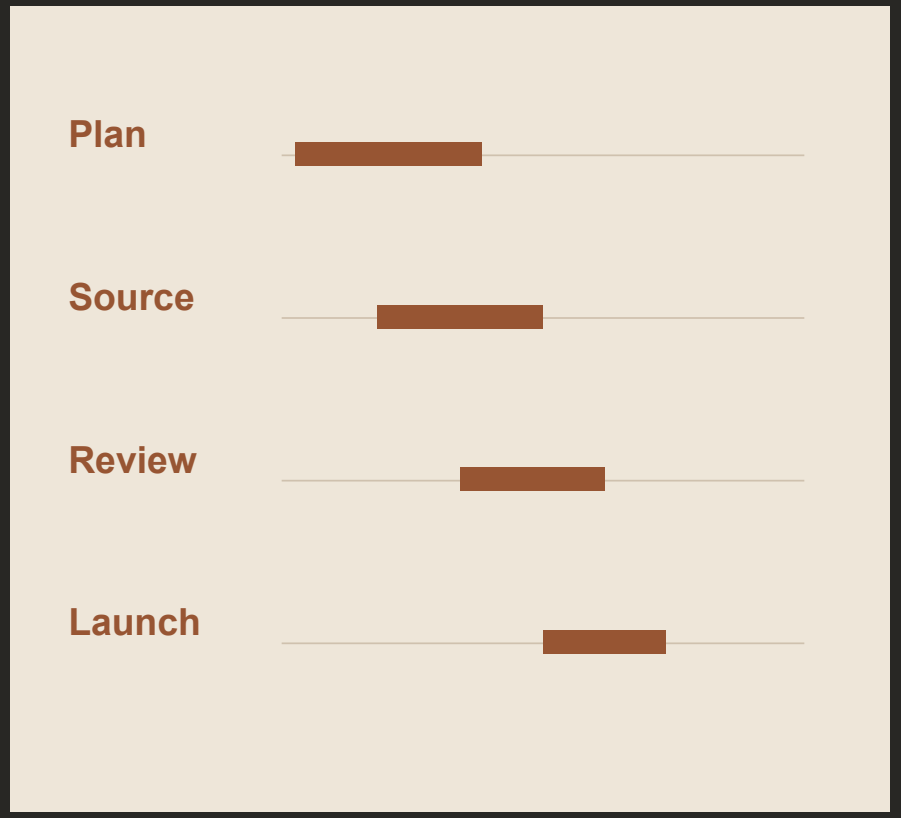
Allocation	Course starting point	How it works	Risk
Collection groups	5 core groups plus 3 or 4 supporting groups	Give core and supporting groups distinct roles across categories.	Too many groups spread resources and add overhead.
Size run	Four sizes, S/M/L/XL or 34/36/38/40, at 1:2:3:1	Allocate more units to the middle sizes.	A poor fit to demand leaves gaps in the size run.
Colorways	3–4 per style	A core color carries volume, a trend color draws attention and an accent supports the image.	More colors add inventory commitments. Too few can reduce coordinated purchases.

Recalibrate the example size ratio using actual sales, customer age and regional fit differences, and how snug or loose the cut is. A poor allocation can leave best-selling sizes and colors sold out alongside slow stock, hurting both sales and cash. A disappointing price can shrink margin. A poor allocation can tie up inventory and cost sales at the same time.

How Far Back Should You Plan a Drop?

Apparel runs on a seasonal calendar. Merchandising, purchasing, design, sampling, review and delivery all take time.

A strong range can still miss its season. This chapter covers the drop calendar and the competitive choices behind it.



Work Backward From the On-Sale Date

Milestone	When	Work to complete
Approve the seasonal plan	120–140 days before launch	Confirm theme, colors, groups, fabrics and overall style plan.
Source and buy fabric	55–70 days before launch	Collect and secure the fabric while style development proceeds in parallel.
First sample review	35–45 days before the order meeting	Review the range and settle groups, fabrics, styles and the overall quantity.
Second sample review	20–25 days before launch	Confirm final styles for ordering and close major revisions.
Prepare samples and photography	10–15 days before launch	Make samples and hand them to the campaign team for photography and launch assets.
Sort and hand over	Final 5 days	Organize samples and hand over to merchandising for allocation and price checks.

This is an illustrative calendar. Timing varies with brand size and where suppliers are located.

Give the Two Sample Reviews Different Jobs

First review · Range decisions

35–45 days before the order meeting. Review the whole season’s range. Agree on its structure, fabrics, scope and overall quantity. Drop styles, swap fabric and adjust the collection mix where needed. Ask whether the range works as a whole.

Second review · Final approval

20–25 days before launch in the course example. Review corrected physical samples. Confirm styles, quantities, colors and sizes. Restrict changes to minor corrections and proceed with the approved plan.

Major changes after both reviews suggest unresolved decisions from the first review and commonly put delivery at risk.

Porter’s Three Competitive Strategies in Womenswear

Strategy	Scope	How it works	Example
Cost leadership	Broad market	Use scale, efficiency and cost control to compete on price.	High-volume mass-market label or factory-owned basics brand
Differentiation	Broad market	Build distinctive products, service or brand identity that customers will pay more for.	Designer or design-led label
Focus	Defined niche	Serve one segment or category with a cost advantage or a distinctive offer.	Plus-size apparel, workwear, Chinese-inspired design or a category specialist

Focus has two forms. Cost focus seeks a cost advantage in the niche. Differentiation focus offers something distinctive within it.

