

Exam

Name _____

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

- 1) Compared to other food retailers, convenience stores 1) _____
- A) Have higher food prices
 - B) Have a wide breadth and depth of merchandise
 - C) Have less than 30% of their store devoted to food
 - D) Are experiencing slow growth in Asia
 - E) Benefit from the high margins of gasoline sales

Answer: A

- 2) NAICS: 2) _____
- A) Is an on-package series of thick and thin lines readable by check-out scanners
 - B) Is a number used to identify an item in a company's inventory
 - C) Is a classification scheme used by retailers in Canada to monitor after-tax profits
 - D) Is a classification scheme where every North American business is assigned a 6-digit code
 - E) None of these

Answer: D

- 3) To compete against intrusions by other food retailing formats, conventional supermarkets 3) _____ are:
- A) Providing a better in-store experience
 - B) Offering more private-label products
 - C) Targeting health-conscious consumers
 - D) Emphasizing fresh perishables
 - E) All answers provided are correct.

Answer: E

- 4) Mark's Work Wearhouse (clothing retailer) carries sizes for small, average, and big men, 4) _____ but all sizes are not available in all their stores. What should Mark's do to communicate this message to their customers?
- A) They should train their sales associates to mention this when closing sales with each customer
 - B) Mark's should advertise this by featuring big men on their Holiday Catalogue
 - C) Mark's should actively advertise these assortments to competitors
 - D) A database should be developed of those who purchase merchandise for big men and then Mark's should market specifically to those shoppers
 - E) They should advertise big men's merchandise on all of their newspaper supplements and commercials

Answer: D

5) Frank was shopping for electric fuses for his fuse box. Flash Hardware sold them for \$3.99 for a box of six, but when he went to the same retailer's website, he found the same set for \$2.99. Flash Hardware has a problem with: 5) _____

- A) a communication problem between channels
- B) a pricing mistake by the store manager
- C) depth of merchandise
- D) price consistency across channels
- E) product consistency

Answer: D

6) Which of the following trends are changing the retail industry? 6) _____

- A) Discriminating consumers
- B) Growing retailer concentration and power
- C) Growth in consumer data
- D) Blurring boundaries among channels and formats
- E) All answers provided are correct.

Answer: E

7) The spawning of new categories and retailers from supercentres to the Internet best demonstrates the: 7) _____

- A) growing diversity of retail formats
- B) necessity to go global with domestic retailers
- C) tremendous need for better customer services
- D) need for training and development programs
- E) necessity to focus on competition

Answer: A

8) The Canadian retail marketplace is dominated by a small number of large retailers –which term does this describe? 8) _____

- A) concentration
- B) diversity
- C) development
- D) globalization
- E) Americanization

Answer: A

9) Because the only merchandise category at the Futon Shop is double-sized futons, the Futon Shop can be said to have no: 9) _____

- A) inventory control
- B) shrinkage
- C) variety
- D) need for customer service
- E) product depth

Answer: C

- 10) Each different item of merchandise in a retail store is called a/an: 10) _____
- A) consumer offering
 - B) store counted item (SCI)
 - C) stored and keyed unit (SKU)
 - D) economic unit
 - E) stock keeping unit (SKU)
- Answer: E
- 11) Pinch-A-Penny sells a variety of pool maintenance supplies including filters, chemicals, lights, skimmers, and pool toys. Pinch-A-Penny can be said to have: 11) _____
- A) breadth of merchandise
 - B) depth of merchandise
 - C) complete retail offering
 - D) supply standard
 - E) retail mix
- Answer: A
- 12) Variety is often referred to as the: 12) _____
- A) complete retail offering
 - B) retail mix
 - C) depth of merchandise
 - D) breadth of merchandise
 - E) store's supply standard
- Answer: D
- 13) Depth of merchandise is often referred to as the: 13) _____
- A) variety
 - B) complete retail offering
 - C) retail mix
 - D) number of items within each product line
 - E) object of the buy
- Answer: D
- 14) My Favourite Quilt Shop carries quilting thread of every brand, colour and strength in cotton and poly-cotton blends. With reference to quilting threads, My Favourite Quilt Shop has: 14) _____
- A) broad variety
 - B) good customer base
 - C) little shrinkage
 - D) deep assortment
 - E) few SKU's
- Answer: D

