***Retailing Management, 10e* (Levy)**

**Chapter 1 Introduction to the World of Retailing**

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

2) Hotels, hair salons, and auto repair businesses are considered retailers.

3) The retail sector plays a key role in developed economies.

4) Companies are totally convinced about the importance of corporate social responsibility (CSR) during the initial stages of CSR integration.

5) The development of information systems is one of the forces facilitating the growth of large retail firms.

6) More retail transactions take place online now than in stores.

7) Retailers do not perform traditional business activities.

8) Retailing offers entrepreneurial opportunities.

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

10) Ethical principles can change over time.

11) All of the following businesses would be considered retailers *except*

A) a hot dog cart at the Highland Games.

B) Delta Airlines.

C) a university bookstore.

D) Priceline.com.

E) Procter & Gamble.

12) Why is it imperative that manufacturers like Hewlett-Packard and Procter & Gamble understand the operations of retailers?

A) To sell directly online

B) To encourage retailers to offer and promote their products

C) To develop strategies for selling without retailers

D) Retailers can expect fewer buyouts to occur

E) To have a wide assortment of products for customers to choose from

13) A \_\_\_\_\_\_\_\_ is a business that sells products and/or services to consumers for their personal or family use.

A) manufacturer

B) wholesaler

C) retailer

D) distributor

E) none of these

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

A) supply chain

B) buying network

C) economic network

D) integrated wholesale network

E) extended enterprise

15) A retailer's role in a supply chain is to

A) act as the liaison between manufacturers and suppliers.

B) buy merchandise exclusively from the manufacturers.

C) negotiate with manufacturers to draw contracts for wholesalers.

D) add value to products and services sold to customers.

E) sell goods and services to wholesalers.

16) Retailers provide important functions that increase the value of the products and services they sell to consumers. Which of the following is *not* a value-creating activity performed by a retailer?

A) Providing an assortment of products

B) Reducing production costs with innovative designs

C) Breaking bulk

D) Holding inventory

E) Providing an assortment of services

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

A) Breaking bulk

B) Scrambled merchandising

C) Vertical integration

D) Offering assortments

E) Add-on selling

18) Which of the following value-creating activities has retailers offering products in quantities tailored to customers' consumption patterns?

A) Providing assortments

B) Breaking bulk

C) Add-on selling

D) Holding inventory

E) Scrambled merchandising

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

A) This activity benefits customers with limited storage space, such as families living in small apartments.

B) It allows customers to get the lowest price possible.

C) Holding inventory in a store helps serve customers' needs.

D) Retailers keep inventory so products are available when consumers want them.

E) Holding inventory reduces consumers' cost of storing products.

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

A) providing assortments.

B) breaking bulk.

C) holding inventory.

D) providing services.

E) consumerization.

21) Grocers, a large food retailer, purchases fruits from several different tropical countries. When the fruits arrive in distribution centers across the United States, the quantities are reduced to amounts that are appropriate for store delivery. The stores, in turn, offer the fruits in quantities that depend on the consumption pattern of the customers. This act of offering products in smaller quantities based on consumption patterns is known as

A) holding inventory.

B) breaking bulk.

C) forward integration.

D) intensive distribution.

E) consumerization.

22) \_\_\_\_\_\_\_\_ is the value-creating activity in which a retailer makes available a wide range of products of different brands and prices at a single location.

A) Providing services

B) Breaking bulk

C) Providing assortments

D) Holding inventory

E) Exclusive dealing

23) Many retailers have and offer their own store credit card. This is an example of which of the following value-creating activities?

A) Exclusive dealing

B) Breaking bulk

C) Holding inventory

D) Offering assortments

E) Providing services

24) Retailers that have a website with store locations, store hours, product information, product reviews, promotion information, instant chats, etc. offer which type of value added activity?

A) Breaking bulk

B) Holding inventory

C) Providing assortments

D) Exclusive distribution

E) Providing services

25) Tech Games, a retailer, purchases of the video games and game consoles on a large scale. It then offers the products to customers in single quantities. The value-creating function performed by Tech Games in the given scenario is

A) providing assortments.

