

Chapter 01 Introduction to the World of Retailing

Multiple Choice Questions

1. The largest sectors in terms of retail sales are:

- A. General merchandise and Clothing
- B. Pharmacies and Building supplies
- C. Food, Beverage, and Automotive**
- D. Furniture and Pharmacies
- E. Automotive and Building supplies

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-03 Know the economic significance of retailing in Canada.

Topic: 01-06 Retail sales in Canada

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

- A. Target markets
- B. Retail locations
- C. Merchandise and services offerings
- D. Mission statement**
- E. Training and motivating sales associates

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

3. What is retailing?

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-01 Define retailing.

Topic: 01-01 What is Retailing

4. Which of the following businesses would be considered a retailer?

- A. Your local hair salon
- B. Air Canada
- C. Tim Hortons
- D. Canadian Tire
- E.** Your local hair salon, Air Canada, Tim Hortons, and Canadian Tire

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-01 Define retailing.

Topic: 01-01 What is Retailing

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

- A. A cyber-security firm
- B.** A university
- C. A marketing agency
- D. A long-haul freight transportation logistics provider
- E. A commercial realtor

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-01 Define retailing.

Topic: 01-01 What is Retailing

Chapter 01 - Introduction to the World of Retailing

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

7. What best describes firms that perform more than one set of activities in the distribution channel?
- A. Channel diversification
 - B. Distribution channel
 - C. Horizontal integration
 - D. Vertical development
 - E.** Vertical integration

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

8. Prior Snowboards located in Whistler, B.C. manufactures many of the snowboards it sells in its retail outlet at its own factory in Canada. Prior Snowboards is practising:

- A. demographic marketing.
- B. globalization.
- C. product-related marketing.
- D.** vertical integration.
- E. wholesaling.

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

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Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

9. 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:

- A.** vertical integration
- B. channel expansion
- C. horizontal expansion
- D. vertical retailing
- E. service marketing

The florist is performing more than one channel function.

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Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

10. What is the primary competitive advantage for retailers to be vertically integrated?
- A. Retailers can develop unique merchandise sold only in their stores.
 - B. Retailers can expand their services easily to the Internet.
 - C. Retailers have realized that to stay competitive, they must become vertically integrated.
 - D. Customers prefer retailers who are vertically integrated.
 - E. Retailers can develop unique pricing strategies.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Hard

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

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

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

13. Grocers purchase bananas from several different tropical countries. When bananas arrive in the distribution centres across Canada, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the bananas for the consumer to select. Grocers are performing what function?

- A. Holding inventory
- B. Vertical integration
- C. Breaking bulk
- D. Distribution
- E. Providing services

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

14. Providing assortments is an advantageous business activity because it:

- A. enables the company to create a more informational and entertaining environment which would promote more sales
- B. enables the company to reinvest savings
- C. enables the customer to choose from a wide selection of brands, designs, sizes, and prices all in one store
- D. enables the customer to save money by being able to shop in one store
- E. enables the customer to stock up on the assortments because of their availability

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

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

- A. Clean washrooms
- B. Payment by debit cards
- C. Trained salespeople to answer questions
- D. Well-lit parking lots
- E.** Deep assortment of products

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

16. One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following would be an example of that activity?

- A. Ignoring the competition
- B. Increasing employee theft
- C. Performing a situation analysis
- D.** Selling on the Internet as an additional channel
- E. Creating a new media advertisement

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

17. A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting its members on a regular basis, the credit union is engaging in the business function of:

- A. breaking bulk.
- B. holding inventory.
- C. providing assortments.
- D.** providing services.
- E. vertical integration.

Maintaining records and informing members are services.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

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

- A. community involvement
- B. competition
- C.** employment
- D. promotions
- E. variety

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-03 Know the economic significance of retailing in Canada.

Topic: 01-06 Retail sales in Canada

19. Provinces with the highest retail sales in order are:

- A. Ontario, British Columbia, Quebec, and Alberta.
- B. Ontario, Alberta, Quebec, and British Columbia.
- C. Alberta, Atlantic Canada, Ontario, British Columbia, and Quebec.
- D.** Ontario, Quebec, British Columbia and Alberta.
- E. Quebec, British Columbia, Prairies, Ontario, and Atlantic Canada.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-03 Know the economic significance of retailing in Canada.

