1. Retailers are the final phase of a distribution channel that link manufacturers to consumers.
   True    False

2. Scrambled merchandising increases intertype competition, which occurs between retailers that sell similar merchandise using different formats, such as specialty and discount stores.
   True    False

3. Food retailers experience better financial performance than retailers that focus on hard and soft line products.
   True    False

4. As part of their strategy, the supermarket chain, Whole Foods, utilizes local producers and offers private-label products.
   True    False

5. Ethical principles can change over time.
   True    False

6. Drycleaners, hair salons and auto repair businesses are considered retailers.
   True    False

7. Since J.Crew and Victoria's Secret design the merchandise they sell and contract with manufacturers to produce the product for them, they would be considered horizontally integrated.
   True    False

8. Costco and Home Depot are both retailers and wholesalers.
   True    False

9. There are no laws that dictate what is ethical and what is not.
   True    False

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

11. Which of the following businesses would NOT be considered a retailer?
    A. a hot dog cart at the Highland Games
    B. Delta Airlines
    C. University bookstore
    D. Priceline.com
    E. Procter and Gamble

12. Why is it imperative that manufacturers like HP and Procter and Gamble understand how retailers operate?
    A. Manufacturers will be able to sell directly on-line.
    B. Manufacturers will understand how to get their products on the shelves and sold to the customer.
    C. Manufacturers can better sell merchandise without retailers.
    D. Retailers can expect fewer buyouts to occur.
    E. Manufacturers can limit multi-channel integration.
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. trade association  
D. integrated wholesale network  
E. network

15. A retailer's role in a supply chain is to:
A. act as the liaison between manufacturers and wholesalers  
B. buy merchandise exclusively from the manufacturers  
C. negotiate with manufacturers to eliminate a wholesaler  
D. satisfy the needs of the consumers  
E. sell to wholesalers

16. ______________ is when a firm performs more than one set of activities in a marketing channel or supply chain.
A. Channel diversification  
B. Horizontal development  
C. Horizontal integration  
D. Vertical development  
E. Vertical integration

17. If a chain of florist shops opened a plant nursery to provide gift plants and cut flowers to all of its stores within a 300-mile radius, the chain would be practicing
A. vertical integration.  
B. channel expansion.  
C. horizontal expansion.  
D. opportunity incrementing.  
E. service marketing.

18. Victoria's Secret, a popular retail chain in women's lingerie and perfume, designs the merchandise they sell, and then contracts with manufacturers to produce it exclusively for them. Victoria's Secret is practicing:
A. globalization  
B. product-related marketing  
C. vertical integration  
D. horizontal integration  
E. product diversification

19. Why is it advantageous for retailers to be vertically integrated?
A. Retailers have the greatest control over its supply chain.  
B. Retailers can expand their services easily to the Internet because they can direct orders to the manufacturer.  
C. Retailers have realized that to stay competitive, they must become vertically integrated.  
D. Customers prefer retailers who are vertically integrated.  
E. There is no advantage to being vertically integrated.
20. A retailer that is vertically integrated:
   A. concentrates on selling to businesses only
   B. does not have frequent communication between buyers and managers
   C. has an excellent vertical relationship between corporate and stores
   D. performs more than one function in the chain from manufacturing to sales to end user
   E. performs only the function to serve the end user

21. ______________ arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise.
   A. Globalization
   B. Product-related marketing
   C. Backward integration
   D. Horizontal integration
   E. Forward integration

22. ______________ occurs when a manufacturer undertakes retailing activities.
   A. Globalization
   B. Product-related marketing
   C. Backward integration
   D. Horizontal integration
   E. Forward integration

23. Retailers provide important functions that increase the value of the products and services they sell to consumers. Which of the following does NOT include value function created by a retailer?
   A. Providing an assortment of products and services
   B. Reducing production costs with innovative design
   C. Breaking bulk
   D. Holding inventory
   E. Providing services

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

25. Grocers purchase pineapples from several different tropical countries. When pineapples arrive in the distribution centers across the United States, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the pineapples for the consumer to select. Grocers are performing what function?
   A. adaptive selling
   B. breaking bulk
   C. acclimating
   D. distribution
   E. transferring

26. Providing assortments is an advantageous business activity because:
   A. it enables the company to create a more informational and entertaining environment that would promote more sales.
   B. it enables the company to reinvest for the future of the business.
   C. it enables the customer to choose from a wide selection of brands, designs, sizes and prices all in one store.
   D. it enables the customer to try more products.
   E. it enables the customer to stock up on the assortments because of bulk availability.
27. One of the functions retailers undertake to increase the customer's perception of value is providing services. Which of the following is **NOT** an example of that activity?
   A. clean restrooms
   B. displaying merchandise
   C. having trained salespeople available to answer questions
   D. parking lot with a lot of lighting
   E. having crisp dollar bills for change

28. A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting and telling its members about its offers on a regular basis, the credit union is engaging in the business function of:
   A. breaking bulk
   B. holding inventory
   C. providing assortments
   D. financing
   E. providing services

29. Retailing is one of the nation's largest industries in terms of:
   A. community involvement
   B. employment
   C. competition
   D. promotions
   E. variety

30. When considering the largest retailers worldwide, ___________ retailers continue to dominate among them.
   A. food
   B. apparel
   C. drug
   D. home-improvement
   E. Internet

31. Which of the following statements about the U.S. distribution system is TRUE?
   A. Many people think the United States is under-stored.
   B. Many U.S. retailers are large enough to have their own warehouses and have eliminated their need for wholesalers.
   C. When compared to retail density in Europe, the United States is very low.
   D. The small specialty store is the fastest growing type of U.S. retailer.
   E. Most U.S. retail stores are less than 20,000 square feet.

32. The Chinese distribution system:
   A. has a smaller percentage of people employed in distribution than the U.S.
   B. is characterized by small stores with a large wholesale industry.
   C. is more efficient than the distribution system in the U.S.
   D. is more similar to U.S. distribution systems than Europe's systems.