- 15) Isaac's Men's Store stocks 322 different styles and colours of ties. This assortment of ties can be referred to as Isaac's: 15) _____
- A) store's supply standard
 - B) retailer mix
 - C) breadth of merchandise
 - D) complete retail offering
 - E) depth of merchandise
- Answer: E
- 16) The Home Depot offers customers a huge selection of home improvement merchandise. As a result inventory investment: 16) _____
- A) increases because of the increase in demand in the home improvement industry
 - B) increases because of the value of the assortment
 - C) decreases because of the increase of the customer base
 - D) increases because they have to carry backup stock for each SKU
 - E) decreases because of the introduction of backup stock
- Answer: D
- 17) Which of the following is a self-service food store offering groceries, meat, and produce with limited sales of nonfood items? 17) _____
- A) Big-box food retailer
 - B) Superstore
 - C) Convenience store
 - D) Conventional supermarket
 - E) All answers provided are correct.
- Answer: D
- 18) Which of the following can be purchased at a hypermarket? 18) _____
- A) Sports equipment
 - B) Hotdogs and luncheon meat
 - C) Electronics
 - D) Photographic film development
 - E) All answers provided are correct.
- Answer: E
- 19) Al is the office manager for a large travel agency. He is responsible for maintaining the office supplies and works within a budget. This month, he needs to restock the agency's #10 envelopes, ball-point pens, coffee, sweetener and plastic spoons. Where's the best place for him to shop? 19) _____
- A) Loblaws
 - B) Office Depot
 - C) Costco
 - D) 7-Eleven
 - E) Both B and C
- Answer: E

- 20) Warehouse clubs: 20) _____
- A) have deep assortment within it's merchandise categories
 - B) have low turnover
 - C) provide extensive customer service
 - D) sell merchandise in a no-frills atmosphere
 - E) spend on visual displays
- Answer: D
- 21) The primary issue facing supermarket and convenience store retailers today is: 21) _____
- A) increasing level of competition from other types of retailers
 - B) price wars
 - C) downsizing of middle management
 - D) expiration dates on perishables
 - E) corporate development racing to catch up to store level
- Answer: A
- 22) What is one way a convenience store can develop a sustainable advantage against competition? 22) _____
- A) Nothing: convenience stores are becoming extinct
 - B) Open more stores
 - C) Close less convenient locations
 - D) Extend hours of operation
 - E) Sell prepared meals
- Answer: E
- 23) Target and Walmart are examples of: 23) _____
- A) department stores
 - B) specialty stores
 - C) variety stores
 - D) discount stores
 - E) convenience stores
- Answer: D
- 24) To respond to a competitive environment, discount retailers are fighting back by: 24) _____
- A) developing more private-label merchandise programs
 - B) focusing on a EDLP strategy
 - C) offering better customer service on the floor
 - D) increasing assortments
 - E) All of these.
- Answer: E

- 25) Which of the following statements about discount stores is true? 25) _____
- A) They have greater depth of merchandise than department stores.
 - B) They do not carry private-label merchandise.
 - C) They tend to offer a broad variety of merchandise.
 - D) They typically carry more brands and sizes in each category than department stores.
 - E) All answers provided are true.

Answer: C

- 26) Zara, a specialty store, produces how much of its own clothing line? 26) _____
- A) None
 - B) less than 20%
 - C) less than 40%
 - D) 100%
 - E) greater than 50%

Answer: E

- 27) Category specialists: 27) _____
- A) have little customer service
 - B) rely on warranty sales to promote loyalty
 - C) offer a narrow variety but deep assortment of merchandise
 - D) are limited to clothing, office supply, pet supplies, and toy retailing
 - E) compete directly with off-price retailers

Answer: C

- 28) Category specialists are sometimes called category killers because they: 28) _____
- A) are located at stand-alone sites.
 - B) have a broad merchandise mix and shallow assortment.
 - C) carry mainly technologically obsolete merchandise.
 - D) are often located in dying shopping malls.
 - E) can destroy a category of merchandise for other retailers.

Answer: E

- 29) Rona and Home Depot are both category specialists for the home improvement industry. 29) _____
- This means the stores:
- A) offer their customers narrow breadth and depth
 - B) offer a narrow but deep assortment of merchandise
 - C) have excellent after-the-sale service
 - D) appeal to the mature consumers
 - E) use quick-response inventory management systems

Answer: B

- 30) Category specialists in direct competition with each other typically compete on the basis of: 30) _____
- A) in-store promotions
 - B) advertising
 - C) cost of goods/retail price
 - D) distribution strategies
 - E) product variety and assortment
- Answer: C
- 31) A retailer that carries a broad variety and deep assortment of stock, offers customer services, and are organized into separate departments for displaying merchandise is called a: 31) _____
- A) discount retailer
 - B) home improvement centre
 - C) specialty retailer
 - D) department store
 - E) category killer
- Answer: D
- 32) Which of the following is an example of a department store? 32) _____
- A) Mark's Work Wearhouse
 - B) Hudson's Bay
 - C) Home Hardware
 - D) Future Shop
 - E) Chapters
- Answer: B
- 33) Which of the following categories are department stores moving away from offering? 33) _____
- A) Kitchenware
 - B) Women's apparel
 - C) Accessories
 - D) Home furnishings
 - E) Toys
- Answer: E
- 34) Specialty stores that concentrate on health and personal grooming merchandise are: 34) _____
- A) closeout retailers
 - B) drugstores
 - C) discount stores
 - D) direct-mail retailers
 - E) off-price retailers
- Answer: B

