Marketing: An Introduction, 13e (Armstrong)  
Chapter 11  Retailing and Wholesaling

1) ________ refers to the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use.  
A) Sole sourcing  
B) Retailing  
C) Manufacturing  
D) Procurement  
E) Warehousing  
Answer: B  
Diff: 1  
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

2) ________ builds around what P&G calls the "First Moment of Truth" — the critical three to seven seconds that a shopper considers a product on a store shelf.  
A) Internal marketing  
B) Sole sourcing  
C) Warehousing  
D) Test marketing  
E) Shopper marketing  
Answer: E  
Diff: 2  
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.  
AACSB: Analytical thinking

3) ________ creates a seamless cross-channel buying experience that integrates in-store, online, and mobile shopping.  
A) Shopper marketing  
B) Omni-channel retailing  
C) Test marketing  
D) Online marketing  
E) Consolidation marketing  
Answer: B  
Diff: 2  
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
4) Stores that provide moderate sales assistance because they carry shopping goods about which customers need a moderate level of information are called ________ retailers.
A) self-service
B) full-service
C) off-price
D) limited-service
E) convenience
Answer: D
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

5) Which types of stores are characterized by specialty goods for which customers need assistance and higher operating costs that are passed along to customers as higher prices?
A) self-service stores
B) convenience stores
C) full-service stores
D) discount stores
E) off-price stores
Answer: C
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

6) Food Galore is a regional chain of supermarkets in the Midwest. The primary role of the staff is to restock shelves and operate cash registers. Customers locate, compare, and select their groceries and other sundry items. Food Galore is most likely a ________.
A) self-service retailer
B) category killer
C) full-service retailer
D) supermarket
E) pop-up store
Answer: A
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking
7) Customers at Carat, a premium jewelry store, are encouraged to make an appointment before a visit so that a customer service representative is assigned to them. These representatives help every customer make a purchase that meets his or her needs and budget after considering numerous options. The different styles and special features of the jewelry are explained to each customer to aid the purchase decision. In this case, Carat is an example of a(n) ________.
A) self-service retailer
B) off-price retailer
C) full-service retailer
D) supermarket
E) convenience store
Answer: C
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking

8) Which type of retailer typically carries deep product assortments of narrow product lines?
A) self-service retailers
B) specialty stores
C) warehouse clubs
D) discount stores
E) factory outlets
Answer: B
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

9) The American Tie Company, a necktie retailer, offers a deep assortment of men's neckties. The American Tie Company is best described as a(n) ________.
A) department store
B) supermarket
C) specialty store
D) discount store
E) off-price retailer
Answer: C
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking
10) Specialty stores are characterized by ________.
A) the sale of convenience and staple items
B) narrow product lines with deep assortments
C) a wide range of products and categories
D) low prices on a wide range of goods
E) routinely purchased food products and services
Answer: B
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

11) Department stores are most likely characterized by ________.
A) narrow product lines
B) specialty goods and services
C) predatory pricing strategies
D) deep assortments of luxury brands
E) wide varieties of product lines
Answer: E
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

12) Jones & Company, a major retail chain across the United States, offers a wide range of consumer goods such as clothing, furniture, home appliances, cosmetics, jewelry, and food. Jones & Company is best described as a ________.
A) supermarket
B) department store
C) specialty store
D) pop-up store
E) category killer
Answer: B
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

AACS B: Analytical thinking

13) A convenience store ________.
A) markets to segments comprised mostly of white-collar workers
B) stocks narrow product lines that have wide, deep assortments
C) carries a limited line of high-turnover goods for consumer self-service
D) involves high operation costs due to full-service customer assistance
E) is a multi-channel food and discount retailer that targets niche markets
Answer: C
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

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14) Which type of retailer is much larger than a regular supermarket and offers a large assortment of routinely purchased food products, nonfood items, and services?
A) discount stores
B) specialty stores
C) factory outlets
D) superstores
E) off-price outlets
Answer: D
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

15) Which term refers to a giant specialty store with a very deep assortment of a particular product line?
A) category killer
B) convenience store
C) factory outlet
D) department store
E) independent store
Answer: A
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

16) Office Solutions is a large retailer that specializes in office products and services. Their offerings include a wide and deep assortment of computers, desk furniture, printers, office supplies, stationery, and printing. Office Solutions is most likely an example of a ________.
A) convenience store
B) pop-up store
C) category killer
D) lifestyle center
E) supermarket
Answer: C
Diff: 3
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSBI: Analytical thinking
17) Which of the following statements is true of retailing?
A) All retail stores are full-service retail stores.
B) A department store has a narrow product line with a deep assortment.
C) The largest type of retail outlet is a supermarket.
D) Services like hotels, banks, airlines, restaurants, colleges, and hospitals can be retailed.
E) A feature common to all types of retail stores is the use of the everyday low pricing strategy.
Answer: D
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

