



COLLEGIATE  
**DECA**

# RETAIL MANAGEMENT AND MERCHANDISING

## SAMPLE EXAM QUESTIONS

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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## SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM

1. Which of the following is a characteristic of debtor-creditor relationships:
  - A. Designed to monitor accounts
  - B. Controlled by industry standards
  - C. Intended to increase competition
  - D. Regulated by various laws
  
2. Which of the following is a benefit of the business-format franchise arrangement:
  - A. Strict operating hours
  - B. Reduced risk of failure
  - C. Limited number of vendors
  - D. Uniform store appearance
  
3. The total number of members in a channel is called
  - A. channel length.
  - B. distribution intensity.
  - C. distribution pattern.
  - D. channel width.
  
4. For which of the following markets would producers use a short channel of distribution:
  - A. Baby boomers
  - B. Generation X
  - C. Local consumers
  - D. Senior citizens
  
5. Channel members' sharing inventory and order-processing information through databases and computer systems is an example of the use of technology in
  - A. pricing.
  - B. planning.
  - C. distribution.
  - D. promotion.
  
6. It is important for the JBH Company to advise all of its channel members about a sales promotion that it plans to hold next month so the
  - A. risk of inventory stock-outs is eliminated.
  - B. transporters can hire more order takers.
  - C. company can avoid inventory shrinkage.
  - D. products are available to meet the demand.
  
7. One reason a channel of distribution that has strong leadership is often able to avoid conflict within the channel is because the leader has the
  - A. ability to provide training.
  - B. personality to develop friendships.
  - C. authority to demand cooperation.
  - D. capacity to regulate change.
  
8. In a weekly staff meeting, Morgan presents a set of new procedures that she believes will improve the department's productivity levels. Jacob disagrees with Morgan's approach and provides an alternative for improvement. Although Morgan agrees with a couple of Jacob's points, she still thinks her plan will be better for the company in the long run. How can Morgan effectively defend her idea for improvement?
  - A. Tell Jacob that most of his ideas are weak and restate her suggestions
  - B. Present supporting research for her suggestions in an unbiased way
  - C. Request that the group meet again, so she has time to come up with new ideas
  - D. Ask the other members of the group for their input and ideas
  
9. Employees should answer the telephone in a businesslike manner in order to
  - A. be a candidate for a promotion.
  - B. reflect the importance of the job.
  - C. handle a lot of calls at one time.
  - D. project the image of the business.
  
10. Before organizing an oral presentation, the presenter should
  - A. gather information from a variety of sources.
  - B. determine the size of the audience.
  - C. determine the purpose or nature of the message.
  - D. prepare appropriate visual aids.
  
11. Which of the following is a reason why it is important for businesses to have effective staff communication:
  - A. To promote social interaction
  - B. To encourage personal relationships
  - C. To develop business contacts
  - D. To help employees do a good job

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12. When customers complain, what is the general rule that business personnel follow in order to assure that customers receive fair and consistent treatment?
  - A. Customer complaint plan
  - B. Store procedure
  - C. Customer service plan
  - D. Store policy
  
13. What does a chain of auto-parts stores need to develop to eliminate the possibility of individual stores running out of products?
  - A. Effective order fulfillment system
  - B. Private delivery service
  - C. Regional warehousing network
  - D. Automated packaging procedure
  
14. The routine stock-handling process after merchandise has arrived at the shipping dock involves
  - A. checking it against the shipping bill, marking it with a selling price, and transferring it to the sales area.
  - B. moving it to the sales area where it is checked to ensure that the UPC code is on each item.
  - C. pricing it according to the instructions on the bill of lading and securing it until it is purchased.
  - D. storing it in the receiving area and moving it to the sales floor as it is needed by sales personnel.
  
15. Stock of items that need to be available to salespeople quickly would most often be kept in
  - A. forward stock.
  - B. reserve stock.
  - C. a warehouse.
  - D. a distribution center.
  
16. What is one reason why many businesses use warehouses?
  - A. To conserve resources
  - B. To order products
  - C. To coordinate shipments
  - D. To follow regulations
  
17. Having the ability to monitor the sales performance of each department is one reason why large home-improvement stores monitor the
  - A. employee training process.
  - B. merchandise classification system.
  - C. proposed merchandise plan.
  - D. domestic buying procedure.
  
18. For the long-term success of the business, Stacey's Steamers has decided to add a self-serve laundromat. Which of the following describes the business activity Stacey's Steamers is likely involved in:
  - A. Organizing itself for meeting its objectives
  - B. Establishing a system for retrieving information
  - C. Promoting its new service to potential customers
  - D. Determining what will put it in reach of its goals
  
19. Laws that prohibit the sale of unsafe products are examples of factors that
  - A. limit economic freedom.
  - B. promote competition.
  - C. increase production.
  - D. reduce inflation.
  
20. Purchasing insurance to cover business risks is an example of business risks' being handled through
  - A. retention.
  - B. avoidance.
  - C. transfer.
  - D. prevention.
  
21. Increased consumer spending indicates that the economy is stable and growing because increased spending leads to an increase in
  - A. unemployment levels.
  - B. interest rates.
  - C. demand for products.
  - D. scarcity of resources.
  
22. A worker who completes a transaction in which money changes hands but no receipts are kept and the income is not reported to the government is participating in
  - A. double counting.
  - B. the underground economy.
  - C. accuracy in counting.
  - D. an uncounted production.

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23. Which of the following would not change when expanding a domestic retail chain overseas:
- A. Store web site
  - B. Merchandise selection
  - C. Company president
  - D. Marketing strategy
24. When a group reaches consensus, it means that all of the members agree but they usually
- A. do not have equal power.
  - B. follow the leader.
  - C. do not vote.
  - D. accept majority rule.
25. Juan Rodriguez signed a promissory note for a loan. In this credit arrangement, Juan is the
- A. lender.
  - B. creditor.
  - C. borrower.
  - D. depositor.
26. When an item is purchased, money is exchanged for the right to
- A. file a claim.
  - B. use credit.
  - C. own the item.
  - D. pay for the item.
27. When preparing a personal income tax form, parents report some of their childcare expenses to receive
- A. capital gains.
  - B. tax deductions.
  - C. dividends.
  - D. tax rebates.
28. Which of the following is a way that businesses can use financial information:
- A. To create an economic system
  - B. To select selling strategies
  - C. To conduct focus groups
  - D. To identify trends
29. Jamie is an accountant at a furniture store. As soon as customers pay cash for their purchases, he records the sales in the accounting books but not if they charge their purchases. What type of accounting method is Jamie using?
- A. Systematic
  - B. Cash
  - C. Accrual
  - D. Automatic
30. What is a business's gross profit if its profit-and-loss (income) statement lists \$875,250 in revenue, \$341,500 in cost of goods sold, \$263,000 in operating expenses, and \$46,500 in advertising?
- A. \$612,250
  - B. \$487,250
  - C. \$270,750
  - D. \$533,750
31. Marketers use data to determine pricing strategies such as
- A. what products to offer.
  - B. how much to spend on advertising.
  - C. how much of the product to create.
  - D. when to offer a discount on the product.
32. Which of the following would be the marketing information most likely to be gathered and analyzed by a marketing-information management system:
- A. Historical data
  - B. Unchanging events
  - C. Consumer trends
  - D. Employee absences
33. One way that technology has enhanced a business's ability to administer telephone surveys in a time-efficient manner is by making it possible to use
- A. digital presentation software.
  - B. interpersonal fax interviews.
  - C. mechanical database networks.
  - D. automated computer systems.
34. Holding a focus group is one way for a business to collect \_\_\_\_\_ marketing-research data.
- A. primary
  - B. secondary
  - C. complementary
  - D. statistical

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35. Which of the following questions would be answered through a situation analysis:
- A. Why is our business's market share dropping?
  - B. How can we reach our target market more effectively?
  - C. Which new product has more potential?
  - D. What do we already know about this problem or opportunity?
36. What do businesses create to help answer the research problem?
- A. Objectives
  - B. Strategies
  - C. Procedures
  - D. Activities
37. What type of rating scale involves asking respondents to select one of a limited number of options listed on a questionnaire?
- A. Paired comparison
  - B. Constant-sum
  - C. Percentage
  - D. Itemized
38. Which of the following is demographic information that businesses might monitor when making marketing decisions:
- A. Traits
  - B. Opinions
  - C. Income
  - D. Values
39. Orson, a researcher, is asking a customer a series of questions during a scheduled meeting. Orson is using the \_\_\_\_\_ method to collect marketing data.
- A. contact
  - B. relational
  - C. observation
  - D. interview
40. When processing survey results, a marketing researcher may decide to discard the questionnaires that contain errors if the number of
- A. unsatisfactory responses is more than 25 percent.
  - B. satisfactory responses is low.
  - C. satisfactory responses is more than 40 percent.
  - D. unsatisfactory responses is low.

