Retailing Management (Canadian) 7th edition Levy Test Bank

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

1) Compared to other food retailers, convenience stores demonstrate the following characteristic(s):
   A) Have higher food prices
   B) Have a wide breadth and depth of merchandise
   C) Benefit from the high margins of gasoline sales
   D) Have less than 30% of their store devoted to food
   E) Are experiencing slow growth in Asia

2) NAICS: Is best described as the following:
   A) Is a number used to identify an item in a company's inventory
   B) Is a classification scheme used by retailers in Canada to monitor after-tax profits
   C) Is an on-package series of thick and thin lines readable by check-out scanners
   D) Is a classification scheme where every North American business is assigned a 5-6-digit code
   E) Stands for: National Audit Inventory Classification System

3) In order to compete against intrusions by other food retailing formats, conventional supermarkets are doing the following EXCEPT for:
   A) Targeting health-conscious consumers
   B) Offering more private-label products
   C) Emphasizing fresh perishables
   D) Providing a better in-store experience
   E) Limiting categories and increasing depth of products

4) Mark's Work Wearhouse (clothing retailer) carries sizes for small, average, and big men, but all sizes are not available in all their stores. What should Mark's do to communicate this message to their customers?
   A) They should advertise big men's merchandise on all of their newspaper supplements and commercials
   B) They should train their sales associates to mention this when closing sales with each customer
   C) A database should be developed of those who purchase merchandise for big men and then Mark's should market specifically to those shoppers
   D) Mark's should actively advertise these assortments to competitors
   E) Mark's should advertise this by featuring big men on their Holiday Catalogue

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5) Ahmed was shopping for new earphones for his mobile device. Stereo Central has them priced for $19.99 a pair in store, but when he went to the retailer's website, he found the same set for $10.99 each. Stereo Central has a problem with the following:
   A) price consistency across channels
   B) a pricing mistake by the store manager
   C) a communication problem between channels
   D) product consistency
   E) depth of merchandise

6) The following trends are changing the retail industry with the EXCEPTION OF:
   A) growing retailer concentration and power.
   B) blurring boundaries among channels and formats.
   C) growth in consumer data.
   D) discriminating consumers.
   E) growing demand for department store formats.

7) The spawning of new categories and retailers from supercentres to the Internet best demonstrates:
   A) The growing diversity of retail formats
   B) The necessity to focus on competition
   C) The necessity to go global with domestic retailers
   D) The need for training and development programs
   E) The tremendous need for better customer services

8) The Canadian retail marketplace is dominated by a small number of large retailers. Choose which best describes this statement:
   A) diversity
   B) globalization
   C) concentration
   D) Americanization
   E) development

9) Because the only merchandise category at the Futon Shop is double-sized futons, the Futon Shop can be said to have minimum:
   A) inventory control
   B) need for customer service
   C) product depth
   D) shrinkage
   E) breadth

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10) An industry term that describes each different item of merchandise in a retail store is called a/an:
A) consumer offering
B) store counted item (SCI)
C) stored and keyed unit (SKU)
D) stock keeping unit (SKU)
E) economic unit

11) Pinch-A-Penny sells a variety of pool maintenance supplies including filters, chemicals, lights, skimmers, and pool toys. Pinch-A-Penny can be said to have:
A) supply standard
B) complete retail offering
C) breadth of merchandise
D) retail mix
E) depth of merchandise

12) Variety is often referred to one of the following:
A) store's supply standard
B) complete retail offering
C) breadth of merchandise
D) retail mix
E) depth of merchandise

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13) Depth of merchandise is often referred to as the:
A) variety
B) complete retail offering
C) number of items within each product line
D) object of the buy
E) retail mix

14) My Favourite Quilt Shop carries quilting thread of every brand, colour and strength in cotton and poly-cotton blends. With reference to quilting threads, My Favourite Quilt Shop has:
A) broad variety
B) deep assortment
C) good customer base
D) little shrinkage
E) few SKU's

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15) Isaac's Men's Store stocks 322 different styles and colours of ties. This assortment of ties can be referred to as Isaac's:
A) store's supply standard
B) complete retail offering
C) breadth of merchandise
D) retailer mix
E) depth of merchandise

16) What items would hypermarkets carry a larger proportion of compared to supercentres?
A) Electronics
B) Sports equipment
C) Photographic film development
D) Canned and dried food items
E) Fresh produce, meats, fish and bakery items

17) The office manager for a large advertising agency is responsible for maintaining the office supplies and works within a budget. This month, they will need to restock the agency's #10 envelopes, ball-point pens, coffee, sweetener and plastic spoons. Where would be the best place to purchase these supplies?
A) Loblaw's
B) Staples
C) Sobey's
D) Circle K
E) Home Depot

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18) Choose which would best describe warehouse clubs:
A) have a deep assortment within its merchandise categories
B) spend on visual displays
C) sell merchandise in a no-frills atmosphere
D) have a low inventory turnover
E) provide extensive customer service