B) breaking bulk.

C) holding inventory.

D) providing services.

E) creating a retail mix.

26) A major value-providing activity performed by retailers is \_\_\_\_\_\_\_\_, so that products will be available when consumers want them.

A) breaking bulk

B) holding inventory

C) scrambled merchandising

D) backward integration

E) providing assortments

27) \_\_\_\_\_\_\_\_ means that a firm performs more than one set of activities in the channel, as occurs when a retailer engages in wholesaling activities by operating its own distribution centers to supply its stores.

A) Channel diversification

B) Horizontal development

C) Horizontal integration

D) Vertical expansion

E) Vertical integration

28) Fresh n Fragrant is a chain of flower shops offering a variety of flowers and ornamental plants. It recently opened a distribution center to supply ornamental plants and cut flowers to all its stores within a 300-mile radius. From the given scenario, it can be seen that Fresh n Fragrant is practicing

A) vertical integration.

B) channel expansion.

C) horizontal expansion.

D) horizontal integration.

E) channel diversification.

29) Florals is a popular retail chain specializing in women's lingerie and perfume. It designs and sources its own private-label merchandise that is sold in the store. Therefore, Florals is practicing

A) channel expansion.

B) scrambled merchandising.

C) backward integration.

D) horizontal integration.

E) product diversification.

30) Dailies is a large retail chain in New Jersey. Apart from selling to customers, Dailies supplies bread and vegetables to a large number of restaurants in and around New Jersey. Therefore, Dailies is engaged in \_\_\_\_\_\_\_\_ when selling to restaurants.

A) wholesaling

B) retailing

C) merchandising

D) breaking bulk

E) channel expansion

31) A retailer that is vertically integrated

A) concentrates on selling only to businesses.

B) outsources all supply chain activities to independent firms.

C) has limited control on the activities of the supply chain.

D) performs more than one activity in the distribution channel.

E) concentrates only on operating its own retail stores.

32) \_\_\_\_\_\_\_\_ arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise.

A) Exclusive dealing

B) Merchandising

C) Backward integration

D) Horizontal integration

E) Forward integration

33) \_\_\_\_\_\_\_\_ occurs when a manufacturer undertakes retailing and wholesaling activities.

A) Merchandising

B) Exclusive dealing

C) Backward integration

D) Horizontal integration

E) Forward integration

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

A) scrambled merchandising.

B) backward integration.

C) cross-selling.

D) horizontal integration.

E) forward integration.

35) Retailers function as wholesalers when

A) they hold inventory.

B) they perform manufacturing activities.

C) they practice scrambled merchandising.

D) they sell to other businesses.

E) there is an intratype competition.

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

A) forward integration.

B) scrambled merchandising.

C) backward integration.

D) horizontal integration.

E) cross-selling.

37) The U.S. retail industry

A) has the lowest concentration of large firms.

B) has the greatest retail density in the world.

C) mostly has small stores operating independently.

D) depends on a single large wholesale industry.

E) consists of a fragmented distribution system.

38) \_\_\_\_\_\_\_\_ is the world's fastest-growing retail market.

A) China

B) the United States

C) India

D) Russia

E) Brazil

39) Which of the following statements about the U.S. distribution system is true?

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

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

C) The retail density in the U.S. is lower than that found in Europe.

D) A large independent wholesale industry supplies goods to all retailers.

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

40) The Chinese retail industry

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

B) is characterized by many small and medium-sized firms.

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

D) is characterized by a high retail density.

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

41) Which of the following does *not* describe the distribution systems of the major international markets?

A) The U.S. distribution system has the greatest retail density and the greatest concentration of large retail firms.

B) The Indian distribution system is characterized by small stores operated by relatively small firms and a large independent wholesale industry.

C) In China, there is great disparity between the distribution systems in different parts of the country.

D) Northern European retailing is similar to efficient distribution systems in the U.S.

E) Restrictions on retail locations, store size, and ownership are minimal in northern Europe and India.