41. What is the mean in the following statistical table:

Numeric Value of Response	Number of Responses
6	6
5	10
4	15
3	12
2	7
1	4

- A. 3.3
  - B. 3.7
  - C. 3.5
  - D. 3.1
42. Which of following situations is an example of a response error:
- A. Angela developed a written survey containing open-ended questions.
  - B. Jenny coded a survey respondent's answer with the number two instead of the number three.
  - C. Ben found that the sample group was not representative of the target market.
  - D. Tim did not answer the last two questions on a written survey.
43. Which of the following research methods is an appropriate way to gather marketing information when quick responsiveness and low costs are important issues:
- A. Test marketing
  - B. Internet survey
  - C. Face-to-face interviews
  - D. Field experiment

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44. In an overall sense, where does marketing occur?  
A. Wherever advertisements are  
B. Wherever customers are  
C. Wherever trucks are  
D. Wherever stores are
45. A grocery store promoting a low price on party trays prepared by the deli department is involved in  
A. selling.  
B. retailing.  
C. marketing.  
D. planning.
46. Rick is a salesperson for a company whose product is used to make other goods. What type of market should he target?  
A. Economic  
B. Consumer  
C. Industrial  
D. Production
47. Which element of the marketing plan reveals the possible problems a product might encounter in the marketplace:  
A. Budget allocation  
B. Objectives and issues summary  
C. Threats and opportunities analysis  
D. Action program
48. What might a business decide to do if the information in its sales forecast predicts a drop in demand for the business's product?  
A. Recruit 50 new employees  
B. Decrease advertising budget  
C. Increase production  
D. Reduce prices by 4%
49. A risk involved with information management is leaving customers unprotected from  
A. identity theft.  
B. bad customer service.  
C. high prices.  
D. faulty products.
50. Some business records need to be maintained in secure locations because they contain \_\_\_\_\_ information.  
A. confidential  
B. historical  
C. published  
D. regulatory
51. Which of the following is an example of how a business or industry has a unique relationship with its environment:  
A. New technology causes new laws to be enacted.  
B. An economy in prosperity will eventually experience recession.  
C. Social and cultural attitudes change over time.  
D. Demand for skilled nursing care rises as the population ages.
52. One reason many grocery stores have a policy of prosecuting all shoplifters is because that policy tends to  
A. reduce the amount of theft.  
B. make the store more secure.  
C. be a warning to suppliers.  
D. frighten many employees.
53. When managing a project, the first activity is for the project leader to  
A. develop a schedule.  
B. set goals.  
C. negotiate terms.  
D. monitor progress.
54. Which of the following is an important purchasing activity in a business:  
A. Selecting vendors  
B. Setting prices  
C. Developing financial statements  
D. Managing employee benefits

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55. It is important for a business to evaluate the financial condition of a potential vendor during the vendor-selection process to assess the
- A. risk levels of doing business with the vendor.
  - B. reliability of the products that the vendor carries.
  - C. vendor's levels of customer service.
  - D. vendor's required lead times.
56. Which of the following actions by employees might result in additional expense for a business:
- A. Taking the initiative to find work
  - B. Making personal use of company property
  - C. Reporting incidents of shoplifting
  - D. Giving appropriate discounts to customers
57. Setting a time limit for achieving a goal is a technique that
- A. helps to achieve the goal.
  - B. reminds you of your goal.
  - C. is not usually recommended.
  - D. hinders progress toward the goal.
58. Which of the following is the correct procedure to follow in listing references on a job résumé:
- A. Use initials rather than first names.
  - B. Put personal friends at the top of the list.
  - C. List your references with your work experience.
  - D. Obtain the permission of the people whose names you use.
59. A product has sold well in test markets, and the developer now plans a national promotional campaign with television spots and full-page advertisements in magazines. The price of the product will probably
- A. constantly change.
  - B. decrease.
  - C. remain the same.
  - D. increase.
60. Offering low-priced items that are unavailable to attract customers to a business that then tries to sell them high-priced items is an example of
- A. bait-and-switch advertising.
  - B. high-pressure selling.
  - C. price-ticket switching.
  - D. loss-leader promotion.
61. Which of the following is a profit-oriented pricing objective:
- A. Increasing market share
  - B. Earning return on investment
  - C. Becoming more competitive
  - D. Creating an image for the business
62. Are all products test marketed?
- A. No; it is usually an unnecessary step in new-product development
  - B. Yes; it guarantees product success
  - C. No; it can delay entry into the full market
  - D. Yes; it gives an accurate picture of a product's performance
63. Which of the following is a type of software program that businesses often use to plan, modify, or customize products:
- A. Photo management
  - B. Computer-aided design
  - C. Freeform application
  - D. Remote access
64. One ethical issue that a business must address when it decides to discontinue a product is if the business should
- A. advise the public to purchase a similar product offered by a competitor.
  - B. develop an improved version of the product.
  - C. reduce the product's price before it is taken off the market.
  - D. provide replacement parts for the product.

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65. One benefit of using group creative-thinking techniques is that
- A. each member possesses a unique perspective.
  - B. each member usually contributes the same number of ideas.
  - C. businesses usually develop new product ideas much faster.
  - D. group brainstorming situations tend to be more productive.
66. Consumers can compare the quality level of similar products if the products' producers use which of the following processes:
- A. Grading
  - B. Concept testing
  - C. Labeling
  - D. Combination branding
67. Which of the following is a reason for a business to offer a deep product mix:
- A. To ensure similar methods of distribution
  - B. To specialize in a product line
  - C. To compete effectively
  - D. To control costs
68. Encouraging customers to buy products that they might not otherwise want to buy is one reason why some businesses \_\_\_\_\_ products.
- A. display
  - B. promote
  - C. market
  - D. bundle
69. Co-branding works best when two brands are
- A. in the same industry segment.
  - B. complementary and more or less equal in stature.
  - C. owned by the same parent company.
  - D. fierce competitors.
70. Effective corporate branding involves creating
- A. new products on an ongoing basis.
  - B. emotional connections with customers.
  - C. many different advertising messages.
  - D. direct channels of distribution.
71. Why is it important for a business to maintain an adequate stock level?
- A. To handle expected sales
  - B. To sell the most trendy items
  - C. To fill available space
  - D. To organize new inventory
72. If The Designer Shoe Shop expects to have \$46,750 in sales next month, markdowns equaling 6.5% of sales, and discounts to employees equaling 3% of sales, what is the amount of planned reductions?
- A. \$4,207.50
  - B. \$4,441.25
  - C. \$4,093.75
  - D. \$4,675.00
73. Why is it important for supermarket chains to determine the final cost of purchases from domestic and international sources?
- A. To calculate gross profit
  - B. To monitor operating expenses
  - C. To set up a depreciation schedule
  - D. To apply for personal loans
74. The basic objective of product promotion is to
- A. demonstrate the firm's social responsibility.
  - B. inform the public about the company's future.
  - C. enhance company morale and recruit employees.
  - D. persuade consumers to buy a good or service.
75. Which of the following kinds of paid promotion is most likely to be used to promote the entire company:
- A. Publicity
  - B. Sales promotion
  - C. Advertising
  - D. Personal selling

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76. Which technological advancement has enhanced the efficiency and quality of photographs, copy, and illustrations in printed promotional pieces?
- A. Spreadsheet computer software
  - B. Interactive viewing capabilities
  - C. Graphic design software
  - D. Database tracking capabilities
77. Advertisements may be deemed unfair if they cause substantial injury to consumers. Regulators have determined that substantial injury ordinarily involves \_\_\_\_\_ harm.
- A. cognitive
  - B. monetary
  - C. emotional
  - D. behavioral
78. Which of the following promotional methods is used by many apparel retailers because it shows consumers the latest fashions at minimum expense to the business:
- A. Radio commercial
  - B. Magazine advertising
  - C. Fashion show
  - D. Newspaper advertising
79. Which of the following is an example of direct advertising:
- A. A retailer conducts a telephone survey to determine its customers' satisfaction with its services.
  - B. A hotel chain develops an advertising campaign that includes television spots and billboards.
  - C. A soft-drink company places an advertisement on television during a major sporting event.
  - D. An apparel company mails its latest catalog to customers who have ordered items within a year.
80. Samples, premiums, and advertising specialties are examples of \_\_\_\_\_ used in sales promotion.
- A. publicity strategies
  - B. communications channels
  - C. marketing activities
  - D. selling techniques
81. Making sure that the headline, illustrations, and copy promote the same theme is an example of coordinating \_\_\_\_\_
- A. elements in advertisements.
  - B. principles of design.
  - C. channels of communication.
  - D. arrangements in print.
82. What do many businesses often use to promote products and increase awareness?
- A. Public-relations activities
  - B. Creative thinking
  - C. Marketing research
  - D. Cause-related advertising
83. One reason why it is effective for businesses to use trade shows as a way of communicating with their target audiences is because the consumers who attend the shows are the \_\_\_\_\_
- A. potential employees.
  - B. major competitors.
  - C. important local residents.
  - D. most likely prospects.
84. What type of display sign might a store design for use near the main entrance to promote a storewide special event?
- A. Counter card
  - B. Point-of-sale card
  - C. Sign topper
  - D. Full-sheet poster
85. When deciding if the business should use a point-of-purchase display, a primary consideration is the \_\_\_\_\_
- A. economic changes.
  - B. number of salespeople on hand.
  - C. competitors' activities.
  - D. type of merchandise to be sold.
86. If there is no suitable merchandise available to replace an item of merchandise sold from a display, the appearance of the display can easily be maintained by \_\_\_\_\_
- A. putting up a new backdrop.
  - B. rearranging the display.
  - C. changing the fixtures.
  - D. changing the color scheme.
87. Which of the following is an advantage of a related-item display arrangement:
- A. Time
  - B. Selling power
  - C. Space
  - D. Cost

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88. Determine which question is **not** important to a retail buyer under the following circumstances:

It is Thursday afternoon, and the items to be featured in an advertisement in Sunday's paper still have not arrived.

