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***Retailing Management, 10e (Levy)***  
**Chapter 1 Introduction to the World of Retailing**

- 1) Retailers are a key component in a supply chain that links manufacturers to consumers.
- 2) Hotels, hair salons, and auto repair businesses are considered retailers.
- 3) The retail sector plays a key role in developed economies.
- 4) Companies are totally convinced about the importance of corporate social responsibility (CSR) during the initial stages of CSR integration.
- 5) The development of information systems is one of the forces facilitating the growth of large retail firms.
- 6) More retail transactions take place online now than in stores.
- 7) Retailers do not perform traditional business activities.
- 8) Retailing offers entrepreneurial opportunities.
- 9) The largest retail company in the world is headquartered in the United States of America.
- 10) Ethical principles can change over time.
- 11) All of the following businesses would be considered retailers *except*
  - A) a hot dog cart at the Highland Games.
  - B) Delta Airlines.
  - C) a university bookstore.
  - D) Priceline.com.
  - E) Procter & Gamble.
- 12) Why is it imperative that manufacturers like Hewlett-Packard and Procter & Gamble understand the operations of retailers?
  - A) To sell directly online
  - B) To encourage retailers to offer and promote their products
  - C) To develop strategies for selling without retailers
  - D) Retailers can expect fewer buyouts to occur
  - E) To have a wide assortment of products for customers to choose from
- 13) A \_\_\_\_\_ is a business that sells products and/or services to consumers for their personal or family use.
  - A) manufacturer
  - B) wholesaler
  - C) retailer
  - D) distributor
  - E) none of these

14) A(n) \_\_\_\_\_ is a set of firms that make and deliver a given set of goods and services to the ultimate consumer.

- A) supply chain
- B) buying network
- C) economic network
- D) integrated wholesale network
- E) extended enterprise

15) A retailer's role in a supply chain is to

- A) act as the liaison between manufacturers and suppliers.
- B) buy merchandise exclusively from the manufacturers.
- C) negotiate with manufacturers to draw contracts for wholesalers.
- D) add value to products and services sold to customers.
- E) sell goods and services to wholesalers.

16) Retailers provide important functions that increase the value of the products and services they sell to consumers. Which of the following is *not* a value-creating activity performed by a retailer?

- A) Providing an assortment of products
- B) Reducing production costs with innovative designs
- C) Breaking bulk
- D) Holding inventory
- E) Providing an assortment of services

17) Samson's is a large clothing retailer. The store offers over 1,000 brands and 50,000 different products. Which of the following value-creating activities can *best* be seen in the given example?

- A) Breaking bulk
- B) Scrambled merchandising
- C) Vertical integration
- D) Offering assortments
- E) Add-on selling

18) Which of the following value-creating activities has retailers offering products in quantities tailored to customers' consumption patterns?

- A) Providing assortments
- B) Breaking bulk
- C) Add-on selling
- D) Holding inventory
- E) Scrambled merchandising

19) Which of the following statements about retailers holding inventory is false?

- A) This activity benefits customers with limited storage space, such as families living in small apartments.
- B) It allows customers to get the lowest price possible.
- C) Holding inventory in a store helps serve customers' needs.
- D) Retailers keep inventory so products are available when consumers want them.
- E) Holding inventory reduces consumers' cost of storing products.

20) The value-creating retail activity that is particularly important to consumers with small living quarters who cannot store a large quantity of products is

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

21) Grocers, a large food retailer, purchases fruits from several different tropical countries. When the fruits arrive in distribution centers across the United States, the quantities are reduced to amounts that are appropriate for store delivery. The stores, in turn, offer the fruits in quantities that depend on the consumption pattern of the customers. This act of offering products in smaller quantities based on consumption patterns is known as

- A) holding inventory.
- B) breaking bulk.
- C) forward integration.
- D) intensive distribution.
- E) consumerization.

22) \_\_\_\_\_ is the value-creating activity in which a retailer makes available a wide range of products of different brands and prices at a single location.

- A) Providing services
- B) Breaking bulk
- C) Providing assortments
- D) Holding inventory
- E) Exclusive dealing

23) Many retailers have and offer their own store credit card. This is an example of which of the following value-creating activities?

- A) Exclusive dealing
- B) Breaking bulk
- C) Holding inventory
- D) Offering assortments
- E) Providing services

24) Retailers that have a website with store locations, store hours, product information, product reviews, promotion information, instant chats, etc. offer which type of value added activity?

- A) Breaking bulk
- B) Holding inventory
- C) Providing assortments
- D) Exclusive distribution
- E) Providing services

25) Tech Games, a retailer, purchases of the video games and game consoles on a large scale. It then offers the products to customers in single quantities. The value-creating function performed by Tech Games in the given scenario is

- A) providing assortments.
- B) breaking bulk.
- C) holding inventory.
- D) providing services.
- E) creating a retail mix.

26) A major value-providing activity performed by retailers is \_\_\_\_\_, so that products will be available when consumers want them.

- A) breaking bulk
- B) holding inventory
- C) scrambled merchandising
- D) backward integration
- E) providing assortments

27) \_\_\_\_\_ means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

- A) Channel diversification
- B) Horizontal development
- C) Horizontal integration
- D) Vertical expansion
- E) Vertical integration

28) Fresh n Fragrant is a chain of flower shops offering a variety of flowers and ornamental plants. It recently opened a distribution center to supply ornamental plants and cut flowers to all its stores within a 300-mile radius. From the given scenario, it can be seen that Fresh n Fragrant is practicing

- A) vertical integration.
- B) channel expansion.
- C) horizontal expansion.
- D) horizontal integration.
- E) channel diversification.

29) Florals is a popular retail chain specializing in women's lingerie and perfume. It designs and sources its own private-label merchandise that is sold in the store. Therefore, Florals is practicing

- A) channel expansion.
- B) scrambled merchandising.
- C) backward integration.
- D) horizontal integration.
- E) product diversification.

30) Dailies is a large retail chain in New Jersey. Apart from selling to customers, Dailies supplies bread and vegetables to a large number of restaurants in and around New Jersey. Therefore, Dailies is engaged in \_\_\_\_\_ when selling to restaurants.

- A) wholesaling
- B) retailing
- C) merchandising
- D) breaking bulk
- E) channel expansion

31) A retailer that is vertically integrated

- A) concentrates on selling only to businesses.
- B) outsources all supply chain activities to independent firms.
- C) has limited control on the activities of the supply chain.
- D) performs more than one activity in the distribution channel.
- E) concentrates only on operating its own retail stores.

32) \_\_\_\_\_ arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise.

- A) Exclusive dealing
- B) Merchandising
- C) Backward integration
- D) Horizontal integration
- E) Forward integration

33) \_\_\_\_\_ occurs when a manufacturer undertakes retailing and wholesaling activities.

- A) Merchandising
- B) Exclusive dealing
- C) Backward integration
- D) Horizontal integration
- E) Forward integration

34) Essentials, a retail store, manages its own warehouse. It also owns a manufacturing facility where it produces private-label food products. Therefore, Essentials is practicing

- A) scrambled merchandising.
- B) backward integration.
- C) cross-selling.
- D) horizontal integration.
- E) forward integration.

35) Retailers function as wholesalers when

- A) they hold inventory.
- B) they perform manufacturing activities.
- C) they practice scrambled merchandising.
- D) they sell to other businesses.
- E) there is an intratype competition.