33. A ___________ is a set of businesses that move products from the point of production to the point of sale to the ultimate consumer.
   A. manufacturers group
   B. wholesaler network
   C. retailer
   D. supply chain
   E. distributor
34. When the specialty store Hollister designs and develops merchandise as well as sells the merchandise in their stores, ________ is occurring.
   A. vertical integration
   B. globalization
   C. product-related marketing
   D. horizontal integration
   E. forward integration

35. Which of the following is NOT TRUE in describing distribution systems within 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 systems are characterized by small stores operated by small firms and a large independent wholesale industry.
   C. In the Chinese distribution system, the merchandise often passes through several levels of distribution to make the daily deliveries to the small retailers efficient.
   D. Northern European retailing is similar to efficient distribution systems in the U.S.
   E. With the population density in France, most stores throughout France are open 24 hours 7 days a week.

36. The competition between the same types of retailers is called:
   A. intertype competition
   B. indirect competition
   C. intratype competition
   D. scrambled merchandising
   E. vertical integration

37. CVS, Walgreens and Rite Aid are ________ competitors.
   A. indirect
   B. intratype
   C. intertype
   D. vertical
   E. horizontal

38. Macy's, JCPenney and Nordstrom engage in __________ competition.
   A. indirect
   B. intratype
   C. intertype
   D. vertical
   E. horizontal

39. Nike selling products to sporting goods retailers plus having their own Nike Town store, ________ is occurring.
   A. forward integration
   B. vertical integration
   C. backward integration
   D. horizontal integration
   E. cross-selling

40. When Austin saw pastries and coffee being sold at his local bookstore, he knew it was an example of ________, which is the juxtaposition of unrelated merchandise in the store.
   A. scrambled merchandising
   B. intratype competition
   C. product diversification
   D. channel conflict
   E. vertical differentiation
41. Dillards sells Godiva chocolates and coffees in their stores. By selling such products, Dillards is:
   A. offering a good merchandise mix.
   B. offering what the market demands.
   C. offering deep product assortments.
   D. practicing scrambled merchandising.
   E. practicing intratype competition.

42. The offering of merchandise **NOT** typically associated with the store type is called:
   A. scrambled merchandising.
   B. intratype competition.
   C. product diversification.
   D. channel conflict.
   E. vertical differentiation.

43. While vacationing at the beach, Delia was delighted to see that the local Walgreens carried milk, bread, apples and bananas. Walgreens is exhibiting:
   A. a deep product assortment.
   B. an acceptable merchandising mix.
   C. a retail mix.
   D. scrambled merchandising.
   E. this type of intratype competition.

44. Scrambled merchandising increases:
   A. vertical integration.
   B. intertype competition.
   C. concentric diversification.
   D. horizontal integration.
   E. intratype competition.

45. Which of the following would NOT BE an example of intertype competition?
   A. A supermarket and a fresh flower stand.
   B. A Starbucks coffee store 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.

46. The Aeropostale website, the Hollister mall store, and Victoria Secret's PINK pop-up shop are all in __________ competition.
   A. channel
   B. horizontal
   C. indirect
   D. intertype
   E. intratype

47. 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.

48. The intensity of competition is greatest among retailers when:
   A. price dominates the retail mix.
   B. they are located near each other and offer similar retail offerings.
   C. they are located near each other and have different target customers.
   D. they are located far from each other and offer similar retail offerings.
   E. they are located far from each other and target the same customer.
49. Since convenience of location is important in store choice, a store's proximity to other retailers is a critical factor in identifying:
   A. competition.
   B. ethical standards.
   C. real estate negotiations.
   D. the target market.
   E. which merchandise to scramble.

50. Once a retailer understands its environment, it needs to develop and implement a:
   A. viable customer base.
   B. advertising plan.
   C. retail strategy.
   D. competitive strategy.
   E. functional strategy.

51. The retail strategy helps a retailer to identify 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. Determine the break-even point for making profits.

52. When developing the ________________ for his new barber shop, Theo decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well trained staff and half-price perm day every Wednesday to attract customers.
   A. selling concept
   B. business cycle
   C. retail strategy
   D. focal point orientation
   E. marketing concept

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

54. Which of the following strategies has JCPenney implemented to compete effectively with the competition?
   A. Reorganized with a decentralized merchandise management now in place.
   B. Reorganized and streamlined its multichannel offerings.
   C. Redesigned the stores to offer more checkouts within each department.
   D. Developed a faster vendor to floor strategy by drop shipping merchandise directly to each store.
   E. Upgraded merchandise offering with the addition of France's cosmetics line, Lancôme.

55. To implement a retail strategy, a retailer must develop a _____ that satisfies the needs of its target market better than its competitors.
   A. production orientation
   B. horizontal integration
   C. sales orientation
   D. retail mix
   E. situation analysis
56. Once a well-articulated retail strategy has been developed, the next step is to:
   A. override the control mechanism.
   B. evaluate the results of the strategy.
   C. forecast future environmental trends.
   D. confirm that environmental conditions have not changed.
   E. implement the strategy.

57. The combination of factors retailers use to satisfy customer needs and influence their purchase decisions is called the firm's:
   A. retailing conglomerate.
   B. retail mix.
   C. marketing strategy.
   D. target group.

