

# ch12

Student: \_\_\_\_\_

1. Retailing includes all of the activities involved in reselling goods to final consumers, but it does not include the sale of services to final consumers since services must be produced in the presence of the consumer.

True False

2. In the U.S. about three-fourths of new retailing ventures fail during the first year.

True False

3. A consumer's choice of a retail store appears to be based almost entirely on economic needs.

True False

4. Social class appeal is one of the emotional needs that seems to affect a consumer's choice of a retail store.

True False

5. Retailers and their strategies can easily be classified based on the type of merchandise they sell.

True False

6. Single-line stores that used to carry anything they could sell in reasonable volume were the main retailers in the United States.

True False

7. Most "conventional" retailers are single-line or limited-line stores that have very low expenses relative to sales.

True False

8. Most single-line and limited-line stores apply the retailing philosophy of buying low and selling high.

True False

9. In most countries, small limited-line retailers still account for the majority of all retailers.

True False

10. Specialty shops are limited-line stores which aim at a carefully defined target market with a unique product assortment, good service, and knowledgeable salespeople.

True False

11. Specialty shops will continue to be a part of the retailing scene as long as customers have varied tastes and the money to satisfy them.

True False

12. Department stores are stores which usually try to serve customers seeking a variety of convenience products.

True False

13. Department stores are larger stores that are organized into many separate departments and offer many product lines.

True False

14. Department stores keep growing in numbers, sales, and market share.

True False

15. The mass-merchandising concept means that retailers can succeed by selling a large volume of merchandise to a target market at low prices.

True False

16. Mass-merchandisers have proved to be effective competitors in taking away department store customers.

True False

17. Retailers who follow a policy of "buy low and sell high" are practicing the "mass-merchandising concept."

True False

18. Warehouse clubs started the move to mass-merchandising.

True False

19. The basic idea for supermarkets developed in the U.S. in the 1960s when consumers started to move from the cities to the suburbs.

True False

20. Large sales volume and efficient operation are usually very important for supermarkets, since net profits usually run 1 percent of sales or less.

True False

21. Super warehouse stores charge higher prices than supermarkets and focus on attracting customers who want better selections of perishables like meat and produce.

True False

22. Discount stores offer "soft goods" at substantial price cuts to customers.

True False

23. Today, discount houses are found in low-rent facilities, have poor images with customers, and offer few services and no guarantees.

True False

24. A discount house is trying to meet all the customer's routine needs at a low price.

True False

25. Mass-merchandisers emphasize "hard goods" while discount houses emphasize "soft goods."

True False

26. Mass-merchandisers have become the primary place to shop for many frequently purchased consumer products.

True False

27. Wal-Mart, one of the largest mass-merchandisers in the U.S., handles 30 percent or more of the total national sales for whole categories of products.

True False

28. A "supercenter" carries all the goods and services that a consumer might routinely purchase.

True False

29. A consumer who went to shop at a "supercenter" would probably expect not only to be able to buy food and health care products, but also to leave dry-cleaning or have shoes repaired.

True False

30. "Supercenters" are very large stores that specialize in selling a big variety of infrequently purchased products that would otherwise be hard for consumers to find.

True False

31. In addition to food, warehouse clubs carry homogeneous shopping goods.

True False

32. In addition to food, warehouse clubs emphasize heterogeneous shopping goods.

True False

33. Category killers is another name for single-line mass-merchandisers.

True False

34. Even though the primary focus of most self-serve mass-merchandisers is still low prices, convenience is becoming more important.

True False

35. Because of their higher margins, faster turnover, and narrower assortments, convenience food stores have the potential to be more profitable than supermarkets.

True False

36. Convenience food stores now compete with supermarkets, gas stations, and fast-food outlets.

True False

37. The sale of candy from a vending machine at a bus station is not considered retailing since no store is involved.

True False

38. The major advantage of vending machine retailing is that the costs are low relative to the volume they sell.

True False

39. When RedBox rents DVD movies from vending machines at McDonald's, it is acting as a channel captain, not a retailer.

True False

40. Automatic vending accounts for 15 percent of total U.S. retail sales.

True False

41. Internationally, door-to-door selling is growing in popularity and, in the U.S., it accounts for more than 15 percent of all retail sales.

True False

42. A prime target of telephone and direct-mail retailers is time-pressured, dual-career families.

True False

43. Shoplifting is a big problem for direct-mail retailers.

True False

44. Electronic shopping, which puts catalogs on cable TV or Internet websites, has not yet succeeded.

True False

45. It's best to think of retailing on the Internet as just another example of how low-margin mass-merchandisers appeal to large target markets with discount prices.

True False

46. Many types of retailers are now establishing a presence on the Internet.

True False

47. In total, the economic impact of the Internet on our current retail system has been fairly limited so far.

True False

48. Retail sales on the Internet grew very rapidly at first, but now are expected to grow slowly.

True False

49. Retailing on the Internet already accounts for about 25 percent of all retail sales.

True False

50. Retailing on the Internet currently account for only 7 percent of all retail sales.

True False

51. It is usually easier for a consumer to inspect a product in a retail store than on the Web.

True False

52. It's usually possible for a consumer to get much more information about a product in a retail store than on the Web.

True False

53. The Internet makes it easy to do comparison shopping of products and prices.

True False

54. A consumer's total cost of shopping on the Internet includes delivery costs in addition to purchase price.

True False

55. Large chains like Home Depot use their websites to supplement their stores (by using the website to drive traffic into their stores).

True False

56. Upscale multichannel retailers like Williams-Sonoma use their websites to complement their stores (by having the different channels focus on different benefits).

True False

57. The "wheel of retailing" theory says that new retailers enter the market as high-status, high-margin, high-price operators and then evolve into discount stores as competition becomes more intense.

True False

58. The development of department stores and supermarkets is explained by the "Wheel of Retailing" theory.

True False

59. The "wheel of retailing" theory fails to explain some major retailing developments, such as vending machines and convenience food stores, which did not enter the market with a low-price emphasis.

True False

60. The development of vending machines and convenience food stores is not explained by the "Wheel of Retailing" theory.

True False

61. Scrambled merchandising is carrying any product lines a store thinks it can sell profitably.
- True False
62. "Scrambled merchandising" refers to the practice of conventional retailers handling many products within a limited-line, even though many of these products have to be sold at a low profit.
- True False
63. Retailers who carry any product line that will sell profitably are practicing "scrambled merchandising."
- True False
64. Scrambled merchandising means mixing product lines for higher profits.
- True False
65. The product life cycle concept applies to retailers as well as products.
- True False
66. Application of the product life cycle concept to retailing suggests that all types of retailers are in early market growth due to continually increasing family income.
- True False
67. The majority of all retailers in the U.S. have annual average sales of less than \$1 million.
- True False
68. Only about 11 percent of retail stores in the U.S. have annual average sales of \$5 million or more.
- True False
69. Less than 8 percent of all retail sales are made by smaller stores--those with sales of less than \$1 million a year.
- True False
70. Almost 70 percent of all retail sales are made by the largest stores--those with sales of over \$5 million a year.
- True False
71. The average retail store is too small to gain economies of scale.
- True False
72. Corporate chains are taking a smaller percentage of retail sales now that consumers are demanding lower prices.
- True False

73. The growth of cooperative chains of retail stores is due to the desire of small retailers to achieve some of the benefits of large-scale corporate chains.

True False

74. "Cooperative chains" like True Value Hardware are retailer-sponsored groups formed by independent retailers to run their own buying organizations.

True False

75. Cooperative chains tend to work with independent retailers, not corporate chain retailers.

True False

76. "Voluntary chains" are retailer-sponsored groups--and "cooperative chains" are wholesaler-sponsored groups--that work together to better compete with corporate chains.

True False

77. Voluntary chains like SuperValu in groceries are wholesaler-sponsored groups that work with "independent" retailers.

True False

78. In a franchise operation, the franchisor develops a good marketing strategy, and the retail franchise holders carry out the strategy in their own units.

True False

79. Franchise operations, such as Subway, Quiznos Sub, Curves, The UPS Store, Jackson Hewitt Tax Service, Dunkin' Donuts, Jani-King, RE/MAX Int'l, 7-Eleven, and Liberty Tax Service account for about a third of all retail sales.

True False

80. Franchising now accounts for about a third of all retail sales.

True False

81. The supercenter retailing format began in the U.S. and then was exported to other countries.

True False

82. Consumers in less-developed nations have the income to support mass distribution.

True False

83. Small limited-line shops still dominate retailing in Asia and South America because of the political and legal environments in those regions.

True False

84. Retailing worldwide is likely to see a continuation of past trends--and especially growth in the profits of "conventional" retailers.

True False

85. According to the U.S. Bureau of Census, wholesaling is defined as the activities of firms that sell to retailers, but do not sell in large amounts to final consumers, manufacturers, or other institutional users.

True False

86. Wholesalers are more likely to dominate distribution channels in more advanced economies than in less-developed ones.

True False

87. Progressive wholesalers are becoming more concerned with their customers and with adding value in their channels.

True False

88. Wholesaling has adopted new strategies and big changes are under way even though they may be invisible to consumers.

True False

89. Although wholesalers no longer dominate channels in the U.S., they do provide a necessary function and have survived because of new management and new techniques.

True False

90. Agent wholesalers usually have higher operating expenses (as a percentage of sales) than merchant wholesalers.

True False

91. When considering cost as a percent of sales, agent wholesalers are more expensive than manufacturers' sales branches.

True False

92. Merchant wholesalers account for almost 90 percent of all wholesalers.

True False

93. Merchant wholesalers account for over 60 percent of all wholesale sales.

True False

94. Manufacturers' sales branches are warehouses that producers set up at separate locations away from their factories.

True False



95. Manufacturers' sales branches operate like wholesalers, but the U.S. Census Bureau does not consider them wholesaling establishments because they do not involve a separate warehouse.
- True False
96. One reason manufacturers' sales branches handle almost 30 percent of wholesale sales is that they are located in the best market areas.
- True False
97. Manufacturers usually operate sales branches in areas where sales potential is very low--because intermediaries are not interested in serving such markets.
- True False
98. "Merchant wholesalers"--who take title to the products they sell--are the most common type of wholesaling establishment.
- True False
99. In Japan products are often bought and sold by a series of merchant wholesalers on their way to the business user or retailer.
- True False
100. A hardware wholesaler that buys nails from a manufacturer and then sells them to retail hardware stores is a merchant wholesaler.
- True False
101. Service wholesalers may be general-merchandise, single-line, or specialty wholesalers.
- True False
102. General merchandise wholesalers handle a wide variety of nonperishable items--and usually serve many different kinds of retail stores.
- True False
103. In consumer products, single-line wholesalers serve single-line and limited-line retail stores.
- True False
104. Specialty wholesalers usually sell a very narrow range of products and compete with other wholesalers who have a broader range of products by offering expert technical help and/or service to their customers.
- True False
105. Of all service wholesalers, specialty wholesalers carry the narrowest range of products and offer the most service.
- True False

106.Limited-function wholesalers provide only some of the wholesaling functions.

True False

107.Limited-function wholesalers provide all of the basic wholesaling functions, except that they do not take title to the products they sell.

True False

108.Cash-and-carry wholesalers are limited-function wholesalers who do not grant credit, but otherwise operate like service wholesalers.

True False

109.Cash-and-carry wholesalers are more common in underdeveloped nations than in the U.S.--where big warehouse clubs have taken much of the business.

True False

110.In the U.S., big warehouse clubs have taken much of the cash-and-carry wholesalers business.

