

Name_____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) _____ includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use. 1) _____
- A) Franchising
 - B) Wholesaling
 - C) Disintermediation
 - D) Retailing
 - E) Brokering
- 2) In recent years, _____ has/have been growing fast. This includes selling to final consumers through direct mail, catalogues, telephone, and the Internet. 2) _____
- A) e-commerce
 - B) nonstore retailing
 - C) shopping centres
 - D) specialty stores
 - E) superstores
- 3) _____ is the basis of all discount operations and is typically used by sellers of convenience goods. Retailers offering this level of service require customers to perform their own "locate-compare-select" process in order to save money. 3) _____
- A) Specialty-service
 - B) Limited-service
 - C) Self-service
 - D) Wholesaling
 - E) Full-service
- 4) _____, such as Sears, provide more sales assistance because they carry more shopping goods about which customers need information. Their increased operating costs result in higher prices. 4) _____
- A) Full-service retailers
 - B) Limited-service retailers
 - C) Off-price retailers
 - D) Self-service retailers
 - E) Specialty-service retailers
- 5) Which type of stores usually carry more specialty goods for which customers like to be "waited on" and have much higher operating costs, which are passed along to the customer? 5) _____
- A) full-service stores
 - B) category killer stores
 - C) independent stores
 - D) self-service stores
 - E) specialty-service retailers

- 6) Which of the following retailers likely require the most emphasis on salespeople to assist customers? 6) _____
- A) limited-service retailers
 - B) full-service retailers
 - C) self-service retailers
 - D) off-price retailers
 - E) megaretailers
- 7) _____ carry narrow product lines with deep assortments within those lines. 7) _____
- A) Chain stores
 - B) Discount stores
 - C) Specialty stores
 - D) Off-price stores
 - E) Convenience stores
- 8) Department stores carry _____ with _____ within them. 8) _____
- A) narrow product lines; deep assortments
 - B) convenience items; mostly staples
 - C) wide product lines; shallow assortments
 - D) narrow product lines; shallow assortments
 - E) wide product lines; deep assortments
- 9) Which type of store carries a wide variety of product lines and differentiates itself through service, but has been squeezed in recent years between more focused and flexible specialty stores on the one hand and more efficient, lower-priced discounters on the other? 9) _____
- A) chain
 - B) independents
 - C) department
 - D) factory outlet
 - E) merchant wholesaler
- 10) _____ are facing slow sales growth because of slower population growth, increased competition, and the rapid growth of out-of-home eating. 10) _____
- A) Chain stores
 - B) Convenience stores
 - C) Department stores
 - D) Hypermarkets
 - E) Supermarkets
- 11) Which type of retailer tends to be the most frequently shopped? 11) _____
- A) off-price retailers
 - B) superstores
 - C) convenience stores
 - D) department stores
 - E) supermarkets

- 12) Which type of small store carries a limited line of high-turnover convenience goods and makes most of its revenues from cigarette, beverage, and gasoline sales? 12) _____
A) department
B) supermarket
C) chain
D) convenience
E) hypermarket
- 13) Which type of store is much larger than regular supermarkets and offers a large assortment of routinely purchased food products, nonfood items, and services? 13) _____
A) factory outlet
B) superstore
C) category killer
D) off-price
E) chain
- 14) Which type of store carries a deep assortment, has knowledgeable staff, and might actually be viewed as a giant specialty store? 14) _____
A) chain
B) category killer
C) independent
D) factory outlet
E) shopping centre
- 15) Service retailers include all of the following EXCEPT _____. 15) _____
A) convenience stores
B) hotels and motels
C) airlines
D) movie theaters
E) bowling alleys
- 16) _____ retailers in North America are growing faster than product retailers. 16) _____
A) Service B) Discount C) Specialty D) Off-price E) Merchant
- 17) _____ sell standard merchandise at lower prices by accepting lower margins and selling higher volume. 17) _____
A) Full-service retailers
B) Limited-service retailers
C) Merchant wholesalers
D) Discount stores
E) Factory outlets
- 18) Early _____ cut expenses by offering few services and operating in warehouse-like facilities in low-rent, heavily traveled districts. 18) _____
A) discount stores
B) full-service retailers
C) off-price retailers
D) department stores
E) chain stores

- 19) _____ have filled the ultralow-priced, high-volume gap by buying at less-than-regular wholesale prices and charging consumers less than retail. 19) _____
- A) Limited-service retailers
 - B) Off-price retailers
 - C) Discount stores
 - D) Chain stores
 - E) Convenience stores
- 20) Which of the following is NOT one of the main types of off-price retailers? 20) _____
- A) independents
 - B) factory outlets
 - C) category killers
 - D) warehouse clubs
 - E) membership warehouses
- 21) _____, which buy at less-than-regular wholesale prices and charge consumers less than retail, are independently owned and run or are divisions of larger retail corporations. 21) _____
- A) Warehouse clubs
 - B) Superstores
 - C) Full-service retailers
 - D) Discount stores
 - E) Independent off-price retailers
- 22) _____ are often found in value-retail centres. These stores offer prices as low as 50 percent below retail on a wide range of mostly surplus, discounted, or irregular items. 22) _____
- A) Superstores
 - B) Power centres
 - C) Category killers
 - D) Factory outlets
 - E) Specialty stores
- 23) Manufacturers send last year's merchandise and seconds to _____, while they send new merchandise to department stores. 23) _____
- A) retailers
 - B) factory outlets
 - C) power centres
 - D) convenience stores
 - E) chain stores
- 24) _____ operate in warehouse-like facilities, sell a limited selection of items, and offer few frills. Customers pay annual membership fees and are able to purchase goods at deep discounts. 24) _____
- A) Independent off-price retailers
 - B) Superstores
 - C) Discount stores
 - D) Factory outlets
 - E) Warehouse clubs