42) \_\_\_\_\_\_\_\_ describes the voluntary actions taken by a company to address the ethical, social, and environmental impacts of its business operations and the concerns of its stakeholders.

A) Forward integration

B) Corporate social responsibility

C) Integrity management

D) Customer engagement

E) Ethical behavior

43) Happy Kids clothing store started a program where customers could bring in gently used clothing for donation to a local shelter for women and children. This is an example of which principle of conscious marketing?

A) Recognition of the retailing firm's greater purpose

B) The presence of conscious leadership

C) Consideration of stakeholders' independence

D) Distinguishing right from wrong

E) Incentivizing employees to provide good service

44) When a firm's leaders adopt a conscious marketing approach

A) the resulting corporate culture stays in accordance with the leaders' ideals.

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

C) the resulting corporate culture emphasizes making a profit.

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

E) the majority of stakeholders are not affected.

45) Which of the following is an example of a decision that involves business ethics?

A) A retailer decides to close a location where sales have decreased.

B) A retailer decides to start a customer loyalty program.

C) A retailer decides to use a celebrity in an advertising campaign.

D) A retailer decides to have its salespeople adopt a high-pressure sales approach when dealing with all customers.

E) A retailer decides to manage its own distribution center.

46) Prime Industries Inc. is a large company producing a wide range of chemicals. It decides to focus on making its products more environmentally friendly. This is an example of

A) vertical integration.

B) providing assortments.

C) wholesaling.

D) conscious marketing.

E) a supply chain.

47) Which of the following is true of retailing activities in the bottom of the pyramid (BoP) market?

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

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

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

D) High local demand results in low prices for consumer goods.

E) Firms are not motivated to enter the BoP market.

48) \_\_\_\_\_\_\_\_ are the most concentrated sector of the retail industry in the U.S.

A) Fitness centers

B) Drugstore chains

C) Apparel stores

D) Home improvement centers

E) Food and beverage services

49) Retailers use customer transaction data to do all of the following *except*

A) identify their best customers.

B) match the needs of a store's local market.

C) create customized promotions.

D) tailor product assortments.

E) identify political party preferences.

50) Students often view retailing as part of marketing because

A) retailing does not involve traditional business activities.

B) retailing involves the management of distribution systems.

C) retailing requires only people with expertise in marketing.

D) activities in retailing are confined to advertising and promotion.

E) retailers are not part of the supply chain.

51) Which of the following is true of the career opportunities offered by the retailing industry?

A) Retailers employ people with exclusive expertise in supply chain management.

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

C) Retailing offers limited opportunities for entrepreneurs.

D) Retail management is not a very lucrative career path.

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

52) The competition between the same type of retailers is called

A) intertype competition.

B) indirect competition.

C) intratype competition.

D) scrambled merchandising.

E) intrinsic competition.

53) Daily Needs and Smart Saves are two large retailers in Canada. They compete with each other using similar marketing strategies. Which form of competition is seen between these two retailers?

A) Intertype competition

B) Indirect competition

C) Intratype competition

D) Scrambled merchandising

E) Intrinsic competition

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

A) scrambled merchandising.

B) intertype competition.

C) product diversification.

D) channel conflict.

E) vertical differentiation.

55) Karen's is a popular clothing store in Boston. The store recently started selling designer watches. Thus, Karen's is practicing

A) channel expansion.

B) intertype competition.

C) product diversification.

D) scrambled merchandising.

E) vertical differentiation.

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

A) scrambled merchandising.

B) intratype competition.

C) product diversification.

D) channel diversification.

E) vertical differentiation.

57) Which of the following is the first step in the retail management decision process?

A) Developing the retail communication mix

B) Buying merchandise

C) Developing a retail marketing strategy

D) Understanding the world of retailing

E) Customer relationship management

58) \_\_\_\_\_\_\_\_ form a part of the microenvironment that influences retail management decisions.

A) Competitors

B) Technologies

C) Politics

D) Legal aspects

E) Ethics

59) A retailer's primary competitors are other retailers that

A) are more vertically integrated.

