

**PGDM RM, 2021-23**  
**Buying & Merchandising Management**  
**RM- 401**  
**Trimester – IV, End-Term Examination: September 2022**

Roll No: \_\_\_\_\_

Time allowed: 2 Hrs  
Max Marks: 40

**Instruction:** Students are required to write Roll No on the cover page of the Answer Sheet. All other instructions on the question paper / Admit card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 4 questions with internal choices and all CILOs (Course Intended Learning Outcomes) covered in the Question Paper	4* 5	20
B	Compulsory Case Study	2*10	20
			<b>40</b>

**FORMAT OF THE END TERM QUESTION PAPER**

**SECTION A – (5 marks \* 4 questions or marks sub-divided if COs >3) = 20 Marks**

A1a (CO 1)

Define the following terms

- a. A Marketing Orientation ( 2.5 marks)
- b. MAZUR Plan ( 2.5 marks)

OR

A1b

Define the following

- a. Retail Strategy ( 2.5 marks)
- b. Structure of a buying organisation ( 2.5 marks)

A2a (CO2)

Map the buying process as a series of interconnected steps (5 marks)

OR

A2b

- a. What are fashion adoption theories? Give some examples of the same
- b. What are the factors that impact a buyer's product, brand and assortment buying decisions? (2.5 marks each)

A3a

(CO 3)

Discuss the steps in the preparation of a six-month merchandise plan (5 marks)

OR

A3b

Use the following information to answer the questions below.

	Last Year Monthly Sales	BOM Stock
January	10,000	20,000
February	12,000	25,000
March	14,000	30,000
April	18,000	38,000
May	19,000	40,000
June	18,000	39,000
July	19,000	41,000
August	21,000	43,000
September	23,000	47,000
October	26,000	52,000
November	31,000	60,000
December	30,000	58,000
Ending Inventory	Dec-31	28,000

- For the time period presented, what is the total sales?
- What is the average inventory for the period?
- What was the annual stock turnover rate?
- Calculate last year's stock-to-sales ratios for each of the months given
- Next December the buyer wants to maintain the current-stock-to sales ratio but reduce the BOM to 55,000. What sales must occur next year for this to happen?

(5 x 1 mark)

A4a

(CO 4)

- What are the elements of a skeletal P&L. How would you manage the different elements to increase profitability?
- The men's furnishings department for a mass market retailer had the following performance for period under consideration:
  - 32% Gross margin
  - 2.8 Turnover
  - 52.7% Markup

What GMROI was achieved?

OR

A4b

Construct a profit and loss statement using the following departmental figures and show the dollar amounts for net sales, total cost of goods sold, gross margin, expenses, and profit.

Gross sales	82,000
Customer returns and allowances	4,000
Inward freight	2,000
Workroom costs	1,000
Opening inventory at cost	17,000
Closing inventory at cost	14,000
Purchases at cost	36,000
Cash discounts	8%
Advertising	5,000
Rent	12,000
Salaries	17,000
Miscellaneous expenses	2,500

**SECTION B – CASE STUDY** (20 Marks, all questions compulsory) (additional COs if any should be covered in the Case Study)

**‘Your Dress Shop’ – The Way Forward**

Anil Kumar, store manager for ‘Your Dress Shop’, was deep in thought as he moved from the menswear section to the women’s wear section. Sales for the store was growing month on month but given the multitude of skus and departments he was not able to identify the growth areas of the store. What was driving the sales and what was holding them back needed to be figured out.

‘Your Dress Shop’ was a multi-brand apparel store located in the upmarket area of Gurgaon. It’s clientele was largely composed of the young urban professionals working in various companies in Gurgaon. Their requirements extended from the professional suit to gym clothes. The store was targeted for both men and women. It still did not have a children’s section which was a gap that the store could cover and it was a thought in Anil Kumar’s mind.

There was a demand for branded clothes to which space has been allocated. Anil was also toying with the idea of creating a private label brand or providing bespoke services. Space was an issue as the store currently had sufficient space but any further expansion would have to be critically looked at. Currently, space was being allocated on an arbitrary basis to the various brands within the men’s and women’s section.

The organization of the store was very simple. Anil was the store manager and he was assisted by two assistants who handled the customers, displays and stock management. The rest of the tasks was handled by Anil. Due to paucity of time he was unable to analyze and think through the actions that he should be taking. This at time resulted in slow moving inventory which then had to be cleared through markdowns which impacted the profitability of the store.

Anil had recently completed a refresher course on Buying and Merchandise Management where he learnt about forecasting, stock planning, store space optimization and profitability analysis. He also learnt the importance of consumer centricity and consumer research in planning and identifying opportunities?

**Questions:**

1. How can Anil identify, analyse and leverage growth opportunities? (10 marks)
2. Identify and suggest market research areas that Anil can work on? (5 marks)
3. Suggest a structure, with roles and responsibilities, for the store which will assist Anil in implementing the process to leverage growth. (5 marks)