True False

111.Drop-shippers have low operating costs because they do not actually handle the products they sell.

True False

112.Drop-shippers keep adequate quantities of every product they carry in their own warehouses so that they can ship them out quickly.

True False

113.Truck wholesalers may provide almost the same services as full service wholesalers, but they usually specialize in perishable products that regular wholesalers prefer not to carry.

True False

114.A retailer that buys from a rack jobber needs to have an employee who is a specialist in the products the rack jobber handles.

True False

115.Catalog wholesalers usually sell to business customers who don't have a local wholesaler or otherwise are not called on by other wholesalers.

True False

116.Agent wholesalers do not own the products they sell, but they usually perform even more functions than a service wholesaler.

True False

117.Agent wholesalers typically provide even more functions than full service merchant wholesalers.

True False

118. Agent wholesalers operate at relatively low cost--sometimes 2 to 6 percent of their selling price.

True False

119. Agent wholesalers are very common in international marketing.

True False

120. Manufacturers' agents sell related products for several competing manufacturers.

True False

121. More than half of all agent wholesalers are manufacturers' agents.

True False

122. Manufacturers' agents don't cost the producer anything until something sells.

True False

123. Manufacturers' agents earn higher commissions for introducing new products than they do for selling established products.

True False

124. Manufacturers' agents are usually much less expensive than a company's own sales force in market areas where sales potential is low.

True False

125. Manufacturers' agents do not take title to the products they sell--and are paid a commission on sales.

True False

126. Manufacturers' agents are mainly used as an inexpensive way to continue getting sales for a product--once a company's own sales force has successfully introduced it to the market.

True False

127. Export or import agents are basically merchant wholesalers who specialize in international trade.

True False

128. Export and import agents are basically manufacturers' agents who specialize in international trade.

True False

129. Brokers usually have a long-term relationship with the buyers and sellers.

True False

130. Brokers usually have a temporary relationship with the buyer and seller.

True False

131.The "Product" that brokers sell is information about what buyers need and what supplies are available.

True False

132.A broker's "product" is market information.

True False

133.Over time, use of the Internet will result in a larger number of brokers.

True False

134.Agents and brokers are wholesalers that take title to the merchandise and products that they sell.

True False

135.A selling agent takes over the whole marketing job of producers, not just the selling function.

True False

136.A manufacturers' agent represents a manufacturer in some specified geographic area, while selling agents usually handle the entire output of one or more producers.

True False

137.Selling agents avoid working for a manufacturer that is having financial trouble because of the high risk.

True False

138.A combination export manager is a blend of manufacturers' agent and selling agent.

True False

139.Auction companies are used for products where demand and supply conditions change rapidly.

True False

140.With auction companies, demand and supply interact to determine the price.

True False

141.The Internet has expanded the number of auction companies in lines of business where auctions have previously not been common.

True False

142."Retailing" refers to:

- A. the sale of products to final consumers.
- B. the sale of both business and consumer products.
- C. the sale of consumer products to wholesalers, retailers, or final consumers.
- D. the performance of regrouping activities.
- E. All of the above.

143. \_\_\_\_\_ covers all of the activities involved in the sale of products to final consumers.

- A. Distributing
- B. Retailing
- C. Manufacturing
- D. Wholesaling
- E. Marketing

144. "Retailing" covers all the activities involved in the sale of products to:

- A. final consumers.
- B. organizational and business customers.
- C. producer/suppliers.
- D. intermediaries.
- E. All of the above.

145. Which of the following best describes what "retailing" involves?

- A. The sale of consumer products to wholesalers, retailers, or final consumers.
- B. The performance of all merchandising activities except promotion and pricing.
- C. The sale of both business and consumer products.
- D. The sale of products to final consumers.
- E. All of the above describe what retailing involves.

146. Which of the following is NOT retailing?

- A. A vacuum cleaner manufacturer hires its own sales force to sell door to door.
- B. A private ambulance service takes an accident victim to a hospital and charges him \$100.
- C. A group of students sell donuts to people passing by their dorm.
- D. A book wholesaler has a mail-order catalog which offers discounts to final consumers who buy by mail.
- E. All of the above are retailing.

147. The main difference between retailing and wholesaling is that:

- A. Retailing involves selling to other merchants and wholesaling does not.
- B. Retailing involves selling to business customers and wholesaling does not.
- C. Technology is more important in wholesaling than in retailing.
- D. Wholesaling involves selling mainly to other merchants and business customers, but retailing involves selling mainly to final consumers.
- E. Wholesaling involves selling to final consumers and retailing does not.

148. The percentage of new retailing ventures which fail during their first year is:

- A. two-thirds.
- B. three-fourths.
- C. one-half.
- D. one-fourth.
- E. one-third.

149. A "good" retail strategy planner knows that:

- A. it's a mistake to try to develop a strategy that isn't equally appealing to all social class groups.
- B. the failure rate among beginning retailers is quite high.
- C. emotional needs are more important than economic needs in choosing a retailer.
- D. All of the above are true.
- E. None of the above is true.

150. Which of the following could be considered a part of a retailer's "Product"?

- A. advice from salespeople.
- B. assortment of services.
- C. convenient parking.
- D. width and depth of product assortment.
- E. all of the above.

151. Which of the following could be considered part of a retailer's "Product"?

- A. location of store.
- B. width and depth of product assortment.
- C. reputation for fairness.
- D. helpfulness of salespeople.
- E. all of the above.

152. A retailer's "Product" may include:

- A. a particular assortment of goods and services.
- B. location.
- C. advice from salesclerks.
- D. convenience.
- E. all of the above.

153. Which of the following is NOT relevant regarding why some consumers prefer one retailer over another?

- A. Convenience.
- B. Social image.
- C. Assortment carried.
- D. Service.
- E. All of the above can be relevant.

154. A good marketing manager for a retailer knows that:

- A. economic needs are more important than emotional needs in choosing a store.
- B. shopping atmosphere has little comparative importance.
- C. consumers only go to stores that offer the lowest possible prices.
- D. individual consumers have different economic and emotional needs.
- E. All of the above are true.

155. Which of the following is an economic need which helps explain why consumers choose a particular retailer?

- A. Prestige
- B. Status
- C. Comfort
- D. Value
- E. Safety

156. Which of the following is a feature of a retailer's offering that relates to the economic needs of consumers?

- A. Selection.
- B. Status.
- C. Comfort.
- D. Prestige.
- E. Excitement.

157. Which of the following is NOT an economic need which helps explain why consumers choose a particular retailer?

- A. Helpful information
- B. Product selection
- C. Prices
- D. Social image
- E. Fairness in dealings

158. Which of the following is NOT an economic need which helps explain why consumers choose a particular retailer?

- A. Information
- B. Shopping atmosphere
- C. Special services
- D. Convenience
- E. Quality

159. Which of the following is a feature of a retailer's offering that relates to emotional needs?

- A. Social image
- B. Convenience
- C. Product selection
- D. Helpful information
- E. Special services

160. Most conventional retailers in the U.S. are:

- A. supermarkets.
- B. mass-merchandisers.
- C. limited-line stores.
- D. specialty stores.
- E. department stores.

161. Which of the following is the best example of a conventional retailer?

- A. A limited-line store.
- B. A department store.
- C. A supermarket.
- D. A convenience (food) store.
- E. None of the above.

162. According to the text, single-line stores are also known as

- A. general stores.
- B. limited-line stores.
- C. specialty shops.
- D. department stores.
- E. boutique stores.

163. A limited-line store is to a single-line store as

- A. a tennis shop is to a sporting goods store.
- B. a paint store is to a drugstore.
- C. quality is to price.
- D. a CD and tape store is to a movie theater.
- E. full service is to self-service.

164. A typical problem for limited-line retailers is that:

- A. it is almost impossible for them to satisfy any particular target markets better than other types of retailers.
- B. their marketing strategy usually relies only on low price.
- C. they usually cannot carry enough items in a line for any customers to find what they want.
- D. many of the items they carry are slow moving.
- E. All of the above are problems.

165. Which of the following statements about single- and limited-line stores is TRUE?

- A. Many are small, with high expenses relative to sales.
- B. They usually believe in a "buy low and sell high" philosophy.
- C. Such stores face the costly problem of having to stock some slow-moving items in order to satisfy their target markets.
- D. Most conventional retailers are single- or limited-line stores.
- E. All of the above are true.

166. Limited-line stores

- A. specialize in certain lines of related products rather than a wide assortment.
- B. carry anything they can sell in reasonable volume.
- C. are a type of unconventional general store.
- D. are larger stores that are organized into many separate departments and offer many product lines.
- E. seldom build good relationships with their customers.



167. Which of the following are NOT "conventional retailers"?

- A. Single-line stores
- B. General stores
- C. Supermarkets
- D. Limited-line stores
- E. None of the above, i.e., all are "conventional retailers."

168. A \_\_\_\_\_ is a type of conventional limited-line store that is usually small and has a distinct "personality."

- A. general store
- B. mass-merchandising shop
- C. specialty shop
- D. department store
- E. hypermarket

169. A \_\_\_\_\_ aims at a carefully defined target market by offering a unique product assortment, knowledgeable salesclerks, and better service.

- A. General store
- B. Mass-merchandising shop
- C. Specialty shop
- D. Department store
- E. Convenience store

170. Specialty shops:

- A. offer fewer services than the typical limited-line store.
- B. have trouble deciding what to carry because it's hard for them to get to know what their customers want.
- C. rely heavily on knowledgeable salesclerks.
- D. All of the above.
- E. None of the above.

171. Specialty shops generally:

- A. want to be known for the distinctiveness of their product assortment and the special services they offer.
- B. sell homogeneous shopping products.
- C. are very good at speeding turnover.
- D. carry complete lines--like department stores.
- E. All of the above.

172. Specialty shops:

- A. generally try to become well known for the distinctiveness of their line and the special services offered.
- B. generally carry complete lines--like department stores.
- C. carry specialty products almost exclusively.
- D. generally use a mass-marketing approach.
- E. All of the above are true.

173. The "Fashion Place" carries a carefully selected and distinctive assortment of traditional women's business clothing and accessories for upper-class executives in Boston. It emphasizes customer service with its well-trained salesclerks. The store is probably a:
- A. small department store.
  - B. specialty shop.
  - C. convenience store.
  - D. single-line store.
  - E. specialty store.
174. "Soak" is a retailer with two locations in a major metropolitan area, both of which are in large, popular shopping centers. It carries a unique assortment of high-quality shower and bath products, such as soaps, bubble bath, and bath oils. One of its most popular products is a "bath bomb"—a round ball that fizzes and releases aromatic bath oils when placed in a bathtub filled with warm water. The small staff at the store is very knowledgeable about the store's products and provides a high level of customer service. "Soak" would be classified as a:
- A. Convenience store.
  - B. Department store.
  - C. Discount house.
  - D. Specialty shop.
  - E. General store.
175. Compared to more conventional retailers, which of the following retailers offer both expanded assortment and service?
- A. mass-merchandisers.
  - B. door-to-door salespeople.
  - C. telephone and mail order.
  - D. specialty shops.
  - E. supermarkets.
176. Department stores:
- A. Are no longer a major retail force in large U.S. cities.
  - B. Have increased in number since the 1970s.
  - C. Usually offer many product lines.
  - D. Have increased their share of retail business since the 1970s.
  - E. Are not threatened by mass-merchandising retailers.
177. Department stores:
- A. usually aim at customers seeking convenience products.
  - B. have accounted for a larger share of retail sales every year since 1950.
  - C. have no trouble holding their own against mass-merchandisers.
  - D. are organized into separate departments.
  - E. All of the above are true.

