

Competency-Based
Competitive Events
Written Exam

Test Number 978A
Booklet Number _____

Buying and Merchandising

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

This comprehensive exam was developed by the MarkED Resource Center. Items have been randomly selected from the MarkED Resource Center's Test-Item Bank and represent a variety of instructional areas. Competencies for this exam are at the prerequisite, career-sustaining, marketing specialist, marketing supervisor, and manager levels. A descriptive test key, including question sources and answer rationale, has been provided the state DECA advisor.

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1. Which of the following is an example of a merchandising business's making a reasonable accommodation for an employee in accordance with the Americans with Disabilities Act:
 - A. Reducing educational requirements
 - B. Changing required skills
 - C. Eliminating necessary training
 - D. Modifying work schedules
2. Why do many countries tax the products that are imported into those countries?
 - A. To encourage manufacturers to lower prices
 - B. To generate income to improve shipping facilities
 - C. To protect domestic industries from foreign competitors
 - D. To follow the regulations of environmental agencies
3. Quality Distributors buys electrical equipment and supplies from ABC Electric and sells them to local electrical contractors. Quality Distributors is an example of a(n)
 - A. intermediary.
 - B. retailer.
 - C. agent.
 - D. producer.
4. To minimize the amount of time it takes to receive products in their warehouses, some companies are using
 - A. micro-magnetic merchandise markers.
 - B. universal classification codes.
 - C. radio frequency identification tags.
 - D. electronic catalog labels.
5. Because of their strategic significance in providing place utility, it is usually easier to change price or promotional efforts than to change
 - A. distribution channels.
 - B. target markets.
 - C. market strategies.
 - D. packaging.
6. When channel member "A" has important information about products that channel members "C," "D," and "E" don't have, channel member "A" controls the supply chain on the basis of its
 - A. expertise.
 - B. proximity.
 - C. size.
 - D. status.
7. Businesses regularly meet with channel members to discuss problems and improve performance in order to develop
 - A. transportation systems.
 - B. cost-effective inventories.
 - C. long-term partnerships.
 - D. routine buying procedures.
8. Which of the following is an effective technique for giving directions for completing job tasks:
 - A. Questioning
 - B. Demonstrating
 - C. Listening
 - D. Interviewing
9. In which of the following situations would a retail employee most likely give a customer driving directions to another store:
 - A. A customer returns a stereo system that is under warranty to the store for repair.
 - B. A customer asks a florist to have a bouquet of flowers delivered to a business.
 - C. A customer needs an out-of-stock item that is available for purchase at a store branch.
 - D. A customer requests a special order for a window covering in an unusual size.
10. Which of the following is one of the benefits to a merchandising business of reinforcing service orientation through communication:
 - A. Encourages employees to be aggressive
 - B. Promotes the sale of new products
 - C. Rewards customers for their support
 - D. Builds positive relationships with customers
11. Which of the following is the best way to handle slow/methodical customers:
 - A. Let them have their say.
 - B. Don't jump to quick conclusions.
 - C. Help them along by not overwhelming them.
 - D. Serve them nonemotionally.

12. A large shipment of linens just arrived from a very reliable vendor. The receiving department has copies of the invoice and the purchase order. Which of the following would be the quickest way to check this incoming stock:
- A. Direct check
 - B. Random check
 - C. Blind check
 - D. Quantity check
13. What system do some e-tailers use to completely avoid the need to plan or maintain storage space?
- A. Courier service
 - B. Ground delivery
 - C. Drop shipping
 - D. Direct mailing
14. Why should inventory be organized before it is counted?
- A. It makes it easier to count.
 - B. It identifies inventory shrinkage.
 - C. It identifies fast sellers.
 - D. It simplifies the development of a merchandising plan.
15. What is one of the advantages to a small gift shop of maintaining a just-in-time inventory control system?
- A. Helps to control costs
 - B. Verifies quantities in stock
 - C. Regulates value of goods
 - D. Makes it possible to change data
16. A raw-goods producer is a type of business that
- A. produces finished goods.
 - B. is not essential to other producers.
 - C. produces goods in their natural states.
 - D. refines raw goods.
17. In a private enterprise economic system, consumers can choose from a variety of products as a result of
- A. inflation.
 - B. limited government control.
 - C. competition.
 - D. the collection of taxes.
18. What category of business risk would include competition, shifts in consumer demand, and obsolescence?
- A. Pure
 - B. Natural
 - C. Economic
 - D. Human
19. What is the government doing when it buys wheat to keep the price high enough for farmers to make a profit?
- A. Encouraging energy conservation
 - B. Encouraging the production of wheat
 - C. Industrializing the economy
 - D. Using price supports
20. The prices of goods and services remaining fairly steady is an indication that the economy is
- A. risky.
 - B. depressed.
 - C. elastic.
 - D. stable.
21. Why do nations need to export goods to other countries?
- A. To provide jobs for their citizens
 - B. To obtain resources for production
 - C. To share technological advances
 - D. To develop political relationships
22. "I can't agree to your terms until I discuss the situation with my manager." This is an example of the _____ negotiating strategy.
- A. good cop/bad cop
 - B. limited authority
 - C. deadline-driven
 - D. bargaining
23. Which of the following is a characteristic of effective leaders:
- A. Relying entirely on research
 - B. Never making mistakes
 - C. Willing to take risks
 - D. Satisfied with status quo