- 36) Shades n Hues is a company producing cosmetics. It supplies products to stores and beauty salons and also manages its own retail outlets. Therefore, Shades n Hues is engaged in
- A) forward integration.
  - B) scrambled merchandising.
  - C) backward integration.
  - D) horizontal integration.
  - E) cross-selling.
- 37) The U.S. retail industry
- A) has the lowest concentration of large firms.
  - B) has the greatest retail density in the world.
  - C) mostly has small stores operating independently.
  - D) depends on a single large wholesale industry.
  - E) consists of a fragmented distribution system.
- 38) \_\_\_\_\_ is the world's fastest-growing retail market.
- A) China
  - B) the United States
  - C) India
  - D) Russia
  - E) Brazil
- 39) Which of the following statements about the U.S. distribution system is true?
- A) The U.S. retail industry is mostly composed of many small and medium-sized firms.
  - B) Many U.S. retailers are large enough to have their own warehouses.
  - C) The retail density in the U.S. is lower than that found in Europe.
  - D) A large independent wholesale industry supplies goods to all retailers.
  - E) The U.S. retail industry has a fragmented distribution system.
- 40) The Chinese retail industry
- A) has a combination of large stores and large firms resulting in an efficient distribution system.
  - B) is characterized by many small and medium-sized firms.
  - C) has the most number of large retailers operating their own warehouses.
  - D) is characterized by a high retail density.
  - E) has extensive restrictions on retail locations, store size, and ownership.
- 41) Which of the following does *not* describe the distribution systems of the major international markets?
- A) The U.S. distribution system has the greatest retail density and the greatest concentration of large retail firms.
  - B) The Indian distribution system is characterized by small stores operated by relatively small firms and a large independent wholesale industry.
  - C) In China, there is great disparity between the distribution systems in different parts of the country.
  - D) Northern European retailing is similar to efficient distribution systems in the U.S.
  - E) Restrictions on retail locations, store size, and ownership are minimal in northern Europe and India.

42) \_\_\_\_\_ describes the voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders.

- A) Forward integration
- B) Corporate social responsibility
- C) Integrity management
- D) Customer engagement
- E) Ethical behavior

43) Happy Kids clothing store started a program where customers could bring in gently used clothing for donation to a local shelter for women and children. This is an example of which principle of conscious marketing?

- A) Recognition of the retailing firm's greater purpose
- B) The presence of conscious leadership
- C) Consideration of stakeholders' independence
- D) Distinguishing right from wrong
- E) Incentivizing employees to provide good service

44) When a firm's leaders adopt a conscious marketing approach

- A) the resulting corporate culture stays in accordance with the leaders' ideals.
- B) the firm engages in activities that provide a short-term financial benefit.
- C) the resulting corporate culture emphasizes making a profit.
- D) a group of employees is selected to focus on corporate social responsibility.
- E) the majority of stakeholders are not affected.

45) Which of the following is an example of a decision that involves business ethics?

- A) A retailer decides to close a location where sales have decreased.
- B) A retailer decides to start a customer loyalty program.
- C) A retailer decides to use a celebrity in an advertising campaign.
- D) A retailer decides to have its salespeople adopt a high-pressure sales approach when dealing with all customers.
- E) A retailer decides to manage its own distribution center.

46) Prime Industries Inc. is a large company producing a wide range of chemicals. It decides to focus on making its products more environmentally friendly. This is an example of

- A) vertical integration.
- B) providing assortments.
- C) wholesaling.
- D) conscious marketing.
- E) a supply chain.

- 47) Which of the following is true of retailing activities in the bottom of the pyramid (BoP) market?
- A) Retrofitting business models used in the more developed markets has proven successful.
  - B) Most people in BoP markets live in rural areas with limited access to mass media.
  - C) The ideas used in BoP retail marketing are similar to conventional retailing strategies.
  - D) High local demand results in low prices for consumer goods.
  - E) Firms are not motivated to enter the BoP market.
- 48) \_\_\_\_\_ are the most concentrated sector of the retail industry in the U.S.
- A) Fitness centers
  - B) Drugstore chains
  - C) Apparel stores
  - D) Home improvement centers
  - E) Food and beverage services
- 49) Retailers use customer transaction data to do all of the following *except*
- A) identify their best customers.
  - B) match the needs of a store's local market.
  - C) create customized promotions.
  - D) tailor product assortments.
  - E) identify political party preferences.
- 50) Students often view retailing as part of marketing because
- A) retailing does not involve traditional business activities.
  - B) retailing involves the management of distribution systems.
  - C) retailing requires only people with expertise in marketing.
  - D) activities in retailing are confined to advertising and promotion.
  - E) retailers are not part of the supply chain.
- 51) Which of the following is true of the career opportunities offered by the retailing industry?
- A) Retailers employ people with exclusive expertise in supply chain management.
  - B) Retail managers are often given considerable responsibility early in their careers.
  - C) Retailing offers limited opportunities for entrepreneurs.
  - D) Retail management is not a very lucrative career path.
  - E) People with a marketing background have limited opportunities in the retail industry.
- 52) The competition between the same type of retailers is called
- A) intertype competition.
  - B) indirect competition.
  - C) intratype competition.
  - D) scrambled merchandising.
  - E) intrinsic competition.

53) Daily Needs and Smart Saves are two large retailers in Canada. They compete with each other using similar marketing strategies. Which form of competition is seen between these two retailers?

- A) Intertype competition
- B) Indirect competition
- C) Intratype competition
- D) Scrambled merchandising
- E) Intrinsic competition

54) When Austin saw pastries and coffee being sold at his local bookstore, he knew it was an example of

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

55) Karen's is a popular clothing store in Boston. The store recently started selling designer watches. Thus, Karen's is practicing

- A) channel expansion.
- B) intertype competition.
- C) product diversification.
- D) scrambled merchandising.
- E) vertical differentiation.

56) The offering of merchandise not typically associated with the store type is called

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

57) Which of the following is the first step in the retail management decision process?

- A) Developing the retail communication mix
- B) Buying merchandise
- C) Developing a retail marketing strategy
- D) Understanding the world of retailing
- E) Customer relationship management

58) \_\_\_\_\_ form a part of the microenvironment that influences retail management decisions.

- A) Competitors
- B) Technologies
- C) Politics
- D) Legal aspects
- E) Ethics

- 59) A retailer's primary competitors are other retailers that
- A) are more vertically integrated.
  - B) use the same type of store format.
  - C) have the same target market.
  - D) sell online.
  - E) scramble merchandise.
- 60) Scrambled merchandising increases
- A) vertical integration.
  - B) intertype competition.
  - C) concentric diversification.
  - D) horizontal integration.
  - E) intratype competition.
- 61) Which of the following is *not* an example of intertype competition?
- A) A supermarket and a fresh flower stand
  - B) A coffee shop and a fast food restaurant
  - C) A supercenter and a pharmacy
  - D) An American Eagle store and a Macy's store
  - E) A Target store and a Walmart store
- 62) Darius Foods Inc. and Winston Foods and Beverages Inc. are competitors selling frozen meals. Darius sells its products through a large number of local convenience stores, while Winston sells its frozen meals through delis. Which form of competition is seen between these two firms?
- A) Intertype competition
  - B) Indirect competition
  - C) Intratype competition
  - D) Scrambled merchandising
  - E) Intrinsic competition
- 63) Increasing intertype competition has made it harder for retailers to identify their
- A) competition.
  - B) target market.
  - C) merchandise mix.
  - D) retail mix.
  - E) price points.
- 64) The intensity of competition is greatest among retailers when
- A) price dominates the retail mix.
  - B) their retail offerings are considered to be similar.
  - C) they resort to scrambled merchandising.
  - D) they focus on a narrow demographic trend.
  - E) they offer a limited range of products and services.