19) The primary issue facing supermarket and convenience store retailers today is:
A) corporate development racing to catch up to store level
B) downsizing of middle management
C) expiration dates on perishables
D) increasing level of competition from other types of retailers
E) price wars

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20) What is one way a convenience store can develop a sustainable advantage against the competition?
- A) Close less convenient locations
- B) Extend hours of operation
- C) Nothing: convenience stores are becoming extinct
- D) Open more stores
- E) Sell prepared meals

21) Target and Walmart are examples of:
- A) convenience stores
- B) department stores
- C) discount stores
- D) specialty stores
- E) variety stores

22) To respond to a competitive environment, discount retailers should AVOID:
- A) developing more private-label merchandise programs
- B) focusing on a EDLP strategy
- C) increasing assortments
- D) offering better customer service on the floor
- E) decreasing breadth of product categories

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23) Which of the following statements about discount stores is TRUE?
- A) They do not carry private-label merchandise.
- B) They have greater depth of merchandise than department stores.
- C) They typically carry more brands and sizes in each category than department stores.
- D) They tend to offer a broad variety of merchandise.
- E) They offer premium national label products only.

24) Zara, a specialty store, produces how much of its own clothing line?
- A) less than 20%
- B) greater than 50%
- C) None
- D) 100%
- E) less than 40%

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25) Which best describes category specialists:
A) have little customer service
B) are limited to clothing, office supply, pet supplies, and toy retailing
C) rely on warranty sales to promote loyalty
D) offer a narrow variety but deep assortment of merchandise
E) compete directly with off-price retailers

26) Category specialists are sometimes called category killers because they:
A) can destroy a category of merchandise for other retailers.
B) are located at stand-alone sites.
C) have a broad merchandise mix and shallow assortment.
D) are often located in dying shopping malls.
E) carry mainly technologically obsolete merchandise.

27) Rona and Home Depot are both category specialists for the home improvement industry. This means the stores:
A) have locations that do not exceed a maximum square footage of 8000 sq. feet
B) use quick-response inventory management systems
C) have excellent after-the-sale service
D) appeal to the mature consumers
E) offer a narrow but deep assortment of merchandise

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28) Category specialists in direct competition with each other typically compete on the basis of:
A) advertising
B) in-store promotions
C) distribution strategies
D) product variety and assortment
E) cost of goods/retail price

29) A retailer that carries a broad variety and deep assortment of stock, offers customer services, and are organized into separate departments for displaying merchandise is called a:
A) category killer
B) department store
C) discount retailer
D) home improvement centre
E) specialty retailer

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30) Which of the following is an example of a department store?
- A) Chapters
- B) Best Buy
- C) Hudson's Bay
- D) Mark's Work Wearhouse
- E) Home Hardware

31) Which of the following categories are department stores moving away from offering?
- A) Accessories
- B) Home furnishings
- C) Kitchenware
- D) Toys
- E) Women's apparel

32) Specialty stores that concentrate on health and personal grooming merchandise are:
- A) closeout retailers
- B) off-price retailers
- C) direct-mail retailers
- D) discount stores
- E) drugstores

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33) Choose the following that best describes Off-price retailers:
- A) offer a consistent assortment of soft goods at low prices.
- B) give cash refunds.
- C) offer gift wrapping services.
- D) sell brand-name and even designer-label merchandise at reduced prices.
- E) require suppliers to give them a variety of allowances and discounts.

34) The two types of off-price retailers are:
- A) outlet and closeout stores
- B) value retailers and closeout stores
- C) closeout and value stores
- D) warehouse clubs and closeout stores
- E) outlet stores and warehouse clubs

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35) Manufacturers view their own outlet stores as advantageous over selling to other off-price retailers because:
A) it allows them some control over where their branded merchandise is sold
B) they do not have to work with buyers of other companies
C) they are interested in by-passing traditional retailers and wholesalers and sell direct to the consumer
D) they do not have to offer rock-bottom prices
E) it dilutes their brand image.

36) Kelly is a primary school teacher. She needed some small gifts for her students. She was pleased when she went in A Buck or Two and found she could buy colouring books, plastic scissors, pencil bags, puzzles, and games all priced at $1.00 each. A Buck or Two is an example of a:
A) value retailer
B) general merchandise retailer
C) specialty retailer
D) price killer
E) price specialist

37) The retail format in which the retailers communicate with customers and offer products and services for sale over the Internet is called:
A) catalogue retailing
B) computerized shopping
C) direct selling
D) electronic retailing
E) television home shopping

38) The main difference between direct-mail retailers and catalogue retailers is that direct-mail retailers are:
A) businesses that have low start-up costs
B) consistent with catalogue retailers in that they maintain long-term relationships
C) highly involved in database management
D) primarily interested in a single sale from a specific mailing while catalogue retailers maintain relationships with customers over time
E) usually considered junk mail and are discarded

