

c1

Student: _____

1. A key failure in the Canadian retail marketplace is:

- A. Thinking globally
- B. Trying to please everyone
- C. Focusing on human capital management
- D. Improving the supply-chain
- E. All of the these are considered failures

2. According to a report released by Deloitte and *STORES* magazine in January 2009, trends for retailers to consider as they plan their growth strategies and confront the current economic crisis include all of the following, except:

- A. Consider smaller stores
- B. Cut costs
- C. Market segmentation
- D. Social responsibility
- E. Think customer experience

3. The largest sectors in terms of retail sales are:

- A. General merchandise and Clothing
- B. Pharmacies and Building supplies
- C. Food and Automotive
- D. Furniture and Pharmacies
- E. Automotive and Building supplies

4. Consumers shop through multiple channels that include all of the following except:

- A. PDAs
- B. Computers
- C. Web-enabled kiosks
- D. Retail stores
- E. Federal Express

5. Retail Managers must make complex decisions including all of the following except:

- A. Target markets
- B. Retail locations
- C. Merchandise and Services offerings
- D. Mission Statement
- E. Training and motivating sales associates

6. What is retailing?

- A. It is the set of business activities that adds value to the products and services sold to consumers for their personal use
- B. It is the merchandising component of the retail mix
- C. It is the strategy retailers and vendors use to get products into the stores
- D. It is the process of offering products in smaller quantities for consumer consumption patterns
- E. It is the ability to offer enough variety in a store to encourage one-stop shopping

7. Which of the following businesses would be considered a retailer?

- A. Your local hair salon
- B. Air Canada
- C. Tim Hortons
- D. Canadian Tire
- E. Your local hair salon, Air Canada, Tim Hortons, and Canadian Tire

8. Which of the following would be considered a retailer?

- A. A radio talk show
- B. A university
- C. The Better Business Bureau
- D. The Red Cross
- E. All of these

9. A retailer's role in the distribution channel is to:

- A. act as the liaison between manufacturers and wholesalers
- B. buy merchandise exclusively from the manufacturers
- C. negotiate with consumers through a series of focus groups
- D. satisfy the needs of the consumers
- E. sell to wholesalers

10. _____ is when a firm performs more than one set of activities in a channel.

- A. Channel diversification
- B. Distribution channel
- C. Horizontal integration
- D. Vertical development
- E. Vertical integration

11. Prior Snowboards located in Whistler, B.C. manufactures many of the snowboards it sells in its retail outlet at its own factory in Canada. Prior Snowboards is practicing:

- A. demographic marketing
- B. globalization
- C. product-related marketing
- D. vertical integration
- E. wholesaling

12. If a chain of florist shops opened a plant nursery to provide gift plants and cut flowers to all of its outlets within a 300-mile radius, the chain would be practicing:

- A. vertical integration
- B. channel expansion
- C. horizontal expansion
- D. vertical retailing
- E. service marketing

13. Why is it advantageous for retailers to be vertically integrated?

- A. Retailers can develop unique merchandise sold only in their stores
- B. Retailers can expand their services easily to the Internet because they can direct orders to the manufacturer
- C. Retailers have realized that to stay competitive, they must become vertically integrated
- D. Customers prefer retailers who are vertically integrated
- E. Retailers can develop unique merchandise sold only in their stores; retailers can expand their services easily to the Internet because they can direct orders to the manufacturer; retailers have realized that to stay competitive, they must become vertically integrated; and customers preferring retailers that are vertically integrated are all advantages.

14. A retailer that is vertically integrated:

- A. concentrates on selling to businesses only
- B. does not have frequent communication between buyers and managers
- C. has an excellent vertical relationship between corporate headquarters and stores
- D. performs more than one function in the chain from manufacturing to sales to end user
- E. performs only the function to end user

15. Which of the following statements about retailers holding inventory is false?

- A. By having inventory held in the store, consumers can hold less merchandise at home
- B. By holding inventory, retailers can decrease the visual merchandising expenditure
- C. Holding inventory in a store helps serve the customer's needs
- D. Retailers keep inventory so products are available when consumers want them
- E. Holding inventory reduces consumer's cost of storing products

16. Grocers purchase bananas from several different tropical countries. When bananas arrive in the distribution centers across Canada, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the bananas for the consumer to select. Grocers are performing what function?

- A. Holding inventory
- B. Vertical integration
- C. Breaking bulk
- D. Distribution
- E. Providing services

17. Providing assortments is an advantageous business activity because it:

- A. enables the company to create a more informational and entertaining environment which would promote more sales
- B. enables the company to reinvest savings
- C. enables the customer to choose from a wide selection of brands, designs, sizes and prices all in one store
- D. enables the customer to save money by being able to shop in one store
- E. enables the customer to stock up on the assortments because of their availability

18. One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity?

- A. Clean washrooms
- B. Payment by debit cards
- C. Trained salespeople to answer questions
- D. Well-lit parking lots
- E. Clean washrooms, payment by debit cards, trained salespeople, and well-lit parking lots are all appropriate examples.

19. One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity?

- A. Ignoring the competition
- B. Increasing employee pilferage
- C. Performing a situation analysis
- D. Selling on the Internet as an additional channel
- E. None of the available answers are correct.

20. A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting its members on a regular basis, the credit union is engaging in the business function of:

- A. breaking bulk
- B. holding inventory
- C. providing assortments
- D. providing services
- E. financing

21. Retailing is the nation's largest industry in terms of:

- A. community involvement
- B. competition
- C. employment
- D. promotions
- E. variety

22. Provinces with the highest retail sales in order are:

- A. Ontario, British Columbia, Quebec, and Alberta
- B. Ontario, Alberta, Quebec, and British Columbia
- C. Alberta, Atlantic Canada, Ontario, British Columbia, and Quebec
- D. Ontario, Quebec, British Columbia, and Alberta
- E. Quebec, British Columbia, Prairies, Ontario, and Atlantic Canada

23. Seventy-two percent of all retail businesses employ fewer than:

- A. 100
- B. 50
- C. 25
- D. 10
- E. 5

24. There are roughly how many stores for every 1000 persons in Canada?

- A. 24
- B. 18
- C. 8
- D. 6
- E. 4

25. Which business activities are undertaken by retailers?

- A. Purchasing goods and services
- B. Developing management information systems
- C. Raising capital
- D. Managing a sales force
- E. All answers provided are correct.