58. __________ 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. Investor response
   D. Competitive reactions
   E. Multi-attribute engagements

59. Which of the following is NOT an element in the retail mix?
   A. competitive response
   B. merchandise assortments
   C. location
   D. customer service
   E. advertising and promotion

60. Best Buy purchases many of the DVDs, Wii games, and players by the truckload then sells them in smaller quantities to its stores where consumers are allowed to buy them individually. What business function is Best Buy performing?
   A. Providing assortments
   B. Breaking bulk
   C. Holding inventory
   D. Providing services

61. __________ are the principles governing the behavior of individuals and companies.
   A. Ethics
   B. Retail strategies
   C. Training guidelines
   D. Company traditions
   E. Civil Rights Act of 1964

62. Belinda is a swimwear buyer for a major department store. She will allow vendors to purchase her lunch at the local coffee shop when they visit. One October, she dined with a new vendor to discuss a progressive line of men's swimwear that is popular in resorts throughout the Caribbean. Belinda's goal was to assess the assortments for her company in order to see if the product was a good fit for the company brand. During lunch, the vendor invited Belinda for an all-expense paid weekend trip to Jamaica to see the popularity of the merchandise. His goal was to enable her to make a more educated decision when buying the product. Belinda hesitated to accept because of:
   A. personal and professional ethics.
   B. the scheduling of the buy for the spring season.
   C. the price of the exclusive merchandise would not match the income level of her target market.
   D. the manufacturer would be unable to develop the line in time for next spring.
63. What is the world's largest corporation?
   A. Nike
   B. Coca-cola
   C. Apple Inc.
   D. Walmart
   E. Macy's

64. One of the value-providing activities that retailers perform is ____________ where products will be available when consumers want them.
   A. breaking bulk
   B. holding inventory
   C. production runs
   D. possession stock
   E. acquisition space

65. A company that is in the second stage of corporate social responsibility:
   A. only engages in CSR activities that are required of them by law.
   B. engages in CSR activities that provide a short-term financial benefit.
   C. engages in CSR activities because they believe it is the right thing to do.
   D. engages in CSR activities for the well being of everyone.

66. A retailer that asks their customers to bring their own shopping bags or charges 5¢ per bag, but does not engage in any other corporate social responsibilities unless required by law, would be considered in what stage in their strategy?
   A. Initial stage
   B. Second stage
   C. Tertiary stage
   D. Fourth stage
   E. Acquisition stage

67. Retailers that are building LEED-certified stores would be considered in what stage in their strategy?
   A. Initial stage
   B. Second stage
   C. Tertiary stage
   D. Fourth stage
   E. Acquisition stage

68. What percent does the total gross domestic product come from retailing?
   A. 2%
   B. 8%
   C. 17%
   D. 25%

69. Approximately what percent of working people are employed in the retail industry?
   A. 5%
   B. 20%
   C. 35%
   D. 55%

70. Initially, Anita Roddick, the founder of The Body Shop, recycled bottles to save money when the company was in its infancy. What stage would this be considered in terms of Corporate Social Responsibility in their strategy?
   A. Initial stage
   B. Second stage
   C. Tertiary stage
   D. Fourth stage
   E. Acquisition stage
71. Ingvar Kamprad, the founder of the Swedish-based home furnishing retail chain, IKEA, discovered in his youth that he could make a profit by buying in bulk and selling the items individually at a low price. This concept is one of the activities retailers do:
   A. to create value.
   B. for integration.
   C. to display corporate social responsibility.
   D. to create a retail mix.
   E. to be ethical.

72. Early in JCPenney's history, store managers determined the type of merchandise sold, the price of the merchandise, the promotion of the merchandise and the management of the store employees. This describes an organizational structure that is ________________.
   A. centralized
   B. decentralized
   C. integrated
   D. disengaged
   E. incorporated

73. A retailer's primary competitors are other retailers that ____________.
   A. are next to or adjacent to the store location
   B. use the same type of store format
   C. have the same target market
   D. sell online

74. The _______________ identifies the target market, the merchandise and services that will be offered, and how the company will be competitive long-term.
   A. retail strategy
   B. corporate sustainability
   C. retail mix
   D. supply chain
   E. retail integration

75. The retail activity that is particularly important to consumers with small living quarters is who only buy what they need at the time they need it:
   A. providing assortments
   B. breaking bulk
   C. holding inventory
   D. providing services

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

77. List the four functions performed by retailers.
78. With manufacturers legally able to sell direct from the factories, why should retailers exist?

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

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

81. In regards to customers, what aspects do retailers need to consider when developing a retail strategy?

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

83. To compete effectively with the competition, JCPenney has made some strategic changes. Discuss four changes the company made and how JCPenney expects the changes to better satisfy its target market.
84. Ethics in business has become increasingly important. List four questions you can ask yourself to help assess whether or not a behavior or activity is unethical:

85. Most retailers try to be socially responsible. Identify and discuss the four stages companies typically go through before they fully integrate corporate social responsibility (CSR) into their strategy.
1. Retailers are the final phase of a distribution channel that link manufacturers to consumers. TRUE

Retailers are more efficient at performing activities that increase the value of products and services and are the last phase of the supply chain before the customer.

2. Scrambled merchandising increases intertype competition, which occurs between retailers that sell similar merchandise using different formats, such as specialty and discount stores. TRUE

When retailers sell a product that is not typical of their type of store they are engaging in scrambled merchandising. This increases the competition between retailers that sell similar merchandise using different types of stores.

3. Food retailers experience better financial performance than retailers that focus on hard and soft line products. FALSE

Retailers that focus on hard lines such as consumer electronics, appliances and furniture experience better financial performance than food retailers.

4. As part of their strategy, the supermarket chain, Whole Foods, utilizes local producers and offers private-label products. TRUE

Part of Whole Foods success is from this strategy of utilizing local producers whose fruits and vegetables meet its standards and Whole Foods offers many different lines of private-label products.
5. Ethical principles can change over time. **TRUE**

As society and what is considered acceptable changes, so do principles of ethics. What was once unethical, may now be ethical and acceptable, and vice versa.

6. Drycleaners, hair salons and auto repair businesses are considered retailers. **TRUE**

These are all service retailers, selling intangibles rather than just products.

7. Since J.Crew and Victoria's Secret design the merchandise they sell and contract with manufacturers to produce the product for them, they would be considered horizontally integrated. **FALSE**

This is a definition of vertical integration.

