

Chapter 15 - Retailing

1. Snow White Toys sells Disney based products to children for their own enjoyment. What would Snow White Toys be characterized as?
 - a. a wholesaler
 - b. a retailer
 - c. a business
 - d. a distributor

ANSWER: b

2. Which of the following is the best example of a retailer?
 - a. the public library
 - b. a radio station
 - c. a real estate company
 - d. an advertising agency

ANSWER: c

3. Which of the following is one way that a retail store can be classified?
 - a. according to its distribution method
 - b. according to its inventory control
 - c. according to its product assortment
 - d. according to its decor and atmosphere

ANSWER: c

4. Around the world, most merchandisers operate one or a few stores in their community, owned by a single person or partnership and not operated as part of a larger retail institution. What are these operators called?
 - a. independent retailers
 - b. chain stores
 - c. franchise outlets
 - d. specialty clubs

ANSWER: a

5. What types of operations are small neighbourhood florists, shoe stores, and ethnic food markets most likely to be?
 - a. franchise outlets
 - b. membership clubs
 - c. chain stores
 - d. independent retailers

ANSWER: d

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6. The Gap Inc. is an American multinational clothing company. All of its stores are owned and operated as a group by head office. All of its administrative and purchasing tasks are also handled by head office. What are Gap's stores called?
- a. home base stores
 - b. independent retailers
 - c. franchisees
 - d. chain stores

ANSWER: d

7. Costco carries automotive supplies and other products. How would you describe Costco?
- a. It is a chain store.
 - b. It is a shop with a large product assortment.
 - c. It is an independent retailer.
 - d. It is a licensor.

ANSWER: b

8. As a general rule of thumb, what will a retailer with a high gross margin also have?
- a. an inventory management system
 - b. low prices
 - c. salespeople trained in cross-selling techniques
 - d. high prices

ANSWER: d

9. Long & McQuade sells only guitars by Fender and ukuleles by Kala. It makes large margins on its products and ensures that its customers are dealt with by highly trained staff. What would Long & McQuade be characterized as?
- a. a drugstore
 - b. a warehouse club
 - c. a convenience store
 - d. a specialty store

ANSWER: d

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10. Which of the following houses several departments under one roof, carries a wide variety of shopping and specialty goods, and provides a high level of service?
- a. a supermarket
 - b. a specialty store
 - c. a convenience store
 - d. a department store

ANSWER: d

11. Applying what you have learned about retailing, which type of retail store would typically have the highest labour costs?
- a. a warehouse club
 - b. a department store
 - c. an off-price retailer
 - d. a discount store

ANSWER: b

12. What type of retailer is the Running Room?
- a. a franchisee
 - b. a category store
 - c. a department store
 - d. a specialty store

ANSWER: d

13. When a store offers a wide variety of nontraditional goods and services under one roof, what is this called?
- a. giving the customer lots of choices
 - b. confusing the customer
 - c. scrambled merchandising
 - d. a store that has everything

ANSWER: c

14. What is a full-line discount store?
- a. a store that offers consumers very limited service
 - b. a store that offers groceries and general merchandise
 - c. a store that competes only on price
 - d. a store that consumers love to benefit by

ANSWER: a

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15. This type of retailer concentrates in a given type of merchandise with a deep but narrow assortment. It is not only a type of store, but also a method of retail operations. What is it?
- a. a warehouse club
 - b. a convenience store
 - c. a specialty store
 - d. a general store

ANSWER: c

16. Which of the following statements best describes specialty stores?
- a. Specialty stores focus only on three or four categories.
 - b. Specialty stores are not concerned with the distinctiveness of the merchandise or the store's physical appearance.
 - c. Specialty stores typically avoid price wars.
 - d. A typical specialty store carries a wider assortment of specialty merchandise than department stores.

ANSWER: c

17. The Grape Vine Market is a nearly 1,700-square-metre store offering highly collectible food and wine—along with some other culinary experiences, including a cooking school—all in a setting crafted to make shoppers feel comfortable. It stocks more than 5,500 different kinds of wine. From this description, what is Grape Vine Market?
- a. a hypermarket
 - b. a factory outlet
 - c. a specialty store
 - d. a department store

ANSWER: c

18. Harry Rosen is a retail chain of 15 high-end men's clothing stores. A privately owned company, Harry Rosen accounts for 40 percent of the Canadian market in high-end menswear. The Harry Rosen stores carry the best of the best in menswear in Canada. How is Harry Rosen differentiating itself from other clothing stores?
- a. through cultural positioning
 - b. through specialty retailing
 - c. through unique products
 - d. through store location modelling

ANSWER: b

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19. A manufacturer wants to introduce a line of handmade children's clothing to the growing number of professional women who are now having babies. The least expensive of these outfits will be \$75. Which of the following types of stores would most likely support an effective product launch?
- a. an off-price retailer
 - b. a specialty store
 - c. a full-discount store
 - d. a warehouse club

ANSWER: b

20. The Big House is a large, departmentalized, self-service retailer that specializes in a wide assortment of food and some nonfood items? What kind of retailer is it?
- a. a supermarket
 - b. a convenience store
 - c. a membership wholesale club
 - d. a discount store

ANSWER: a

21. Winners and Marshall's sell a variety of products. What type of retailers are they?
- a. specialty discount stores
 - b. category killers
 - c. off-price retailers
 - d. full-line discount stores

ANSWER: c

22. Real Canadian Superstore is a chain of retail outlets in Canada that are described as large, departmentalized, self-service stores that specialize in wide assortments of foodstuffs and limited nonfood items. Real Canadian Superstores would be classified as which of the following?
- a. off-price retailers
 - b. discount stores
 - c. wholesale clubs
 - d. supermarkets

ANSWER: d

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23. Spar is Ireland's largest supermarket chain. Which of the following is the most likely reason that Spar supermarkets sell all types of foodstuffs as well as nonfood products including a wide range of firearms and gun accessories?
- a. Demand for one-stop shopping often leads to scrambled merchandising.
 - b. Fulfillment of the wheel of retailing hypothesis is important to Spar.
 - c. Buying in bulk helps Spar to operate as a discounter.
 - d. Spar is taking advantage of the growth of convenience merchandising.

