

Student name: _____

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

The largest sectors in terms of retail sales are:

General merchandise and Clothing

Pharmacies and Building supplies

Food, Beverage, and Automotive

Furniture and Pharmacies

Automotive and Building supplies

Retail managers must make complex decisions including all of the following EXCEPT:

Target markets

Retail locations

Merchandise and services offerings

Mission statement

Training and motivating sales associates

What is retailing?

It is the set of business activities that adds value to the products and services sold to consumers for their personal or family use

It is the merchandising component of the retail mix

It is the strategy retailers and vendors use to get products into the stores

It is the process of offering products in smaller quantities for consumer consumption patterns

It is the ability to offer enough variety in a store to encourage one-stop shopping

Which of the following businesses would be considered a retailer?

Your local hair salon

Air Canada

Tim Hortons

Canadian Tire

Your local hair salon, Air Canada, Tim Hortons, and Canadian Tire

Which of the following is most likely to be considered a retailer?

A cyber-security firm

A university

A marketing agency

A long-haul freight transportation logistics provider

A commercial realtor

A retailer's role in the distribution channel is to:

act as the liaison between manufacturers and wholesalers

buy merchandise exclusively from the manufacturers

negotiate with consumers through a series of focus groups

satisfy the needs of the consumers

sell to wholesalers

What best describes firms that perform more than one set of activities in the distribution channel?

Channel diversification

Distribution channel

Horizontal integration

Vertical development

Vertical integration

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 practising:

demographic marketing.

globalization.

product-related marketing.

vertical integration.

wholesaling.

If a chain of flower 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:

vertical integration

channel expansion

horizontal expansion

vertical retailing

service marketing

What is the primary competitive advantage for retailers to be vertically integrated?

Retailers can develop unique merchandise sold only in their stores.

Retailers can expand their services easily to the Internet.

Retailers have realized that to stay competitive, they must become vertically integrated.

Customers prefer retailers who are vertically integrated.

Retailers can develop unique pricing strategies.

A retailer that is vertically integrated:

concentrates on selling to businesses only

does not have frequent communication between buyers and managers

has an excellent vertical relationship between corporate headquarters and stores

performs more than one function in the chain from manufacturing to sales to end user

performs only the function to end user

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

By having inventory held in the store, consumers can hold less merchandise at home

By holding inventory, retailers can decrease the visual merchandising expenditure

Holding inventory in a store helps serve the customer's needs

Retailers keep inventory so that products are available when consumers want them

Holding inventory reduces consumer's cost of storing products

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?

Holding inventory

Vertical integration

Breaking bulk

Distribution

Providing services

Providing assortments is an advantageous business activity because it:

enables the company to create a more informational and entertaining environment which would promote more sales

enables the company to reinvest savings

enables the customer to choose from a wide selection of brands, designs, sizes, and prices all in one store

enables the customer to save money by being able to shop in one store

enables the customer to stock up on the assortments because of their availability

Which of the following is NOT an example of how retailers provide services aimed to enhance the customer's perception of value?

Clean washrooms

Payment by debit cards

Trained salespeople to answer questions

Well-lit parking lots

Deep assortment of products

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?

Ignoring the competition

Increasing employee theft

Performing a situation analysis

Selling on the Internet as an additional channel

Creating a new media advertisement

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, and 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:

breaking bulk.

holding inventory.

providing assortments.

providing services.

vertical integration.

Retailing is the nation's largest industry in terms of:

community involvement

competition

employment

promotions

variety

Provinces with the highest retail sales in order are:

Ontario, British Columbia, Quebec, and Alberta.

Ontario, Alberta, Quebec, and British Columbia.

Alberta, Atlantic Canada, Ontario, British Columbia, and Quebec.

Ontario, Quebec, British Columbia and Alberta.

Quebec, British Columbia, Prairies, Ontario, and Atlantic Canada.

Large retail chains dominate many segments in the Canadian marketplace. The top 100 retail organizations still control _____percent of the non-automotive retail sales.

100

75

50

10

5

The competition between the same types of retailers is called:

indirect competition

intertype competition

intratype competition

scrambled merchandising

vertical integration

Which of the following would be an example of intratype competitors?

Walmart and Target

The Bay and La Senza

IGA and Shoppers Drug Mart

Best Buy and eBay

Loblaws and Amazon.ca

Best Buy (electronics) and The Source(electronics) are what type of competitors?

indirect

intratype

intertype

vertical

horizontal

Which of the following would be an intratype competitor for an IGA supermarket?