18) Leading "big-box" stores, such as Walmart and Target, now dominate the retail scene. However, even "small-box" stores like Dollar General, are thriving in the current economic environment. All three retailers are considered ________.
A) convenience stores
B) discount stores
C) full-service retailers
D) designer shops
E) specialty stores
Answer: B
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking

19) ________ have filled the ultralow-price, high-volume gap by buying at less-than-regular wholesale prices and charging consumers less than retail.
A) Off-price retailers
B) Specialty stores
C) Convenience stores
D) Designer shops
E) Full-service retailers
Answer: A
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

20) Which of the following is a type of off-price retailer?
A) specialty store
B) full-service retailer
C) discount store
D) warehouse club
E) supermarket
Answer: D
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
21) Kids.com is an online retailer that buys clothing from a variety of brand name manufacturers at less-than-regular wholesale prices and then charges customers less than retail. Kids.com is an example of a(n) ________.
A) specialty retailer
B) independent off-price retailer
C) departmental retailer
D) full-service retailer
E) category killer
Answer: B
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking

22) An off-price retailing operation that is owned and operated by a manufacturer and normally carries the manufacturer's surplus, discontinued, or irregular goods is called a ________.
A) category killer
B) factory outlet
C) specialty store
D) superstore
E) warehouse club
Answer: B
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

23) Dina loves branded apparel and accessories but cannot afford to buy them too often. Fortunately, Dina lives close to an off-price retail store that is owned and operated by a famous brand. The company utilizes this store to sell its surplus, discontinued, or irregular goods at significantly lower costs. The retail store is best referred to as a ________.
A) category killer
B) factory outlet
C) specialty store
D) superstore
E) power center
Answer: B
Diff: 3
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking
24) ________ are off-price retailers that operate in huge facilities offering few frills but ultra-low prices and surprise deals on selected branded merchandise.
A) Warehouse clubs
B) Department stores
C) Convenience stores
D) Specialty stores
E) Superstores
Answer: A
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

25) ________ refer to two or more outlets that are commonly owned and controlled.
A) Corporate chains
B) Factory stores
C) Specialty stores
D) Designer shops
E) Warehouse clubs
Answer: A
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

26) A group of independent retailers that bands together to set up a jointly owned, central wholesale operation and conduct joint merchandising and promotion efforts is referred to as a ________.
A) factory outlet mall
B) retailer cooperative
C) corporate chain
D) warehouse club
E) voluntary chain
Answer: B
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
27) Which contractual system is distinguished by the fact that it is normally based on some unique product or service; method of doing business; or trade name, goodwill, or patent that has been developed?
A) voluntary chain
B) retailer cooperative
C) franchise
D) corporate chain
E) warehouse club
Answer: C
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

28) Mind and Body Fitness recently entered into a financial agreement that allows 25 independent business people at select locations across the country to set up establishments that offer its holistic services and programs. They include weight-management, group programming, sport-specific training, yoga, Pilates, and nutrition. Which type of contractual retail association does this represent?
A) corporate chain
B) voluntary chain
C) franchise organization
D) independent retailer
E) retailer cooperative
Answer: C
Diff: 3
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSBI: Analytical thinking

29) ________ now command about 45 percent of all retail sales in the United States.
A) Franchises
B) Factory outlets
C) Superstores
D) Acquisitions
E) Joint agreements
Answer: A
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

30) Although manufacturers, wholesalers, and retailers do retailing, it is the primary business of retailers.
Answer: TRUE
Diff: 1
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
31) Shopper marketing involves focusing the entire marketing process — from product and brand development to logistics, promotion, and merchandising — toward turning shoppers into buyers at the point of sale.
Answer: TRUE
Diff: 1
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

32) Omni-channel retailing creates a seamless cross-channel buying experience that includes in-store and online shopping but excludes mobile.
Answer: FALSE
Diff: 2
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

33) Convenience stores are the most frequently visited type of retail store.
Answer: FALSE
Diff: 2
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

34) Venns is a chain of department stores that has become more focused in recent years and now stocks only exclusive labels of designer home accessories. Venns has transformed itself into a chain of pop-up stores.
Answer: FALSE
Diff: 2
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSB: Analytical thinking

35) Service retailers in the United States are growing faster than product retailers.
Answer: TRUE
Diff: 2
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

36) Category killers are superstores that carry a deep assortment of a particular product line.
Answer: TRUE
Diff: 1
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

37) The three types of off-price retailers are: independents, factory outlets, and corporate chains.
Answer: FALSE
Diff: 2
LO:  11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
38) Independent off-price retailers purchase merchandise at rates that are substantially higher than regular wholesale rates.

