

Exam

Name \_\_\_\_\_

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

- 1) The largest sectors in terms of retail sales are: 1) \_\_\_\_\_
- A) Food, Beverage, and Automotive
  - B) Automotive and Building supplies
  - C) Pharmacies and Building supplies
  - D) Furniture and Pharmacies
  - E) General merchandise and Clothing

Answer: A

- 2) Retail managers must make complex decisions including all of the following except: 2) \_\_\_\_\_
- A) Mission statement
  - B) Training and motivating sales associates
  - C) Target markets
  - D) Retail locations
  - E) Merchandise and services offerings

Answer: A

- 3) What is retailing? 3) \_\_\_\_\_
- A) It is the set of business activities that adds value to the products and services sold to consumers for their personal or family use
  - B) It is the process of offering products in smaller quantities for consumer consumption patterns
  - C) It is the merchandising component of the retail mix
  - D) It is the strategy retailers and vendors use to get products into the stores
  - E) It is the ability to offer enough variety in a store to encourage one-stop shopping

Answer: A

- 4) Which of the following businesses would be considered a retailer? 4) \_\_\_\_\_
- A) Air Canada
  - B) Your local hair salon
  - C) Canadian Tire
  - D) Tim Hortons
  - E) Your local hair salon, Air Canada, Tim Hortons, and Canadian Tire

Answer: E

- 5) Which of the following is most likely to be considered a retailer? 5) \_\_\_\_\_
- A) A university
  - B) The Better Business Bureau
  - C) The Red Cross
  - D) A radio talk show
  - E) All of the choices.

Answer: A

- 6) A retailer's role in the distribution channel is to: 6) \_\_\_\_\_
- A) act as the liaison between manufacturers and wholesalers
  - B) buy merchandise exclusively from the manufacturers
  - C) sell to wholesalers
  - D) negotiate with consumers through a series of focus groups
  - E) satisfy the needs of the consumers

Answer: E

- 7) \_\_\_\_\_ is when a firm performs more than one set of activities in the channel. 7) \_\_\_\_\_
- A) Horizontal integration
  - B) Channel diversification
  - C) Vertical integration
  - D) Vertical development
  - E) Distribution channel

Answer: C

- 8) Prior Snowboards located in Whistler, B.C. manufactures many of the snowboards it sells in its retail outlet at its own factory in Canada. Prior Snowboards is practicing: 8) \_\_\_\_\_
- A) demographic marketing
  - B) wholesaling
  - C) product-related marketing
  - D) vertical integration
  - E) globalization

Answer: D

- 9) If a chain of florist shops opened a plant nursery to provide gift plants and cut flowers to all of its outlets within a 300-mile radius, the chain would be practicing: 9) \_\_\_\_\_
- A) vertical integration
  - B) service marketing
  - C) channel expansion
  - D) horizontal expansion
  - E) vertical retailing

Answer: A

- 10) What is the primary advantage for retailers to be vertically integrated? 10) \_\_\_\_\_
- A) Retailers have realized that to stay competitive, they must become vertically integrated
  - B) Retailers can develop unique merchandise sold only in their stores; retailers can expand their services easily to the Internet because they can direct orders to the manufacturer; retailers have realized that to stay competitive, they must become vertically integrated; and customers preferring retailers that are vertically integrated are all advantages.
  - C) Customers prefer retailers who are vertically integrated
  - D) Retailers can expand their services easily to the Internet because they can direct orders to the manufacturer
  - E) Retailers can develop unique merchandise sold only in their stores

Answer: E

- 11) A retailer that is vertically integrated: 11) \_\_\_\_\_
- A) performs more than one function in the chain from manufacturing to sales to end user
  - B) does not have frequent communication between buyers and managers
  - C) concentrates on selling to businesses only
  - D) performs only the function to end user
  - E) has an excellent vertical relationship between corporate headquarters and stores

Answer: A

- 12) Which of the following statements about retailers holding inventory is false? 12) \_\_\_\_\_
- A) By holding inventory, retailers can decrease the visual merchandising expenditure
  - B) Retailers keep inventory so that products are available when consumers want them
  - C) Holding inventory in a store helps serve the customer's needs
  - D) By having inventory held in the store, consumers can hold less merchandise at home
  - E) Holding inventory reduces consumer's cost of storing products

