

Chapter 13 Retailing and Wholesaling

1) _____ includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use.

- A) Franchising
- B) Retailing
- C) Brokering
- D) Wholesaling
- E) Disintermediation

Answer: B

Diff: 1 Page Ref: 370

Skill: Concept

Objective: 13-1

2) In recent years, _____ has/have been growing fast. This includes selling to final consumers through direct mail, catalogs, telephone, and the Internet.

- A) specialty stores
- B) shopping centers
- C) superstores
- D) nonstore retailing
- E) e-commerce

Answer: D

Diff: 1 Page Ref: 370

AACSB: Use of IT

Skill: Concept

Objective: 13-1

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.

- A) Limited-service
- B) Self-service
- C) Full-service
- D) Specialty-service
- E) Wholesaling

Answer: B

Diff: 2 Page Ref: 371

Skill: Concept

Objective: 13-1

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.

- A) Self-service retailers
- B) Full-service retailers
- C) Off-price retailers
- D) Limited-service retailers
- E) Specialty-service retailers

Answer: D

Diff: 2 Page Ref: 371

Skill: Concept

Objective: 13-1

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?

- A) self-service stores
- B) category killer stores
- C) full-service stores
- D) independent stores
- E) specialty-service retailers

Answer: C

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

6) Which of the following retailers likely require the most emphasis on salespeople to assist customers?

- A) self-service retailers
- B) full-service retailers
- C) off-price retailers
- D) limited-service retailers
- E) megaretailers

Answer: B

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

7) _____ carry narrow product lines with deep assortments within those lines.

- A) Chain stores
- B) Specialty stores
- C) Convenience stores
- D) Discount stores
- E) Off-price stores

Answer: B

Diff: 1 Page Ref: 372

Skill: Concept

Objective: 13-1

8) Specialty stores carry _____ with _____ within them.

- A) convenience items; mostly staples
- B) narrow product lines; deep assortments
- C) narrow product lines; shallow assortments
- D) wide product lines; shallow assortments
- E) wide product lines; deep assortments

Answer: B

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

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?

- A) chain
- B) department
- C) factory outlet
- D) merchant wholesaler
- E) independents

Answer: B

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

10) _____ are facing slow sales growth because of slower population growth, increased competition, and the rapid growth of out-of-home eating.

- A) Convenience stores
- B) Department stores
- C) Chain stores
- D) Supermarkets
- E) Hypermarkets

Answer: D

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

11) Which type of retailer tends to be the most frequently shopped?

- A) convenience stores
- B) department stores
- C) superstores
- D) supermarkets
- E) off-price retailers

Answer: D

Diff: 2 Page Ref: 372

Skill: Concept

Objective: 13-1

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?

- A) convenience
- B) chain
- C) department
- D) supermarket
- E) hypermarket

Answer: A

Diff: 1 Page Ref: 372

Skill: Concept

Objective: 13-1

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?

- A) category killer
- B) chain
- C) factory outlet
- D) superstore
- E) off-price

Answer: D

Diff: 1 Page Ref: 373

Skill: Concept

Objective: 13-1

14) Which type of store carries a deep assortment, has knowledgeable staff, and might actually be viewed as a giant specialty store?

- A) category killer
- B) chain
- C) factory outlet
- D) shopping center
- E) independent

Answer: A

Diff: 1 Page Ref: 374

Skill: Concept

Objective: 13-1

15) Service retailers include all of the following EXCEPT _____.

- A) hotels and motels
- B) airlines
- C) movie theaters
- D) bowling alleys
- E) convenience stores

Answer: E

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

16) _____ retailers in the United States are growing faster than product retailers.

- A) Discount
- B) Merchant
- C) Service
- D) Specialty
- E) Off-price

Answer: C

Diff: 3 Page Ref: 374

Skill: Concept

Objective: 13-1

17) _____ sell standard merchandise at lower prices by accepting lower margins and selling higher volume.

- A) Merchant wholesalers
- B) Discount stores
- C) Full-service retailers
- D) Limited-service retailers
- E) Factory outlets

Answer: B

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

18) Early _____ cut expenses by offering few services and operating in warehouse-like facilities in low-rent, heavily traveled districts.

- A) chain stores
- B) department stores
- C) discount stores
- D) off-price retailers
- E) full-service retailers

Answer: C

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

19) _____ have filled the ultralow-priced, high-volume gap by buying at less-than-regular wholesale prices and charging consumers less than retail.

