

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

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

true

false

If you have ordered food from a restaurant, gotten a haircut from a salon, or ordered clothing from a catalog, you have done business with a retailer.

true

false

The retail sector plays a minimum role in the development of the U.S. economy and developed economies around the world.

true

false

Corporate social responsibility entails a sense of purpose for a firm, more than just making a profit by selling products and services.

true

false

The growth of retail analytics is one of the forces facilitating the growth of large retail firms.

true

false

More retail transactions take place online now than in stores.

true

false

Retailers do not perform traditional business activities.

true

false

Retailing offers entrepreneurial opportunities.

true

false

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

true

false

Ethical principles can change over time.

true

false

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

Which is an example of a nonstore effort involving retailing?

a firm that sells electronic components to a computer manufacturer

an online store that sells office supplies to several businesses

a university bookstore that sells textbooks to students through its online bookstore

a grocery store that houses a florist shop within the store

a restaurant that offers delivery through a mobile app

Danby Music sells and services musical instruments to students participating in school bands. The company has three store locations and also sells products on its website. Danby Music can be classified as a

wholesaler.

retailer.

local supply chain.

manufacturer.

distributor.

A_____ is a business that sells products and/or services to consumers for their personal or family use.

manufacturer

wholesaler

retailer

distributor

supplier

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

supply chain

buying network

economic network

integrated wholesale network

extended enterprise

A retailer's role in a supply chain is to

act as the liaison between manufacturers and suppliers.

buy merchandise exclusively from the manufacturers.

negotiate with manufacturers to draw contracts for wholesalers.

add value to products and services sold to customers.

sell goods and services to wholesalers.

When retailers engage in activities like breaking bulk or holding inventory, they add _____ to the supply chain.

inefficiency

value

costs

confusion

competition

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

breaking bulk

scrambled merchandising

vertical integration

offering assortments

add-on selling

Which value-creating activity has retailers offering products in quantities tailored to customers' consumption patterns?

providing assortments

breaking bulk

add-on selling

holding inventory

scrambled merchandising

Which value-creating activity performed by retailers helps in having products available when consumers want them?

breaking bulk

holding inventory

providing assortments

providing services

assisting in the supply chain

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

providing assortments.

breaking bulk.

holding inventory.

providing services.

consumerization.

Garden Fresh, a large food retailer, purchases vegetables from several different countries. When the vegetables 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 vegetables 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

holding inventory.

breaking bulk.

forward integration.

intensive distribution.

consumerization.

_____ 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.

Providing services

Breaking bulk

Providing assortments

Holding inventory

Exclusive dealing

Many retailers have and offer their own store credit card. This is an example of which value-creating activity?

exclusive dealing

breaking bulk

holding inventory

offering assortments

providing services

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?

breaking bulk

holding inventory

providing assortments

exclusive distribution

providing services

Business Solutions, a retailer, purchases computers, monitors, and printers on a large scale. It then offers the products to customers in single quantities. The value-creating function performed by Business Solutions in the given scenario is

providing assortments.

breaking bulk.

holding inventory.

providing services.

creating a retail mix.

In retailing, value-creating activities undertaken by channel members

increase the benefits to consumers and decreases the cost of the product or service.

increases the cost of products and services sold to customers.

always decreases the quality of products and services sold to customers.

decreases the cost of products and services sold to customers.

has no bearing on the benefits or cost of the product or service.

_____ 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.

Channel diversification

Horizontal development

Horizontal integration

Vertical expansion

Vertical integration

Floral Expressions 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 Floral Expressions is practicing

vertical integration.

channel expansion.

horizontal expansion.

horizontal integration.

channel diversification.

Entice 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, Entice is practicing

channel expansion.

scrambled merchandising.

backward integration.

horizontal integration.

product diversification.

Simon Brothers is a large retail chain in New Jersey. Apart from selling to customers, the company sells bread and vegetables to a large number of restaurants in and around New Jersey. Therefore, Simon Brothers is engaged in _____ when selling to restaurants.

wholesaling

retailing

merchandising

breaking bulk

channel expansion

A retailer that is vertically integrated

concentrates on selling only to businesses.

outsources all supply chain activities to independent firms.

has limited control on the activities of the supply chain.

performs more than one activity in the supply chain.

concentrates only on operating its own retail stores.

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

Exclusive dealing

Merchandising

Backward integration

Horizontal integration

Forward integration

_____ occurs when a manufacturer undertakes retailing and wholesaling activities.

Merchandising

Exclusive dealing

Backward integration

Horizontal integration

Forward integration

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

scrambled merchandising.

backward integration.

cross-selling.

horizontal integration.

forward integration.

