

ALL ABOUT PARS



Par level: the minimum amount of inventory needed to meet customer demand while providing a cushion in case unexpected demand arises (safety stock). When inventory hits below your par level, an order should be placed to restock the item.

In the case of Rapid Reorder, the system will look at your par level vs. items scanned out for the week previous and add the corresponding amount to your suggested order cart.

For example: If your par level is set to 20, and the previous week 6 units were scanned out, 6 units will be added to your cart to get your stock back up to 20.

Setting your par levels is dependent on many factors: display method, price, the popularity of the product and foot traffic.

General Calculations

These are our general starter recommendations on setting par levels. Keep in mind that every business is different. A product might be a top-seller in one location, but not move as quickly in another. Par levels should be closely monitored, especially in the first 4-6 weeks of an item's implementation. Analyze the weekly report and note if something is selling more quickly or slowly than expected. Then adjust pars as needed.

Peg Items —

Merchandise Quantity X 1.5. For example, if 10 units display on a peg, you would want to set a par of 15 - the 10 units on the peg, plus 5 in back stock. For lower ticket items, par levels may need to be upped to X 2 or even X 3, depending on how quickly the item moves.

Self Display —

Self-display refers to items sold in a PDQ (product displayed quickly). These are self-contained display boxes or packages that can be set out as is, and items are sold from within the package. Since the PDQ is required to display the product, it can typically only be ordered as a whole unit. For example, Splat Pigs are sold in a PDQ of 12 pieces. This is where the par level can get a bit tricky. If you set the par level to the quantity of the PDQ (12), as soon as one unit is redeemed, you will be triggered to order a full PDQ again. Therefore, setting the par to .75 of merchandise quantity allows room to sell down a bit, without completely decimating the display. For Splat Pigs, that would mean $12 \times .75 =$ par level of 9.



Bin Items —

These are the low ticket, impulse items; Tootsie Rolls, Soldiers, Finger Traps, etc. These can be the trickiest to set, as they are redeemed quickly, and often take many units to fill up a bin. The majority of these items are sold in inners or cases. You'll need to find a balance of having enough on hand without over ordering. Typical par level should be merchandise quantity X 2. If a bin holds 500 units, you would want to set your par level to 1000.



Keep in mind inner and case quantities. For example, Laffy Taffy is sold in a case of 1800. If you set the par at 1800, as soon as one piece of Laffy Taffy is redeemed, you'll be triggered to order another full case, resulting in 3599 pieces on hand. Setting the par on a case or inner with a high quantity should follow similar rules of self-display (PDQ) items- X .75 or even X .5 depending on the item.

Shelf Items —

These are typically mid-to-higher range ticket items and can also be tricky to set par levels. Some of these items are physically large with only 1-2 units fitting on a shelf (basketball, soccer ball, etc.). A good starting point with par values on these types of items is merchandise quantity X 2. For any item that has a unit on display (Lava Lamps, LED lights, etc.) par levels should be increased to X 3. This can leave the one unit on display while allowing for 2 units for redeemable stock.

Basket Items —

Items displayed in baskets are typically plush and balls. The general rule is merchandise quantity X 1.5. For example, 12 Neon Apee 11" fit in a basket. $12 \times 1.5 =$ par level of 18.

However, considerations must be taken for very large or very small items. Emoji Pillows only fit 6 per basket but are typically a popular seller. Therefore, you would want to set the par level to merchandise quantity X 3, resulting in a par of 18. Hot Color Bears display 72 in a basket, but if you set par level to merchandise quantity X 1.5, you'd end up with a par level of 108, which is likely far more than needed. In that case, par level of merchandise quantity should be sufficient.

Dump Bins —

These are large bins filled with many units of an item. Jumbo Tennis Balls, Neon Soccer Balls, Snapchat Pillows and Pinata Plush are a few examples of popular dump bin items. These par levels can be tricky, as often these bins can hold quite a few units - 24-30 in some cases. Start with merchandise quantity X 1.25. For example, if 20 Jumbo Tennis Balls fit in a dump bin, set par level to 25. That's a full bin plus 25% back stock.

High End & Large Display —

These are going to be higher ticket items placed in showcases or displayed around the room. These are not necessarily redeemed often, sometimes serving as more of a motivator than a prize to actually be won. Price can often be a good factor to look at when setting pars.

- \$50+ - 1 each
- \$25-50 - 2 each
- \$15-25 - 3 each
- \$10-15 - 4 each
- \$10 and below - 6-8 each

With low-mid ticket range large display items, such as Mesh Kick Balls or Neon APees 29", a higher par level will be necessary than what is recommended above. Start with a par level of 6-12.

Please keep in mind that these are all starting recommendations. Each item will need to be monitored and the par level adjusted depending on how often that item is redeemed. Par levels should be increased for busy seasons (winter, spring and summer breaks) and decreased for lower-traffic periods, such as back to school.