- A) Off-price retailers
- B) Discount stores
- C) Convenience stores
- D) Chain stores
- E) Limited-service retailers

Answer: A

Diff: 1 Page Ref: 374

Skill: Concept

Objective: 13-1

20) Which of the following is NOT one of the main types of off-price retailers?

- A) independents
- B) factory outlets
- C) warehouse clubs
- D) category killers
- E) membership warehouses

Answer: D

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

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.

- A) Discount stores
- B) Warehouse clubs
- C) Superstores
- D) Independent off-price retailers
- E) Full-service retailers

Answer: D

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

22) _____ are sometimes several stores grouped together. These stores offer prices as low as 50 percent below retail on a wide range of mostly surplus, discounted, or irregular items.

- A) Category killers
- B) Factory outlets
- C) Specialty stores
- D) Superstores
- E) Power centers

Answer: B

Diff: 1 Page Ref: 374

Skill: Concept

Objective: 13-1

23) Manufacturers send last year's merchandise and seconds to _____, while they send new merchandise to department stores.

- A) convenience stores
- B) chain stores
- C) factory outlets
- D) retailers
- E) power centers

Answer: C

Diff: 2 Page Ref: 376

Skill: Concept

Objective: 13-1

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.

- A) Warehouse clubs
- B) Independent off-price retailers
- C) Factory outlets
- D) Discount stores
- E) Superstores

Answer: A

Diff: 1 Page Ref: 376

Skill: Concept

Objective: 13-1

25) _____ are two or more outlets that are commonly owned and controlled.

- A) Chain stores
- B) Convenience stores
- C) Off-price retailers
- D) Independent off-price retailers
- E) Power centers

Answer: A

Diff: 1 Page Ref: 376

Skill: Concept

Objective: 13-1

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) _____.

- A) factory outlet
- B) retailer cooperative
- C) independent off-price retailer
- D) warehouse club
- E) convenience cooperative

Answer: B

Diff: 2 Page Ref: 376

Skill: Concept

Objective: 13-1

27) The main difference between _____ organizations and other contractual systems is that these systems are normally based on some unique product or service.

- A) voluntary chain
- B) retailer cooperative
- C) franchise
- D) agent
- E) warehouse-club

Answer: C

Diff: 2 Page Ref: 377

Skill: Concept

Objective: 13-1

28) Merchandising _____ are corporations that combine several different retailing forms under central ownership.

- A) conglomerates
- B) agents
- C) brokers
- D) franchises
- E) independents

Answer: A

Diff: 2 Page Ref: 377

Skill: Concept

Objective: 13-1

29) Retail assortments are looking more and more alike because _____.

- A) customers today are more focused on service differentiation
- B) national-brand manufacturers have placed their products almost everywhere
- C) market segmentation has proved ineffective
- D) stores are clustered together to increase their customer pulling power
- E) more stores are practicing "experiential retailing"

Answer: B

Diff: 3 Page Ref: 378

Skill: Concept

Objective: 13-2

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.

- A) compete with; position
- B) target; compete with
- C) define; profile
- D) limit; serve
- E) divest; eliminate

Answer: C

Diff: 3 Page Ref: 378

Skill: Concept

Objective: 13-2

31) Service differentiation among retailers has _____.

- A) increased
- B) decreased
- C) stayed the same
- D) franchised
- E) tripled

Answer: B

Diff: 2 Page Ref: 378

Skill: Concept

Objective: 13-2

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.

- A) increase
- B) franchise
- C) wholesale
- D) define
- E) position

Answer: D

Diff: 2 Page Ref: 379

Skill: Concept

Objective: 13-2

33) A retailer's _____ should differentiate the retailer while matching target shoppers' expectations. One strategy is to offer merchandise that no other competitor carries.

- A) agent
- B) broker
- C) product assortment
- D) environment
- E) distribution strategy

Answer: C

Diff: 2 Page Ref: 380

Skill: Concept

Objective: 13-2

34) While all retailers would like to achieve _____ while charging _____, the two seldom happen together.

- A) low volume; high markups
- B) low volume; low markups
- C) high volume; high markups
- D) high volume; low markups
- E) high volume; cut-rate markups

Answer: C

Diff: 2 Page Ref: 381

Skill: Concept

Objective: 13-2

35) In-store demonstrations, displays, contests, and visiting celebrities are examples of _____.

- A) franchises
- B) sales promotions
- C) agent promotions
- D) broker promotions
- E) product life-cycling

Answer: B

Diff: 2 Page Ref: 381

AACSB: Communication

Skill: Concept

Objective: 13-2

36) Press conferences and speeches, store openings, special events, newsletters, magazines, and public service activities are examples of ways retailers use _____.