Retailers function as wholesalers when

they hold inventory.

they perform manufacturing activities.

they practice scrambled merchandising.

they sell to other businesses.

there is an intratype competition.

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

forward integration.

scrambled merchandising.

backward integration.

horizontal integration.

cross-selling.

The U.S. retail industry

has the lowest concentration of large firms.

accounts for the most square footage of any country in the world

mostly has small stores operating independently.

depends on a single large wholesale industry.

consists of a fragmented distribution system.

_____ is the world's fastest-growing retail market.

China

the United States

India

Russia

Brazil

Which statement about the U.S. distribution system is true?

The U.S. retail industry is mostly composed of many small and medium-sized firms.

Many U.S. retailers are large enough to have their own warehouses.

The retail density in the United States is lower than that found in Europe.

A large independent wholesale industry supplies goods to all retailers.

The U.S. retail industry has a fragmented distribution system.

A characteristic of the Chinese retail industry is that it

has a combination of large stores and large firms resulting in an efficient distribution system.

is characterized by many small and medium-sized firms.

has the most number of large retailers operating their own warehouses.

is characterized by a high retail density.

has extensive restrictions on retail locations, store size, and ownership.

How does retailing in India differ from retailing in the United States?

The retail industry in India accounts for fewer stores but more square footage than that of the United States.

Unlike the United States, most retailing jobs in India are as store clerks and store owners.

Unlike the United States, India does not have the capability to offer e-commerce on a large scale.

The retail industry in India is concentrated in only a few large vertically integrated chains.

The Indian retail market consists mainly of small shops offering limited assortment but deep personalization.

What two key factors of the retail industry have a significant impact on developed economies?

the number of retail stores that operate both domestically and internationally

the demand consumers have for product offerings and the number of people employed in the industry

the amount of merchandise sold and the government regulations on the retail industry

the amount of money consumers spend on products and the overall profit of retail firms

the willingness of retailers to open large stores and available warehouses able to supply products

_____ 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.

Forward integration

Corporate social responsibility

Integrity management

Customer engagement

Ethical behavior

Which statement is true of retailing activities in the base of the pyramid (BoP) market?

Retrofitting business models used in the more developed markets has proven successful.

Most people in BoP markets live in rural areas with limited access to mass media.

The ideas used in BoP retail marketing are similar to conventional retailing strategies.

High local demand results in low prices for consumer goods.

Firms are not motivated to enter the BoP market.

Just Like New 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?

recognition of the retailing firm's greater purpose

the presence of conscious leadership

consideration of stakeholders' independence

distinguishing right from wrong

incentivizing employees to provide good service

When a firm's leaders adopt a conscious retailing approach

meaningful practices are embedded throughout the entire culture.

the firm engages in activities that provide a short-term financial benefit.

the resulting corporate culture emphasizes making a profit.

a group of employees is selected to focus on corporate social responsibility.

the majority of stakeholders are not affected.

An example of a decision that involves business ethics is when a retailer decides to

close a location where sales have decreased.

start a customer loyalty program.

use a celebrity in an advertising campaign.

sell merchandise it suspects was made using child labor.

manage its own distribution center.

Prime Eyewear is a large company selling a wide range of prescription eyewear and sunglasses. It decides that for every pair of eyeglasses it sells, it will donate a pair to a needy individual in an impoverished country. This is an example of

vertical integration.

providing assortments.

wholesaling.

conscious retailing.

a supply chain.

_____ are the most concentrated sector of the retail industry in the United States

Fitness centers

Drugstore chains

Apparel stores

Home improvement centers

Food and beverage services

Inputting retail and customer data into dedicated analytical models, tools, and dashboards to inform strategic retailing decisions is referred to as

market segmentation.

conscious retailing.

forward integration.

backward integration.

retail analytics.

What factor has fueled the growth of small local retailers giving way to large multinational chains?

better market segmentation strategies

a movement away from conscious retailing

the ability to vertically integrate

inability to be socially responsible

the use of sophisticated analytical systems

In terms of evolving retail, what affect did the COVID-19 pandemic have on retail in general?

It drove the need to improve digital retailing channels.

It fostered a move away from conscious retailing.

It forced large retailers to open more brick-and-mortar stores.

It reduced the need for efficient supply chain systems.

It removed the need for retail analytical systems.