- 25) _____ are two or more outlets that are commonly owned and controlled. 25) _____
- A) Independent off-price retailers
 - B) Power centres
 - C) Off-price retailers
 - D) Chain stores
 - E) Convenience stores
- 26) As a result of the great success of corporate chains, many independent stores chose to band together in either a voluntary chain or a(n) _____. 26) _____
- A) factory outlet
 - B) warehouse club
 - C) independent off-price retailer
 - D) retailer cooperative
 - E) convenience cooperative
- 27) The main difference between _____ organizations and other contractual systems is that these systems are normally based on some unique product or service. 27) _____
- A) voluntary chain
 - B) franchise
 - C) agent
 - D) warehouse-club
 - E) retailer cooperative
- 28) Merchandising _____ are corporations that combine several different retailing forms under central ownership. 28) _____
- A) independents
 - B) brokers
 - C) franchises
 - D) conglomerates
 - E) agents
- 29) Retail assortments are looking more and more alike because _____. 29) _____
- A) market segmentation has proved ineffective
 - B) stores are clustered together to increase their customer pulling power
 - C) national-brand manufacturers have placed their products almost everywhere
 - D) more stores are practicing "experiential retailing"
 - E) customers today are more focused on service differentiation
- 30) Until retailers _____ and _____ their markets, they cannot make consistent decisions about product assortment, services, pricing, advertising, store décor, or any of the other decisions that must support their positions. 30) _____
- A) limit; serve
 - B) segment; define
 - C) compete with; position
 - D) divest; eliminate
 - E) target; compete with

- 31) Service differentiation among retailers has _____. 31) _____
A) eroded
B) tripled
C) stayed the same
D) franchised
E) increased
- 32) A retailer may fail because it tries to provide "something for everyone" and ends up satisfying no market well. Successful retailers _____ their target markets well and position themselves strongly. 32) _____
A) position B) increase C) define D) franchise E) wholesale
- 33) A retailer's _____ should differentiate the retailer while matching target shoppers' expectations. One strategy is to offer merchandise that no other competitor carries. 33) _____
A) product assortment
B) distribution strategy
C) agent
D) environment
E) broker
- 34) While all retailers would like to achieve _____ while charging _____, the two seldom happen together. 34) _____
A) high volume; cut-rate markups
B) low volume; low markups
C) high volume; low markups
D) low volume; high markups
E) high volume; high markups
- 35) In-store demonstrations, displays, contests, and visiting celebrities are examples of _____. 35) _____
A) sales promotions
B) broker promotions
C) franchises
D) agent promotions
E) product life-cycling
- 36) Press conferences and speeches, store openings, special events, newsletters, magazines, and public service activities are examples of ways retailers use _____. 36) _____
A) sales promotions
B) public relations
C) personal selling
D) the wheel-of-retailing concept
E) retail convergence
- 37) Of the following, what would most retailers consider to be the most important factor in retailing success? 37) _____
A) helpful employees
B) good atmosphere
C) fair prices
D) location
E) service

- 38) Why do stores cluster together? 38) _____
A) to standardize the service mix
B) to create retailer cooperatives
C) to increase their customer pulling power
D) to take advantage of tax breaks
E) to decrease competition
- 39) _____ were the main form of retail cluster until the 1950s. 39) _____
A) Central business districts
B) Discount stores
C) Independent stores
D) Department stores
E) Independent off-price retailers
- 40) A _____ is a group of retail businesses planned, developed, owned, and managed as a unit. 40) _____
A) shopping centre
B) hypermarket
C) franchise
D) supermarket
E) merchant wholesaler
- 41) A _____ contains from 40 to 200 stores, is like a covered mini-downtown, and attracts customers from a wide area. 41) _____
A) community shopping centre
B) neighborhood shopping centre
C) regional shopping centre
D) strip mall
E) power centre
- 42) A _____ contains between 15 and 40 retail stores, including a department or variety store, a supermarket, specialty stores, professional offices, and sometimes a bank. 42) _____
A) regional shopping centre
B) strip mall
C) power centre
D) community shopping centre
E) neighborhood shopping centre
- 43) Most shopping centres are _____ containing between 5 and 15 stores; they are close and convenient for consumers. 43) _____
A) factory outlets
B) power centres
C) lifestyle centres
D) community shopping centres
E) strip malls