- A) public relations
- B) sales promotions
- C) personal selling
- D) the wheel-of-retailing concept
- E) retail convergence

Answer: A

Diff: 2 Page Ref: 381

AACSB: Communication

Skill: Concept

Objective: 13-2

37) Of the following, what would most retailers consider to be the most important factor in retailing success?

- A) fair prices
- B) good atmosphere
- C) helpful employees
- D) location
- E) service

Answer: D

Diff: 3 Page Ref: 382

Skill: Concept

Objective: 13-2

- 38) Why do stores cluster together?
A) to decrease competition
B) to increase their customer pulling power
C) to take advantage of tax breaks
D) to create retailer cooperatives
E) to standardize the service mix

Answer: B

Diff: 2 Page Ref: 382

Skill: Concept

Objective: 13-2

- 39) _____ were the main form of retail cluster until the 1950s.

- A) Department stores
- B) Discount stores
- C) Independent off-price retailers
- D) Central business districts
- E) Independent stores

Answer: D

Diff: 3 Page Ref: 382

Skill: Concept

Objective: 13-2

- 40) A _____ is a group of retail businesses planned, developed, owned, and managed as a unit.

- A) merchant wholesaler
- B) franchise
- C) shopping center
- D) supermarket
- E) hypermarket

Answer: C

Diff: 2 Page Ref: 383

Skill: Concept

Objective: 13-2

- 41) A _____ contains from 40 to 200 stores, is like a covered mini-downtown, and attracts customers from a wide area.

- A) community shopping center
- B) neighborhood shopping center
- C) strip mall
- D) regional shopping center
- E) power center

Answer: D

Diff: 2 Page Ref: 383

Skill: Concept

Objective: 13-2

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.

- A) community shopping center
- B) neighborhood shopping center
- C) strip mall
- D) regional shopping center
- E) power center

Answer: A

Diff: 2 Page Ref: 383

Skill: Concept

Objective: 13-2

43) Most shopping centers are _____ containing between 5 and 15 stores; they are close and convenient for consumers.

- A) community shopping centers
- B) power centers
- C) strip malls
- D) lifestyle centers
- E) factory outlets

Answer: C

Diff: 2 Page Ref: 383

Skill: Concept

Objective: 13-2

44) Today's trend in retail clusters is toward _____, huge unenclosed shopping centers 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.

- A) shopping malls
- B) power centers
- C) superstores
- D) chain stores
- E) regional shopping centers

Answer: B

Diff: 2 Page Ref: 384

Skill: Concept

Objective: 13-2

45) A _____ is a smaller mall with upscale stores, convenient locations, and expensive atmosphere. It is typically located near affluent residential neighborhoods.

- A) regional shopping center
- B) lifestyle center
- C) community shopping center
- D) franchise
- E) power center

Answer: B

Diff: 2 Page Ref: 384

Skill: Concept

Objective: 13-2

46) The original warehouse store chain, _____, began in 1976.

- A) Sam's Club
- B) Price Club
- C) T G & Y
- D) Ben Franklin's
- E) Costco

Answer: B

Diff: 3 Page Ref: 384

Skill: Concept

Objective: 13-3

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.

- A) agent
- B) broker
- C) wheel-of-retailing
- D) warehousing
- E) product life cycle

Answer: C

Diff: 2 Page Ref: 384-385

Skill: Concept

Objective: 13-3

48) Mail-order, phone, and online shopping are all examples of _____.

- A) the wheel-of-retailing concept
- B) nonstore retailing
- C) off-price retailing
- D) full-service retailing
- E) wholesaling

Answer: B

Diff: 2 Page Ref: 385

AACSB: Use of IT

Skill: Concept

Objective: 13-3

49) Which of the following has NOT contributed to the growth of online business?

- A) easier-to-use Web sites
- B) more interesting and attractive Web sites
- C) concerns about online privacy and security
- D) improved online service
- E) increasingly sophisticated search engines

Answer: C

Diff: 2 Page Ref: 385

AACSB: Use of IT

Skill: Concept

Objective: 13-3

50) More growth in online retailing is expected from _____ retailers than other retail types.

- A) click-and-brick
- B) click-only
- C) brick-and-mortar
- D) independent
- E) franchised

Answer: A

Diff: 2 Page Ref: 385

AACSB: Use of IT

Skill: Concept

Objective: 13-3

51) The merging of consumers, products, prices, and retailers is called _____.

- A) retail conglomeration
- B) consumer convergence
- C) price merging
- D) retail convergence
- E) retail clustering

Answer: D

Diff: 2 Page Ref: 386

Skill: Concept

Objective: 13-3

52) Convergence means greater _____ for retailers and greater difficulty in _____ offerings.