178. Department stores:

- A. are basically a group of limited-line stores under one roof.
- B. are decreasing in number, average sales per store, and share of retail business.
- C. usually aim at customers seeking shopping products.
- D. All of the above are true.
- E. Only B and C are true.

179. Department stores:

- A. are large stores which emphasize depth and distinctiveness rather than variety.
- B. have declined since the 1970s because of competition from well-run limited-line stores and mass-merchandisers.
- C. are usually weak in customer service.
- D. usually emphasize specialty products.
- E. All of the above are true.

180. \_\_\_\_\_ stores are usually strong in customer services, including credit, merchandise return, delivery, and sales help.

- A. General
- B. Limited-line
- C. Department
- D. Specialty
- E. Luxury

181. The "mass-merchandising" concept:

- A. suggests aiming at small but profitable target markets.
- B. focuses on increasing sales and speeding turnover by lowering prices.
- C. supports the conventional retailer's "buy-low and sell-high" philosophy.
- D. stresses the need for conventional stores.
- E. All of the above.

182. The \_\_\_\_\_ says that retailers should offer low prices to get faster turnover and greater sales volumes by appealing to larger markets.

- A. Wheel of retailing theory
- B. Production concept
- C. Mass-merchandising concept
- D. Sales concept
- E. Primary industry theory

183. The idea underlying the mass-merchandising concept is that:

- A. A big profit on each item sold won't earn much if sales volume is low.
- B. Inventory is a big cost, so everything you stock should be out on a shelf where it can be seen by the mass market.
- C. A retailer must "buy low and sell high" if it's going to make an attractive profit.
- D. It is better to sell more at the same price--since total revenue will increase.
- E. All of the above are true.

184. Compared to conventional retailers, which of the following types of retailers offer a wider product assortment but less service?

- A. convenience stores.
- B. supermarkets.
- C. telephone order retailers.
- D. department stores.
- E. limited-line stores.

185. The first retailers to really show the importance of the mass-merchandising concept were the operators of:

- A. general stores.
- B. supermarkets.
- C. single-line stores.
- D. department stores.
- E. limited-line stores.

186. Which of the following retailers was the first to adopt the mass-merchandising concept?

- A. department stores.
- B. discount houses.
- C. supermarkets.
- D. general stores.
- E. supercenters.

187. Expanded assortment and/or reduced margins and service are characteristic of

- A. supermarkets.
- B. convenience stores.
- C. specialty shops.
- D. Internet.
- E. department stores.

188. A retail store that averages about \$20 million in sales annually and specializes in groceries--with self-service and large assortments is a:

- A. mass-merchandiser.
- B. specialty shop.
- C. convenience food store.
- D. discount house.
- E. supermarket.

189. Supermarkets:

- A. Usually earn net profits that are at least 15 percent of sales.
- B. Were late adopters of the mass-merchandising concept.
- C. Usually carry about 100,000 product items per store.
- D. Are designed to maximize efficiency.
- E. All of the above.

190.Regarding supermarkets, which of the following statements is TRUE?

- A. It's best to think of supermarkets as "conventional retailers."
- B. Supermarket net profits after taxes usually are about 1 percent of sales--or less.
- C. Worldwide, supermarkets make up the majority of food stores.
- D. The early supermarkets were based on the premise that consumers would pay more for better selection and service.
- E. All of the above are true.

191.Supermarkets are

- A. stores offering "hard goods" at substantial price cuts to customers.
- B. large, self-service stores with many departments that emphasize "soft goods" and staples but still follow the discount house's emphasis on lower margins to get faster turnover.
- C. large stores specializing in groceries with self-service and wide assortments.
- D. very large stores that try to carry not only food and drug items but all goods and services that the consumer purchases routinely.
- E. a convenience-oriented variation of the conventional limited-line food stores.

192.Regarding supermarkets, which of the following statements is TRUE?

- A. They average less than \$5 million a year in sales.
- B. Net profits after taxes usually amount to about 3 percent of sales.
- C. Compared to super warehouse stores, they offer lower prices and more service.
- D. All of the above are true.
- E. None of the above is true.

193.Regarding supermarkets, which of the following is NOT true?

- A. They introduced self-service to reduce their costs.
- B. After-tax profits are very good--averaging 10 to 15 percent of sales.
- C. The newer ones carry 45,000 product items.
- D. They average about \$20 million a year in sales.
- E. They got their start as an experiment during the Depression.

194.\_\_\_\_\_ offer "hard goods" at substantial price cuts to customers.

- A. Supermarkets
- B. Discount houses
- C. Supercenters
- D. Mass-merchandisers
- E. Convenience stores

195.Regarding discount houses, which of the following statements is TRUE?

- A. The early discount houses emphasized hard goods.
- B. While some conventional retailers cut price on competitive items, discount houses regularly sell all of their products at smaller markups.
- C. As early discounters were able to offer full assortments, they also sought "respectability" and moved to better locations.
- D. Discount houses are fast-turnover, price-cutting operations.
- E. All of the above are true.

196. Large self-service retail stores that emphasize lower margins to get faster turnover--especially on "soft goods"--are called:

- A. mass-merchandisers.
- B. convenience food stores.
- C. department stores.
- D. specialty shops.
- E. single-line stores.

197. Mass-merchandisers:

- A. locate only in large downtown areas with large sales potential.
- B. are large, self-service stores which stress low price to get faster turnover.
- C. emphasize nationally-advertised "hard goods."
- D. usually have about as much floor space as the average supermarket.
- E. Both A and D are true.

198. Which of the following are large, self-service stores with many departments that emphasize "soft goods" and staples but still follow the discount house's emphasis on lower margins to get faster turnover?

- A. Supermarkets
- B. Discount houses
- C. Supercenters
- D. Mass-merchandisers
- E. Direct-mail retailers

199. Mass-merchandisers:

- A. face a bright future and increasing profits--because of decreasing competition.
- B. usually operate with low margins on individual items.
- C. operate on the "buy low, sell high" philosophy.
- D. try to reduce costs by reducing inventory turnover.
- E. All of the above are true.

200. Mass-merchandisers:

- A. usually operate with low margins on individual items.
- B. are facing declining profits--because of the intense competition.
- C. generally run a self-service operation.
- D. are concerned with maintaining high inventory turnover.
- E. All of the above are true.

201. Supercenters are also known as

- A. hypermarkets.
- B. mass-merchandisers.
- C. discount houses.
- D. supermarkets.
- E. single-line mass merchandisers.

202.A "supercenter":

- A. tries to provide all of a customer's routine needs--at a low price.
- B. probably would not affect nearby supermarkets.
- C. is just another name for a mass-merchandiser.
- D. is a large department store which uses supermarket methods.
- E. All of the above are true.

203.A "supercenter":

- A. is just another name for a mass-merchandiser.
- B. essentially refers to large department stores which have adopted supermarket-style operating procedures and methods.
- C. is concerned with providing all of the customer's routine needs at a low price.
- D. is another name for a "category killer."
- E. All of the above are true.

204.Which of the following is LEAST likely to be sold by a supercenter?

- A. Trash compactor
- B. Photo finishing
- C. Lawn care materials
- D. Aspirin
- E. Milk

205.Very large retail stores that carry not only foods--but all goods and services which consumers purchase ROUTINELY--are called:

- A. supercenters.
- B. general stores.
- C. supermarkets.
- D. mass-merchandisers.
- E. department stores.

206.Warehouse clubs such as Sam's Club and Costco

- A. usually operate in large, no-frills facilities.
- B. have been successful targeting small-business customers.
- C. emphasize homogeneous shopping products.
- D. usually charge consumers an annual membership fee.
- E. All of the above are true.

207.Regarding retailing, which of the following statements is NOT true?

- A. Supermarkets average about \$17 million in sales per year.
- B. Single-line mass-merchandisers have not been successful--probably because their assortments are so limited.
- C. Mass-merchandisers put less emphasis on knowledgeable salespeople than more conventional retailers.
- D. Discount houses got their start selling "hard goods" at lower prices.
- E. None of the above.

208. Which of the following would be considered a retailing "category killer"?

- A. PetSmart (pet supplies)
- B. Circuit City (electronics)
- C. Home Depot (home improvements)
- D. IKEA (furniture)
- E. all of the above

209. Which of the following would be considered a retailing "category killer"?

- A. Office Depot (office supplies)
- B. PayLess (drugstores)
- C. Lowe's (home improvements)
- D. Barnes & Noble (books)
- E. all of the above

210. Convenience (food) stores offer:

- A. wide assortments.
- B. low prices.
- C. more customer service than supermarkets.
- D. a limited assortment of "fill-in" items.
- E. All of the above.

211. Convenience (food) stores:

- A. have no competitors.
- B. charge about the same prices as nearby supermarkets.
- C. try to earn better profits by high margins on a narrow assortment which turns over quickly.
- D. offer greater width of assortment but less depth than most supermarkets.
- E. none of the above.

212. Which of the following statements about convenience stores is False?

- A. Many convenience stores also sell gasoline.
- B. Prices on individual items are usually lower than in a supermarket.
- C. They have begun to compete with fast-food restaurants.
- D. They have a more limited assortment than do supermarkets.
- E. None of the above statements is false.

213. Regarding automatic vending, which of the following statements is TRUE?

- A. It is important for cigarettes, soft drinks, and candy.
- B. Costs are relatively high because the machines are expensive to stock and repair.
- C. Although its growth has been spectacular, automatic vending still accounts for less than 2 percent of total U.S. retail sales.
- D. A major advantage is customer convenience.
- E. All of the above are true.



214. Vending machine

- A. sales now account for almost 20 percent of consumer spending.
- B. retailing requires a lower margin to cover costs than for comparable products sold in stores.
- C. retailing has been declining.
- D. sales now include higher-margin products like digital cameras and iPods.
- E. None of the above is true.

215. Compared to conventional retailers, which of the following types of retailers added more convenient service while reducing product assortment?

- A. specialty shops
- B. category killers
- C. vending machines
- D. mass-merchandisers
- E. super warehouses

216. Door-to-door selling at consumers' homes:

- A. meets some consumers' needs for convenience.
- B. can be very useful for selling convenience products.
- C. accounts for more than 5 percent of total U.S. retail sales.
- D. All of the above are true.
- E. None of the above are true.

217. Compared to conventional retailers, which of the following types of retailers added more convenient service while reducing product assortment?

- A. door-to-door salespeople.
- B. department stores.
- C. specialty shops.
- D. single-line stores.
- E. supercenters.

218. In recent years, changes in the social and cultural environment have had a significant effect on door-to-door selling. Which of the following is MOST likely given the changes that have occurred?

- A. Fuller Brush has seen a dramatic increase in profits from its door-to-door selling operations.
- B. Sarah Coventry Jewelry has started distributing its products through jewelry stores because of the difficulties of finding someone at home during the day.
- C. Avon Cosmetics has found that it needs a larger door-to-door sales force because dual career families have more income and more demand.
- D. None of the above is likely.

219. Identify the characteristics of vending machines, and door-to-door retailing.

- A. Expanded assortment, reduced margins, and more information.
- B. Added convenience and higher than conventional margins, usually reduced assortment.
- C. Expanded assortment and/or reduced margins and service.
- D. Expanded assortment and service.
- E. Expanded assortment and service, and more information.

220. Time-pressured, dual-career families are a prime target market for

- A. specialty shops.
- B. department stores.
- C. door-to-door selling.
- D. telephone and direct-mail retailing.
- E. category killers.