- 44) Today's trend in retail clusters is toward _____, huge unenclosed shopping centres consisting of a long strip of retail stores, including at least one large, freestanding anchor store like Wal-Mart. Each store has its own entrance with parking directly in front for shoppers who wish to visit only one store. 44) _____
- A) regional shopping centres
 - B) power centres
 - C) chain stores
 - D) shopping malls
 - E) superstores
- 45) A _____ is a smaller mall with upscale stores, convenient locations, and expensive atmosphere. It is typically located near affluent residential neighborhoods. 45) _____
- A) franchise
 - B) power centre
 - C) community shopping centre
 - D) lifestyle centre
 - E) regional shopping centre
- 46) London Drugs offers its customers home decor items, books, automotive accessories, and appliances as varied as air conditioners to espresso machines. This is an example of _____. 46) _____
- A) voluntary chain ownership
 - B) store atmosphere
 - C) retail technology
 - D) retail convergence
 - E) a strip mall
- 47) According to the _____ concept, new retailing forms often begin as low-margin, low-price, low-status operations to challenge established retailers, then become successful, and eventually take the place of the established retailers they had challenged. 47) _____
- A) wheel-of-retailing
 - B) agent
 - C) product life cycle
 - D) broker
 - E) warehousing
- 48) Mail-order, phone, and online shopping are all examples of _____. 48) _____
- A) wholesaling
 - B) full-service retailing
 - C) the wheel-of-retailing concept
 - D) nonstore retailing
 - E) off-price retailing
- 49) Which of the following is NOT a way that retailers have brought web-style technologies into their stores? 49) _____
- A) self-scanning checkout systems
 - B) more interesting and attractive Web sites
 - C) handheld shopping assistants
 - D) in-store access to store inventory databases
 - E) touch-screen kiosks

- 50) What is the world's second largest retailer, after Wal-Mart? 50) _____
A) IKEA B) Metro C) Carrefour D) H&M E) Tesco
- 51) The merging of consumers, products, prices, and retailers is called _____. 51) _____
A) price merging
B) retail convergence
C) consumer convergence
D) retail conglomeration
E) retail clustering
- 52) Convergence means greater _____ for retailers and greater difficulty in _____ offerings. 52) _____
A) sales; differentiating
B) competition; differentiating
C) branding; differentiating
D) profit margins; sales
E) differentiating; pricing
- 53) The rise of huge mass merchandisers and specialty superstores, along with retail mergers and acquisitions, has created a core group of very large and very powerful _____. 53) _____
A) superpower megaretailers
B) power centres
C) franchises
D) lifestyle centres
E) category killers
- 54) Retail convergence is a merging of all of the following EXCEPT _____. 54) _____
A) consumers
B) prices
C) retailers
D) products
E) employees
- 55) Touch-screen kiosks, customer-loyalty cards, handheld shopping assistants, and self-scanning checkout systems are all examples of how retailers use technology to _____. 55) _____
A) send information between stores
B) maintain inventory costs
C) meet consumers' expectations
D) interact with suppliers
E) produce more accurate forecasts
- 56) Most _____ retailers are significantly behind _____ retailers in global expansion. 56) _____
A) North American; European and Asian
B) Asian; American
C) Asian; African
D) African; Peruvian
E) European; American

- 57) _____, the world's second largest retailer after Wal-Mart, has embarked on an aggressive mission to extend its role as a leading international retailer. 57) _____
- A) Carrefour
 - B) McDonald's
 - C) Target
 - D) Costco
 - E) Ikea
- 58) _____ includes all activities involved in selling goods and services to those buying for resale or business use. 58) _____
- A) Retailing
 - B) Disintermediation
 - C) Wholesaling
 - D) Discounting
 - E) Franchising
- 59) _____ buy mostly from producers and sell to retailers and industrial consumers. 59) _____
- A) Factory outlets
 - B) Independents
 - C) Megaretailers
 - D) Wholesalers
 - E) Discount stores
- 60) Which wholesaler's channel function is demonstrated when a wholesaler's sales force helps a manufacturer to reach many small customers at a low cost? 60) _____
- A) buying and assortment building
 - B) rackjobbing
 - C) bulk-breaking
 - D) warehousing
 - E) selling and promoting
- 61) Which of the following is NOT one of a wholesaler's channel functions? 61) _____
- A) off-price retailing
 - B) financing
 - C) providing market information
 - D) bulk-breaking
 - E) risk bearing
- 62) Which wholesaler's channel function is demonstrated when a wholesaler reduces inventory holding costs and risks to suppliers and customers? 62) _____
- A) bulk breaking
 - B) buying and assortment building
 - C) financing
 - D) transporting
 - E) warehousing

- 63) Which wholesaler's channel function is demonstrated when a buyer receives quicker delivery because wholesalers are located closer than producers? 63) _____
- A) financing
 - B) transportation
 - C) warehousing
 - D) risk bearing
 - E) buying and assortment building
- 64) Which of the following is NOT one of the major classifications of wholesalers? 64) _____
- A) specialty wholesalers
 - B) agents
 - C) manufacturers' sales branches and offices
 - D) merchant wholesalers
 - E) brokers
- 65) _____ are the largest group of wholesalers. The group can be divided into the two broad types of full-service and limited-service. 65) _____
- A) Merchant wholesalers
 - B) Manufacturer sellers
 - C) Agents
 - D) Brokers
 - E) Specialty wholesalers
- 66) In order to _____, wholesalers can propose automatic reordering systems, set up management-training and advising systems, or even sponsor a voluntary chain. 66) _____
- A) identify more profitable customers
 - B) settle on pricing
 - C) build better relationships with customers
 - D) determine product and service assortments
 - E) define their target markets
- 67) _____ and _____ do not take title to goods, and they perform only a few channel functions. 67) _____
- A) Brokers; agents
 - B) Independent wholesalers; off-price retailers
 - C) Full-service wholesalers; limited-service wholesalers
 - D) Branches; offices
 - E) Power centres; independent wholesalers
- 68) A(n) _____ brings buyers and sellers together and assists in negotiations. 68) _____
- A) agent
 - B) wholesaler
 - C) retail convergence
 - D) retailer
 - E) broker
- 69) _____, or manufacturers' representatives, represent a buyer or seller on a more permanent basis. 69) _____
- A) Intermediaries
 - B) Franchises
 - C) Agents
 - D) Brokers
 - E) Retailers