- A) differentiating; pricing
- B) sales; differentiating
- C) profit margins; sales
- D) competition; differentiating
- E) branding; differentiating

Answer: D

Diff: 3 Page Ref: 386

Skill: Concept

Objective: 13-3

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 _____.

- A) category killers
- B) franchises
- C) superpower megaretailers
- D) power centers
- E) lifestyle centers

Answer: C

Diff: 2 Page Ref: 386

Skill: Concept

Objective: 13-3

54) Retail convergence is a merging of all of the following EXCEPT _____.

- A) consumers
- B) employees
- C) products
- D) prices
- E) retailers

Answer: B

Diff: 2 Page Ref: 386

Skill: Concept

Objective: 13-3

55) Touch-screen kiosks, customer-loyalty cards, handheld shopping assistants, and self-scanning checkout systems are all examples of how retailers use technology to _____.

- A) maintain inventory costs
- B) send information between stores
- C) meet consumers' expectations
- D) produce more accurate forecasts
- E) interact with suppliers

Answer: C

Diff: 3 Page Ref: 387

AACSB: Use of IT

Skill: Concept

Objective: 13-3

56) Most _____ retailers are significantly behind _____ retailers in global expansion.

- A) African; Peruvian
- B) European; American
- C) American; European and Asian
- D) Asian; American
- E) Asian; African

Answer: C

Diff: 3 Page Ref: 388

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 13-3

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.

- A) McDonald's
- B) Target
- C) Carrefour
- D) Ikea
- E) Costco

Answer: C

Diff: 3 Page Ref: 388

AACSB: Multicultural and Diversity

Skill: Concept

Objective: 13-3

58) _____ includes all activities involved in selling goods and services to those buying for resale or business use.

- A) Wholesaling
- B) Retailing
- C) Franchising
- D) Discounting
- E) Disintermediation

Answer: A

Diff: 1 Page Ref: 389

Skill: Concept

Objective: 13-4

59) _____ buy mostly from producers and sell to retailers and industrial consumers.

- A) Independents
- B) Factory outlets
- C) Wholesalers
- D) Discount stores
- E) Megaretailers

Answer: C

Diff: 2 Page Ref: 389

Skill: Concept

Objective: 13-4

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?

- A) bulk-breaking
- B) selling and promoting
- C) buying and assortment building
- D) warehousing
- E) rackjobbing

Answer: B

Diff: 2 Page Ref: 390

Skill: Concept

Objective: 13-4

61) Which of the following is NOT one of a wholesaler's channel functions?

- A) financing
- B) risk bearing
- C) providing market information
- D) off-price retailing
- E) bulk-breaking

Answer: D

Diff: 3 Page Ref: 390

Skill: Concept

Objective: 13-4

62) Which wholesaler's channel function is demonstrated when a wholesaler reduces inventory holding costs and risks to suppliers and customers?

- A) financing
- B) transporting
- C) buying and assortment building
- D) warehousing
- E) bulk breaking

Answer: D

Diff: 3 Page Ref: 390

Skill: Concept

Objective: 13-4

63) Which wholesaler's channel function is demonstrated when a buyer receives quicker delivery because wholesalers are located closer than producers?

- A) financing
- B) transportation
- C) buying and assortment building
- D) warehousing
- E) risk bearing

Answer: D

Diff: 2 Page Ref: 390

Skill: Concept

Objective: 13-4

64) Which of the following is NOT one of the major classifications of wholesalers?

- A) merchant wholesalers
- B) agents
- C) manufacturers' sales branches and offices
- D) specialty wholesalers
- E) brokers

Answer: D

Diff: 2 Page Ref: 390

Skill: Concept

Objective: 13-4

65) _____ are the largest group of wholesalers. The group can be divided into the two broad types of full-service and limited-service.

- A) Brokers
- B) Manufacturer sellers
- C) Agents
- D) Merchant wholesalers
- E) Specialty wholesalers

Answer: D

Diff: 2 Page Ref: 390

Skill: Concept

Objective: 13-4

66) In order to _____, wholesalers can propose automatic reordering systems, set up management-training and advising systems, or even sponsor a voluntary chain.

- A) define their target markets
- B) identify more profitable customers
- C) determine product and service assortments
- D) build better relationships with customers
- E) settle on pricing

Answer: D

Diff: 2 Page Ref: 392

AACSB: Communication

Skill: Concept

Objective: 13-4

67) _____ and _____ do not take title to goods, and they perform only a few channel functions.