ANSWER: a

24. According to your textbook, what is one way supermarkets establish long-term relationships with their customers?
- a. by avoiding any obviously ethnic appeal
 - b. by limiting the number of nonfood items carried by the stores
 - c. by using loyalty marketing programs
 - d. by creating customer correlation studies

ANSWER: c

25. Walmart sells products that fall under many different categories. These include groceries, seasonal, toys, and sporting goods to mention a few. What are they involved in?
- a. cross-selling
 - b. trading up
 - c. scrambled merchandising
 - d. cross-docking

ANSWER: c

26. Costco, Safeway, Metro, and other supermarket chains offer a variety of nontraditional goods and services such as DVD rental, flower shops, dry cleaning, and banking. What is this practice called?
- a. convenience merchandising
 - b. specialty service
 - c. trade-up positioning
 - d. scrambled merchandising

ANSWER: d

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27. For consumers, the initial attraction of drugstores was the pharmaceuticals they carried, but now consumers can have their prescriptions filled at mass merchandisers, at supermarkets, and through the mail. What have drugstores done to remain competitive?
- a. raised their prices
 - b. taken legal steps to prevent the sale of prescription drugs at supermarkets
 - c. provided customers with value-added services
 - d. introduced generic prescription medicines

ANSWER: c

28. These self-service stores carry a limited line of high-turnover, high-priced goods and resemble miniature supermarkets. They are typically located near residential areas and are open long hours, seven days a week. What are they?
- a. specialty stores
 - b. wholesale stores
 - c. convenience stores
 - d. factory outlets

ANSWER: c

29. Home Depot Fuel is the name of a chain of convenience stores owned and operated by The Home Depot. These stores typically sell gas and are located just outside The Home Depot warehouse store. What else can you presume about the Home Depot Fuel convenience stores?
- a. They carry a wide assortment of products.
 - b. They carry a limited line of high-turnover goods.
 - c. They compete on the basis of low price.
 - d. They carry the same merchandise found in The Home Depot.

ANSWER: b

30. Why are prices usually higher in convenience stores than in supermarkets?
- a. Convenience stores offer a wider variety of products.
 - b. Convenience stores offer a higher level of customer services.
 - c. Convenience stores offer better location, longer hours, and faster service.
 - d. Convenience stores offer higher quality goods.

ANSWER: c

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31. Which of the following retailers compete on the basis of low prices, high turnover, and high volume?

- a. specialty stores
- b. discount stores
- c. general stores
- d. department stores

ANSWER: b

32. Which of the following best describes discount stores?

- a. They compete on the basis of low prices, high turnover, and high volume.
- b. They sell high-priced, low-turnover products.
- c. They provide their customers with full service.
- d. They compete on the basis of assortment and depth.

ANSWER: a

33. Costco carries a broad assortment of nationally branded hard goods (broader than a department store) and offers customers very limited service. What would Costco be classed as?

- a. a full-line discount store
- b. a factory outlet
- c. a price cut store
- d. a specialty supercentre

ANSWER: a

34. What is the term for the retailing strategy of using moderate to low prices on large quantities of products and lower service to stimulate a high turnover of inventory?

- a. specialty store positioning
- b. merchandise positioning
- c. the wheel of retailing
- d. mass merchandising

ANSWER: d

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35. Walmart utilizes a strategy of moderate to low prices on large quantities of products and lower levels of service to stimulate a high turnover of inventory. Walmart offers a wide variety of different product lines. What is Walmart an example of?
- a. a mass merchandiser
 - b. a convenience store
 - c. a franchising operation
 - d. a specialty store

ANSWER: a

36. What is the term for a retail operation that has a 8,300-square-metre facility, houses a florist, baker, bank, craft shop, photo finisher, dry cleaner, and pharmacy under the same roof as grocery and household items?
- a. a membership warehouse club
 - b. a wholesale outlet
 - c. a supercenter
 - d. a mass merchandiser

ANSWER: c

37. Hudson's Bay's Home Outfitters sells furnishings and uses self-service, discount prices, high volume, and high turnover of merchandise to their advantage. What are they are?
- a. a specialty discount store
 - b. a factory outlet
 - c. a mass merchandiser
 - d. a membership club

ANSWER: a

38. Glen's Safety First! sells a huge assortment of firefighting and other safety equipment at greatly reduced prices. It offers customers few services and competes on the basis of moderate to low prices on the large quantities of merchandise it stocks. What is Glen's Safety First! an example of?
- a. a full-line discount store
 - b. a specialty discount store
 - c. a general store
 - d. a wholesale store

ANSWER: b

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39. Last year, over two million people visited Wine.com and bought 14,000 different fine wines at discounted prices. Wine.com shipped wine to over 100,000 customers generating more than \$30 million in sales. Wine.com has since become the most trafficked wine site in the world. As an online retail operation, how would Wine.com correctly be labelled?
- a. a full-line discount store
 - b. a category killer
 - c. a department store
 - d. an off-price retailer

ANSWER: b

40. Why are specialty stores such as Office Depot, Bed Bath & Beyond, and Staples often called category killers?
- a. They can destroy the profit potential for a grouping of merchandise for other retailers.
 - b. They are located at stand-alone sites.
 - c. They have a broad merchandise mix and shallow assortment.
 - d. They offer an exclusive category of merchandise.