Answer: A

- 13) Grocers purchase bananas from several different tropical countries. When bananas arrive in the distribution centres across Canada, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the bananas for the consumer to select. Grocers are performing what function? 13) \_\_\_\_\_
- A) Breaking bulk
  - B) Distribution
  - C) Vertical integration
  - D) Providing services
  - E) Holding inventory

Answer: A

- 14) Providing assortments is an advantageous business activity because it: 14) \_\_\_\_\_
- A) enables the customer to save money by being able to shop in one store
  - B) enables the company to create a more informational and entertaining environment which would promote more sales
  - C) enables the customer to choose from a wide selection of brands, designs, sizes, and prices all in one store
  - D) enables the customer to stock up on the assortments because of their availability
  - E) enables the company to reinvest savings

Answer: C

- 15) One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity? 15) \_\_\_\_\_
- A) Well-lit parking lots
  - B) Trained salespeople to answer questions
  - C) Payment by debit cards
  - D) Clean washrooms
  - E) Clean washrooms, payment by debit cards, trained salespeople, and well-lit parking lots are all appropriate examples.

Answer: E

- 16) One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity? 16) \_\_\_\_\_
- A) Increasing employee pilferage
  - B) Selling on the Internet as an additional channel
  - C) Performing a situation analysis
  - D) Ignoring the competition
  - E) None of the available answers are correct.

Answer: B

- 17) A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting its members on a regular basis, the credit union is engaging in the business function of: 17) \_\_\_\_\_
- A) holding inventory
  - B) providing services
  - C) financing
  - D) breaking bulk
  - E) providing assortments

Answer: B

- 18) Retailing is the nation's largest industry in terms of: 18) \_\_\_\_\_
- A) variety
  - B) community involvement
  - C) competition
  - D) promotions
  - E) employment

Answer: E

- 19) Provinces with the highest retail sales in order are: 19) \_\_\_\_\_
- A) Ontario, Quebec, Alberta, and British Columbia
  - B) Ontario, Alberta, Quebec, and British Columbia
  - C) Quebec, British Columbia, Prairies, Ontario, and Atlantic Canada
  - D) Ontario, British Columbia, Quebec, and Alberta
  - E) Alberta, Atlantic Canada, Ontario, British Columbia, and Quebec

Answer: A

- 20) 72 percent of all retail businesses employ fewer than \_\_\_\_\_ persons. 20) \_\_\_\_\_
- A) 50                      B) 5                      C) 25                      D) 10                      E) 100

Answer: B

- 21) The competition between the same types of retailers is called: 21) \_\_\_\_\_
- A) intertype competition
  - B) intratype competition
  - C) indirect competition
  - D) vertical integration
  - E) scrambled merchandising

Answer: B

- 22) Which of the following would be an example of intratype competitors? 22) \_\_\_\_\_
- A) Sears and La Senza
  - B) Loblaws and Amazon.ca
  - C) IGA and Shoppers Drug Mart
  - D) Walmart and Target
  - E) Future Shop and eBay

Answer: D

- 23) Best Buy (electronics) and Future Shop (electronics) are what type of competitors? 23) \_\_\_\_\_
- A) indirect
  - B) intratype
  - C) horizontal
  - D) vertical
  - E) intertype

Answer: B

- 24) Which of the following would be an intratype competitor for an IGA supermarket? 24) \_\_\_\_\_
- A) Loblaws
  - B) Shoppers Drug Mart
  - C) Subway
  - D) Old Navy
  - E) Walmart

Answer: A

- 25) What is Variety? 25) \_\_\_\_\_
- A) Variety is the number of different facets of the business plan
  - B) Variety is the number of different SKU's within a merchandise category
  - C) Variety is the number of different merchandise categories within a store
  - D) Variety is the number of different items in a category
  - E) Variety is another term for scrambled merchandising

Answer: C

- 26) When McDonald's opened its first restaurant, a hungry patron could order a hamburger, French fries and a shake. In those early years, McDonald's did not offer much: 26) \_\_\_\_\_
- A) product depth
  - B) assortment
  - C) quantity
  - D) variety
  - E) value

Answer: D

- 27) Chapters stores sell Godiva chocolates. By selling such products, Chapters is: 27) \_\_\_\_\_
- A) offering what the market demands
  - B) offering a good merchandise mix
  - C) offering deep product assortments
  - D) practicing scrambled merchandising
  - E) practicing intratype competition

Answer: D

- 28) The offering of merchandise not typically associated with the store type is called: 28) \_\_\_\_\_
- A) product diversification
  - B) channel conflict
  - C) vertical differentiation
  - D) intratype competition
  - E) scrambled merchandising