- A) Full-service wholesalers; limited-service wholesalers
- B) Brokers; agents
- C) Branches; offices
- D) Power centers; independent wholesalers
- E) Independent wholesalers; off-price retailers

Answer: B

Diff: 2 Page Ref: 390

Skill: Concept

Objective: 13-4

68) A(n) _____ brings buyers and sellers together and assists in negotiations.

- A) agent
- B) broker
- C) retailer
- D) wholesaler
- E) retail convergence

Answer: B

Diff: 1 Page Ref: 390

AACSB: Communication

Skill: Concept

Objective: 13-4

69) _____, or manufacturers' representatives, represent a buyer or seller on a more permanent basis.

- A) Brokers
- B) Franchises
- C) Agents
- D) Retailers
- E) Intermediaries

Answer: C

Diff: 2 Page Ref: 390

AACSB: Communication

Skill: Concept

Objective: 13-4

70) Like retailers, wholesalers must _____ their target markets and _____ themselves effectively, for they cannot serve everyone.

- A) define; position
- B) position; define
- C) discount; franchise
- D) franchise; discount
- E) identify; compare

Answer: A

Diff: 3 Page Ref: 390

Skill: Concept

Objective: 13-4

71) Which type of limited-service wholesaler is owned by farmers who assemble farm produce to sell in local markets?

- A) cash-and-carry wholesaler
- B) drop shipper
- C) rack jobber
- D) producer's cooperative
- E) truck jobber

Answer: D

Diff: 2 Page Ref: 391

Skill: Concept

Objective: 13-4

72) Which type of wholesaler sells primarily to manufacturers rather than to retailers?

- A) wholesale merchants
- B) industrial distributors
- C) cash-and-carry wholesalers
- D) rack jobbers
- E) drop shippers

Answer: B

Diff: 2 Page Ref: 391

Skill: Concept

Objective: 13-4

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.

- A) absent
- B) promotion
- C) management
- D) franchise
- E) customer

Answer: B

Diff: 2 Page Ref: 393

AACSB: Communication

Skill: Concept

Objective: 13-4

74) Today's large, progressive wholesalers have successfully reacted to rising costs by _____.

- A) relocating in low-rent, low-tax areas
- B) investing in information technology systems
- C) investing less money in expensive machinery
- D) increasing their markup
- E) reducing promotional activities

Answer: B

Diff: 3 Page Ref: 393

AACSB: Use of IT

Skill: Concept

Objective: 13-4

75) Savvy wholesalers realize that their only reason for existence comes from increasing the efficiency and effectiveness of the _____.

- A) retailer
- B) industry
- C) distribution system
- D) end customer
- E) entire marketing channel

Answer: E

Diff: 2 Page Ref: 393

Skill: Concept

Objective: 13-4

76) At Neiman Marcus, a first-class department store, customers shop for specialty products and have come to expect assistance in every phase of the shopping process. Neiman Marcus is a _____.

- A) self-service retailer
- B) limited-service retailer
- C) full-service retailer
- D) specialty store
- E) power center

Answer: C

Diff: 1 Page Ref: 372

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

77) GameStop sells video games and systems, offering a narrow product line with a deep assortment within that line. GameStop is a _____.

- A) department store
- B) convenience store
- C) category killer
- D) specialty store
- E) off-price retailer

Answer: D

Diff: 1 Page Ref: 371

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

78) 7-Eleven, Stop-N-Go, and Circle K, small stores that traditionally have had a primary market of young, blue-collar men, are examples of _____.

- A) department stores
- B) convenience stores
- C) category killers
- D) specialty stores
- E) supermarkets

Answer: B

Diff: 1 Page Ref: 372

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

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) _____.

- A) discount store
- B) independent off-price retailer
- C) factory outlet
- D) wholesale club
- E) category killer

Answer: B

Diff: 2 Page Ref: 374

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

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.

- A) membership warehouses
- B) agents
- C) brokers
- D) department stores
- E) factory outlets

Answer: D

Diff: 3 Page Ref: 374

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

81) McDonald's, Subway, and Pizza Hut are all examples of a _____.

- A) voluntary chain
- B) retailer cooperative
- C) franchise
- D) full-service retailer
- E) power center

Answer: C

Diff: 2 Page Ref: 377

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

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 _____.

- A) positioning
- B) place decisions
- C) retail convergence
- D) retail technology
- E) wholesaling

Answer: A

Diff: 2 Page Ref: 378

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

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 _____.