Answer: FALSE

Diff: 1

LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

39) Factory outlet malls combine manufacturers' outlets with off-price retail stores and department store clearance outlets.

Answer: FALSE

Diff: 2

LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

40) Voluntary chains are normally based on one unique product or a specific trade name.

Answer: FALSE

Diff: 1

LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

41) In a retailer cooperative, independent retailers band together to set up a jointly owned, central wholesale operation and conduct joint merchandising and promotion efforts.

Answer: TRUE

Diff: 1

LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

42) What is retailing? Explain the concept of shopper marketing.

Answer: Retailing includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use. Many institutions — manufacturers, wholesalers, and retailers — do retailing. But most retailing is done by retailers, businesses whose sales come primarily from retailing. Retailing plays a very important role in most marketing channels. Last year, retailers accounted for more than $5 trillion of sales to final consumers.

Many marketers are now embracing the concept of shopper marketing, focusing the entire marketing process — from product and brand development to logistics, promotion, and merchandising — toward turning shoppers into buyers as they approach the point of sale. Of course, every well-designed marketing effort focuses on customer buying behavior. What differentiates the concept of shopper marketing is the suggestion that these efforts should be coordinated around the shopping process itself.

Diff: 2

LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
43) How are retailers classified based on the amount of service they provide to customers? Provide examples of each service level to illustrate your response.

Answer: Different types of customers and products require different amounts of service. To meet these varying service needs, retailers may offer one of three service levels: self-service, limited service, and full service. Self-service retailers serve customers who are willing to perform their own locate-compare-select process to save time or money. Self-service is the basis of all discount operations and is typically used by retailers selling convenience goods (such as supermarkets) and nationally branded, fast-moving shopping goods (such as Target or Kohl's).

Limited-service retailers, such as Sears or JCPenney, provide more sales assistance because they carry more shopping goods about which customers need information. Their increased operating costs result in higher prices. Full-service retailers, such as high-end specialty stores (for example, Tiffany or Williams-Sonoma) and first-class department stores (such as Nordstrom or Neiman Marcus) assist customers in every phase of the shopping process. Full-service stores usually carry more specialty goods for which customers need or want assistance or advice. They provide more services, which results in much higher operating costs. These higher costs are passed along to customers as higher prices.

Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

44) Compare and contrast specialty stores and convenience stores.

Answer: Specialty stores carry narrow product lines with deep assortments within those lines. The increasing use of market segmentation, market targeting, and product specialization has resulted in a greater need for stores that focus on specific products and segments. Convenience stores are small stores that carry a limited line of high-turnover convenience goods. Many convenience store chains have tried to expand beyond their primary market of young, blue-collar men by redesigning their stores to attract female shoppers. They are shedding the image of a "truck stop" where men go to buy gas, beer, cigarettes, or shriveled hotdogs on a roller grill and are instead offering freshly prepared foods and cleaner, safer, more-upscale environments.

Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
45) Describe superstores, category killers, and service retailers.
Answer: Superstores are much larger than regular supermarkets and offer a large assortment of routinely purchased food products, nonfood items, and services. Walmart, Target, Meijer, and other discount retailers offer supercenters, very large combination food and discount stores. Recent years have also seen the rapid growth of superstores that are actually giant specialty stores, the so-called category killers (e.g., Best Buy, Home Depot, Petco, and Bed, Bath & Beyond). They feature stores the size of airplane hangars that carry a very deep assortment of a particular line. Category killers are found in a wide range of categories, including electronics, home-improvement products, books, baby gear, toys, home goods, party goods, sporting goods, and even pet supplies. Finally, for many retailers, the product line is actually a service. Service retailers include hotels and motels, banks, airlines, restaurants, colleges, hospitals, movie theaters, tennis clubs, bowling alleys, repair services, hair salons, and dry cleaners.
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

46) Describe the differences between discount stores and off-price retailers.
Answer: A discount store sells standard merchandise at low prices by accepting lower margins and selling a higher volume. The early discount stores cut expenses by offering few services and operating in warehouse-like facilities in low-rent, heavily traveled districts. Today's discounters have improved their store environments and increased their services, while at the same time keeping prices low through lean, efficient operations. Off-price retailers can be found in all areas, from food, clothing, and electronics to no-frills banking and discount brokerages. Off-price retailers buy at less-than-regular wholesale prices and charge consumers less than retail.
Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
47) Crunch and Munch is the country's favorite fast-food vendor of fried chicken. Over the years, the company has diversified into providing a larger variety of snacks like hot dogs, burritos, and burgers, but consumers still consider it the best seller of fried chicken. Many potential investors have approached Crunch and Munch with offers to buy the company, but Crunch and Munch continues to operate through its stores. What is franchising? Why would franchising be a good contractual system for Crunch and Munch?