- 65) A \_\_\_\_\_ refers to the market toward which a retailer will direct its efforts.
- A) channel member
  - B) market segment
  - C) target market
  - D) mass market
  - E) warm market
- 66) The retail strategy helps a retailer to identify all of the following *except*:
- A) the target market toward which the retailer will direct its efforts.
  - B) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market.
  - C) how the retailer will build a long-term advantage over its competitors.
  - D) how to determine the break-even point for making profits.
- 67) When developing the \_\_\_\_\_ for his salon, Theo decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well-trained staff, and hair coloring for half-price every Wednesday to attract customers.
- A) selling concept
  - B) business cycle
  - C) retail strategy
  - D) focal point orientation
  - E) marketing concept
- 68) As the owner of Knights, a store specializing in men's suits, Isabella can use a retail strategy to identify all of the following *except*
- A) the advertising campaign developed to sell last season's merchandise.
  - B) the store's target market.
  - C) how the store will build a competitive advantage over other similar retailers.
  - D) what services the store will offer its customers.
  - E) what types of suits the store will stock.
- 69) A \_\_\_\_\_ identifies the target market, the merchandise and services that will be offered, and how the company will achieve long-term advantage over its competitors.
- A) retail strategy
  - B) corporate strategy
  - C) retail mix
  - D) supply chain
  - E) product mix
- 70) Which of the following is a key strategic decision made by a retailer?
- A) Managing merchandise inventories
  - B) Defining the target market
  - C) Managing the store
  - D) Creating the retail communication mix
  - E) Implementing visual merchandising

- 71) A retail mix refers to
- A) a strategy for identifying primary competitors through market research.
  - B) the idea of selling similar merchandise using different types of retail outlets, such as drug and department stores.
  - C) the concept of offering merchandise not typically associated with their type of store.
  - D) a set of decisions retailers make to satisfy customer needs and influence their purchase decisions.
  - E) a retailer's decision to undertake wholesaling and manufacturing activities.
- 72) Which of the following is a critical asset that enables retailers to build strategic advantages?
- A) Holding inventory
  - B) Breaking bulk
  - C) Providing services
  - D) Scrambled merchandising
  - E) Supply chain organization
- 73) A retail mix is developed to
- A) promote scrambled merchandising.
  - B) implement a retail strategy.
  - C) understand the retail market.
  - D) implement vertical integration.
  - E) formulate a retail strategy.
- 74) Which of the following is *not* an element in the retail mix?
- A) Competitive response
  - B) Merchandise pricing
  - C) Location
  - D) Customer service
  - E) Advertising and promotion
- 75) Retail information and supply chain management systems help retailers to do all of the following *except*
- A) gain strategic advantages.
  - B) monitor the flow of information and merchandise.
  - C) make sure desired merchandise is available when customers want it.
  - D) minimize the retailer's inventory investment.
  - E) avoid class action lawsuits.
- 76) \_\_\_\_\_ are the principles governing the behavior of individuals and companies that establish appropriate behavior and indicate what is right and wrong.
- A) Ethics
  - B) Acts
  - C) Training guidelines
  - D) Company traditions
  - E) Legislations

- 77) Which of the following statements is true of ethical principles?
- A) Ethical principles can change over time.
  - B) Ethics remain the same irrespective of the country or industry.
  - C) Most people have common views on ethical and unethical practices.
  - D) The personal code of ethics does not play a role in business decisions.
  - E) Ethical principles are often easy to determine.
- 78) What is the retailer's role in a supply chain?
- 79) What are the major value-creating activities performed by retailers?
- 80) Explain the importance of breaking bulk.
- 81) How have retailers incorporated corporate social responsibility (CSR) into their activities?
- 82) Explain briefly the problems faced by retailers before the development of sophisticated information systems.
- 83) How do retailers use customer transaction data?
- 84) Why do retailers hire people with varied expertise and interests?
- 85) How does scrambled merchandising impact retail competition?
- 86) With regard to customers, which aspects do retailers need to consider when developing a retail strategy?
- 87) How do retail information and supply chain management help retailers gain a strategic advantage?
- 88) Refer to the most current list of top global retailers provided on [www.nrf.com](http://www.nrf.com). List the top five retailers and compare to the year before; discuss any changes.

***Retailing Management, 10e (Levy)***  
**Chapter 1 Introduction to the World of Retailing**

1) Retailers are a key component in a supply chain that links manufacturers to consumers.

Answer: TRUE

Explanation: Retailers are a key component in a supply chain that links manufacturers to consumers.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

2) Hotels, hair salons, and auto repair businesses are considered retailers.

Answer: TRUE

Explanation: Often, people think of retailing only as the sale of products in stores, but retailing also involves the sale of services such as overnight lodging in a hotel, a doctor's exam, a haircut, or a home-delivered pizza.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

3) The retail sector plays a key role in developed economies.

Answer: TRUE

Explanation: The retail sector plays a key role in developed economies, not only because consumer demand is an indication of a vibrant financial system, but also because retailers are large employers.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

4) Companies are totally convinced about the importance of corporate social responsibility (CSR) during the initial stages of CSR integration.

Answer: FALSE

Explanation: Companies in the first stage engage only in CSR activities required by law. In this stage, companies are not actually convinced of the importance of CSR actions.

Difficulty: 1 Easy

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

5) The development of information systems is one of the forces facilitating the growth of large retail firms.

Answer: TRUE

Explanation: The development of information systems is one of the forces facilitating the growth of large retail firms—the shift from an industry dominated by small, local retailers to large multinational chains.

Difficulty: 2 Medium

Topic: The Changing Retail Industry

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Understand

AACSB: Technology

Accessibility: Keyboard Navigation

6) More retail transactions take place online now than in stores.

Answer: FALSE

Explanation: More than 90 percent of all retail sales are made in stores. Online transactions are growing at a fast pace; however, they still only occupy a small percentage of overall retail transactions.

Difficulty: 2 Medium

Topic: The Changing Retail Industry

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

7) Retailers do not perform traditional business activities.

Answer: FALSE

Explanation: Retailers are businesses and, like manufacturers, undertake all the traditional business activities.

Difficulty: 2 Medium

Topic: Characteristics of Retailers

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

8) Retailing offers entrepreneurial opportunities.

Answer: TRUE

Explanation: Retailing also provides opportunities for people who wish to start their own business. Some of the world's most successful people are retailing entrepreneurs.

Difficulty: 1 Easy

Topic: Retailing as a Career

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

9) The largest retail company in the world is headquartered in the United States of America.

Answer: TRUE

Explanation: Walmart is the largest retailer in the world and is headquartered in Bentonville, Arkansas.

Difficulty: 1 Easy

Topic: Characteristics of Retailers

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Knowledge

AACSB: Ethics

Accessibility: Keyboard Navigation

10) Ethical principles can change over time.