- 35) Which of the following offers drive-through windows as a response to competition from discounters and grocery stores? 35) _____
- A) Drugstores
 - B) Specialty shops
 - C) Category specialists
 - D) Kiosks
 - E) Big-box retailers
- Answer: A
- 36) Off-price retailers: 36) _____
- A) sell brand-name and even designer-label merchandise at reduced prices.
 - B) offer gift wrapping services.
 - C) offer a consistent assortment of soft goods at low prices.
 - D) give cash refunds.
 - E) require suppliers to give them a variety of allowances and discounts.
- Answer: A
- 37) The two types of off-price retailers are: 37) _____
- A) warehouse clubs and closeout stores
 - B) value retailers and closeout stores
 - C) outlet stores and warehouse clubs
 - D) outlet and closeout stores
 - E) closeout and value stores
- Answer: D
- 38) Manufacturers view their outlet stores as advantageous over selling to other off-price retailers because: 38) _____
- A) they do not have to offer rock-bottom prices
 - B) they do not have to work with buyers of other companies
 - C) they are interested in by-passing traditional retailers and wholesalers and sell direct to the consumer
 - D) it allows them some control over where their branded merchandise is sold
 - E) All answers provided are correct.
- Answer: D
- 39) Kelly is a primary school teacher. She needed some small gifts for her students. She was pleased when she went in A Buck or Two and found she could buy colouring books, plastic scissors, pencil bags, puzzles, and games all priced at \$1.00 each. A Buck or Two is an example of a: 39) _____
- A) value retailer
 - B) general merchandise retailer
 - C) price killer
 - D) price specialist
 - E) specialty retailer
- Answer: A

- 40) The retail format in which the retailers communicate with customers and offer products and services for sale over the Internet is called: 40) _____
- A) computerized shopping
 - B) direct selling
 - C) electronic retailing
 - D) television home shopping
 - E) catalogue retailing

Answer: C

- 41) The main difference between direct-mail retailers and catalogue retailers is that direct-mail retailers are: 41) _____
- A) highly involved in database management
 - B) businesses that have low start-up costs
 - C) consistent with catalogue retailers in that they maintain long-term relationships
 - D) primarily interested in a single sale from a specific mailing while catalogue retailers maintain relationships with customers over time
 - E) usually considered junk mail and are discarded

Answer: D

- 42) Direct selling: 42) _____
- A) is a highly interactive form of retailing
 - B) is mainly performed by independent agents
 - C) most often takes place in the home
 - D) can be done over the telephone
 - E) All answers provided are correct.

Answer: E

- 43) Where are most direct sales made? 43) _____
- A) On the job site
 - B) At street festivals and craft shows
 - C) Over the phone
 - D) Via a computer connection
 - E) Face-to-face, in a home

Answer: E

- 44) A _____ develops when a firm's marketing program is designed to sell merchandise and services to other distributors rather than to retail customers. 44) _____
- A) multilevel network
 - B) pyramid scheme
 - C) party plan
 - D) commission
 - E) general merchandise retailer

Answer: B

- 45) In a multilevel network, master distributors: 45) _____
- A) may receive a commission on all merchandise purchased by the distributors in their network
 - B) sell to customers in their network
 - C) are responsible for training the salespeople they recruit
 - D) recruit other people to become distributors in their network
 - E) All answers provided are correct.

Answer: E

- 46) When multilevel direct selling becomes a pyramid scheme: 46) _____
- A) the selling format is usually franchised
 - B) the use of the party plan becomes more commonplace
 - C) the salespeople are no longer independent agents
 - D) typical annual sales of products often double
 - E) little merchandise is sold to end users

Answer: E

- 47) Infomercials: 47) _____
- A) are 60-seconds commercials
 - B) are not shown on cable television
 - C) do not usually solicit orders
 - D) use testimonials rather than demonstrations to sell products
 - E) are 30-minutes commercials

Answer: E

- 48) Ben saw a half-hour TV show with George Foreman on it. During the show Foreman was showing how to prepare a variety of foods so that they would be totally fat-free. Each item was prepared using a special cooker. During the show the TV audience were given several opportunities to buy the cooker. Ben was watching: 48) _____
- A) direct selling
 - B) a sales promotion
 - C) an infomercial
 - D) outbound telemarketing
 - E) interactive electronic retailing

Answer: C

49) Martina was watching a Made-for-Television Movie on the Life Channel when she saw an ad for a series of books for people who want to save money on home repairs. She called and ordered the book on plumbing that was first in the series. Martina responded to: 49) _____

