

***Retailing Management, 10e (Levy)***  
**Chapter 2    Types of Retailers**

- 1) The most basic characteristic used to describe the different types of retailers is their retail mix, or the elements retailers use to satisfy their customers' needs.
- 2) Walmart is classified as an off-price retailer.
- 3) To be competitive in today's marketplace, supermarkets are focusing on offering fresh perishables and providing better value with private-label merchandise.
- 4) Supermarkets gain higher profit margins from private-label merchandise than national brands.
- 5) Private-label brands benefit retailers but not customers.
- 6) Assortment is the number of different merchandise categories a retailer offers, also known as the breadth of merchandise.
- 7) Extreme-value retailers primarily target low-income consumers.
- 8) Due to the intangibility of their offerings, services retailers often use tangible symbols to inform customers about the quality of their services.
- 9) The biggest difference between service retailers and merchandise retailers is their profits.
- 10) Whereas corporate chains can tailor their offerings to their customers' needs, single-store retailers can more effectively negotiate lower prices for merchandise and advertising because of their larger size.
- 11) Which of the following statements is true of the North American Industry Classification System (NAICS)?
  - A) It was developed by the Federal Trade Commission (FTC).
  - B) It uses an eight-digit classification system.
  - C) It was created to collect data on North America's business activity.
  - D) It is limited in its use to only manufacturing companies.
  - E) It is a classification system developed by the United States.
- 12) With respect to retailing, which of the following best defines assortment of merchandise?
  - A) Each different item of merchandise offered by a retailer
  - B) The number of different items offered in a merchandise category
  - C) The number of merchandise categories a retailer offers
  - D) Merchandise with minor mistakes in construction
  - E) End-of-season merchandise that will not be used in following seasons

- 13) With respect to retailing, which of the following best defines variety?
- A) Merchandise with minor mistakes in construction
  - B) The number of different items offered in a merchandise category
  - C) End-of-season merchandise that will not be used in following seasons
  - D) The number of merchandise categories a retailer offers
  - E) Each different item of merchandise offered by a retailer
- 14) Because the only merchandise categories at the University Futon Shop are double-sized futons, the Futon Shop can be said to have no
- A) inventory control.
  - B) need for customer service.
  - C) variety.
  - D) irregularity
  - E) product depth.
- 15) Which of the following best defines a stock-keeping unit?
- A) The number of different items offered in a merchandise category
  - B) End-of-season merchandise that will not be used by a retailer in following seasons
  - C) Merchandise with minor mistakes in construction
  - D) Each different item of merchandise offered by a retailer
  - E) The number of merchandise categories a retailer offers
- 16) With respect to retailing, variety is often referred to as the
- A) closeouts.
  - B) assortment of merchandise.
  - C) irregulars.
  - D) breadth of merchandise.
  - E) stock-keeping units.
- 17) With respect to retailing, assortment is often referred to as the
- A) power perimeter.
  - B) depth of merchandise.
  - C) closeouts.
  - D) variety of merchandise.
  - E) irregulars.
- 18) The Men's Wearhouse stocks over 350 different styles and colors of ties. This assortment of ties can be referred to as the store's
- A) consignment merchandise.
  - B) closeouts.
  - C) breadth of merchandise.
  - D) power perimeter.
  - E) depth of merchandise.

- 19) Limited-assortment supermarkets are referred to as
- A) extreme-value food retailers.
  - B) full-line discount stores.
  - C) conventional supermarkets.
  - D) consignment shops.
  - E) warehouse clubs.
- 20) What type of retailer is Save-A-Lot considered to be?
- A) Conventional supermarket
  - B) Convenience store
  - C) Category specialist
  - D) Full-line discount store
  - E) Limited-assortment supermarket
- 21) The area around the outer walls of a supermarket that stock fresh-merchandise categories such as dairy, bakery, meat, produce, etc. is referred to as the
- A) power perimeter.
  - B) convenience rack.
  - C) closeouts.
  - D) irregulars.
  - E) supercenters.
- 22) The \_\_\_\_\_ focuses on reducing the carbon footprint caused by the transportation of food throughout the world.
- A) core insight plan
  - B) locavore movement
  - C) sustainable agriculture act
  - D) limited liabilities act
  - E) non-compete clause
- 23) Purchasing from factories that pay workers a living wage (more than the minimum wage) and offer other benefits to the employees is called
- A) a closeout.
  - B) power perimeter.
  - C) cash wrap.
  - D) flash sale.
  - E) fair trade.
- 24) What type of retailer is Meijer considered to be?
- A) Supercenter
  - B) Department store
  - C) Full-line discount store
  - D) Drugstore
  - E) Category specialist