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39) Direct selling involves the following EXCEPT:
- A) is a highly interactive form of retailing
- B) most often takes place in the home
- C) is mainly performed by independent agents
- D) can be done over the telephone
- E) customers can only purchase online

40) Where are most direct sales made?
- A) Via a computer connection
- B) At street festivals and craft shows
- C) Over the phone
- D) On the job site
- E) Face-to-face, in a home

41) A _____ develops when a firm's marketing program is designed to sell merchandise and services to other distributors rather than to retail customers.
- A) multilevel network
- B) general merchandise retailer
- C) party plan
- D) pyramid scheme
- E) commission

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42) In a multilevel network, a master distributor can involve the following elements EXCEPT:
- A) recruit other people to become distributors in their network
- B) are responsible for training the salespeople they recruit
- C) may receive a commission on all merchandise purchased by the distributors in their network
- D) sell to customers in their network
- E) responsible for manufacturing and global expansion

43) When multilevel direct selling becomes a pyramid scheme:
- A) typical annual sales of products often double
- B) the salespeople are no longer independent agents
- C) little merchandise is sold to end users
- D) the selling format is usually franchised
- E) the use of the party plan becomes more commonplace

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44) An infomercial is best described as the following:
A) a 60-seconds commercial
B) do not usually solicit orders
C) use testimonials rather than demonstrations to sell products
D) are not shown on cable television
E) are 30-minutes commercials

45) Ben saw a half-hour TV show with George Foreman on it. During the show Foreman was showing how to prepare a variety of foods so that they would be totally fat-free. Each item was prepared using a special cooker. During the show the TV audience were given several opportunities to buy the cooker. Ben was watching:
A) direct selling
B) an infomercial
C) a sales promotion
D) outbound telemarketing
E) interactive electronic retailing

46) Martina was watching a Made-for-Television Movie on the Life Channel when she saw an ad for a series of books for people who want to save money on home repairs. She called and ordered the book on plumbing that was first in the series. Martina responded to:
A) direct selling
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B) an infomercial
C) direct-response advertising
D) outbound telemarketing
E) interactive electronic retailing

47) The major advantage of TV home shopping compared to catalogue retailing is:
A) its ability to create time and place utility
B) customers can see the merchandise being demonstrated on TV
C) the easy return policy for unsatisfactory products
D) its ability to schedule when certain types of merchandise will be shown
E) the lack of federal regulation of the medium

48) When compared to catalogue retailing, TV home shopping has which of the following disadvantages?
A) The customer's inability to look at products when they want to
B) The customer's ability to watch products being demonstrated
C) The difficulty inherent in returning unsatisfactory products
D) The ability to schedule when certain types of merchandise will be sold
E) The lack of federal regulation of the medium

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49) The most common purchases from vending machines are:
A) ice
B) airplane insurance
C) condoms
D) beverages and snack food
E) cigarettes

50) What do WestJet (airline), Four Seasons (hotel chain), Century 21 (real estate company), and BMO (banking) have in common?
A) These retailers have established long-term relationships with their manufacturers.
B) They are all examples of off-price retailers.
C) They sell tangible products.
D) They are all examples of service retailers.
E) They have high operating margins due to the size of their inventories.

51) How can a service retailer best cope with some of the problems associated with the intangibility of service?
A) Use low prices during off-seasons to help match supply and demand.
B) Use mass production.
C) Emphasize quality control.
D) Solicit customer evaluations and complaints.
E) Increase staffing at peak demand times.

52) Due to the _____ of services, service retailers like Disney, Famous Players, and Air Canada sometimes find it difficult to match supply and demand.
A) intangibility
B) perishability
C) inconsistency
D) consumability
E) compatibility

53) Why do movie theatres sell tickets for an afternoon showing at a lower price than the 7 p.m. showing of the same movie?
A) To deal with the incompatibility characteristic of services
B) To make sure the service offered in consistent
C) To deal with the intangible characteristic of services
D) To deal with the perishability of services
E) To minimize inventory losses

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54) Which of the following describes an advantage that independent, single-store establishments have over other forms of ownership?
A) Economies of scale
B) Very low set-up costs
C) Bureaucratic operation
D) Ability to respond almost immediately to market changes
E) Distribution efficiency

55) A company operating multiple retail units under common ownership and usually has centralized decision-making for defining and implementing its strategy is called a:
A) franchise
B) full-line discount stores
C) retail chain
D) single-store establishment
E) wholesale-sponsored voluntary cooperative group

56) In a franchise contract, the franchisee pays the franchisor a:
A) bonus if the sales quota is achieved
B) lump sum plus a royalty on all sales
C) start-up costs plus a monthly predetermined cash amount
D) commission on all sales
E) salary plus a variety of employee benefits

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57) A retailer that sells merchandise and/or services through more than one channel is called a/an:
A) computerized retailer
B) direct seller
C) electronic retailer
D) multichannel retailer
E) single-channel retailer

58) A multichannel retailer is one that:
A) works with other retailers who are in the channel
B) channels all assortments through the stores
C) sells merchandise or services through more than one channel
D) buys merchandise from multiple channels to sell in the stores
E) is a combination of single-channel retailers