- A) an infomercial
- B) direct selling
- C) interactive electronic retailing
- D) outbound telemarketing
- E) direct-response advertising

Answer: E

50) The major advantage of TV home shopping compared to catalogue retailing is: 50) _____

- A) its ability to schedule when certain types of merchandise will be shown
- B) customers can see the merchandise being demonstrated on TV
- C) the lack of federal regulation of the medium
- D) its ability to create time and place utility
- E) the easy return policy for unsatisfactory products

Answer: B

51) When compared to catalogue retailing, TV home shopping has which of the following disadvantages? 51) _____

- A) The customer's ability to watch products being demonstrated
- B) The customer's inability to look at products when they want to
- C) The lack of federal regulation of the medium
- D) The difficulty inherent in returning unsatisfactory products
- E) The ability to schedule when certain types of merchandise will be sold

Answer: B

52) The most common purchases from vending machines are: 52) _____

- A) cigarettes
- B) ice
- C) airplane insurance
- D) condoms
- E) beverages and snack food

Answer: E

53) What do WestJet (airline), Four Seasons (hotel chain), Century 21 (real estate company), and Rogers Video (video outlet) have in common? 53) _____

- A) They are all examples of service retailers.
- B) They have high operating margins due to the size of their inventories.
- C) They are all examples of off-price retailers.
- D) They sell tangible products.
- E) These retailers have established long-term relationships with their manufacturers.

Answer: A

- 54) How can a service retailer best cope with the some of the problems associated with the intangibility of service? 54) _____
- A) Solicit customer evaluations and complaints.
 - B) Increase staffing at peak demand times.
 - C) Emphasize quality control.
 - D) Use mass production.
 - E) Use low prices during off-seasons to help match supply and demand.

Answer: A

- 55) Due to the _____ of services, service retailers like Disney, Famous Players, and Air Canada sometimes find it difficult to match supply and demand. 55) _____
- A) intangibility
 - B) consumability
 - C) perishability
 - D) inconsistency
 - E) compatibility

Answer: C

- 56) Why do movie theatres sell tickets for an afternoon showing at a lower price than the 7 p.m. showing of the same movie? 56) _____
- A) To make sure the service offered in consistent
 - B) To deal with the perishability of services
 - C) To deal with the intangible characteristic of services
 - D) To deal with the incompatibility characteristic of services
 - E) To minimize inventory losses

Answer: B

- 57) Which of the following describes an advantage that independent, single-store establishments have over other forms of ownership? 57) _____
- A) Economies of scale
 - B) Distribution efficiency
 - C) Bureaucratic operation
 - D) Ability to respond almost immediately to market changes
 - E) Very low set-up costs

Answer: D

- 58) A company operating multiple retail units under common ownership and usually has centralized decision making for defining and implementing its strategy is called a: 58) _____
- A) franchise
 - B) single-store establishment
 - C) retail chain
 - D) wholesale-sponsored voluntary cooperative group
 - E) full-line discount stores

Answer: C

- 59) In a franchise contract, the franchisee pays the franchisor a: 59) _____
- A) commission on all sales
 - B) start-up costs plus a monthly predetermined cash amount
 - C) salary plus a variety of employee benefits
 - D) lump sum plus a royalty on all sales
 - E) bonus if the sales quota is achieved

Answer: D

- 60) A retailer that sells merchandise and/or services through more than one channel is called a/an: 60) _____
- A) direct seller
 - B) multichannel retailer
 - C) electronic retailer
 - D) computerized retailer
 - E) single-channel retailer

Answer: B

- 61) A multichannel retailer is one that: 61) _____
- A) buys merchandise from multiple channels to sell in the stores
 - B) sells merchandise or services through more than one channel
 - C) is a combination of single-channel retailers
 - D) works with other retailers who are in the channel
 - E) channels all assortments through the stores

Answer: B

- 62) Which of the following retailers is the best example of a multichannel retailer? 62) _____
- A) eBay
 - B) The Keg restaurant
 - C) Sears
 - D) Susan and Michael's Hair Salon
 - E) 7-Eleven convenience stores

Answer: C

- 63) Which of the following is not a benefit of retail store channel shopping? 63) _____
- A) Browsing
 - B) Cash payment
 - C) Personal service
 - D) Touch and feel products
 - E) Personal safety

Answer: E

- 64) Which of the following is a benefit of store channel shopping? 64) _____
- A) The touch and feel of products
 - B) The ability to make cash payments
 - C) Personal service
 - D) The ability to browse
 - E) All answers provided are correct.