221. Telephone and direct-mail retailers:

- A. have real trouble selling because they only target the really wealthy.
- B. have real trouble reaching their target markets, since their customers are so dispersed geographically.
- C. can do well with products that would be unprofitable for a local retailer to carry.
- D. All of the above are true.
- E. None of the above is true.

222. Telephone and direct-mail retailing:

- A. profit margins have been falling because of increased competition.
- B. have not had much success with expensive items, but do well with low prices on general merchandise.
- C. was once popular, but the Internet put all these firms out of business.
- D. is generally a mass marketing approach.
- E. All of the above are true.

223. Regarding direct-mail retailers, which of the following statements is TRUE?

- A. They emphasize low-price "commodities" that can be found in local stores.
- B. Their profit margins are rising.
- C. Their competition is decreasing.
- D. Some aim at very narrow target markets.
- E. All of the above are true.

224. Regarding direct-mail retailers, which of the following statements is TRUE?

- A. They emphasize low-price "commodities" that can be found in local stores.
- B. The Internet has put most of these retailers out of business.
- C. They have higher operating costs than most conventional retailers.
- D. Some aim at very specific target markets.
- E. All of the above are true.

225. Expanded assortment, reduced margins, and more information are characteristics of

- A. club stores.
- B. specialty shops.
- C. mail order.
- D. Internet.
- E. department stores.

226.Retailing on the Internet:

- A. Can provide consumers with a broad array of product information.
- B. Still accounts for a very small percentage of total retail sales.
- C. Is growing rapidly.
- D. May entail significant expenditures on physical distribution.
- E. All of the above.

227.Regarding retailing, which of the following is LEAST LIKELY to occur in the future?

- A. Vertical integration will increase in importance in the channels.
- B. Internet shopping will become less popular.
- C. More manufacturers will go into retailing.
- D. Along with larger stores, there will also be more smaller stores.
- E. Scrambled merchandising will continue to increase.

228.Retailing on the Internet:

- A. makes it hard for consumers to compare products or prices.
- B. is limited to only a few mass-merchandisers.
- C. makes shopping very convenient for some consumers.
- D. is not expected to grow very fast.
- E. all of the above.

229.Some differences between online and in-store customers include:

- A. In-store customers can usually inspect and immediately use the product.
- B. Online customers are usually younger, better educated, and more upscale.
- C. In-store customers usually get better customer service.
- D. Online customers usually have better access to comparative information about products.
- E. All of the above.

230.Which of the following statements about retailing on the Internet is(are) true?

- A. More product information is readily available.
- B. Product assortments available are not limited by the customer's location.
- C. Price comparisons are easy.
- D. All of the above are true.
- E. None of the above is true.

231.Internet retailers include:

- A. limited-line retailers.
- B. service providers.
- C. mass-merchandisers.
- D. department stores.
- E. all of the above.

232. Which of these Internet approaches is LEAST likely to succeed?

- A. Online-only retailer Amazon differentiates its offering by being more efficient than its competitors.
- B. Multichannel retailer Williams-Sonoma uses its website to complement its stores and catalogs.
- C. Catalog operator L.L. Bean uses its website to focus on the specific needs of targeted customers.
- D. Large chain operator Home Depot uses its website to supplement its stores and other promotion.
- E. All of the above are valid approaches and likely to succeed.

233. Which of the following are possible Internet approaches for a retailer?

- A. Using its website to supplement its bricks-and-mortar stores.
- B. Using its website to complement its stores and catalogs.
- C. Using its website to be more efficient than competitors.
- D. Using its website to focus on the specific needs of its target customers.
- E. All of the above.

234. The "wheel of retailing" theory says that:

- A. retailers go through cycles from high costs and prices to lower costs and profits.
- B. general stores will dominate U.S. retailing in the next century.
- C. new types of retailers enter as low-status, low-margin, low-price operators and eventually offer more services and charge higher prices.
- D. all of the above are true.
- E. none of the above are true.

235. The "Wheel of Retailing" theory suggests that:

- A. retail stores do not have life cycles.
- B. retailing profits tend to be cyclical.
- C. only the largest retailers have a chance to survive in a fast-moving economy.
- D. new types of retailers enter as low-price operators and eventually begin to offer more services and charge higher prices.
- E. only discounters can survive in the long run.

236. The idea that new types of retailers begin as low-status, low-margin, low-price operators and then--if successful--evolve into more conventional retailers offering more services is called the:

- A. wheel of retailing theory.
- B. pyramid concept.
- C. scrambled merchandising concept.
- D. superstore concept.
- E. mass-merchandising concept.

237. The \_\_\_\_\_ says that new types of retailers enter the market as low-status, low-margin, low-price operators and then, if successful, evolve into more conventional retailers offering more services with higher operating costs and higher prices.

- A. production concept
- B. wheel of retailing theory
- C. mass-merchandising concept
- D. sales concept
- E. break-even analysis

238.The wheel of retailing concept

- A. is consistent with the emergence of supermarkets in the 1930s.
- B. explains the early success of convenience (food) stores.
- C. explains the early success of vending machines.
- D suggests that new types of retailers usually emerge as high-price, high-cost operations, and then cut their . prices as competitors enter the market.
- E. None of the above is true.

239."Scrambled merchandising" refers to:

- A. retailers shifting from one product-market to another (e.g., a food retailer shifting to clothing).
- B. limited-line retailers carrying wide assortments.
- C. retailers carrying any product lines they can sell profitably.
- D. displays of impulse products in supermarkets.
- E. incompatible price and promotion policies.

240.Scrambled merchandising is carrying

- A. any product lines that a store thinks that they can sell profitably.
- B. discounted product lines.
- C. a specific product line and offering yearly discounts.
- D. a number of product lines and offering a clearance sale twice a year.
- E. a limited product line at a high price aimed at a small number of consumers.

241.The idea that retailers will start to sell a new product that offers a profit margin higher than what they achieve on their traditional product line is consistent with the

- A. marketing concept.
- B. operating philosophy of most limited-line retailers.
- C. wheel of retailing concept.
- D. scrambled merchandising concept.
- E. none of the above.

242.The trend toward scrambled merchandising can be explained by:

- A. the "Wheel of Retailing" Theory.
- B. the fact that cities are getting larger and larger, and it is harder for a retailer to segment the market.
- C. growing consumer demand for more service in retail stores.
- D. the fact that some retailers have traditionally used markups which seem "too high" to other retailers.
- E. the growth of telephone and direct-mail retailers.

243.Which of the following is best illustrated by a supermarket that carries Nintendo video games?

- A. The "superstore" concept
- B. Scrambled merchandising
- C. The "wheel of retailing"
- D. Target marketing
- E. Mass merchandising

244. A new grocery store features a bank, a pharmacy, a flower shop, a full-service bakery, a café, photo processing, and equipment rentals, in addition to its normal grocery product lines. The store is engaging in:

- A. The wheel of retailing.
- B. Retailing strategy.
- C. Scrambled merchandising.
- D. The retail life cycle.
- E. Merchandising strategy.

245. The development of new types of retailers can be best explained by applying:

- A. the rule of franchising.
- B. target marketing and product life cycle concepts.
- C. the corporate chain hypothesis.
- D. the wheel of retailing theory.
- E. the law of retail gravitation.

246. Retailer life cycles (from introduction to maturity) seem to be:

- A. getting longer.
- B. getting shorter.
- C. staying about the same.
- D. changing erratically.
- E. none of the above.

247. U.S. Census data show that:

- A. retailers are more numerous than manufacturers and wholesalers combined.
- B. only about 11 percent of all retailers have annual sales over \$5 million.
- C. over 56 percent of all retailers have annual sales less than \$1 million.
- D. all of the above.
- E. none of the above.

248. Regarding retail sales in the U.S., it is true that:

- A. less than 8 percent of all retail sales are made by smaller stores--those with sales less than \$1 million a year.
- B. almost 70 percent of all retail sales are made by the largest stores--those with sales over \$5 million a year.
- C. corporate chains account for about 50 percent of retail sales.
- D. All of the above are true.
- E. None of the above is true.

249. Regarding retailer store size, it is true that:

- A. almost 70 percent of all retail sales are made by smaller stores--those with annual sales less than \$1 million.
- B. almost 70 percent of all retail sales are made by the largest stores--those with annual sales over \$5 million a year.
- C. small retailers are unimportant and can safely be ignored by most manufacturers and wholesalers.
- D. All of the above are true.
- E. None of the above is true.

250.U.S. Census data show that:

- A. only about 11 percent of all retailers have annual sales over \$1 million.
- B. very large retailers account for a small percentage of total retail sales.
- C. manufacturers and wholesalers are more numerous than retailers in the United States.
- D. only about 11 percent of all retailers have annual sales over \$5 million.
- E. All of the above.

251.Regarding retailer size and sales volume in the U.S.:

- A. Approximately 11% of retail stores account for 70% of all retail sales.
- B. Approximately 11% of retail stores account for 80% of all retail sales.
- C. Approximately 11% of retail stores account for 89% of all retail sales.
- D. Approximately 20% of retail stores account for 80% of all retail sales.
- E. Approximately 30% of retail stores account for 70% of all retail sales.

252.A corporate chain is defined as

- A. a firm that owns and manages more than one store.
- B retailer-sponsored groups formed by independent retailers that run their own buying organizations and . conduct joint promotion efforts.
- C. wholesaler-sponsored groups that work with "independent" retailers.
- D. franchisors who develop good marketing strategies, and who carry out the strategy in their own units.
- E. a firm that owns a single-store but operates through multiple franchisors.

253.A corporate chain:

- A. Is formed by independent retailers that work together.
- B. Is sponsored by a wholesaler.
- C. Is formed when a firm owns and manages more than one store.
- D. Involves franchisees that pay commissions and fees to the parent company.
- E. None of the above.

254.Corporate chains

- A. have continued to grow--and now account for about half of all retail sales.
- B. have an advantage relative to independent stores when it comes to promotion and use of dealer brands.
- C. increase their buying power by centralizing at least some of the buying for different stores.
- D. all of the above.
- E. none of the above.

255.Corporate chains:

- A. can get a cost advantage over independent stores by spreading management costs to many stores.
- B. account for nearly 10 percent of retail sales.
- C. usually cannot obtain economies of scale in distribution.
- D. are declining in importance.
- E. All of the above are true.

256.Cooperative chains:

- A. are sponsored by wholesalers to try to compete with corporate chains.
- B. are experiencing declining sales.
- C. are formed by independent retailers to run their own buying organizations and conduct joint promotion efforts.
- D. are consumer groups who run nonprofit buying associations.
- E. All of the above are true.

257.Chains formed by independent retailers to run their own buying organizations and conduct joint promotion efforts are called:

- A. cooperative chains.
- B. IGAs.
- C. voluntary chains.
- D. retailer chains.
- E. franchise operations.

258.Retailer-sponsored groups formed by independent retailers that run their own buying organizations and conduct joint promotion efforts are called:

- A. Corporate chains
- B. Voluntary chains
- C. Cooperative chains
- D. Franchise operations
- E. Private chains

259.A wholesaler-sponsored retail chain is called a:

- A. consumer cooperative.
- B. corporate chain.
- C. franchise chain.
- D. voluntary chain.
- E. cooperative chain.

260.Voluntary chains are

- A. firms that own and manage more than one store.
- B retailer-sponsored groups formed by independent retailers that run their own buying organizations and . conduct joint promotion efforts.
- C. wholesaler-sponsored groups that work with "independent" retailers.
- D. franchisors who develop good marketing strategies, and who carry out the strategy in their own units.
- E. firms that own a single-store but operate through multiple franchisors.