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59) Which of the following retailers is the best example of a multichannel retailer?
- A) Susan and Michael's Hair Salon
- B) eBay
- C) Apple
- D) The Keg restaurant
- E) 7-Eleven convenience stores

60) Which of the following is not a benefit of retail store channel shopping?
- A) Browsing
- B) Cash payment
- C) Personal service
- D) Personal safety
- E) Touch and feel products

61) The following are benefits of store channel shopping EXCEPT for:
- A) The touch and feel of products
- B) In person customized service
- C) The ability to make cash payments
- D) The ability to browse inventory in a physical environment
- E) The ability to shop from the comfort of your home with a click of the mouse

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62) Alex went to the mall during lunch hour. While there, a back-to-school fashion show was happening in Target, saw an old friend, took a walk and watched the children play in the centre arena. What benefit of store shopping was Alex most enjoying?
- A) Detailed information
- B) Convenience
- C) Entertainment and social interaction
- D) Personal service
- E) Touch and feel products

63) Mobile device and smartphone retail application research indicates the following about smartphones:
- A) influence is expected to grow over the next few years, driven by advertisers' desire for greater market share
- B) are most likely to be used for store-related shopping when the customer is close to the point of making a purchase
- C) are used more in convenience stores than in any other retail format
- D) are rarely used in conjunction with retailer's apps
- E) Influence is expected to decline over the next few years

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64) In order to remain completive, multichannel retailers should consider:
A) increasing channel migration
B) not disclosing uniquely relevant information based on proprietary data collected about their customers
C) promoting private-label or exclusive merchandise that can be purchased only from them
D) encouraging consumers' to collect information about products and pricing on their channels and then buying the product from a competitor
E) avoiding to respond to the challenge of differences in local competition

65) Consumers are using their mobile devices to help their retail buying decisions EXCEPT in the following way::
A) Find location and hours of a retailer.
B) Look up product information.
C) Compare prices with competing firms
D) Read reviews about products and services.
E) Be able to "touch and feel" products before purchasing

66) Choose the term that best fits the following:

Consumers can make informed decisions with the increased access to product information, price comparisons, and user reviews, and then widely share their experiences with others.
A) Ubiquitous connectivity
B) Buying local, going green
C) New age of marketing
D) Growing retailer power
E) Empowered, discriminating consumers

67) Choose the term that best fits the following:

Consumers want to consume in a responsible, sustainable way. Retailers are responding by embracing the issues and helping customers and suppliers do the same.
A) Ubiquitous connectivity
B) Buying local, going green
C) New age of marketing
D) Growing retailer power
E) Empowered, discriminating consumers

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68) Choose the term that best fits the following:

With increasing amounts of data available on customers, their online activities, and their purchasing patterns, retailers are able to create more targeted marketing campaigns.

A) Ubiquitous connectivity
B) Buying local, going green
C) New age of marketing
D) Growing retailer power
E) Empowered, discriminating consumers

69) Choose the term that best fits the following:

It has never been more critical for retailers to integrate digital opportunities into the shopping experience, with the Internet available at work, at home, and on the go (mobile). Digital and physical experiences are converging, with shoppers expecting interactive, value-added experiences anytime, anywhere, and through any channel.

A) Ubiquitous connectivity
B) Buying local, going green
C) New age of marketing
D) Growing retailer power
E) Empowered, discriminating consumers

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70) Choose the term that best fits the following:

The top five grocery stores in Canada now have 67 percent share of the market, with Loblaw Companies Ltd. dominating with 29.9 percent.

A) Ubiquitous connectivity
B) Buying local, going green
C) New age of marketing
D) Growing retailer power
E) Empowered, discriminating consumers

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71) Choose the term that best fits the following:

Physical stores turning into showrooms in the minds of consumers and the rise of online buying are forcing retailers to rethink their costly real-estate assets and merchandising formats.

A) Challenged store economics
B) Blurring boundaries among channels, formats, and brands.
C) Scientific retailing
D) Explosion of consumer data
E) Maturing retail technologies

72) Choose the term that best fits the following:

Shoppers Drug Mart is selling food; Loblaws has in-house bank branches; and Indigo has Starbucks cafés in stores. Retailers are evolving into a more integrated business model where all channels share a common strategy for profitable growth.

A) Challenged store economics
B) Blurring boundaries among channels, formats, and brands.
C) Scientific retailing
D) Explosion of consumer data
E) Maturing retail technologies TBEXAM.COM

73) Choose the term that best fits the following:

By applying smart algorithms and deep, data-driven analytics to the massive amounts of data, retailers are able to maximize all aspects of their business, including pricing, assortments, shelf displays, staffing, and warehouse space.

A) Challenged store economics
B) Blurring boundaries among channels, formats, and brands.
C) Scientific retailing
D) Explosion of consumer data
E) Maturing retail technologies

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74) Choose the term that best fits the following:

The enormous amount of data generated by points of sale, social media, corporate websites, and tracking URLs is greater than the ability of many retailers to exploit the potential value of this input.