ANSWER: a

41. Which of the following sell a limited selection of brand-name appliances, household items, and groceries, usually in bulk on a cash-and-carry basis to those who belong?
- a. factory outlets
 - b. wholesale discounters
 - c. off-price discount retailers
 - d. warehouse membership clubs

ANSWER: d

42. Costco is a warehouse membership club. Which of the following best describes it?
- a. It sells only to ultimate consumers.
 - b. It is a type of category specialist.
 - c. Its merchandise is displayed without any frills and inventory turns over quickly.
 - d. It has extensive merchandise depth, which it uses to create demographic positioning.

ANSWER: c

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43. Laura buys supplies for her catering business at a retailer that stocks a limited selection of items, which are sold in bulk on a cash-and-carry basis to those who belong. As she browses through a huge store, she buys flour, a set of muffin pans, and a package of paper towels as well as an assortment of fresh produce. Where is Laura most likely shopping?
- a. at an off-price discount retailer
 - b. at a factory outlet
 - c. at an industrial supply warehouse
 - d. at a warehouse membership club

ANSWER: d

44. Which of the following best describes off-price retailers?
- a. They are often able to take advantage of manufacturers' faulty sales forecasting.
 - b. They seldom stock brand-name merchandise.
 - c. They are owned by the manufacturer of the products they sell.
 - d. They offer very deep assortments.

ANSWER: a

45. A publisher of books on holiday decorating, cooking, and crafts has to find a way to dispose of its overrun and unsold end-of-season output. To whom should the firm sell the remaining merchandise?
- a. convenience stores
 - b. department stores
 - c. supermarkets
 - d. off-price discount retailers

ANSWER: d

46. What is the term for an off-price retailer that is owned and operated by a manufacturer and carries one line of merchandise—its own?
- a. mass merchandiser
 - b. factory outlet
 - c. wholesale club
 - d. discount store

ANSWER: b

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47. Well-known manufacturers such as Nike and Polo Ralph Lauren have decided the most profitable way to dispose of out-of-season and irregular stock is to open stores and sell their own merchandise. What type of stores are these?
- a. seasonal outlets
 - b. factory outlets
 - c. discount stores
 - d. bargain basements

ANSWER: b

48. Sarah hates shopping at malls during the Christmas rush. She much prefers to use catalogues, the internet or even vending machines. In fact this type of shopping is currently growing faster than in-store shopping. What is this known as?
- a. nonstore retailing
 - b. customerization
 - c. hypershopping
 - d. virtual buying

ANSWER: a

49. Which of the following statements best describes nonstore retailing?
- a. The nature of the communications between the retailer and the customer is the same in all forms of nonstore retailing.
 - b. Nonstore retailing is currently growing faster than in-store retailing.
 - c. The high growth rate for nonstore retailing is due to the growth of TV home shopping.
 - d. Nonstore retailing is increasing at a rate lower than in-store retailing.

ANSWER: b

50. What is the term for a low-profile yet important form of retailing in which consumers get products out of machines, and that accounts for \$60 million worth of sales each year in Canada?
- a. automatic vending
 - b. machine retailing
 - c. direct marketing
 - d. robotic purchasing

ANSWER: a

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51. Manufacturers of Pampered Chef kitchen equipment and Longaberger baskets utilize party plan selling. The sales transactions usually occur in a home setting. What is the name for this form of nonstore retailing?
- a. direct retailing
 - b. personal marketing
 - c. direct-response marketing
 - d. vending

ANSWER: a

52. Chez Amie manufactures children's clothing for infants and toddlers. Its sales representatives set up parties at homes of mothers of preschool children so that its sales reps can demonstrate the quality and value of the Chez Amie products. What is Chez Amie using?
- a. direct-response marketing
 - b. personal marketing
 - c. selling representation
 - d. direct retailing

ANSWER: d

53. Techniques used to get consumers to buy from their home include direct mail, catalogues and mail order, telemarketing, and electronic retailing. What is the term for this process?
- a. in-home retailing
 - b. franchising
 - c. direct marketing
 - d. direct retailing

ANSWER: c

54. Jeanette Pelletier has decided to sell a sourcebook of French Canadian suppliers to businesses in French areas. She plans to call prospective customers and try to sell to them over the phone. Which of the following retailing techniques will Pelletier be using?
- a. m-commerce
 - b. indirect retailing
 - c. franchising
 - d. direct marketing

ANSWER: d

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55. Mr. Bilson, the owner of a new restaurant, wants to target customers based upon their gender, age, lifestyle, and values. Which method should he use?
- a. direct mail
 - b. vending machines
 - c. specialty retail outlets
 - d. electronic selling

ANSWER: a

56. What is the term for the use of a telephone to sell directly to customers?
- a. telemarketing
 - b. teleprompting
 - c. indirect marketing
 - d. phone vending

ANSWER: a

57. Surj is constantly called at dinner time by unsolicited telemarketers. What is the name for the opposite of these types of calls?
- a. lead generation calling
 - b. response calling
 - c. outbound calling
 - d. inbound calling

ANSWER: d

58. Sunni received a phone call last night during supper. The caller wanted her to subscribe to a travel magazine. Since Sunni had never thought of purchasing this type of magazine before she received the call, this is obviously an example of what type of telemarketing?
- a. outbound
 - b. qualifying
 - c. inbound
 - d. relationship

ANSWER: a

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59. The Mad Stencilist has decided to demonstrate how to use its products to create custom gift tags on a local television channel and to encourage shoppers to call a toll-free number to purchase the merchandise with a credit card. What is this form of retailing called?
- a. an in-store electronic shopping experience
 - b. a shop-at-home network
 - c. an electronic point of sale
 - d. a catalogue viewing

ANSWER: b

60. The Cedar Store carries a full line of cedar swings, gliders, garden benches, and tables. All of its products can be purchased through its website. The site has done well since the Cedar Store's products do not need to be touched or smelled before purchase. What is The Cedar Store engaging in?
- a. online retailing
 - b. mobile vending
 - c. franchising
 - d. electronic wholesaling

ANSWER: a

61. Which of the following statements about best describes online retailing?
- a. Online retailing is also called e-merchandising.
 - b. After a rapid increase in sales, the popularity of online retailing has declined over the last decade.
 - c. Most traditional retailers are using online retailing to move merchandise that can be purchased at their stores.
 - d. The earliest use of online retailing was for Internet auctions.