261.A number of independent drugstores are working with a wholesaler to obtain economies of scale in buying. They were organized by this wholesaler after a recent meeting to discuss ways of competing with corporate chains. These drugstores are now part of a:

- A. corporate chain.
- B. voluntary chain.
- C. consumer cooperative.
- D. cooperative chain.
- E. franchise chain.



262. Franchisors:

- A. account for about a third of all retail sales.
- B. often provide franchise holders with training.
- C. usually receive fees and commissions from the franchise holder.
- D. are especially popular with services retailers.
- E. all of the above.

263. Franchise operations:

- A. generally have very loose ties between the franchisor and franchise holders.
- B. are expected to decline in the future because the service sector of the economy is failing.
- C. currently account for about a third of all retail sales.
- D. All of the above are true.
- E. None of the above is true.

264. Franchisors:

- A. leave it to franchisees to carry out the strategy in their own units.
- B. often help franchisees by providing purchasing power and promotion support.
- C. usually receive fees and commissions from the franchise holder.
- D. reduce the risk of starting a new retailing business because a good strategy has already been developed and tested.
- E. All of the above are true statements.

265. Franchise operations provide a good example of:

- A. vertical integration.
- B. contractual vertical marketing systems.
- C. administered channels in which the retailers are the channel captains.
- D. direct-to-buyer channels.
- E. None of the above.

266. Which of the following is NOT a franchise operation?

- A. Midas Muffler
- B. Panera Bread
- C. Jiffy Lube
- D. Ace Hardware
- E. Taco Bell

267. Which of the following is NOT a franchise operation?

- A. Subway (food).
- B. H & R Block (tax work).
- C. Kinko's (copy center).
- D. 7-Eleven (convenience store).
- E. All of the above are franchises.

268. Which of the following statements about retailing in different nations is NOT true?

- A. Mass-merchandisers are especially popular in less-developed nations.
- B. Japan's Large Store Law has effectively blocked retail change in that country.
- C. Supermarkets started in the U.S.
- D. Supercenters started in Europe.
- E. New retailing formats that succeed in one country are quickly adapted to other countries.

269. Business firms that sell to retailers and other merchants, and/or to industrial, institutional, and commercial users--but which do not sell in large amounts to final consumers--are:

- A. retailers.
- B. collaborators.
- C. producers.
- D. wholesalers.
- E. intermediaries.

270. The U.S. Bureau of the Census defines wholesaling as being concerned with the activities of those persons or establishments that sell

- A. to retailers and other merchants, but that do not sell in large amounts to final consumers.
- B. to consumers.
- C. to industrial, institutional, and noncommercial users.
- D. through export in large amounts; seldom to individuals.
- E. both A and C.

271. Wholesaling is concerned with the activities of:

- A. manufacturers who set up branch warehouses at separate locations.
- B. persons or establishments that sell to industrial, institutional, and commercial users.
- C. persons or establishments that sell to retailers.
- D. All of the above.
- E. Only A and B above.

272. Regarding modern wholesaling, which of the following statements is TRUE?

- A. More careful selection of retailer customers has increased profitability.
- B. Wholesalers are now more "retailer-minded."
- C. Greater attention is being given to adding value in the channel.
- D. Many wholesalers are using the Internet to reach new customers and improve profits.
- E. All of the above are true.

273. Wholesalers:

- A. Have had to deal with a competitive threat posed by large retailers that have taken over wholesale functions.
- B. Do not use e-commerce to serve customers.
- C. Face competitive pressure from shipping companies such as FedEx and UPS that make it easier for producers to ship directly to customers.
- D. All of the above.
- E. A and C only.

274.Regarding the future of wholesalers, which of the following statements is TRUE?

- A. Most high-cost wholesalers will disappear in the near future.
- B. Modern wholesalers are seeing that vertical integration with producers provides their only assurance of long-run survival.
- C. Some small high-cost wholesalers will probably survive due to the specialized services they offer some market segments.
- D. Net profit margins in wholesaling have been increasing in recent years.
- E. All of the above are true.

275.Regarding wholesaling, which of the following is (are) true?

- A. Merchant wholesalers have higher sales than agent wholesalers, but their costs (as a percent of sales) are over three times as high.
- B. There are many more manufacturers' sales branches than merchant wholesalers.
- C. Manufacturers' sales branches have higher costs than agent wholesalers and account for a smaller percentage of total sales.
- D. Good marketing managers select the type of wholesaler with the lowest cost when planning channels of distribution.
- E. All of the above are true.

276.Regarding types of wholesalers, which of the following has the HIGHEST operating expenses as a percent of sales?

- A. Manufacturers' sales branches (with stock)
- B. Merchant wholesalers
- C. Brokers
- D. Manufacturers' agents
- E. Agent wholesalers

277.Regarding wholesalers, which of the following types has the LOWEST operating expenses as a percent of sales?

- A. Specialty wholesalers
- B. Merchant wholesalers
- C. Manufacturers' sales branches
- D. Agent wholesalers
- E. Service wholesalers

278.Regarding wholesalers, which of the following is the most numerous?

- A. Service wholesalers.
- B. Agent wholesalers.
- C. Limited-function wholesalers.
- D. Manufacturers' sales branches.
- E. Merchant wholesalers.

279.Warehouses that producers set up at separate locations away from their factories are known as

- A. progressive wholesalers.
- B. manufacturers' sales branches.
- C. corporate chains.
- D. hypermarkets.
- E. retail production centers.

280.Manufacturers' sales branches:

- A. have very low sales per branch.
- B. are mainly used in weak market areas, where there is not enough business for other types of wholesalers.
- C. operating costs would be even lower than they are now if manufacturers didn't "charge" them with extra expenses.
- D. handle about 30 percent of all wholesale sales.
- E. serve the same basic needs as do brokers.

281.A good share of total U.S. wholesale sales are made by manufacturers' sales branches because:

- A. they are well-managed.
- B. branches are usually placed in the best market areas.
- C. costs are lower because some marketing functions are eliminated.
- D. about half of all wholesale businesses are owned by manufacturers.
- E. All of the above.

282.A producer has a few territories where many big customers are concentrated, but most of its target customers are spread all over the country.

- A The company should use manufacturers' agents in the best territories and sales branches in the others, . since good agents won't work the smaller territories.
- B. The company should use sales branches everywhere, since it will cost more to use manufacturers' agents.
- C The company will probably have to rely only on manufacturers' agents, since they will only be willing to . take the widely scattered markets if they can have the good territories too.
- D The company should use sales branches in the concentrated territories and manufacturers' agents in the . others--assuming the concentrated territories are large enough to support sales branches.
- E. All of the above are good alternatives.

283.The main difference between merchant wholesalers and other wholesalers is that they:

- A. are more aggressive at selling than agent wholesalers.
- B. offer fewer wholesaling functions.
- C. have the lowest operating expenses as a percent of sales.
- D. own (take title to) the products they handle.
- E. are willing to perform retailing functions also.

284.Regarding merchant wholesalers, which of the following statements is TRUE?

- A. They own (take title to) the products they sell.
- B. Merchant wholesalers are the most numerous wholesalers and handle over 60 percent of all wholesale sales.
- C General merchandise wholesalers of consumer products handle a broad variety of nonperishable items, . including both convenience and shopping products.
- D. A specialty wholesaler generally would offer a narrower range of products than a single-line wholesaler.
- E. All of the above are true.

285.Merchant wholesalers

- A. own the products they sell.
- B. often specialize by certain types of products or customers.
- C. take title to the products they are selling for some period before selling to customers.
- D. constitute almost 90 percent of the wholesaling establishments in the United States.
- E. all of the above.

286. The two basic types of merchant wholesalers are:

- A. single-line and limited function.
- B. agents and merchants.
- C. service and general line.
- D. service and limited function.
- E. single-line and general line.

287. \_\_\_\_\_ are merchant wholesalers that provide all the wholesaling functions.

- A. Cash-and-carry wholesalers
- B. Service wholesalers
- C. Limited-function wholesalers
- D. Drop-shippers
- E. Catalog wholesalers

288. Which of the following is not a type of service wholesaler?

- A. General merchandise
- B. Cash-and-carry
- C. Specialty
- D. Single-line
- E. General-line

289. Which of the following is NOT a full-service merchant wholesaler?

- A. Broker
- B. Single-line wholesaler
- C. General-line wholesaler
- D. General merchandise wholesaler
- E. Specialty wholesaler

290. Sierra Plumbing, Inc. buys plumbing supplies, pipes, and tools from different manufacturers and resells them to construction companies. Sierra is MOST LIKELY:

- A. a rack jobber.
- B. a service (merchant) wholesaler.
- C. a drop-shipper.
- D. an agent wholesaler.
- E. a manufacturers' agent.

291. \_\_\_\_\_ wholesalers are service wholesalers that carry a wide variety of nonperishable items.

- A. General merchandise
- B. Limited-function
- C. General-line
- D. Specialty
- E. Drop-shipper

292. Compared to specialty wholesalers, general merchandise wholesalers handle:

- A. a narrower line--or perhaps only a specific line of merchandise.
- B. almost no physical products.
- C. a very narrow assortment of products.
- D. products they do not own, while specialty wholesalers do own them.
- E. a broader variety of products.

293. C.D. Jamison, Co. is a wholesaler in Norfolk, Virginia. It carries a wide variety of merchandise from various producers - everything from bar soap and shampoo to cameras and stereo equipment - sold in retail stores on U.S. Navy bases and Navy ships. C. D. Jamison owns the products it resells and provides all the wholesaling functions. C. D. Jamison is a(n):

- A. Manufacturer sales branch.
- B. Agent wholesaler.
- C. Single-line wholesaler.
- D. Specialty wholesaler.
- E. General merchandise wholesaler.

294. A full-service wholesaler in Santa Fe takes title to the products it stocks--a full line of home repair products for independent hardware stores. This wholesaler is a:

- A. selling agent.
- B. broker.
- C. specialty wholesaler.
- D. rack jobber.
- E. single-line wholesaler.

295. McGovern's Supply stocks electronic repair parts and related supplies and tools from various producers. McGovern's sells primarily to small TV and electronic repair shops throughout the country that only want to order one or two items at a time. Orders are usually shipped out on UPS trucks. It appears that McGovern's is a

- A. single-line wholesaler.
- B. manufacturers' agent.
- C. drop-shipper.
- D. truck wholesaler.
- E. rack jobber.

296. General-line wholesalers are wholesalers that

- A. carry a very narrow range of products and offer more information and service than other service wholesalers.
- B. carry a wide variety of nonperishable items.
- C. operate like service wholesalers except that the customer must pay cash.
- D. provide only some wholesaling functions.
- E. carry a narrower line of merchandise than general merchandise wholesalers.

297. Which of the following is an example of a service merchant wholesaler?

- A. Drop-shipper
- B. Specialty wholesaler
- C. Catalog wholesaler
- D. Auction company
- E. Personal shopper

298. Identify the wholesaler type that carries a very narrow range of products, but offers more information and service than other service wholesalers.

- A. General merchandise
- B. Limited-function
- C. General-line
- D. Specialty
- E. Catalog

299. A wholesaler that carries only health foods instead of a full line of groceries is a

- A. general merchandise wholesaler.
- B. limited-function wholesaler.
- C. general-line wholesaler.
- D. cash-and-carry wholesaler.
- E. specialty wholesaler.

300. A full-service wholesaler in Madrid takes title to the "oriental foods" she sells to supermarkets, gourmet shops, and restaurants. This wholesaler is a:

- A. manufacturers' agent.
- B. specialty wholesaler.
- C. selling agent.
- D. single-line wholesaler.
- E. general merchandise wholesaler.