A) Challenged store economics
B) Blurring boundaries among channels, formats, and brands.
C) Scientific retailing
D) Explosion of consumer data
E) Maturing retail technologies

75) Choose the term that best fits the following:

A wide range of technologies are allowing companies to streamline backroom functions and increase efficiency, helping to offset higher labour costs.

A) Challenged store economics
B) Blurring boundaries among channels, formats, and brands.
C) Scientific retailing
D) Explosion of consumer data
E) Maturing retail technologies

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76) Choose the element of the retail mix that best applies to the following:

The United States, Canada, and Mexico have developed a classification scheme, called the *North American Industry Classification System (NAICS)*, to collect data on business activity in each country.

A) Type of merchandise/services offered
B) Breadth and depth of merchandise offered
C) Level of customer service
D) Price of merchandise
E) Retail Location

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77) Choose the element of the retail mix that best applies to the following:

Retailers may appeal to different customer needs and offer different assortments and varieties of merchandise and services.

A) Type of merchandise/services offered
B) Breadth and depth of merchandise offered
C) Level of customer service
D) Price of merchandise
E) Retail Location

78) Choose the element of the retail mix that best applies to the following:

Accepting credit and debit payment, providing parking, and being open at convenient hours.

A) Type of merchandise/services offered
B) Breadth and depth of merchandise offered
C) Level of customer service
D) Price of merchandise
E) Retail Location

79) Choose the element of the retail mix that best applies to the following:

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What the customer ultimately exchanges for the merchandise or service received.

A) Type of merchandise/services offered
B) Breadth and depth of merchandise offered
C) Level of customer service
D) Price of merchandise
E) Retail Location

80) A retailer that offers a limited assortment of food and general merchandise with little service at low prices to ultimate consumers (members) and small businesses.

A) conventional supermarket
B) limited-assortment supermarket
C) Supercentres
D) hypermarkets
E) Warehouse Club

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81) Choose from the following that best applies to a 160 000 to 200 000 square feet retail location that offers a wide variety of food (30-40 percent) and non-food merchandise (60-70 percent).
   A) conventional supermarket
   B) limited-assortment supermarket
   C) Supercentres
   D) hypermarkets
   E) Warehouse Club

82) A marketing strategy in which the retailer offers multiple ways for shoppers to buy its products, but with a stronger focus on a seamless approach and consistent customer experience through all available shopping channels.
   A) Multichannel
   B) M-Commerce
   C) Omni-Channel
   D) Direct Selling
   E) E-Commerce

83) Choose the appropriate Mobile Retail Sales "moment" that best fits the following "findings".

   Seventy percent of consumers are now leading their own shopping journey (becoming aware of products through means outside of retailer or brand communications).
   A) Browse and Research
   B) Select and Validate
   C) Purchase and Pay
   D) Return and Service
   E) Find Inspiration

84) Choose the appropriate Mobile Retail Sales "moment" that best fits the following

   The customer continues to narrow down their consideration set, eventually reducing the choices to only a few options.
   The customer begins to match the inspiration to a group of physical products that meet their need. They gather additional information on the options available for sale.
   A) Browse and Research
   B) Select and Validate
   C) Purchase and Pay
   D) Return and Service
   E) Find Inspiration

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85) Choose the appropriate Mobile Retail Sales "moment" that best fits the following

The customer locates the product (online or in a physical store) and determines how they would like to receive the item.

A) Browse and Research
B) Select and Validate
C) Purchase and Pay
D) Return and Service
E) Find Inspiration

86) Choose the appropriate Mobile Retail Sales "moment" that best fits the following

Thirteen percent of shoppers use the "buy online, pick up in store" (or BOPUS) method to purchase and pay for their items. Twenty-five percent of consumers indicate that this is their preferred method for receiving their purchases in the future.

A) Browse and Research
B) Select and Validate
C) Purchase and Pay
D) Return and Service
E) Find Inspiration

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87) Choose the appropriate Mobile Retail Sales "moment" that best fits the following

The customer returns to the original place or channel of purchase to seek follow-up related to the item.

A) Browse and Research
B) Select and Validate
C) Purchase and Pay
D) Return and Service
E) Find Inspiration

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88) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following:

Grocery stores are increasingly incorporating "food as theatre" concepts, such as open-air market designs, cooking and nutrition classes, demonstrations, babysitting services, and food tasting.

A) targeting health-conscious and ethnic consumers
B) providing better in-store experience
C) offering more private-label brands
D) offering more promotions
E) Offering more variety of products within category

89) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following:

Conventional supermarkets are also offering more natural, organic, and fair-trade foods for the growing segment of consumers who are health and environmentally conscious.