Answer: 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. The main difference between franchise organizations and other contractual systems (voluntary chains and retail cooperatives) is that franchise systems are normally based on some unique product or service; a method of doing business; or the trade name, goodwill, or patent that the franchisor has developed. Franchising has been prominent in fast-food restaurants, motels, health and fitness centers, auto sales and service dealerships, and real estate agencies. Since Crunch and Munch enjoys the position of being a favorite among consumers, franchising is a good tool to capitalize on its reputation without losing its identity.

Diff: 3
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.
AACSBB: Application of knowledge

48) What is the difference between corporate chains, voluntary chains, and retailer cooperatives? How are such retail organizations different from franchise organizations?

Answer: Corporate chains are two or more outlets that are commonly owned and controlled. They have many advantages over independents. Their size allows them to buy in large quantities at lower prices and gain promotional economies. They can hire specialists to deal with areas such as pricing, promotion, merchandising, inventory control, and sales forecasting. A voluntary chain is a wholesaler-sponsored group of independent retailers that engages in group buying and common merchandising. The other type of contractual association is the retailer cooperative — a group of independent retailers that bands together to set up a jointly owned, central wholesale operation and conduct joint merchandising and promotion efforts. The main difference between franchise organizations and other contractual systems is that franchise systems are normally based on some unique product or service; a method of doing business; or the trade name, goodwill, or patent that the franchisor has developed.

Diff: 2
LO: 11-1: Explain the role of retailers in the distribution channel and describe the major types of retailers.

49) What is most likely the first major marketing decision that a retailer must take?

A) positioning
B) targeting
C) segmentation
D) differentiation
E) promoting

Answer: C

Diff: 1
LO: 11-2: Describe the major retailer marketing decisions.
50) Retailers must decide on three major product variables: product assortment, services mix, and ________.
A) store location
B) store layout
C) self-service offerings
D) store atmosphere
E) store ambience
Answer: D
Diff: 2
LO: 11-2: Describe the major retailer marketing decisions.

51) Campbell is one of the oldest retailers in the country. While the service offered at Campbell is fairly mediocre, the retailer is famous for its surprise offerings of seconds, overstocks, and closeouts — occasionally including expensive gadgets and jewelry. Posco, a new chain of retail stores, offers products that are similar to Campbell's offerings; however, Posco is known for encouraging customers to ask questions and for providing service representatives to assist customers in the purchasing decision process. From this scenario, which of the following statements is most likely true?
A) Posco fails to differentiate itself from Campbell through the services mix.
B) Posco's product assortment helps differentiate it from Campbell.
C) Both Campbell and Posco fail to identify the needs and wants of target markets.
D) Campbell has not been able to differentiate itself on the basis of product assortment.
E) Posco better utilizes the services mix to differentiate itself from Campbell.
Answer: E
Diff: 3
LO: 11-2: Describe the major retailer marketing decisions.
AACSB: Reflective thinking

52) Bikers and non-bikers alike enjoy dining at the Harley Davidson Café in Las Vegas. Several Harley Davidson models are on display as well as a very large, uniquely crafted American flag. Menu items include the Easy Rider, the Choppers Cobb salad, and the Harley Hog sandwich. The Harley Davidson Café most likely uses ________.
A) everyday low pricing
B) predatory pricing
C) self-service retailing
D) experiential retailing
E) franchising
Answer: D
Diff: 3
LO: 11-2: Describe the major retailer marketing decisions.
AACSB: Analytical thinking
53) The Toby's chain of first-class department stores carries a wide range of product lines, including clothing, jewelry, kitchenware, and home furnishings. Toby's typically charges higher prices on an everyday basis and then holds frequent sales and price promotions to increase store traffic. Toby's most likely uses _______.
A) self-service retailing
B) experiential retailing
C) high-low pricing
D) everyday low pricing
E) franchise retailing
Answer: C
Diff: 3
LO: 11-2: Describe the major retailer marketing decisions.
AACSB: Analytical thinking

54) Charging higher prices on an everyday basis, coupled with frequent sales and other price promotions to increase store traffic, create a low-price image, or attract customers who will buy other goods at full prices is referred to as _______ pricing.
A) category killer
B) discount
C) high-low
D) everyday low
E) predatory
Answer: C
Diff: 3
LO: 11-2: Describe the major retailer marketing decisions.