301. A manufacturer of which of the following product lines would be most likely to use a specialty wholesaler?

- A. Electric appliances
- B. Hardware items
- C. Lumber
- D. Plastic materials
- E. Industrial cleaning supplies

302. Which of the following is a limited-function merchant wholesaler?

- A. An auction company
- B. A broker
- C. A manufacturers' agent
- D. A general-line wholesaler
- E. A rack jobber

303. Which of the following is an example of a limited-function merchant wholesaler.

- A. Cash-and-carry wholesaler
- B. Broker
- C. Mill supply house
- D. General-line wholesaler
- E. Specialty wholesaler

304. Which of the following is NOT a limited function merchant wholesaler?

- A. A truck wholesaler
- B. A general-line wholesaler
- C. A rack jobber
- D. A drop-shipper
- E. A catalog wholesaler

305. Which of the following is NOT a type of limited-function wholesaler?

- A. Specialty wholesaler
- B. Catalog wholesaler
- C. Truck wholesaler
- D. Drop-shipper
- E. Cash-and-carry wholesaler

306. Limited-function wholesalers:

- A. usually cost more than service wholesalers.
- B. include manufacturers' agents.
- C. own (take title to) the products they sell.
- D. usually cost less than service wholesalers.
- E. All of the above.

307. A cash-and-carry wholesaler does NOT:

- A. store inventory.
- B. anticipate his customers' needs.
- C. take title to the products he sells.
- D. grant credit.
- E. both C and D.

308. In the United States, warehouse clubs such as Sam's and Costco serve business customers as:

- A. Rack jobbers.
- B. Cash-and-carry wholesalers.
- C. Truck wholesalers.
- D. Specialty wholesalers.
- E. Manufacturers' agents.



309. A drop-shipper is an example of a(n)

- A. limited-function merchant wholesaler.
- B. service merchant wholesaler.
- C. agent wholesaler.
- D. producer.
- E. manufacturer's agent.

310. \_\_\_\_\_ are a type of limited-function wholesaler that owns products they sell, but do not actually handle, stock, or deliver them.

- A. Rack jobbers
- B. Catalog wholesalers
- C. Drop-shippers
- D. Truck wholesalers
- E. Cash-and-carry wholesalers

311. Drop-shippers:

- A. have high operating costs because they do transporting and storing.
- B. do not stock the products they sell.
- C. do not take title to the products they sell.
- D. do not emphasize selling.
- E. Both C and D.

312. Which of the following wholesalers do NOT carry stocks for their customers?

- A. Specialty wholesalers
- B. Drop-shippers
- C. Cash-and-carry wholesalers
- D. Single-line wholesalers
- E. Catalog wholesalers

313. Drop-shippers:

- A. are used because it is cheaper for producers to ship to them by rail and let the drop-shipper drop the products off at local retailers with small trucks.
- B. never take title to the products they sell.
- C. typically sell large shipments, e.g., rail carloads.
- D. have very high operating expenses.
- E. are full-service merchant wholesalers.

314. Which of the following products is most likely to be sold by a drop-shipper?

- A. Skis
- B. Toothpaste
- C. Greeting cards
- D. Printing supplies
- E. Coal

315. Andy Cole sells fiberglass resins and fiberglass wire to the many small sailboat manufacturers in southern California. He takes title to the products but does not handle them. Instead, the resins are shipped in 50 gallon barrels directly from the producer to the sailboat manufacturers. Cole is a:

- A. selling agent.
- B. cash-and-carry wholesaler.
- C. manufacturers' agent.
- D. specialty wholesaler.
- E. drop-shipper.

316. Truck wholesalers:

- A. usually sell perishable products that other wholesalers prefer not to carry.
- B. don't own the products they sell.
- C. usually sell in large quantities, e.g., truckloads.
- D. don't stock the products they sell.
- E. All of the above.

317. The biggest advantage of this limited-function wholesaler is that they promptly deliver perishable products that regular wholesalers prefer not to carry.

- A. Catalog wholesalers
- B. Rack jobbers
- C. Truck wholesalers
- D. Drop-shippers
- E. Specialty wholesalers

318. A rack jobber is an example of

- A. limited-function merchant wholesaler.
- B. service merchant wholesaler.
- C. agent wholesaler.
- D. producer.
- E. personal shopper.

319. Rack jobbers

- A. specialize in hard-to-handle assortments of products that a retailer does not want to manage.
- B. own the products they sell but they do not actually handle, stock, or deliver them.
- C. promptly deliver perishable products that regular wholesalers prefer not to carry.
- D. sell out of catalogs that may be distributed widely to smaller industrial customers or retailers.
- E. are basically manufacturers' agents who specialize in international trade.

320. Rack jobbers:

- A. don't own the products they sell.
- B. apply their knowledge of the local market to many stores.
- C. are full service merchant wholesalers.
- D. are different from most wholesalers because they specialize in giving small retailers long-term credit.
- E. All of the above.

321. A grocery store or mass-merchandiser might rely on a \_\_\_\_\_ to decide which paperback books or magazines it sells.

- A. catalog wholesaler
- B. rack jobber
- C. truck wholesaler
- D. drop-shipper
- E. specialty wholesaler

322. A national grocery store chain has decided to sell an assortment of hobby, gardening, and cook books. Buyers in the chain's main office are not certain what to stock because they think that consumers in different areas of the country will probably be interested in different books. The store managers have said they don't know what to order either. The chain should probably get help from a

- A. broker.
- B. cash-and-carry wholesaler.
- C. specialty wholesaler.
- D. rack jobber.
- E. manufacturers' agent.

323. Meg O'Brien is just starting as a rack jobber. She will:

- A. do what a lot of grocery store managers don't want to do.
- B. need a lot of money to get started, since all her customers will expect 30 days to pay their bills.
- C. not have to know very much about the preferences of the consumers who buy the products she handles.
- D. never actually handle or deliver the products in her line.
- E. probably get tired of visiting farmers' markets.

324. Capitol Periodical Distributors is a wholesaler providing assistance to retailers that want to carry books and magazines. A retailer provides Capitol with a certain amount of floor space, and Capitol uses the space to install display racks. Capitol fills the racks with magazines and books that would be suitable for the retailer's target market. Every week a representative from Capitol comes in to remove any outdated publications and refill the racks. This practice helps the retailer serve its customers better than if the retailer tried to manage the books and magazines itself. Capitol Periodical Distributors is a:

- A. Specialty wholesaler.
- B. Drop-shipper.
- C. Catalog wholesaler.
- D. Rack jobber.
- E. Cash-and-carry wholesaler.

325. Will Bishop sells a wide assortment (in small quantities) of "emergency" home repair items (fuses, electrical tape, small packets of nails) to grocery and convenience stores. He owns the products he handles, and displays them for his customers. Bishop is a:

- A. manufacturers' agent.
- B. selling agent.
- C. rack jobber.
- D. cash-and-carry wholesaler.
- E. truck wholesaler.

326. A grocery store chain has decided to sell a small assortment of fast moving auto repair items--but is not certain what stock to carry in which stores and does not want to leave the decision to the local store manager. The chain should probably get help from a

- A. broker.
- B. cash-and-carry wholesaler.
- C. specialty wholesaler.
- D. rack jobber.
- E. manufacturers' agent.

327. \_\_\_\_\_ sell hardware, jewelry, and sporting goods out of a catalog to small industrial or retail customers that other wholesalers may not call on.

- A. Specialty wholesalers
- B. Cash-and-carry wholesalers
- C. Selling agents
- D. Catalog wholesalers
- E. Truck wholesalers

328. Which of the following statements about limited-function wholesalers is TRUE?

- A. Cash-and-carry wholesalers serve small retailers but don't provide credit.
- B. Truck wholesalers sell perishable products which other wholesalers prefer not to carry.
- C. Rack jobbers specialize in nonfood products that sell in small quantities.
- D. Catalog wholesalers sell hardware, jewelry, sporting goods, and general merchandise--often catering to small industrial or retailer customers.
- E. All of the above are true.

329. Agent wholesalers are:

- A. mainly concerned with buying and selling.
- B. used by small companies that want a wholesaler to assume all of the risk of carrying inventory.
- C. specialists in certain geographic areas, rather than specializing by product or customer type.
- D. at a disadvantage because manufacturers expect them to pay for products before they are shipped.
- E. None of the above is true.

330. The main difference between agent wholesalers and merchant wholesalers is:

- A. the kind of selling they do.
- B. that agent wholesalers do not own the products they sell--while merchant wholesalers do.
- C. that no agent wholesalers physically handle products--while all merchant wholesalers do.
- D. their attitudes regarding the marketing concept.
- E. There is no difference--an agent wholesaler IS a merchant wholesaler.

331. Agent wholesalers:

- A. Own the products they sell.
- B. Provide more functions than merchant wholesalers.
- C. Focus on buying and selling merchandise.
- D. Have higher costs of operation than merchant wholesalers.
- E. All of the above.

332. Which of the following statements about agent wholesalers is FALSE?

- A. Agent wholesalers do not own the products they sell.
- B. Their main purpose is to help in buying and selling.
- C. They normally specialize by customer type and by product or product line.
- D. They are more common in international trade than in domestic trade.
- E. They usually provide a larger number of functions than limited-function wholesalers.

333. Which of the following is a characteristic of agent wholesalers?

- A. They are more common in domestic trade than in international trade.
- B. They operate at relatively high costs.
- C. They own the products they sell.
- D. They normally specialize by customer type and by product or product line.
- E. None of the above.

334. Which of the following is NOT an agent wholesaler?

- A. A drop-shipper
- B. An auction company
- C. A selling agent
- D. A broker
- E. A manufacturers' agent

335. Which of the following wholesalers own (take title to) the products they sell?

- A. Selling agents
- B. Combination export managers
- C. Brokers
- D. Manufacturers' agents
- E. None of the above.

336. A manufacturers' agent:

- A. sells noncompeting products for several manufacturers in a limited territory.
- B. is often replaced by a manufacturer's own sales force when sales rise.
- C. is paid a commission on sales.
- D. can be especially useful to a small manufacturer with a narrow line of new products.
- E. All of the above.

337. Manufacturers' agents usually work for:

- A. manufacturers' sales branches.
- B. only one manufacturer.
- C. selling agents.
- D. several manufacturers of noncompeting lines.
- E. service wholesalers.

338. A manufacturer's agent sells

- A. similar products for several noncompeting producers for a commission on what is actually sold.
- B. different products for several noncompeting producers for a commission on what is actually sold.
- C. similar products for several competing producers for a commission on what is actually sold.
- D. different products for several competing producers for a commission on what is actually sold.
- E. different products for several competing producers for a fixed salary irrespective of sales.

339. Which of the following wholesalers would be most helpful to a small manufacturer of computer components who wants to obtain distribution in several major markets and still retain control of the marketing of its products?

- A. Manufacturer's agents
- B. Rack jobbers
- C. Selling agents
- D. Brokers
- E. Manufacturer's sales branches

340. Manufacturer's agents:

- A. are frequently used by manufacturers to help introduce a new product.
- B. typically have a temporary relationship with a manufacturer, until a specific item is sold.
- C. usually handle products for only a few companies since the cost of adding additional lines is quite high.
- D. usually handle a full assortment of products from competing manufacturers.
- E. buy large inventories from small manufacturers--helping them acquire working capital.

341. Manufacturer's agents:

- A. don't cost the producer anything until something sells.
- B. aren't very useful for introducing new products.
- C. usually perform storing and transporting functions.
- D. usually handle the competing lines of several manufacturers.
- E. All of the above.