Topic: 01-06 Retail sales in Canada

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

- A. 100
- B.** 75
- C. 50
- D. 10
- E. 5

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-03 Know the economic significance of retailing in Canada.

Topic: 01-06 Retail sales in Canada

21. The competition between the same types of retailers is called:

- A. indirect competition
- B. intertype competition
- C.** intratype competition
- D. scrambled merchandising
- E. vertical integration

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

- A. Walmart and Target
- B. Sears and La Senza
- C. IGA and Shoppers Drug Mart
- D. Future Shop and eBay
- E. Loblaw's and Amazon.ca

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

23. Best Buy (electronics) and Future Shop (electronics) are what type of competitors?

- A. indirect
- B. intratype
- C. intertype
- D. vertical
- E. horizontal

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

- A. Walmart
- B. Subway
- C. Loblaw's
- D. Shoppers Drug Mart
- E. Old Navy

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

25. What is variety?

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

26. When McDonald's opened its first restaurant, a hungry patron could order a hamburger, French fries and a shake. In those early years, McDonald's did not offer much:

- A. assortment
- B. product depth
- C. quantity
- D. value
- E. variety

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. offering a good merchandise mix
- B. offering what the market demands
- C. offering deep product assortments
- D. practicing intratype competition
- E. practicing scrambled merchandising

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. channel conflict
- B. intratype competition
- C. product diversification
- D. scrambled merchandising**
- E. vertical differentiation

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

29. 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. a deep product assortment.
- B. an acceptable merchandising mix.
- C. a retail mix.
- D. scrambled merchandising.**
- E. this type of intratype competition.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

30. Scrambled merchandising increases:

- A. vertical integration
- B. intertype competition**
- C. concentric diversification
- D. horizontal integration
- E. intratype competition

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

- A. A supermarket and a fresh flower stand
- B. A specialty store and a department store
- C. A department store and a pharmacy
- D. A convenience store and a fast food restaurant
- E.** A large grocery store in a rural area and a grocery store in a strip mall

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

32. Walmart, Loblaw's, and Future Shop are in what kind of competition?

- A. channel
- B. horizontal
- C. indirect
- D.** intertype
- E. intratype

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

- A.** competition.
- B. target market
- C. merchandise mix
- D. retail mix
- E. market

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

34. The intensity of competition is greatest among retailers when:

- A. price dominates the retail mix
- B. they are located near each other and offer similar retail offerings**
- C. they are located near each other and target the same customer
- D. they are located far from each other and offer similar retail offerings
- E. they are located far from each other and target the same customer

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Hard

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-11 The Retail Management Decision Process

35. As part of a retailing strategy, a retailer looks to changes in demographics and responds to these changes with their retail mix. The following are examples of demographic trends except:

- A. the growth of the elderly population.
- B. the increased emphasis on customer service.**
- C. the growth of minority segments.
- D. the rising number of two-income families.
- E. the retirement of the Baby Boomers.

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. retail strategy
- B. advertising plan
- C. customer base
- D. competitive strategy
- E. functional strategy

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

37. Lydia owns the Shake Shack, a small ice cream shop on a busy beach boardwalk that specializes in a variety of milkshakes, malts and cones. She has identified her customer as a person walking on the boardwalk-mostly vacationers who want something cool and quick with no frills. She located herself close to parking for easy access, unlike some of her competitors. Lydia seems to have developed a strong:

- A. business concept
- B. business plan
- C. location strategy
- D. retail strategy
- E. selling strategy

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.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

38. 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.

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

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

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

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. data analysis
- B. news media
- C. income statements
- D. marketing journals
- E. employee complaints

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

42. Which of the following statements about location strategy is true?

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Hard

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

43. 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?

- A. Financial strategies
- B. Organizational structure and human resource strategies**
- C. Location strategies
- D. Market strategies
- E. Information systems and supply chains strategies

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. production orientation
- B. horizontal integration
- C. sales orientation
- D.** retail mix
- E. situation analysis

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

45. 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?

- A. Financial strategies
- B. Organizational structure and human resource strategy
- C.** Location strategies
- D. Market strategies
- E. Information systems and supply chains strategies

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

46. To implement a retail strategy, management must:

- A. develop a retail mix that satisfies the needs of its target market better than its competitors
- B. locate the ideal location
- C. develop budgets and acquire merchandise
- D. set pricing strategies and determine promotions
- E. determine its target market and set retail objectives

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

47. 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?