- A) positioning
- B) wholesaler
- C) service level
- D) size
- E) relative prices

Answer: A

Diff: 2 Page Ref: 378

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

84) Big and Tall Men's Shop carries goods in larger sizes; this allows the store to _____ other stores.

- A) compete with
- B) differentiate itself from
- C) cluster with
- D) affect the store atmosphere of
- E) converge with

Answer: B

Diff: 1 Page Ref: 380

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

85) Costco's surprise offerings of seconds, overstocks, and closeouts □ occasionally including diamonds □ is an example of how a retailer can differentiate itself through _____.

- A) product assortment
- B) services mix
- C) experiential retailing
- D) store atmosphere
- E) high-low pricing

Answer: A

Diff: 2 Page Ref: 380

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

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 _____.

- A) product assortment
- B) services mix
- C) segmentation
- D) atmosphere
- E) targeting

Answer: B

Diff: 2 Page Ref: 380

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

87) Which of the following types of retailers is most likely to practice everyday low pricing (EDLP)?

- A) discount stores
- B) convenience stores
- C) category killers
- D) limited-service retailers
- E) department stores

Answer: A

Diff: 2 Page Ref: 381

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

88) Which of the following describes a way that Costco and Wal-Mart are similar?

- A) Both are warehouse clubs.
- B) Both target the same affluent market.
- C) Both offer a similar assortment of products.
- D) Both use everyday low pricing.
- E) Both market a very limited number of generic-priced food, household, and apparel lines.

Answer: D

Diff: 3 Page Ref: 381

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

89) Macy's department stores carry a wide range of product lines, including clothing, jewelry, kitchenware, and home furnishings. Macy's typically charges a relatively high markup, but also holds frequent sales and price promotions, in particular offering discounts to customers who use a Macy's credit card. Macy's uses _____.

- A) self-service retailing
- B) experiential retailing
- C) high-low pricing
- D) everyday low pricing
- E) retail convergence

Answer: C

Diff: 2 Page Ref: 381

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

90) Which of the following may be true about shoppers who prefer to shop at "lifestyle centers"?

- A) They prefer inexpensive atmospheres.
- B) They prefer upscale stores.
- C) They prefer out-of-the-way locations.
- D) They rarely dine out.
- E) They are motivated by deals on last year's merchandise and seconds.

Answer: B

Diff: 3 Page Ref: 384

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

91) Which of the following is most likely the greatest factor in the increasingly short life cycle of new retail forms?

- A) changes in technology
- B) economic swings
- C) import and export regulations
- D) stagnating retail convergence
- E) global expansion of major retailers

Answer: A

Diff: 3 Page Ref: 385

AACSB: Analytic Skills

Skill: Application

Objective: 13-3

92) Carey David's wholesale company helps retailers train salesclerks, improve store layouts and displays, and set up inventory control systems. The channel function Cary David's is providing is _____.

- A) buying and assortment building
- B) selling and promotion services
- C) risk bearing services
- D) marketing information
- E) management services and advice

Answer: E

Diff: 2 Page Ref: 390

AACSB: Reflective Thinking

Skill: Application

Objective: 13-4

93) You own an independent store in your neighborhood. You still like to offer fresh seafood in your meat display case. Which type of wholesaler might best serve you?

- A) cash-and-carry wholesaler
- B) rack jobber
- C) drop shipper
- D) mail-order wholesaler
- E) agents and brokers

Answer: A

Diff: 3 Page Ref: 391

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

94) You own a neighborhood 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?

- A) cash-and-carry wholesaler
- B) rack jobber
- C) drop shipper
- D) mail-order wholesaler
- E) agents and brokers

Answer: B

Diff: 3 Page Ref: 391

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

95) 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 _____.

- A) retail process
- B) entire marketing channel
- C) warehousing system
- D) target market
- E) retail customer

Answer: B

Diff: 2 Page Ref: 393

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

96) 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?

- A) movement toward self-service retailing
- B) the growing domination of superstores
- C) the decline of the voluntary chain
- D) retail convergence
- E) the blurring of distinctions between retailers and wholesalers

Answer: E

Diff: 2 Page Ref: 394

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

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."

97) Indiana Wood is best classified as a(n) _____ retailer.

- A) full-service
- B) self-service
- C) limited-service
- D) discount
- E) off-price

Answer: A

Diff: 1 Page Ref: 372

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

98) Which of the following is most critical to Indiana Wood's success?

- A) place
- B) price
- C) differentiation
- D) store atmosphere
- E) services mix

Answer: A

Diff: 2 Page Ref: 382

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

99) 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 _____.