- 70) Like retailers, wholesalers must _____ their target markets and _____ themselves effectively, for they cannot serve everyone. 70) _____
A) franchise; discount
B) discount; franchise
C) define; position
D) position; define
E) identify; compare
- 71) Which type of limited-service wholesaler is owned by farmers who assemble farm produce to sell in local markets? 71) _____
A) drop shipper
B) rack jobber
C) cash-and-carry wholesaler
D) truck jobber
E) producer's cooperative
- 72) Which type of wholesaler sells primarily to manufacturers rather than to retailers? 72) _____
A) rack jobbers
B) wholesale merchants
C) industrial distributors
D) drop shippers
E) cash-and-carry wholesalers
- 73) Many wholesalers are not _____-minded; they are behind the times in personal selling, seeing selling as a single salesperson talking to a single customer instead of as a team effort. 73) _____
A) absent
B) customer
C) promotion
D) franchise
E) management
- 74) Today's large, progressive wholesalers have successfully reacted to rising costs by _____. 74) _____
A) reducing promotional activities
B) increasing their markup
C) relocating in low-rent, low-tax areas
D) investing in information technology systems
E) investing less money in expensive machinery
- 75) Savvy wholesalers realize that their only reason for existence comes from increasing the efficiency and effectiveness of the _____. 75) _____
A) industry
B) distribution system
C) retailer
D) end customer
E) entire marketing channel

- 76) At Holt Renfrew, a first-class department store, customers shop for specialty products and have come to expect assistance in every phase of the shopping process. Holt Renfrew is a _____. 76) _____
- A) specialty store
 - B) self-service retailer
 - C) limited-service retailer
 - D) power centre
 - E) full-service retailer
- 77) GameStop sells video games and systems, offering a narrow product line with a deep assortment within that line. GameStop is a _____. 77) _____
- A) department store
 - B) category killer
 - C) off-price retailer
 - D) specialty store
 - E) convenience store
- 78) 7-Eleven, Mac's, and Couche-Tard, small stores that traditionally have had a primary market of young, blue-collar men, are examples of _____. 78) _____
- A) convenience stores
 - B) specialty stores
 - C) supermarkets
 - D) department stores
 - E) category killers
- 79) Overstock.com, a Web seller that buys furniture, clothing, electronics, and more from a variety of producers at less-than-regular wholesale prices and then charges customers less than retail, is a(n) _____. 79) _____
- A) factory outlet
 - B) independent off-price retailer
 - C) category killer
 - D) wholesale club
 - E) discount store
- 80) A growing number of outlet malls now feature brands such as Coach, Polo Ralph Lauren, Dolce & Gabbana, and Giorgio Armani, causing _____ to protest to the manufacturers of these brands. 80) _____
- A) agents
 - B) membership warehouses
 - C) brokers
 - D) factory outlets
 - E) department stores
- 81) McDonald's, Subway, and Pizza Hut are all examples of a _____. 81) _____
- A) voluntary chain
 - B) retailer cooperative
 - C) power centre
 - D) franchise
 - E) full-service retailer

- 82) In the battle for "share of stomachs," some supermarkets are cutting costs and attempting to compete more effectively with food discounters, while others are moving upscale, providing improved store environments and higher-quality food offerings. These two different strategies represent differences in _____. 82) _____
- A) retail convergence
 - B) wholesaling
 - C) place decisions
 - D) positioning
 - E) retail technology
- 83) 7-Eleven has recently begun to redesign and restock its stores to offer a more upscale environment and products, such as house wines and fresh foods. 7-Eleven has changed its _____. 83) _____
- A) positioning
 - B) relative prices
 - C) wholesaler
 - D) service level
 - E) size
- 84) Big and Tall Men's Shop carries goods in larger sizes; this allows the store to _____ other stores. 84) _____
- A) converge with
 - B) compete with
 - C) affect the store atmosphere of
 - D) cluster with
 - E) differentiate itself from
- 85) Costco's surprise offerings of seconds, overstocks, and closeouts—occasionally including diamonds—is an example of how a retailer can differentiate itself through _____. 85) _____
- A) services mix
 - B) product assortment
 - C) high-low pricing
 - D) store atmosphere
 - E) experiential retailing
- 86) Home Depot offers "how-to" classes for do-it-yourselfers, featuring instructions on how to complete home improvement projects using products sold at its stores. This is an example of how Home Depot has differentiated itself through its _____. 86) _____
- A) targeting
 - B) services mix
 - C) product assortment
 - D) atmosphere
 - E) segmentation
- 87) Which of the following types of retailers is most likely to practice everyday low pricing (EDLP)? 87) _____
- A) department stores
 - B) discount stores
 - C) category killers
 - D) convenience stores
 - E) limited-service retailers