24. A business's purchasing department can develop an achievement orientation by giving departmental employees responsibility that encourages them to
- A. listen to directions.
 - B. follow a schedule.
 - C. take the initiative.
 - D. analyze their actions.
25. The primary reason that people lose or leave their jobs is that they have
- A. difficulty getting along with others.
 - B. difficulty understanding their jobs.
 - C. poor self-esteem.
 - D. poor job performance.
26. Which of the following are activities that a merchandising business might perform as part of the marketing function of financing:
- A. Obtaining products with a promise to pay at a later date
 - B. Analyzing sources of revenue and allocation of that revenue
 - C. Taking measures to limit or control business losses
 - D. Gathering, recording, analyzing, and disseminating information
27. Sears offers its own credit card and accepts other cards as well. The amount of money that Sears' customers owe to the business belongs in its _____ records.
- A. accounts receivable
 - B. trade credit
 - C. sales revenue
 - D. liabilities
28. A manager of a large office-furniture company is preparing an invoice for one metal desk at \$265.25, a credenza at \$215.50, a bookcase at \$195.95, and a file cabinet at \$82.50. What is the total amount of the invoice if the manager gives a 15% discount?
- A. \$639.64
 - B. \$642.35
 - C. \$645.32
 - D. \$654.23
29. If a gift shop's operating budget plans for 15% profit on \$225,000 in sales next month, what amount will be available for expenses?
- A. \$183,200
 - B. \$187,500
 - C. \$191,250
 - D. \$195,750
30. What approach to sales forecasting is being used by a merchandising business that starts the process by preparing a sales forecast for the company as a whole?
- A. Top-down
 - B. Delphi technique
 - C. Build-up
 - D. Working capital
31. Which of the following financial ratios should gift-shop owners use to determine how well their investment has performed:
- A. Return on investment
 - B. Return on owner's equity
 - C. Current ratio
 - D. Return on sales
32. A small retailer's profit-and-loss statement shows beginning inventory of \$18,000, purchases of \$50,000, and ending inventory of \$3,000. How much is the cost of goods sold?
- A. \$65,000
 - B. \$53,000
 - C. \$32,000
 - D. \$68,000
33. Which of the following is an accepted factor considered by financial institutions in making loan decisions:
- A. Personal acquaintance
 - B. Applicant's collateral
 - C. The season of the year
 - D. Applicant's educational background
34. Which of the following is a guideline to follow in preparing checks for deposit in the merchandising business's bank account:
- A. Sort checks according to the issuing banks.
 - B. Hold checks until you have enough to deposit.
 - C. Make sure that each check is endorsed on the back.
 - D. Enter all checks as a total figure on the deposit slip.

