

**BERJAYA BUSINESS SCHOOL****FINAL EXAMINATION**

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) : _____

Course Code & Name : **RTL2153 BUYING AND MERCHANDISING DECISIONS**
Trimester & Year : May-August 2018
Lecturer/Examiner : Elizabeth Tan Ai Gaik
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (15 marks) : FIFTEEN (15) multiple choice questions. Answers are to be written in the Multiple Choice Answer Sheet provided.
PART B (85 marks) : FIVE (5) short answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment and calculators into the Examination Hall. Electronic dictionaries and handphone calculators are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 7 (Including the cover page)

PART A : MULTIPLE CHOICE QUESTIONS (15 MARKS)

INSTRUCTION(S) : There are **FIFTEEN (15)** multiple choice questions. Answer **ALL** questions in the Multiple Choice Answer Sheet provided.

1. Which of the following definitions of 'product' is **INCORRECT**?
 - a. The process of managing the entire lifecycle of a product from its conception through design and manufacturing, to service and disposal.
 - b. Anything produced by human or mechanical effort or by a natural process.
 - c. The end result of the manufacturing process, to be offered to the marketplace to satisfy a need or want.
 - d. An idea, method, information, object or service that is the end result of a process and serves as a need or want satisfier.

2. The following are considered as 'Convenience' products, **EXCEPT**:
 - a. Newspapers
 - b. Candy
 - c. Fast food
 - d. Health food

3. Which of the following is defined as 'Unsought' products?
 - a. Life insurance
 - b. Electronics
 - c. Furniture
 - d. High end fashion

4. Buyers responsibilities **DO NOT** include which of the following?
 - a. Managing sales, merchandise display planning, inventory and gross margins
 - b. Inventory planning, sales forecasting and negotiation with suppliers
 - c. Sales planning, inventory and payment to suppliers
 - d. Market research, testing new products, and identify opportunities for growth

5. At which stage of the Product Life Cycle, should a product attract a premium price?
- Introductory stage
 - Growth stage
 - Maturity stage
 - Decline stage
6. Sometimes Buyers have to cancel what have been ordered from suppliers. Under which of the following conditions should this action be considered?
- Merchandise out of fashion and pricing not competitive
 - Too much stock, slow sales off-take, and product replacement from suppliers
 - Overstock merchandise, slow sales off-take and re-evaluation of goods on order
 - Slow sales off-take, stocks damaged by customers, product at the end of life cycle.
7. Which of the following is a suitable strategy for a multiple store retailer to manage and source for merchandise?
- Buying done centrally, merchandise information mainly from outside sources, store manager in control of sales and buying
 - Buying done centrally, merchandise information from outside sources, store manager in control of sales and not involved in buying
 - Buying done by the multiple stores, merchandise information mainly from outside sources, store manager in control of sales and not involved in buying
 - Buying done by the multiple stores, merchandise information mainly from internal sources, store manager not in control of sales and buying
8. What are the key factors influencing plans for merchandise assortment?
- Suppliers support, pricing strategy, target market, store design
 - Merchandise manager, store location and customers' services
 - The customers buying power, competition, store location and image
 - The target market, competition, retailer's image, and store location
9. Which of the following explains '5/10 net 30 EOM'?
- Retailer gets up to 30 days to settle invoice from end of message
 - out of 10 units to be returned within 30 days, end of message
 - Retailer will get 5 units free if pay within 30 days from end of month
 - 5% discount is available if the retailer pays in full within 10 days from end of the month

10. What are the key attributes sought by retailers when selecting suitable suppliers?
- Services provided, delivery efficiency, storing, and maintenance facilities
 - Services provided, price and quality, storing and maintenance facilities
 - Reliability, price and quality, order process time and delivery efficiency
 - Price and quality, order process time, and product innovation
11. Which of the following **DOES NOT** explain the term 'assortment'?
- Width / breadth of number of product lines
 - Selection within the product line
 - Full product range on sale within a store
 - Products attracting customers to make decisions inside the store
12. Which of the following would support a retailer's decision to do a markdown?
- When the merchandise coordinates have hardly any matching sizes, colours or pieces left
 - When the merchandise is over a year old and new products are on the way
 - When the seasonal merchandise is nearing the end of the season and before goods are returned to supplier
 - When the product is nearing the end of the product life cycle
13. Which of the following statement explains the term 'merchandise turnover'?
- A ration showing how many times a company's inventory is sold and replaced over a period
 - Total store inventory divided by average sales
 - The change in number of sales personnel on the shop floor
 - Often expressed in total inventory required
14. The following are factors that influence merchandise assortment policy, **EXCEPT:**
- Nature of the merchandise lines carried
 - Available capital
 - Capabilities of merchant
 - Available information

15. What is 'slotting allowance'?
- a. Payment by suppliers to retailers to display merchandise in prominent or selected shelf space
 - b. Lump-sum payments by manufacturers to retailers to introduce new products
 - c. Payment by suppliers to retailers for favourable placements on store shelves
 - d. All of the above

END OF PART A

PART B : SHORT ANSWER QUESTIONS (85 MARKS)

INSTRUCTION(S) : There are **FIVE (5)** short answer questions. Answer **ALL** questions in the Answer Booklet provided.

1. Using examples discuss any **FIVE (5)** of the following factors that retail buyers have to consider when planning merchandise assortment and quality for their retail store.

- i. target market
- ii. competition
- iii. retailer image
- iv. location
- v. profitability
- vi. customer services
- vii. personnel

(4 marks each x 5 factors = 20 marks)

2. a. Briefly explain **FOUR (4)** differences between centralized and decentralized retail buying. (8 marks)

b. For a multi-store retail organization, which type of retail buying structure would you suggest: centralized or decentralized? Discuss the **TWO (2)** benefits and **TWO (2)** challenges of your recommendation.

(12 marks)

(Total 20 marks)

3. A convenience store outlet has an inventory level of RM150,000 on the 1st July and planned for end-month inventory of RM152,000 on the 31st July.

The planned sales for the store for July is RM48,000 with RM750 in planned markdowns. There was a pending order of RM250 at retail to be delivered during the month. The gross margin of the retailer is 40%.

a. Calculate the convenience store's Open-To-Buy at retail and at cost. Provide detailed calculations.

(16 marks)

b. Explain the meaning of OTB at retail and at cost.

(4 marks)

(Total 20 marks)

4. Window displays are one type of merchandise displays used by retailers to induce customers to buy. Discuss the following **THREE (3)** types of displays used by the retail store operations.

- a. Thematic displays
- b. Coordinate displays
- c. Product presentation

(15 marks)

5. Retailers often import foreign goods. Examine **TWO (2)** sources of goods from foreign suppliers. Discuss **ONE (1)** advantage and **ONE (1)** disadvantage of buying imported goods.

(10 marks)

END OF EXAM PAPER