- 88) Which of the following describes a way that Costco and Wal-Mart are similar? 88) _____
- A) Both target the same affluent market.
 - B) Both market a very limited number of generic-priced food, household, and apparel lines.
 - C) Both are warehouse clubs.
 - D) Both offer a similar assortment of products.
 - E) Both use everyday low pricing.
- 89) The Bay department stores carry a wide range of product lines, including clothing, jewelry, kitchenware, and home furnishings. The Bay typically charges a relatively high markup, but also holds frequent sales and price promotions, in particular offering discounts to customers who use The Bay's credit card. The Bay uses _____. 89) _____
- A) everyday low pricing
 - B) experiential retailing
 - C) retail convergence
 - D) self-service retailing
 - E) high-low pricing
- 90) Which of the following may be true about shoppers who prefer to shop at "lifestyle centres"? 90) _____
- A) They rarely dine out.
 - B) They are motivated by deals on last year's merchandise and seconds.
 - C) They prefer inexpensive atmospheres.
 - D) They prefer upscale stores.
 - E) They prefer out-of-the-way locations.
- 91) Carey David's wholesale company helps retailers train salesclerks, improve store layouts and displays, and set up inventory control systems. The channel function Carey David's is providing is _____. 91) _____
- A) risk bearing services
 - B) management services and advice
 - C) selling and promotion services
 - D) marketing information
 - E) buying and assortment building
- 92) You own an independent store in your neighbourhood. You still like to offer fresh seafood in your meat display case. Which type of wholesaler might best serve you? 92) _____
- A) cash-and-carry wholesaler
 - B) agents and brokers
 - C) mail-order wholesaler
 - D) rack jobber
 - E) drop shipper
- 93) You own a neighbourhood grocery store and would like to have non-food items delivered, priced, displayed and inventoried by a wholesaler. You do not want to purchase title to the goods. Which type of wholesaler best fits your needs? 93) _____
- A) cash-and-carry wholesaler
 - B) agents and brokers
 - C) mail-order wholesaler
 - D) rack jobber
 - E) drop shipper

- 94) Kiera Roselli, a general merchandise wholesaler, constantly looks for better ways to meet the needs of her suppliers and target customers. She knows that her business adds value by increasing the efficiency and effectiveness of the _____. 94) _____
- A) retail customer
 - B) target market
 - C) entire marketing channel
 - D) retail process
 - E) warehousing system
- 95) SuperValu, traditionally classified as a food wholesaler, has recently started or acquired several retail food chains of its own, including Albertsons, Jewel-Osco, and Cub Foods. Which of the following trends is this an example of? 95) _____
- A) movement toward self-service retailing
 - B) the growing domination of superstores
 - C) retail convergence
 - D) the decline of the voluntary chain
 - E) the blurring of distinctions between retailers and wholesalers

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 96) Wholesaling includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use. 96) _____
- 97) Full-service retailers, such as Sears or The Bay, provide more sales assistance because they carry more shopping goods about which customers need information. 97) _____
- 98) Limited-service retailers, such as specialty stores and first-class department stores, employ salespeople who assist customers in every phase of the shopping process. 98) _____
- 99) Department stores carry narrow product lines with deep assortments within those lines. 99) _____
- 100) In recent years, convenience stores have redesigned their stores to closely focus on serving their primary target market made up of young, blue-collar men. 100) _____
- 101) Category killers carry a deep assortment of a particular product line and have a knowledgeable staff. 101) _____
- 102) Off-price retailers pay regular wholesale prices for their merchandise but maintain low prices by accepting lower margins and selling higher volume. 102) _____
- 103) A discount store buys at less-than-regular wholesale prices and charges consumers less than retail. 103) _____
- 104) Independent off-price retailers may in fact be divisions of larger retail corporations. 104) _____
- 105) Factory outlets, independent off-price retailers, and warehouse clubs all buy their merchandise in a similar fashion. 105) _____
- 106) In warehouse clubs, customers must independently bring large items to the checkout line. 106) _____

- 107) Chain stores are located near residential areas and are open long hours, seven days a week; they carry a limited line of high-turnover goods. 107) _____
- 108) In a retailer cooperative, independent retailers contract with each other to set up a central buying operation and conduct joint promotional efforts. 108) _____
- 109) Merchandising conglomerates are corporations that combine several different retailing forms under different ownership. 109) _____
- 110) Retailers first must position themselves in a market and then decide how they will define the target customers in these markets. 110) _____
- 111) To create the right atmosphere, some retailers control every aspect of the consumer's store experience, including what customers hear and smell. 111) _____
- 112) Some retailers use no price promotions at all, competing instead on product and service quality rather than on price. 112) _____
- 113) At new Home Depot stores, the entranceway lures shoppers in with an open floor plan so they get a better vista of the store. 113) _____
- 114) Power centres are decreasing in number. 114) _____
- 115) The wheel-of-retailing concept deals mainly with wholesalers rolling out reduced service levels. 115) _____
- 116) The life cycle of new retail forms is getting longer. 116) _____
- 117) Unlike mass marketers, niche marketers expect to see continued growth in their online sales. 117) _____
- 118) Retail convergence means greater competition for retailers and greater difficulty in differentiating offerings. 118) _____
- 119) A relative handful of retailers now control access to enormous numbers of consumers, giving them the upper hand in their dealings with manufacturers. 119) _____
- 120) The number of retailers creating communities for their customers is declining. 120) _____
- 121) Wholesalers do not share information with suppliers and customers about competitors, new products, and price developments. 121) _____
- 122) An agent is a wholesaler who does not take title to goods and whose function is to bring buyers and sellers together and assist in negotiation. 122) _____
- 123) Like retailers, a wholesaler must decide on segmentation and targeting, differentiation and positioning, and the marketing mix. 123) _____

124) In an automated warehouse, orders are fed directly from the retailer's information system to the wholesaler's, and the items are picked up by mechanical devices and taken to a shipping platform where they are assembled. 124) _____

125) The distinction between large retailers and large wholesalers is becoming blurred. 125) _____

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

126) Retail stores can be classified in terms of several characteristics. Name four of these.

127) Compare and contrast specialty stores and convenience stores.