Answer: TRUE

Explanation: Ethical principles also can change over time. For example, some years ago, doctors and lawyers who advertised their services were considered unethical. Today, such advertising is accepted as common practice.

Difficulty: 1 Easy

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic; Ethics

Accessibility: Keyboard Navigation

11) All of the following businesses would be considered retailers *except*

A) a hot dog cart at the Highland Games.

B) Delta Airlines.

C) a university bookstore.

D) Priceline.com.

E) Procter & Gamble.

Answer: E

Explanation: Retailers are businesses that sell goods and/or services directly to a consumer for their personal or family use. Procter & Gamble manufactures and then sells its products to retailers to be sold to the end user. Hence, it is not a retailer by itself.

Difficulty: 2 Medium

Topic: Characteristics of Retailers

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

12) Why is it imperative that manufacturers like Hewlett-Packard and Procter & Gamble understand the operations of retailers?

- A) To sell directly online
- B) To encourage retailers to offer and promote their products
- C) To develop strategies for selling without retailers
- D) Retailers can expect fewer buyouts to occur
- E) To have a wide assortment of products for customers to choose from

Answer: B

Explanation: Retailers are the customers for most business-to-consumer (B-to-C) companies such as Procter & Gamble and Hewlett-Packard. Thus, brand managers in B-to-C companies need to have a thorough understanding of how retailers operate and make money so that they can encourage retailers to offer and promote their products.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

13) A \_\_\_\_\_ is a business that sells products and/or services to consumers for their personal or family use.

- A) manufacturer
- B) wholesaler
- C) retailer
- D) distributor
- E) none of these

Answer: C

Explanation: Retailers typically buy products from wholesalers and/or manufacturers and resell them to consumers.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

14) A(n) \_\_\_\_\_ is a set of firms that make and deliver a given set of goods and services to the ultimate consumer.

- A) supply chain
- B) buying network
- C) economic network
- D) integrated wholesale network
- E) extended enterprise

Answer: A

Explanation: A supply chain is a set of firms that make and deliver goods and services to consumers.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

15) A retailer's role in a supply chain is to

- A) act as the liaison between manufacturers and suppliers.
- B) buy merchandise exclusively from the manufacturers.
- C) negotiate with manufacturers to draw contracts for wholesalers.
- D) add value to products and services sold to customers.
- E) sell goods and services to wholesalers.

Answer: D

Explanation: Retailers add value and are more efficient at adding this value than manufacturers or wholesalers.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

16) Retailers provide important functions that increase the value of the products and services they sell to consumers. Which of the following is *not* a value-creating activity performed by a retailer?

- A) Providing an assortment of products
- B) Reducing production costs with innovative designs
- C) Breaking bulk
- D) Holding inventory
- E) Providing an assortment of services

Answer: B

Explanation: The value-creating activities undertaken by retailers include (1) providing an assortment of products and services, (2) breaking bulk, (3) holding inventory, and (4) providing services.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

17) Samson's is a large clothing retailer. The store offers over 1,000 brands and 50,000 different products. Which of the following value-creating activities can *best* be seen in the given example?

- A) Breaking bulk
- B) Scrambled merchandising
- C) Vertical integration
- D) Offering assortments
- E) Add-on selling

Answer: D

Explanation: Conventional supermarkets typically carry about 30,000 different items made by more than 500 companies. Offering an assortment enables their customers to choose from a wide selection of products, brands, sizes, and prices at one location.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

18) Which of the following value-creating activities has retailers offering products in quantities tailored to customers' consumption patterns?

- A) Providing assortments
- B) Breaking bulk
- C) Add-on selling
- D) Holding inventory
- E) Scrambled merchandising

Answer: B

Explanation: Retailers offer the products in smaller quantities tailored to individual consumers' and households' consumption patterns—an activity called breaking bulk. Breaking bulk is important to both manufacturers and consumers. It allows manufacturers to efficiently make and ship merchandise in larger quantities at one time and enables consumers to purchase merchandise in smaller, more useful quantities.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

19) Which of the following statements about retailers holding inventory is false?

- A) This activity benefits customers with limited storage space, such as families living in small apartments.
- B) It allows customers to get the lowest price possible.
- C) Holding inventory in a store helps serve customers' needs.
- D) Retailers keep inventory so products are available when consumers want them.
- E) Holding inventory reduces consumers' cost of storing products.

Answer: B

Explanation: A major value-providing activity performed by retailers is holding inventory so that products will be available when consumers want them; however, because of the additional stage in the overall supply chain, this adds to the price.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 20) The value-creating retail activity that is particularly important to consumers with small living quarters who cannot store a large quantity of products is
- A) providing assortments.
  - B) breaking bulk.
  - C) holding inventory.
  - D) providing services.
  - E) consumerization.

Answer: C

Explanation: Retailers perform the activity of holding inventory so that products will be available when consumers want them. Consumers know that retailers will have what they need when they need it. This is important to consumers with limited storage space, such as families living in small apartments.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 21) Grocers, a large food retailer, purchases fruits from several different tropical countries. When the fruits arrive in distribution centers across the United States, the quantities are reduced to amounts that are appropriate for store delivery. The stores, in turn, offer the fruits in quantities that depend on the consumption pattern of the customers. This act of offering products in smaller quantities based on consumption patterns is known as
- A) holding inventory.
  - B) breaking bulk.
  - C) forward integration.
  - D) intensive distribution.
  - E) consumerization.

Answer: B

Explanation: Breaking bulk allows manufacturers to efficiently make and ship merchandise in larger quantities at one time and enables consumers to purchase merchandise in smaller, more useful quantities.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

22) \_\_\_\_\_ is the value-creating activity in which a retailer makes available a wide range of products of different brands and prices at a single location.

- A) Providing services
- B) Breaking bulk
- C) Providing assortments
- D) Holding inventory
- E) Exclusive dealing

Answer: C

Explanation: Offering assortments enables customers to choose from a wide selection of products, brands, sizes, and prices at one location.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

23) Many retailers have and offer their own store credit card. This is an example of which of the following value-creating activities?

- A) Exclusive dealing
- B) Breaking bulk
- C) Holding inventory
- D) Offering assortments
- E) Providing services

Answer: E

Explanation: Retailers provide services that make it easier for customers to buy and use products. For example, retailers offer credit cards so that consumers can have a product now and pay for it later.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

24) Retailers that have a website with store locations, store hours, product information, product reviews, promotion information, instant chats, etc. offer which type of value added activity?

- A) Breaking bulk
- B) Holding inventory
- C) Providing assortments
- D) Exclusive distribution
- E) Providing services

Answer: E

Explanation: Retailers provide services that make it easier for customers to buy and use products. Some retailers employ salespeople in stores or maintain websites to answer questions and provide additional information about the retailer and the products they sell.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

25) Tech Games, a retailer, purchases of the video games and game consoles on a large scale. It then offers the products to customers in single quantities. The value-creating function performed by Tech Games in the given scenario is

- A) providing assortments.
- B) breaking bulk.
- C) holding inventory.
- D) providing services.
- E) creating a retail mix.

Answer: B

Explanation: Breaking bulk enables manufacturers to efficiently make and ship merchandise in large quantities and enables consumers to purchase merchandise in smaller, more useful quantities.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

26) A major value-providing activity performed by retailers is \_\_\_\_\_, so that products will be available when consumers want them.