- A. Will the competition be selling similar items?
- B. Should the ad be postponed until the merchandise is in the store?
- C. Should the ad be canceled to avoid customer dissatisfaction?
- D. Do I believe the supplier's guarantee that the goods will arrive on time?

89. When salespeople demonstrate the features and benefits of goods or services, they often are able to

- A. provide jobs for more employees.
- B. add usefulness to products.
- C. develop new and improved products.
- D. create desire for products.

90. Which of the following is one way that good customer service has a positive effect on sales relationships:

- A. Promotes repeat business
- B. Offers financial assistance
- C. Encourages follow-up
- D. Suggests new information

91. Businesses hope that individuals who are favorably impressed with the business will tell others about it so that the business will receive \_\_\_\_\_ publicity.

- A. specialty
- B. sponsored
- C. word-of-mouth
- D. point-of-purchase

92. Marcus, a salesperson, uses a computer software program to store important information about his customers—their names, addresses, and phone numbers. The purpose of this technology is to

- A. manage contacts.
- B. evaluate territories.
- C. develop reports.
- D. plan presentations.

93. Before developing a product feature-benefit chart, a salesperson must first

- A. explain the product's apparent benefits.
- B. evaluate the competition's reactions.
- C. obtain the necessary facts.
- D. list the product's most important features.

94. Ron is a clerk in a bakery and his brother is a car dealer. As salespeople, the brothers will

- A. spend a lot of time prospecting.
- B. use the selling process differently.
- C. need to qualify potential leads.
- D. sell to the same type of customer.

95. An example of the use of product demonstration is

- A. handing out sale brochures.
- B. measuring the height of a customer.
- C. presenting a feature-benefit chart.
- D. preparing popcorn in a microwave oven.

96. What type of suggestion selling would a salesperson use when a customer is in need of a gift for Father's Day?

- A. Suggesting related products
- B. Suggesting higher priced products
- C. Suggesting new uses for products
- D. Suggesting products for special occasions

97. Krista received a birthday card from the dealership where she purchased her car. What was the dealership's purpose in sending the card?

- A. To verify orders
- B. To arrange training
- C. To build goodwill
- D. To resolve problems

98. Retailers often stock generic brands because they want to appeal to \_\_\_\_\_ customers.

- A. quality-conscious
- B. status-oriented
- C. high-income
- D. price-oriented

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99. On May 2, Jan returns a blow dryer with a receipt that shows it was a cash purchase of \$29.99 on April 29. Jan wants to exchange the dryer for one that is \$34.95. Store policy states that cash refunds will not be given, returns must be made within 10 days, and sales receipts must be presented. Will a cash refund be issued for this transaction?
- A. Yes, the customer will get a rain check.
  - B. Yes, it was a cash purchase.
  - C. No, the time limit has expired.
  - D. No, the customer owes additional money.
100. Which of the following do many businesses believe to be their most important resource:
- A. Sales revenue
  - B. Office supplies
  - C. Equipment
  - D. Employees

## SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY

1. D  
Regulated by various laws. There are several laws that regulate the use of credit. These laws are intended to guarantee that credit is managed fairly. The laws tend to improve the debtor-creditor relationship because there are rules in place that apply to both parties. Debtor-creditor relationships are not controlled by industry standards, intended to increase competition, or designed to monitor accounts.  
SOURCE: BL:071  
SOURCE: Longenecker, J.G., Moore, C.W., & Petty, J.W. (2003). *Small business management: An entrepreneurial emphasis* (12th ed.) [pp. 417-418]. Cincinnati: Thomson/South-Western.
2. B  
Reduced risk of failure. The business-format franchise arrangement requires a close and continuous working relationship between the franchisor and the franchisee. Franchisors often provide training, financial guidance, and supply chains. Franchisees benefit from the franchisor's national advertising programs since they operate under the trade name. This type of assistance reduces the franchisee's risk of business failure. Disadvantages of the business-format franchise include strict operating hours, limited number of vendors, and uniform store appearance.  
SOURCE: BL:003  
SOURCE: BL LAP 1—Own It Your Way (Forms of Business Ownership)
3. A  
Channel length. The total number of members in a channel is called channel length. Channel length may be long or short depending on what makes the most economic sense. Distribution intensity and patterns have to do with intensive, selective, or exclusive distribution. Channel width refers to the number of middlemen available at the same level of a channel.  
SOURCE: CM:001  
SOURCE: CM LAP 2—Chart Your Channels (Channel Management)
4. C  
Local consumers. A short channel can be used when the potential customers are few and/or located close together. The baby boomer, senior citizen, and Generation X markets have many potential customers who are widely dispersed.  
SOURCE: CM:003  
SOURCE: CM LAP 1—Channel It (Channels of Distribution)
5. C  
Distribution. Distribution uses technology for storage, product handling, inventory control, and order processing. The use of new technology makes it easier for channel members to share information and track the distribution of goods. Technology in planning is often used to collect and analyze research information. Technology in pricing is often used to verify credit or debit a sale. Technology in promotion is often used to create advertising and unique displays.  
SOURCE: CM:004  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 510). New York: Glencoe/McGraw-Hill.
6. D  
Products are available to meet the demand. Channel members are the businesses or individuals who assist in moving goods and services from the producer to the consumer. When one channel member is planning a sales promotion, it should advise the other channel members so they can make sure products are available when and where they are needed to meet increased demand. If the channel member does not tell the producer about the sales promotion, it may not produce enough products to send to the channel member to sell to the end users. Transporters (e.g., trucking companies) do not usually need to hire order takers for another channel member's sales promotion. Although advising the producer about a sales promotion may reduce inventory stock-outs, the risk cannot be eliminated. Inventory shrinkage is the loss of inventory due to shoplifting, employee theft, breakage, misplaced goods, or poor recordkeeping.  
SOURCE: CM:007  
SOURCE: Lamb, C.W., Jr., Hair, J.F., Jr., & McDaniel, C. (2003). *Essentials of marketing* (3rd ed.) [pp. 43-46, 48-51]. Mason, OH: South-Western.

## SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY

7. C

Authority to demand cooperation. Strong leaders have the authority and power to influence others and direct the actions of others. A channel of distribution that has strong leadership is often able to avoid conflict within the channel because the leader has the authority to set goals for the entire channel and demand cooperation, which reduces the possibility of conflict. The leader's authority makes it possible for the leader to assign specific responsibilities to each channel member and persuade members to accomplish their individual tasks. When each member is cooperating and working for the good of the channel, there is less chance of conflict. It is not necessary for the leader to develop friendships. Channel leaders usually do not provide training. It is not possible to regulate change, although an effective leader will help channel members adjust to change.

SOURCE: CM:008

SOURCE: Boone, L.E., & Kurtz, D.L. (2004). *Contemporary marketing* (11th ed.) [pp. 444-445]. Mason, OH: Thomson/South-Western.

8. B

Present supporting research for her suggestions in an unbiased way. By providing supporting facts, Morgan can actually show the staff how and why her ideas can improve the department's productivity. If Morgan presents research that indicates that other companies' productivity levels have improved by using approaches similar to the one that she is suggesting, then she is defending her ideas effectively. Telling Jacob in front of the group that his ideas are weak is likely to create unnecessary conflict. Restating suggestions, coming up with new ideas, and asking other group members for input are not ways to defend an existing suggestion for improvement.

SOURCE: CO:061

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [p. 132]. Mason, OH: Thomson South-Western.

9. D

Project the image of the business. The way in which employees handle telephone calls projects the image of the business and its level of service. Handling calls in a businesslike manner can increase business. Using professional telephone techniques includes making the caller feel important, and not trying to be important. Being businesslike may enable employees to handle a great many calls or to qualify for promotion, but these are not primary objectives.

SOURCE: CO:114

SOURCE: Bailey, L.J. (2007). *Working* (4<sup>th</sup> ed) [pp. 209-210]. Mason, OH: South-Western Cengage Learning.

10. C

Determine the purpose or nature of the message. Oral presentations are given to provide entertainment, relay information, or persuade the audience into a change of attitude or behavior. The speaker needs to know the purpose of the presentation before s/he can gather information or research for the message or prepare visual aids. Although the size of the audience can be a factor in organizing the presentation, it is not the first element of the presentation that the speaker considers.

SOURCE: CO:025

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [p. 188]. Mason, OH: Thomson South-Western.

11. D

To help employees do a good job. One of the most important reasons for businesses to have effective staff communication is to help employees do a good job. Employees need to receive accurate directions and instructions on what is expected of them in order to do their jobs correctly. Supervisors need to be able to communicate this information to employees and be able to answer any questions. Without adequate communication, employees will not understand their role in the business and will not be able to do a good job. The purpose of staff communication is not intended to encourage personal relationships, develop business contacts, or promote social interaction.

SOURCE: CO:014

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 6-8]. Upper Saddle River, NJ: Pearson Prentice Hall.