35. What do retailers use to keep track of daily financial transactions?
- A. Balance sheets
 - B. Accounting records
 - C. Inventory reports
 - D. Bank statements
36. Which of the following is a reason why a purchasing-department manager might fire an employee for cause:
- A. Employee consistently performs poorly on the job
 - B. Employee seriously violates company policy?
 - C. Employee complains about an internal problem
 - D. Employee appears to be unqualified for the position?
37. One of the advantages of rewarding merchandising employees is that the offer of a reward often encourages them to be
- A. financially motivated.
 - B. competitive.
 - C. cost conscious.
 - D. creative.
38. Which of the following types of evaluations measure employees according to the quantity of their production:
- A. Analytical
 - B. Objective
 - C. Subjective
 - D. Divisional
39. Which of the following is a disadvantage of an hourly wage plan for compensating retail employees:
- A. There is a large amount of clerical work involved.
 - B. No immediate incentive for extra effort or good work is offered.
 - C. The employee knows how much s/he will receive each time.
 - D. It offers no profit-sharing plan.
40. Which of the following is the primary ethical consideration if a large retailer sells a customer list to another business:
- A. Exclusivity
 - B. Publicity
 - C. Exaggeration
 - D. Privacy
41. Which of the following is an important aspect to consider when a toy store begins to assess its marketing information needs:
- A. Signage
 - B. Government
 - C. Production
 - D. Competition
42. A manufacturer of retail goods that wants to use marketing research in order to try out different solutions to a problem needs to use _____ research.
- A. descriptive
 - B. exploratory
 - C. predictive
 - D. causal
43. Retail chains often collect marketing information from customers in order to learn which products
- A. sell best in certain locations.
 - B. meet specific design standards.
 - C. earn the highest profits.
 - D. qualify for vendor discounts.
44. Which major marketing function determines how various products will be shipped?
- A. Servicing
 - B. Warehousing
 - C. Distribution
 - D. Transportation
45. For the strategy of conducting customer surveys, with tactics including contacting customers and tabulating survey results, which of the following is the goal:
- A. Improving this year's telemarketing skills by 7% over last year's skills
 - B. Improving this year's customer satisfaction by 7% over last year's ratings
 - C. Improving this year's proposal writing by 7% over last year's writing
 - D. Improving this year's sales training results by 7% over last year's results

46. Companies that want to meet the specialized needs of a specific consumer group are likely to use
- A. mass marketing.
 - B. broad distribution.
 - C. market segmentation.
 - D. as many outlets as possible.
47. What is a home-accessories store usually better able to do when it selects a certain target market?
- A. Control expenses and increase profits
 - B. Focus marketing decisions on a specific group of people
 - C. Eliminate ethical dilemmas
 - D. Change the variable-cost margin to quickly achieve break-even point
48. The purpose of the marketing planning process is to balance the internal strengths and weaknesses of a company with its external
- A. products and resources.
 - B. opportunities and threats.
 - C. costs and expenses.
 - D. goals and objectives.
49. One reason for conducting a SWOT analysis for use in the marketing-planning process is to identify a gift shop's _____ strengths and weaknesses.
- A. financial
 - B. internal
 - C. regional
 - D. external
50. One reason that some merchandisers think that sales forecasts are unnecessary is because
- A. they require specialized training.
 - B. too much information is available.
 - C. they take too much time to prepare.
 - D. too many people need to be involved.
51. Deciding that the retailer will work to obtain 25% of the market share by the year 2010 is an example of a retailer setting a(n)
- A. marketing objective.
 - B. sales quota.
 - C. purchasing schedule.
 - D. inventory goal.
52. When a merchandising business develops a marketing plan, the objectives should be timely, measurable, and
- A. serviceable.
 - B. general.
 - C. attainable.
 - D. impulsive.
53. When evaluating the performance of a marketing plan, what might a pet-supply store do if performance fails to achieve the objectives?
- A. Analyze the situation
 - B. Revise the sales forecast
 - C. Develop a mission statement
 - D. Blame the competition
54. Gathering customer-sales information electronically and helping salespeople determine whether products are in stock are two "high-tech" functions of
- A. territory-development programs.
 - B. global positioning systems.
 - C. customer-focused security systems.
 - D. point-of-sale terminals.
55. Since Juanita wants to access her business records in 30 years, she needs to know this drawback to storing information on CD/DVD:
- A. Some CDs/DVDs last only a decade.
 - B. Some CDs/DVDs are unreadable.
 - C. Some CDs/DVDs are not secure.
 - D. Some CDs/DVDs are expensive to buy.
56. The Anderson Convenience Store charged a customer with trying to cash a bad check and with using an expired credit card. The customer was engaged in what type of fraud?
- A. Short-change
 - B. Price-ticket switching
 - C. Point-of-sale
 - D. Internal theft