B) use the same type of store format.

C) have the same target market.

D) sell online.

E) scramble merchandise.

60) Scrambled merchandising increases

A) vertical integration.

B) intertype competition.

C) concentric diversification.

D) horizontal integration.

E) intratype competition.

61) Which of the following is *not* an example of intertype competition?

A) A supermarket and a fresh flower stand

B) A coffee shop and a fast food restaurant

C) A supercenter and a pharmacy

D) An American Eagle store and a Macy's store

E) A Target store and a Walmart store

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

A) Intertype competition

B) Indirect competition

C) Intratype competition

D) Scrambled merchandising

E) Intrinsic competition

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

A) competition.

B) target market.

C) merchandise mix.

D) retail mix.

E) price points.

64) The intensity of competition is greatest among retailers when

A) price dominates the retail mix.

B) their retail offerings are considered to be similar.

C) they resort to scrambled merchandising.

D) they focus on a narrow demographic trend.

E) they offer a limited range of products and services.

65) A \_\_\_\_\_\_\_\_ refers to the market toward which a retailer will direct its efforts.

A) channel member

B) market segment

C) target market

D) mass market

E) warm market

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

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

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

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

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

67) When developing the \_\_\_\_\_\_\_\_ for his salon, Theo decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well-trained staff, and hair coloring for half-price every Wednesday to attract customers.

A) selling concept

B) business cycle

C) retail strategy

D) focal point orientation

E) marketing concept

68) As the owner of Knights, a store specializing in men's suits, Isabella can use a retail strategy to identify all of the following *except*

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

B) the store's target market.

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

D) what services the store will offer its customers.

E) what types of suits the store will stock.

69) A \_\_\_\_\_\_\_\_ identifies the target market, the merchandise and services that will be offered, and how the company will achieve long-term advantage over its competitors.

A) retail strategy

B) corporate strategy

C) retail mix

D) supply chain

E) product mix

70) Which of the following is a key strategic decision made by a retailer?

A) Managing merchandise inventories

B) Defining the target market

C) Managing the store

D) Creating the retail communication mix

E) Implementing visual merchandising

71) A retail mix refers to

A) a strategy for identifying primary competitors through market research.

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

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

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

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

72) Which of the following is a critical asset that enables retailers to build strategic advantages?

A) Holding inventory

B) Breaking bulk

C) Providing services

D) Scrambled merchandising

E) Supply chain organization

73) A retail mix is developed to

A) promote scrambled merchandising.

B) implement a retail strategy.

C) understand the retail market.

D) implement vertical integration.

E) formulate a retail strategy.

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

A) Competitive response

B) Merchandise pricing

C) Location

D) Customer service

E) Advertising and promotion

75) Retail information and supply chain management systems help retailers to do all of the following *except*

A) gain strategic advantages.

B) monitor the flow of information and merchandise.

C) make sure desired merchandise is available when customers want it.

D) minimize the retailer's inventory investment.

E) avoid class action lawsuits.

76) \_\_\_\_\_\_\_\_ are the principles governing the behavior of individuals and companies that establish appropriate behavior and indicate what is right and wrong.

A) Ethics

B) Acts

C) Training guidelines

D) Company traditions

E) Legislations

77) Which of the following statements is true of ethical principles?

A) Ethical principles can change over time.

B) Ethics remain the same irrespective of the country or industry.

C) Most people have common views on ethical and unethical practices.

D) The personal code of ethics does not play a role in business decisions.

E) Ethical principles are often easy to determine.

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

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

80) Explain the importance of breaking bulk.

81) How have retailers incorporated corporate social responsibility (CSR) into their activities?

82) Explain briefly the problems faced by retailers before the development of sophisticated information systems.

83) How do retailers use customer transaction data?

84) Why do retailers hire people with varied expertise and interests?

85) How does scrambled merchandising impact retail competition?

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

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

88) Refer to the most current list of top global retailers provided on www.nrf.com. List the top five retailers and compare to the year before; discuss any changes.