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12. D  
Store policy. When a business has policies for its employees to follow in handling complaints, the customers are more likely to receive the same treatment. Procedures are the step-by-step processes that personnel follow in performing specific tasks. Customer service plan and customer complaint plan are not terms that businesses commonly use.  
SOURCE: CR:010  
SOURCE: Levy, M., & Weitz, B.A. (2007). *Retailing management* (6<sup>th</sup> ed.) [pp. 250-251]. Boston: McGraw-Hill/Irwin.
13. A  
Effective order fulfillment system. A chain of auto-parts stores wants to make sure that individual stores do not run out of products. To do this, the chain often develops effective order fulfillment systems to guarantee that orders will be filled promptly and delivered on time. For example, if an order for antifreeze is not filled when needed, the individual stores will not have the product to sell when customers want to buy. The result is that the stores lose sales and the chain loses money. Therefore, effective order fulfillment systems are extremely important. An order fulfillment system might include a private delivery service, a regional warehousing network, and an automated packaging procedure.  
SOURCE: DS:088  
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [pp. 378-379]. Upper Saddle River, NJ: Prentice Hall.
14. A  
Checking it against the shipping bill, marking it with a selling price, and transferring it to the sales area. This is the normal sequence of stock handling after the merchandise has been received at the shipping dock. The merchandise should not be moved to the sales floor before it is properly checked. The merchandise is not priced according to the bill of lading and then secured. Merchandise is processed before it is stored. Merchandise is stored appropriate area of the warehouse rather than in the receiving area of the shipping dock.  
SOURCE: DS:085  
SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [pp. 352-355]. Tinley Park, IL: Goodheart-Willcox Company, Inc.
15. A  
Forward stock. Salespeople need easy access to items that have a high turnover rate as this stock may have to be replenished frequently. Forward stock is located as near as possible to the sales area. A warehouse is used for large, bulky items. Reserve stock is held in a central location so that it can easily be added to forward stock. A distribution center is a kind of warehouse that not only stores stock but ships it to customers.  
SOURCE: DS:015  
SOURCE: Marketing Power. (n.d.). *Forward stock*. Retrieved November 16, 2011, from [http://www.marketingpower.com/\\_layouts/Dictionary.aspx?dLetter=F](http://www.marketingpower.com/_layouts/Dictionary.aspx?dLetter=F)
16. C  
To coordinate shipments. Warehousing involves placing goods in safe locations until they are needed or are ready to be sold. Businesses often use warehouses as collection points in order to receive a variety of goods and coordinate the shipment of those goods to other locations. For example, large organizations might order supplies from several vendors and have those orders shipped to a warehouse so that the orders could be divided and forwarded to branch offices throughout the area. Businesses do not use warehouses to order products, conserve resources, or follow regulations.  
SOURCE: DS:032  
SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [p. 335]. Tinley Park, IL: Goodheart-Willcox Company, Inc.

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17. B

Merchandise classification system. Large home-improvement stores have many departments that sell specific categories of merchandise. As a result, classification merchandising allows home-improvement stores to assess the sales performance of the different departments, as well as the performance of products within categories. For example, a store might track the flooring department or the appliance department and the specific items in those departments, such as carpet or tile, and refrigerators and ranges. Then, the store controls the quantity of those items based on how well they sell. As a rule, stores keep in stock a larger quantity of the products that sell well. This also improves the performance of the specific departments because they stock and sell items that customers want to buy. Large home-improvement stores do not monitor the employee training process, the proposed merchandise plan, or the domestic buying procedure to have the ability to monitor the sales performance of each department.

SOURCE: DS:102

SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [p. 398]. Upper Saddle River, NJ: Prentice Hall.

18. D

Determining what will put it in reach of its goals. Since Stacey's Steamers is acting with its long-term success in mind, deciding to add a self-serve laundromat should put the business in reach of its goals. This decision is part of strategic management. Establishing a system for retrieving information is part of information management. Promoting a new service to potential customers is part of marketing. While organizing the business to meet business objectives is part of strategic management, it is not what Stacey's Steamers demonstrated in this example. Organizing would involve setting up the business to be successful in providing the new laundromat service.

SOURCE: EC:071

SOURCE: EC LAP 19—Strictly Business (Business Activities)

19. A

Limit economic freedom. The private enterprise system provides a great many economic freedoms, but it does have certain limits. Laws that have been created to protect everyone, such as prohibiting the sale of unsafe products, are limits to economic freedom. Therefore, businesses do not have the freedom to sell dangerous products to consumers. Laws that prohibit the sale of unsafe products are not examples of factors that promote competition, reduce inflation, or increase production.

SOURCE: EC:009

SOURCE: EC LAP 15—People Power (The Private Enterprise System)

20. C

Transfer. Purchasing insurance to cover a risk transfers the risk to the insurer. The risk is not retained, avoided, or prevented.

SOURCE: EC:011

SOURCE: EC LAP 3—Lose, Win, or Draw (Business Risk)

21. C

Demand for products. When the economy is stable and growing, people have confidence in the future of the economy and increase spending. An increase in spending leads to an increase in demand for products, which also leads to an increase in production. When production increases, more people have jobs and money to spend, which also increases demand for products. This situation stimulates a continued growth in the economy. An increase in interest rates and unemployment levels often leads to a decrease in consumer spending. Increased spending does not lead to an increase in the scarcity of resources.

SOURCE: EC:081

SOURCE: Arnold, R.A. (2004). *Economics* (6th ed.) [p. 185]. Cincinnati: Thomson/South-Western.

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22. B  
The underground economy. An underground economy is one in which money transactions take place (such as tips received in a restaurant), but since no record is made of the transaction and the income is not reported to the government, the GDP does not reflect the exchange. The underground economy actually reduces the GDP. An uncounted production involves goods and services that are not sold in the marketplace so their value can only be estimated. Double counting involves counting a product or service more than once. Accuracy in counting refers to the vast amount of information that must be collected to calculate GDP which can easily lead to error in the final figure.  
SOURCE: EC:017  
SOURCE: Sexton, R.L. (2003). *Essentials of economics* (pp. 288-289). Mason, OH: South-Western.
23. C  
Company president. Just because a domestic retail chain expands to an overseas market does not mean the company president will change. Merchandise selection may change, however, because different cultures will buy different items. The store web site may change to a different language or a different design. The marketing strategy may change as well, to reflect cultural differences.  
SOURCE: EC:094  
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [p. 21]. Upper Saddle River, NJ: Prentice Hall.
24. C  
Do not vote. Consensus building is the group's process of coming to an agreement. However, the members do not vote because voting involves being for or against a decision. The side with the greater number of votes wins. In consensus building, no one wins because all of the members come to an agreement. Each group member's opinion is of value and each member contributes to reaching an agreement. Therefore, each member has equal power. Consensus building does not involve following the leader or accepting majority rule.  
SOURCE: EI:011  
SOURCE: QS LAP 17—All Aboard!
25. C  
Borrower. A promissory note is a legal form signed by a borrower promising to repay a loan. The person who signs a promissory note is called a borrower. A lender is the individual or financial institution granting the loan. A creditor is a person who extends credit or to whom money is owed. A depositor is a person who places money in the bank for safekeeping.  
SOURCE: FI:002  
SOURCE: FI LAP 2—Give Credit Where Credit Is Due (Credit and Its Importance)
26. C  
Own the item. When an item is purchased, money is exchanged for the right to own the item. Using credit may be part of the purchase process. Filing a claim may occur later if the buyer's (or seller's) rights were not upheld. Paying for the item is the process of exchanging money during a purchase.  
SOURCE: FI:063  
SOURCE: Guerrieri, D.J., Haber, F.B., Hoyt, W.B., & Turner, R.E. (2004). *Accounting: Real-world applications & connections* (pp. 46-47). New York: Glencoe/McGraw-Hill.
27. B  
Tax deductions. Tax deductions are expenses that can be subtracted from gross income. For example, working parents can deduct or subtract a certain amount of their incomes for the childcare expenses they incur while at work. Other examples of tax deductible expenses include college tuition, home mortgage interest, and charitable donations. Capital gains are taxes on earnings from the appreciation of an investment. Dividends are a portion of a company's profits that are paid to shareholders. A rebate is a part of the price that a customer pays for a good or service, which is usually offered by the product's manufacturer.  
SOURCE: FI:074  
SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 394). New York: Glencoe/McGraw-Hill.

