



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BRL 2302 BUYING AND MERCHANDISING DECISIONS**
 Semester & Year : September - December 2016
 Lecturer/Examiner : Ms 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. Answer ALL questions. Answers are to be written in the Multiple Choice Answer Sheet provided.
 - PART B (85 marks) : FIVE (5) short answer questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries 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 of Hospitality 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 of Hospitality.

Total Number of pages = 6 (Including the cover page)

PART A : MULTIPLE CHOICE QUESTIONS (15 MARKS)

INSTRUCTION(S) : FIFTEEN (15) multiple choice questions. Answer ALL questions in the multiple choice answer sheet provided.

1. Which of the following is **NOT TRUE** in the definition of a product?
 - a. The process of managing the entire lifecycle of a product from its conception through design and manufacture, to service and disposal.
 - b. Anything the 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. Name the **FOUR (4)** types of consumer products and services bought by the customers for their daily life style consumption.
 - a. Convenience products, shopping products, specialty products, fresh goods.
 - b. Staple products, specialty products, shopping products, convenience products.
 - c. Shopping products, staple products, fresh goods, impulse goods.
 - d. Specialty products, shopping products, convenience products, household products.

3. The following statements are part of the responsibilities of a Buyer, **EXCEPT**:
 - a. Managing sales, inventory and gross margins
 - b. Inventory planning, sales forecasting and negotiation with suppliers
 - c. Sales planning, inventory and debt financing
 - d. Market research and identify opportunities for growth

4. At which stage of the Product Life Cycle, should a new product be introduced to ensure continuity of business?
 - a. Introductory stage
 - b. Growth stage
 - c. Maturity stage
 - d. Decline stage

5. Under which of the following conditions will Buyers make cancellation of what have been ordered from suppliers?
 - a. Merchandise out of fashion and pricing not competitive
 - b. Overstock merchandise, slow sales off-take and re-evaluation of goods on order
 - c. Too much stock, slow sales off-take, and product replacement from suppliers
 - d. Slow sales off-take, stocks damaged by customers, product at the end of life cycle.

6. What are the characteristics of merchandise sourcing and management in a multiple store operations?
 - a. Buying done centrally, merchandise information from outside sources, store manager in control of sales and not involved in buying
 - b. Buying done centrally, merchandise information mainly from outside sources, store manager in control of sales and buying
 - c. Buying done by the multiple stores, merchandise information mainly from outside sources, store manager in control of sales and not involved in buying
 - d. Buying done by the multiple stores, merchandise information mainly from internal sources, store manager in not in control of sales and buying

7. Which of the following are factors for consideration when planning for merchandise assortment?
 - a. Suppliers support, pricing strategy, target market, store renovation
 - b. The target market, competition, retailer's image, and store location
 - c. The customers buying power, competition, store location and assets
 - d. Merchandise manager, store location and customers' services

8. Which of the following explains '3/10 net 30 EOM'?
 - a. 3% discount is available if the retailer pays in full within 10 days from end of the month
 - b. 3 out of 10 units to be returned within 30 days, end of message
 - c. Retailer will get 3 units free if pay within 30 days from end of month
 - d. Retailer gets up to 30 days to settle invoice from end of message

9. Which of the following factors is **MOST** important when selecting new 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
10. What are the common factors used by retailers in strategizing their merchandise price options?
- Cost of goods, cost of operations, cost of labour
 - Market survey, competitors, and buying power
 - Product brand, product quality and product quantity
 - Upscale orientation, at-the-market orientation and discount orientation
11. Which of the following is **NOT** the feature for consideration when determining market pricing?
- Market situation is very competitive, with many retailers
 - Price of product and services dictated by customers
 - Prices of major goods controlled by suppliers
 - Selling price controlled by the Government and retailers
12. When is the **MOST** appropriate period (time) for a retailer to do a markdown?
- When the merchandise coordinates has 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. The following statements are included in definitions of turnover, **EXCEPT**:
- A ration showing how many times a company's inventory is sold and replaced over a period
 - Total store inventory divided by average sales
 - Expressed in terms of total amount of stock or products sold
 - Often expressed in monetary terms

14. What is the retail price of a table that cost RM65 and is to be marked up 60%?
- a. RM108.30
 - b. RM91.00
 - c. RM104.00
 - d. RM162.50
15. What is 'slotting' allowances?
- 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) : FIVE (5) short answer questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.

1. Retail buyers have to consider various factors in selecting merchandise to be placed in the retail store. Using examples discuss **FIVE (5)** factors when planning merchandise quality. **(20 marks)**

2. a) Describe the roles of centralized and decentralized retail buying. **(10 marks)**

b) Discuss **TWO (2)** reasons for a retailer to carry out a markdown. **(10 marks)**
(Total 20 marks)

3. A convenience store outlet has an inventory level of RM150,000 on the 1st of 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 and a planned markup of RM250. The gross margin of the retailer is 40%.

Calculate the convenience store's Open-to-buy at retail and at cost. Provide detailed calculations and explain what the results mean. **(20 marks)**

4. Window Displays is one of the type of merchandise display used by retailers to induce customers to buy. Discuss any **THREE (3)** of the most common type of displays used by the retail store operations. **(15 marks)**

5. Examine **TWO (2)** sources of buying foreign goods from foreign sources. Discuss **ONE (1)** advantage and **ONE (1)** disadvantage of buying foreign goods **(10 marks)**

END OF EXAM PAPER