ANSWER: c

62. What new trend in retailing does Best Buy suffer from?
- a. omni retailing
 - b. e-tailing
 - c. showrooming
 - d. webrooming

ANSWER: c

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63. Which of the following stores has embraced omni channel retailing?

- a. Walmart
- b. Holt Renfrew
- c. Hudson's Bay
- d. Loblaws

ANSWER: c

64. A new Mexican food retailer is currently granting business rights to individuals who want to use its logo and large buying advantage. What type of agreement is the retailer offering?

- a. a leasing contract
- b. a brokered partnership
- c. a franchise
- d. a countertrade

ANSWER: c

65. Which of the following is NOT a reason that an individual may be tempted to buy a franchise rather than develop his or her own independent business?

- a. The individual can try his or her own personal innovative product and service ideas in the business.
- b. Purchasing a well-known product or service name helps to communicate the brands benefits.
- c. Potential franchisees are asked to go through thorough management training.
- d. The business's established image cuts down on the uncertainty inherent in operating a new venture.

ANSWER: a

66. A retailer in Brandon, Manitoba, is licensed to sell Snapper lawn mowers. What type of retailer is it?

- a. a product and trade name franchisee
- b. a redistributor franchisor
- c. a business format franchisee
- d. a licensed franchisor

ANSWER: a

67. With General Nutrition Centers, Uniglobe Travel, and Wendy's the franchisee buys the right to use the franchisor's approach to doing business. Which of the following would these be categorized as?

- a. product and trade name franchisors
- b. redistributor franchisors
- c. business format franchisors
- d. licensed franchisors

ANSWER: c

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68. With Arby's, Jiffy Lube, Baskin-Robbins, and Sylvan Learning Centres, the franchisee buys the right to use the franchisor's approach to doing business. These are examples of which of the following?
- a. trade name franchising
 - b. product franchising
 - c. business format franchising
 - d. franchise wholesaling

ANSWER: c

69. What do retail managers develop marketing strategies based on?
- a. goals and the strategic plan
 - b. product name
 - c. target market they are serving
 - d. geographical market they are targeting

ANSWER: a

70. What is the first step in developing a retail strategy?
- a. define the target market
 - b. set up a sales team
 - c. build a franchise network
 - d. decide on the product offerings

ANSWER: a

71. What is the first task of developing a retail strategy?
- a. Decide what to buy.
 - b. Define the target market.
 - c. Create a promotional strategy.
 - d. Define the pricing policies.

ANSWER: b

72. Retailers control the six Ps of the retailing mix. The six Ps include the marketing mix plus which of the following?
- a. personnel and presentation
 - b. production and people
 - c. personality and persuasion
 - d. positioning and purchasing

ANSWER: a

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73. Retailers such as Hudson's Bay and Saks are responding to consumer needs by changing product mixes, hours of operation, locations, and prices. Which aspects are these stores changing?
- a. their merchandising groupings
 - b. their retailing mixes
 - c. their product offerings
 - d. their store positioning strategies

ANSWER: b

74. Retailers combine the elements of the retailing mix to come up with a single retailing method to attract the target market. What does the retailing mix consist of?
- a. product offerings
 - b. four Ps plus presentation and personnel
 - c. four Ps plus people
 - d. price, place, promotion, product

ANSWER: b

75. Which of the following statements best describes a retailer's promotion strategy?
- a. The design of the promotion strategy would be done separately from the creation of the retailing mix.
 - b. The goal of a retail store's promotion mix is to position the store in consumers' minds.
 - c. Most advertising for retailers is carried out at the national level.
 - d. Retail promotion strategy does not include public relations activities.

ANSWER: b

76. Why is the selection of a retail location so critical to a store's success?
- a. Customers will not drive out of their way to find a store.
 - b. A location decision ties up funds that will not appreciate or gain in value.
 - c. A location decision typically requires long-term commitment of resources.
 - d. Employee density is affected by the area in which the store is located.

ANSWER: c

77. When opening a new retail operation, which of the following factors does the retailer NOT need to consider?
- a. traffic flow
 - b. employee density
 - c. nature of the competition
 - d. land costs

ANSWER: b

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78. Pam is under pressure. It's back-to-school time and her children need school supplies. Pam plans on visiting Staples, a stationery store. What is Staples also classed as?
- a. a destination store
 - b. a drugstore
 - c. a department store
 - d. a lifestyle store

ANSWER: a

79. Gap Inc. opened its first freestanding Banana Republic store in Japan in the fall of 2006. Which of the following best describes its freestanding store?
- a. It contains merchandise different from that offered in Banana Republic stores in shopping centres.
 - b. It is not a destination store.
 - c. It creates greater visibility for the store than it would have in a shopping centre.
 - d. It is an off-price retailing operation for the store chain.

ANSWER: c

80. What do large retailers such as Canadian Tire and Walmart and sellers of shopping goods such as automobiles and furniture often use for their locations?
- a. remote rural locations
 - b. factory outlets
 - c. freestanding stores
 - d. regional malls

ANSWER: c

81. The Summer Place has decided consumers will be drawn to its offering of outside furniture and will even be willing to drive out of their way. The store really needs to keep its overhead costs (such as rent) low and wants to avoid locating near competitors. For a location, what will the Summer Place probably choose?
- a. a factory outlet
 - b. a freestanding store
 - c. a shopping centre
 - d. a regional mall

ANSWER: b

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82. This form of retail location first became popular in the 1950s when the population started migrating to the suburbs. It places a diverse group of retailers together in one location. What is it?
- a. a freestanding lifestyle centre
 - b. a shopping centre
 - c. a mass merchandising centre
 - d. a mega-mall

ANSWER: b

83. Geoff Hudson wants to open a specialty store to sell sports memorabilia and is considering locating it in a regional shopping mall. Before opening his new store, what does he need to understand?
- a. Parking at malls is usually inadequate.
 - b. The leases required by mall owners are usually inexpensive.
 - c. The mall atmosphere and that of neighbouring stores will help attract shoppers.
 - d. There is usually a problem with store image because malls have no unified image.