128) Describe the differences between discount stores and off-price retailers.

129) Describe the differences between chain stores and franchises.

130) Explain how Whole Foods is able to compete against Wal-Mart.

131) Three types of shopping centres are regional shopping centres, community shopping centres, and neighborhood shopping centres/strip malls. Describe how they are different from each other.

132) Describe how nonstore retailing has grown in the past decade.

133) Why would a producer use wholesalers rather than selling directly to retailers or consumers?

134) Explain the marketing decisions facing wholesalers.

135) Explain how distribution is important to wholesalers.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

136) What types of products do specialty stores carry? Give an example of a specialty store. 136) _____

137) How have department stores responded to increased competition by specialty stores? 137) _____

138) What types of products may be sold through category killers? 138) _____

139) How can discount stores sell merchandise at lower prices? 139) _____

140) What are three advantages a chain has over an independent retailer? 140) _____

141) How does a retailer cooperative function? 141) _____

142) How is a merchandising conglomerate different from a chain store? 142) _____

143) What elements comprise a store's atmosphere? 143) _____

- 144) How do the practices of "high-low" pricing and everyday low pricing differ? 144) _____
- 145) How have shopping centres changed in the past few decades? 145) _____
- 146) What attracts shoppers to a power centre? 146) _____
- 147) Briefly explain the wheel-of-retailing concept. 147) _____
- 148) What constitutes retail convergence? 148) _____
- 149) How are Canadian retailers reflecting the trend of the rise of megaretailers? 149) _____
- 150) Why has it been more challenging for Canadian retailers to embrace new retail technology? 150) _____
- 151) What are some of the societal factors that have led retailers to create communities and hang-outs? 151) _____
- 152) How can wholesalers add customer value through the products and services they offer? 152) _____
- 153) How do merchant wholesalers and agents/brokers differ? 153) _____
- 154) How can wholesalers improve their use of promotions? 154) _____
- 155) What are some of the challenges that wholesalers face today? 155) _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Refer to the scenario below to answer the following questions.

In the 1970s, Shipshewana was only a small town with a hardware store, a grain mill, a shoe store, a small restaurant, and a grocery store. Over the next two decades, the small town transformed into an international tourist attraction, attracting thousands of tourists who are intrigued with the lifestyle of Shipshewana's largest population—the Amish.

Ben and Mary Miller, having grown up within the Amish faith, decided to capitalize on their town's popularity and their woodworking skills. Their shop, Indiana Wood, began with a small display of handmade hickory rocking chairs, Ben Miller's specialty. But within a few months, the display at Indiana Wood included picnic tables, flower boxes, and small handmade novelty items. No other shop offers the same.

Mary Miller decorated the shop's display room with authentic Amish décor and eventually hired three Amish friends to sew and embroider napkins and other textiles per customer request. In addition, two women from the Amish community sought permission from the Millers to display home-baked pastries and jellies on Tuesdays and Wednesdays, the town's busiest tourist days, when Shipshewana attracts swarms of visitors to its flea market on the south edge of town.

"Shipshewana is full of specialty shops," Mary Miller stated. "People don't come here to buy things made in China or Taiwan. They want real, Amish-made goods."

- 156) Indiana Wood is best classified as a(n) _____ retailer. 156) _____
- A) full-service
 - B) discount
 - C) limited-service
 - D) off-price
 - E) self-service
- 157) There is talk of a giant specialty store opening in Shipshewana that would carry a very deep assortment of Amish-made goods. This _____ would create intense competition for the Millers. 157) _____
- A) convenience store
 - B) department store
 - C) category killer
 - D) supermarket
 - E) specialty store
- 158) The Millers have been asked to join a group of independent retailers who set up a central buying organization and conduct joint promotion efforts. This organizational approach is known as _____. 158) _____
- A) voluntary chain
 - B) retailer cooperative
 - C) merchandising conglomerate
 - D) franchise organization
 - E) corporate chain store
- 159) Instead, the Millers are considering joining a wholesaler-sponsored group of independent retailers engaged in group buying and merchandising. This organizational approach is known as _____. 159) _____
- A) retailer cooperative
 - B) corporate chain store
 - C) voluntary chain
 - D) franchise organization
 - E) merchandising conglomerate

- 160) No other shop in Shipshewana offers the same depth of selection of authentic Amish-made items. The Millers are differentiating most based on _____. 160) _____
- A) product assortment
 - B) location
 - C) services mix
 - D) pricing
 - E) store atmosphere
- 161) The best pricing strategy for the Millers, considering they run a specialty store, is to _____. 161) _____
- A) seek higher markups on higher volume
 - B) ask higher prices but hold frequent sales
 - C) seek high markups on lower volume
 - D) offer a range of prices within product lines
 - E) seek lower markups on higher volume
- 162) Which of the following is most critical to Indiana Wood's success? 162) _____
- A) place
 - B) differentiation
 - C) store atmosphere
 - D) price
 - E) services mix
- 163) The Amish decor and shop workers give customers an authentic impression of the pride and skill built into the shop's products. These aspects also contribute to the store's _____. 163) _____
- A) atmosphere
 - B) targeting
 - C) services mix
 - D) segmentations
 - E) product assortment
- 164) In high season, the Millers must hire extra sales staff to handle the increased traffic in their store. These recruits are carefully trained to be knowledgeable about the product assortment and to be courteous and helpful to shoppers. The Millers are engaging in _____, a form of promotion. 164) _____
- A) public relations
 - B) personal selling
 - C) direct mail
 - D) sales promotion
 - E) sponsorship
- 165) A major new shopping centre is planned to meet the needs of Shipshewana's growing population and the Millers have been asked if they would like to lease space for a second location. The centre will be a smaller mall with upscale stores, convenient locations, and nonretail activities such as dining and a movie theatre. This makes is a _____. 165) _____
- A) lifestyle centre
 - B) regional shopping centre
 - C) power centre
 - D) strip mall
 - E) community shopping centre