342. Jason Everson represents producers of several noncompeting industrial product lines. When he visits his clients, he carries a catalog from each one of the producers he represents. He goes through the catalogs with his clients and then places orders on their behalf with the producers, who pay Jason a commission based on what he sells. Jason is a(n):

- A. Auctioneer.
- B. Broker.
- C. Selling agent.
- D. Rack jobber.
- E. Manufacturer's agent.

343. Debbie Wood sells food products to grocery wholesalers and large supermarket chains in Tallahassee. She sells for several manufacturers with noncompeting lines of food products--earning a 5 percent sales commission. She neither handles nor owns the products she sells. Debbie is a:

- A. manufacturer's agent.
- B. rack jobber.
- C. broker.
- D. truck wholesaler.
- E. selling agent.

344. Dolly Westin calls on the many gift shops in Savannah and sells a variety of unique decorative glass items, wind chimes, and picture frames produced by the companies that she represents. The store owners can order from Dolly rather than from the three different producers she represents. Apparently, Dolly is a
- A. selling agent.
  - B. rack jobber.
  - C. drop-shipper.
  - D. broker.
  - E. manufacturers' agent.
345. Which of the following statements is FALSE?
- A. Agent wholesalers generally provide fewer functions than limited function wholesalers.
  - B. Manufacturers' agents usually represent noncompeting manufacturers.
  - C. Brokers usually have a temporary relationship with the buyer and seller.
  - D. Manufacturers' agents generally have more authority over prices and terms of sale than do selling agents.
  - E. Agent wholesalers are very common in international trade.
346. \_\_\_\_\_ are basically manufacturers' agents who specialize in international trade.
- A. Selling agents
  - B. Auction companies
  - C. Brokers
  - D. Export or import agents
  - E. Drop-shippers
347. A broker's "Product" is:
- A. financial skills--and perhaps credit.
  - B. market contacts for new products.
  - C. information about what buyers need and what suppliers are available.
  - D. good storage and transportation facilities.
  - E. All of the above.
348. All of the following are true of brokers except
- A. they bring buyers and sellers together.
  - B. they are especially useful when buyers and sellers do not come into the market very often.
  - C. they usually have a permanent relationship with the buyer and seller.
  - D. the broker's product is information about what buyers need and what supplies are available.
  - E. they earn commissions based on completion of transactions between buyers and sellers.
349. Until recently, Triad Equipment, Inc. took trade-ins when it sold new equipment to manufacturers. Now, Triad has a new owner who wants to sell the inventory of used equipment quickly to the best available buyer. He should look for:
- A. a manufacturers' sales branch.
  - B. a broker.
  - C. a selling agent.
  - D. a manufacturers' agent.
  - E. sales finance company.

350. Sebastian and Clere Franklin bought a tire recapping facility from a man who had decided to retire. They were going to convert the building to a studio for dance lessons--so they wanted to sell off the inventory of recapped tires and equipment for whatever they could get. The Franklins don't know any buyers who might be interested in these products. Which of the following types of wholesalers would be most helpful?

- A. Rack jobbers
- B. Brokers
- C. Specialty wholesalers
- D. Selling agents
- E. Manufacturers' agents

351. Which of the following is unique to export-import brokers, differentiating them from general brokers?

- A. They usually have a temporary relationship with the buyer and seller while a particular deal is negotiated.
- B. They specialize in bringing together buyers and sellers from different countries.
- C. They are especially useful when buyers and sellers do not come into the market very often.
- D. They earn a commission from whichever party hired them when the transaction is completed.
- E. The broker's product is information about what buyers need and what supplies are available.

352. \_\_\_\_\_ take over the whole marketing job of producers, not just the selling function.

- A. Brokers
- B. Selling agents
- C. Auction companies
- D. Export and import brokers
- E. Service wholesalers

353. A wholesaler who takes over the whole marketing job **NATIONALLY** for one or a few manufacturers is called a:

- A. merchant wholesaler.
- B. manufacturers' agent.
- C. broker.
- D. specialty wholesaler.
- E. selling agent.

354. Which of the following statements about selling agents is FALSE?

- A. They take over the whole marketing job for a producer.
- B. They may handle the entire output of one or more producers, even competing producers.
- C. They may provide a producer with working capital.
- D. They may even take over the affairs of the producer's whole business.
- E. None of the above is false.

355. A producer is most likely to use a "selling agent" if:

- A. he lacks marketing know-how and working capital.
- B. he produces a broad product line.
- C. he mainly needs aggressive selling.
- D. his target customers are concentrated in a small geographic area.
- E. he sells a technical product that needs a lot of follow-up service.



356. Sandi Barefoot sells the entire output of several small companies based in Silicon Valley. Each of the companies designs and produces remote control devices. Sandi has almost complete control of pricing and selling--because the engineers who started the companies are mainly interested in inventing things. In addition, Sandi often provides working capital to the producers, who have very limited financial resources. Sandi is paid a substantial commission on all sales. Sandi is a:

- A. broker.
- B. selling agent.
- C. field warehouser.
- D. manufacturers' agent.
- E. factor.

357. Regarding wholesalers, which of the following descriptions is TRUE?

- A MANUFACTURERS' AGENT: does not own the products, usually carries stocks, represents several . competing manufacturers within a geographic area.
- B MERCHANT WHOLESALER: does not take title to products, takes possession, provides full service, . and usually handles a broad variety of products.
- C. BROKER: does not own the products, does not take possession, major function is selling, and does not anticipate customer needs.
- D. SELLING AGENT: does not own the products, does the whole marketing job nationally, and may handle competing lines.
- E. All of the above are true.

358. A(n) \_\_\_\_\_ is a blend of manufacturers' agent and selling agent - handling the entire export function for several producers of similar but noncompeting lines.

- A. import broker
- B. auction company
- C. export broker
- D. combination export manager
- E. export or import agent

359. Which of the following statements about agent wholesalers is FALSE?

- A Agent wholesalers based in a foreign market can be helpful in working through government red tape . because they know the local business customs.
- B. Export and import brokers bring together buyers and sellers from different countries.
- C. Manufacturers' agents can call on international customers at no cost to the producer until something sells.
- D. Export and import agents are basically selling agents who specialize in international trade.
- E. Agent wholesalers are common in international trade.

360. If a small U.S. producer with limited financial resources and little marketing know-how wants to sell its products in international markets, it should use:

- A. an export commission house.
- B. a factor.
- C. an export agent.
- D. a combination export manager.
- E. an export broker.

361.The major function of auction companies is to:

- A. deliver the products they handle.
- B. help finance by owning products.
- C. take title to the products they sell.
- D. provide a place where buyers and sellers can complete a transaction.
- E. All of the above.

362.Auction companies:

- A. Take over the whole marketing job of producers.
- B. Work almost as members of a company's sales force.
- C. Take title to the products they resell.
- D. Provide a place where buyers bid to complete a transaction with a seller.
- E. All of the above.

363.Traditionally, auction companies would MOST likely be used for:

- A. children's clothing.
- B. sports equipment.
- C. antique furniture.
- D. small appliances.
- E. industrial chemicals.

364.Auction sites are now popular for:

- A. surplus inventory.
- B. used items.
- C. perishable products.
- D. seasonal products.
- E. all of the above.

365.Which of the following statements about current retailing and wholesaling is true?

- A. Retailers are opening new websites instead of new stores.
- B. Catalogs have moved online.
- C. E-mails are supplementing toll-free phone orders.
- D. Auction sites are now popular for all kinds of products.
- E. All of the above are true.

**Use this information for questions that refer to the Centerville Retailers and Wholesalers case.**

Carol Lamb has lived in Centerville all her life. She owns a retail store that sells hobby and craft supplies. She bought the store after working there for 7 years. Carol has just been asked to head up the Retailers and Wholesaler Group of the Centerville Chamber of Commerce. The most active chamber members in her group are described below:

*Walden's Leather* is part of a regional chain of stores that sells leather goods - mostly men's and women's clothing - with the upscale Walden's brand name. Walden's primarily relies on its own stores where knowledgeable salespeople offer great service. Walden products are also sold, on a limited basis, in some fine department stores.

*Publisher's Helper* is a small business started by Audrey Yang that provides and stocks display racks for paperback books and magazines. Most retailers welcome the service Audrey provides, in part because she does her own research to determine which paperback books and magazines sell best in Centerville.

*Cuzco's* is Centerville's alternative to Wal-Mart. The store sells a wide variety of merchandise. The company used to concentrate its product mix on small appliances - but now *Cuzco's* carries any product that it can sell profitably. Its low prices stimulate faster turnovers and higher sales volumes.

*Games Unlimited* sells video games. Jamie Carraway, who owns the local store, signed a contract with Games Unlimited and follows strict rules covering her store's operations and the Games Unlimited marketing strategy. She pays that company a fee for promotion it provides as well as commissions on her sales.

*Johnson's Health and Beauty Supplies* sells cosmetics and other health and beauty products to retailers and salons throughout the greater Centerville area. It owns the goods it sells to these retailer customers, and it provides all the wholesaling functions they need.

*Valu Grocer* is an independent grocery store that belongs to an organization sponsored by a large food wholesaler. The fifty stores grocery stores that share the *Valu Grocer* name are linked by contracts that include basic operating procedures, storefront designs, and joint promotion efforts.

*Reddy and Sons* sells equipment for several different manufacturers of plastic molding in the Centerville area. It earns a commission from each manufacturer on the products it sells for that manufacturer, but it does not take ownership of the equipment it sells nor does it install the equipment.

*Katrina's Salon* started out as a low-status, low-price, low-margin hair salon 15 years ago. After some success, the company moved into a nicer storefront, raised prices, and now operates in the middle of the market.

366. Which of the following terms best describes Publisher's Helper business?

- A. Rack jobber
- B. Broker
- C. Drop shipper
- D. Selling agent

367. Which of these businesses is a franchise?

- A. Reddy and Sons
- B. Cuzco's
- C. Publisher's Helper
- D. Games Unlimited

368. Which of these businesses is a voluntary chain?

- A. Games Unlimited
- B. Valu Grocer
- C. Walden's Leather
- D. Katrina's Salon

369. Which of these business uses scrambled merchandising as a big part of its strategy?

- A. Katrina's Salon
- B. Johnson's Health and Beauty Supplies
- C. Cuzco's
- D. Publisher's Helper

370. Which of these businesses has followed the wheel of retailing theory?

- A. Games Unlimited
- B. Katrina's Salon
- C. Walden's Leather
- D. Valu Grocer

371. Which of these businesses would be classified as a specialty shop?

- A. Walden's Leather
- B. Cuzco's
- C. Publisher's Helper
- D. Valu Grocer

372. Which of these businesses relies on the mass-merchandising concept?

- A. Publisher's Helper
- B. Cuzco's
- C. Walden's Leather
- D. Reddy and Sons

373. Which of these businesses best fits the definition of a limited-line store?

- A. Johnson's Health and Beauty Supplies
- B. Valu Grocer
- C. Cuzco's
- D. Walden's Leather

374. \_\_\_\_\_ would be classified as an agent wholesaler.

- A. Reddy and Sons
- B. Publisher's Helper
- C. Johnson's Health and Beauty Supplies
- D. Valu Grocer
- E. None of the businesses above would be classified as an agent wholesaler.