Answer: E

- 65) Margaret went to the mall on her lunch hour. While she was there, she witnessed a back-to-school fashion show in Target, saw an old friend, took a walk and watched the children play in the centre arena. What benefit of store shopping was Margaret enjoying? 65) _____
- A) Detailed information
 - B) Touch and feel products
 - C) Convenience
 - D) Personal service
 - E) Entertainment and social interaction

Answer: E

- 66) Mobile device and smartphone retail application research indicates that smartphones: 66) _____
- A) are most likely to be used for store-related shopping when the customer is close to the point of making a purchase
 - B) are rarely used in conjunction with retailer's apps
 - C) influence is expected to grow over the next few years, driven by advertisers' desire for greater market share
 - D) are used more in convenience stores than in any other retail format
 - E) none of these answers are correct

Answer: A

- 67) Multichannel retailers: 67) _____
- A) want to encourage consumers' collecting information about products and pricing on their channels and then buying the product from a competitor
 - B) want to encourage channel migration
 - C) should avoid offering uniquely relevant information based on proprietary data that the retailer has collected about their customers
 - D) should consider promoting private-label or exclusive merchandise that can be purchased only from them
 - E) cannot respond to the challenge of differences in local competition

Answer: D

- 68) Consumers are using their mobile devices to help their retail buying decisions in the following way. 68) _____
- A) Compare prices with competing firms
 - B) Find location and hours of a retailer.
 - C) Read reviews about products and services.
 - D) Look up product information.
 - E) All apply.

Answer: E

- 69) Choose the term that best fits the following: 69) _____

Consumers can make informed decisions with the increased access to product information comparisons, and user reviews, and then widely share their experiences with others.

- A) Empowered, discriminating consumers
- B) Ubiquitous connectivity
- C) Buying local, going green
- D) New age of marketing
- E) Growing retailer power

Answer: A

- 70) Choose the term that best fits the following: 70) _____

Consumers want to consume in a responsible, sustainable way. Retailers are responding by embracing the issues and helping customers and suppliers do the same.

- A) Ubiquitous connectivity
- B) New age of marketing
- C) Growing retailer power
- D) Empowered, discriminating consumers
- E) Buying local, going green

Answer: E

- 71) Choose the term that best fits the following: 71) _____

With increasing amounts of data available on customers, their online activities, and their purchasing patterns, retailers are able to create more targeted marketing campaigns.

- A) New age of marketing
- B) Ubiquitous connectivity
- C) Growing retailer power
- D) Buying local, going green
- E) Empowered, discriminating consumers

Answer: A

72) Choose the term that best fits the following:

72) _____

It has never been more critical for retailers to integrate digital opportunities into the shop experience, with the Internet available at work, at home, and on the go (mobile). Digital and physical experiences are converging, with shoppers expecting interactive, value-added experiences anytime, anywhere, and through any channel.

- A) Ubiquitous connectivity
- B) Growing retailer power
- C) New age of marketing
- D) Buying local, going green
- E) Empowered, discriminating consumers

Answer: A

73) Choose the term that best fits the following:

73) _____

The top five grocery stores in Canada now have 67 percent share of the market, with Loblaw Companies Ltd. dominating with 29.9 percent.

- A) Ubiquitous connectivity
- B) Empowered, discriminating consumers
- C) Growing retailer power
- D) Buying local, going green
- E) New age of marketing

Answer: C

74) Choose the term that best fits the following:

74) _____

Physical stores turning into showrooms in the minds of consumers and the rise of online brands are forcing retailers to rethink their costly real-estate assets and merchandising formats.

- A) Blurring boundaries among channels, formats, and brands
- B) Explosion of consumer data
- C) Challenged store economics
- D) Scientific retailing
- E) Maturing retail technologies

Answer: C

75) Choose the term that best fits the following:

75) _____

Shoppers Drug Mart is selling food; Loblaws has in-house bank branches; and Indigo has Starbucks cafés in stores. Retailers are evolving into a more integrated business model where channels share a common strategy for profitable growth.

- A) Scientific retailing
- B) Blurring boundaries among channels, formats, and brands
- C) Maturing retail technologies
- D) Challenged store economics
- E) Explosion of consumer data

Answer: B

76) Choose the term that best fits the following:

76) _____

By applying smart algorithms and deep, data-driven analytics to the massive amounts of data, retailers are able to maximize all aspects of their business, including pricing, assortments, displays, staffing, and warehouse space.

- A) Challenged store economics
- B) Maturing retail technologies
- C) Explosion of consumer data
- D) Blurring boundaries among channels, formats, and brands
- E) Scientific retailing

Answer: E

77) Choose the term that best fits the following:

77) _____

The enormous amount of data generated by points of sale, social media, corporate website tracking URLs is greater than the ability of many retailers to exploit the potential value of input.

- A) Maturing retail technologies
- B) Blurring boundaries among channels, formats, and brands
- C) Scientific retailing
- D) Explosion of consumer data
- E) Challenged store economics

Answer: D

78) Choose the term that best fits the following:

78) _____

A wide range of maturing technologies is allowing companies to streamline backroom functions and increase efficiency, helping to offset higher labour costs.