Answer: E

- 29) Delia was delighted to see that the local Shoppers Drug Mart carried milk, bread, and snacking crackers. Her delight indicates she has never seen: 29) \_\_\_\_\_
- A) an acceptable merchandising mix
  - B) a retail mix
  - C) this type of intratype competition
  - D) a deep product assortment
  - E) scrambled merchandising

Answer: E

- 30) Scrambled merchandising increases: 30) \_\_\_\_\_
- A) intertype competition
  - B) concentric diversification
  - C) horizontal integration
  - D) vertical integration
  - E) intratype competition

Answer: A

- 31) Which of the following would be an example of intertype competition? 31) \_\_\_\_\_
- A) A department store and a pharmacy
  - B) A convenience store and a fast food restaurant
  - C) A specialty store and a department store
  - D) A supermarket and a fresh flower stand
  - E) All answers provided are correct.

Answer: E

- 32) Walmart, Loblaws, and Future Shop are in what kind of competition? 32) \_\_\_\_\_
- A) horizontal
  - B) indirect
  - C) intratype
  - D) intertype
  - E) channel

Answer: D

- 33) Increasing intertype competition has made it harder for retailers to identify their: 33) \_\_\_\_\_
- A) competition
  - B) merchandise mix
  - C) retail mix
  - D) target market
  - E) none of the answers provided are correct.

Answer: A

- 34) The intensity of competition is greatest among retailers when: 34) \_\_\_\_\_
- A) they are located far from each other and target the same customer
  - B) they are located near each other and target the same customer
  - C) they are located far from each other and offer similar retail offerings
  - D) they are located near each other and offer similar retail offerings
  - E) price dominates the retail mix

Answer: D

- 35) As part of a retailing strategy, a retailer looks to changes in demographics and responds to these changes with their retail mix. The following are examples of demographic trends except: 35) \_\_\_\_\_
- A) the growth of the elderly population
  - B) the rising number of two-income families
  - C) the increased emphasis on customer service
  - D) the retirement of the Baby Boomers
  - E) the growth of minority segments

Answer: C

- 36) Once a retailer understands its environment, it needs to develop and implement a(n): 36) \_\_\_\_\_
- A) functional strategy
  - B) retail strategy
  - C) advertising plan
  - D) customer base
  - E) competitive strategy

Answer: B

- 37) Lydia owns the Shake Shack, a small ice cream shop on a busy beach boardwalk that specializes in a variety of milkshakes, malts and cones. She has identified her customer as a person walking on the boardwalk—mostly vacationers who want something cool and quick with no frills. She located herself close to parking for easy access, unlike some of her competitors. Lydia seems to have developed a strong: 37) \_\_\_\_\_
- A) retail strategy
  - B) location strategy
  - C) business plan
  - D) selling strategy
  - E) business concept

Answer: A



38) When developing the \_\_\_\_\_ for his new salon, George decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well trained staff and half-price perm day every Thursday to attract customers. 38) \_\_\_\_\_

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

Answer: A

39) As the owner of a store specializing in men's suits, Isabella can use a retail strategy statement to identify all of the following except: 39) \_\_\_\_\_

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

Answer: B

40) How are retailers using point-of-sale (POS) terminals and Universal Product Codes (UPCs) affixed to merchandise? As a way to: 40) \_\_\_\_\_

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

Answer: C

41) A business philosophy and set of strategies, programs, and systems that focus on identifying and building loyalty with a firm's most-valued customers is called: 41) \_\_\_\_\_

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

Answer: B

- 42) Which of the following statements about location strategy is true? 42) \_\_\_\_\_
- A) Location is the second most important characteristic that consumers examine when selecting a store
  - B) Consumers do not use convenience as a basis for selecting where to shop
  - C) Location can never be used to gain any kind of long-term advantage over competitors due to retailing's low entry barriers
  - D) Location offers an opportunity to gain a long-term advantage over competitors
  - E) The only two characteristics more important than location in the selection process of where to shop are price and sales promotions

Answer: D

- 43) The key strategic elements of the retail strategy are: 43) \_\_\_\_\_
- A) organizational structures
  - B) location strategies
  - C) market strategies
  - D) financial strategies
  - E) all of these

Answer: E

- 44) To implement a retail strategy, a retailer must develop a \_\_\_\_\_ that satisfies the needs of its target market better than its competitors. 44) \_\_\_\_\_
- A) retail mix
  - B) situation analysis
  - C) horizontal integration
  - D) sales orientation
  - E) production orientation