8. Costco and Home Depot are both retailers and wholesalers. **TRUE**

These retailers sell both to the end user and to contractors. It is a wholesale transaction when the contractors buy their products with the intent to resell the product and their services to their own customers.

9. There are no laws that dictate what is ethical and what is not. **FALSE**

There are laws in place that dictate which activities society has deemed to be clearly wrong; however, most business decisions are not regulated by laws.
10. **What is retailing?**

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

Retailing is much more than just the sale of products in stores. There are many different business activities that happen "behind the scenes" to add value to the products and services sold to the end consumer.

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11. **Which of the following businesses would NOT be considered a retailer?**

   **A.** a hot dog cart at the Highland Games
   
   **B.** Delta Airlines
   
   **C.** University bookstore
   
   **D.** Priceline.com
   
   **E.** Procter and Gamble

Retailers are businesses that sell goods and/or services directly to a consumer for their personal or family use. Proctor and Gamble manufactures and then sells their products to retailers to then be sold to the end user, but is not a retailer themselves.

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12. **Why is it imperative that manufacturers like HP and Procter and Gamble understand how retailers operate?**

   **A.** Manufacturers will be able to sell directly on-line.
   
   **B.** Manufacturers will understand how to get their products on the shelves and sold to the customer.
   
   **C.** Manufacturers can better sell merchandise without retailers.
   
   **D.** Retailers can expect fewer buyouts to occur.
   
   **E.** Manufacturers can limit multi-channel integration.

The better manufacturers understand retailing, the better they can get retailers to offer and promote their products.
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

Manufacturers, wholesalers and distributors all sell products to retailers. The retailer sells the product to the end user.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy  
Learning Objective: 01-01 What is retailing?  
Levy - Chapter 01 #13  
Topic: What is Retailing

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. trade association  
D. integrated wholesale network  
E. network

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

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #14  
Topic: What is Retailing

15. A retailer's role in a supply chain is to:
A. act as the liaison between manufacturers and wholesalers  
B. buy merchandise exclusively from the manufacturers  
C. negotiate with manufacturers to eliminate a wholesaler  
D. satisfy the needs of the consumers  
E. sell to wholesalers

There are many different ways a retailer attempts to satisfy the needs of their customers and ultimately the retailer in the supply chain wants to sell products and services to the end user.

AACSB: Reflective Thinking  
Blooms: Comprehension  
Difficulty: Easy  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #15  
Topic: What is Retailing
16. ______________ is when a firm performs more than one set of activities in a marketing channel or supply chain.
A. Channel diversification  
B. Horizontal development  
C. Horizontal integration  
D. Vertical development  
E. Vertical integration

Vertical integration occurs when a retailer operates its own distribution centers to send merchandise to its stores, which would be performing more than one activity in the channel. Selling merchandise to its customers is one activity; distributing the merchandise from a central location through transportation systems out to the stores would be another activity.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #16  
Topic: What is Retailing

17. If a chain of florist shops opened a plant nursery to provide gift plants and cut flowers to all of its stores within a 300-mile radius, the chain would be practicing
A. vertical integration.  
B. channel expansion.  
C. horizontal expansion.  
D. opportunity incrementing.  
E. service marketing.

The florist is performing more than one channel function; one function is operating the nursery, the second would be selling the product to the customer. Perhaps a third function may be the shipping of the gift plants and cut flowers to the outlets.

AACSB: Reflective Thinking  
Blooms: Application  
Difficulty: Medium  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #17  
Topic: What is Retailing

18. Victoria's Secret, a popular retail chain in women's lingerie and perfume, designs the merchandise they sell, and then contracts with manufacturers to produce it exclusively for them. Victoria's Secret is practicing:
A. globalization  
B. product-related marketing  
C. vertical integration  
D. horizontal integration  
E. product diversification

Because the retail chain designs and contracts its manufacturing firm, it is an example of vertical integration.

AACSB: Reflective Thinking  
Blooms: Application  
Difficulty: Medium  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #18  
Topic: What is Retailing
19. Why is it advantageous for retailers to be vertically integrated?
A. Retailers have the greatest control over its supply chain.
B. Retailers can expand their services easily to the Internet because they can direct orders to the manufacturer.
C. Retailers have realized that to stay competitive, they must become vertically integrated.
D. Customers prefer retailers who are vertically integrated.
E. There is no advantage to being vertically integrated.

Retailers that own the manufacturers that supply them have more control over their supply chain than retailers that do not.

A. C. D.

AACSB: Reflective Thinking
Blooms: Comprehension
Difficulty: Hard
Learning Objective: 01-02 What do retailers do?
Levy - Chapter 01 #19
Topic: What is Retailing

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

Vertical integration occurs when a retailer engages in more than one area of function in the supply chain.

D.

AACSB: Reflective Thinking
Blooms: Knowledge
Difficulty: Medium
Learning Objective: 01-02 What do retailers do?
Levy - Chapter 01 #20
Topic: What is Retailing

21. ______________ arises when a retailer performs some distribution and manufacturing activities, such as operating warehouses or designing private-label merchandise.
A. Globalization
B. Product-related marketing
C. Backward integration
D. Horizontal integration
E. Forward integration

Forward integration occurs when manufacturers also have their own retail stores and backward integration is when retailers develop their own private label merchandise or performs some distribution and manufacturing activities.

C.
22. (p. 7) __________ occurs when a manufacturer undertakes retailing activities.
A. Globalization  
B. Product-related marketing  
C. Backward integration  
D. Horizontal integration  
**E.** Forward integration

Forward integration occurs when manufacturers also have their own retail stores and backward integration is when retailers' develop their own private label merchandise or performs some distribution and manufacturing activities.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #22  
Topic: What is Retailing

23. (p. 7) Retailers provide important functions that increase the value of the products and services they sell to consumers. Which of the following does **NOT** include value function created by a retailer?
A. Providing an assortment of products and services  
B. Reducing production costs with innovative design  
C. Breaking bulk  
D. Holding inventory  
E. Providing services

All but reducing production costs with innovative design are functions that retailers perform to increase the value of products and services for consumers.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #23  
Topic: What is Retailing

24. (p. 8) Which of the following statements about retailers holding inventory is FALSE?
A. By having inventory held in the store, consumers can hold less merchandise at home.  
B. By holding inventory, retailers can decrease the visual merchandising expenditure.  
C. Holding inventory in a store helps serve the customer's needs.  
D. Retailers keep inventory so products are available when consumers want them.  
E. Holding inventory reduces consumer's cost of storing products.