26. The competition between the same types of retailers is called:

- A. indirect competition
- B. intertype competition
- C. intratype competition
- D. scrambled merchandising
- E. vertical integration

27. Which of the following would be an example of intratype competitors?

- A. Walmart and Zellers
- B. Sears and La Senza
- C. IGA and Shoppers Drug Mart
- D. Future Shop and Office Depot
- E. Loblaws and Amazon.ca

28. Best Buy (electronics) and Future Shop (electronics) are what type of competitors?

- A. indirect
- B. intratype
- C. intertype
- D. vertical
- E. horizontal

29. Which of the following would be an intratype competitor for an IGA supermarket?

- A. Walmart
- B. Subway
- C. Loblaws
- D. Shoppers Drug Mart
- E. Old Navy

30. What is variety?

- A. Variety is the number of different merchandise categories within a store
- B. Variety is the number of different SKU's within a merchandise category
- C. Variety is the number of different items in a category
- D. Variety is another term for scrambled merchandising
- E. Variety is the number of different facets of the business plan

31. When McDonald's opened its first restaurant, a hungry patron could order a hamburger, french fries and a shake. In those early years, McDonald's did not offer much:

- A. assortment
- B. product depth
- C. quantity
- D. value
- E. variety

32. Chapters stores sell Godiva chocolates. By selling such products, Chapters is:

- A. offering a good merchandise mix
- B. offering what the market demands
- C. offering deep product assortments
- D. practicing intratype competition
- E. practicing scrambled merchandising

33. The offering of merchandise not typically associated with the store type is called:

- A. channel conflict
- B. intratype competition
- C. product diversification
- D. scrambled merchandising
- E. vertical differentiation

34. Delia was delighted to see that the local Shoppers Drug Mart carried milk, bread and snacking crackers. Her delight indicates she has never seen:

- A. a deep product assortment
- B. an acceptable merchandising mix
- C. a retail mix
- D. scrambled merchandising
- E. this type of intratype competition

35. Scrambled merchandising increases:

- A. vertical integration
- B. intertype competition
- C. concentric diversification
- D. horizontal integration
- E. intratype competition

36. Which of the following would be an example of intertype competition?

- A. A supermarket and a fresh flower stand
- B. A specialty store and a department store
- C. A department store and a pharmacy
- D. A convenience store and a fast food restaurant
- E. All answers provided are correct.

37. Which of the following would be an intertype competitor for a discount store that sells such products as groceries, cosmetics, film developing service, and pet supplies?

- A. Sears
- B. Shoppers Drug Mart
- C. Chapters
- D. Future Shop
- E. Dollarama

38. Walmart, Loblaw's, and Future Shop are in what kind of competition.

- A. channel
- B. horizontal
- C. indirect
- D. intertype
- E. intratype

39. Increasing intertype competition has made it harder for retailers to identify their:

- A. competition
- B. target market
- C. merchandise mix
- D. retail mix
- E. none of the answers provided are correct.

40. The intensity of competition is greatest among retailers when:

- A. price dominates the retail mix
- B. they are located near each other and offer similar retail offerings
- C. they are located near each other and target the same customer
- D. they are located far from each other and offer similar retail offerings
- E. they are located far from each other and target the same customer

41. Since convenience of location is important in store choice, a store's proximity to competitors is a critical factor in identifying:

- A. competition
- B. ethical standards
- C. real estate negotiations
- D. the target market
- E. which merchandise to scramble

42. As part of a retailing strategy, a retailer looks to changes in demographics and responds to these changes with their retail mix. The following are examples of demographic trends except:

- A. the growth of the elderly population
- B. the increased emphasis on customer service
- C. the growth of minority segments
- D. the rising number of two-income families
- E. the retirement of the Baby Boomers

43. Once a retailer understands its environment, it needs to develop and implement a:

- A. retail strategy
- B. advertising plan
- C. customer base
- D. competitive strategy
- E. functional strategy

44. Lydia owns the Shake Shack, a small ice cream shop on a busy beach boardwalk that specializes in a variety of milkshakes, malts and cones. She has identified her customer as a person walking on the boardwalk-mostly vacationers who want something cool and quick with no frills. She located herself close to parking for easy access, unlike some of her competitors. Lydia seems to have developed a strong:

- A. business concept
- B. business plan
- C. location strategy
- D. retail strategy
- E. selling strategy

45. When developing the _____ for his new salon, George decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well trained staff and half-price perm day every Thursday to attract customers.

- A. selling concept
- B. business cycle
- C. retail strategy
- D. focal point orientation
- E. marketing concept

46. As the owner of a store specializing in men's suits, Isabella can use a retail strategy statement to identify all of the following except:

- A. the shop's target market
- B. the advertising campaign developed to sell last season's merchandise.
- C. how the store will build a competitive advantage
- D. what services the shop will offer its customers
- E. what types of suits the store will stock

47. How are retailers using point of sale (POS) terminals and Universal Product Codes (UPC) affixed to merchandise? As a way to:

- A. target the distribution plan
- B. create an advertising plan
- C. check its location strategy
- D. gain a strategic advantage
- E. set its retailing objectives

48. A business philosophy and set of strategies, programs, and systems that focus on identifying and building loyalty with a firm's most valued customers is called:

- A. customer decision area
- B. customer loyalty
- C. customer relationship management
- D. intratype competition
- E. strategizing

49. Which of the following statements about location strategy is true?

- A. Location is the second most important characteristic that consumers examine when selecting a store
- B. Location offers an opportunity to gain a long-term advantage over competitors
- C. Consumers do not use convenience as a basis for selecting where to shop
- D. Location can never be used to gain any kind of long-term advantage over competitors due to retailing's low entry barriers
- E. The only two characteristics more important than location in the selection process of where to shop are price and sales promotions

50. The key strategic elements of the retail strategy are:

- A. financial strategies
- B. organizational structures
- C. location strategies
- D. market strategies
- E. all of these

51. To implement a retail strategy, a retailer must develop a _____ that satisfies the needs of its target market better than its competitors.