Walmart

Subway

Loblaws

Shoppers Drug Mart

Old Navy

What is variety?

Variety is the number of different merchandise categories within a store

Variety is the number of different SKU's within a merchandise category

Variety is the number of different items in a category

Variety is another term for scrambled merchandising

Variety is the number of different facets of the business plan

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:

variety and assortment

product innovation

quantity

value

variety

Indigo stores sell Godiva chocolates. By selling such products, Indigo is:

offering a good merchandise mix

offering what the market demands

offering deep product assortments

practicing intratype competition

practicing scrambled merchandising

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

channel conflict

intratype competition

product diversification

scrambled merchandising

vertical differentiation

Delia was delighted to see that the local Shoppers Drug Mart carried milk, bread, and snacking crackers. Her delight indicates the retailer is practising:

a deep product assortment.

an acceptable merchandising mix.

a retail mix.

scrambled merchandising.

this type of intratype competition.

Scrambled merchandising increases:

vertical integration

intertype competition

concentric diversification

horizontal integration

intratype competition

Which of the following would NOT be an example of intertype competition?

A supermarket and a fresh flower stand

A specialty store and a department store

A department store and a pharmacy

A convenience store and a fast food restaurant

A large grocery store in a rural area and a grocery store in a strip mall

Walmart, Loblaws, and Best Buy are in what kind of competition?

channel

horizontal

indirect

intertype

intratype

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

competition

target market

merchandise mix

retail mix

market

The intensity of competition is greatest among retailers when:

price dominates the retail mix

they are located near each other and offer similar retail offerings

they are located near each other and target the same customer

they are located far from each other and offer similar retail offerings

they are located far from each other and target the same customer

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:

the growth of the elderly population.

the increased emphasis on customer service.

the growth of minority segments.

the rising number of two-income families.

the retirement of the Baby Boomers.

Once a retailer understands its environment, it needs to develop and implement a(n):

retail strategy

advertising plan

customer base

competitive strategy

functional strategy

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:

business concept

business plan

location strategy

retail strategy

selling strategy

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 colour day every Thursday to attract customers.

George has developed a _____ for his salon.

selling concept

business cycle

retail strategy

focal point orientation

marketing concept

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:

the shop's target market.

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

how the store will build a competitive advantage.

what services the shop will offer its customers.

what types of suits the store will stock.

In order for retailers to best design special programs and initiatives to build customer loyalty, they often rely on _____ to make better strategic decisions.

data analysis

news media

income statements

marketing journals

employee complaints

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:

customer decision area

customer loyalty

customer relationship management

intratype competition

strategizing

Which of the following statements about location strategy is TRUE?

Location is the second most important characteristic that consumers examine when selecting a store

Location offers an opportunity to gain a long-term advantage over competitors

Consumers do not use convenience as a basis for selecting where to shop

Location can never be used to gain any kind of long-term advantage over competitors due to retailing's low entry barriers

The only two characteristics more important than location in the selection process of where to shop are price and sales promotions

Retailers that focus on customer segments seeking high-quality customer service must motivate and enable sales associates to provide the expected levels of service. This statement reflects which strategic element?

Financial strategies

Organizational structure and human resource strategies

Location strategies

Market strategies

Information systems and supply chains strategies

To implement a retail strategy, a retailer must develop a _____ that satisfies the needs of its target market better than its competitors.

production orientation

horizontal integration

sales orientation

retail mix

situation analysis

Consumers tend to purchase certain products and services at the closest retailer and patronize the shopping mall that's most convenient to their home or work. This statement reflects which strategic element?

Financial strategies

Organizational structure and human resource strategy

Location strategies

Market strategies

Information systems and supply chains strategies

To implement a retail strategy, management must do the following:

develop a retail mix that satisfies the needs of its target market better than its competitors

locate the ideal location

develop budgets and acquire merchandise

set pricing strategies and determine promotions

determine its target market and set retail objectives

Retailers are developing sophisticated computer and distribution systems to monitor flows of information and merchandise from vendors to retail distribution centres to retail stores. This statement reflects which strategic element?

Financial strategies

Organizational structure and human resource strategy

Location strategies

Market strategies

Information systems and supply chain strategies

When major environmental changes occur, the current strategy and the reasoning behind it are re-examined.