ANSWER: c

84. A specialty store is considering locating a retail store in a regional shopping mall. Which of the following is NOT a likely benefit associated with locating in a mall?
- a. anchors that attract customers
 - b. ample parking
 - c. unified image of mall
 - d. inexpensive leases

ANSWER: d

85. What is the newest generation of shopping centre?
- a. regional malls
 - b. lifestyle centres
 - c. franchised centres
 - d. strip malls

ANSWER: b

86. Which group is the targeted market by lifestyle centres?
- a. teenagers who don't drive
 - b. consumers on a fixed income
 - c. laggards
 - d. upper-income consumers with an aversion to "the mall"

ANSWER: d

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87. Safeway grocery stores are usually classed as anchor stores. This means that other smaller stores locate themselves around Safeway in the hopes that they will also be noticed. What are anchor stores also known as?
- a. mass merchandisers
 - b. generator stores
 - c. host stores
 - d. destination stores

ANSWER: b

88. The Bay department stores are usually classed as anchor stores. This means that other smaller stores locate themselves around The Bay in the hopes that they will also be noticed. Which of the following best describes The Bay?
- a. They are the stores within the mall that sell services rather than products.
 - b. They are often large department stores that are located at opposite ends of a mall to create a heavy pedestrian traffic flow.
 - c. They usually specialize in high-priced items like furniture.
 - d. It is the generic name given to supermarkets that are located within shopping malls.

ANSWER: b

89. The Bay announced it would open a 9,000-plus square metre freestanding store in the new West Grand Promenade. This would be the largest store on the promenade, with other smaller stores selling food, tires, and shoes. How else can this Bay store be described?
- a. as the only large store in the shopping centre
 - b. as a destination store
 - c. as a big box retailer
 - d. as a specialty store

ANSWER: b

90. Les Ailes de la Mode is a Quebec retailer that wants to portray an image of quality to help reinforce its prestige image. What would be the key element in this store's positioning strategy and classification?
- a. price
 - b. personnel
 - c. promotion
 - d. product

ANSWER: a

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91. What P helps to determine the store's image?

- a. presentation
- b. products
- c. promotion
- d. price

ANSWER: a

92. Apple Stores are famed for the stark white walls and furnishings and a minimalistic style. What is the main element of the Apple Store's presentation conveyed by the store's physical layout, decor, and surroundings called?

- a. merchandise depth
- b. location
- c. atmosphere
- d. total merchandise mix

ANSWER: c

Scenario 15-1

The Grape Vine Market is a 1,700-square-metre store offering highly collectible food and wine. Greeted by warm lighting, a muted colour scheme, and REM or Fleetwood Mac on the sound system, customers first enter the wine department, a 900-square-metre oval featuring more than 5,500 labels from around the world. There are no aisles; instead, racks are arranged asymmetrically to create flow and movement. A wine expert helps customers choose the appropriate product and helps pack the wine and food.

93. Refer to the scenario. Which of the following does this scenario best describe?

- a. the store's cultural impact
- b. the store's atmosphere
- c. the store's target strategy
- d. the store's merchandise mix

ANSWER: b

94. Refer to the scenario. What is the Grape Vine Market using to differentiate itself from supermarkets?

- a. employee type and density
- b. merchandise type and density
- c. odours
- d. sound

ANSWER: d

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95. The Home Depot has selected orange as its corporate colour. It's a good choice. At the gut level, orange connotes happiness and warmth. A recent article in one of the company's advertising brochures spoke about choosing colours for home decorating. It referred to this colour as "joyful orange." What is the colour orange part of at The Home Depot stores?
- a. the atmosphere
 - b. the target strategy
 - c. the merchandise mix
 - d. the promotional strategy

ANSWER: a

96. Whenever a customer buys a stencil at Staples, a sales clerk asks the customer whether she needs brushes, paints, or tape for her stencilling project. What is the sales clerk engaging in?
- a. suggestion selling
 - b. trading up
 - c. bait and switch
 - d. customer relationship retailing

ANSWER: a

97. When Boris went into Sears to buy his wife a new iron for her birthday, he planned to spend only about \$30, but the sales clerk was able to show him the superiority of a \$60 iron to the less expensive model. What did the sales clerk engage in?
- a. suggestion selling
 - b. trading up
 - c. bait and switch
 - d. customer relationship retailing

ANSWER: b

98. Les Ailes de la Mode is a Quebec retailer that has built its name around customer relationships and experience. The shopping experience at the store includes little extras such as free coat check, free shoe shines, baby feeding rooms, a highly trained staff (and more of them on the floor), and a place for people to sit and read the newspaper. What is this an example of?
- a. lifestyle marketing
 - b. retail positioning
 - c. emphasizing customer service
 - d. trading up

ANSWER: c

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99. Customer service means different things to different people in different retail locations. What should retailers do to improve service recovery?
- a. lower the price of their products
 - b. implement liberal return policies
 - c. ask the customer how they want to be treated
 - d. offer customers a free product for their trouble

ANSWER: b

100. Loblaws has set up a new service in their grocery stores where they are encouraging their customers to shop online and then pick up the merchandise in the store. What trend in retailing are they following?
- a. big data analytics
 - b. shopper marketing
 - c. shopper analytics
 - d. click-and-collect

ANSWER: d

101. What do retailers use to understand their customers?
- a. big data analytics
 - b. shopper marketing
 - c. shopper analytics
 - d. click-and-collect

ANSWER: c

102. What has Starbucks added to their payment process to create a loyal customer?
- a. great customer service
 - b. click and collect
 - c. shopper analytics
 - d. mobile app

ANSWER: c

103. Retailing can be defined as all activities directly related to the sale of goods and services to the ultimate consumer for personal, nonbusiness use.
- a. True
 - b. False

ANSWER: True

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104. “You can’t get away with retail being just a transactional space any more. Customers want an experience. Retailers need to make their experience memorable—even before it starts and after it ends.”—Anne Forkutza

- a. True
- b. False

ANSWER: True

105. A retail establishment can be classified according to its ownership, level of service, product assortment, and price.