- A. production orientation
- B. horizontal integration
- C. sales orientation
- D. retail mix
- E. situation analysis

52. Once a well-articulated retail strategy has been developed, the next step is to:

- A. override the control mechanism
- B. evaluate the results of the strategy
- C. forecast future environmental trends
- D. implement the strategy
- E. confirm that environmental conditions have not changed

53. To implement a retail strategy, management must:

- A. develop a retail mix that satisfies the needs of its target market better than its competitors
- B. locate the ideal location
- C. develop budgets and acquire merchandise
- D. set prices strategies and determine promotions
- E. determine its target market and set retail objectives

54. The combination of factors retailers use to satisfy customer needs and influence their purchase decisions is called the firm's:

- A. retailing concept
- B. retail mix
- C. marketing concept
- D. target market
- E. none of the above

55. Which of the following is part of a retailer's retail mix?

- A. Advertising
- B. Displays
- C. Trained salespeople
- D. Services offered
- E. All of the these

56. Which of the following is not an element in the retail mix?

- A. Competitive response
- B. Merchandise assortments
- C. Location
- D. Customer service
- E. Advertising and promotion

57. Which of the following parts of the retail mix can be utilized by a small hardware store?

- A. Bright lighting in the store, which makes it easier to read the messages
- B. A new ad campaign that uses both radio and newspaper media
- C. Store location next door to a hospital
- D. Attractive point-of-purchase displays at the ends of the store's aisles
- E. All of the these

58. Which of the following is not a part of the retail mix for a furniture store?

- A. Competitive response
- B. Furniture assortments
- C. The location of the store
- D. Store credit card
- E. Television commercials

59. _____ means that a firm performs more than one set of activities in the channel, such as investments by retailers in wholesaling or manufacturing.

60. A video rental, the purchase of a book on Amazon.com, buying a George Foreman Grill after watching an infomercial and getting a pedicure are all examples of _____ activities--the sale of goods and services to the ultimate consumer.

61. A _____ is a business that sells products and services to ultimate consumers.

62. Retailers are the final business in a distribution channel that link manufacturers to _____.

63. A _____ is a set of businesses that move products from the point of production to the point of sale to the ultimate consumer.

64. When a retailer like Roots designs merchandise as well as sells the merchandise, _____ is occurring.

65. By providing assortments, breaking bulk, holding inventory and providing services, retailers increase the _____ consumers receive from their products and services.

66. Zellers and the Wal-Mart are _____ competitors.

67. When Austin saw pastries and coffee at his local bookstore, he knew it was an example of _____, which is the juxtaposition of unrelated merchandise in the store.

68. Scrambled merchandising increases _____ which occurs between retailers that sell similar merchandise using different formats such as specialty and discount stores.

69. The philosophy, strategies, programs and systems that focus on identifying and building loyalty with a retailer's most valued customers are called _____.

70. According to a report released by Deloitte and *STORES* magazine in January 2009, trends for retailers to consider as they plan their growth strategies and confront the current economic crisis include:
71. Best Buy purchases many of the CD's, Playstation 2 games, DVD's and DVD players by the truckload, then sells them in smaller quantities to its stores where consumers are allowed to buy them one at a time. What business function is Best Buy performing?
72. Wal-Mart and Sam's Club buy directly from manufacturers. They have merchandise shipped to their warehouses for storage, and then distribute the merchandise to their stores. What term is used to describe this type of activity?
73. When is the intensity of competition between retail stores the greatest?
74. What type of merchandising increases intertype competition?

75. The Reptile Shop is a pet shop that focuses on reptiles and their accoutrements for reptile lovers. The shop carries aquariums, warming rocks, toys and even live mice and crickets. It sponsors a reptile club where members can bring their pet to share with other reptile lovers. The store provides an inexpensive veterinary service. It even has a 3-month guarantee when you purchase a baby reptile. The Reptile Shop has created loyalty from its customers and continuously attracts new ones because of the services offered. What does this describe?

76. Why do retailers use point of sale (POS) terminals to read Universal Product Codes (UPC) and electronic data interchange (EDI) to send sales and inventory information from computer to computer?

77. What is the retailer's role in the distribution channel?

78. List the four functions performed by retailers.

79. How do retailers increase the value consumers receive from their purchases?

80. With manufacturers legally able to sell direct from the factories, why should retailers exist?

81. Distinguish between intratype competition and intertype competition. Give an example of each.

82. Why would a drug store add novelty gifts, fresh bread, pre-wrapped sandwiches and milk to its product mix?

83. A chef wants to open a Chinese restaurant in the suburbs of a large city. How should she identify the competition?

84. Why do retailers consider customers as important when developing a retail strategy?

85. What are the three things identified by a retail strategy statement?

86. Why is location strategy important for both consumers and for competitive reasons?

c1 Key

1. (p. 5) A key failure in the Canadian retail marketplace is:

- A. Thinking globally
- B. Trying to please everyone**
- C. Focusing on human capital management
- D. Improving the supply-chain
- E. All of the these are considered failures

Difficulty: Medium
Levy - Chapter 01 #1
Type: Knowledge

2. (p. 5) According to a report released by Deloitte and *STORES* magazine in January 2009, trends for retailers to consider as they plan their growth strategies and confront the current economic crisis include all of the following, except:

- A. Consider smaller stores
- B. Cut costs
- C. Market segmentation
- D. Social responsibility**
- E. Think customer experience

Difficulty: Medium
Levy - Chapter 01 #2
Type: Knowledge

3. (p. 9) The largest sectors in terms of retail sales are:

- A. General merchandise and Clothing
- B. Pharmacies and Building supplies
- C. Food and Automotive**
- D. Furniture and Pharmacies
- E. Automotive and Building supplies

Difficulty: Medium
Levy - Chapter 01 #3
Type: Comprehension

4. (p. 4) Consumers shop through multiple channels that include all of the following except:

- A. PDAs
- B. Computers
- C. Web-enabled kiosks
- D. Retail stores
- E.** Federal Express

Difficulty: Medium
Levy - Chapter 01 #4
Type: Comprehension

5. (p. 5) Retail Managers must make complex decisions including all of the following except:

- A. Target markets
- B. Retail locations
- C. Merchandise and Services offerings
- D.** Mission Statement
- E. Training and motivating sales associates

Difficulty: Medium
Levy - Chapter 01 #5
Type: Comprehension

6. (p. 5) What is retailing?

- A.** It is the set of business activities that adds value to the products and services sold to consumers for their personal use
- B. It is the merchandising component of the retail mix
- C. It is the strategy retailers and vendors use to get products into the stores
- D. It is the process of offering products in smaller quantities for consumer consumption patterns
- E. It is the ability to offer enough variety in a store to encourage one-stop shopping

Difficulty: Easy
Levy - Chapter 01 #6
Type: Knowledge

7. (p. 5) Which of the following businesses would be considered a retailer?

- A. Your local hair salon
- B. Air Canada
- C. Tim Hortons
- D. Canadian Tire
- E.** Your local hair salon, Air Canada, Tim Hortons, and Canadian Tire

Difficulty: Medium
Levy - Chapter 01 #7
Type: Knowledge

8. (p. 5) Which of the following would be considered a retailer?

- A. A radio talk show
- B. A university**
- C. The Better Business Bureau
- D. The Red Cross
- E. All of these

Although it could be argued that they all can accept money in some way or offer a service in some way, a university is most likely to be engaged in accepting money then providing a service to the ultimate customer for personal use.

Difficulty: Hard
Levy - Chapter 01 #8
Type: Knowledge

9. (p. 5) A retailer's role in the distribution channel is to:

- A. act as the liaison between manufacturers and wholesalers
- B. buy merchandise exclusively from the manufacturers
- C. negotiate with consumers through a series of focus groups
- D. satisfy the needs of the consumers**
- E. sell to wholesalers

Difficulty: Easy
Levy - Chapter 01 #9
Type: Knowledge

10. (p. 6) _____ is when a firm performs more than one set of activities in a channel.

- A. Channel diversification
- B. Distribution channel
- C. Horizontal integration
- D. Vertical development
- E. Vertical integration**

Difficulty: Easy
Levy - Chapter 01 #10
Type: Knowledge

11. (p. 6) Prior Snowboards located in Whistler, B.C. manufactures many of the snowboards it sells in its retail outlet at its own factory in Canada. Prior Snowboards is practicing:

- A. demographic marketing
- B. globalization
- C. product-related marketing
- D.** vertical integration
- E. wholesaling

Because the retail chain owns its own manufacturing facility, it is an example of vertical integration.

Difficulty: Medium
Levy - Chapter 01 #11
Type: Application

12. (p. 6) If a chain of florist shops opened a plant nursery to provide gift plants and cut flowers to all of its outlets within a 300-mile radius, the chain would be practicing:

- A.** vertical integration
- B. channel expansion
- C. horizontal expansion
- D. vertical retailing
- E. service marketing

The florist is performing more than one channel function.

Difficulty: Medium
Levy - Chapter 01 #12
Type: Application

13. (p. 6) Why is it advantageous for retailers to be vertically integrated?

- A.** Retailers can develop unique merchandise sold only in their stores
- B. Retailers can expand their services easily to the Internet because they can direct orders to the manufacturer
- C. Retailers have realized that to stay competitive, they must become vertically integrated
- D. Customers prefer retailers who are vertically integrated
- E. Retailers can develop unique merchandise sold only in their stores; retailers can expand their services easily to the Internet because they can direct orders to the manufacturer; retailers have realized that to stay competitive, they must become vertically integrated; and customers preferring retailers that are vertically integrated are all advantages.

Difficulty: Hard
Levy - Chapter 01 #13
Type: Comprehension

14. (p. 6) A retailer that is vertically integrated:
- A. concentrates on selling to businesses only
 - B. does not have frequent communication between buyers and managers
 - C. has an excellent vertical relationship between corporate headquarters and stores
 - D.** performs more than one function in the chain from manufacturing to sales to end user
 - E. performs only the function to end user

Difficulty: Medium
Levy - Chapter 01 #14
Type: Knowledge

15. (p. 7) Which of the following statements about retailers holding inventory is false?
- A. By having inventory held in the store, consumers can hold less merchandise at home
 - B.** By holding inventory, retailers can decrease the visual merchandising expenditure
 - C. Holding inventory in a store helps serve the customer's needs
 - D. Retailers keep inventory so products are available when consumers want them
 - E. Holding inventory reduces consumer's cost of storing products

Difficulty: Medium
Levy - Chapter 01 #15
Type: Comprehension

16. (p. 7) Grocers purchase bananas from several different tropical countries. When bananas arrive in the distribution centers across Canada, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the bananas for the consumer to select. Grocers are performing what function?
- A. Holding inventory
 - B. Vertical integration
 - C.** Breaking bulk
 - D. Distribution
 - E. Providing services

Difficulty: Medium
Levy - Chapter 01 #16
Type: Application

17. (p. 6) Providing assortments is an advantageous business activity because it:

- A. enables the company to create a more informational and entertaining environment which would promote more sales
- B. enables the company to reinvest savings
- C.** enables the customer to choose from a wide selection of brands, designs, sizes and prices all in one store
- D. enables the customer to save money by being able to shop in one store
- E. enables the customer to stock up on the assortments because of their availability

Difficulty: Medium

Levy - Chapter 01 #17

Type: Application

18. (p. 7) One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity?