This statement reflects which strategic element?

Financial strategies

Organizational structure and human resource strategy

Location strategies

Market strategies

Information systems and supply chain strategies

Choose one of the following that is NOT an element in the retail mix?

Competitive response

Merchandise assortments

Location

Customer service

Advertising and promotion

Technologies that are part of an overall inventory management system enable retailers to do the following EXCEPT:

give customers a more complete selection of merchandise.

decrease inventory investment.

increase awareness of inventory levels.

help store associates find products for customers quickly.

ensure customer complaints are followed up on.

Types of merchandise and services offered relate to which element of the retail mix?

Product

Place

Physical

Price

People

Knowledgeable employees that are well-trained relate to which element of the retail mix?

Product

Place

Physical

Price

People

Public relations, advertising, direct marketing, and personal selling relate to the following element of the retail mix:

Product

Place

Physical

Price

Promotion

Quality and value perception relate most with the following element of the retail mix:

Product

Place

Physical

Price

People

Ensuring consistent behaviours and performance and including internal and external processes relate best to the following element of the retail mix:

Product

Place

Process

Price

People

The theme of a store that includes its layout and design relate best to the following element of the retail mix:

Product

Physical

Process

Price

People

There are several key areas that need to be considered when attempting to seek benefits from blockchain EXCEPT:

logistics - inventory and supply chain management.

financial considerations.

loyalty rewards.

consumer data.

market awareness.

Voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders is known as _____.

corporate social responsibility

customer relationship management

corporate charitable donations

corporate giving

social enterprise

Firms typically go through several stages before they fully integrate corporate social responsibility into their strategy. Choose the stage that best corresponds to retailers that engage only in CSR activities required by law.

First stage

Second stage

Third stage

Fourth stage

Fifth stage

Firms typically go through several stages before they fully integrate corporate social responsibility into their strategy. Choose the stage that best corresponds to retailers that might reduce the energy consumption of its stores just because doing so costs less.

First stage

Second stage

Third stage

Fourth stage

Fifth stage

Firms typically go through several stages before they fully integrate corporate social responsibility into their strategy. Choose the stage that best corresponds to retailers that operate responsibly because they believe this is the "right thing" to do.

First stage

Second stage

Third stage

Fourth stage

Fifth stage

Firms typically go through several stages before they fully integrate corporate social responsibility into their strategy. Choose the stage that best corresponds to retailers that engage in socially and environmentally responsible actions because they believe these activities must be done for the "well being" of everyone.

First stage

Second stage

Third stage

Fourth stage

Fifth stage

This occurs when a manufacturer undertakes retailing activities.

Forward integration

Backward integration

Market expansion

Cross functional services

Warehousing

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Best Buy purchases many of its music products, household items and entertainment items 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?

When is the intensity of competition between retail stores the greatest?

Describe the differences between intratype and intertype competition. Please provide examples with your answer.

What type of merchandising increases intertype competition?

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?

Choose a retailer and describe its retail strategy. Your answer should include all of the elements that maintain a strategic advantage over the competitors. Please provide examples with your answer.

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?

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

List the four functions performed by retailers.

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

With manufacturers legally able to sell directly from the factories, why should retailers exist?

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

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

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

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

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

Define Customer Relationship Management and give an example on how retailers are using CRM programs in their business.

List and describe two technologies that retailers are using to enhance their business to remain competitive in a technological-driven business landscape.

Firms typically go through several stages before they fully integrate corporate social responsibility into their strategy. List and describe each of these stages. Give an example of a firm that you feel demonstrates a stage four level of CSR activities.

Name three Canadian companies that have successfully expanded globally through a mix of corporate and franchise stores.

List and describe career opportunities available in the retail industry. Explain the roles that would best apply to your skills and attributes.

Explain what is meant by vertical integration for retailers. Give examples of how firms use forward and *backward integration*.

List all of the elements of the retail mix and describe how retailers use each to make strategic decisions.

Explain why retailers need to continually put focus and resources toward their Corporate Social Responsibility initiatives in order to remain relevant and sustainable:

Answer Key

Test name: Ch1_Retailing Management_7e

C

D

A

E

B

D

E

D

Because the retail chain owns its own manufacturing facility, it is an example of vertical integration.

A

The florist is performing more than one channel function.

A

D

B

C

C

E

D

D

Maintaining records and informing members are services.