55) A _______ refers to a group of retail businesses built on a site that is planned, developed, owned, and managed as a unit.
A) pop-up store
B) shopping center
C) warehouse
D) category killer
E) convenience store
Answer: B
Diff: 1
LO: 11-2: Describe the major retailer marketing decisions.
56) Which of the following statements is true of shopping centers?
A) Most shopping centers function at the regional level rather than at the neighborhood level.
B) Shopping centers typically contain only those stores that target a niche market segment of high income groups.
C) Shopping centers are groups of retail businesses built on a site that is planned, developed, owned, and managed as a unit.
D) Shopping centers usually contain exclusive brands and specialty stores rather than convenience stores or department stores.
E) Shopping centers are huge superstores that offer a deep assortment of a particular product line.
Answer: C
Diff: 2
LO: 11-2: Describe the major retailer marketing decisions.

57) A ______ contains between 15 and 50 retail stores, including a department or variety store, a supermarket, specialty stores, professional offices, and sometimes a bank.
A) community shopping center
B) warehouse club
C) superstore
D) neighborhood shopping center
E) regional shopping mall
Answer: A
Diff: 1
LO: 11-2: Describe the major retailer marketing decisions.

58) Power centers are characterized by the ______.
A) lack of an anchor store
B) sale of exclusive brands only
C) provision of individual entrances to each store
D) provision for nonretail activities, such as playgrounds
E) absence of any pricing strategies for differentiation
Answer: C
Diff: 2
LO: 11-2: Describe the major retailer marketing decisions.

59) A ______ is a small open-air mall with upscale stores, convenient locations, and nonretail activities such as a playground, hotel, dining establishments, and a movie theater.
A) regional shopping center
B) lifestyle center
C) community shopping center
D) power center
E) warehouse club
Answer: B
Diff: 1
LO: 11-2: Describe the major retailer marketing decisions.
60) Too many retailers, even big ones, fail to clearly define their target markets and positions.  
Answer: TRUE  
Diff: 1  
LO: 11-2: Describe the major retailer marketing decisions.

61) The retailer's product assortment should be distinguishable and also match target shoppers' expectations.  
Answer: TRUE  
Diff: 1  
LO: 11-2: Describe the major retailer marketing decisions.

62) Pricing decisions of specialty stores are typically based on low markups on a high volume of products.  
Answer: FALSE  
Diff: 2  
LO: 11-2: Describe the major retailer marketing decisions.

63) Casey's is a large supermarket that practices everyday low pricing. Therefore, consumers should expect few discounts or sales if shopping at Casey's regularly.  
Answer: TRUE  
Diff: 2  
LO: 11-2: Describe the major retailer marketing decisions.  
AACS: Analytical thinking

64) Posco, a limited-service retail chain with 130 stores across the country, is seeking to improve its standing in the market. Since its operations are widespread, altering the store atmosphere significantly is not feasible because of the costs involved. Similarly, upgrading the stores to full-service retail chains would require a large investment of time, effort, and employee training. Assuming that many of Posco's private-label brands are bringing in large revenues, what strategy could Posco Retail use to differentiate itself while matching target shoppers' expectations?  
Answer: (Students' answers may vary. The answer given below is indicative.)  
Posco Retail should use its product assortment to differentiate its stores while matching target shoppers' expectations. One strategy is to offer merchandise that no other competitor carries, such as store brands or national brands on which it holds exclusive rights. Posco Retail has private-label brands that are doing well in the market and the company should capitalize on them. While the services mix and store atmosphere can also help set one retailer apart from another, these measures are not feasible in the current situation for Posco Retail.  
Diff: 3  
LO: 11-2: Describe the major retailer marketing decisions.  
AACS: Application of knowledge
65) Describe the promotion tools used by retailers.

Answer: Retailers use any or all of the five promotion tools — advertising, personal selling, sales promotion, public relations (PR), and direct marketing — to reach consumers. They advertise in newspapers and magazines and on radio, television, and the Internet. Advertising may be supported by newspaper inserts and catalogs. Store salespeople greet customers, meet their needs, and build relationships. Sales promotions may include in-store demonstrations, displays, sales, and loyalty programs. PR activities, such as new-store openings, special events, newsletters and blogs, store magazines, and public service activities, are also available to retailers. Most retailers also interact digitally with customers via Web sites and digital catalogs, online ads and video, social media, mobile ads and apps, blogs, and e-mail. Almost every retailer, large or small, maintains a full social media presence.