- 25) Which of the following is a similarity between hypermarkets and supercenters?
- A) Both are common in the United States.
  - B) Both offer self-service.
  - C) Both carry a negotiable percentage of nonfood items.
  - D) Both avoid the sale of perishables.
  - E) Both lack parking facilities for customers.
- 26) Which of the following differentiates a hypermarket from a supercenter?
- A) Hypermarkets do not offer self-service facilities, whereas supercenters offer self-service facilities to their customers.
  - B) Hypermarkets carry a larger proportion of food items, whereas supercenters carry a larger portion of nonfood items.
  - C) Hypermarkets have a greater emphasis on dry groceries, whereas supercenters have a greater emphasis on perishables.
  - D) Hypermarkets are very common in the United States, whereas supercenters are not common in the United States.
  - E) Hypermarkets provide large parking facilities to its customers, whereas supercenters do not provide parking facilities to their customers.
- 27) What type of retail store is Costco considered to be?
- A) A supercenter
  - B) A hypermarket
  - C) A category specialist
  - D) A warehouse club
  - E) A department store
- 28) Which of these is *not* a relevant challenge for big-box stores while developing locations in Europe, Japan, and the United States?
- A) Limited and expensive land
  - B) Increased operating costs
  - C) Restricted building size in some counties
  - D) Opposing sentiments from local residents
  - E) Lack of employable workforce
- 29) Which of the following statements best defines a warehouse club?
- A) They are stores that provide a large variety and assortment of merchandise at a convenient location with speedy checkout.
  - B) They are large, self-service retail food stores offering about 30,000 SKUs with high inventory holding costs.
  - C) They are retailers that carry a broad variety and deep assortment, offer customer services, and organize their stores into distinct departments for displaying merchandise.
  - D) They are retailers that offer a limited and irregular assortment of food and general merchandise with little service at low prices.
  - E) They are large stores that combine a supermarket with a full-line discount store.

- 30) Convenience stores \_\_\_\_\_ than supermarkets.
- A) make customers wait in a long checkout line
  - B) avoid selling lower profit products
  - C) offer a broad variety and deep assortment of merchandise
  - D) offer self-service to its customers
  - E) charge higher prices for similar products sold
- 31) Which of the following statements is true about warehouse clubs?
- A) Warehouse clubs carry a broad variety and deep assortment of merchandise.
  - B) Warehouse clubs are small and typically located in high-rent districts.
  - C) Warehouse clubs typically have low inventory holding costs.
  - D) Warehouse clubs offer extensive customer service.
  - E) Warehouse clubs offer its fast-selling items at high prices.
- 32) Which of the following statements is true of department stores?
- A) They are usually located in local neighborhoods rather than large regional malls.
  - B) They often resemble a collection of specialty shops.
  - C) They can be categorized into two tiers.
  - D) They focus almost exclusively on hard goods.
  - E) They offer a limited variety and shallow assortment of merchandise.
- 33) A retailer that carries a broad variety and deep assortment, offers customer services, and is organized into distinct sections for displaying merchandise is called a(n)
- A) off-price retailer.
  - B) department store.
  - C) discount retailer.
  - D) convenience store.
  - E) specialty retailer.
- 34) What type of retailer is Kohl's considered to be?
- A) Off-price retailer
  - B) Department store
  - C) Full-line discount store
  - D) Extreme value retailer
  - E) Specialty retailer
- 35) Which of the following is a first-tier department store?
- A) Macy's
  - B) Nordstrom
  - C) Sears
  - D) Kohl's
  - E) JCPenney

36) Which of the following is a second-tier department store?

- A) Macy's
- B) Neiman Marcus
- C) TJ Maxx
- D) Nordstrom
- E) Saks Fifth Avenue

37) Which of the following is a third-tier department store?

- A) Macy's
- B) Neiman Marcus
- C) TJ Maxx
- D) Nordstrom
- E) JCPenney

38) What can department stores do to differentiate their merchandise offering and strengthen their image?

- A) Increase their pricing
- B) Decrease the variety and assortment of merchandise within the store
- C) Seek exclusive arrangements with nationally recognized brands
- D) Merge with faltering retailers to gain their market share
- E) Sell only hard goods

39) Attempting to combat losing market share, department stores are doing all of the following *except*

- A) becoming active participants in omnichannel retailing.
- B) adding exclusive merchandise to their assortments.
- C) developing stronger marketing campaigns to enhance their store image.
- D) placing more emphasis on developing their own private-label brands.
- E) increasing their prices to gain more net sales.

40) Private-label brands are also called

- A) closeouts.
- B) category killers.
- C) irregulars.
- D) inclusive brands.
- E) store brands.

41) Alfani (women's fashion), Hotel Collection (luxury fabrics), and Tools of the Trade (housewares) are examples of Macy's

- A) national brands.
- B) store brands.
- C) irregulars.
- D) inclusive brands.
- E) closeouts.