- A) Challenged store economics
- B) Maturing retail technologies
- C) Scientific retailing
- D) Explosion of consumer data
- E) Blurring boundaries among channels, formats, and brands

Answer: B

79) Choose the element of the retail mix that best applies to the following:

79) _____

The United States, Canada, and Mexico have developed a classification scheme, called the *American Industry Classification System (NAICS)*, to collect data on business activity in each country.

- A) Type of merchandise/services offered
- B) Price of merchandise
- C) Breadth and depth of merchandise offered
- D) Level of customer service
- E) None of these apply

Answer: A

80) Choose the element of the retail mix that best applies to the following:

80) _____

Retailers may appeal to different customer needs and offer different assortments and various merchandise and services.

- A) Type of merchandise/services offered
- B) Breadth and depth of merchandise offered
- C) Price of merchandise
- D) Level of customer service
- E) None of these apply

Answer: B

81) Choose the element of the retail mix that best applies to the following:

81) _____

Accepting credit and debit payment, providing parking, and being open at convenient hours

- A) Type of merchandise/services offered
- B) Price of merchandise
- C) Level of customer service
- D) Breadth and depth of merchandise offered
- E) None of these apply

Answer: C

82) Choose the element of the retail mix that best applies to the following:

82) _____

What the customer ultimately exchanges for the merchandise or service received.

- A) Breadth and depth of merchandise offered
- B) Price of merchandise
- C) Level of customer service
- D) Type of merchandise/services offered
- E) None of these apply

Answer: B

83) As retailers try to satisfy today's ever-changing consumer, many are realizing that big is not always better. Choose what is influencing this change.

83) _____

- A) real estate is not always available for big-box players
- B) the Web is having a significant impact on consumer in-store expectations and shopping processes
- C) populations are shifting
- D) None of these apply.
- E) All of these apply

Answer: E

84) A retailer that offers a limited assortment of food and general merchandise with little service at low prices to ultimate consumers (members) and small businesses

84) _____

- A) Supercentres
- B) hypermarkets
- C) Warehouse Club
- D) limited-assortment supermarket
- E) conventional supermarket

Answer: C

85) 160 000 to 200 000 square feet in size and offer a wide variety of food (30-40 percent) and non-food merchandise (60-70 percent). They are the fastest-growing retail category.

85) _____

- A) Warehouse Club
- B) hypermarkets
- C) conventional supermarket
- D) Supercentres
- E) limited-assortment supermarket

Answer: D

86) A marketing strategy in which the retailer offers multiple ways for shoppers to buy its products, but with a stronger focus on a seamless approach to the customer experience through all available shopping channels. 86) _____

- A) Direct Selling
- B) Omni-Channel
- C) M-Commerce
- D) Multichannel
- E) None of these apply

Answer: B

87) Choose the appropriate Mobile Retail Sales "moment" that best fits the following "finding 87) _____

Seventy percent of consumers are now leading their own shopping journey (becoming aware of products through means outside of retailer or brand communications).

- | | |
|------------------------|------------------------|
| A) Select and Validate | B) Browse and Research |
| C) Purchase and Pay | D) Find Inspiration |
| E) Return and Service | F) None of these apply |

Answer: D

88) Choose the appropriate Mobile Retail Sales "moment" that best fits the following: 88) _____

The customer begins to match the inspiration to a group of physical products that meet his need. He/she gathers additional information on the options available for sale.

- | | |
|------------------------|------------------------|
| A) Find Inspiration | B) Purchase and Pay |
| C) Browse and Research | D) Select and Validate |
| E) Return and Service | F) None of these apply |

Answer: C

89) Choose the appropriate Mobile Retail Sales "moment" that best fits the following: 89) _____

The customer continues to narrow down his/her consideration set, eventually reducing the to only a few options.

- | | |
|------------------------|------------------------|
| A) Browse and Research | B) Purchase and Pay |
| C) Select and Validate | D) Find Inspiration |
| E) Return and Service | F) None of these apply |

Answer: C

90) Choose the appropriate Mobile Retail Sales "moment" that best fits the following: 90) _____

Thirteen percent of shoppers use the "buy online, pick up in store" (or BOPUS) method to purchase and pay for their items. Twenty-five percent of consumers indicate that this is the preferred method for receiving their purchases in the future.

- A) Return and Service
- B) Browse and Research
- C) Purchase and Pay
- D) Find Inspiration
- E) Select and Validate
- F) None of these apply

Answer: C

91) Choose the appropriate Mobile Retail Sales "moment" that best fits the following: 91) _____

The customer returns to the original place or channel of purchase to seek follow-up related item.