Students often view retailing as part of marketing because

retailing does not involve traditional business activities.

retailing involves the management of distribution systems.

retailing requires only people with expertise in marketing.

activities in retailing are confined to advertising and promotion.

retailers are not part of the supply chain.

Which statement is true of the career opportunities offered by the retailing industry?

Retailers employ people with exclusive expertise in supply chain management.

Retail managers are often given considerable responsibility early in their careers.

Retailing offers limited opportunities for entrepreneurs.

Retail management is not a very lucrative career path.

People with a marketing background have limited opportunities in the retail industry.

Sam Walton began his retailing career by buying a franchise in which retail outlet?

Kmart discount store

Woolworth five and dime store

Ben Franklin variety store

G.C. Murphy variety store

Sears department store

The competition between the same type of retailers is called

intertype competition.

indirect competition.

intratype competition.

scrambled merchandising.

intrinsic competition.

Rolfs and Martins 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?

Intertype competition

Indirect competition

Intratype competition

Scrambled merchandising

Intrinsic competition

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

scrambled merchandising.

intertype competition.

product diversification.

channel conflict.

vertical differentiation.

A popular beauty store recently started selling designer watches. This is an example of channel expansion.

intertype competition.

product diversification.

scrambled merchandising.

vertical differentiation.

The offering of merchandise not typically associated with the store type is called scrambled merchandising.

intratype competition.

product diversification.

channel diversification.

vertical differentiation.

What is the first step in the retail management decision process?

developing the retail communication mix

buying merchandise

developing a retail marketing strategy

understanding the world of retailing

managing customer relationships

_____ form a part of the microenvironment that influences retail management decisions.

Competitors

Technologies

Politics

Legal aspects

Ethics

A retailer's primary competitors are other retailers that

are more vertically integrated.

use the same retail approach.

have the same target market.

sell online.

scramble merchandise.

Scrambled merchandising increases

vertical integration.

intertype competition.

concentric diversification.

horizontal integration.

intratype competition.

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

Intertype competition

Indirect competition

Intratype competition

Scrambled merchandising

Intrinsic competition

A_____ refers to the market toward which a retailer will direct its efforts.

channel member

market segment

target market

mass market

warm market

The retail strategy helps a retailer to identify all of the following *except*:

the target market toward which the retailer will direct its efforts.

the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market.

how the retailer will build a long-term advantage over its competitors.

how to determine the break-even point for making profits.

When developing the_____ for his salon, Lars 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.

selling concept

business cycle

retail strategy

focal point orientation

marketing concept

As the owner of Threads, a store specializing in men's suits, Brianna can use a retail strategy to identify all of the following *except*

the advertising campaign developed to sell last season's merchandise.

the store's target market.

how the store will build a competitive advantage over other similar retailers.

what services the store will offer its customers.

what types of suits the store will stock.

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.

retail strategy

corporate strategy

retail mix

supply chain

product mix

Which is a key strategic decision made by a retailer?

managing merchandise inventories

defining the target market

managing the store

creating the retail communication mix

implementing visual merchandising

A retail mix refers to

a strategy for identifying primary competitors through market research.

the idea of selling similar merchandise using different types of retail outlets, such as drug and department stores.

the concept of offering merchandise not typically associated with their type of store.

a set of decisions retailers make to satisfy customer needs and influence their purchase decisions.

a retailer's decision to undertake wholesaling and manufacturing activities.

What is a critical asset that enables retailers to build strategic advantages?

holding inventory

breaking bulk

providing services

scrambled merchandising

supply chain organization

A retail mix is developed to

promote scrambled merchandising.

implement a retail strategy.

understand the retail market.

implement vertical integration.

formulate a retail strategy.

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

competitive response

merchandise pricing

location

customer service

advertising and promotion

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

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

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

Explain the importance of breaking bulk.

List and briefly describe the five overriding principles of conscious retailing.

What is retail analytics and how might it be used by a retailer?

Why do retailers hire people with varied expertise and interests?

How does scrambled merchandising impact retail competition?

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

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

Answer Key

Test name: Ch1_Retailing Management_11e

TRUE

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

TRUE

Often, people think of retailing only as the sale of products in stores, but retailing also involves nonstore efforts, such as calling or clicking to order merchandise displayed on televised or livestreamed channels, selecting items and setting a time to receive a grocery delivery through a mobile app, or buying through a link posted on an influencer's social media page.

FALSE

Not only does consumer demand in the retail sector provide an indication of a vibrant financial system, but retailers also function as important sources of jobs.