57. What do you need to identify if there are complicated jobs that members of the group are unable to perform?
- A. Alternative tasks
 - B. Support services
 - C. Technical equipment
 - D. Replacement items
58. Why should purchasing specialists develop positive relationships with their suppliers?
- A. To prevent supplier theft
 - B. To help ensure that the suppliers will follow through on their promises
 - C. To eliminate the need to look for back-up sources of goods and services
 - D. To increase the ratio of materials' cost to finished product cost
59. Obtaining needed materials and hiring qualified people to assemble widgets are examples of _____ activities.
- A. purchasing
 - B. human resource
 - C. production
 - D. economic
60. One reason a small retailer would keep on hand only the amount of supplies needed to do business for a short period of time would be because of a lack of
- A. storage space.
 - B. personal property.
 - C. raw materials.
 - D. dollar control.
61. A budget can be used by a merchandiser as a(n)
- A. statement of net worth.
 - B. planning and controlling tool.
 - C. record of actual expenses.
 - D. analysis of income versus expenses.
62. In retail merchandising, one of the major functions of business maintenance is to
- A. protect products from damage.
 - B. keep the business spotlessly clean.
 - C. create a favorable impression.
 - D. keep accurate business records.
63. A cash register has an opening change fund of \$50.00. The total sales indicated on the detail audit tape registered \$676.00. Cash received for the day was \$676.00. The register was
- A. \$50.00 short.
 - B. \$50.00 over.
 - C. balanced.
 - D. out of order.
64. Which of the following would be considered a short-term objective:
- A. Finishing a six-week computer-software course
 - B. Paying off a twenty-five year mortgage
 - C. Becoming president of a large corporation
 - D. Becoming fluent in a foreign language
65. What should individuals take into consideration when researching employment opportunities in retail merchandising?
- A. Safety program
 - B. Vacation time
 - C. Office environment
 - D. Future outlook
66. The travel discount offered to members of an association of retail-merchandisers is an example of which of the following benefits of association membership:
- A. Participation in trade shows
 - B. Sales promotion events
 - C. Establishment of standards
 - D. Group services
67. Which of the following is an important part of the planning phase of the merchandising cycle:
- A. Negotiating discounts
 - B. Identifying vendors
 - C. Forecasting sales
 - D. Developing displays

68. The primary reason that governments impose laws prohibiting businesses from engaging in predatory pricing practices is to prevent monopolies and protect
- A. freedom of speech.
 - B. civil rights.
 - C. competition.
 - D. corporations.
69. The amount that a seller charges for a good or a service is known as
- A. cash flow.
 - B. cost of goods.
 - C. profit.
 - D. selling price.
70. A company received an invoice for \$500.00 for merchandise that cost \$475.00 and transportation costs of \$25.00. Terms of the invoice are 2/30, n/60. If the invoice is paid in time to earn the 2% discount, the final cost to the business will be
- A. \$475.00.
 - B. \$490.50.
 - C. \$490.00.
 - D. \$465.50.
71. Which of the following is an important decision that product planners often make:
- A. Brand name
 - B. List price
 - C. Target market
 - D. Credit policy
72. A common way for businesses to generate new product ideas is by reviewing
- A. customer surveys.
 - B. sales receipts.
 - C. status reports.
 - D. employee records.
73. One way a retail merchandiser can recognize product opportunities is by
- A. developing a business proposal.
 - B. asking major competitors.
 - C. analyzing customer surveys.
 - D. testing existing products.
74. A senior buyer who wants to increase the number of items the retailer offers needs to decide whether the new items will be compatible with the retailer's
- A. current product mix.
 - B. patronage motives.
 - C. level of service.
 - D. advertising objectives.
75. When considering the services to offer customers, a retailer should determine if a specific service would
- A. offend the business's existing competitors.
 - B. increase the amount of customer returns.
 - C. enhance customer-satisfaction levels.
 - D. stabilize variable interest rates.
76. When a retail chain emphasizes a product's degree of excellence, it is positioning the product by its
- A. skill.
 - B. competition.
 - C. market.
 - D. quality.
77. Why are so many retailers anxious to offer private, or distributor, brands?
- A. They can be imported more inexpensively than other brands.
 - B. They look better in advertising than other brands.
 - C. They can be sold in greater quantities than other brands.
 - D. They are very effective in building customer loyalty.
78. A retailer that provides good service builds goodwill with its customers by
- A. hiring friendly and courteous employees.
 - B. developing a employee-oriented mindset.
 - C. keeping salespeople away from customers.
 - D. decreasing the amount of sales.
79. A brand name that has been given legal protection is referred to as a
- A. slogan.
 - B. symbol.
 - C. registered trademark.
 - D. descriptive name.
80. Retailers develop merchandising plans in order to calculate the amount of money needed to
- A. purchase goods.
 - B. pay salaries.
 - C. cover expenses.
 - D. install displays.