Diff: 2
LO: 11-2: Describe the major retailer marketing decisions.

66) Three types of shopping centers are regional shopping centers, community shopping centers, and neighborhood shopping centers or strip malls. Describe how they differ from each other.

Answer: Regional shopping centers are the largest and most dramatic shopping centers. They contain from 50 to more than 100 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 50 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 or 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: 2
LO: 11-2: Describe the major retailer marketing decisions.

67) Which of the following is an impact of the Great Recession on retailing trends?

A) economic shift toward higher prices
B) lower costs for retailers
C) tighter consumer spending patterns
D) longer retail life cycles
E) prohibition on new retail forms

Answer: C

Diff: 2
LO: 11-3: Discuss the major trends and developments in retailing.
68) Carleese, a leading fashion brand, sets up small temporary boutiques across numerous locations during its year-end sale, promoting its outdated products at half the price. These temporary boutiques are referred to as ________.
A) power centers
B) franchises
C) shopping centers
D) pop-up stores
E) category killers
Answer: D
Diff: 3
LO: 11-3: Discuss the major trends and developments in retailing.
AACSB: Analytical thinking

69) Retail convergence most likely leads to ________.
A) reduced differentiation
B) reduced competition
C) increased sales
D) increased profit margins
E) reduced advertising costs
Answer: A
Diff: 2
LO: 11-3: Discuss the major trends and developments in retailing.

70) Grace and her fiancé visit several furniture stores in and around their hometown of Milwaukee. They use their smartphones to capture information about manufacturers and pricing, and ultimately decide to purchase their favorite items online. This is referred to as ________.
A) warehousing
B) wholesaling
C) retailing
D) franchising
E) showrooming
Answer: E
Diff: 1
LO: 11-3: Discuss the major trends and developments in retailing.

AACSB: Analytical thinking

71) According to the text, today's large and progressive wholesalers have successfully reacted to rising costs by ________.
A) relocating to low-rent, low-tax areas
B) investing in information technology systems
C) eliminating the need for brokers and agents
D) increasing customer service responsibilities
E) reducing promotional and personal selling activities
Answer: B
Diff: 2
LO: 11-3: Discuss the major trends and developments in retailing.
72) The rise of megaretailers has shifted the balance of power between retailers and producers. Since megaretailers have access to numerous consumers, they have significant power when dealing with manufacturers.
Answer: TRUE
Diff: 2
LO: 11-3: Discuss the major trends and developments in retailing.
AACSBS: Analytical thinking

73) Wholesalers fall into three major groups: merchant wholesalers, brokers and agents, and megawholesalers.
Answer: FALSE
Diff: 1
LO: 11-3: Discuss the major trends and developments in retailing.

74) Differentiate between power centers and lifestyle centers.
Answer: Power centers are huge unenclosed shopping centers consisting of a long strip of retail stores, including large, freestanding anchors such as Walmart, Home Depot, Costco, Best Buy, Michaels, PetSmart, and OfficeMax. Each store has its own entrance with parking directly in front for shoppers who wish to visit only one store. In contrast, lifestyle centers are smaller, open-air malls with upscale stores, convenient locations, and nonretail activities, such as a playground, skating rink, hotel, dining establishments, and a movie theater. The most recent lifestyle centers often consist of mixed-use developments, with ground floor retail establishments and apartments or condominiums above, combining shopping convenience with community feel of a neighborhood center. Meanwhile, traditional regional shopping malls are adding lifestyle elements — such as fitness centers, common areas, and multiplex theaters — to make themselves more social and welcoming. In all, today's centers are more like places to hang out rather than just places to shop.
Diff: 2
LO: 11-3: Discuss the major trends and developments in retailing.
75) Amex Retail, the country's largest and oldest retail chain, was recently recognized as one of the most influential companies in the United States. The company aims to capitalize on this opportunity by implementing major marketing activities to capture the attention of consumers, politicians, and environmentalists. The company was one of the first to do away with plastic bags, and the public relations division is contemplating the adoption of additional green retailing practices. Would this move reflect sound business tactics? What other measures can Amex Retail take in this direction?

Answer: (Students' answers may vary. The answer given below is indicative.)