Retailers can use extra inventory to create visually impactful displays.

AACSB: Reflective Thinking  
Blooms: Comprehension  
Difficulty: Medium  
Learning Objective: 01-02 What do retailers do?  
Levy - Chapter 01 #24  
Topic: What is Retailing
25. Grocers purchase pineapples from several different tropical countries. When pineapples arrive in the distribution centers across the United States, containers are reduced to amounts that are appropriate for store delivery. Once delivered to the stores, associates open the cartons and arrange the pineapples for the consumer to select. Grocers are performing what function?
A. adaptive selling
B. breaking bulk
C. acclimating
D. distribution
E. transferring

To save on costs, retailers will utilize their distribution centers to receive large shipments and then allocate and ship the products to each of their stores. Retailers save on shipping costs with the vendor or distributor in that they only ship to one location rather than shipping to each individual store location. The retailer may also receive a lower price from the vendor or distributor by buying a larger quantity to be shipped to just one location.

26. Providing assortments is an advantageous business activity because:
A. it enables the company to create a more informational and entertaining environment that would promote more sales.
B. it enables the company to reinvest for the future of the business.
C. it enables the customer to choose from a wide selection of brands, designs, sizes and prices all in one store.
D. it enables the customer to try more products.
E. it enables the customer to stock up on the assortments because of bulk availability.

Offering an assortment of goods saves the customer from having to go from place to place and gives the customer the option to choose from many different products and brands.

27. One of the functions retailers undertake to increase the customer’s perception of value is providing services. Which of the following is NOT an example of that activity?
A. clean restrooms
B. displaying merchandise
C. having trained salespeople available to answer questions
D. parking lot with a lot of lighting
E. having crisp dollar bills for change

All of these functions are provided by the retailer to make it easier for a customer to buy and use products, except having crisp dollar bills for change.
28. A credit union holds and maintains detailed records of the banking activities of its members. Each quarter, the credit union provides its members a printout of banking activities, information about low rate loans and pre-owned automobiles. By contacting and telling its members about its offers on a regular basis, the credit union is engaging in the business function of:

A. breaking bulk
B. holding inventory
C. providing assortments
D. financing
E. providing services

Maintaining records and informing members are services.

AACSB: Reflective Thinking
Blooms: Application
Difficulty: Easy
Learning Objective: 01-02 What do retailers do?
Levy - Chapter 01 #28
Topic: What is Retailing

29. Retailing is one of the nation's largest industries in terms of:

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

Retailing employs approximately 21% of the nonagricultural U.S. workforce.

AACSB: Reflective Thinking
Blooms: Knowledge
Difficulty: Medium
Learning Objective: 01-03 Why is retailing important in our society?
Levy - Chapter 01 #29
Topic: Social and Economic Significance of Retailing

30. When considering the largest retailers worldwide, _________ retailers continue to dominate among them.

A. food
B. apparel
C. drug
D. home-improvement
E. Internet

Food retailers dominate as the top retailers in the USA.

AACSB: Reflective Thinking
Blooms: Comprehension
Difficulty: Medium
Learning Objective: 01-03 Why is retailing important in our society?
Levy - Chapter 01 #30
Topic: Social and Economic Significance of Retailing
31. Which of the following statements about the U.S. distribution system is TRUE?
   A. Many people think the United States is under-stored.
   B. Many U.S. retailers are large enough to have their own warehouses and have eliminated their need for wholesalers.
   C. When compared to retail density in Europe, the United States is very low.
   D. The small specialty store is the fastest growing type of U.S. retailer.
   E. Most U.S. retail stores are less than 20,000 square feet.

   The U.S. is considered over-stored. The U.S. has the greatest retail density in the world. Many U.S. stores have over 20,000 square feet.

32. The Chinese distribution system:
   A. has a smaller percentage of people employed in distribution than the U.S.
   B. is characterized by small stores with a large wholesale industry.
   C. is more efficient than the distribution system in the U.S.
   D. is more similar to U.S. distribution systems than Europe's systems.

   The Chinese have a larger percentage of people employed in their distribution center with many small stores and a large wholesale industry. The Chinese system is not as well developed or as efficient as in the U.S.

33. A _____________ is a set of businesses that move products from the point of production to the point of sale to the ultimate consumer.
   A. manufacturers group
   B. wholesaler network
   C. retailer
   D. supply chain
   E. distributor

   A supply chain is a set of businesses with goods and services that ultimately moves the product through to reach the final customer.
When the specialty store Hollister designs and develops merchandise as well as sells the merchandise in their stores, ________ is occurring.

A. vertical integration  
B. globalization  
C. product-related marketing  
D. horizontal integration  
E. forward integration

Vertical integration means that a firm performs more than one set of activities in the channel.

A. The U.S. distribution system has the greatest retail density and the greatest concentration of large retail firms.  
B. The Indian distribution systems are characterized by small stores operated by small firms and a large independent wholesale industry.  
C. In the Chinese distribution system, the merchandise often passes through several levels of distribution to make the daily deliveries to the small retailers efficient.  
D. Northern European retailing is similar to efficient distribution systems in the U.S.  
E. With the population density in France, most stores throughout France are open 24 hours 7 days a week.

Labor unions in France and elsewhere in Europe are opposed to 24/7 shopping because of the strains it could put on store employees.