Answer: A

- 45) Once a well-articulated retail strategy has been developed, the next step is to: 45) \_\_\_\_\_
- A) evaluate the results of the strategy
  - B) implement the strategy
  - C) forecast future environmental trends
  - D) override the control mechanism
  - E) confirm that environmental conditions have not changed

Answer: B

- 46) To implement a retail strategy, management must: 46) \_\_\_\_\_
- A) locate the ideal location
  - B) determine its target market and set retail objectives
  - C) develop a retail mix that satisfies the needs of its target market better than its competitors
  - D) set pricing strategies and determine promotions
  - E) develop budgets and acquire merchandise

Answer: C

- 47) The combination of factors retailers use to satisfy customer needs and influence their purchase decisions is called the firm's: 47) \_\_\_\_\_
- A) retail mix
  - B) marketing concept
  - C) retailing concept
  - D) target market
  - E) none of these

Answer: A

- 48) Which of the following is part of a retailer's retail mix? 48) \_\_\_\_\_
- A) Services offered
  - B) Advertising
  - C) Displays
  - D) Trained salespeople
  - E) All of these

Answer: E

- 49) Which of the following is not an element in the retail mix? 49) \_\_\_\_\_
- A) Merchandise assortments
  - B) Location
  - C) Competitive response
  - D) Customer service
  - E) Advertising and promotion

Answer: C

- 50) Which of the following parts of the retail mix can be utilized by a small hardware store? 50) \_\_\_\_\_
- A) A new ad campaign that uses both radio and newspaper media
  - B) Bright lighting in the store, which makes it easier to read the messages
  - C) Attractive point-of-purchase displays at the ends of the store's aisles
  - D) Store location next door to a hospital
  - E) All of these

Answer: E

- 51) Which of the following is not a part of the retail mix for a furniture store? 51) \_\_\_\_\_
- A) Television commercials
  - B) Furniture assortments
  - C) Competitive response
  - D) The location of the store
  - E) Store credit card

Answer: C

- 52) Retailers face ethical issues on a regular basis. The following are all TRUE except: 52) \_\_\_\_\_
- A) Ethics are the principles governing the behaviour of individuals and companies to establish appropriate behaviour and indicate what is right and wrong.
  - B) Some years ago, doctors and lawyers who advertised their services in Canada were considered unethical.
  - C) Offering bribes to overcome bureaucratic roadblocks is globally recognized as an unaccepted practice.
  - D) Offering bribes to overcome bureaucratic roadblocks is illegal in Canada.
  - E) Today, advertising by doctors and lawyers in Canada is considered legal.

Answer: C

- 53) Retailing offers today's graduates opportunities for careers in management as well as entrepreneurial opportunities. The following are all Canadian entrepreneurs and their Canadian originated retail outlets except: 53) \_\_\_\_\_
- A) Eddie Black - Black's Cameras
  - B) Tim Horton - Tim Hortons
  - C) John Forzani - Forzani Group - Sport Chek
  - D) John Holt and G.R. Renfrew - Holt Renfrew
  - E) Samuel Cost and Sharon Conner - Costco

Answer: E

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

- 54) Best Buy purchases many of the CDs, PlayStation 2 games, DVDs and DVD players by the truckload, then sells them in smaller quantities to its stores where consumers are allowed to buy them one at a time. What business function is Best Buy performing?

Answer: Breaking bulk

- 55) When is the intensity of competition between retail stores the greatest?

Answer: When they are involved in intratype competition that is close to each other with similar retail offerings, such as in a shopping mall.

- 56) What type of merchandising increases intertype competition?

Answer: Scrambled merchandising

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

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

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

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

59) What is the retailer's role in the distribution channel?

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

60) List the four functions performed by retailers.

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

61) How do retailers increase the value consumers receive from their purchases?

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

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

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

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

Answer: Intratype competition refers to the competition between retailers with the same format. An example would be the competition between Loblaws and Sobeys for sale of fresh salmon. Intertype competition refers to the competition between retailers that sell similar merchandise using different formats. An example would be the sale of Maybelline mascara between Walmart and Shoppers Drug Mart.

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

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

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

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

66) Why do retailers consider customers as important when developing a retail strategy?

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

67) What are the three things identified by a retail strategy statement?

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

68) Why is location strategy important for both consumers and for competitive reasons?

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