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28. D  
To identify trends. Through financial-information analysis, businesses can recognize what products are selling well and in what colors, styles, models, and sizes. Over time, this helps businesses spot trends in customer buying habits so that the businesses provide more of the products customers are buying and less of those that are not selling well. Selling strategies are largely determined by the nature of the product being sold rather than by financial information. Focus groups are used to collect customer reactions to and opinions about product features or company image. Businesses function in economic systems rather than creating them.  
SOURCE: FI:579  
SOURCE: ZeroMillion.com. (2002-2011). *Financial ration analysis*. Retrieved October 19, 2011, from <http://www.zeromillion.com/business/financial/financial-ratio.html>
29. B  
Cash. With the cash accounting method, income and expenditures are recorded at the time the money changes hands. Because Jamie is recording the sale of purchases as the customers pay cash for them, he is using the cash accounting method. The accrual method of accounting records transactions at the time they occur even if no money changes hands at that time. Systematic and automatic methods are not types of accounting methods.  
SOURCE: FI:085  
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)
30. D  
\$533,750. A profit-and-loss (income) statement is a business's financial picture for a certain period of time. It includes revenue, cost of goods sold, gross profit, operating expenses, and net income/profit. The formula for calculating gross profit is revenue minus cost of goods sold ( $\$875,250 - \$341,500 = \$533,750$ ). Then, the business subtracts operating expenses from gross profit to determine net profit. Advertising costs are included in operating expenses.  
SOURCE: FI:094  
SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)
31. D  
When to offer a discount on the product. Pricing strategies include determining what to charge for a product and also determining when to adjust the product's price by either raising it or offering a discount. Determining how much to spend on advertising is a promotional decision. Determining how much of the product to create is a distribution or "place" decision. Determining what products to offer is a product decision.  
SOURCE: IM:012  
SOURCE: IM LAP 12—Data Do It (Need for Marketing Data)
32. C  
Consumer trends. A marketing-information management system can help businesses to discover new or expanded markets and to use them. The system can gather and analyze information about consumer trends, target markets, changes in the environment, changing events, and the effects of these factors on consumers. A characteristic of useful marketing data is that they should be up-to-date. Historical data, therefore, would not usually be gathered. Employee absences are a management, rather than a marketing, consideration.  
SOURCE: IM:001  
SOURCE: IM LAP 2—Get the Facts Straight (Nature of Marketing-Information Management)

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33. D  
Automated computer systems. Technological advancements, such as computerized telephone number selection systems, have made it possible for businesses to solicit survey responses quicker than by using manual methods. In addition, digital or electronic voice devices often expedite the survey process in a more time-efficient manner than staff interviewers. Interpersonal fax interviews and mechanical database networks are not terms that are commonly used to describe marketing-information research technological resources. Presentation software refers to computer applications that generate multimedia or slide shows.  
SOURCE: IM:183  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 615). Woodland Hills, CA: Glencoe/McGraw-Hill.
34. A  
Primary. Primary data are facts that a business collects for a specific purpose or project. A focus group is a group that forms to discuss a specific topic. A business might form a focus group of customers to gather first-hand information (opinions) about its goods and services. The data are used to help the business resolve a problem or make decisions about product development, customer service, etc. Secondary data are facts that are collected for purposes other than the issue or project at hand. Statistical data are numerical facts. Oftentimes, businesses will assign numerical values to qualitative information to obtain statistics. Complementary is not a type of marketing-research data.  
SOURCE: IM:281  
SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14<sup>th</sup> ed.) [pp. 184-186]. Boston: McGraw-Hill/Irwin.
35. D  
What do we already know about this problem or opportunity? This is a question that would be answered through a situation analysis, exploratory research into the problem at hand as well as the total business environment. The other questions are specific decision problems that a situation analysis would be conducted to address more thoroughly.  
SOURCE: IM:282  
SOURCE: IM LAP 13—What's the Problem? (Marketing-Research Problems)
36. A  
Objectives. There is a strong relationship between the research purpose and the research objectives which are the goals of the research. Businesses create research objectives to help answer the research problem. For example, if the problem is service, one objective might be to determine customer satisfaction with delivery. Strategies are plans of action, or activities, for achieving goals and objectives. A procedure is the step-by-step process personnel follow in performing a specific task.  
SOURCE: IM:284  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 612). New York: Glencoe/McGraw-Hill.
37. D  
Itemized. Businesses often develop questionnaires to distribute to consumers in order to obtain relevant marketing information. The questions are often designed to require respondents to select one of a few options. The Likert scale is an example of an itemized rating scale because it rates response according to a numerical value. For example one option, strongly agree, is valued at 5 and strongly disagree is valued at 1, with other options valued in between at 2, 3, and 4. A constant-sum rating scale requires the respondent to assign a value (e.g., percentage) to the options provided on the questionnaire. A paired comparison scale asks respondents to make comparisons on the basis of specific circumstances or criterion.  
SOURCE: IM:286  
SOURCE: Aaker, D.A., Kumar, V., & Day, G.S. (2007). *Marketing research* (9th ed.) [pp. 291-292]. Hoboken, NJ: John Wiley & Sons, Inc.

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38. C  
Income. Demographics refer to the physical and social characteristics of the population. Factors such as age, gender, education, occupation, and income are often considered when conducting marketing research. Opinions, traits, and values are considered psychological factors.  
SOURCE: IM:184  
SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [p. 307]. Mason, OH: South-Western Cengage Learning.
39. D  
Interview. Researchers often collect marketing data by conducting interviews with customers. The interviews can take place over the telephone, through the computer, or by holding face-to-face discussions (group or individual). An interview is a good method to use when the business wants in-depth information from the respondents. The disadvantage to holding interviews is the expense. Observation is a research method that involves watching customers. Relational and contact interviews are fictitious terms.  
SOURCE: IM:289  
SOURCE: Zikmund, W.G., & Babin, B. (2010). *Essentials of marketing research* (4th ed.) [pp. 156-158]. Mason, OH: South-Western Cengage Learning.
40. D  
Unsatisfactory responses is low. Before a marketing researcher can analyze survey results, the raw data must be converted into a usable format, which often involves assigning numerical values to the responses. The researcher must review the raw data for errors, which occur when respondents do not answer all of the questions. If the number of error-filled questionnaires is low, the marketing researcher may decide to discard all questionnaires with errors. The number of or percentage of questionnaires that a researcher discards due to errors depends on many factors; however, a generally accepted figure is below 10 percent of all questionnaires that respondents fill out.  
SOURCE: IM:062  
SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 496-497]. Mason, OH: South-Western Cengage Learning.
41. B  
3.7. The mean is the arithmetic average of a statistical sample. To calculate the mean, first multiply the value of each response by the number of responses ( $6 \times 6 = 36$ ;  $5 \times 10 = 50$ ;  $4 \times 15 = 60$ ;  $3 \times 12 = 36$ ;  $2 \times 7 = 14$ ;  $1 \times 4 = 4$ ). Then, add the totals ( $36 + 50 + 60 + 36 + 14 + 4 = 200$ ). Next, tabulate the total number of responses ( $6 + 10 + 15 + 12 + 7 + 4 = 54$ ). Divide the total by the number of responses to determine the mean ( $200 \div 54 = 3.703$  or 3.7).  
SOURCE: IM:191  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 171). Woodland Hills, CA: Glencoe/McGraw-Hill.
42. D  
Tim did not answer the last two questions on a written survey. Response errors occur when respondents do not correctly answer or complete a survey. These errors may affect the quality of the overall data and the analysis process. Because Tim didn't answer two questions on a survey, a response error occurred. Errors may be intentional or unintentional. For example, a respondent might refuse to answer a question because s/he believes it is too personal, while another respondent might not answer a question because s/he did not see it. Incorrect coding is an editing error. When a sample group is not representative of the target market, a procedural error occurs. Developing open-ended survey questions does not indicate a response error.  
SOURCE: IM:292  
SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [p. 496]. Mason, OH: South-Western Cengage Learning.

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43. B  
Internet survey. A survey is a marketing-research method that involves asking customers questions to learn their opinions and the reasons behind those opinions. For example, a business might obtain marketing information from its customers because it wants to determine their levels of satisfaction during their last encounters with the business. The business might e-mail a short, easy survey to its customers within 24 hours of their last business encounter. Because the survey is short and the encounter is fresh in the customer's mind, the customer is more likely to respond to the survey. The Internet is a quick, easy, cost-effective method for collecting this type of information. Face-to-face interviews and test marketing, which are types of field experiments, are often expensive, time-consuming methods for collecting marketing information.  
SOURCE: IM:428  
SOURCE: Etzel, M.J., Walker, B.J., & Stanton, W.J. (2007). *Marketing* (14th ed.) [pp. 184-187]. Boston: McGraw-Hill/Irwin.
44. B  
Wherever customers are. In an *overall* sense, marketing occurs wherever customers are. Advertisements, stores, and trucks are part of marketing and can be present when marketing occurs. But marketing occurs where customers live, work, study, recreate, etc.  
SOURCE: MK:001  
SOURCE: MK LAP 4—Have It Your Way! (Nature of Marketing)
45. C  
Marketing. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Therefore, promoting a low price on party trays prepared by the deli department is marketing because the grocery store is communicating information to customers. Retailing involves buying goods and selling them to the ultimate consumer. Promoting a low price is not planning.  
SOURCE: MK:003  
SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [pp. 46-47]. Tinley Park, IL: Goodheart-Willcox Company, Inc.
46. C  
Industrial. An industrial market is a customer or potential customer who purchases items for use in the operation of a business, for resale, or for making other goods. The consumer market is a customer or potential customer who purchases goods or services to satisfy personal desires. Economic and production are not types of markets.  
SOURCE: MP:003  
SOURCE: MP LAP 3—Have We Met? (Market Identification)
47. C  
Threats and opportunities analysis. A threats and opportunities analysis is the element of the marketing plan that provides information regarding the positive (e.g., potential markets) and negative (e.g., competition) factors that can affect the business's marketing strategies. Objectives and issues are generally addressed after the threats and opportunities are presented. The action program provides details about the specific activities that are needed to meet the stated objectives. The budget allocation provides details regarding the financial requirements that are needed to carry out the action program.  
SOURCE: MP:007  
SOURCE: MP LAP 1—A Winning Plan (Nature of Marketing Plans)