The Capabilities Each Strategy Requires

Demand	Cost leadership	Differentiation	Focus
Core resources	Buying scale, efficient supply chain and capital	Design, brand building and communications	Deep customer knowledge and quick response
Organization	Tight cost control and standardized work	Creative staff and room for product development	Small teams, flat decision-making and flexible coordination
Main risk	Price wars or technology eroding the advantage	Copying or a premium that fails to cover costs	New competitors or shrinking niche demand
Pitfall	Pricing low despite a weak cost position	Charging a premium for a weak distinction	Trying to serve everyone after choosing a niche

A brand stuck in the middle has weak price, differentiation and focus. The course identifies this as a major reason small and midsize labels lose money.

The Drop Calendar and Competitive Position

Principle	How to apply it
Work backward	Count back 120–140 days for the seasonal plan and 55–70 for fabric sourcing in this example. Include both sample reviews, sample preparation and price confirmation.
Close decisions at review	The first review allows big range changes. The second closes approvals with only minor adjustments.
Choose the strategy	Commit to cost leadership, differentiation or focus and develop the capabilities behind it.
Share the calendar	Design, purchasing, production and sales all work to the same release dates and milestones.

What Has to Happen Before a Sketch Goes Into Bulk?

Seasonal planning, the sample request, sample sealing, reviews, pricing and unit allocation all lead to the order.

Every approval needs a named owner, a record and a sign-off. Here is how the product-development process works in practice.

Six Stages of Product Development

01	**Pre-season planning**	**Set the theme and calendar and gather references.**
02	Fabric sourcing	File swatches, request samples, shortlist and set quantities.
03	Design	Draw styles, issue sample requests and choose trims.
04	First prototype and sealed sample	Make the prototype, revise it and approve the reference sample.
05	Sample review	Fit samples and select styles for ordering.
06	Order preparation	Finalize specs, prices, unit allocations and grading.

The next four pages set out the actions, documents and sign-offs at each stage.

Stage 01 · Pre-Season Planning

1. Gather trend and market references

Set aside roughly half a month per season for market research in the course example. Use trade publications, photo references, garment references and color cards to give the team a shared sense of direction.

2. Agree on the calendar

Design, production and purchasing agree on the dates. Assign a named owner and deliverable to each milestone.

3. Set the theme together

General management, ownership, sales and design agree on colors, collection groups, fabrics, styles, overall look and product mix.

Stage 02 · Manage Fabric Selection With Records

1. Fabric swatch record

File swatches by category, composition and intended use. Record width, price, composition and supplier so the team can compare the entire shortlist.

2. Sample yardage and trials

Ask for sample yardage. Test for shrinkage and try pressing and print trials where relevant to catch dimensional change, press shine and shade problems early.

3. Shortlist and purchase request

Design fills out a purchase request with the intended quantities. Design, production, finance and management confirm it before purchasing places the order.

Stages 03–04 · Design, First Prototype and Sample Approval

Design

The designer signs the sample request and records design details, special processes and measurements. The general manager approves it before pattern work begins. Select trims in parallel. If the intended cloth is late, discuss substitute fabric for development.

First prototype and sealed sample

The patternmaker makes the first prototype against the request. Product development signs off each change. Record measurements, construction findings and feedback with every round. Once approved, seal the sample as the reference for bulk production.

Stages 05–06 · Final Review and Order Preparation

Run the review

Design calls the meeting. Design, patternmaking, marketing and the general manager attend, fit sample garments and discuss changes. The general manager confirms which styles to order. Record changes on the spot and give each party a copy of the approved production spec.

Approve the price in three steps

Design proposes retail prices based on costs and multipliers. Marketing responds with market input. The general manager and chair give final approval.

Get the patterns and allocations ready

Revise the patterns, reapprove the reference sample, grade sizes and prepare the marker. Issue the production specs and sign the order quantities by color and size before placing the order.



Figure 5. The sample review is the last collective decision before ordering.

Three Questions Before Launching a New Brand

Who will buy the clothes? What will they pay? Where will they buy them?

Answer those questions before committing to the range. This chapter covers customer profiles, price bands, channels and design direction.



Define the Customer, Price Band and Sales Channel

Target customer

Build a concrete profile using age, gender, occupation, income and education, mindset and personality, and lifestyle. A broad label such as “urban women aged 25–40” gives the team too little to design for.

Price band

Set the core price range, its floor and ceiling, and the average ticket price. Align materials, construction and channel with that range. Review a CNY 300 skirt next to a CNY 3,000 coat to see whether they belong in the same offer.

Channel	Characteristics	Brand fit
Department store	Qualified traffic, higher commissions and retailer credibility	Established mid-to-premium brands
Standalone store	Full control of the experience, high investment and sensitivity to location	Growing brands with recognizable identities
Shop-in-shop	Uses existing traffic, with lower investment and a quicker start	New or designer labels testing a market
Large supermarket	High traffic, price sensitivity and volume	Mass-market basics and value brands
Wholesale market	Cash-and-carry packs, low prices and limited space for branding	Wholesale and factory-owned labels

Choose a Primary Design Direction

Modern
Minimal, urban, clean lines

Refined
Restrained, neutral, material-led

Elegant
Soft, polished, feminine

Romantic
Delicate, decorative, dreamlike

Heritage-inspired
Traditional elements and influences from distinct cultures

Masculine
Structured, strong silhouettes and a sense of weight

Playful
Bright, youthful, sporty

Country-inspired
Natural, pastoral, rustic or vintage

Mature brands often work with one primary style and one or two supporting styles, such as refined with elegant accents. Give each influence a clear role so the range retains a recognizable point of view.

COURSE SUMMARY

Make Every Merchandising Decision Traceable

Calculate the price and justify the multiplier.

Research the market before drawing the range.

Match stock and advance fabric orders to the job.

Set the strategy and schedule each drop backward.

Sign off development changes and use the sealed sample as the bulk reference.

The merchandiser turns uncertainty into documents, data and a process the team can follow.

