

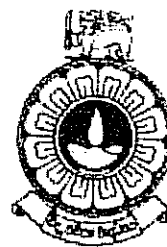
THE OPEN UNIVERSITY OF SRI LANKA

BACHELOR OF INDUSTRIAL STUDIES

FINAL EXAMINATION - 2005/2006

TTM5240 APPAREL MERCHANDISING

DURATION - THREE HOURS



044

DATE: 29 March 2006

TIME: 0930 - 1230 Hours

Total Number of Questions = 10

Number of Questions to be answered = 06

Answer Question 1, which is compulsory and additional five (05) questions.

Question 1 carries twenty-five (25) marks and Questions 2 to 10 carry fifteen (15) marks each.

Compulsory Question

01. a. Explain the difference between "buying line" and "selling line" with reference to fashion merchandising. (03 marks)
- b. Explain the difference between a "speciality store" and a "departmental store". (02 marks)
- c. There are number of factors that are under the control of the fashion merchandiser which can influence whether the marketing message gains the attention of the customer or not. State four of these factors. (02 marks)
- d. One of the tools used by fashion forecasters to ascertain future consumer demand is "observing street fashion". With a suitable example explain what you understand by this. (03 marks)
- e. Briefly explain why the following factors need to be considered before deciding on the suitability of a supplier for raw materials: environmental concerns, small purchases. (03 marks)
- f. Briefly explain the advantages of grey fabric booking. (02 marks)
- g. Give one advantage and one disadvantage of each of the three costing systems. (03 marks)
- h. What do you understand by "price skimming" and "penetration pricing"? (02 marks)

- 05.
- i. Briefly explain how "Generalised System of Preferences (GSP)" will help exports of goods from a developing country such as Sri Lanka. (02 marks)
 - j. What are the different purposes for which retailers and manufacturers continuously promote themselves and their products? (03 marks)

Answer any five questions from the following nine questions

- 02.
- a. "A fashion merchandiser is basically a process manager with diverse roles to play". Discuss this statement giving the functions of a merchandiser in a process diagram. (07 marks)
 - b. "As a merchandiser of fashion products, having the right products in your shelves is more than half the job done". Discuss this statement. (04 marks)
 - c. How are merchandising functions different / similar at retail stores, buying offices and factories? (04 marks)
- 03.
- a. Present a consumer decision process model and explain the various stages of it. (08 marks)
 - b. Consumer learning can be classified as "association learning" and "cognitive learning". Explain these two types of consumer learning with suitable examples. (04 marks)
 - c. Explain how geodemographics could be successfully used in fashion marketing. (03 marks)
- 04.
- a. Devon Garments Lanka Ltd. specialises in manufacturing men's and women's wear for the high end local market. Hypothetically plan the range, garment categories, product lines, styles, depths and widths for the collections they plan to sell in the coming season. (10 marks)
 - b. Discuss the advantages of pre-costing with reference to fashion product development. (05 marks)
- 06.

05. a. Discuss the various criteria that are taken into consideration when selecting a manufacturer for a particular order. (06 marks)
- b. Purchasing describes the typical procedures involved in acquiring items as services for an organisation. Illustrate the various stages of the purchasing process with the help of a flow diagram. (05 marks)
- c. In the apparel industry there are four different kinds of buying practices; namely, entrepreneurial, specialised store, central and resident. Explain each of these types of buying. (04 marks)
06. a. Explain the important functions performed by a merchandiser in the pre-production phase. (07 marks)
- b. Why is the testing of fabrics and accessories are so important for children's wear? (04 marks)
- c. Name the special considerations that must be kept in mind while purchase orders for accessories are raised. (04 marks)
07. a. Explain the internal and external factors that influence pricing decisions. (05 marks)
- b. Explain the various stages of the process used for establishing prices. (05 marks)
- c. Discuss the various types of pricing strategies that are adopted by merchandisers and give some practical examples for each of these types. (05 marks)
08. a. Based on the reason for which the promotion is carried out, it can be categorised as, proactive, reactive, strategic and tactful. Explain each of these types of promotion giving suitable examples. (07 marks)
- b. With the help of suitable examples, explain the purposes of visual merchandising. (04 marks)
- c. What are the different types of displays that are used by visual merchandisers at the point of sales? Give examples. (04 marks)

09. A ladies suit costs Rs. 600/= on raw materials to a manufacturer. He produces 10000 suits every month and pays Rs. 2,000,000/= as salaries for its employees. The company incurs a monthly fixed expenditure of Rs. 280,000/=.
- a. Calculate the minimum price that the manufacturer must charge to cover cost by selling all the suits. (02 marks)
 - b. Based on market research the manufacturer wishes to sell his suit at Rs. 1840/= (including VAT of 20%). What is the minimum number of suits that the manufacturer should sell to break-even? (03 marks)
 - c. If the entire stock is sold, how much profit would the manufacturer make every month? (02 marks)
 - d. During the month of December the manufacturer reduces the price of the suit by 15%. What is the minimum number of suits should the manufacturer sell in that particular month to break-even? (04 marks)
 - e. Assuming that the fixed cost and salaries increase by 25% in the month of January, how many suits must the manufacturer produce to achieve the same profit he was achieving in the previous months? (04 marks)
10. a. Advertisement is classified into different categories based on the message conveyed in the advertisement. Explain each of these categories of advertisements. (08 marks)
- b. Why is it some companies prefer institutional advertising as against product advertising? (04 marks)
 - c. What do you understand by CPM – TM in advertising (03 marks)

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