42) What type of retailer is Target considered to be?

- A) Off-price retailer
- B) Department store
- C) Full-line discount store
- D) Extreme value retailer
- E) Specialty retailer

43) To respond to a competitive environment, one thing that Walmart is doing is

- A) converting its discount stores into supercenters.
- B) leasing retail space in its stores to independent merchants.
- C) focusing on high customer service.
- D) converting the discount stores into convenience stores.
- E) expanding into rural locations.

44) Which of the following statements about full-line discount stores is true?

- A) They carry only private-label merchandise.
- B) They have a narrow breadth of merchandise.
- C) They typically carry more brands and sizes in each category than department stores.
- D) They have inconsistent assortments.
- E) They confront intense competition from category specialists.

45) Why are category specialists sometimes called category killers?

- A) They are often located close to full-line discount stores and discount stores that offer a deep assortment of merchandise.
- B) They are located at stand-alone sites.
- C) They have a broad merchandise mix and shallow assortment.
- D) They can dominate a category of merchandise making it difficult for other retailers to compete.
- E) They carry mainly technologically obsolete merchandise.

46) Best Buy is a category specialist for the electronics industry. This means the stores

- A) offer their customers narrow breadth and depth of merchandise.
- B) sell only their own private-label brands.
- C) have excellent after-sales customer service.
- D) avoid a self-service approach.
- E) offer a narrow but deep assortment of merchandise.

47) What type of retail store is Victoria's Secret considered to be?

- A) Department store
- B) Convenient store
- C) Full-line discount store
- D) Specialty store
- E) Supermarket

- 48) Which of the following statements is true about specialty stores?
- A) They tailor their retail strategy toward very specific market segments.
  - B) They group products by brand instead of product category like in department stores.
  - C) They offer very shallow and narrow assortments.
  - D) They completely avoid including their own private-label brands in the store.
  - E) They discourage sampling.
- 49) A special type of resale store where merchandise is donated and proceeds go to charity is called a(n)
- A) extreme-value retailer.
  - B) thrift store.
  - C) consignment shop.
  - D) dollar store.
  - E) supercenter.
- 50) A type of resale store that accepts used merchandise from people and pays them after it is sold is called a(n)
- A) dollar store.
  - B) consignment shop.
  - C) supercenter.
  - D) thrift store.
  - E) extreme-value retailer.
- 51) Which of the following types of general merchandise retailers is also sometimes referred to as dollar stores?
- A) Extreme-value retailers
  - B) Department stores
  - C) Full-line discount stores
  - D) Category specialists
  - E) Specialty stores
- 52) What type of a retail store is Walgreens considered to be?
- A) Full-line discount store
  - B) Drugstore
  - C) Department store
  - D) Convenience store
  - E) Supercenter
- 53) What type of retail store is Dollar General considered to be?
- A) Off-price retailer
  - B) Department store
  - C) Full-line discount store
  - D) Extreme-value retailer
  - E) Specialty retailer



- 54) The drugstore industry has seen a decrease in their annual sales mainly due to
- A) higher prices on prescription drugs.
  - B) pharmacies in full-line discount stores.
  - C) the aging population.
  - D) government regulations on pharmaceutical sales.
  - E) the wide assortment of merchandise they sell
- 55) \_\_\_\_\_ offer an inconsistent assortment of brand-name merchandise at a significant discount off the manufacturers' suggested retail price.
- A) Off-price retailers
  - B) Department stores
  - C) Discount retailers
  - D) Convenience stores
  - E) Specialty retailers
- 56) What type of store is TJ Maxx considered to be?
- A) Off-price retailer
  - B) Department store
  - C) Full-line discount store
  - D) Extreme-value retailer
  - E) Specialty retailer
- 57) Which of the following is true of off-price retailers?
- A) They offer a consistent assortment of soft goods at low prices.
  - B) They sell brand-name merchandise at reduced prices.
  - C) They offer gift registries.
  - D) They require suppliers to give them a variety of advertising allowances and markdown discounts.
  - E) They sell designer-label merchandise at 20 to 60 percent higher than the manufacturer's suggested retail price.
- 58) Off-price retailers will often sell merchandise for less than the MSRP, which means
- A) the merchandise sales are profitable.
  - B) the merchandise is sold below the suggested retail price.
  - C) the merchandise is sold below the suggested realized profit.
  - D) the merchandise is sold less than the surrounding retail competitors.
  - E) the merchandise sold by them are always closeouts.
- 59) \_\_\_\_\_ are products that have minor blemishes to the fabric or errors in the construction.
- A) Closeouts
  - B) Irregulars
  - C) Category killers
  - D) Soft goods
  - E) Hard goods

60) \_\_\_\_\_ are end-of-season merchandise that will not be in the manufacturer's offerings going forward.