Answer Key

Testname: UNTITLED13

- 1) D
- 2) B
- 3) C
- 4) B
- 5) A
- 6) B
- 7) C
- 8) E
- 9) C
- 10) E
- 11) E
- 12) D
- 13) B
- 14) B
- 15) A
- 16) A
- 17) D
- 18) A
- 19) B
- 20) C
- 21) E
- 22) D
- 23) B
- 24) E
- 25) D
- 26) D
- 27) B
- 28) D
- 29) C
- 30) B
- 31) A
- 32) C
- 33) A
- 34) E
- 35) A
- 36) B
- 37) D
- 38) C
- 39) A
- 40) A
- 41) C
- 42) D
- 43) E
- 44) B
- 45) D
- 46) D
- 47) A
- 48) D
- 49) B
- 50) C

Answer Key

Testname: UNTITLED13

- 51) B
- 52) B
- 53) A
- 54) E
- 55) C
- 56) A
- 57) A
- 58) C
- 59) D
- 60) E
- 61) A
- 62) E
- 63) C
- 64) A
- 65) A
- 66) C
- 67) A
- 68) E
- 69) C
- 70) C
- 71) E
- 72) C
- 73) C
- 74) D
- 75) E
- 76) E
- 77) D
- 78) A
- 79) B
- 80) E
- 81) D
- 82) D
- 83) A
- 84) E
- 85) B
- 86) B
- 87) B
- 88) E
- 89) E
- 90) D
- 91) B
- 92) A
- 93) D
- 94) C
- 95) E
- 96) FALSE
- 97) FALSE
- 98) FALSE
- 99) FALSE
- 100) FALSE

Answer Key

Testname: UNTITLED13

- 101) TRUE
- 102) FALSE
- 103) FALSE
- 104) TRUE
- 105) TRUE
- 106) TRUE
- 107) FALSE
- 108) FALSE
- 109) FALSE
- 110) FALSE
- 111) TRUE
- 112) TRUE
- 113) TRUE
- 114) FALSE
- 115) FALSE
- 116) FALSE
- 117) FALSE
- 118) TRUE
- 119) TRUE
- 120) TRUE
- 121) FALSE
- 122) FALSE
- 123) TRUE
- 124) TRUE
- 125) TRUE
- 126) These include the amount of service they offer, the breadth and depth of their product lines, the relative prices they charge, and how they are organized.
- 127) Specialty stores carry narrow product lines with deep assortments within those lines. Convenience stores are small stores that carry a limited line of high-turnover convenience goods. The majority of their revenues come from sales of gasoline, cigarettes, and beverages.
- 128) A discount store buys at regular wholesale prices but sells standard merchandise at lower prices by accepting lower margins and selling higher volume. Off-price retailers buy at less-than-regular wholesale prices and charge consumers less than retail.
- 129) Chain stores consist of two or more outlets that are commonly owned and controlled. Chain stores have the advantage of buying in larger quantities at lower prices and sharing resources to hire specialists to help with decisions in pricing, promotion, merchandising, inventory, and sales forecasting. Franchises are not commonly owned and controlled; instead, a franchise is a contractual association between a manufacturer, wholesaler, or service organization and an independent businessperson who buys the right to own and operate one or more units within the franchise system.
- 130) Whole Foods Market thrives by carefully positioning itself away from Wal-Mart. It targets a select group of upscale customers and offers them "organic, natural, and gourmet foods, all swaddled in Earth Day politics." In fact, a devoted Whole Foods customer is more likely to boycott the local Wal-Mart than to shop at it.
- 131) Regional shopping centres are the largest and most dramatic shopping centres. They contain from 40 to more than 200 stores. They are like covered mini-downtowns and attract customers from a wide area. Smaller than regional shopping centres, community shopping centres contain between 15 and 40 stores. They normally contain a branch of a department store or variety store, a supermarket, specialty stores, professional offices, and sometimes a bank. Smaller still are neighbourhood shopping centres/strip malls, which generally contain 5 to 15 stores. They are close and convenient for consumers, usually containing a supermarket, a discount store, and several service stores.