- A) product assortment
- B) services mix
- C) atmosphere
- D) segmentations
- E) targeting

Answer: C

Diff: 2 Page Ref: 380

AACSB: Reflective Thinking

Skill: Application

Objective: 13-2

100) Which of the following would be the most logical way for Indiana Wood to expand?

- A) establishing an online presence
- B) pursuing retail convergence
- C) implementing RFID inventory tracking
- D) establishing a community-gathering environment in the store
- E) joining a producers' cooperative

Answer: A

Diff: 2 Page Ref: 385

AACSB: Use of IT

Skill: Application

Objective: 13-3

101) Wholesaling includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use.

Answer: FALSE

Diff: 1 Page Ref: 389

Skill: Concept

Objective: 13-1

102) Full-service retailers, such as Sears or JC Penney, provide more sales assistance because they carry more shopping goods about which customers need information.

Answer: FALSE

Diff: 3 Page Ref: 372

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

103) Limited-service retailers, such as specialty stores and first-class department stores, employ salespeople who assist customers in every phase of the shopping process.

Answer: FALSE

Diff: 2 Page Ref: 371

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

104) Department stores carry narrow product lines with deep assortments within those lines.

Answer: FALSE

Diff: 1 Page Ref: 372

Skill: Concept

Objective: 13-1

105) 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.

Answer: FALSE

Diff: 3 Page Ref: 372

Skill: Concept

Objective: 13-1

106) Category killers carry a deep assortment of a particular product line and have a knowledgeable staff.

Answer: TRUE

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

107) Off-price retailers pay regular wholesale prices for their merchandise but maintain low prices by accepting lower margins and selling higher volume.

Answer: FALSE

Diff: 3 Page Ref: 374

Skill: Concept

Objective: 13-1

108) A discount store buys at less-than-regular wholesale prices and charges consumers less than retail.

Answer: FALSE

Diff: 3 Page Ref: 374

Skill: Concept

Objective: 13-1

109) Independent off-price retailers may in fact be divisions of larger retail corporations.

Answer: TRUE

Diff: 2 Page Ref: 374

Skill: Concept

Objective: 13-1

110) Factory outlets, independent off-price retailers, and warehouse clubs all buy their merchandise in a similar fashion.

Answer: TRUE

Diff: 3 Page Ref: 374

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

111) In warehouse clubs, customers must independently bring large items to the checkout line.

Answer: TRUE

Diff: 2 Page Ref: 376

Skill: Concept

Objective: 13-1

112) 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.

Answer: FALSE

Diff: 2 Page Ref: 376

Skill: Concept

Objective: 13-1

113) In a retailer cooperative, independent retailers contract with each other to set up a central buying operation and conduct joint promotional efforts.

Answer: FALSE

Diff: 2 Page Ref: 376

Skill: Concept

Objective: 13-1

114) Merchandising conglomerates are corporations that combine several different retailing forms under different ownership.

Answer: FALSE

Diff: 2 Page Ref: 377

Skill: Concept

Objective: 13-1

115) Retailers first must position themselves in a market and then decide how they will define the target customers in these markets.

Answer: FALSE

Diff: 2 Page Ref: 378

Skill: Concept

Objective: 13-2

116) To create the right atmosphere, some retailers control every aspect of the consumer's store experience, including what customers hear and smell.

Answer: TRUE

Diff: 1 Page Ref: 380

Skill: Concept

Objective: 13-2

117) Power centers are decreasing in number.

Answer: FALSE

Diff: 2 Page Ref: 384

Skill: Concept

Objective: 13-2

118) The wheel-of-retailing concept deals mainly with wholesalers rolling out reduced service levels.

Answer: FALSE

Diff: 3 Page Ref: 384

Skill: Concept

Objective: 13-3

119) The life cycle of new retail forms is getting longer.

Answer: FALSE

Diff: 2 Page Ref: 384

Skill: Concept

Objective: 13-3

120) Unlike mass marketers, niche marketers expect to see continued growth in their online sales.

Answer: FALSE

Diff: 3 Page Ref: 385

AACSB: Use of IT

Skill: Application

Objective: 13-3

121) Retail convergence means greater competition for retailers and greater difficulty in differentiating offerings.

Answer: TRUE

Diff: 2 Page Ref: 386

Skill: Concept

Objective: 13-3

122) The number of retailers creating communities for their customers is declining.

Answer: TRUE

Diff: 1 Page Ref: 388

Skill: Concept

Objective: 13-3

123) Like retailers, a wholesaler must decide on segmentation and targeting, differentiation and positioning, and the marketing mix.

Answer: TRUE

Diff: 1 Page Ref: 390

AACSB: Communication

Skill: Concept

Objective: 13-4

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.