- A. Financial strategies
- B. Organizational structure and human resource strategy
- C. Location strategies
- D. Market strategies
- E. Information systems and supply chain strategies

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

This statement reflects which strategic element?

- A. Financial strategies
- B. Organizational structure and human resource strategy
- C. Location strategies
- D. Market strategies**
- E. Information systems and supply chain strategies

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

- A. Competitive response**
- B. Merchandise assortments
- C. Location
- D. Customer service
- E. Advertising and promotion

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

- A. give customers a more complete selection of merchandise.
- B. decrease inventory investment.
- C. increase awareness of inventory levels.
- D. help store associates find products for customers quickly.
- E. ensure customer complaints are followed up on.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

- A. Product
- B. Place
- C. Physical
- D. Price
- E. People

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

- A. Product
- B. Place
- C. Physical
- D. Price
- E. People

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

53. Retailing offers today's graduates opportunities for careers in management as well as entrepreneurial opportunities. The following are all Canadian entrepreneurs and their Canadian originated retail outlets except:

- A. John Forzani - Forzani Group - Sport Chek
- B. Tim Horton - Tim Hortons
- C. Samuel Cost and Sharon Conner - Costco**
- D. Eddie Black - Black's Cameras
- E. John Holt and G.R. Renfrew - Holt Renfrew

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-04 Examine the various career and entrepreneurial opportunities retail offers.

Topic: 01-08 Opportunities in Retailing

54. Public relations, advertising, direct marketing, and personal selling relate to which element of the retail mix?

- A. Product
- B. Place
- C. Physical
- D. Price
- E. Promotion**

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

55. Quality and value perception relate to which element of the retail mix?

- A. Product
- B. Place
- C. Physical
- D. Price**
- E. People

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

56. Ensuring consistent behaviours and performance and including internal and external processes relate to which element of the retail mix?

- A. Product
- B. Place
- C. Process**
- D. Price
- E. People

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

57. Theme of the store, emotional attachment customer derives from the store, layout, design; a measure of what it is like to shop in the store relate to which element of the retail mix?

- A. Product
- B. Physical**
- C. Process
- D. Price
- E. People

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

- A. logistics - inventory and supply chain management.
- B. financial considerations.
- C. loyalty rewards.
- D. consumer data.
- E. market awareness.**

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

59. 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

- A. corporate social responsibility
- B. customer relationship management
- C. corporate charitable donations
- D. corporate giving
- E. social enterprise

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-04 Social and Economic Significance of Retailing

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

- A. First stage
- B. Second stage
- C. Third stage
- D. Fourth stage
- E. Fifth stage

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-04 Social and Economic Significance of Retailing

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

- A. First stage
- B. Second stage**
- C. Third stage
- D. Fourth stage
- E. Fifth stage

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-04 Social and Economic Significance of Retailing

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

- A. First stage
- B. Second stage
- C. Third stage**
- D. Fourth stage
- E. Fifth stage

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-04 Social and Economic Significance of Retailing

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

- A. First stage
- B. Second stage
- C. Third stage
- D.** Fourth stage
- E. Fifth stage

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-04 Social and Economic Significance of Retailing

64. This occurs when a manufacturer undertakes retailing activities.

- A.** Forward integration
- B. Backward integration
- C. Market expansion
- D. Cross functional services
- E. Warehousing

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

Short Answer Questions

65. 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?

Breaking bulk

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

67. What type of merchandising increases intertype competition?

Scrambled merchandising

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

68. 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?

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.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Hard

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

69. 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?

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.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Hard

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

71. List the four functions performed by retailers.

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-03 Functions performed by retailers

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

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.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Easy

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

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.

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-12 Understanding the world of retailing

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

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

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

(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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-14 Implementing the retail strategy

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

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

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.

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-13 Developing a retail strategy

82. 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.

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-05 Discuss different types of decisions retail managers make.

Topic: 01-05 Social responsibility

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: Medium

Learning Objective: 01-03 Know the economic significance of retailing in Canada.

Topic: 01-07 Global retailers

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

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

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-04 Examine the various career and entrepreneurial opportunities retail offers.

Topic: 01-08 Opportunities in Retailing

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

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

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: Medium

Learning Objective: 01-02 Understand the role retailers play in the distribution channel and the functions they perform.

Topic: 01-02 A retailer's role in a distribution channel