

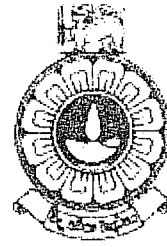
THE OPEN UNIVERSITY OF SRI LANKA

DIPLOMA IN INDUSTRIAL STUDIES

FINAL EXAMINATION - 2006/2007

TTD2240 / TTM4240 APPAREL MERCHANDISING

DURATION - THREE HOURS



027

DATE: 24 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.

01. a. What do you understand by apparel merchandising? (02 marks)
- b. In the fashion industry, merchandising takes place at different places. Some of these places are Retail stores, Buying offices and Factories. Give one unique exclusive function of merchandising that is performed in each of these places. (03 marks)
- c. Briefly explain why follow-up is important even after giving an order to a manufacturer. (03 marks)
- d. Briefly explain what you understand by visual merchandising including the purpose of it. (03 marks)
- e. State the different stages, at which costing is done in the fashion industry. (02 marks)
- f. 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)
- g. Briefly explain the advantages of grey fabric booking. (03 marks)
- h. What is the difference between cost and price? (02 marks)
- i. What are the two main functions of fashion promotion? (02 marks)
- j. Name four elements that are used to show or enhance the clothes on display. (02 marks)

02. a. Fashion retailing is basically done through speciality stores and departmental stores. With suitable examples, explain the difference between these stores. (06 marks)
- b. Briefly explain the external factors that influence consumer demand for fashion garments in the Sri Lankan context. (05 marks)
- c. What are the various internal factors that influence consumer demand? Briefly explain them. (04 marks)
03. a. Briefly explain the three stages that can be identified in any consumer purchasing process. (05 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. (05 marks)
- c. "Environmental issues are becoming critical in any manufacturing industry". Briefly discuss how apparel products are affected by this trend. (05 marks)
04. a. Explain the properties that need to be taken into account when selecting a fabric for a new design of a garment. (07 marks)
- b. Discuss the role played by silhouette in garment designing. (04 marks)
- c. "Colour is the first influencing factor in consumer selecting or rejecting a garment". Discuss this statement. (04 marks)
05. a. Briefly explain what you understand by "buying plan". Explain what steps a buyer should take to devise a buying plan. (06 marks)
- b. Why is the testing of fabrics and ingredients so important for children's wear? (03 marks)
- c. For a four-year old girls pink dress with a navy bow and green buttons, select three tests which would be necessary to perform, and give the reasons why these tests are important. (06 marks)

06. a. Three product costing systems commonly used in the apparel industry are direct costing, absorption costing and activity based costing. Taking suitable examples explain the difference between these systems, their advantages and disadvantages. (09 marks)
- b. It is found that in a certain garment factory 100 workers worked 11000 minutes to produce a particular garment order. The total labour cost and overheads for this period was Rs. 3,000,000/=. If the factory efficiency is 78% and time lost due to absenteeism is 9% calculate the cost of a man-minute in this factory for that particular month. (06 marks)
07. a. List the advantages and disadvantages of direct costing and absorption costing. (05 marks)
- b. Why is activity based costing currently being recommended? (03 marks)
- c. What is the difference between contribution margin and gross profit margin? (03 marks)
- d. Give an example of non-variable overhead. (02 marks)
- e. Why is the net income the same with both, direct and absorption, costing systems? (02 marks)
08. a. A fashion product goes through five major stages in a fashion life cycle. The promotion strategy at each of these stages is different. Plan an advertising strategy for a new fashion product for the entire fashion life cycle. (10 marks)
- b. Explain the three traditional methods that are used to determine how the promotional budget is formed. (05 marks)
09. a. Advertisements are classified into different categories based on the message conveyed in the advertisement. Explain each of these categories of advertisements. (08 marks)
- b. Why is that some companies prefer institutional advertising as against product advertising? (04 marks)
- c. What do you understand by CPM - TM in advertising (03 marks)

10. a. Briefly explain what you understand by "advertising" (03 marks)
- b. Explain the difference between product advertising and institutional advertising. Explain the purposes of these different types of advertisements. (03 marks)
- c. XYZ (Lanka) Ltd. wants to market one of its products targeted towards young girls aged between 18 - 25 years. According to a research, it is found that the market area has 1,000,000 such girls. The company wants to campaign in one or more media, which would target the majority of its customers. Company wants to achieve this result at the lowest possible cost per thousand (CPT). Following are the advertising/publicity costs and other details.

Media	Contacts	Advertisement Charges	Percentage of contacts in the customer category
Newspaper 1	1,500,000	Rs. 50,000/= for quarter page	15%
Newspaper 2	800,000	Rs. 20,000/= for quarter page	20%
TV1	300,000 at prime time	Rs. 75,000/= for a 30 second commercial	15%
TV2	100,000 at prime time	Rs. 45,000/= for a 30 second commercial	25%
Cricket match	40,000	Rs. 40,000/= per match	40%
Net ball match	25,000	Rs. 15,000/= per match	80%

Which media will be more effective in reaching out the intended target with minimum Cost per Thousand (CPT)? (09 marks)

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