- A) breaking bulk
- B) holding inventory
- C) scrambled merchandising
- D) backward integration
- E) providing assortments

Answer: B

Explanation: A major value-providing activity performed by retailers is holding inventory so that products will be available when consumers want them.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

27) \_\_\_\_\_ means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

- A) Channel diversification
- B) Horizontal development
- C) Horizontal integration
- D) Vertical expansion
- E) Vertical integration

Answer: E

Explanation: Vertical integration means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

28) Fresh n Fragrant is a chain of flower shops offering a variety of flowers and ornamental plants. It recently opened a distribution center to supply ornamental plants and cut flowers to all its stores within a 300-mile radius. From the given scenario, it can be seen that Fresh n Fragrant is practicing

- A) vertical integration.
- B) channel expansion.
- C) horizontal expansion.
- D) horizontal integration.
- E) channel diversification.

Answer: A

Explanation: Vertical integration means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

Difficulty: 2 Medium

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

29) Florals is a popular retail chain specializing in women's lingerie and perfume. It designs and sources its own private-label merchandise that is sold in the store. Therefore, Florals is practicing

- A) channel expansion.
- B) scrambled merchandising.
- C) backward integration.
- D) horizontal integration.
- E) product diversification.

Answer: C

Explanation: Backward integration arises when a retailer performs some wholesaling and manufacturing activities, such as operating warehouses or designing private-label merchandise.

Difficulty: 2 Medium

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

30) Dailies is a large retail chain in New Jersey. Apart from selling to customers, Dailies supplies bread and vegetables to a large number of restaurants in and around New Jersey. Therefore, Dailies is engaged in \_\_\_\_\_ when selling to restaurants.

- A) wholesaling
- B) retailing
- C) merchandising
- D) breaking bulk
- E) channel expansion

Answer: A

Explanation: Some large retailers, like Costco and Home Depot, function as both retailers and wholesalers: They perform retailing activities when they sell to consumers, but they engage in wholesaling activities when they sell to other businesses, such as restaurants or building contractors.

Difficulty: 2 Medium

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

31) A retailer that is vertically integrated

- A) concentrates on selling only to businesses.
- B) outsources all supply chain activities to independent firms.
- C) has limited control on the activities of the supply chain.
- D) performs more than one activity in the distribution channel.
- E) concentrates only on operating its own retail stores.

Answer: D

Explanation: Vertical integration means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

Difficulty: 2 Medium

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

32) \_\_\_\_\_ arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise.

- A) Exclusive dealing
- B) Merchandising
- C) Backward integration
- D) Horizontal integration
- E) Forward integration

Answer: C

Explanation: Backward integration arises when a retailer performs some wholesaling and manufacturing activities, such as operating warehouses or designing private-label merchandise.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

33) \_\_\_\_\_ occurs when a manufacturer undertakes retailing and wholesaling activities.

- A) Merchandising
- B) Exclusive dealing
- C) Backward integration
- D) Horizontal integration
- E) Forward integration

Answer: E

Explanation: Forward integration occurs when a manufacturer undertakes retailing and wholesaling activities, such as Apple operating its own retail stores.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 34) Essentials, a retail store, manages its own warehouse. It also owns a manufacturing facility where it produces private-label food products. Therefore, Essentials is practicing
- A) scrambled merchandising.
  - B) backward integration.
  - C) cross-selling.
  - D) horizontal integration.
  - E) forward integration.

Answer: B

Explanation: Backward integration arises when a retailer performs some wholesaling and manufacturing activities, such as operating warehouses or designing private-label merchandise.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 35) Retailers function as wholesalers when
- A) they hold inventory.
  - B) they perform manufacturing activities.
  - C) they practice scrambled merchandising.
  - D) they sell to other businesses.
  - E) there is an intratype competition.

Answer: D

Explanation: Some large retailers, like Costco and Home Depot, function as both retailers and wholesalers: They perform retailing activities when they sell to consumers, but they engage in wholesaling activities when they sell to other businesses, such as restaurants or building contractors.

Difficulty: 2 Medium

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

36) Shades n Hues is a company producing cosmetics. It supplies products to stores and beauty salons and also manages its own retail outlets. Therefore, Shades n Hues is engaged in

- A) forward integration.
- B) scrambled merchandising.
- C) backward integration.
- D) horizontal integration.
- E) cross-selling.

Answer: A

Explanation: Forward integration occurs when a manufacturer undertakes retailing and wholesaling activities, such as Apple operating its own retail stores.

Difficulty: 1 Easy

Topic: The Retailer's Role in the Supply Chain

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

37) The U.S. retail industry

- A) has the lowest concentration of large firms.
- B) has the greatest retail density in the world.
- C) mostly has small stores operating independently.
- D) depends on a single large wholesale industry.
- E) consists of a fragmented distribution system.

Answer: B

Explanation: The U.S. retail industry has the greatest retail density (retail stores per person) and concentration of large retail firms.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

38) \_\_\_\_\_ is the world's fastest-growing retail market.

- A) China
- B) the United States
- C) India
- D) Russia
- E) Brazil

Answer: A

Explanation: China is the world's fastest-growing retail market, poised to hit the \$8 trillion mark soon.

Difficulty: 2 Medium

Topic: The Changing Retail Industry

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

39) Which of the following statements about the U.S. distribution system is true?

- A) The U.S. retail industry is mostly composed of many small and medium-sized firms.
- B) Many U.S. retailers are large enough to have their own warehouses.
- C) The retail density in the U.S. is lower than that found in Europe.
- D) A large independent wholesale industry supplies goods to all retailers.
- E) The U.S. retail industry has a fragmented distribution system.

Answer: B

Explanation: Many U.S. retailers have stores with more than 20,000 square feet. Due to their size, they have the scale economies to operate their own warehouses, eliminating the need for wholesalers.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

40) The Chinese retail industry

- A) has a combination of large stores and large firms resulting in an efficient distribution system.
- B) is characterized by many small and medium-sized firms.
- C) has the most number of large retailers operating their own warehouses.
- D) is characterized by a high retail density.
- E) has extensive restrictions on retail locations, store size, and ownership.

Answer: A

Explanation: The Chinese distribution system is highly fragmented like the retail industry in India. It is composed of many small and medium-sized firms. The number of national and even regional chains is limited.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

41) Which of the following does *not* describe the distribution systems of the major international markets?

- A) The U.S. distribution system has the greatest retail density and the greatest concentration of large retail firms.
- B) The Indian distribution system is characterized by small stores operated by relatively small firms and a large independent wholesale industry.
- C) In China, there is great disparity between the distribution systems in different parts of the country.
- D) Northern European retailing is similar to efficient distribution systems in the U.S.
- E) Restrictions on retail locations, store size, and ownership are minimal in northern Europe and India.

Answer: E

Explanation: Restrictions on retail locations, store size, and ownership are extensive in northern Europe and India. They are minimal in the U.S. and modest in China.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

42) \_\_\_\_\_ describes the voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders.

- A) Forward integration
- B) Corporate social responsibility
- C) Integrity management
- D) Customer engagement
- E) Ethical behavior

Answer: B

Explanation: Corporate social responsibility (CSR) involves an organization voluntarily engaging in business practices that meet or exceed the ethical and legal expectations of its stakeholders—its employees, customers, community, and society in general.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Remember

AACSB: Ethics

Accessibility: Keyboard Navigation

43) Happy Kids clothing store started a program where customers could bring in gently used clothing for donation to a local shelter for women and children. This is an example of which principle of conscious marketing?