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48. D  
Reduce prices by 4%. Businesses use the information in sales forecasts to make decisions that will contribute to their success. One of these decisions involves price. If a sales forecast predicts a drop in demand for the business's product, the business may decide to reduce prices in order to generate more sales. If a sales forecast predicts a drop in demand, a business would not increase production or recruit new employees. Many businesses increase advertising when demand begins to drop in order to attract new customers.  
SOURCE: MP:013  
SOURCE: Fastlinksolutions. (n.d.). *Sales forecasting: Factors that influence sales*. Retrieved October 19, 2011, from <http://www.fastlinksolutions.co.uk/calculat.htm#factors>
49. A  
Identity theft. A risk involved with information management is leaving customers unprotected from identity theft. An information management program that does not use technology properly may put customers' personal information at risk. Appropriate information management will not necessarily protect customers from bad service, high prices, or faulty products.  
SOURCE: NF:110  
SOURCE: NF LAP 3—In the Know (Nature of Information Management)
50. A  
Confidential. Some business records need to be maintained in a secure location because they contain confidential information. Some of these records contain confidential information about employees, such as pay rates and personal references. Other records that contain confidential information about promotional strategies and new product development might harm the business if they fell into the wrong hands. Historical information explains how the business started and is often published and made available to the public. Regulatory information is usually provided by the government.  
SOURCE: NF:001  
SOURCE: NF LAP 1—Record It (Business Records)
51. D  
Demand for skilled nursing care rises as the population ages. The impact of demographics (the age of the population) on a specific industry (health care) shows that businesses have unique relationships with their environments. The aging of the population affects other industries, but perhaps not as directly as it does health care. An economy phasing through the business cycle and a shift in social/cultural attitudes are examples of how environmental factors are dynamic. New technology causing new laws to be enacted is an example of how environmental factors are interrelated.  
SOURCE: NF:015  
SOURCE: NF LAP 2—Get the 411 (Environmental Scanning)
52. A  
Reduce the amount of theft. Having a policy of prosecuting all shoplifters and making that policy known usually tends to reduce the amount of theft. If potential shoplifters know that the grocery store has a zero-tolerance policy, they are often discouraged from attempting to shoplift. On the other hand, if they think stores will be lenient, shoplifters often take the chance that they will not be prosecuted. When employees steal from the store, it is considered internal theft rather than shoplifting. If suppliers steal, it is vendor theft rather than shoplifting. However, a strong shoplifting policy may also serve to dissuade employees and suppliers from stealing. Having a policy of prosecuting all shoplifters does not necessarily make the store more secure.  
SOURCE: OP:122  
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed). [p. 383]. Upper Saddle River, NJ: Prentice Hall.
53. B  
Set goals. It is important to develop a clear understanding of the project's objectives or goals. Without a clear understanding of the desired outcome, a project manager cannot effectively develop a schedule, negotiate terms, or monitor project progress.  
SOURCE: OP:002  
SOURCE: QS LAP 18—Make It Happen

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54. A  
Selecting vendors. Purchasing is the planning and procedures necessary to obtain goods and services for use in the business or for resale. An important purchasing activity is selecting vendors (suppliers) that have the products the business needs to use in its day-to-day operations, to make items to sell to customers, or to resell to customers. Pricing is a marketing function. Developing financial statements is an accounting activity. Managing employee benefits is a human resources management activity.  
SOURCE: OP:015  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 492, 494). New York: Glencoe/McGraw-Hill.
55. A  
Risk levels of doing business with the vendor. If a vendor is not financially stable, there is a risk that the vendor may not have the resources to meet the business's needs. And, if the vendor's financial condition is extremely poor, the vendor may go out of business. A lack of financial resources may affect the vendor's products, its level of customer services, and its lead times.  
SOURCE: OP:161  
SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 252-253]. South-Western Cengage Learning.
56. B  
Making personal use of company property. Employees can help reduce expenses by respecting company property. One way that employees can do this is by not taking anything belonging to the business for their personal use. This can range from not making personal use of company vehicles to not taking home pens and pencils. Businesses must replace the company property that employees take for their own use, which results in additional expense for the business. Taking the initiative to find work, reporting incidents of shoplifting, and giving appropriate discounts to customers are ways that employees can help control expenses.  
SOURCE: OP:025  
SOURCE: OP LAP 5—Buck Busters (Employee Role in Expense Control)
57. A  
Helps to achieve the goal. Setting a time limit seems to keep most people working toward a goal. It is, therefore, a recommended technique. The length of time assigned to meeting the goal would depend upon the effort required. Putting your goal in writing is a technique for reminding you of the goal.  
SOURCE: PD:018  
SOURCE: PD LAP 16—Go For the Goal (Goal Setting)
58. D  
Obtain the permission of the people whose names you use. Never give someone's name as a reference on a résumé unless you have asked the person if s/he is willing to be listed. This is not only courteous, but it gives the person time to think about what s/he should say about you if asked. References should be previous employers, instructors, or others who can verify your job skills, not personal friends who may not be able to answer questions about your skills. Initials may be used if the first name is unknown, but it is better to use the first name for the most accurate identification of the person.  
SOURCE: PD:031  
SOURCE: Bailey, L.J. (2007). *Working* (4th ed.) [p. 45]. Mason, OH: South-Western Cengage Learning.
59. D  
Increase. The price is likely to increase in order to cover the additional costs of an expensive promotional effort to introduce the product to a national market. The price is not likely to decrease, remain the same, or constantly change.  
SOURCE: PI:001  
SOURCE: PI LAP 2—The Price is Right (Nature of Pricing)

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

60. A  
Bait-and-switch advertising. This is an illegal tactic that involves promoting a low-priced item to attract customers to whom the business then tries to sell a higher priced item. In many cases, the low-priced item is in limited supply or completely unavailable when customers try to buy it. The business then shows customers a more expensive item and encourages them to buy. A loss leader is a product that is sold below cost. High-pressure selling involves putting pressure on customers to buy. Price-ticket switching is a type of fraud by which a higher priced ticket is removed from merchandise and replaced by a lower priced ticket.  
SOURCE: PI:017  
SOURCE: Anderson, A. (n.d.). *Examples of bait & switch*. Retrieved October 19, 2011, from <http://smallbusiness.chron.com/examples-bait-switch-advertising-10575.html>
61. B  
Earning return on investment. Profit-oriented pricing objectives focus on creating profits for the business. The other category of pricing objectives is sales-oriented pricing, which focuses on increasing the total amount of income from sales. Becoming more competitive, creating an image for the business, and increasing market share are sales-oriented objectives.  
SOURCE: PI:002  
SOURCE: PI LAP 3—Make Cents (Factors Affecting Selling Price)
62. C  
No; it can delay entry into the full market. Test marketing involves introducing a product to a limited market to see what its acceptance will be. Test marketing serves to guide the planning of actual marketing strategies. The product may be tried out in specific locations to get customers' and retailers' reactions before starting a wider distribution. However, not all new products need test marketing. Test marketing may not be used for some products/services because it is costly, delays entry into the full market, provides no guarantee of actual success, may not give an accurate picture of performance, and gives competitors an opportunity to steal the idea while it is being tested.  
SOURCE: PM:001  
SOURCE: PM LAP 17—Rapping Up Products (Nature of Product/Service Management)
63. B  
Computer-aided design. Computer-aided design (CAD) is a type of software program that allows users to draw two- or three-dimensional illustrations on a computer. Many types of businesses use CAD software to design their products and use them as a blueprint for constructing the products. The program offers businesses the flexibility to customize products. Photo management, freeform application, and remote access are not types of software programs that businesses use to plan, build, modify, or customize products.  
SOURCE: PM:039  
SOURCE: Hunt, J. (2005, December 22). *Definition of computer aided design (CAD) software*. Retrieved October 19, 2011, from [http://ezinearticles.com/?Definition-of-Computer-Aided-Design-\(CAD\)-Software&id=117506](http://ezinearticles.com/?Definition-of-Computer-Aided-Design-(CAD)-Software&id=117506)

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

64. D  
Provide replacement parts for the product. Businesses discontinue products for many reasons, such as decreasing sales and profits. In other situations, the reason is because the business has developed an altered version of the product or a new model. After deciding to discontinue the product, the business must decide whether to provide replacement parts. In some situations, many of the discontinued products remain in use in the marketplace. If replacement parts are available for purchase to fix the damaged product, then an owner can still use the product. However, if parts are not available and the product becomes unusable, then the owner may need to purchase another product, either the business's newer model of the product or a similar product that one of the business's competitors offers. This often creates an ethical dilemma because a very expensive, complex product, such as a piece of machinery, can be very costly to owners to replace. Reducing the prices of discontinued products is a common practice and is ethical if the business advises the buyer that the products are being discontinued. If there are a lot of similar products readily available, then advising the public about other similar products on the market is not necessary.  
SOURCE: PM:040  
SOURCE: Perreault, W.D., Cannon, J.P., & McCarthy, E.J. (2008). *Basic marketing: A marketing strategy planning approach* (16<sup>th</sup> ed.) [p. 276]. Boston: McGraw-Hill/Irwin.
65. A  
Each member possesses a unique perspective. When more than one person is involved in the creative-thinking process, different types of ideas are often generated because each member has a unique point of view. The success of the group creative-thinking process depends on many factors including group size, the quality and quantity of each member's contribution, and the situation requiring idea generation. Therefore, it cannot be assumed that each group member contributes in the same manner, that ideas are generated quicker, or that one technique (e.g., brainstorming) is more effective than other techniques.  
SOURCE: PM:127  
SOURCE: PM LAP 11—Unleash Your Oh! Zone (Idea Generation)
66. A  
Grading. Producers who grade products and indicate their grade with a letter or word on the product label enable customers to compare product quality without inspecting each product. Concept testing is exploring the concept, or idea, for a product in order to obtain feedback. The labeling process identifies products and provides customers with product information. Combination branding is the use of both the company name and the individual brand name on the product (e.g., Kellogg's Sugar Frosted Flakes).  
SOURCE: PM:019  
SOURCE: PM LAP 8—Raising the Bar (Grades and Standards)
67. C  
To compete effectively. The business with a deep product mix offers a great many items in the product line. This allows the business to meet the needs of a variety of consumers, use a range of prices, and compete effectively. A shallow product mix helps a business to control its costs. The use of a narrow product mix enables a business to specialize in a product line. The use of similar methods of distribution relates to the consistency of a company's product lines.  
SOURCE: PM:003  
SOURCE: PM LAP 3—Mix & Match (Nature of the Product Mix)
68. D  
Bundle. Product bundling involves combining several products and selling them for one all-inclusive price. Businesses often bundle products to encourage customers to buy products that they might not otherwise want to buy. The price of the bundled products is usually lower than the combined price of the products sold separately. The lower price is an incentive to buy. As a result, customers buy the total package, which may include products that they ordinarily would not purchase. Businesses routinely promote, market, and display products. However, these activities usually are not very effective in encouraging customers to buy products that they do not want.  
SOURCE: PM:041  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 553). Woodland Hills, CA: Glencoe/McGraw-Hill.