C

D

B

C

A

B

C

A

A

E

D

D

B

E

D

A

B

B

All choices other than the increased emphasis on customer service refer to demographics. The increased emphasis on customer service is part of a strategy a retailer may pursue to satisfy the needs of these particular customers.

A

D

A retail strategy identifies the target market, the merchandise or service the retailer offers to satisfy the needs of the market and how the retailer will build a long-term competitive advantage over its competitors.

C

A retail strategy statement identifies the target market, the merchandise and services, and how the retailer will build a long-term advantage over its competitors. All three of these elements are present in the question.

B

A retail strategy has to do with planning for the future and not focusing on a short-term problem.

A

Retailers use data analysis to identify their most-valued customers. Once they have identified these customers, retailers design special programs and initiatives, building their loyalty.

C

B

Location is typically the most important factor when a consumer chooses a store. A good location can create a long-term advantage over a store's competitors.

B

D

The retail mix is the combination of factors that satisfies customers' needs. The others are not used for this purpose.

C

A

There is no such thing as an ideal location. Developing budgets, acquiring merchandise, setting price and determining promotions are steps that should be taken as a part of the implementation, but not necessarily first. Determining target market and setting retail objectives should be done prior to establishing the strategy.

E

D

A

The elements of the retail mix include customer service, store design and display, advertising and promotion, location, assortments, and pricing.

E

A

E

E

D

C

B

E

A

A

B

C

D

A

Short Answer

Breaking bulk

Short Answer

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

Short Answer

Examples may vary. Intratype competition have similar formats and offer similar products and services like Walmart and Target. Intertype competition have different formats and offer some similar product/services like Shoppers Drug Mart and Sobeys.

Short Answer

Scrambled merchandising

Short 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.

Short Answer

Answers will vary depending on the retailer chosen. Costco is a member-based warehouse retailer with a mid to upper-income target market. The retailer carries a very wide variety of categories including; groceries, clothing, electronics, auto services, etc. Loyal customers enjoy savings on good quality products and flexible return policies. Costco's product mix offers a breadth of categories with a limited depth of category assortment.

Short 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.

Short Answer

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

Short 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.

Short 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.

Short 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 by providing services. This includes managing an assortment of product, breaking bulk, holding inventory and offering services like support and product exchange activities.

Short 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.

Short 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? What are the considerations for intratype and intertype competitors? 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.

Short 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.

Short 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.

Short 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.

Short Answer

Customer relationship management (CRM) is a business philosophy and set of strategies, programs, and systems that focus on identifying and building loyalty with a firm's most-valued customers. Retailers use data analysis to identify their most-valued customers. Once they have identified these customers, retailers design special programs and initiatives, building their loyalty.

Short Answer

Blockchain and computer inventory management systems are discussed in this chapter. Example of use of robots to help with inventory, virtual reality, data analytic platforms, and augmented reality are just some examples.

Short Answer

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. In the second stage, companies go beyond activities required by law to engage in CSR activities that provide a short-term financial benefit to the company. For example, a retailer might reduce the energy consumption of its stores just because doing so costs less. In the third stage, companies operate responsibly because they believe this is the "right thing" to do. Companies in the fourth and final stage engage in socially and environmentally responsible actions because they believe these activities must be done for the "well being" of everyone

Short Answer

Canadian success stories include retailers such as Couche Tard, Aldo, Lululemon, Tim Hortons and Aritzia

Short Answer

Retailers employ people with expertise and interest in finance, accounting, human resources management, logistics, and computer systems, as well as marketing.

Short Answer

Vertical integration means that a firm performs more than one set of activities in the channel, such as investments by retailers in wholesaling or manufacturing. Backward integration arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise. *Forward integration* occurs when a manufacturer undertakes retailing activities, such as Canada Goose operating its own retail stores

Short Answer

The retail mix includes the decision variables retailers use to satisfy customer needs and influence their purchase decisions. Elements in the retail mix include the types of merchandise and services offered, merchandise pricing, the communication program, convenience of the store's location and its layout and design, people (assistance to customers provided by salespeople), HR training programs, and logistical processes.

Short Answer

As corporate social responsibility continues to grow in popularity within the Canadian retail industry, more significance is being placed on the need for retailers to explain the impact of their business practices and to implement suitable strategies to seize the related opportunities. Consumers are more and more aware of retailers' impact in regards to environment and social consequences. This has changed consumers behaviour to include this as a criteria when making purchase decisions.