Answer: TRUE

Diff: 2 Page Ref: 393

AACSB: Use of IT

Skill: Concept

Objective: 13-4

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

Answer: TRUE

Diff: 2 Page Ref: 394

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

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

Answer: 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.

Diff: 2 Page Ref: 371

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

127) Compare and contrast specialty stores and convenience stores.

Answer: 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.

Diff: 1 Page Ref: 372

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: 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.

Diff: 2 Page Ref: 374

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

129) Describe the differences between chain stores and franchises.

Answer: 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.

Diff: 2 Page Ref: 376-77

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: Target has developed distinct targeting and positioning. Target's aim is to stick to low prices, but rises above the discount fray with upmarket style and design and higher-grade service. This upscale alternative really separates it from its mass-merchant peers. It targets the higher income, better-educated clientele in its stores, hence the popular high-status pronunciation of its name as "Tar-shay."

Diff: 3 Page Ref: 379

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

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

Answer: Regional shopping centers are the largest and most dramatic shopping centers. 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 centers, community shopping centers 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 neighborhood shopping centers/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.

Diff: 3 Page Ref: 383

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

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

Answer: 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.

Diff: 2 Page Ref: 385

AACSB: Use of IT

Skill: Application

Objective: 13-3

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

Answer: 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.

Diff: 1 Page Ref: 390

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

134) Explain the marketing decisions facing wholesalers.

Answer: 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.

Diff: 2 Page Ref: 390

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

135) Explain how wholesalers have been able to use technology to cut costs.

Answer: Many wholesalers have invested in automated warehouses and information technology systems. Delivery time can be cut as orders are fed from the retailer's information system directly into the wholesaler's. Automated warehouses increase efficiencies and drive down costs, as mechanical devices can automatically pick up items and take them to a shipping platform to be assembled. Wholesalers can also use technology for accounting, billing, inventory control, and forecasting. These computerized, automated, and Web-based systems help wholesalers contain the costs of ordering, shipping, and inventory holding.

Diff: 2 Page Ref: 393

AACSB: Use of IT

Skill: Application

Objective: 13-4

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

Answer: Specialty stores carry narrow product lines with deep assortments within those lines. Examples will vary.

Diff: 1 Page Ref: 372

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: 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.

Diff: 2 Page Ref: 372

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: 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.

Diff: 2 Page Ref: 374

AACSB: Reflective Thinking

Skill: Application

Objective: 13-1

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

Answer: Discount stores sell merchandise at lower prices by accepting lower margins and selling higher volumes.

Diff: 2 Page Ref: 374

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: 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 center, there is much bargaining power with suppliers.

Diff: 2 Page Ref: 376

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

141) How does a retailer cooperative function?

Answer: 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.

Diff: 2 Page Ref: 376

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

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

Answer: 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.

Diff: 3 Page Ref: 377

AACSB: Analytic Skills

Skill: Application

Objective: 13-1

143) What elements comprise a store's atmosphere?

Answer: A store's atmosphere includes the sights, sounds, and smells that customers typically associate with the store.

Diff: 1 Page Ref: 381

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

144) How do the practices of "high-low" pricing and everyday low pricing differ?

Answer: 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.

Diff: 2 Page Ref: 381

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

145) How have shopping centers changed in the past few decades?

Answer: 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 centers. In recent years, many cities have joined with merchants to try to revive downtown shopping areas by building malls and providing underground parking.

Diff: 3 Page Ref: 382

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

146) What attracts shoppers to a power center?

Answer: Power centers are unenclosed shopping centers 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 center offers convenience and variety for shoppers.

Diff: 1 Page Ref: 384

AACSB: Analytic Skills

Skill: Application

Objective: 13-2

147) Briefly explain the wheel-of-retailing concept.

Answer: 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.

Diff: 3 Page Ref: 384

AACSB: Analytic Skills

Skill: Application

Objective: 13-3

148) What constitutes retail convergence?

Answer: 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.

Diff: 2 Page Ref: 386

AACSB: Analytic Skills

Skill: Application

Objective: 13-3

149) How do merchant wholesalers and agents/brokers differ?

Answer: Merchant wholesalers "take title to" (or own) what it is they sell; agents/brokers merely serve as liaisons, bringing buyers and sellers together.

Diff: 2 Page Ref: 390

AACSB: Analytic Skills

Skill: Application

Objective: 13-4

150) How can wholesalers improve their use of promotions?

Answer: 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.

Diff: 3 Page Ref: 393

AACSB: Communication

Skill: Application

Objective: 13-4