



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

## Diploma in Retail Management

Dec 2015

### Paper 5 Buying & Merchandizing

Date: 12.12.2015  
Time: 2.00PM–5.00PM

Max. Marks: 100  
Duration:3 hrs

**Instructions:**

1. From Part A, answer all questions Qs 1, 2 and 3 (compulsory) --Q1 (12 marks), Q2 (8 marks) and Q3 (12 marks) - Total 32 marks.
  2. From Part B, answer any 4 questions from Q No.4 to Q9. Each question carries 12marks (total 48 marks)
  3. Part C, Q No. 10 (Case Study) is compulsory.( 20 marks)
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#### PART A- Compulsory

**Q1. Fill in the blanks with appropriate words: (Attempt any 12 (1 mark each) Total 12 marks**

- (i) Planned purchase = planned sales + planned \_\_\_\_\_ Planned \_EOM - Planned \_\_\_\_\_ stock.
- (ii) Segmentation can be of many types: demographic, \_\_\_\_\_, psychographics, lifestyles, etc.
- (iii) Campaign graphics are graphics related to the \_\_\_\_\_ advertising campaign.
- (iv) In merchandizing, retailers often say “goods \_\_\_\_\_ are half sold”.
- (v) The buyer in a retail needs to monitor and maintain good margins, by control of \_\_\_\_\_, mark downs, shortages, turnover, and \_\_\_\_\_ levels.
- (vi) A wrong product \_\_\_\_\_ is one of the basic reasons for the failure of many retailers.
- (vii) The reasons for the emergence of Category management are: consumer changes, \_\_\_\_\_ economic and efficient considerations, advances in \_\_\_\_\_.
- (viii) In general, a category is an assortment of items that the consumer sees as a reasonable \_\_\_\_\_ for each other.
- (ix) A \_\_\_\_\_ strategy is where a company regularly markets very expensive products.
- (x) Private labels were traditionally defined as a \_\_\_\_\_ product offerings that competed with national brands on the basis of value proposition.
- (xi) Open to Buy = Planned EOM stock - \_\_\_\_\_ EOM stock.
- (xii) The economic conditions prevalent at the time play a major role in a retailer’s \_\_\_\_\_ policy
- (xiii) For determining EOQ, Retail has first to determine the sales for the product, then take into consideration various factors like cost, \_\_\_\_\_, and cost of holding \_\_\_\_\_, etc.
- (xiv) A Sell through analysis is a comparison between \_\_\_\_\_ and planned sales.
- (xv) Contribution margin + Net sales - \_\_\_\_\_ - other variable expenses.

**Q2. State True/ False for the following ( 1 Mark each- Total 8 marks)**

- (i) In a purchase enquiry to an approved vendor there is every need to specify the right time.
- (ii) A buyer who refused the unsold goods in a buy back contract is a defaulter.
- (iii) Fads in contrast to fashions enjoy popularity for an extended period of time and normally generate a high level of sales for a short time.
- (iv) Rapid turnover enables the retailer to reduce interest expenses
- (v) Each store of a Retailer regardless of size, need not carry a large proportion of the assortment offered.
- (vi) In a purchase enquiry to an approved vendor there is every need to specify the right time.
- (vii) The final basic level in the identification of merchandize by the buyer in a supermarket is a Category
- (viii) A private label is a Store's own brand.

**Q3. Distinguish between (attempt any 3 x 4 = 12 marks)**

- (a) Multi unit price and multiple pricing
- (b) Category tactics and category review
- (c) Private Label and Stores Brand
- (d) Seasonal discount and quantity discount.
- (e) Traffic building and transaction building

**PART B**

**48 marks**

**(Attempt any 4 Qs from Q 4 to Q 9 (12 Markss each).**

Q4. What is the job of a Buyer in Retail? How would you measure his performance?

Q5. How does the function of B&M vary depending on the time and type of organization?

Q6. Describe the various methods by which Retail can evaluate its vendor's performance.

Q7. How would the function of buying differ for a lifestyle retailer as compared to a food and grocery retailer?

Q8. Write Short Notes (Any 3 ) 4 marks each x 3 = 12 marks)

- Costs of global sourcing
- Pricing strategies
- Factors affecting POS price
- Image enhancing
- Own Brand v Umbrella Brand

Q9. What are the elements of retail price?

Part C

**Q10. Case Study (Compulsory)**

**20 marks**

VCRs, Refrigerators, TVs, Washing Machines were the only merchandize of a leading Retail Stores. They did not have their own corresponding brands.

Control of Inventory was a major problem. Proper recording and identification of these items was taking too much time and manpower. Cost was high under the present manual system.

You, as the CEO, you were looking for various options for (a) smooth functioning and (b) reducing inventory cost. One of your recommendations to the owner of the Retail is BAR CODING.

Questions:

- (a) What could be the reasons for inaccuracy in physical inventory under existing system?
  - (b) What remedies other than BAR CODING you had thought of?
  - (c) What improvements can you suggest in buying of these items?
  - (d) What are the processes required for Bar Coding System?
  - (e) What is the decoding device in Bar Coding?
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