- A) Recognition of the retailing firm's greater purpose
- B) The presence of conscious leadership
- C) Consideration of stakeholders' independence
- D) Distinguishing right from wrong
- E) Incentivizing employees to provide good service

Answer: A

Explanation: When a retailer recognizes that its purpose should be more than just making profits the actions it undertakes change in focus. By taking action to help local children in need, Happy Kids is engaged in conscious marketing.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Apply

AACSB: Ethics

Accessibility: Keyboard Navigation

- 44) When a firm's leaders adopt a conscious marketing approach
- A) the resulting corporate culture stays in accordance with the leaders' ideals.
  - B) the firm engages in activities that provide a short-term financial benefit.
  - C) the resulting corporate culture emphasizes making a profit.
  - D) a group of employees is selected to focus on corporate social responsibility.
  - E) the majority of stakeholders are not affected.

Answer: A

Explanation: A conscious marketing approach implies that the firm's leaders are dedicated to the proposition of being conscious at all levels of the business, throughout its entire culture. The resulting conscious corporate culture stays in line with its higher purpose and in accordance with the leader's ideals.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Analytic; Ethics

Accessibility: Keyboard Navigation

- 45) Which of the following is an example of a decision that involves business ethics?
- A) A retailer decides to close a location where sales have decreased.
  - B) A retailer decides to start a customer loyalty program.
  - C) A retailer decides to use a celebrity in an advertising campaign.
  - D) A retailer decides to have its salespeople adopt a high-pressure sales approach when dealing with all customers.
  - E) A retailer decides to manage its own distribution center.

Answer: D

Explanation: Business ethics is concerned with distinguishing between right and wrong actions and decisions that arise in a business setting, according to broad and well-established moral principles. Retail managers may have to ask themselves: Should retail salespeople use a high-pressure sales approach when they know the product is not the best for the customer's needs?

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Reflective Thinking; Ethics

Accessibility: Keyboard Navigation

- 46) Prime Industries Inc. is a large company producing a wide range of chemicals. It decides to focus on making its products more environmentally friendly. This is an example of
- A) vertical integration.
  - B) providing assortments.
  - C) wholesaling.
  - D) conscious marketing.
  - E) a supply chain.

Answer: D

Explanation: Conscious marketing entails a sense of purpose for the firm higher than simply making a profit by selling products and services. One of the principles of conscious marketing is recognition of the retailing firm's great purpose, such as making strides toward more environmentally friendly products.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Apply

AACSB: Reflective Thinking; Ethics

Accessibility: Keyboard Navigation

- 47) Which of the following is true of retailing activities in the bottom of the pyramid (BoP) market?
- A) Retrofitting business models used in the more developed markets has proven successful.
  - B) Most people in BoP markets live in rural areas with limited access to mass media.
  - C) The ideas used in BoP retail marketing are similar to conventional retailing strategies.
  - D) High local demand results in low prices for consumer goods.
  - E) Firms are not motivated to enter the BoP market.

Answer: B

Explanation: It is difficult to communicate and complete transactions with people in the BoP market because they are more likely to lack access to mass media, the Internet, mobile phones, or credit cards than more affluent markets.

Difficulty: 1 Easy

Topic: Global Growth Opportunities

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 48) \_\_\_\_\_ are the most concentrated sector of the retail industry in the U.S.
- A) Fitness centers
  - B) Drugstore chains
  - C) Apparel stores
  - D) Home improvement centers
  - E) Food and beverage services

Answer: D

Explanation: Home improvement centers in particular are highly concentrated; the two largest firms (Home Depot and Lowe's) account for 45.6 percent of U.S. market share.

Difficulty: 1 Easy

Topic: Evolution of Retailing

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 49) Retailers use customer transaction data to do all of the following *except*
- A) identify their best customers.
  - B) match the needs of a store's local market.
  - C) create customized promotions.
  - D) tailor product assortments.
  - E) identify political party preferences.

Answer: E

Explanation: Many retailers now use the data they have on their customers to identify their best customers and target customized promotions to them, place products close to each other when they find that many customers are buying the same products at the same time, and tailor the assortment of products in each store to better match the needs of the store's local market.

Difficulty: 1 Easy

Topic: Evolution of Retailing

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Understand

AACSB: Technology

Accessibility: Keyboard Navigation

- 50) Students often view retailing as part of marketing because
- A) retailing does not involve traditional business activities.
  - B) retailing involves the management of distribution systems.
  - C) retailing requires only people with expertise in marketing.
  - D) activities in retailing are confined to advertising and promotion.
  - E) retailers are not part of the supply chain.

Answer: B

Explanation: Students often view retailing as part of marketing because managing distribution (place) is one of the 4 Ps of marketing.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Understand

AACSB: Analytic; Reflective Thinking

Accessibility: Keyboard Navigation

- 51) Which of the following is true of the career opportunities offered by the retailing industry?
- A) Retailers employ people with exclusive expertise in supply chain management.
  - B) Retail managers are often given considerable responsibility early in their careers.
  - C) Retailing offers limited opportunities for entrepreneurs.
  - D) Retail management is not a very lucrative career path.
  - E) People with a marketing background have limited opportunities in the retail industry.

Answer: B

Explanation: Retail managers are often given considerable responsibility early in their careers. Retail management is also financially rewarding.

Difficulty: 2 Medium

Topic: Retailing as a Career

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Understand

AACSB: Communication; Ethics

Accessibility: Keyboard Navigation

- 52) The competition between the same type of retailers is called
- A) intertype competition.
  - B) indirect competition.
  - C) intratype competition.
  - D) scrambled merchandising.
  - E) intrinsic competition.

Answer: C

Explanation: The competition between the same type of retailers is called intratype competition.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 53) Daily Needs and Smart Saves are two large retailers in Canada. They compete with each other using similar marketing strategies. Which form of competition is seen between these two retailers?
- A) Intertype competition
  - B) Indirect competition
  - C) Intratype competition
  - D) Scrambled merchandising
  - E) Intrinsic competition

Answer: C

Explanation: A retailer's primary competitors are other retailers that use the same retail approach.

The competition between the same type of retailers is called intratype competition.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

54) When Austin saw pastries and coffee being sold at his local bookstore, he knew it was an example of

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

Answer: A

Explanation: Scrambled merchandising occurs when retailers offer merchandise not typically associated with their type of store.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

55) Karen's is a popular clothing store in Boston. The store recently started selling designer watches. Thus, Karen's is practicing

- A) channel expansion.
- B) intertype competition.
- C) product diversification.
- D) scrambled merchandising.
- E) vertical differentiation.

Answer: D

Explanation: Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 56) The offering of merchandise not typically associated with the store type is called
- A) scrambled merchandising.
  - B) intratype competition.
  - C) product diversification.
  - D) channel diversification.
  - E) vertical differentiation.