81. When preparing a merchandising budget, retailers calculate open-to-buy by subtracting goods received and goods on order from
- A. estimated sales.
 - B. planned purchases.
 - C. planned reductions.
 - D. estimated allowances.
82. When a customer requests an item the business does not have in stock, the buyer must decide whether to order the item based on whether the product will
- A. please management.
 - B. contract the product mix.
 - C. increase sales.
 - D. appeal to all customers.
83. What factors must retailers consider while determining when to buy merchandise from their suppliers?
- A. Quantity discounts and brand
 - B. Peak season and vendor demand
 - C. Lead time and stock turnover rate
 - D. Vendor storage procedures and price
84. An environmental factor within a retailer that can contribute directly to customer satisfaction is the retailer's
- A. layout.
 - B. return on investment.
 - C. publicity.
 - D. organizational chart.
85. Promotion benefits the economy by
- A. developing loyalty to businesses.
 - B. building goodwill among customers.
 - C. providing many job opportunities.
 - D. sharing information with competitors.
86. Which of the following is a use of institutional promotion:
- A. Creating consumer awareness of a good or service
 - B. Informing the public about the company's future
 - C. Encouraging interest in a good or service
 - D. Building a reputation for a product
87. Which of the following situations most accurately depicts a promotional ethical issue in relation to children:
- A. A newscast teaser televises graphic film clips of a war zone during prime-time viewing.
 - B. A print ad in a national teen magazine shows a girl modeling fashionable outerwear.
 - C. A radio spot announces an upcoming concert for preteens during the morning time slot.
 - D. A television commercial portrays preschool-age children eating breakfast.
88. To qualify as a specialty medium, an item must be
- A. manufactured with the business's logo on it.
 - B. sold to a prospective customer.
 - C. used for decorative purposes only.
 - D. delivered through the mail.
89. Which of the following is a sales-promotion device that retailers often set up to attract customers and encourage them to buy:
- A. Interior wall shelves
 - B. Eye-level display cases
 - C. Cardboard posters
 - D. Point-of-sale displays
90. Deciding how much money to budget for advertising and special events is an important part of developing a(n)
- A. accounting system.
 - B. promotional plan.
 - C. sales forecast.
 - D. product policy.
91. The children's department put together a back-to-school display featuring boys and girls slacks and shirts, shoes, jackets, backpacks, and school supplies. This is a merchandise display based on a(n) _____ grouping.
- A. unrelated
 - B. one-category
 - C. variety
 - D. theme

92. Matt takes the time to research his client before he makes a sales presentation. That way, he can tailor the presentation to the specific client. Which characteristic of a successful salesperson does Matt display:
- A. Persistence and patience
 - B. Product knowledge
 - C. Customer knowledge
 - D. Personal appearance
93. Whenever Tom interacts with a client, he always sends the client a thank-you note. The purpose of this technique is to
- A. build a clientele for the business.
 - B. show a personal interest in the client.
 - C. give full attention to the client.
 - D. demonstrate knowledge about the products.
94. Because not every situation is clearly right or wrong, merchandisers may engage in questionable selling activities that are most often influenced by
- A. their customers' needs.
 - B. their personal codes of ethics.
 - C. the competition's pricing strategies.
 - D. the company's marketing objectives.
95. Salespeople who sell a variety of products for a retailer often obtain useful selling information from
- A. annual reports.
 - B. employee newsletters.
 - C. credit plans.
 - D. product manuals.
96. When a customer asks what a certain product is, a salesperson answers by pointing out its
- A. benefits.
 - B. features.
 - C. construction.
 - D. durability.
97. In which of the following situations is it appropriate for a salesperson to recommend a substitute product:
- A. The requested item is out of stock.
 - B. The requested item is in a storage area.
 - C. The substitute item is more expensive.
 - D. The substitute item is more popular.
98. Since many merchandisers take telephone orders from customers, it is important for their employees to
- A. recognize customers' voices.
 - B. understand the fax machine.
 - C. handle calls very quickly.
 - D. develop good listening skills.
99. The success of a merchandising business often depends on how effectively sales managers are able to
- A. establish sales quotas.
 - B. review sales expenses.
 - C. lead the sales team.
 - D. oversee a bonus plan.
100. Which of the following is not considered a function of management:
- A. Leading
 - B. Producing
 - C. Planning
 - D. Organizing