The competition between the same types of retailers is called:

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

A retailer's primary competitors are other retailers that use the same type of store which is intratype competition.
37. CVS, Walgreens and Rite Aid are _________ competitors.
   A. indirect
   B. intratype
   C. intertype
   D. vertical
   E. horizontal

   A retailer's primary competitors are other retailers that use the same type of store which is intratype competition. CVS, Walgreens and Rite Aid all utilize the same type of retail format.

38. Macy's, JCPenney and Nordstrom engage in ___________ competition.
   A. indirect
   B. intratype
   C. intertype
   D. vertical
   E. horizontal

   A retailer's primary competitors are other retailers that use the same type of store which is intratype competition. These are all department stores utilizing the same type of retail format.

39. Nike selling products to sporting goods retailers plus having their own Nike Town store, ___________ is occurring.
   A. forward integration
   B. vertical integration
   C. backward integration
   D. horizontal integration
   E. cross-selling

   Forward integration occurs when a manufacturer undertakes retailing and wholesaling activities (wholesaling to sporting goods retailers).
40. When Austin saw pastries and coffee being sold at his local bookstore, he knew it was an example of __________, which is the juxtaposition of unrelated merchandise in the store.

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

Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy

Learning Objective: 01-05 What types of decisions do retail managers make?  
Levy - Chapter 01 #40

Topic: The Retail Management Decision Process

41. Dillards sells Godiva chocolates and coffees in their stores. By selling such products, Dillards is:

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

Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store.

AACSB: Reflective Thinking  
Blooms: Application  
Difficulty: Medium

Learning Objective: 01-05 What types of decisions do retail managers make?  
Levy - Chapter 01 #41

Topic: The Retail Management Decision Process

42. The offering of merchandise NOT typically associated with the store type is called:

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

Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store.

AACSB: Reflective Thinking  
Blooms: Knowledge  
Difficulty: Easy

Learning Objective: 01-05 What types of decisions do retail managers make?  
Levy - Chapter 01 #42

Topic: The Retail Management Decision Process
While vacationing at the beach, Delia was delighted to see that the local Walgreens carried milk, bread, apples and bananas. Walgreens is exhibiting:

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

Scrambled merchandising is when retailers offer merchandise not typically associated with their type of store, which in this case Walgreens being a drug store would primarily focus products on pharmaceuticals and health and beauty aids. However, to offer convenient food products for customers is practicing scrambled merchandising.

Scrambled merchandising increases:

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

Offering merchandise not typically associated with the store type and it increases intertype competition or competition between retailers that sell similar merchandise using different types of stores.

Which of the following would NOT BE an example of intertype competition?

A. A supermarket and a fresh flower stand.
B. A Starbucks coffee store 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.

Offering merchandise not typically associated with the store type increases intertype competition or competition between retailers that sell similar merchandise using different types of stores. Since Target and Walmart use the same format of store, they are intratype competitors, all others are intertype competitors.
46. The Aeropostale website, the Hollister mall store, and Victoria Secret's PINK pop-up shop are all in ________ competition.

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

They all sell similar merchandise using different types of retail formats.

47. 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.

All retailers compete for the customer's dollar spent on goods and services and with intertype competition, it becomes more difficult to identify and monitor competition.

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

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

The intensity of competition is greatest among retailers located near one another whose offerings are viewed by the customer as very similar.
Since convenience of location is important in store choice, a store’s proximity to other retailers is a critical factor in identifying:

A. competition.
B. ethical standards.
C. real estate negotiations.
D. the target market.
E. which merchandise to scramble.

The intensity of competition is greatest among retailers located near one another whose offerings are viewed by the customer as very similar.

Once a retailer understands its environment, it needs to develop and implement a:

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

The retail strategy is developed after information is gathered in a situation analysis. Although similar in theory to a business plan, it is specific to the retailing industry.

The retail strategy helps a retailer to identify 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. Determine the break-even point for making profits.

The retail strategy indicates how the retailer plans to focus its resources to accomplish its objectives. It identifies all of these factors except it does not describe anything to do with break even points or profits.
52. When developing the _________________ for his new barber shop, Theo decided to obtain a long-term competitive advantage over other salons by offering longer hours, better prices, a well trained staff and half-price perm day every Wednesday to attract customers.
   A. selling concept
   B. business cycle
   C. retail strategy
   D. focal point orientation
   E. marketing concept

A retail strategy statement identifies the target market, the merchandise and services, and how the retailer will build a long-term advantage over its competitors. All three of these elements are present in the question.

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

A retail strategy has to do with planning for the future and not focusing on a short-term problem like the liquidating of last year's inventory.

54. Which of the following strategies has JCPenney implemented to compete effectively with the competition?
   A. Reorganized with a decentralized merchandise management now in place.
   B. Reorganized and streamlined its multichannel offerings.
   C. Redesigned the stores to offer more checkouts within each department.
   D. Developed a faster vendor to floor strategy by drop shipping merchandise directly to each store.
   E. Upgraded merchandise offering with the addition of France's cosmetics line, Lancôme.

JCPenney reorganized its store, catalog and Internet channels to provide a seamless, multichannel offering. JCP has a centralized merchandise management with buyers at the headquarters rather than each store manager making merchandise decisions. JCP has redesigned their stores to offer centralized checkouts. JCP reduced their shipping costs by shipping merchandise to distribution centers first rather than shipping from supplies or vendors directly to each store. JPC added the cosmetic line Sephora to many of their stores.
To implement a retail strategy, a retailer must develop a _____ that satisfies the needs of its target market better than its competitors.

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

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

Once a well-articulated retail strategy has been developed, the next step is to:

A. override the control mechanism.  
B. evaluate the results of the strategy.  
C. forecast future environmental trends.  
D. confirm that environmental conditions have not changed.  
E. implement the strategy.