- A) Return and Service
- B) Purchase and Pay
- C) Browse and Research
- D) Find Inspiration
- E) Select and Validate
- F) None of these apply

Answer: A

92) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following: 92) _____

Grocery stores are increasingly incorporating "food as theatre" concepts, such as open-air designs, cooking and nutrition classes, demonstrations, babysitting services, and food tastings.

- A) providing better in-store experience
- B) targeting health-conscious and ethnic consumers
- C) emphasizing fresh perishables
- D) offering more promotions
- E) offering more private-label brands
- F) None of these apply.

Answer: A

93) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following: 93) _____

Conventional supermarkets are also offering more natural, organic, and fair-trade foods for the growing segment of consumers who are health and environmentally conscious.

- A) emphasizing fresh perishables
- B) offering more private-label brands
- C) targeting health-conscious and ethnic consumers
- D) offering more promotions
- E) providing better in-store experience
- F) None of these apply.

Answer: C

- 94) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following: 94) _____

The benefits to customers include having more choices and finding the same ingredients at the same quality as in national brands at a lower price.

- A) offering more promotions
- B) providing better in-store experience
- C) offering more private-label brands
- D) targeting health-conscious and ethnic consumers
- E) emphasizing fresh perishables
- F) None of these apply.

Answer: C

- 95) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following: 95) _____

Food items are located in the areas around the outer walls of a supermarket, known as the *perimeter*, that include dairy, bakery, meat, florist, produce, deli, and coffee bar.

- A) emphasizing fresh perishables
- B) targeting health-conscious and ethnic consumers
- C) offering more private-label brands
- D) offering more promotions
- E) providing better in-store experience
- F) None of these apply.

Answer: A

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

- 96) Which type of store is the most intense competitor for the discount store?

Answer: The category specialist.

- 97) Name and describe four important differences in the nature of the offering provided by services retailers compared with merchandise retailers.

Answer: Intangibility Services are generally intangible—customers cannot see, touch, or feel them. They are performances or actions rather than objects.

Simultaneous Production and Consumption Products are typically made in a factory, stored at a retailer, and then used by consumers in their homes. Service providers, on the other hand, create and deliver the service as the customer is consuming it.

Perishability Because the creation and consumption of services are inseparable, services are perishable. They can't be saved, stored, or resold. This is in contrast to merchandise that can be held in inventory until a customer is ready to buy it.

Inconsistency Merchandise is often produced by machines with very tight quality control so that customers are reasonably assured that, for example, all boxes of a cereal will be identical.

Because services are performances produced by people (employees and customers), no two services will be identical.

98) Explain why category specialists call themselves "category killers"?

Answer: By offering a complete assortment in a category at low prices, category specialists can "kill" a category of merchandise for other retailers.

99) What are some benefits that consumers may experience that shop in traditional stores compared to other formats like catalogues or the Internet?

Answer: Browsing; touching and feeling products; personal service; paying cash; immediate gratification; entertainment and social experience.

100) Explain the difference between breadth of merchandise and depth of merchandise.

Answer: Breadth of merchandise refers to the number of different merchandise categories a retailer offers. Depth of merchandise refers to the number of different items in a merchandise category.

101) What are three issues retailers face when they want to integrate across multiple channels?

Answer: Centralized customer database, consistent brand image, merchandise assortment and pricing.

102) Department stores are diverse and can be categorized into 3 tiers. Describe each tier and give an example of a retailer (for each tier).

Answer: The first tier includes upscale, high-fashion chains with exclusive designer merchandise and excellent customer service, such as Holt Renfrew in Canada and Nordstrom in the United States. Hudson's Bay represents the second tier of upscale department stores, in which retailers sell more modestly priced merchandise with less customer service. The value-oriented third tier—Sears Canada—caters to more price-conscious consumers.

103) What are some of the primary reasons why a traditional retailer would evolve into a multichannel retailer?

Answer: Several reasons include: The Internet gives them an opportunity to reach new markets; they can leverage their skills and assets to grow revenues and profits; an e-tail site overcomes some limitations of their traditional formats; an e-tailing site enables retailers to gain valuable insights into their customers' shopping behaviour; they have an opportunity for increasing their "share of wallet."

104) What does a franchisor offer its franchisees?

Answer: The franchisor provides assistance in locating and building the store, developing the products and/or services that will be sold, management training, and advertising. Additionally, the franchisor makes sure all outlets provide the same quality of services and products to maintain the reputation of the franchise.

105) Many people believe that department store retailing is on the decline. What are department stores doing in response to this?

Answer: Many department stores are lowering prices on some merchandise. Most are investing in the development of private labels brands. Certain departments are getting progressive face-lifts and Internet access is being added.

106) Explain why it is so difficult to be successful in catalogue retailing.