- a. True
- b. False

ANSWER: True

106. Anne has just opened a specialty store that will sell pet caskets and other items used to bury deceased pets. Because it will be a specialty store, she should have a broad product assortment with moderately low prices.

- a. True
- b. False

ANSWER: False

107. Heino Jonson is the store manager of a local retailing establishment that sells a wide variety of shopping and specialty goods, including apparel, cosmetics, housewares, and electronics. Jonson probably manages a department store.

- a. True
- b. False

ANSWER: True

108. Barnabas Ali operates a retail store that has a wide assortment of electronics with little depth in any one product line. Ali operates a specialty store.

- a. True
- b. False

ANSWER: False

109. Nilssen and Metzger disagree about what it means to be a specialty store. Nilssen says, “A specialty store is just one type of store.” Metzger says, “It’s more than that—it’s also a method of retailing, and involves specializing in a type of merchandise, too.” Metzger is correct.

- a. True
- b. False

ANSWER: True

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110. Supermarkets are self-service retailers that specialize in food and food products although many now carry nonfood items as well.

- a. True
- b. False

ANSWER: True

111. Lewis owns a shoe store where he also sells women's purses, Hello Kitty stationery, scented candles, Godiva chocolates, Lladro figurines, romance novels, and greeting cards. Lewis uses multibrand merchandising.

- a. True
- b. False

ANSWER: False

112. Baggie Waggie is the name of a chain of small stores, which carry high-turnover products such as lip balm, milk, laundry detergent, bread, and aspirin. Baggie Waggie stores are open all day every day and would best be classified as convenience stores.

- a. True
- b. False

ANSWER: True

113. A typical discount store competes by carrying a limited line of high-turnover, high-margin goods.

- a. True
- b. False

ANSWER: False

114. Supercentres are more than just larger versions of traditional "markets." In addition to foodstuffs, supercentres have pharmacies, dry cleaners, portrait studies, photo finishing, hair salons, and restaurants.

- a. True
- b. False

ANSWER: True

115. Specialty discount stores are often called category killers because they dominate the competition in their narrow merchandise segment.

- a. True
- b. False

ANSWER: True

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116. Off-price retailers differ from other discount stores in the merchandise they carry. While most other discounters offer a predictable assortment of merchandise, the styles and brands offered at off-price retailers change frequently because they buy only what is currently available at a good deal.

- a. True
- b. False

ANSWER: True

117. Factory outlet stores are generally the same as warehouse clubs, except that a factory outlet store carries only the merchandise of the manufacturer that owns it.

- a. True
- b. False

ANSWER: False

118. A factory outlet is an off-price retailer that is owned and operated by a single manufacturer and carries one line of merchandise—its own.

- a. True
- b. False

ANSWER: True

119. Automatic vending sells merchandise such as Apple products, toys, and sports cards.

- a. True
- b. False

ANSWER: True

120. The person who called Alisa last night and tried to sell her double-paned windows for her home was using inbound telemarketing.

- a. True
- b. False

ANSWER: False

121. Shop-at-home defines the 24-hour television shopping networks and online retailing.

- a. True
- b. False

ANSWER: True

122. The two types of franchising are target market franchising and geographic franchising.

- a. True
- b. False

ANSWER: False

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123. The six Ps of the retailing mix are product, place, price, promotion, personnel, and planning.

- a. True
- b. False

ANSWER: False

124. Petco has just purchased a sizable plot of land on which it will build a store building with a large parking lot. Across the street is a collection of specialty shops and a furniture store. Petco will be part of a strip shopping centre.

- a. True
- b. False

ANSWER: False

125. To ensure a firm has the desired atmosphere, retailers must select the appropriate density when it comes to the number of employees.

- a. True
- b. False

ANSWER: True

126. Colour can be used by retailers to create a mood or focus customer attention on a particular product.

- a. True
- b. False

ANSWER: True

127. Providing great customer service is one of the most challenging elements in the retail mix because customer expectations for service are so varied.

- a. True
- b. False

ANSWER: True

128. Shopper analytics focuses on understanding how a brand's target market behaves.

- a. True
- b. False

ANSWER: False

129. Define retailing. Name two ways that retailing affects people.

ANSWER: Retailing is defined as all activities directly related to the sale of goods and services to the ultimate consumer for personal, nonbusiness use or consumption.

Retailing adds to the quality of life by providing goods and services through retail establishments. The retailing industry is also one of Canada's largest employers.

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130. There are several types of retail stores, each offering a different product assortment, service level, and price level, according to the shopping preferences of its customers. Name eight types of retailers. For each type, indicate the level of service, price level, and width of product assortment.