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

69. B

Complementary and more or less equal in stature. Two brands join forces as "co-brands" for the purpose of increasing sales and market share for both. Each benefits from the other's brand equity. Co-branding works best when the two brands "go together," or are complementary, serve similar markets, and are essentially equal. The co-branding arrangement of Starbucks and Barnes & Noble exemplifies co-branding principles and has been extremely successful. Successful co-branding does not require that the brands be in the same industry segment. The two brands should actually not be competitors, nor must they be owned by the same parent company.

SOURCE: PM:021

SOURCE: PM LAP 6—It's a Brand, Brand, Brand World! (The Nature of Branding)

70. B

Emotional connections with customers. A corporate brand is all of the combined impressions and experiences with a particular company. An effective corporate brand creates specific images in the minds of consumers by using a variety of touch points to deliver consistent messages that reinforce the brand's values. For example, if the brand's values embrace quality and status, then the business will use strategies to communicate these associations to consumers. The operations function of business addresses the company's distribution needs and efforts.

SOURCE: PM:206

SOURCE: Solomon, M.R., Marshall, G.W., & Stuart, E.W. (2008). *Marketing: Real people, real choices* (5<sup>th</sup> ed.) [pp. 287-288]. Upper Saddle River, NJ: Pearson Prentice Hall.

71. A

To handle expected sales. Businesses try to maintain an adequate stock level in order to have sufficient goods available to handle expected sales. It is important to businesses to stock the amount and assortment of goods that they anticipate will meet customers' demands. If customers want to buy and businesses do not have the goods in stock, the businesses might lose sales to competitors. Businesses do not maintain an adequate stock level in order to fill available space or to organize new inventory. Not all businesses sell trendy items.

SOURCE: PM:062

SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (p. 54). Hoboken, NJ: John Wiley & Sons.

72. B

\$4,441.25. Planned reductions is the difference between the original price of goods and the final price. Reductions occur because of markdowns, discounts, and shortages. For example, if a shoe shop marks down the price of an item, the shop is accepting less for that item than originally planned. Giving employees discounts also reduces the final price. To determine planned reductions, the shop first estimates the amount of sales. Then, the shop estimates the total percent of reductions, which includes markdowns and discounts ( $6.5\% + 3\% = 9.5\%$ ). Next, the shop multiplies that percentage by the sales estimate to calculate planned reductions ( $\$46,750 \times 9.5\%$  or  $.095 = \$4,441.25$ ).

SOURCE: PM:063

SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [pp. 401-402]. Upper Saddle River, NJ: Prentice Hall.

73. A

To calculate gross profit. Gross profit is the money left after the cost of goods expense is subtracted from total income. Cost of goods is the amount of money a supermarket chain pays for the products it sells. The chain needs to determine the final cost of purchasing these products which might include shipping and delivery charges, import taxes, etc. Once a chain has determined the final cost, it subtracts that amount from net sales (income) to calculate gross profit. Supermarket chains do not determine the final cost of purchases to monitor operating expenses, set up a depreciation schedule, or apply for personal loans.

SOURCE: PM:193

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 767). New York: Glencoe/McGraw-Hill.

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

74. D

Persuade consumers to buy a good or service. Product promotion is used to stimulate consumer purchases of goods or services. Informing the public of the company's future and demonstrating the firm's social responsibility are examples of institutional promotion. Institutional promotions might also be used to enhance morale and recruit employees.

SOURCE: PR:002

SOURCE: PR LAP 4—Know Your Options (Types of Promotion)

75. C

Advertising. Advertising is any paid form of nonpersonal presentation of ideas, images, goods, or services. It can be used to promote products or any kind of business. Publicity is a nonpersonal form of promotion that is not paid for by the company or individual that receives it. Sales promotion is promotional activities other than advertising, personal selling, and publicity that communicate information about goods, services, images, and/or ideas to achieve a desired outcome. Personal selling is the form of promotion that uses planned, personalized communication in order to influence purchase decisions and enhance future business opportunities. Both sales promotion and personal selling would be more likely to be used in promoting products.

SOURCE: PR:003

SOURCE: PR LAP 1—Spread the Word (Nature of Promotional Mix)

76. C

Graphic design software. Graphic design software consists of programs that instruct computers on how to create text, graphics, layouts, backgrounds, and other design components. As the technology evolves, the quality of printed products (e.g., brochures) continues to improve. An example of interactive viewing technology is videoconferencing capabilities. Participants in interactive communication control the content and pace of the message content. Printed promotional pieces are not considered interactive forms of communication. Spreadsheet software is used to calculate and analyze numerical data. Database tracking technologies are usually used in market-research efforts.

SOURCE: PR:100

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 200-201). Woodland Hills, CA: Glencoe/McGraw-Hill.

77. B

Monetary. Regulators may deem an advertisement unfair if it causes monetary harm to consumers. That is, it coerces consumers to purchase products that they do not want. Even if an advertisement causes cognitive harm (reinforcing stereotypes), emotional harm (invoking fear), or behavioral harm (causing aggressive behavior), regulators usually don't consider it to be unfair unless it causes consumers to spend money on items that they don't want.

SOURCE: PR:101

SOURCE: Fawcner, E. (2005-2006). *Not just 6 lines, 65 characters*. Retrieved October 20, 2011, from <http://www.ahbbo.com/adsftc.html>

78. D

Newspaper advertising. Apparel and accessories are regularly advertised in newspapers for many reasons. The ads can be illustrated, they have a short lead time, they cost less than some other forms of promotion, and they are seen by great numbers of consumers. Magazine advertising and fashion shows are more expensive than newspaper advertising. Radio commercials cannot show consumers what fashions look like.

SOURCE: PR:007

SOURCE: PR LAP 3—Ad-quipping Your Business (Types of Advertising Media)

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

79. D

An apparel company mails its latest catalog to customers who have ordered items within a year. Direct advertising refers to promotional messages that are sent directly to the target market through a medium in which market response can be measured. Catalogs that are mailed directly to established customers represent an example of direct advertising. Unless interactive capabilities are available, television is usually considered a mass medium that has substantial reach but cannot always be measured effectively. Therefore, the options referring to soft drinks and hotel chains are not examples of direct advertising. Telephone surveys are considered a function related to market research rather than promotion.

SOURCE: PR:089

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 403-405). Woodland Hills, CA: Glencoe/McGraw-Hill.

80. B

Communications channels. A communications channel is a path or means used to provide information to others. In sales promotion, businesses use several means to provide information to customers or potential customers. These include giving away samples so customers can have firsthand experience with the product; giving away premiums which are free gifts that remind customers of the business; and giving away advertising specialties, such as key chains that include the name and phone number of the business. The reason for using these communications channels is to encourage customers to buy. Samples, premium, and advertising specialties are not examples of publicity strategies, marketing activities, or selling techniques used in sales promotion.

SOURCE: PR:249

SOURCE: Fennell, Z. (n.d.). *Importance of communication channels in business*. Retrieved October 20, 2011, from [http://www.ehow.com/about\\_6511827\\_importance-communication-channels-business.html](http://www.ehow.com/about_6511827_importance-communication-channels-business.html)

81. A

Elements in advertisements. The headline, illustrations, copy, and signature are the main elements in advertisements. It is important that all of the elements be coordinated to create an effective ad that will attract readers. One way to coordinate the elements is to make sure that they promote the same theme. The intent is for each element to reinforce the others and strengthen the message of the ad. Making sure that the headline, illustrations, and copy promote the same theme is not an example of coordinating principles of design, channels of communication, or arrangements in print.

SOURCE: PR:251

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 423-428). New York: Glencoe/McGraw-Hill.

82. A

Public-relations activities. Public relations is a function of business designed to establish good relations between the business and the public. One of the uses of public relations is to promote products and increase awareness of the products and of the business. To do this, businesses use a variety of public-relations activities to communicate with the public and provide positive information. Creative thinking is thinking in a creative way, using the creative-thinking process. Marketing research is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services. The purpose of cause-related advertising is to create awareness about social causes (e.g., poverty) rather than to promote products.