Answer Key

Testname: UNTITLED13

- 132) Though most purchases are still made in stores, more and more consumers are now shopping using a broad range of nonstore alternatives, including mail-order, television, phone, and online shopping. Easy-to-use Web sites, improved online service, and sophisticated search engines have all helped online business grow at a faster rate than retail buying. All types of retailers now use direct and online channels, with traditional brick-and-mortar retailers selling online, along with online-only retailers such as Amazon.com and eBay. Much of the growth in online sales will go to multichannel retailers who provide service both in stores and online.
- 133) Wholesalers add value by performing one or more of the following channel functions: selling and promotion, buying and assortment building, bulk breaking, warehousing, transportation, financing, risk bearing, providing market information, and giving management services and advice. Wholesalers can perform many channel functions more efficiently and effectively than a producer can, allowing the producer to focus its energies on creating its product.
- 134) Wholesalers are faced with the marketing decisions of segmentation and targeting, differentiation and promotion, and the marketing mix. Progressive wholesalers are adapting their services to the needs of target customers and are seeking cost-reducing methods of doing business. Faced with slow growth in their domestic markets and developments such as the North American Free Trade Association, many large wholesalers are also now going global.
- 135) Wholesalers must choose their locations, facilities, and web locations carefully. There was a time when wholesalers could locate in low-rent, low-tax areas and invest little money in their buildings, equipment, and systems. Today, however, as technology zooms forward, such behaviour results in outdated materials-handling, order-processing, and delivery systems. Instead, today's large and progressive wholesalers have reacted to rising costs by investing in automated warehouses and information technology systems. Orders are fed from the retailer's information system directly into the wholesaler's, and the items are picked up by mechanical devices and automatically taken to a shipping platform where they are assembled.
- 136) Specialty stores carry narrow product lines with deep assortments within those lines. Examples will vary.
- 137) Many department stores have added promotional pricing to meet the threat; in addition, they have stepped up the use of store brands and single-brand "designer shops" to compete with specialty stores. Department stores are also trying mail-order, telephone, and Web selling.
- 138) Category killers are prevalent in a wide range of categories, including books, baby gear, toys, electronics, home improvement products, linens and towels, party goods, sporting goods, and pet supplies.
- 139) Discount stores sell merchandise at lower prices by accepting lower margins and selling higher volumes.
- 140) A chain may benefit from a regionally or nationally known name, as well as an established promotional campaign. In addition, because a chain is held together by a centralized purchasing or administrative centre, there is much bargaining power with suppliers.
- 141) A retailer cooperative is a group of retailers that come together to set up a jointly owned, central wholesale operation, and conduct joint merchandising and promotion efforts. Through a retailer cooperative, independents can match the buying and promotion economies of corporate chains.
- 142) Merchandising conglomerates are corporations that combine several different retailing forms under central ownership, while chain stores are commonly owned outlets of the same retail form.
- 143) A store's atmosphere includes the sights, sounds, and smells that customers typically associate with the store.
- 144) With "high-low" pricing, a retailer charges higher prices on an everyday basis but also has frequent sales and other price promotions; with everyday low pricing, a retailer for the most part avoids sales and instead delivers constant, everyday low prices.
- 145) Central business districts located in downtown areas were the wave in the 1950s; such areas included department stores, specialty stores, banks, and movie theaters. With the move of people to the suburbs came branches of some of the downtown merchants in suburban shopping centres. In recent years, many cities have joined with merchants to try to revive downtown shopping areas by building malls and providing underground parking.
- 146) Power centres are unenclosed shopping centres that consist of a long strip of retail stores, each store with its own entrance with parking directly in front for shoppers who wish to visit only one store. A power centre offers convenience and variety for shoppers.

Answer Key

Testname: UNTITLED13

- 147) According to this concept, many new types of retailing forms begin as low-margin, low-price, low-status operations. Over time, the retailers' success leads them to upgrade their facilities and offer more services; consequently, their costs increase, forcing them to increase their prices. Eventually, these retailers become prey to the new retailers entering the marketplace.
- 148) Retail convergence is the coming together of shoppers, goods, and prices. Customers of all income levels are shopping at the same stores, often for the same goods. Distinctions such as discount store, specialty store, and department store are losing significance.
- 149) Three Canadian firms were recently recognized among the top 10 fastest-growing retailers in the world—Alimentation Couche-Tard Inc. (convenience stores), Jean Coutu Group (PJC) Inc. (drugstores), and Katz Group Inc. (mail-order pharmacy/drug stores). Through their superior information systems and buying power, these giant retailers can offer better merchandise selection, good service, and strong price savings to consumers. As a result, they grow even larger by squeezing out their smaller, weaker competitors.
- 150) While Canadian retailers are expanding their IT budgets to embrace new technology, their budgets are still relatively low compared to other global retailers. Canadian retailing is structurally different from retailing in other countries. Because retailing is concentrated in 10 major centres, Canadian retailers cannot achieve the economies of scale needed to support larger IT investments.
- 151) The rise in the number of people living alone, working at home, or living in isolated and sprawling suburbs, has led to a resurgence of establishments that, regardless of the product or service they offer, also provide a place for people to get together. These places include coffee shops and cafes, shopping malls, bookstores, children's play spaces, superstores, and urban greenmarkets.
- 152) Wholesalers are often under great pressure to carry a full line and to stock enough for immediate delivery. But this practice can damage profits. Wholesalers today are cutting down on the number of lines they carry, choosing to carry only the more-profitable ones. They are also rethinking which services count most in building strong customer relationships and which should be dropped or paid for by the customer. The key is to find the mix of services most valued by their target customers.
- 153) Merchant wholesalers "take title to" (or own) what it is they sell; agents/brokers merely serve as liaisons, bringing buyers and sellers together.
- 154) Many wholesalers do not view promotion as a team effort to sell, build, and service major accounts; to address this issue, wholesalers should adopt some of the promotion techniques used by retailers, such as developing an overall promotion strategy and making greater use of supplier promotion materials and programs.
- 155) Today's wholesalers face considerable challenges. The industry remains vulnerable to one of the most enduring trends of the last decade—fierce resistance to price increases and the sifting out of suppliers who are not adding value based on cost and quality. Progressive wholesalers constantly watch for better ways to meet the changing needs of their suppliers and target customers.
- 156) A
- 157) C
- 158) B
- 159) C
- 160) A
- 161) C
- 162) A
- 163) A
- 164) B
- 165) A