A) targeting health-conscious and ethnic consumers
B) providing better in-store experience
C) offering more private-label brands
D) offering more promotions TBEXAM.COM
E) Offering more assortment of products within category

90) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following:

The benefits to customers include having more choices and finding the same ingredients and quality as in national brands at a lower price

A) targeting health-conscious and ethnic consumers
B) providing better in-store experience
C) offering more private-label brands
D) offering more promotions
E) Offering more assortment of products within category

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91) Conventional supermarkets are differentiating their offerings. Choose the one that fits the following:

Food items are located in the areas around the outer walls of a supermarket, known as the *power perimeter*, that include dairy, bakery, meat, florist, produce, deli, and coffee bar.

A) targeting health-conscious and ethnic consumers
B) providing better in-store experience
C) offering more private-label brands
D) offering more promotions
E) Offering more assortment of products within category

92) Department stores' overall sales have stagnated and market share has fallen in recent years. Choose which best applies as a contributing factor.

A) Growth of discount stores and specialty stores
B) The lack of categories offered
C) offering more private-label brands
D) offering more promotions
E) Offering more variety

93) Which stage in developing an omni-channel presence represents the following:

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Facilitates pre-shopping through online inventory availability, and eases the transaction itself through digital ordering, account management, and straightforward checkout capabilities.

A) e-Commerce Fundamentals
B) m-Commerce Fundamentals
C) Advanced e- and m-Commerce Fundamentals
D) Omni-Channel
E) Multi-Channel

94) Which stage in developing an omni-channel presence represents the following:

Finds retailers supporting the pre-purchase part of shoppers' journey with mobile product information and inventory availability and enabling consumers to use mobile payments and mobile checkout.

A) e-Commerce Fundamentals
B) m-Commerce Fundamentals
C) Advanced e- and m-Commerce Fundamentals
D) Omni-channel
E) Multi-Channel

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95) Which stage in developing an omni-channel presence represents the following:

At this stage, retailers are cross-selling through product suggestions and allowing shoppers to post their own ratings and reviews. Mobile apps become more functional and fully featured, and mobile and digital gift cards become more common.

A) e-Commerce Fundamentals
B) m-Commerce Fundamentals
C) Advanced e- and m-Commerce Fundamentals
D) Omni-channel
E) Multi-Channel

96) Which stage in developing an omni-channel presence represents the following:

Represents the complete integration of web, mobile, and physical stores—a seamless, cross-platform experience that delights shoppers throughout the path to purchase. Here, retailers deliver consistent inventory information and shopping basket availability across all channels. They also provide significant post-purchase support with features such as product recommendations or allowing product returns with digital receipts.

A) e-Commerce Fundamentals
B) m-Commerce Fundamentals
C) Advanced e- and m-Commerce Fundamentals
D) Omni-channel
E) Multi-Channel

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97) A major advantage of livestream shopping allows consumers to:

A) ask questions and/or leave comments in real-time
B) experience the brand in a physical location
C) to pay higher prices for faster delivery
D) try before they buy a product
E) browse products in a catalogue

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

98) Which type of store is the most intense competitor for the discount store?

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99) Name and describe four important differences in the nature of the offering provided by services retailers compared with merchandise retailers.

100) Explain why category specialists call themselves "category killers"?

101) What are some benefits that consumers may experience that shopping in traditional stores compared to other formats like catalogues or the Internet?

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102) Explain the difference between breadth of merchandise and depth of merchandise.

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103) What are three issues retailers face when they want to integrate across multiple channels?

104) Department stores are diverse and can be categorized into 3 tiers. Describe each tier and give an example of a retailer (for each tier).

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105) What are some of the primary reasons why a traditional retailer would evolve into a multichannel retailer?

106) What does a franchisor offer its franchisees?

107) Many people believe that department store retailing is on the decline. What are department stores doing in response to this?

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108) Explain why it is so difficult to be successful in catalogue retailing.

109) List and explain at least four trends that are rapidly changing the retail industry.

110) List the main elements of the retail mix that are particularly useful for classifying retailers.

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111) As retailers try to satisfy today's ever-changing consumer, many are realizing that big is not always better. Explain and give examples of what is influencing this.

112) The primary issue facing food retailers in general, and supermarket and convenience store retailers in particular, is the increasing level of competition from other types of retailers List the type of retailers that are competing with them and give examples. Explain and give examples of how food retailers are responding to this threat.

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113) Describe two approaches that multichannel retailers can use to reduce channel migration. Give an example of a retailer that applies these approaches.

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114) Banks have a problem, more and more customers are not coming into their branches. Banking online or by phone is now the norm. In addition, there is competition from retailers (including Loblaws and Canadian Tire) offering banking services that include mortgages and loans that extend the customer relationship. Explain and give examples of how Banks are responding to this competitive threat.

115) Explain and give examples of the retail trend of "Blurring boundaries among channels, formats and brands."

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116) Describe and give examples of how specialty stores tailor their retail strategy towards their specific market segments.

117) Department stores' overall sales have stagnated and market share has fallen in recent years due to increased competition from discount stores and specialty stores and a decline in perceived value for merchandise and services. Explain and give examples of how department stores are responding to this to attempt to capture more market share.