SOURCE: PR:252

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [p. 655]. Mason, OH: South-Western Cengage Learning.

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

83. D

Most likely prospects. The target audience is a group of consumers who are the most likely prospects for a good, service, image, or idea. As a rule, only those consumers who are interested in the products being displayed will attend a particular trade show which is an event where businesses display and/or demonstrate their products to build sales leads and interest. Therefore, participating in trade shows is an effective way for businesses to communicate with the consumers who are the most likely prospects to buy from the business. A business's major competitors usually participate in the same trade shows, but the competitors are not the target audience. Trade shows often attract consumers from throughout the country rather than only important local residents who may not be part of the target audience. Consumers attending trade shows usually are not potential employees.

SOURCE: PR:254

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [pp. 200-202]. Mason, OH: South-Western Cengage Learning.

84. D

Full-sheet poster. Display signs are designed to fit standard sign holders that come in specific sizes. The largest holds a full-sheet poster. Most stores use full-sheet posters to promote special events or services, such as storewide sales, because the posters are large and easy to see. They place the large display signs in heavy traffic areas, such as near main entrances or on escalator landings. Point-of-sale cards and counter cards are small display signs often used on tables or merchandise shelves. Sign toppers are special display cards that fit on top of sign holders.

SOURCE: PR:109

SOURCE: Pegler, M.M. (2006). *Visual merchandising and display* (5th ed.) [p. 259]. New York: Fairchild Publications, Inc.

85. D

Types of merchandise to be sold. Not all merchandise is suitable for promotion in point-of-purchase displays. Such displays are used mainly for small, inexpensive, lightweight items that customers buy on impulse. The number of salespeople on hand, economic changes, or the competitors' activities would not be primary factors in the decision.

SOURCE: PR:023

SOURCE: Pegler, M.M. (2006). *Visual merchandising and display* (5th ed.) [pp. 312-315]. New York: Fairchild Publications, Inc.

86. B

Rearranging the display. Whenever possible, an item sold from a display should be replaced. When that isn't possible, rearranging the display can restore its appearance. If that is done skillfully, people will not realize an item was removed. Changing the fixtures, the backdrop, or the color scheme would take time and effort.

SOURCE: PR:052

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 393). Woodland Hills, CA: Glencoe/McGraw-Hill.

87. B

Selling power. A related grouping of merchandise often creates a mental image or situation which convinces the customer to act now. The cost involved is usually high. It takes considerable time to construct such a display, and much space is used; therefore, the alternatives are potential disadvantages.

SOURCE: PR:047

SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [p. 463]. Upper Saddle River, NJ: Prentice Hall.

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

88. A  
Will the competition be selling similar items? The buyer and store manager would not be overly concerned with the competition's product line at this moment. The attention would focus on confidence that the items would arrive on time in order to decide if the advertisement should be delayed or canceled altogether. Buyers always have to stay apprised of the arrival of merchandise to ensure that promotional and merchandising activities are coordinated.  
SOURCE: PR:076  
SOURCE: Tradingpost.com.au. (n.d.). *Removing ads*. Retrieved October 20, 2011, from <http://www.tradingpost.com.au/Help/Selling/Managing-your-ads/Cancelling-ads>
89. D  
Create desire for products. Through the selling process, salespeople are often able to create desire for products by demonstrating the features and benefits of goods or services. By presenting the features and benefits, salespeople can explain to customers how the particular products will satisfy their wants and needs. As a result of creating desire, salespeople are often able to sell the product. Demonstrating the features and benefits of goods or services does not add usefulness to products, develop new and improved products, or provide jobs for more employees.  
SOURCE: SE:017  
SOURCE: SE LAP 117—Sell Away (The Nature and Scope of Selling)
90. A  
Promotes repeat business. Most companies realize that repeat business is important in order to be successful. One way to promote repeat business is to provide customers with good service that builds lifetime sales relationships. Customers who are satisfied with the service they receive usually continue to do business with the company. Good service helps to create loyal customers who are less likely to be influenced by competitors. Following up with customers, offering financial assistance, and suggesting new information are methods of providing customer service.  
SOURCE: SE:076  
SOURCE: Odgers, P. (2004). *The world of customer service* (p. 22). Mason, OH: South-Western.
91. C  
Word-of-mouth. Word-of-mouth is a form of publicity since the business that benefits from it does not pay anyone for the endorsement or to sponsor it. People like to know about new businesses, so a good impression made on one person may be passed on to many others. Point-of-purchase displays are forms of promotion that are usually near the cash register and are used to generate impulse sales. Specialty advertising includes items such as pens, matchbooks, calendars, or key rings embossed with a company's name, logo, or promotional message.  
SOURCE: SE:828  
SOURCE: SE LAP 115—Keep Them Loyal (Building Clientele)
92. A  
Manage contacts. Technology helps salespeople perform their jobs more efficiently. Computer software programs that store information, such as names, addresses, and phone numbers, help salespeople manage their customer contacts. The purpose of this type of software is not to help salespeople evaluate sales territories, develop reports, or plan presentations.  
SOURCE: SE:107  
SOURCE: Futrell, C.M. (2006). *Fundamentals of selling: Customers for life through service* (9th ed.) [pp. 193-194]. New York: McGraw-Hill/Irwin.
93. C  
Obtain the necessary facts. A salesperson can get information about product features from many sources. These sources include manufacturers, coworkers, promotional materials, repeat customers, and the product itself. Once the salesperson obtains the necessary product information, s/he can develop a feature-benefit chart. A salesperson doesn't evaluate the competition's reactions or explain the product's apparent benefits before developing a feature-benefit chart for a product. A salesperson lists the product's features while s/he is developing the chart rather than before developing it.  
SOURCE: SE:109  
SOURCE: SE LAP 113—Find Features, Boost Benefits (Feature-Benefit Selling)

## SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY

94. B  
Use the selling process differently. There is a difference in the use of the selling process, depending on the nature of the product and the type of customer. Salespeople who sell inexpensive, frequently purchased items, such as bakery goods, do not need to prospect or qualify potential leads. Salespeople who sell large, expensive items, such as cars, usually need to do a lot of prospecting and spend time determining exactly what their customers want. Bakery customers usually know what they want, whereas customers buying cars may need a lot of assistance.  
SOURCE: SE:048  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 261, 270). Woodland Hills, CA: Glencoe/McGraw-Hill.
95. D  
Preparing popcorn in a microwave oven. Product demonstration is the actions of the salesperson in the sales presentation that show the product's features. Preparing popcorn shows customers what the microwave oven will do. Presenting a feature-benefit chart, giving customers brochures, or measuring a customer's height may be part of making a sale, but they are not demonstrations.  
SOURCE: SE:893  
SOURCE: SE LAP 103—Show and Tell (Product Demonstration)
96. D  
Suggesting products for special occasions. Father's Day is considered a special occasion. Customers often need suggestions for types of products that would be appropriate for special events. The other alternatives are kinds of suggestion selling that would normally take place in other circumstances.  
SOURCE: SE:875  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 321-323). Woodland Hills, CA: Glencoe/McGraw-Hill.
97. C  
To build goodwill. Building goodwill between customers and businesses involves establishing a permanent relationship between the two that can lead to repeat business. Following-up to resolve problems is done to clear up any dissatisfaction the customer might have because of a problem with the business. Unsolved problems can result in very negative publicity. Companies that sell products that require training often do follow-up to make sure the buyer is getting the most out of the product. Verifying orders helps a business make sure orders were processed accurately, on time, etc., and that the customer was satisfied.  
SOURCE: SE:057  
SOURCE: Ingram, T.N, LaForge, R.W., Avila, R.A., Schwepker, C.H., & Williams, M.R. (2008). *Professional selling: A trust-based approach* (4th ed.) [pp. 244, 245]. Mason, OH: South-Western Cengage Learning.
98. D  
Price-oriented. Generic brands are often found in supermarkets or drug stores and include items such as packaged macaroni and cheese and pain relievers. Generic brands do not have a significant identity attached to them. Most often, generic products are plainly packaged and list minimal information on labels. These items are generally priced lower than name brands. Therefore, generic items are often targeted to price-conscious shoppers. People who are interested in high-quality or status-oriented items tend to buy designer or brand-name items. These items tend to be more expensive and appeal to customers who have more discretionary income.  
SOURCE: SE:009  
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [p. 356]. Upper Saddle River, NJ: Prentice Hall.

**SAMPLE RETAIL MANAGEMENT AND MERCHANDISING EXAM—KEY**

99. D

No, the customer owes additional money. This transaction is an example of a merchandise exchange for a higher priced item. Therefore, the customer owes the store the difference between the prices of the two items ( $\$34.95 - \$29.99 = \$4.96$ ) plus additional tax. Rain checks are given to customers when the item they wish to purchase is not in stock and they want to buy it later at the sale price. The time limit has not expired since the dryer was returned within three days.

SOURCE: SE:162

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 340-341). New York: Glencoe/McGraw-Hill.

100. D

Employees. Human resources are all of a business's employees who work to produce goods and services. Many businesses believe that employees are their most important resource, because without workers, the business could not function. Office supplies and equipment are examples of material resources. Sales revenue is a financial resource.

SOURCE: SM:001

SOURCE: SM LAP 3—Manage This! (Nature of Management)