ANSWER:

<i>Type of Retailer</i>	<i>Service Level</i>	<i>Assortment</i>	<i>Price Level</i>
Department store	moderately high to high	broad	moderate to high
Specialty store	high	narrow	moderate to high
Supermarket	low	broad	moderate
Convenience store	low	medium/narrow	moderately high
Drugstore	moderate/low	medium	moderate
Discount store	moderate/low	medium/broad	moderately low to low
Warehouse club	low	broad	low/very low
Off-price retailer	low	medium/narrow	low

131. What is a department store? What problems do department stores face today?

ANSWER: A department store is a type of retailer that houses several departments under one roof. These departments may carry a wide variety of shopping and specialty goods, including apparel, cosmetics, housewares, electronics, and furniture. Department stores are characterized by high service levels, wide assortments, moderate to high prices, and moderately high gross margins. Although department stores enjoy large size and buying power, heavy competition from specialty retailers, discounters, outlets, and online shopping alternatives has caused the demise of many department stores, as consumers have become more cost conscious and value oriented. Many competitors also offer superior merchandise selection and presentation.

132. A specialty store is not only a type of store, but also a method of retail operations. Describe the specialty store strategy. Then name two examples of specialty stores.

ANSWER: Specialty stores specialize in a given type of merchandise such as children's clothing, men's clothing, candy, baked goods, sporting equipment, or pet supplies. Specialty stores carry a narrow assortment of merchandise but a very deep product selection. Specialty stores typically offer more customer service and more knowledgeable salesclerks.

Prices and gross margins tend to be high, but this is of secondary importance to the customer who strongly values distinctive merchandise, attractive stores, and quality personnel.

Examples of specialty stores include Apple, Chapters, Victoria's Secret, The Body Shop, Foot Locker, and Crate & Barrel.

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133. Compare and contrast supermarkets and convenience stores. Name several characteristics of each store in your answer.

ANSWER: A supermarket is a large, departmentalized, self-service retailer that specializes in wide assortments of foodstuffs and a few nonfood items. Prices are moderate; profit margins are slim. Supermarkets seek to meet consumer demands by providing larger, one-stop stores (all the way up to the giant superstores) and scrambled merchandising.

Convenience stores are like miniature supermarkets. They carry only a limited line of high-turnover convenience goods. Convenience stores offer convenient locations, long hours, and fast service. Prices are usually higher, and gross margins are moderately high. Most convenience stores are self-service organizations. Many also practise scrambled merchandising to compete with full-service gas stations.

134. Discount stores are retail chains that compete on the basis of low prices, high turnover, and high volume. Name and briefly describe four types of discounters, and give an example of each type.

ANSWER: *Full-line discounters:* These stores are similar to traditional department stores, except that they carry a much broader assortment of well-known, nationally branded hard goods and offer consumers very limited service. Most full-line discounters are national chains such as Walmart and Zellers. Supercentres combine a full line of groceries and general merchandise with a wide range of services.

Specialty discount stores: Single-line specialty discount stores offer consumers a nearly complete selection of one line of merchandise and use self-service, discount prices, high volume, and high-turnover merchandise in their retailing strategies. These stores are also called “category killers” because they dominate their narrow segment. Toys “R” Us (toys), The Home Depot (home improvement), and Office Depot (office supplies) are examples.

Warehouse membership clubs: These are usually warehouse outlets that allow public members to buy items on a cash-and-carry basis. Examples include Costco and Sam’s Club.

Off-price retailers: These retailers buy manufacturers’ overruns, irregular merchandise, unsold end-of-season output, and goods from bankrupt stores. The merchandise is often bought for cash with no return privileges. The merchandise is then sold at large discounts from traditional department stores. A special case of this type is the single-price store, such as Dollarama, Dollar General, and Everything for a Dollar stores. Factory outlets are owned and operated by manufacturers and carry only their own line of merchandise. Outlets are used to sell surplus goods, factory seconds, return merchandise, and closeouts. Most manufacturers place these outlets in locations that do not conflict with their normal retailer. Manufacturers with factory outlets include Polo Ralph Lauren, J. Crew, and Calvin Klein.

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135. Retailing opportunities can take place without customers shopping at a store. Name and briefly discuss four forms of nonstore retailing.

ANSWER: *Automatic vending:* Vending machines for soft drinks, snacks, coffee, etc. are an important form of nonstore retailing. Assortments are narrow, prices are often moderate, and there is no service.

Direct retailing: This form of nonstore retailing is characterized by sales transactions in a home setting. This includes door-to-door selling and party plan selling.

Direct marketing: In this case, consumers buy from their homes. Direct marketing (sometimes called direct-response marketing) refers to a variety of techniques such as telephone selling, direct mail, catalogues, mail-order services, inbound and outbound telemarketing, advertisements that invite consumers to call a toll-free number, and catalogues.

Electronic retailing: This form of nonstore retailing includes the 24-hour, shop-at-home television networks and electronic retailing, which is also called e-tailing or online retailing. The best-known television network is the Home Shopping Network.

136. What is a franchise? What are the two basic forms of franchising? Describe each form and give an example.

ANSWER: A franchise is a continuing relationship in which a franchisor grants operating rights to a franchisee. The franchisor originates the trade name, product, and methods of operation, and grants franchisees the right to operate and sell the product or service in return for revenue. Two basic forms of franchising are product and trade name franchising and business format franchising.

In product and trade name franchising, a dealer agrees to sell certain products provided by a manufacturer or wholesaler. A Michelin tire dealership and a Coca-Cola bottler are examples. In business format franchising, the franchisor “sells” a franchisee the right to use the franchisor’s approach to doing business. Fast-food restaurants such as McDonald’s and Wendy’s are examples of this type of franchising.

137. After defining and selecting a target market, retailers must develop the six Ps of the retailing mix to successfully meet the needs of the chosen target market. What are the six Ps of the retailing mix?

ANSWER: The six Ps of the retailing mix are
product
place
promotion
price
personnel
presentation

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138. What is the first task of developing a retail strategy? What is involved in this task?