- A. Clean washrooms
- B. Payment by debit cards
- C. Trained salespeople to answer questions
- D. Well-lit parking lots
- E.** Clean washrooms, payment by debit cards, trained salespeople, and well-lit parking lots are all appropriate examples.

All of these functions are provided by the retailer to make it easier for a customer to buy and use products.

Difficulty: Easy

Levy - Chapter 01 #18

Type: Comprehension

19. (p. 7) One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity?

- A. Ignoring the competition
- B. Increasing employee pilferage
- C. Performing a situation analysis
- D.** Selling on the Internet as an additional channel
- E. None of the available answers are correct.

Difficulty: Medium

Levy - Chapter 01 #19

Type: Comprehension

20. (p. 7) A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting its members on a regular basis, the credit union is engaging in the business function of:

- A. breaking bulk
- B. holding inventory
- C. providing assortments
- D.** providing services
- E. financing

Maintaining records and informing members are services.

Difficulty: Easy
Levy - Chapter 01 #20
Type: Application

21. (p. 9) Retailing is the nation's largest industry in terms of:

- A. community involvement
- B. competition
- C.** employment
- D. promotions
- E. variety

Difficulty: Easy
Levy - Chapter 01 #21
Type: Knowledge

22. (p. 9) Provinces with the highest retail sales in order are:

- A. Ontario, British Columbia, Quebec, and Alberta
- B. Ontario, Alberta, Quebec, and British Columbia
- C. Alberta, Atlantic Canada, Ontario, British Columbia, and Quebec
- D.** Ontario, Quebec, British Columbia, and Alberta
- E. Quebec, British Columbia, Prairies, Ontario, and Atlantic Canada

Difficulty: Medium
Levy - Chapter 01 #22
Type: Knowledge

23. (p. 9) Seventy-two percent of all retail businesses employ fewer than:

- A. 100
- B. 50
- C. 25
- D. 10
- E.** 5

Difficulty: Medium
Levy - Chapter 01 #23
Type: Knowledge

24. (p. 9) There are roughly how many stores for every 1000 persons in Canada?

- A. 24
- B. 18
- C. 8
- D.** 6
- E. 4

Difficulty: Medium
Levy - Chapter 01 #24
Type: Knowledge

25. (p. 13) Which business activities are undertaken by retailers?

- A. Purchasing goods and services
- B. Developing management information systems
- C. Raising capital
- D. Managing a sales force
- E.** All answers provided are correct.

Difficulty: Medium
Levy - Chapter 01 #25
Type: Knowledge

26. (p. 13) The competition between the same types of retailers is called:

- A. indirect competition
- B. intertype competition
- C.** intratype competition
- D. scrambled merchandising
- E. vertical integration

Difficulty: Easy
Levy - Chapter 01 #26
Type: Knowledge

27. (p. 13) Which of the following would be an example of intratype competitors?

- A.** Walmart and Zellers
- B. Sears and La Senza
- C. IGA and Shoppers Drug Mart
- D. Future Shop and Office Depot
- E. Loblaw's and Amazon.ca

Difficulty: Easy

Levy - Chapter 01 #27

Type: Application

28. (p. 13) Best Buy (electronics) and Future Shop (electronics) are what type of competitors?

- A. indirect
- B.** intratype
- C. intertype
- D. vertical
- E. horizontal

Difficulty: Medium

Levy - Chapter 01 #28

Type: Application

29. (p. 13) Which of the following would be an intratype competitor for an IGA supermarket?

- A. Walmart
- B. Subway
- C.** Loblaw's
- D. Shoppers Drug Mart
- E. Old Navy

Difficulty: Easy

Levy - Chapter 01 #29

Type: Application

30. (p. 13) What is variety?

- A.** Variety is the number of different merchandise categories within a store
- B. Variety is the number of different SKU's within a merchandise category
- C. Variety is the number of different items in a category
- D. Variety is another term for scrambled merchandising
- E. Variety is the number of different facets of the business plan

Difficulty: Easy

Levy - Chapter 01 #30

Type: Knowledge

31. (p. 13) When McDonald's opened its first restaurant, a hungry patron could order a hamburger, french fries and a shake. In those early years, McDonald's did not offer much:

- A. assortment
- B. product depth
- C. quantity
- D. value
- E.** variety

Difficulty: Medium
Levy - Chapter 01 #31
Type: Application

32. (p. 13) Chapters stores sell Godiva chocolates. By selling such products, Chapters is:

- A. offering a good merchandise mix
- B. offering what the market demands
- C. offering deep product assortments
- D. practicing intratype competition
- E.** practicing scrambled merchandising

Difficulty: Medium
Levy - Chapter 01 #32
Type: Application

33. (p. 13) The offering of merchandise not typically associated with the store type is called:

- A. channel conflict
- B. intratype competition
- C. product diversification
- D.** scrambled merchandising
- E. vertical differentiation

Difficulty: Easy
Levy - Chapter 01 #33
Type: Knowledge

34. (p. 13) Delia was delighted to see that the local Shoppers Drug Mart carried milk, bread and snacking crackers. Her delight indicates she has never seen:

- A. a deep product assortment
- B. an acceptable merchandising mix
- C. a retail mix
- D.** scrambled merchandising
- E. this type of intratype competition

Difficulty: Medium
Levy - Chapter 01 #34
Type: Application

35. (p. 13-14) Scrambled merchandising increases:

- A. vertical integration
- B. intertype competition**
- C. concentric diversification
- D. horizontal integration
- E. intratype competition

Difficulty: Medium

Levy - Chapter 01 #35

Type: Comprehension

36. (p. 14) Which of the following would be an example of intertype competition?