- A) Closeouts
- B) Irregulars
- C) Endcaps
- D) Category killers
- E) Soft goods

61) \_\_\_\_\_ are off-price retailers owned by manufacturers or retailers.

- A) Dollar stores
- B) Closeouts
- C) Thrift stores
- D) Outlet stores
- E) Supercenters

62) With respect to off-price retailing, in a \_\_\_\_\_ sale, each day at the same time, members receive an e-mail that announces the deals available.

- A) closeout
- B) clearance
- C) enterprise
- D) consultative
- E) flash

63) A special type of off-price retailer owned by manufacturers is called a

- A) consignment shop.
- B) thrift store.
- C) dollar store.
- D) warehouse club.
- E) factory outlet.

64) Merrill Lynch, Marriott, and Century 21 are examples of

- A) dollar stores.
- B) off-price retailers.
- C) service retailers.
- D) specialty stores.
- E) full-line discount stores.

65) Services are difficult to be evaluated before customers buy or even after they buy and consume them. Which of the following characteristics of service causes this challenge for service retailers?

- A) Intangibility
- B) Perishability
- C) Inconsistency
- D) Consumability
- E) Compatibility

- 66) How can a service retailer best cope with the problems associated with the intangibility of service?
- A) Use low prices during off-seasons to help match supply and demand.
  - B) Use mass production.
  - C) Emphasize quality control.
  - D) Solicit customer evaluations and complaints.
  - E) Increase staffing at peak demand times.
- 67) A dermatologist has her diplomas prominently displayed above her large desk, which sits on a Persian rug in an office filled with tasteful, yet expensive furnishings. Which of the following service characteristics is the doctor trying to handle with her office décor?
- A) Intangibility
  - B) Perishability
  - C) Inconsistency
  - D) Consumability
  - E) Compatibility
- 68) A therapeutic massage service requires its therapists to keep a database on each customer and include in that database what was done on each visit for the customer's aches and pains. Which of the following service characteristics is the massage service trying to cope with?
- A) Intangibility
  - B) Perishability
  - C) Inconsistency
  - D) Consumability
  - E) Compatibility
- 69) Due to the \_\_\_\_\_ of services, service retailers like Six Flags, Delta, and Applebee's restaurants, sometimes find it difficult to match supply and demand.
- A) intangibility
  - B) perishability
  - C) inconsistency
  - D) consumability
  - E) compatibility
- 70) Why do movie theaters sell tickets for an afternoon showing of a movie at a lower price than the 7 p.m. showing of the same movie?
- A) To deal with the perishability of services
  - B) To make sure the service offered is consistent
  - C) To deal with the intangible characteristic of services
  - D) To deal with the incompatibility characteristic of services
  - E) To minimize inventory losses

71) How can a service retailer best cope with the problems associated with the inconsistency of service?

- A) Use low prices during off-seasons to help match supply and demand.
- B) Use mass production.
- C) Avoid simultaneity of production and consumption of service.
- D) Train and motivate service providers.
- E) Increase staffing at peak demand times.

72) Which of the following is true of single-store retailers?

- A) They do not have direct contact with their customers.
- B) They are not bound by the bureaucracies inherent in large retail organizations.
- C) They are totally independent of their owner-managers' capabilities to make any retail decision.
- D) They must join a wholesale-sponsored voluntary competitive group to compete against corporate chains.
- E) They are very rigid and lack quick adaptability to market changes and customer needs.

73) Which of the following is a drawback of the franchise ownership?

- A) The franchisee lacks any kind of off- or onsite training from the franchisor.
- B) The franchisor lacks any benefit from the success of his or her franchisee.
- C) The franchisee must adhere to the franchisor's rules and operating guidelines.
- D) The franchisee must join a single-store retailer to become independent of the franchisor.
- E) The franchisor must incur the capital costs like purchase and modification of the retail space.

74) Differentiate between variety and assortment of merchandise offered by a retailer.

75) Explain the strategies that limited-assortment supermarkets (extreme-value food retailers) use in order to provide customers with high-quality merchandise at low prices to compete against other food retailing formats.

76) How are department stores categorized into tiers? How do the tiers differ? Give examples of each tier.

77) Discuss the reasons that department stores are losing their market share to discount stores, and list the steps taken by department stores to deal with their eroding market share.

78) Describe what category specialist retailers are while providing specific examples of category specialist retailers and how they differentiate themselves from their competitors.

79) Explain what drugstores do to remain competitive in the marketplace.

80) Discuss how off-price retailers opportunistically obtain their merchandise and the different types of merchandise found at off-price retailers.

81) Describe the four important differences in the nature of the offerings provided by services and merchandise retailers.



82) What is franchising? What does a franchisor offer its franchisees to get the franchisees off to a good start?