Today's retailers are increasingly adopting environmentally sustainable practices. They are greening up their stores and operations, promoting more environmentally responsible products, launching programs to help customers be more responsible, and working with channel partners to reduce their environmental impact. At the most basic level, most large retailers are making their stores more environmentally friendly through sustainable building design, construction, and operations. Retailers are also greening up their product assortments. Many retailers have also launched programs that help consumers make more environmentally responsible decisions. Finally, many large retailers are joining forces with suppliers and distributors to create more sustainable products, packaging, and distribution systems. Green retailing yields both top- and bottom-line benefits. Sustainable practices lift a retailer's top line by attracting consumers looking to support environmentally friendly sellers and products. They also help the bottom line by reducing costs. Keeping all these benefits and measures in mind, the decision of Amex Retail to go green would make a tremendous positive impact.

Diff: 3
LO: 11-3: Discuss the major trends and developments in retailing.
AACSB: Analytical thinking; Ethical understanding and reasoning

76) ________ includes all the activities involved in selling goods and services to those buying them for resale or business use.

A) Wholesaling
B) Sole sourcing
C) Franchising
D) Crowdsourcing
E) Showrooming

Answer: A

Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

77) Which wholesaler channel function is demonstrated when a wholesaler's sales force helps a manufacturer reach many small customers at a low cost?

A) bulk breaking
B) selling and promoting
C) buying and assortment building
D) warehousing
E) risk bearing

Answer: B

Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
78) Electronics Storage is a wholesaler that holds inventories, thereby reducing carrying costs and risks for both suppliers and customers. Which channel function does Electronics Storage primarily provide?
A) showrooming
B) assortment building
C) warehousing
D) financing
E) transporting
Answer: C
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACSB: Analytical thinking

79) Which of the following channel functions of wholesalers is demonstrated when a buyer receives quicker delivery because wholesalers are located closer than are producers?
A) buying and assortment building
B) financing
C) transportation
D) risk bearing
E) warehousing
Answer: C
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

80) Wayne Wholesaling fulfills many channel functions for its customers. The company mainly focuses on helping retailers to train their salespeople, improve store layouts, and set up inventory control systems. Based on this description, which channel function is provided by Wayne Wholesaling?
A) buying and assortment building
B) selling and promoting
C) risk bearing services
D) market information services
E) management services and advice
Answer: E
Diff: 3
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACSB: Analytical thinking
81) _______ are the largest group of wholesalers and can be divided into two broad types of wholesalers: full-service and limited-service.
A) Brokers
B) Retailers
C) Agent wholesalers
D) Merchant wholesalers
E) Manufacturers' agents
Answer: D
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

82) When compared to merchant wholesalers, brokers and agents _______.
A) perform more extensive functions
B) do not take title to goods
C) deal only in services and not products
D) do not engage in any negotiation of wholesale deals
E) rarely specialize in one product category or customer type
Answer: B
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

83) Solutions Inc. negotiates the sale of materials between lumberyards and commercial construction companies, receiving a 15 percent commission on all transactions. Solutions Inc. is considered a _________.
A) distributor
B) broker
C) retailer
D) manufacturer
E) supplier
Answer: B
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACS: Analytical thinking

84) _______ represent buyers or sellers on a more permanent basis than brokers.
A) Distributors
B) Franchisees
C) Agents
D) Retailers
E) Manufacturers
Answer: C
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
85) C & G Retail, a chain of local supermarkets, procures all its goods directly from the producers' factories. This type of wholesaling is usually done in ________.  
A) corporate broker branches  
B) manufacturers' offices  
C) value-retail centers  
D) warehouse clubs  
E) factory outlet malls  
Answer: B  
Diff: 3  
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.  
AACS: Analytical thinking

86) As with other types of marketers, a primary goal in wholesaling is to ________.  
A) match competitors' strategies  
B) establish a greater number of locations  
C) build value-adding customer relationships  
D) hold prices constant  
E) maintain the status quo  
Answer: C  
Diff: 3  
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.  
AACS: Analytical thinking

87) Hamilton Wholesaling, an electronics wholesaling firm, provides many services to customers including buying, storing, and transporting expensive and delicate electronics equipment. Hamilton takes title of ownership to all goods that the firm handles. Hamilton is most likely a(n) ________.  
A) wholesaling broker  
B) merchant wholesaler  
C) agent wholesaler  
D) manufacturer's agent  
E) manufacturer's representative  
Answer: B  
Diff: 3  
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.  
AACS: Analytical thinking

88) Wholesalers most likely discourage less-profitable customers by ________.  
A) increasing product promotions  
B) carrying exclusive product lines  
C) overseeing inventory control systems  
D) adding service charges to small purchase orders  
E) requiring smaller orders to lower transportation costs  
Answer: D  
Diff: 2  
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
89) Which of the following is true about trends in wholesaling?
A) New laws prevent wholesalers from having their own retailing operations.
B) Value-added customer relationships have been replaced by control systems.
C) Merchant wholesalers are decreasing in number and relevance.
D) The demand for lower prices and higher quality has increased.
E) Bulk breaking is increasingly popular and necessary.
Answer: D
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