Once strategy is developed, the next logical step is implementation. Nothing would get accomplished if a retailer repeatedly went back to the earlier steps such as forecasting future trends or looking at changing environmental conditions. The final stage in the process is the evaluation of the strategy. Overriding the control mechanism would not be a good idea in any case.

The combination of factors retailers use to satisfy customer needs and influence their purchase decisions is called the firm's:

A. retailing conglomerate.  
B. retail mix.  
C. marketing strategy.  
D. target group.

Elements in the retail mix include the types of merchandise and services offered, merchandise pricing, advertising and promotional programs, store design, merchandise display, assistance to customers provided by sales people and convenience of the store's location, which all are used to satisfy the customer and to influence their purchasing decision.
58. ______________ 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. Investor response
D. Competitive reactions
E. Multi-attribute engagements

Corporate social responsibility (CSR) is when an organization freely engages in taking responsibility for the impact of its activities on its employees, its customers, the community and the environment.

59. Which of the following is NOT an element in the retail mix?
A. competitive response
B. merchandise assortments
C. location
D. customer service
E. advertising and promotion

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

60. Best Buy purchases many of the DVDs, Wii games, and players by the truckload then sells them in smaller quantities to its stores where consumers are allowed to buy them individually. What business function is Best Buy performing?
A. Providing assortments
B. Breaking bulk
C. Holding inventory
D. Providing services

Breaking bulk enables manufacturers to efficiently make and ship merchandise in large quantities and enables consumers to purchase merchandise in smaller, more useful quantities.
61. are the principles governing the behavior of individuals and companies.
   A. Ethics
   B. Retail strategies
   C. Training guidelines
   D. Company traditions
   E. Civil Rights Act of 1964

Ethics are the principles governing individual and companies that establish appropriate behavior and indicate what is right and wrong.

62. Belinda is a swimwear buyer for a major department store. She will allow vendors to purchase her lunch at the local coffee shop when they visit. One October, she dined with a new vendor to discuss a progressive line of men's swimwear that is popular in resorts throughout the Caribbean. Belinda's goal was to assess the assortments for her company in order to see if the product was a good fit for the company brand. During lunch, the vendor invited Belinda for an all-expense paid weekend trip to Jamaica to see the popularity of the merchandise. His goal was to enable her to make a more educated decision when buying the product. Belinda hesitated to accept because of:
   A. personal and professional ethics.
   B. the scheduling of the buy for the spring season.
   C. the price of the exclusive merchandise would not match the income level of her target market.
   D. the manufacturer would be unable to develop the line in time for next spring.

In some cases a business trip may be necessary to conduct further business or to analyze trends; however, in this case, personal and professional ethics may be in question.

63. What is the world's largest corporation?
   A. Nike
   B. Coca-cola
   C. Apple Inc.
   D. Walmart
   E. Macy's

Walmart is the world's largest corporation. Retailing therefore has great importance and impact upon our global society. Walmart is also the largest employer in the U.S.
One of the value-providing activities that retailers perform is _________ where products will be available when consumers want them.

A. breaking bulk
B. holding inventory
C. production runs
D. possession stock
E. acquisition space

Consumers know they can purchase the products at retailers when they need them, so consumers can just buy what they need at the time.

A company that is in the second stage of corporate social responsibility:

A. only engages in CSR activities that are required of them by law.
B. engages in CSR activities that provide a short-term financial benefit.
C. engages in CSR activities because they believe it is the right thing to do.
D. engages in CSR activities for the well being of everyone.

Companies go through four stages before they become fully vested in CSR. Companies in the first stage only do what is required of them by law; the second stage is when companies engage in CSR for a short term financial benefit, the third is engaging in CSR when the company believes it is the right thing to do regardless of the financial benefits, and the final stage is when a company believes that CSR activities benefits all.

A retailer that asks their customers to bring their own shopping bags or charges 5¢ per bag, but does not engage in any other corporate social responsibilities unless required by law, would be considered in what stage in their strategy?

A. Initial stage
B. Second stage
C. Tertiary stage
D. Fourth stage
E. Acquisition stage

Companies go through four stages before they become fully vested in CSR. Companies in the initial or first stage only do what is required of them by law; the second stage is when companies engage in CSR for a short term financial benefit (such as this company by saving money on shopping bags), the third is engaging in CSR when the company believes it is the right thing to do regardless of the financial benefits, and the fourth and final stage is when a company believes that CSR activities benefits all.
Retailers that are building LEED-certified stores would be considered in what stage in their strategy?

A. Initial stage  
B. Second stage  
C. Tertiary stage  
D. Fourth stage  
E. Acquisition stage

Companies go through four stages before they become fully vested in CSR. Companies in the initial or first stage only do what is required of them by law; the second stage is when companies engage in CSR for a short term financial benefit, the third is engaging in CSR when the company believes it is the right thing to do regardless of the financial benefits. The fourth and final stage is when a company believes that CSR activities benefits all such as this example of building LEED certified stores which is based on an assessment of the store's impact on human and environmental health, sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

What percent does the total gross domestic product come from retailing?

A. 2%  
B. 8%  
C. 17%  
D. 25%

Approximately 8.1% of the total gross domestic product comes from retailing.

Approximately what percent of working people are employed in the retail industry?

A. 5%  
B. 20%  
C. 35%  
D. 55%

Approximately 1 in 5 people are employed in the retail industry in the United States.
70. Initially, Anita Roddick, the founder of The Body Shop, recycled bottles to save money when the company was in its infancy. What stage would this be considered in terms of Corporate Social Responsibility in their strategy?
   A. Initial stage
   B. Second stage
   C. Tertiary stage
   D. Fourth stage
   E. Acquisition stage

Companies go through four stages before they become fully vested in CSR. Companies in the initial or first stage only do what is required of them by law; the second stage is when companies engage in CSR for a short term financial benefit (such as this company by saving money recycling bottles), the third is engaging in CSR when the company believes it is the right thing to do regardless of the financial benefits, and the fourth and final stage is when a company believes that CSR activities benefits all. The Body Shop eventually evolved to the fourth stage and was one of the earlier companies to do so.

