

Chapter 15—Retailing

TRUE/FALSE

1. Retailing can be defined as all the activities directly related to the sale of goods and services to the ultimate consumer for personal, nonbusiness use.

ANS: T PTS: 1 REF: 231 OBJ: 15-1
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Knowledge

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

ANS: T PTS: 1 REF: 232 OBJ: 15-2
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Comprehension

3. Emily has just opened a health food store that sells organic foods, herbal supplements, and environmentally friendly products. Because it will be a specialty store, she should have a broad product assortment with moderately low prices.

ANS: F
Specialty stores have narrow product assortments and moderate to high prices. See Exhibit 15.1.

PTS: 1 REF: 232 OBJ: 15-2 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Application

4. A retailing establishment that sells a wide variety of shopping and specialty goods, including apparel, cosmetics, housewares, and electronics, would be classified as a department store.

ANS: T PTS: 1 REF: 233 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Knowledge

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

ANS: T PTS: 1 REF: 234 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Knowledge

6. Jennifer owns a greeting card store where she also sells women's purses, Crocs shoes for the whole family, Jibbitz charms, cell phone skins, Sandy Lion stickers, Yankee candles, Godiva chocolates, Precious Memories figurines, beaded jewelry, and stuffed animals. Jennifer uses multibrand merchandising.

ANS: F

This would be an example of scrambled merchandising because it involves offering nontraditional goods. There is no such thing as a multibrand.

PTS: 1 REF: 234 OBJ: 15-3 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Application

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

ANS: F

Discount stores compete on the basis of low prices, high turnover, and high volume. The strategy in the example describes a convenience store.

PTS: 1 REF: 235 OBJ: 15-3 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Comprehension

8. Flash Foods is the name of a chain of small stores that carry high-turnover products such as lip balm, milk, soda, beer, bread, and aspirin. Flash Foods stores are open all day every day and would best be classified as convenience stores.

ANS: T PTS: 1 REF: 235 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Application

9. Supercenters are more than just larger versions of traditional “markets.” In addition to foodstuffs, supercenters have pharmacies, dry cleaners, portrait studios, photo finishing, hair salons, and restaurants.

ANS: T PTS: 1 REF: 235 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Knowledge

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

ANS: T PTS: 1 REF: 235 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Knowledge

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

ANS: T PTS: 1 REF: 236 OBJ: 15-3
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Comprehension

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

ANS: F

Factory outlet stores are generally the same as off-price discount stores.

PTS: 1 REF: 236 OBJ: 15-3 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Comprehension

13. Marketers who use non-store retailing no longer have to worry about the “place” element of the four Ps.

ANS: F

Non-store retailing refers to shopping without visiting a store; however, products must still be distributed to end users, whether by vending, in-home retailing, or direct marketing.

PTS: 1 REF: 237 OBJ: 15-4 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Comprehension

14. Direct retailers’ sales have suffered as women have entered the workforce.

ANS: T PTS: 1 REF: 237 OBJ: 15-4
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Comprehension

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

ANS: F

Inbound telemarketing is used to take orders and provide customer service. Alisa experienced outbound telemarketing.

PTS: 1 REF: 238 OBJ: 15-4 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Application

16. Electronic retailing includes the 24-hour, shop-at-home television networks and online retailing.

ANS: T PTS: 1 REF: 239 OBJ: 15-4
TOP: AACSB Reflective Thinking KEY: CB&E Model Distribution
MSC: BLOOMS Comprehension

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

ANS: F

The two types of franchising are product and trade name franchising and business format franchising.

PTS: 1 REF: 241 OBJ: 15-5 TOP: AACSB Reflective Thinking
KEY: CB&E Model Distribution MSC: BLOOMS Knowledge

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

ANS: F

Presentation, not planning, is one of the six Ps of the retailing mix.