90) JP Wholesalers is one of the largest wholesalers of wooden furnishings in the country. Recently, the company opened a chain of stores called JP Designer Homes that has become popular due to the good reputation the company has as a wholesaler. The company has now started acquiring smaller retail chains and consolidating its position in the market. Which of the following trends is reflected in this scenario?
A) the shift toward self-service retailing
B) the decline of superstores and megastores
C) the decline of the voluntary chain distribution method
D) the rise of franchise organizations and joint partnerships
E) the blurring of distinctions between retailers and wholesalers
Answer: E
Diff: 3
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACSBS: Analytical thinking

91) Wholesalers absorb risk by taking title and bearing the cost of theft, damage, spoilage, and obsolescence.
Answer: TRUE
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

92) Merchant wholesalers are the largest single group of wholesalers, accounting for roughly 50 percent of all wholesaling.
Answer: TRUE
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

93) Brokers and agents usually take title to goods and perform various functions for retailers.
Answer: FALSE
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACSBS: Analytical thinking

94) Manufacturers' agents are the most common type of agent wholesaler.
Answer: TRUE
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
The Great Recession put heavy pressure on wholesalers to increase their operation costs and limit warehouse automation systems.
Answer: FALSE
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

In an automated warehouse, orders are fed directly from the retailer's information system into 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
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
AACSB: Information technology

The suppliers who are not adding value based on cost and quality are more in demand than their competitors.
Answer: FALSE
Diff: 1
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

Explain how wholesalers add value for a producer.
Answer: Wholesalers add value by performing one or more of the following channel functions:
Selling and promoting: Wholesalers' sales forces help manufacturers reach many small customers at a low cost. The wholesaler has more contacts and is often more trusted by the buyer than the distant manufacturer.
Buying and assortment building: Wholesalers can select items and build assortments needed by their customers, thereby saving much work.
Bulk breaking: Wholesalers save their customers money by buying in carload lots and breaking bulk (breaking large lots into small quantities).
Warehousing: Wholesalers hold inventories, thereby reducing the inventory costs and risks of suppliers and customers.
Transportation: Wholesalers can provide quicker delivery to buyers because they are closer to buyers than are producers.
Financing: Wholesalers finance their customers by giving credit, and they finance their suppliers by ordering early and paying bills on time.
Risk bearing: Wholesalers absorb risk by taking title and bearing the cost of theft, damage, spoilage, and obsolescence.
Market information: Wholesalers give information to suppliers and customers about competitors, new products, and price developments.
Management services and advice: Wholesalers often help retailers train their salesclerks, improve store layouts and displays, and set up accounting and inventory control systems.
Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.
99) Describe the three different types of wholesalers.
Answer: Wholesalers fall into three major groups: merchant wholesalers, brokers and agents, and manufacturers' and retailers' branches and offices. Merchant wholesalers are the largest single group of wholesalers, accounting for roughly 50 percent of all wholesaling. Merchant wholesalers include two broad types: full-service wholesalers and limited-service wholesalers. Full-service wholesalers provide a full set of services, whereas the various limited-service wholesalers offer fewer services to their suppliers and customers. The different types of limited-service wholesalers perform varied specialized functions in the distribution channel.

Brokers and agents differ from merchant wholesalers in two ways: They do not take title to goods, and they perform only a few functions. Like merchant wholesalers, they generally specialize by product line or customer type. A broker brings buyers and sellers together and assists in negotiation. Agents represent buyers or sellers on a more permanent basis. Manufacturers' agents (also called manufacturers' representatives) are the most common type of agent wholesaler. The third major type of wholesaling is that done in manufacturers' and retailers' branches and offices by sellers or buyers themselves rather than through independent wholesalers.

Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

100) Explain how wholesalers have been able to use technology to cut costs.
Answer: Today's large and progressive wholesalers have reacted to rising costs by investing in automated warehouses and IT systems. Orders are fed from the retailer's information system directly into the wholesaler's, and the items are picked up by mechanical devices and automatically taken to a shipping platform where they are assembled. Most large wholesalers use technology to carry out accounting, billing, inventory control, and forecasting. Modern wholesalers are adapting their services to the needs of target customers and finding cost-reducing methods of doing business. They are also conducting more business transactions online.

Diff: 2
LO: 11-4: Explain the major types of wholesalers and their marketing decisions.

AACSBS: Information technology