71. Ingvar Kamprad, the founder of the Swedish-based home furnishing retail chain, IKEA, discovered in his youth that he could make a profit by buying in bulk and selling the items individually at a low price. This concept is one of the activities retailers do:
   A. to create value.
   B. for integration.
   C. to display corporate social responsibility.
   D. to create a retail mix.
   E. to be ethical.

This action describes "breaking-bulk" which is one of the value-creating act ivies that retailers do.

72. Early in JCPenney's history, store managers determined the type of merchandise sold, the price of the merchandise, the promotion of the merchandise and the management of the store employees. This describes an organizational structure that is _________________.
   A. centralized
   B. decentralized
   C. integrated
   D. disengaged
   E. incorporated

At an organization that has a centralized strategy, all of these decisions are made from the team at the corporate office. JCP is now centralized, but for many years was decentralized.
A retailer's primary competitors are other retailers that __________.
A. are next to or adjacent to the store location  
B. use the same type of store format  
C. have the same target market  
D. sell online

The competition between the same type of retailers is called intratype competition which is the primary competition the retailers experience.

The __________ identifies the target market, the merchandise and services that will be offered, and how the company will be competitive long-term.
A. retail strategy  
B. corporate sustainability  
C. retail mix  
D. supply chain  
E. retail integration

This is descriptive of the decisions made in developing a retail strategy for creating a competitive advantage in the marketplace and then developing a retail mix to implement that strategy.

The retail activity that is particularly important to consumers with small living quarters is who only buy what they need at the time they need it:
A. providing assortments  
B. breaking bulk  
C. holding inventory  
D. providing services

Retailers perform the activity of holding inventory so that products will be available when consumers want them. Consumers know that retailers will have what they need when they need it. This is important to consumers with limited storage space such as apartment living.

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

The retailer's role in the distribution channel is to link manufacturers with consumers by directing their efforts to satisfying the needs of the ultimate consumers.
List the four functions performed by retailers.

The four functions performed by retailers are (1) providing an assortment of products and services, (2) breaking bulk, (3) holding inventory, and (4) providing services.

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

In the retailing distribution channel, there are occasions when manufacturers sell directly to the ultimate consumer. While occasionally doing so, manufacturers mainly exist to manufacture products to satisfy the needs of a wholesaler or retailer. Retailers exist because they direct their efforts and specialize in satisfying only the customer's needs. Retailers exist because they increase the value consumers receive.

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

Intratype competition refers to the competition between retailers with the same format. An example would be the competition between Publix and BiLo for sale of fresh salmon. Intertype competition refers to retailers that sell similar merchandise using different formats. An example would be the sale of Revlon Color-Stay Lipstick between CVS and Target.

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

Walgreens is engaging in scrambled merchandising. They have added these products; and therefore, more to appeal to a broader group of customers, while providing one-stop shopping for a time-starved society.
In regards to customers, what aspects do retailers need to consider when developing a retail strategy?

Retailers need to understand customers and how they are changing so that they can better satisfy their needs. Retailers need to know and understand why customers shop, how they select stores and how they select from that store's merchandise.

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

(1) The target market toward which the retailer will direct its efforts, (2) the nature of the merchandise and services the retailer will offer to satisfy the needs of the target market, and (3) how the retailer will build a long-term advantage over its competitors.

To compete effectively with the competition, JCPenney has made some strategic changes. Discuss four changes the company made and how JCPenney expects the changes to better satisfy its target market.

There are many different areas the student may choose as their four:

1) JCP has reorganized the store, catalog and Internet channels to provide a seamless multichannel offering making transactions most convenient for their customers.
2) JCP is reducing its distribution costs by shipping merchandise through its distribution centers rather than using direct delivery from vendors to stores.
3) JCP now has a centralized merchandise management. Rather than having store managers make merchandise decisions, merchandise decisions are made by JCP buyers in the corporate headquarters to save costs and respond quicker.
4) To increase customer convenience, JCPenney is building new stores in free-standing locations.
5) JCP has redesigned their stores to have centralized checkouts to best service their customers.
6) JCP is offering more fashionable merchandise with notable exclusive designer brands. This gives customers more exclusive and fashionable merchandise only found at JCP.
Ethics in business has become increasingly important. List four questions you can ask yourself to help assess whether or not a behavior or activity is unethical:

Students may have any four of these nine type of questions:

1) Would I be embarrassed if a customer found out about this behavior?
2) Would my supervisor disapprove of this behavior?
3) Would most coworkers feel that this behavior is unusual?
4) Am I about to do this because I think I can get away with it?
5) Would I be upset if a company did this to me?
6) Would my family or friends think less of me if I told them about engaging in this activity?
7) Am I concerned about the possible consequences of this behavior?
8) Would I be upset if this behavior or activity was public in a newspaper article?
9) Would society be worse off if everyone engaged in this behavior or activity?

Most retailers try to be socially responsible. Identify and discuss the four stages companies typically go through before they fully integrate corporate social responsibility (CSR) into their strategy.

Stage 1) Engagement in activities required by the law. Companies are not usually convinced at this stage of the importance of CSR.
Stage 2) Engagement of activities resulting in short-term financial benefits. Doing things that may be socially responsible, but only doing them because they save the company money.
Stage 3) Companies engage in social responsibility because they believe it is the right thing to do. Companies have in a sense, "turned the corner".
Stage 4) Companies engage in social responsibility because they believe it must be done for the "well-being" of everyone. These companies have incorporated the concept of CSR into every aspect of their business.
## 1 Summary

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<td>Learning Objective: 01-01 What is retailing?</td>
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<td>Learning Objective: 01-02 What do retailers do?</td>
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<td>Learning Objective: 01-03 Why is retailing important in our society?</td>
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<td>Learning Objective: 01-05 What types of decisions do retail managers make?</td>
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