Answer: Catalogue retailing appears easy to manage as start-up costs are lower than say traditional bricks and mortar retailing. The reality is that it is challenging because catalogue retailers are competing against retailers that are multi-channelled. Mailing and printing costs are high and increasing. The time it takes to design, develop and distribute catalogues is too lengthy catalogue retailers can't respond to trends and fashions fast enough.

107) List and explain at least four trends that are rapidly changing the retail industry.

Answer: *Empowered, discriminating consumers.* Consumers can make informed decisions with the increased access to product information, price comparisons, and user reviews, and then widely their experiences with others.

Explosion of consumer data The enormous amount of data generated by points of sale, social n corporate websites, and tracking URLs is greater than the ability of many retailers to exploit the potential value of this input.

Scientific retailing

By applying smart algorithms and deep, data-driven analytics to the massive amounts of data, r are able to maximize all aspects of their business, including pricing, assortments, shelf displays staffing, and warehouse space.

Ubiquitous connectivity

It has never been more critical for retailers to integrate digital opportunities into the shopping experience, with the Internet available at work, at home, and on the go (mobile). Digital and ph experiences are converging, with shoppers expecting interactive, value-added experiences anyt anywhere, and through any channel.

108) List the main elements of the retail mix that are particularly useful for classifying retailers.

Answer: Four elements of the retail mix are particularly useful for classifying retailers:
type of merchandise/services offered
breadth and depth of merchandise offered
level of customer service
price of merchandise

109) As retailers try to satisfy today's ever-changing consumer, many are realizing that big is not always better. Explain and give examples to what is influencing this.

Answer: More and more North American retailers are turning to the smaller format concepts that have been trending in Europe, Asia, and Latin America. Real estate is not always available for big-box players; populations are shifting; and the Web is having a significant impact on consumer in-store expectations and shopping processes. Rona is moving to reduce the number of its big-box locations from 80 to 57 and is focusing its expansion efforts on smaller-format neighbourhood stores.

110) The primary issue facing food retailers in general, and supermarket and convenience store retailers in particular, is the increasing level of competition from other types of retailers. List type of retailers that are competing with them and give examples.

Explain and give examples how food retailers are responding to this trend.

Answer: Other retailers such as department stores, drugstores, convenience stores, gas stations, and even bookstores are increasingly displaying food items on their shelves. In addition, fast-food restaurants like Subway sandwich shops have positioned themselves as a healthy food alternative.

In response to these competitive pressures, convenience stores are taking steps to decrease their dependency on gasoline sales, tailoring assortments to local markets, and making their stores even more convenient to shop. To get gasoline customers to spend more on other merchandise and services, convenience stores are offering more fresh food and healthy fast food that appeals to today's on-the-go consumers, especially women and young adults. For example, Mac's combines a convenience store and takeout restaurant. Mac's has ready-to-heat meals, a sandwich bar, salads, and a ready-to-eat section.

111) Describe two approaches that multichannel retailers can use to reduce channel migration. Give an example of a retailer that applies these approaches.

Answer: Two approaches that multichannel retailers can use to reduce channel migration are to (1) offer uniquely relevant information based on proprietary data the retailer has collected about the customers, and (2) promote private-label or exclusive merchandise that can be purchased only from the retailer.

112) Banks have a problem—more and more customers are not coming into their branches. Banking online or by phone is now the norm. In addition, there is competition from retailers (including Loblaws and Canadian Tire) offering banking services that include mortgages and loans that extend the customer relationship. Explain and give examples of how banks are responding to this competition.

Answer: In response, progressive banks are luring customers with plasma TVs, iPads, and comfy chairs to attract more profitable clients to invest in financial advisory services. TD Bank

113) Explain and give examples of retail trend of "Blurring boundaries among channels, formats and brands."

Answer: Drugstores moved to high-end cosmetics (Loblaws and Rexall); grocery stores invaded the pharmacy business.

114) Describe and give examples how specialty stores tailor their retail strategy towards their specific market segments.

Answer: Retailers tailor their strategy by offering deep but narrow assortments along with knowledgeable sales staff. For example, West 49 retails action sports clothing that had its origins with young skateboard enthusiasts. West 49 has very specific strategies to make sure that it appeals to the under-16 demographic. For example, the mall is a perfect location for this retailer because the target age group does not drive and usually relies on a parent to drop them off at the shopping centre.

115) Department stores' overall sales have stagnated and market share fallen in recent years due to increased competition from discount stores and specialty stores and a decline in perceived value for merchandise and services.

Explain and give examples to how department stores are responding to this to attempt to capture more market share.

Answer: To deal with eroding market share, department stores are (1) attempting to increase the amount of exclusive merchandise they sell, (2) undertaking marketing campaigns to develop strong images for their stores and brands, and (3) expanding their online presence.