Answer: A

Explanation: Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 57) Which of the following is the first step in the retail management decision process?
- A) Developing the retail communication mix
  - B) Buying merchandise
  - C) Developing a retail marketing strategy
  - D) Understanding the world of retailing
  - E) Customer relationship management

Answer: D

Explanation: The first step in the retail management decision process is understanding the world of retailing. Retail managers need to know the environment in which they operate before they can develop and implement effective strategies.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 58) \_\_\_\_\_ form a part of the microenvironment that influences retail management decisions.
- A) Competitors
  - B) Technologies
  - C) Politics
  - D) Legal aspects
  - E) Ethics

Answer: A

Explanation: The retailer's microenvironment focuses specifically on its competitors and customers.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 59) A retailer's primary competitors are other retailers that
- A) are more vertically integrated.
  - B) use the same type of store format.
  - C) have the same target market.
  - D) sell online.
  - E) scramble merchandise.

Answer: B

Explanation: The competition between the same type of retailers is called intratype competition. A retailer's primary competitors are other retailers that use the same retail approach.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

60) Scrambled merchandising increases

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

Answer: B

Explanation: Scrambled merchandise is offering merchandise not typically associated with the store type, and it increases intertype competition or competition between retailers that sell similar merchandise using different types of stores.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

61) Which of the following is *not* an example of intertype competition?

- A) A supermarket and a fresh flower stand
- B) A coffee shop and a fast food restaurant
- C) A supercenter and a pharmacy
- D) An American Eagle store and a Macy's store
- E) A Target store and a Walmart store

Answer: E

Explanation: Offering merchandise not typically associated with the store type increases intertype competition or competition between retailers that sell similar merchandise using different types of stores. Since Target and Walmart use the same format of store, they are intratype competitors, and all others are intertype competitors.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

62) Darius Foods Inc. and Winston Foods and Beverages Inc. are competitors selling frozen meals. Darius sells its products through a large number of local convenience stores, while Winston sells its frozen meals through delis. Which form of competition is seen between these two firms?

- A) Intertype competition
- B) Indirect competition
- C) Intratype competition
- D) Scrambled merchandising
- E) Intrinsic competition

Answer: A

Explanation: Intertype competition is the competition among retailers that sell similar merchandise using different types of retail outlets, such as drug and department stores.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

63) Increasing intertype competition has made it harder for retailers to identify their

- A) competition.
- B) target market.
- C) merchandise mix.
- D) retail mix.
- E) price points.

Answer: A

Explanation: Increasing intertype competition makes it harder for retailers to identify and monitor their competition. In one sense, all retailers compete against one another for the dollars that consumers spend on goods and services. But the intensity of competition is greatest among retailers whose offerings are viewed as very similar.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

- 64) The intensity of competition is greatest among retailers when
- A) price dominates the retail mix.
  - B) their retail offerings are considered to be similar.
  - C) they resort to scrambled merchandising.
  - D) they focus on a narrow demographic trend.
  - E) they offer a limited range of products and services.

Answer: B

Explanation: The intensity of competition is greatest among retailers whose offerings are viewed as very similar.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 65) A \_\_\_\_\_ refers to the market toward which a retailer will direct its efforts.
- A) channel member
  - B) market segment
  - C) target market
  - D) mass market
  - E) warm market

Answer: C

Explanation: The retail strategy identifies the target market, or markets, toward which the retailer will direct its efforts.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

- 66) The retail strategy helps a retailer to identify all of the following *except*:
- A) the target market toward which the retailer will direct its efforts.
  - B) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market.
  - C) how the retailer will build a long-term advantage over its competitors.
  - D) how to determine the break-even point for making profits.

Answer: D

Explanation: The retail strategy identifies (1) the target market, or markets, toward which the retailer will direct its efforts; (2) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market; and (3) how the retailer will develop unique assets that enable it to achieve long-term advantage over its competitors.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

- 67) When developing the \_\_\_\_\_ for his salon, Theo decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well-trained staff, and hair coloring for half-price every Wednesday to attract customers.
- A) selling concept
  - B) business cycle
  - C) retail strategy
  - D) focal point orientation
  - E) marketing concept

Answer: C

Explanation: The retail strategy identifies (1) the target market, or markets, toward which the retailer will direct its efforts; (2) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market; and (3) how the retailer will build develop unique assets that enable it to achieve long-term advantage over its competitors.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

68) As the owner of Knights, a store specializing in men's suits, Isabella can use a retail strategy to identify all of the following *except*

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

Answer: A

Explanation: A retail strategy identifies how the retailer will build develop unique assets that enable it to achieve long-term advantage over its competitors.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

69) A \_\_\_\_\_ identifies the target market, the merchandise and services that will be offered, and how the company will achieve long-term advantage over its competitors.

- A) retail strategy
- B) corporate strategy
- C) retail mix
- D) supply chain
- E) product mix

Answer: A

Explanation: The retail strategy identifies (1) the target market, or markets, toward which the retailer will direct its efforts; (2) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market; and (3) how the retailer will build develop unique assets that enable it to achieve long-term advantage over its competitors.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

70) Which of the following is a key strategic decision made by a retailer?

- A) Managing merchandise inventories
- B) Defining the target market
- C) Managing the store
- D) Creating the retail communication mix
- E) Implementing visual merchandising

Answer: B

Explanation: The key strategic decisions a retailer makes are defining its target market and its financial objectives.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

71) A retail mix refers to

- A) a strategy for identifying primary competitors through market research.
- B) the idea of selling similar merchandise using different types of retail outlets, such as drug and department stores.
- C) the concept of offering merchandise not typically associated with their type of store.
- D) a set of decisions retailers make to satisfy customer needs and influence their purchase decisions.
- E) a retailer's decision to undertake wholesaling and manufacturing activities.

Answer: D

Explanation: To implement a retail strategy, retailers develop a retail mix that satisfies the needs of its target market better than that of its competitors. The retail mix is a set of decisions retailers make to satisfy customer needs and influence their purchase decisions.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

72) Which of the following is a critical asset that enables retailers to build strategic advantages?

- A) Holding inventory
- B) Breaking bulk
- C) Providing services
- D) Scrambled merchandising
- E) Supply chain organization

Answer: E

Explanation: Some strategic decisions involve the development of critical assets that enable retailers to build strategic advantages. These strategic assets are location, human resource, information and supply chain systems, supply chain organization, and customer loyalty.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic

Accessibility: Keyboard Navigation

73) A retail mix is developed to

- A) promote scrambled merchandising.
- B) implement a retail strategy.
- C) understand the retail market.
- D) implement vertical integration.
- E) formulate a retail strategy.

Answer: B

Explanation: To implement a retail strategy, retailers develop a retail mix that satisfies the needs of its target market better than that of its competitors.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Analytic

Accessibility: Keyboard Navigation

74) Which of the following is *not* an element in the retail mix?

- A) Competitive response
- B) Merchandise pricing
- C) Location
- D) Customer service
- E) Advertising and promotion

Answer: A

Explanation: The elements in the retail mix include the types of merchandise and services offered, merchandise pricing, advertising and promotional programs, store design, merchandise display, assistance to customers provided by salespeople, and convenience of the store's location.

Difficulty: 1 Easy

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Remember

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

75) Retail information and supply chain management systems help retailers to do all of the following *except*

- A) gain strategic advantages.
- B) monitor the flow of information and merchandise.
- C) make sure desired merchandise is available when customers want it.
- D) minimize the retailer's inventory investment.
- E) avoid class action lawsuits.

Answer: E

Explanation: Retail information and supply chain management systems also offer a significant opportunity for retailers to gain strategic advantage. Sophisticated computer and distribution technologies are part of an overall inventory management system that enables retailers to (1) make sure desired merchandise is available when customers want it and (2) minimize the retailer's inventory investment.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

76) \_\_\_\_\_ are the principles governing the behavior of individuals and companies that establish appropriate behavior and indicate what is right and wrong.