FALSE

Corporate social responsibility involves an organization voluntarily engaging in business practices that meet or exceed the ethical and legal expectations of its stakeholders. Conscious retailing entails a sense of purpose for the firm, higher than simply making a profit by selling products and services.

TRUE

To facilitate their continued growth and manage their vast operations, top retailers rely heavily on advanced databases and retail analytics, which also support their retailing efforts (both in-store and online). Whereas once retail managers might have relied on their "gut" feelings about what customers wanted, today they turn to retail analytics, which involve inputting retail and customer data into dedicated analytical models, tools, and dashboards to inform strategic retailing decisions.

FALSE

Recent statistics indicate that nearly 16 percent of retail sales in the United States take place through electronic commerce.

FALSE

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

TRUE

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

TRUE

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

TRUE

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.

E

Retailers are businesses that sell goods and/or services directly to a consumer for their personal or family use. Often, people think of retailing only as the sale of products and services in stores, but retailing also involves nonstore efforts, such as placing a delivery order for food from a restaurant on a mobile phone app and ordering hiking boots from a L.L. Bean catalog.

B

A retailer is a business that sells products and/or services to consumers for their personal or family use.

C

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

A

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

D

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

B

The value-creating activities undertaken by retailers include

1. (1) providing an assortment of products,
2. (2) providing services,
3. (3) breaking bulk, and
4. (4) holding inventory.

D

As a relevant example of providing an assortment of products, conventional supermarkets typically carry about 33,000 different items made by more than 500 companies. A broad assortment enables customers to choose from a wide selection of products, brands, sizes, and prices at one location.

B

To reduce transportation costs, manufacturers and wholesalers typically ship cases of products 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 produce and ship merchandise efficiently in larger quantities at one time, but it enables consumers to purchase the specific merchandise they want in smaller, more useful quantities.

B

A major value-providing activity performed by retailers is holding inventory so that products will be available when consumers want them. Thus, consumers can keep a smaller inventory of products at home, because they know local retailers will have the products available when they need more.

C

Retailers perform the activity of holding inventory so that products will be available when consumers want them. Consumers know retailers will have the products available when they need more. This activity is particularly important to consumers with limited storage space, such as students staying in tiny dorm rooms and families living in small apartments.

B

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.

C

Providing an assortment of products enables customers to choose from a wide selection of products, brands, sizes, and prices at one location.

E

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.

E

Retailers provide services that make it easier for customers to buy and use products. Some retailers employ salespeople in stores to answer questions; most retailers today provide search- and information-related services by maintaining websites, apps, and a social media presence so that shoppers can check inventory or gather more detailed information about the available offerings.

B

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

B

While the value-creating activities undertaken by channel members provide benefits to customers, they also increase the cost of products and services.

E

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

A

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.

C

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

A

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.

D

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.

C

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

E

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

B

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

D

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.

A

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

B

Real estate in the United States is relatively inexpensive, and most consumers own automobiles. Thus, retailers often operate large stores in lightly populated areas; in terms of retail space per capita, the United States accounts for the most square footage of any country in the world. Due to their substantial size, big name U.S. retailers enjoy scale economies and can operate their own warehouses, eliminating the need for wholesalers. This combination of large stores and large firms results in a very efficient distribution system.

A

China is the world's fastest-growing retail market, with a retail sector valued at \$3.8 trillion. It also leads the world in e-commerce sales, with a 54.7% share of the global market.

B

Due to their substantial size, big name U.S. retailers enjoy scale economies and can operate their own warehouses, eliminating the need for wholesalers. This combination of large stores and large firms results in a very efficient distribution system.

B

The Chinese distribution system is highly fragmented like the retail industry in India. It is composed of many small and medium-sized firms.

E

In India (where annual retail revenues reach \$1.4 trillion), the retail market consists mainly of informal sellers, functioning largely as mom-and-pop shops, such that the employees are all family members. They carry a limited assortment, but they offer extended bulk breaking (e.g., sales of single-serving packages) and deep personalization, based on their intimate knowledge of their customers.

B

Consumer spending plays a critical role in the economies of the United States and other developed economies. When consumers spend more money buying goods and services from retailers, a country's economy flourishes. Thus, 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

B

Corporate social responsibility (CSR) involves an organization voluntarily engaging in business practices that meet or exceed the ethical and legal expectations of its stakeholders.

B

It is difficult to communicate and complete transactions with people in BoP markets because they often lack access to mass media, the Internet, or credit cards. Most people in BoP markets live in rural areas—remote villages that are not connected to the outside world through adequate roads. Limited local demand combined with the high cost of transporting goods to and from remote villages results in higher costs and prices for consumer goods.