118) Consumers desire a seamless experience when interacting with multichannel retailers. They want to be recognized whether they interact with a sales associate or kiosk in-store; log on to the retailer's website through a PC, smartphone, or tablet; or contact the retailer's call centre by telephone. Choose a retailer that you feel demonstrates a good example of executing an omni or multichannel strategy. Describe and provide examples of how this retailer ensures consistency and a seamless experience for their consumers.

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119) A warehouse club is a retailer that offers a limited assortment of food and general merchandise with little service at low prices to ultimate consumers and small businesses. Costco is often used as an example of a successful warehouse brand. Describe how a warehouse's business model differentiates from competitors and is able to maintain its popularity in the marketplace. Please provide examples with your answer.

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Answer Key

Test name: Chapter 02

1) A
2) D
3) E
4) C
5) A
6) E
7) A
8) C
9) E
10) D
11) C
Variety is often referred to as breadth of merchandise.

12) C
13) C
14) B
Assortment is the number of different items in a category.

15) E
16) E
17) B
18) C
19) D
20) E
21) C
22) E
23) D
Discount stores offer more variety and less depth than department stores. They typically carry fewer brands and sizes in each category than department stores. Some are selling private-label merchandise like Walmart's George brand.

24) B
25) D
26) A
27) E
28) E
29) B

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30) C
31) D
Department stores are cutting back on the types of merchandise they carry. They are concentrating on apparel, accessories and soft home furnishings.

32) E
33) D
Their assortment tends to be erratic-depending on what is available.

34) A
35) A
36) A
37) D
38) D
39) E
40) E
41) D
42) E
43) C
44) E
45) B
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Infomercials are 30-minutes TV programs that mix product demonstrations with order solicitations.

46) C
Direct-response advertising includes ads on TV that provide opportunities for customers to place orders for the products.

47) B
TV home shopping does not have the time and place utility of catalogue retailing. It is no easier to return products ordered from TV than from catalogues. TV is a highly regulated media.

48) A
49) D
50) D
51) D
52) B
Perishability occurs because the creation and consumption of services is simultaneous.

53) D

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The difference in the price is to prevent under-or over-utilization of the services.

54) D
55) C
56) B
57) D
58) C
59) C
60) D
The security in malls and mall parking lots is an important concern for shoppers. Non-store retail formats have an advantage over store-based retailers because customers can review merchandise from the safety of their own homes.

61) E
62) C
63) B
64) C
65) E
66) E
67) B
68) C
69) A
70) D
71) A
72) B
73) C
74) D
75) E
76) A
77) B
78) C
79) D
80) E
81) C
82) C
83) E
84) B
85) C
86) C
87) D
88) B

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89) A
90) D
91) B
92) A
93) A
94) B
95) C
96) D
97) A
98) Short Answer
The category specialist.

99) Short Answer
Intangibility Services are generally intangible-customers cannot see, touch, or feel them. They are performances or actions rather than objects.
Simultaneous Production and Consumption Products are typically made in a factory, stored and sold by a retailer, and then used by consumers in their homes. Service providers, on the other hand, create and deliver the service as the customer is consuming it.
Perishability Because the creation and consumption of services are inseparable, services are perishable. They can't be saved, stored, or resold. This is in contrast to merchandise that can be held in inventory until a customer is ready to buy it.
Inconsistency Merchandise is often produced by machines with very tight quality control so that customers are reasonably assured that, for example, all boxes of a cereal will be identical. Because services are performances produced by people (employees and customers), no two services will be identical.

100) Short Answer
By offering a complete assortment in a category at low prices, category specialists can "kill" a category of merchandise for other retailers.

101) Short Answer
Browsing; touching and feeling products; personal service; paying cash; immediate gratification; entertainment and social experience.

102) Short Answer
Breadth of merchandise refers to the number of different merchandise categories a retailer offers.
Depth of merchandise refers to the number of different items in a merchandise category.

103) Short Answer
Centralized customer database, consistent brand image, merchandise assortment and pricing.

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104) Short Answer
The first tier includes upscale, high-fashion chains with exclusive designer merchandise and excellent customer service, such as Holt Renfrew in Canada and Nordstrom in the United States. Hudson's Bay represents the second tier of upscale department stores, in which retailers sell more modestly priced merchandise with less customer service. The value-oriented third tier-Kohl's caters to more price-conscious consumers.

105) Short Answer
Several reasons include: The Internet gives them an opportunity to reach new markets; they can leverage their skills and assets to grow revenues and profits; an e-tail site overcomes some limitations of their traditional formats; an e-tailing site enables retailers to gain valuable insights into their customers' shopping behaviour; they have an opportunity for increasing their "share of wallet."

106) Short Answer
The franchisor provides assistance in locating and building the store, developing the products and/or services that will be sold, management training, and advertising. Additionally, the franchisor makes sure all outlets provide the same quality of services and products to maintain the reputation of the franchise.