- A) Ethics
- B) Acts
- C) Training guidelines
- D) Company traditions
- E) Legislations

Answer: A

Explanation: Ethics are the principles governing individuals and companies that establish appropriate behavior and indicate what is right and wrong.

Difficulty: 1 Easy

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Remember

AACSB: Reflective Thinking; Ethics

Accessibility: Keyboard Navigation

77) Which of the following statements is true of ethical principles?

- A) Ethical principles can change over time.
- B) Ethics remain the same irrespective of the country or industry.
- C) Most people have common views on ethical and unethical practices.
- D) The personal code of ethics does not play a role in business decisions.
- E) Ethical principles are often easy to determine.

Answer: A

Explanation: Ethical principles also can change over time. For example, some years ago, doctors and lawyers who advertised their services were considered unethical. Today, such advertising is accepted as common practice.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Apply

AACSB: Reflective Thinking; Ethics

Accessibility: Keyboard Navigation

78) What is the retailer's role in a supply chain?

Answer: A retailer is a business that sells products and/or services to consumers for their personal or family use. Retailers are a key component in a supply chain that links manufacturers to consumers. Retailers typically buy products from wholesalers and/or manufacturers and resell them to consumers.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Analytic; Communication

Accessibility: Keyboard Navigation

79) What are the major value-creating activities performed by retailers?

Answer: The value-creating activities undertaken by retailers include (1) providing an assortment of products and services, (2) breaking bulk, (3) holding inventory, and (4) providing services.

Difficulty: 1 Easy

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Remember

AACSB: Analytic; Communication

Accessibility: Keyboard Navigation

80) Explain the importance of breaking bulk.

Answer: To reduce transportation costs, manufacturers and wholesalers typically ship cases of frozen dinners or cartons of blouses to retailers. Retailers then offer the products in smaller quantities tailored to individual consumers' and households' consumption patterns—an activity called breaking bulk. Breaking bulk is important to both manufacturers and consumers. It allows manufacturers to efficiently make and ship merchandise in larger quantities at one time and enables consumers to purchase merchandise in smaller, more useful quantities.

Difficulty: 2 Medium

Topic: What is Retailing?

Learning Objective: 01-01 Identify retailing activities.

Bloom's: Understand

AACSB: Communication; Reflective Thinking

Accessibility: Keyboard Navigation

81) How have retailers incorporated corporate social responsibility (CSR) into their activities?

Answer: Corporate social responsibility (CSR) involves an organization voluntarily engaging in business practices that meet or exceed the ethical and legal expectations of its stakeholders—its employees, customers, community, and society in general. Many retailers now go the extra mile to support their communities, environment, and social causes. Examples include reducing their use of energy, supporting local schools, and working with national organizations such as the American Red Cross and Habitat for Humanity. These corporate social responsibility activities promote a positive image to customers, build employee morale, and save money—a win-win scenario for both the companies and their stakeholders.

Difficulty: 2 Medium

Topic: Ethical Considerations in Advertising, Promotion, and IMC Campaigns

Learning Objective: 01-02 Realize the importance of retailing in the U.S. and world economies.

Bloom's: Understand

AACSB: Communication; Reflective Thinking; Ethics

Accessibility: Keyboard Navigation

82) Explain briefly the problems faced by retailers before the development of sophisticated information systems.

Answer: Prior to the development of sophisticated information systems, it was difficult for someone other than the local store manager to track how the merchandise in the store was selling—whether it was selling above plan and needed to be reordered or was selling below plan and needed to have its price reduced. It was also difficult to collect and consolidate the plans from a number of different stores so that a buyer could place large orders with vendors to get price discounts. Thus, before the availability of modern information systems, it was difficult for retailers to lower costs through scale economies, and larger retailers had limited advantages over small local or regional retailers.

Difficulty: 2 Medium

Topic: Evolution of Retailing

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Understand

AACSB: Communication; Reflective Thinking

Accessibility: Keyboard Navigation

83) How do retailers use customer transaction data?

Answer: Many retailers now use the data they have on their customers to identify their best customers and target customized promotions to them, place products close to each other when they find that many customers are buying the same products at the same time, and tailor the assortment of products in each store to better match the needs of the store's local market.

Difficulty: 2 Medium

Topic: Evolution of Retailing

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Understand

AACSB: Analytic; Communication

Accessibility: Keyboard Navigation

84) Why do retailers hire people with varied expertise and interests?

Answer: Retailers are businesses and, like manufacturers, undertake all the traditional business activities. Retailers raise capital from financial institutions; purchase goods and services; use accounting and management information systems to control their operations; manage warehouses and distribution systems; design and develop new products; and undertake marketing activities such as advertising, promotion, sales force management, and market research. Thus, retailers employ people with expertise and interests in finance, accounting, human resource management, supply chain management, and computer systems, as well as management and marketing.

Difficulty: 2 Medium

Topic: Retailing as a Career

Learning Objective: 01-04 Recognize the opportunities for you in retailing.

Bloom's: Understand

AACSB: Communication; Reflective Thinking

Accessibility: Keyboard Navigation

85) How does scrambled merchandising impact retail competition?

Answer: Scrambled merchandising increases intertype competition, or competition among retailers that sell similar merchandise using different types of retail outlets, such as drug and department stores. Increasing intertype competition makes it harder for retailers to identify and monitor their competition. In one sense, all retailers compete against one another for the dollars that consumers spend on goods and services. But the intensity of competition is greatest among retailers whose offerings are viewed as very similar.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Communication; Reflective Thinking

Accessibility: Keyboard Navigation

86) With regard to customers, which aspects do retailers need to consider when developing a retail strategy?

Answer: Retailers must respond to broad demographic and lifestyle trends in our society, such as the growth in the senior and minority segments of the U.S. population or the importance of shopping convenience to the increasing number of two-income families. To develop and implement an effective strategy, retailers must understand why customers shop, how they select a store, and how they select among that store's merchandise

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Communication; Reflective Thinking

Accessibility: Keyboard Navigation

87) How do retail information and supply chain management help retailers gain a strategic advantage?

Answer: Retail information and supply chain management systems offer a significant opportunity for retailers to gain strategic advantage. Retailers are developing sophisticated computer and distribution technologies to monitor flows of information and merchandise from vendors to retail distribution centers to retail stores. These technologies are part of an overall inventory management system that enables retailers to (1) make sure desired merchandise is available when customers want it and (2) minimize the retailer's inventory investment.

Difficulty: 2 Medium

Topic: The Strategic Retail Management Decision Process

Learning Objective: 01-05 Understand the strategic retail management decision process.

Bloom's: Understand

AACSB: Analytic; Communication

Accessibility: Keyboard Navigation

88) Refer to the most current list of top global retailers provided on [www.nrf.com](http://www.nrf.com). List the top five retailers and compare to the year before; discuss any changes.

Answer:

1 Walmart

2 Costco

3 The Kroger Co.

4 Schwarz Unternehmens Treuhand

5 Tesco

Difficulty: 2 Medium

Topic: Evolution of Retailing

Learning Objective: 01-03 Analyze the changing retail industry.

Bloom's: Apply

AACSB: Analytic; Communication

Accessibility: Keyboard Navigation