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(Retailing Management, 11e By Michael Levy, Barton Weitz, Dhruv Grewal)

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(Answer at the end of each Chapter)

- 1) Retailers are a key component in a supply chain that links manufacturers to consumers.
  - true
  - false
  
- 2) If you have ordered food from a restaurant, gotten a haircut from a salon, or ordered clothing from a catalog, you have done business with a retailer.
  - true
  - false
  
- 3) The retail sector plays a minimum role in the development of the U.S. economy and developed economies around the world.
  - true
  - false
  
- 4) Corporate social responsibility entails a sense of purpose for a firm, more than just making a profit by selling products and services.
  - true
  - false
  
- 5) The growth of retail analytics is one of the forces facilitating the growth of large retail firms.
  - true
  - false
  
- 6) More retail transactions take place online now than in stores.
  - true
  - false

- 7) Retailers do not perform traditional business activities.
- true
  - false
- 8) Retailing offers entrepreneurial opportunities.
- true
  - false
- 9) The largest retail company in the world is headquartered in the United States of America.
- true
  - false
- 10) Ethical principles can change over time.
- true
  - false
- 11) Which is an example of a nonstore effort involving retailing?
- A) a firm that sells electronic components to a computer manufacturer
  - B) an online store that sells office supplies to several businesses
  - C) a university bookstore that sells textbooks to students through its online bookstore
  - D) a grocery store that houses a florist shop within the store
  - E) a restaurant that offers delivery through a mobile app
- 12) Danby Music sells and services musical instruments to students participating in school bands. The company has three store locations and also sells products on its website. Danby Music can be classified as a
- A) wholesaler.
  - B) retailer.
  - C) local supply chain.
  - D) manufacturer.
  - E) distributor.

- 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 the above
- 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) When retailers engage in activities like breaking bulk or holding inventory, they add\_\_\_\_\_ to the supply chain.
- A) inefficiency
  - B) value
  - C) costs
  - D) confusion
  - E) competition

- 17) Marvin's is a large clothing retailer. The store offers over 1,000 brands and 50,000 different products. Which value-creating activity 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 value-creating activity 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 value-creating activity performed by retailers helps in having products available when consumers want them?
- A) breaking bulk
  - B) holding inventory
  - C) providing assortments
  - D) providing services
  - E) assisting in the supply chain
- 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) Garden Fresh, a large food retailer, purchases vegetables from several different countries. When the vegetables 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 vegetables 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 value-creating activity?
- 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) Business Solutions, a retailer, purchases computers, monitors, and printers on a large scale. It then offers the products to customers in single quantities. The value-creating function performed by Business Solutions in the given scenario is
- A) providing assortments.
  - B) breaking bulk.
  - C) holding inventory.
  - D) providing services.
  - E) creating a retail mix.
- 26) In retailing, value-creating activities undertaken by channel members
- A) increase the benefits to consumers and decreases the cost of the product or service.
  - B) increases the cost of products and services sold to customers.
  - C) always decreases the quality of products and services sold to customers.
  - D) decreases the cost of products and services sold to customers.
  - E) has no bearing on the benefits or cost of the product or service.
- 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) Floral Expressions 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 Floral Expressions is practicing
- A) vertical integration.
  - B) channel expansion.
  - C) horizontal expansion.
  - D) horizontal integration.
  - E) channel diversification.

- 29) Entice 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, Entice is practicing
- A) channel expansion.
  - B) scrambled merchandising.
  - C) backward integration.
  - D) horizontal integration.
  - E) product diversification.
- 30) Simon Brothers is a large retail chain in New Jersey. Apart from selling to customers, the company sells bread and vegetables to a large number of restaurants in and around New Jersey. Therefore, Simon Brothers 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) A retail store manages its own warehouse. It also owns a manufacturing facility where it produces private-label food products. Therefore, this retailer 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) Milano is a company producing cosmetics. It supplies products to stores and beauty salons and also manages its own retail outlets. Therefore, Milano 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) accounts for the most square footage of any country 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 statement 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 United States 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) A characteristic of the Chinese retail industry is that it
- 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) How does retailing in India differ from retailing in the United States?
- A) The retail industry in India accounts for more square footage than that of the United States.
  - B) Unlike the United States, most retailing jobs in India are as store clerks and store owners.
  - C) Unlike the United States, India does not have the capability to offer e-commerce on a large scale.
  - D) While retailing in the United States is comprised of mainly small stores, the retail industry in India is concentrated in only a few large stores
  - E) The infrastructure to support retailing is not as well developed in India as it is in the United States.
- 42) What two key factors of the retail industry have a significant impact on developed economies?
- A) the number of retail stores that operate both domestically and internationally
  - B) the demand consumers have for product offerings and the number of people employed in the industry
  - C) the amount of merchandise sold and the government regulations on the retail industry
  - D) the amount of money consumers spend on products and the overall profit of retail firms
  - E) the willingness of retailers to open large stores and available warehouses able to supply products
- 43) \_\_\_\_\_ 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

- 44) Which statement 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.
- 45) Just Like New 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
- 46) 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.
- 47) An example of a decision that involves business ethics is when a retailer decides to
- A) close a location where sales have decreased.
  - B) start a customer loyalty program.
  - C) use a celebrity in an advertising campaign.
  - D) have its salespeople adopt a high-pressure sales approach when dealing with all customers.
  - E) manage its own distribution center.