A

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.

A

The presence of conscious leadership helps create a conscious corporate culture. Conscious retailing implies that the firm's leaders are dedicated to being conscious at all levels of the business and have embedded meaningful practices throughout the entire culture.

D

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. A difficult situation that retail managers may face is whether a retailer should sell merchandise that it suspects was made using child labor.

D

Conscious retailing 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 donating products, ensuring employment opportunities, or making strides toward more energy-efficient stores.

D

Home improvement centers in particular are highly concentrated; the two largest firms account for 45.5% of U.S. market share.

E

Whereas once retail managers might have relied on their “gut” feelings about what customers wanted, today they turn to retail analytics, which involve inputting retail and customer data into dedicated analytical models, tools, and dashboards to inform strategic retailing decisions.

E

Small local retailers have given way to large multinational chains. This transition was strongly facilitated by sophisticated analytical systems.

A

In particular, especially among modern shoppers who already have gained experience with buying things online, e-commerce interactions have grown more intuitive. During the COVID-19 pandemic, brick-and-mortar locations closed for extended periods, forcing consumers to turn to online channels to fulfill their product needs.

B

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

B

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

C

After purchasing a Ben Franklin variety store franchise in Newport, Arkansas, Sam Walton discovered that he could boost profits if he could find suppliers that would sell him merchandise at lower prices than it cost him to buy them from Ben Franklin. Walton lost his store in 1950, when the landlord refused to renew his lease, but the challenge pushed him to move and open a new Ben Franklin store with his younger brother. By 1960, the Waltons had 15 stores in Arkansas and Missouri, laying the foundation for what would become Walmart.

C

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

C

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.

A

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

D

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

A

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

D

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.

A

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

B

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.

B

Scrambled merchandising is offering merchandise not typically associated with the store type, and it increases intertype competition or competition among retailers that sell similar merchandise using different types of retail outlets.

A

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

C

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

D

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.

C

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.

A

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

A

The retail strategy identifies

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

B

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

D

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.

E

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.

B

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

A

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.

Essay

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.

Essay

The value-creating activities undertaken by retailers include

1. (1) providing an assortment of products,
2. (2) providing services,
3. (3) breaking bulk, and
4. (4) holding inventory.

Essay

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 produce and ship merchandise efficiently and in larger quantities at one time, but it enables consumers to purchase merchandise in smaller, more useful quantities.

Essay

Conscious retailing entails a sense of purpose for the firm, higher than simply making a profit by selling products and services. It encompasses five overriding principles:

1. Recognition of the retailer's greater purpose. When retailers recognize that their purpose should be more than just making profits—whether the purpose is donating shoes, actively seeking to avoid single-use plastics, or making strides toward more energy-efficient stores—the actions it undertakes change in focus.
2. Consideration of stakeholders and their interdependence. Retailers that embrace the notion of conscious marketing realize that to serve as many stakeholders as possible but avoid inflicting severe damage on any others, they must give up their exclusive focus on maximizing profits.
3. The presence of conscious leadership, creating a conscious corporate culture. Conscious retailing implies that a firm's leaders are dedicated to being conscious at all levels of the business and have embedded meaningful practices throughout the entire culture.
4. The understanding that decisions are ethically based. Retailers that are engaged in conscious retailing make decisions that are based on sound business ethics.
5. A commitment to social issues. Consumers often seek out retailers that stand for the social values that they embrace. Conscious retailers therefore must define their social stances and then demonstrate their commitment to those claims in all their actions, from sourcing raw materials to seeking diversity in their human resources to devising appropriate and inclusive marketing campaigns.

Essay

Whereas once retail managers might have relied on their “gut” feelings about what customers wanted, today they turn to retail analytics, which involve inputting retail and customer data into dedicated analytical models, tools, and dashboards to inform strategic retailing decisions. For example, retailers might use analytics to identify emerging retail trends, establish more enjoyable customer experiences, or assess how well their existing marketing efforts are working. With retail analytics and the associated tools, retail managers also seek better insights into how to serve their customers, leverage available resources, reduce operational costs, and increase sales or profits.

Essay

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.

Essay

Scrambled merchandising increases intertype competition, or competition among retailers that sell similar merchandise using different types of retail outlets, such as drugstores 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.

Essay

Retailers must respond to broad demographic and lifestyle trends in our society, such as the growth in older adult 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.

Essay

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.