- A. A supermarket and a fresh flower stand
- B. A specialty store and a department store
- C. A department store and a pharmacy
- D. A convenience store and a fast food restaurant
- E. All answers provided are correct.**

Difficulty: Easy

Levy - Chapter 01 #36

Type: Application

37. (p. 14) Which of the following would be an intertype competitor for a discount store that sells such products as groceries, cosmetics, film developing service, and pet supplies?

- A. Sears
- B. Shoppers Drug Mart**
- C. Chapters
- D. Future Shop
- E. Dollarama

Difficulty: Easy

Levy - Chapter 01 #37

Type: Application

38. (p. 14) Walmart, Loblaws, and Future Shop are in what kind of competition.

- A. channel
- B. horizontal
- C. indirect
- D. intertype**
- E. intratype

Difficulty: Medium

Levy - Chapter 01 #38

Type: Comprehension

39. (p. 14) Increasing intertype competition has made it harder for retailers to identify their:

- A. competition
- B. target market
- C. merchandise mix
- D. retail mix
- E. none of the answers provided are correct.

Difficulty: Medium
Levy - Chapter 01 #39
Type: Comprehension

40. (p. 14) The intensity of competition is greatest among retailers when:

- A. price dominates the retail mix
- B. they are located near each other and offer similar retail offerings
- C. they are located near each other and target the same customer
- D. they are located far from each other and offer similar retail offerings
- E. they are located far from each other and target the same customer

Difficulty: Hard
Levy - Chapter 01 #40
Type: Comprehension

41. (p. 14) Since convenience of location is important in store choice, a store's proximity to competitors is a critical factor in identifying:

- A. competition
- B. ethical standards
- C. real estate negotiations
- D. the target market
- E. which merchandise to scramble

Difficulty: Medium
Levy - Chapter 01 #41
Type: Comprehension

42. (p. 15) As part of a retailing strategy, a retailer looks to changes in demographics and responds to these changes with their retail mix. The following are examples of demographic trends except:

- A. the growth of the elderly population
- B. the increased emphasis on customer service**
- C. the growth of minority segments
- D. the rising number of two-income families
- E. the retirement of the Baby Boomers

All choices other than B refer to demographics. B is part of a strategy a retailer may pursue to satisfy the needs of these particular customers.

Difficulty: Medium
Levy - Chapter 01 #42
Type: Knowledge

43. (p. 15) Once a retailer understands its environment, it needs to develop and implement a:

- A. retail strategy**
- B. advertising plan
- C. customer base
- D. competitive strategy
- E. functional strategy

Difficulty: Easy
Levy - Chapter 01 #43
Type: Application

44. (p. 15) Lydia owns the Shake Shack, a small ice cream shop on a busy beach boardwalk that specializes in a variety of milkshakes, malts and cones. She has identified her customer as a person walking on the boardwalk-mostly vacationers who want something cool and quick with no frills. She located herself close to parking for easy access, unlike some of her competitors. Lydia seems to have developed a strong:

- A. business concept
- B. business plan
- C. location strategy
- D. retail strategy**
- E. selling strategy

A retail strategy identifies the target market, the merchandise or service the retailer offers to satisfy the needs of the market and how the retailer will build a long-term competitive advantage over its competitors.

Difficulty: Medium
Levy - Chapter 01 #44
Type: Knowledge

45. (p. 15) When developing the _____ for his new salon, George decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well trained staff and half-price perm day every Thursday to attract customers.

- A. selling concept
- B. business cycle
- C. retail strategy**
- D. focal point orientation
- E. marketing concept

A retail strategy statement identifies the target market, the merchandise and services, and how the retailer will build a long-term advantage over its competitors. All three of these elements are present in the question.

Difficulty: Medium
Levy - Chapter 01 #45
Type: Application

46. (p. 15) As the owner of a store specializing in men's suits, Isabella can use a retail strategy statement to identify all of the following except:

- A. the shop's target market
- B. the advertising campaign developed to sell last season's merchandise.**
- C. how the store will build a competitive advantage
- D. what services the shop will offer its customers
- E. what types of suits the store will stock

A retail strategy has to do with planning for the future and not focusing on a short-term problem.

Difficulty: Hard
Levy - Chapter 01 #46
Type: Application

47. (p. 16) How are retailers using point of sale (POS) terminals and Universal Product Codes (UPC) affixed to merchandise? As a way to:

- A. target the distribution plan
- B. create an advertising plan
- C. check its location strategy
- D. gain a strategic advantage**
- E. set its retailing objectives

Retail information and supply chain management systems will offer a significant opportunity for retailers to gain strategic advantages in the coming decade.

Difficulty: Medium
Levy - Chapter 01 #47
Type: Knowledge

48. (p. 16) A business philosophy and set of strategies, programs, and systems that focus on identifying and building loyalty with a firm's most valued customers is called:

- A. customer decision area
- B. customer loyalty
- C. customer relationship management**
- D. intratype competition
- E. strategizing

Difficulty: Easy

Levy - Chapter 01 #48

Type: Knowledge

49. (p. 16) Which of the following statements about location strategy is true?

- A. Location is the second most important characteristic that consumers examine when selecting a store
- B. Location offers an opportunity to gain a long-term advantage over competitors**
- C. Consumers do not use convenience as a basis for selecting where to shop
- D. Location can never be used to gain any kind of long-term advantage over competitors due to retailing's low entry barriers
- E. The only two characteristics more important than location in the selection process of where to shop are price and sales promotions

Location is typically the most important factor when a consumer chooses a store. A good location can create a long-term advantage over a store's competitors.

Difficulty: Hard

Levy - Chapter 01 #49

Type: Knowledge

50. (p. 15) The key strategic elements of the retail strategy are:

- A. financial strategies
- B. organizational structures
- C. location strategies
- D. market strategies
- E. all of these**

Difficulty: Easy

Levy - Chapter 01 #50

Type: Fact

51. (p. 17) To implement a retail strategy, a retailer must develop a _____ that satisfies the needs of its target market better than its competitors.