- 48) Prime Eyewear is a large company selling a wide range of prescription eyewear and sunglasses. It decides that for every pair of eyeglasses it sells, it will donate a pair to a needy individual in an impoverished country. This is an example of
- A) vertical integration.
  - B) providing assortments.
  - C) wholesaling.
  - D) conscious retailing.
  - E) a supply chain.
- 49) \_\_\_\_\_ are the most concentrated sector of the retail industry in the United States
- A) Fitness centers
  - B) Drugstore chains
  - C) Apparel stores
  - D) Home improvement centers
  - E) Food and beverage services
- 50) Inputting retail and customer data into dedicated analytical models, tools, and dashboards to inform strategic retailing decisions is referred to as
- A) market segmentation.
  - B) conscious retailing.
  - C) forward integration.
  - D) backward integration.
  - E) retail analytics.
- 51) What factor has fueled the growth of small local retailers giving way to large multinational chains?
- A) better market segmentation strategies
  - B) a movement away from conscious retailing
  - C) the ability to vertically integrate
  - D) inability to be socially responsible
  - E) the use of sophisticated analytical systems

- 52) In terms of evolving retail, what affect did the COVID-19 pandemic have on retail in general?
- A) It drove the need to improve digital retailing channels.
  - B) It fostered a move away from conscious retailing.
  - C) It forced large retailers to open more brick-and-mortar stores.
  - D) It reduced the need for efficient supply chain systems.
  - E) It removed the need for retail analytical systems.
- 53) 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.
- 54) Which statement 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.
- 55) Sam Walton began his retailing career by buying a franchise in which retail outlet?
- A) JCPenney clothing store
  - B) Woolworth five and dime store
  - C) Ben Franklin variety store
  - D) G.C. Murphy variety store
  - E) Sears department store
- 56) 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.

- 57) Rolfs and Martins 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
- 58) When Manuelo 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.
- 59) A popular beauty store recently started selling designer watches. This is an example of
- A) channel expansion.
  - B) intertype competition.
  - C) product diversification.
  - D) scrambled merchandising.
  - E) vertical differentiation.
- 60) 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.

- 61) What 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) managing customer relationships
- 62) \_\_\_\_\_ form a part of the microenvironment that influences retail management decisions.
- A) Competitors
  - B) Technologies
  - C) Politics
  - D) Legal aspects
  - E) Ethics
- 63) A retailer's primary competitors are other retailers that
- A) are more vertically integrated.
  - B) use the same retail approach.
  - C) have the same target market.
  - D) sell online.
  - E) scramble merchandise.
- 64) Scrambled merchandising increases
- A) vertical integration.
  - B) intertype competition.
  - C) concentric diversification.
  - D) horizontal integration.
  - E) intratype competition.

- 65) Belco Foods Inc. and National Foods and Beverages Inc. are competitors selling frozen meals. National sells its products through a large number of local convenience stores, while Belco 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
- 66) 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
- 67) 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.
- 68) When developing the \_\_\_\_\_ for his salon, Lars 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

- 69) As the owner of Threads, a store specializing in men's suits, Brianna 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.
- 70) 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
- 71) Which 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
- 72) 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.

73) What 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

74) 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.

75) 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

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

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

78) Explain the importance of breaking bulk.

79) List and briefly describe the five overriding principles of conscious retailing?

80) What is retail analytics and how might it be used by a retailer?

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

82) How does scrambled merchandising impact retail competition?

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

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

## Answer Key

Test name: Chapter 1

- 1) TRUE
- 2) TRUE
- 3) FALSE
- 4) FALSE
- 5) TRUE
- 6) FALSE
- 7) FALSE
- 8) TRUE
- 9) TRUE
- 10) TRUE
- 11) E
- 12) B
- 13) C
- 14) A
- 15) D
- 16) B
- 17) D
- 18) B
- 19) B
- 20) C
- 21) B
- 22) C
- 23) E
- 24) E
- 25) B
- 26) B
- 27) E
- 28) A
- 29) C
- 30) A
- 31) D
- 32) C
- 33) E
- 34) B
- 35) D
- 36) A
- 37) B

- 38) A
- 39) B
- 40) B
- 41) E
- 42) B
- 43) B
- 44) B
- 45) A
- 46) A
- 47) D
- 48) D
- 49) D
- 50) E
- 51) E
- 52) A
- 53) B
- 54) B
- 55) C
- 56) C
- 57) C
- 58) A
- 59) D
- 60) A
- 61) D
- 62) A
- 63) B
- 64) B
- 65) A
- 66) C
- 67) D
- 68) C
- 69) A
- 70) A
- 71) B
- 72) D
- 73) E
- 74) B
- 75) A
- 76) Essay
- 77) Essay

- 78) Essay
- 79) Essay
- 80) Essay
- 81) Essay
- 82) Essay
- 83) Essay
- 84) Essay