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107) Short Answer
Many department stores are lowering prices on some merchandise. Most are investing in the development of private label brands. Certain departments are getting progressive face-lifts and Internet access is being added.

108) Short Answer
Catalogue retailing appears easy to manage as start-up costs are lower than say traditional bricks and mortar retailing. The reality is that it is challenging because catalogue retailers are competing against retailers that are multi-channelled. Mailing and printing costs are high and increasing. The time it takes to design, develop and distribute catalogues is too lengthy...catalogue retailers can't respond to trends and fashions fast enough.

109) Short Answer

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Empowered, discriminating consumers. Consumers can make informed decisions with the increased access to product information, price comparisons, and user reviews, and then widely share their experiences with others.

Explosion of consumer data The enormous amount of data generated by points of sale, social media, corporate websites, and tracking URLs is greater than the ability of many retailers to exploit the potential value of this input.

Scientific retailing By applying smart algorithms and deep, data-driven analytics to the massive amounts of data, retailers are able to maximize all aspects of their business, including pricing, assortments, shelf displays, staffing, and warehouse space.

Ubiquitous connectivity It has never been more critical for retailers to integrate digital opportunities into the shopping experience, with the Internet available at work, at home, and on the go (mobile). Digital and physical experiences are converging, with shoppers expecting interactive, value-added experiences anytime, anywhere, and through any channel.

110) Short Answer
Four elements of the retail mix are particularly useful for classifying retailers:
type of merchandise/services offered
breadth and depth of merchandise offered
level of customer service
price of merchandise

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111) Short Answer
More and more North American retailers are turning to the smaller format concepts that have been trending in Europe, Asia, and Latin America. Real estate is not always available for big-box players; populations are shifting, and the Web is having a significant impact on consumer in-store expectations and shopping processes. Rona is moving to reduce the number of its big-box locations from 80 to 57 and is focusing its expansion efforts on smaller-format neighbourhood stores.

112) Short Answer

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Other retailers such as department stores, drugstores, convenience stores, gas stations, and even dollar stores are increasingly displaying food items on their shelves. In addition, fast-food restaurants such as Subway sandwich shops have positioned themselves as a healthy food alternative.
In response to these competitive pressures, convenience stores are taking steps to decrease their dependency on gasoline sales, tailoring assortments to local markets, and making their stores even more convenient to shop. To get gasoline customers to spend more on other merchandise and services, convenience stores are offering more fresh food and healthy fast food that appeals to today's on-the-go consumers, especially women and young adults. For example, Mac's combines a convenience store and takeout restaurant. Mac's has ready-to-heat meals, a sandwich bar, salads, and a ready-to-eat section.

113) Short Answer
Two approaches that multichannel retailers can use to reduce channel migration are to (1) offer uniquely relevant information based on proprietary data the retailer has collected about the customers, and (2) promote private-label or exclusive merchandise that can be purchased only from the retailer.

114) Short Answer
In response, progressive banks are luring customers with LED TVs, iPads, and comfy chairs to attract more profitable clients to invest in financial advisory services.

115) Short Answer
Drugstores moved to high-end cosmetics (Loblaws and Rexall) ; grocery stores invaded the pharmacy business.

116) Short Answer
Retailers tailor their strategy by offering deep but narrow assortments along with knowledgeable sales staff. For example, West 49 retails action sports clothing that had its origins with young skateboard enthusiasts. West 49 has very specific strategies to make sure that it appeals to the under-16 demographic. For example, the mall is a perfect location for this retailer because the target age group does not drive and usually relies on a parent to drop them off at the shopping centre.

117) Short Answer
To deal with eroding market share, department stores are (1) attempting to increase the amount of exclusive merchandise they sell, (2) undertaking marketing campaigns to develop strong images for their stores and brands, and (3) expanding their online presence.

118) Short Answer

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Answers will vary. Apple is known for offering a seamless experience amongst its physical locations, distributors and online channels. For example; After choosing the model and viewing the price of a MacBook online, I purchased the laptop at Best Buy and was supported by a dedicated Apple representative in the store. After 3 months of use, I received some advice from the Apple genius representative at the Apple store in the mall. Prices, service and quality remained consistent across all channels.

119) Short Answer

Answers will vary. Costco is the fourth-largest food retailer in Canada,57 with estimated food sales of $7.9 billion in 2020. Merchandise in warehouse clubs is about half food and half general merchandise. Specific brands and items may differ from time to time because the stores buy merchandise available on special promotions from manufacturers. Warehouse clubs reduce prices by using low-cost locations and store designs. They reduce inventory holding costs by carrying a limited assortment of fast-selling items. Merchandise usually is sold before the clubs need to pay for it. Most warehouse clubs have two types of members: wholesale members who own small businesses, and individual members who purchase for their own use. For example, many small restaurants are wholesale customers who buy their supplies, food ingredients, and desserts from a warehouse club rather than from food distributors. Members usually pay an annual fee of $55 to $110.

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