- A. production orientation
- B. horizontal integration
- C. sales orientation
- D.** retail mix
- E. situation analysis

The retail mix is the combination of factors that satisfies customers' needs. The others are not used for this purpose.

Difficulty: Easy

Levy - Chapter 01 #51

Type: Comprehension

52. (p. 18) Once a well-articulated retail strategy has been developed, the next step is to:

- A. override the control mechanism
- B. evaluate the results of the strategy
- C. forecast future environmental trends
- D.** implement the strategy
- E. confirm that environmental conditions have not changed

Once strategy is developed, the next logical step is implementation. Nothing would get accomplished if a retailer repeatedly went back to step 1 as in Alternatives C and E. The final stage in the process is the evaluation of the strategy. Overriding the control mechanism would not be a good idea in any case.

Difficulty: Hard

Levy - Chapter 01 #52

Type: Comprehension

53. (p. 15-18) To implement a retail strategy, management must:

- A.** develop a retail mix that satisfies the needs of its target market better than its competitors
- B. locate the ideal location
- C. develop budgets and acquire merchandise
- D. set prices strategies and determine promotions
- E. determine its target market and set retail objectives

There is no such thing as an ideal location. Alternatives A and B describe steps that should be taken as a part of the implementation, but not necessarily first. Alternative E describes an action that should be done prior to establishing the strategy.

Difficulty: Easy

Levy - Chapter 01 #53

Type: Comprehension

54. (p. 17) The combination of factors retailers use to satisfy customer needs and influence their purchase decisions is called the firm's:

- A. retailing concept
- B. retail mix**
- C. marketing concept
- D. target market
- E. none of the above

Difficulty: Easy

Levy - Chapter 01 #54

Type: Knowledge

55. (p. 17) Which of the following is part of a retailer's retail mix?

- A. Advertising
- B. Displays
- C. Trained salespeople
- D. Services offered
- E. All of the these**

All of the choices are elements within the retail mix.

Difficulty: Easy

Levy - Chapter 01 #55

Type: Knowledge

56. (p. 17) Which of the following is not an element in the retail mix?

- A. Competitive response**
- B. Merchandise assortments
- C. Location
- D. Customer service
- E. Advertising and promotion

The elements of the retail mix include customer service, store design and display, advertising and promotion, location, assortments and pricing.

Difficulty: Easy

Levy - Chapter 01 #56

Type: Knowledge

57. (p. 17) Which of the following parts of the retail mix can be utilized by a small hardware store?

- A. Bright lighting in the store, which makes it easier to read the messages
- B. A new ad campaign that uses both radio and newspaper media
- C. Store location next door to a hospital
- D. Attractive point-of-purchase displays at the ends of the store's aisles
- E.** All of the these

Store design, location, and advertising programs are all part of the retail mix.

Difficulty: Medium

Levy - Chapter 01 #57

Type: Knowledge

58. (p. 17) Which of the following is not a part of the retail mix for a furniture store?

- A.** Competitive response
- B. Furniture assortments
- C. The location of the store
- D. Store credit card
- E. Television commercials

Difficulty: Easy

Levy - Chapter 01 #58

Type: Knowledge

59. (p. 6) _____ means that a firm performs more than one set of activities in the channel, such as investments by retailers in wholesaling or manufacturing.

Vertical Integration

Difficulty: Easy

Levy - Chapter 01 #59

Type: Knowledge

60. (p. 5-6) A video rental, the purchase of a book on Amazon.com, buying a George Foreman Grill after watching an infomercial and getting a pedicure are all examples of _____ activities--the sale of goods and services to the ultimate consumer.

retailing

Difficulty: Easy

Levy - Chapter 01 #60

Type: Knowledge

61. (p. 5-6) A _____ is a business that sells products and services to ultimate consumers.

retailer

Difficulty: Easy

Levy - Chapter 01 #61

Type: Knowledge

62. (p. 5) Retailers are the final business in a distribution channel that link manufacturers to _____.

consumers

Difficulty: Easy

Levy - Chapter 01 #62

Type: Knowledge

63. (p. 6) A _____ is a set of businesses that move products from the point of production to the point of sale to the ultimate consumer.

distribution channel

Difficulty: Easy

Levy - Chapter 01 #63

Type: Knowledge

64. (p. 6) When a retailer like Roots designs merchandise as well as sells the merchandise, _____ is occurring.

vertical integration

Difficulty: Medium

Levy - Chapter 01 #64

Type: Knowledge

65. (p. 6-7) By providing assortments, breaking bulk, holding inventory and providing services, retailers increase the _____ consumers receive from their products and services.

value

Difficulty: Medium

Levy - Chapter 01 #65

Type: Knowledge

66. (p. 13) Zellers and the Wal-Mart are _____ competitors.

intratype

Difficulty: Easy

Levy - Chapter 01 #66

Type: Knowledge

67. (p. 13) When Austin saw pastries and coffee at his local bookstore, he knew it was an example of _____, which is the juxtaposition of unrelated merchandise in the store.

scrambled merchandise

Difficulty: Medium

Levy - Chapter 01 #67

Type: Knowledge

68. (p. 13) Scrambled merchandising increases _____ which occurs between retailers that sell similar merchandise using different formats such as specialty and discount stores.

intertype competition

Difficulty: Medium

Levy - Chapter 01 #68

Type: Knowledge

69. (p. 16) The philosophy, strategies, programs and systems that focus on identifying and building loyalty with a retailer's most valued customers are called _____.

customer relationship management

Difficulty: Medium

Levy - Chapter 01 #69

Type: Knowledge

70. (p. 5) According to a report released by Deloitte and *STORES* magazine in January 2009, trends for retailers to consider as they plan their growth strategies and confront the current economic crisis include:

Cut costs; think risk management; think customer experience; think human capital management; think smaller stores; think market segmentation; think global; re-think supply chains: You are a brand

Difficulty: Medium

Levy - Chapter 01 #70

Type: Comprehension

71. (p. 7) Best Buy purchases many of the CD's, Playstation 2 games, DVD's and DVD players by the truckload, then sells them in smaller quantities to its stores where consumers are allowed to buy them one at a time. What business function is Best Buy performing?

breaking bulk

Difficulty: Medium
Levy - Chapter 01 #71
Type: Knowledge

72. (p. 6) Wal-Mart and Sam's Club buy directly from manufacturers. They have merchandise shipped to their warehouses for storage, and then distribute the merchandise to their stores. What term is used to describe this type of activity?

vertical integration

Difficulty: Medium
Levy - Chapter 01 #72
Type: Knowledge

73. (p. 13) When is the intensity of competition between retail stores the greatest?

When they are involved in intratype competition.

Difficulty: Medium
Levy - Chapter 01 #73
Type: Knowledge

74. (p. 13) What type of merchandising increases intertype competition?

scrambled merchandising

Difficulty: Medium
Levy - Chapter 01 #74
Type: Knowledge

75. (p. 15) The Reptile Shop is a pet shop that focuses on reptiles and their accoutrements for reptile lovers. The shop carries aquariums, warming rocks, toys and even live mice and crickets. It sponsors a reptile club where members can bring their pet to share with other reptile lovers. The store provides an inexpensive veterinary service. It even has a 3-month guarantee when you purchase a baby reptile. The Reptile Shop has created loyalty from its customers and continuously attracts new ones because of the services offered. What does this describe?

The store's retailing strategy. The paragraph describe the target market, the merchandise and services and how it maintains a strategic advantage over competitors

Difficulty: Hard
Levy - Chapter 01 #75
Type: Analysis

76. (p. 16) Why do retailers use point of sale (POS) terminals to read Universal Product Codes (UPC) and electronic data interchange (EDI) to send sales and inventory information from computer to computer?

These technologies allow retailers to have a better idea of what is selling and a way to quickly communicate that information to vendors so that replenishment can quickly occur. Additionally it gives the retailer a competitive advantage over retailers that do not work with current supply chain management systems.

Difficulty: Hard
Levy - Chapter 01 #76
Type: Comprehension

77. (p. 5) What is the retailer's role in the distribution channel?

The retailer's role in the distribution channel is to link manufacturers with consumers by directing their efforts to satisfying the needs of the ultimate consumers.

Difficulty: Medium
Levy - Chapter 01 #77
Type: Comprehension

78. (p. 6) List the four functions performed by retailers.

The four functions performed by retailers are (1) providing an assortment of products and services, (2) breaking bulk, (3) holding inventory, and (4) providing services.

Difficulty: Easy
Levy - Chapter 01 #78
Type: Knowledge

79. (p. 6) How do retailers increase the value consumers receive from their purchases?

Retailers increase the value consumers receive by (1) offering assortments of products and services, (2) breaking bulk, (3) holding inventory, and (4) providing services

Difficulty: Medium
Levy - Chapter 01 #79
Type: Comprehension

80. (p. 6-8) With manufacturers legally able to sell direct from the factories, why should retailers exist?

In the retailing distribution channel, there are occasions when manufacturers sell directly to the ultimate consumer. While occasionally doing so, manufacturers mainly exist to manufacture products to satisfy the needs of a wholesaler or retailer. Retailers exist because they direct their efforts and specialize in satisfying only the customer's needs.

Difficulty: Medium
Levy - Chapter 01 #80
Type: Analysis

81. (p. 13-14) Distinguish between intratype competition and intertype competition. Give an example of each.

Intratype competition refers to the competition between retailers with the same format. An example would be the competition between Loblaw's and Sobey's for sale of fresh salmon. Intertype competition refers to retailers that sell similar merchandise using different formats. An example would be the sale of Maybelline mascara between Wal-Mart and Shoppers Drug Mart.

Difficulty: Easy
Levy - Chapter 01 #81
Type: Analysis

82. (p. 13-14) Why would a drug store add novelty gifts, fresh bread, pre-wrapped sandwiches and milk to its product mix?

The drug store is engaging in scrambled merchandising and has added these products and more to appeal to a broader group of customers and to provide one-stop shopping for our time-starved society.

Difficulty: Medium
Levy - Chapter 01 #82
Type: Analysis

83. (p. 13-15) A chef wants to open a Chinese restaurant in the suburbs of a large city. How should she identify the competition?

This question can have a variety of responses, but she could first look at the obvious and identify other Chinese restaurants near her location. Is her location the best? She should consider frozen Chinese entrees at nearby grocery stores. She should also consider the prices of the entrees she offers and compare them to the prices of other types of restaurants.

Difficulty: Medium
Levy - Chapter 01 #83
Type: Analysis

84. (p. 15-17) Why do retailers consider customers as important when developing a retail strategy?

Retailers need to understand customers and how they are changing so that they can better satisfy their needs. Retailers need to know and understand why customers shop, how they select stores and how they select from that store's merchandise.

Difficulty: Medium
Levy - Chapter 01 #84
Type: Comprehension

85. (p. 15-17) What are the three things identified by a retail strategy statement?

(1) the target market toward which the retailer will direct its efforts, (2) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market, and (3) how the retailer will build a long-term advantage over its competitors.

Difficulty: Medium
Levy - Chapter 01 #85
Type: Knowledge

86. (p. 15-17) Why is location strategy important for both consumers and for competitive reasons?

(1) Location is typically the most important characteristic consumers consider when selecting a store. (2) A good location creates a long-term advantage over the competition.

Difficulty: Medium
Levy - Chapter 01 #86
Type: Comprehension

c1 Summary

<u>Category</u>	<u># of Questions</u>
Difficulty: Easy	30
Difficulty: Hard	8
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