ANSWER: The first and foremost task of developing a retail strategy is defining the target market the prospective retailer wishes to serve. This process begins with market segmentation and a thorough knowledge of the segment targeted. Target markets in retailing are often defined on demographic, geographic, and psychographic dimensions. Different combinations of the elements in the retail marketing mix enable a retailing establishment to position itself for its particular targeting strategy.

139. The first element in the retailing mix is the product offering. Why is the product offering so important to the success of the enterprise? What information should you use in selecting the product offering? Should you consider product depth and width when selecting the product offering?

ANSWER: A retail product offering is also called a merchandise mix or a product assortment. It is a key factor in classifying or positioning retail establishments. A retailer decides what to sell on the basis of what its target market wants to buy. This decision is based on marketing research, past sales, fashion trends, customer requests, and other sources. Developing a product offering is essentially a question of width and depth of the product assortment. Width refers to the assortment of products offered, and depth refers to the number of different brands offered within each assortment. The most critical factor consumers use to determine where they will shop is merchandise selection.

140. You are the promotion manager for a clothing store targeted to pregnant career women. What should be the objective of your promotion strategy? What components could your retail promotional strategy contain? Use specific examples.

ANSWER: The objective of any retail promotion strategy is to help position the store relative to competitors in consumers' minds. The promotion strategy includes advertising, public relations, publicity, and sales promotion. Students should give many examples of the types of promotions that the specialty-clothing store can use. These include but are not limited to articles about the store in local newspapers, ads in local media, a grand opening, cooperative advertising, and a frequent shopper program. Through promotional efforts, retailers communicate information about their stores such as location, merchandise, hours, prices, and sales periods.

141. The place element of the retailing mix involves the selection of the proper site location. List two reasons that selecting a proper site is a critical decision for a retailer.

ANSWER: Selecting a proper location is a critical decision for several reasons: (1) a location decision is a large and long-term commitment of resources, and it reduces a retailer's future flexibility, and (2) the location will affect the store's future growth and profitability.

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142. When retailers decide on location, they have two basic site options: the freestanding store and the shopping centre. Briefly describe these location alternatives. Cite one advantage and one disadvantage of each location alternative.

ANSWER: Freestanding stores: This alternative is an isolated, freestanding location that customers will seek out (a destination store). Advantages include low-site cost or rent and no direct competitors close by. Disadvantages are that it may be difficult to attract customers, and there are no shared costs.

Shopping centres: These include strip centres, community shopping centres, and malls. An advantage of a strip store is customer convenience. A disadvantage is crowding, lack of parking, and old buildings. Community shopping centres and malls provide several advantages, including a planned shopping environment, anchor stores, good parking, a unified image, and special activities. Disadvantages include expensive leases, common promotional expenses, not attracting customers to a particular store, lease restrictions on merchandise and hours of operation, domination by anchors, and possibility of direct competition within the same facility.

143. The presentation of a retail store to its customers helps determine the store's image. The main element of a store's presentation is its atmosphere. Name and briefly describe four major determinants of store atmosphere.

ANSWER: Employee type and density: The employees' general characteristics and the number of employees per 1,000 square feet of selling space can create a casual, service-oriented, or "do-it-yourself" atmosphere.

Merchandise type and density: The types of brands carried and the display of those brands contribute to atmosphere.

Fixture type and density: Fixtures should be consistent with the general atmosphere the store is trying to create.

Sound: Music can create a pleasant (or unpleasant) shopping experience and can affect a customer's shopping pace.

Odours: Smell can stimulate or detract from sales.

Visual factors: Colours can create different moods or focus attention.

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144. Describe three strategies that will assist retailers to recover from lapses in service.

ANSWER: These are some actions that might be taken:

- notifying customers in advance of stockouts and explaining the reasons why certain products are not available
- implementing liberal return policies designed to ensure that the customer can bring back any item for any reason (if the product fails to work as planned, or even if the customer simply doesn't like it)
- issuing product recalls in conjunction with promotional offers that provide future incentives to repurchase

In short, the best retailers treat customer disappointments as opportunities to interact with and improve relations with their customers. Evidence indicates that successful handling of such failures can sometimes yield even higher levels of customer loyalty than if the failure had never occurred at all.

145. List and briefly describe three trends that are currently having the greatest impact on the future of retailing.

ANSWER:

Consumers are shopping online and offline. They are integrating online behaviour with offline behaviour—they are researching online and making purchases offline and vice versa. Given such customer shopping behaviour, retailers are investing in **shopper marketing**. Shopper marketing focuses on understanding how a brand's target consumers behave as shoppers in different channels and formats and then uses this information in business-based strategies and initiatives that are carefully designed to deliver balanced benefits to all stakeholders—brands, channel members, and customers. It may sound simple, but it is anything but. Both manufacturers and retailers now think about consumers specifically while they are in shopping mode. They use **shopper analytics** to dig deeply into customers' shopping attitudes, perceptions, emotions, and behaviours, both online and offline, to learn how their individual shopping experience shapes their behaviour. More and more companies are conducting or participating in big data analytics projects to better understand how shoppers think when they shop at a store or on a website and what factors influence their thinking.

Retailers such as Walmart, Loblaw's, and Shoppers Drug Mart collect data at the point of sale and throughout the store, which provides invaluable customer insights. Through the use of **big data analytics**, a process whereby retailers use complex mathematical models to make better retail mix decisions, stores like these can determine which products to stock and at what prices, how to manage markdowns, and how to advertise to draw target customers and keep them loyal. Big data analytics will allow for loyalty programs to be improved. Consumers are looking for personalization. They want personalized rewards and personalized offers pushed to their mobiles, as well as great products and convenience—big data analytics can take loyalty programs to that level.

A retailing advancement with great growth potential is the leveraging of technology to increase touchpoints with customers, enhance the shopping convenience, and generate greater profitability. The use of mobile devices and social media while browsing and comparison-shopping is becoming extremely pervasive, leading retailers to rethink how they should appeal to shoppers in the decision-making mode.