375. Which of these businesses best fits the definition of a limited-function merchant wholesaler?

- A. Games Unlimited
- B. Publisher's Helper
- C. Reddy and Sons
- D. Valu Grocer
- E. Cuzco's

376. Which of these businesses best fits the definition of a service merchant wholesaler?

- A. Publisher's Helper
- B. Valu Grocer
- C. Reddy and Sons
- D. Johnson's Health and Beauty Supplies

## ch12 Key

1. Retailing includes all of the activities involved in reselling goods to final consumers, but it does not include the sale of services to final consumers since services must be produced in the presence of the consumer.

(p. 295)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #1  
Question Type: Definition  
Self-Test: No

2. In the U.S. about three-fourths of new retailing ventures fail during the first year.

(p. 296)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #2  
Question Type: Definition  
Self-Test: No

3. A consumer's choice of a retail store appears to be based almost entirely on economic needs.

(p. 297)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #3  
Question Type: Definition  
Self-Test: No

4. Social class appeal is one of the emotional needs that seems to affect a consumer's choice of a retail store.

(p. 297)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #4  
Question Type: Definition  
Self-Test: No

5. Retailers and their strategies can easily be classified based on the type of merchandise they sell.

(p. 297)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #5  
Question Type: Definition  
Self-Test: No

6. Single-line stores that used to carry anything they could sell in reasonable volume were the main retailers in the United States.  
(p. 297)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #6  
Question Type: Comprehension  
Self-Test: No

7. Most "conventional" retailers are single-line or limited-line stores that have very low expenses relative to sales.  
(p. 298)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #7  
Question Type: Definition  
Self-Test: No

8. Most single-line and limited-line stores apply the retailing philosophy of buying low and selling high.  
(p. 298)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #8  
Question Type: Definition  
Self-Test: No

9. In most countries, small limited-line retailers still account for the majority of all retailers.  
(p. 298)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #9  
Question Type: Definition  
Self-Test: No

10. Specialty shops are limited-line stores which aim at a carefully defined target market with a unique product assortment, good service, and knowledgeable salespeople.  
(p. 298)

**TRUE**

AACSB: 10 Org Dynamics; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #10  
Question Type: Definition  
Self-Test: No

11. Specialty shops will continue to be a part of the retailing scene as long as customers have varied tastes and the money to satisfy them.  
(p. 298)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #11  
Question Type: Comprehension  
Self-Test: No

12. Department stores are stores which usually try to serve customers seeking a variety of convenience products.  
(p. 299)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #12  
Question Type: Definition  
Self-Test: No

13. Department stores are larger stores that are organized into many separate departments and offer many product lines.  
(p. 299)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #13  
Question Type: Definition  
Self-Test: No

14. Department stores keep growing in numbers, sales, and market share.  
(p. 299)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #14  
Question Type: Definition  
Self-Test: No

15. The mass-merchandising concept means that retailers can succeed by selling a large volume of merchandise to a target market at low prices.  
(p. 299)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #15  
Question Type: Definition  
Self-Test: No



16. Mass-merchandisers have proved to be effective competitors in taking away department store customers.  
(p. 299)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #16  
Question Type: Definition  
Self-Test: No

17. Retailers who follow a policy of "buy low and sell high" are practicing the "mass-merchandising concept."  
(p. 299)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #17  
Question Type: Definition  
Self-Test: No

18. Warehouse clubs started the move to mass-merchandising.  
(p. 299)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #18  
Question Type: Definition  
Self-Test: No

19. The basic idea for supermarkets developed in the U.S. in the 1960s when consumers started to move from the cities to the suburbs.  
(p. 299)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #19  
Question Type: Definition  
Self-Test: No

20. Large sales volume and efficient operation are usually very important for supermarkets, since net profits usually run 1 percent of sales or less.  
(p. 299)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #20  
Question Type: Definition  
Self-Test: No

21. Super warehouse stores charge higher prices than supermarkets and focus on attracting customers who want better selections of perishables like meat and produce.  
(p. 299)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #21  
Question Type: Definition  
Self-Test: No

22. Discount stores offer "soft goods" at substantial price cuts to customers.  
(p. 299)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #22  
Question Type: Definition  
Self-Test: No

23. Today, discount houses are found in low-rent facilities, have poor images with customers, and offer few services and no guarantees.  
(p. 299-300)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #23  
Question Type: Definition  
Self-Test: No

24. A discount house is trying to meet all the customer's routine needs at a low price.  
(p. 300)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #24  
Question Type: Definition  
Self-Test: No

25. Mass-merchandisers emphasize "hard goods" while discount houses emphasize "soft goods."  
(p. 300)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #25  
Question Type: Definition  
Self-Test: No

26. Mass-merchandisers have become the primary place to shop for many frequently purchased consumer products.  
(p. 300)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #26  
Question Type: Definition  
Self-Test: No

27. Wal-Mart, one of the largest mass-merchandisers in the U.S., handles 30 percent or more of the total national sales for whole categories of products.  
(p. 300)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #27  
Question Type: Definition  
Self-Test: No

28. A "supercenter" carries all the goods and services that a consumer might routinely purchase.  
(p. 300)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #28  
Question Type: Definition  
Self-Test: No

29. A consumer who went to shop at a "supercenter" would probably expect not only to be able to buy food and health care products, but also to leave dry-cleaning or have shoes repaired.  
(p. 300)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #29  
Question Type: Definition  
Self-Test: No

30. "Supercenters" are very large stores that specialize in selling a big variety of infrequently purchased products that would otherwise be hard for consumers to find.  
(p. 300)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #30  
Question Type: Definition  
Self-Test: No

31. In addition to food, warehouse clubs carry homogeneous shopping goods.

(p. 301)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #31  
Question Type: Definition  
Self-Test: No

32. In addition to food, warehouse clubs emphasize heterogeneous shopping goods.

(p. 301)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #32  
Question Type: Definition  
Self-Test: No

33. Category killers is another name for single-line mass-merchandisers.

(p. 301)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #33  
Question Type: Definition  
Self-Test: No

34. Even though the primary focus of most self-serve mass-merchandisers is still low prices, convenience is becoming more important.

(p. 301)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #34  
Question Type: Comprehension  
Self-Test: No

35. Because of their higher margins, faster turnover, and narrower assortments, convenience food stores have the potential to be more profitable than supermarkets.

(p. 301)

**TRUE**

AACSB: 10 Org Dynamics; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #35  
Question Type: Definition  
Self-Test: No

36. Convenience food stores now compete with supermarkets, gas stations, and fast-food outlets.  
(p. 301)

**TRUE**

AACSB: 10 Org Dynamics; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #36  
Question Type: Definition  
Self-Test: No

37. The sale of candy from a vending machine at a bus station is not considered retailing since no store is involved.  
(p. 302)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #37  
Question Type: Definition  
Self-Test: No

38. The major advantage of vending machine retailing is that the costs are low relative to the volume they sell.  
(p. 302)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #38  
Question Type: Definition  
Self-Test: No

39. When RedBox rents DVD movies from vending machines at McDonald's, it is acting as a channel captain, not a retailer.  
(p. 302)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #39  
Question Type: Definition  
Self-Test: No

40. Automatic vending accounts for 15 percent of total U.S. retail sales.  
(p. 302)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #40  
Question Type: Definition  
Self-Test: No

41. Internationally, door-to-door selling is growing in popularity and, in the U.S., it accounts for more than 15 percent of all retail sales.  
(p. 302)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #41  
Question Type: Definition  
Self-Test: No

42. A prime target of telephone and direct-mail retailers is time-pressured, dual-career families.  
(p. 302)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #42  
Question Type: Definition  
Self-Test: No

43. Shoplifting is a big problem for direct-mail retailers.  
(p. 302)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #43  
Question Type: Definition  
Self-Test: No

44. Electronic shopping, which puts catalogs on cable TV or Internet websites, has not yet succeeded.  
(p. 302)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #44  
Question Type: Definition  
Self-Test: No

45. It's best to think of retailing on the Internet as just another example of how low-margin mass-merchandisers appeal to large target markets with discount prices.  
(p. 303)

**FALSE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #45  
Question Type: Definition  
Self-Test: No

46. Many types of retailers are now establishing a presence on the Internet.

(p. 303)

**TRUE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #46  
Question Type: Definition  
Self-Test: No

47. In total, the economic impact of the Internet on our current retail system has been fairly limited so far.

(p. 303)

**TRUE**

AACSB: 4 Use of IT; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #47  
Question Type: Definition  
Self-Test: No

48. Retail sales on the Internet grew very rapidly at first, but now are expected to grow slowly.

(p. 303)

**FALSE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #48  
Question Type: Definition  
Self-Test: No

49. Retailing on the Internet already accounts for about 25 percent of all retail sales.

(p. 303)

**FALSE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #49  
Question Type: Definition  
Self-Test: No

50. Retailing on the Internet currently account for only 7 percent of all retail sales.

(p. 303)

**TRUE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #50  
Question Type: Definition  
Self-Test: No

51. It is usually easier for a consumer to inspect a product in a retail store than on the Web.  
(p. 304)

**TRUE**

AACSB: 3 Analytical skills; 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #51  
Question Type: Definition  
Self-Test: No

52. It's usually possible for a consumer to get much more information about a product in a retail store than on the Web.  
(p. 304)

**FALSE**

AACSB: 3 Analytical skills; 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #52  
Question Type: Definition  
Self-Test: No

53. The Internet makes it easy to do comparison shopping of products and prices.  
(p. 304)

**TRUE**

AACSB: 4 Use of IT; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #53  
Question Type: Definition  
Self-Test: No

54. A consumer's total cost of shopping on the Internet includes delivery costs in addition to purchase price.  
(p. 304)

**TRUE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #54  
Question Type: Definition  
Self-Test: No

55. Large chains like Home Depot use their websites to supplement their stores (by using the website to drive traffic into their stores).  
(p. 304)

**TRUE**

AACSB: 4 Use of IT; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #55  
Question Type: Definition  
Self-Test: No



56. Upscale multichannel retailers like Williams-Sonoma use their websites to complement their stores (by having the different channels focus on different benefits).  
(p. 304)

**TRUE**

AACSB: 4 Use of IT; 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #56  
Question Type: Definition  
Self-Test: No

57. The "wheel of retailing" theory says that new retailers enter the market as high-status, high-margin, high-price operators and then evolve into discount stores as competition becomes more intense.  
(p. 306)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #57  
Question Type: Definition  
Self-Test: No

58. The development of department stores and supermarkets is explained by the "Wheel of Retailing" theory.  
(p. 306)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #58  
Question Type: Definition  
Self-Test: No

59. The "wheel of retailing" theory fails to explain some major retailing developments, such as vending machines and convenience food stores, which did not enter the market with a low-price emphasis.  
(p. 306)

**TRUE**

AACSB: 14 Specific knowledge  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #59  
Question Type: Definition  
Self-Test: No

60. The development of vending machines and convenience food stores is not explained by the "Wheel of Retailing" theory.  
(p. 306)

**TRUE**

AACSB: 14 Specific knowledge  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #60  
Question Type: Definition  
Self-Test: No

61. Scrambled merchandising is carrying any product lines a store thinks it can sell profitably.  
(p. 306)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #61  
Question Type: Definition  
Self-Test: No

62. "Scrambled merchandising" refers to the practice of conventional retailers handling many products within a limited-line, even though many of these products have to be sold at a low profit.  
(p. 306)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #62  
Question Type: Definition  
Self-Test: No

63. Retailers who carry any product line that will sell profitably are practicing "scrambled merchandising."  
(p. 306)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #63  
Question Type: Definition  
Self-Test: No

64. Scrambled merchandising means mixing product lines for higher profits.  
(p. 306)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #64  
Question Type: Definition  
Self-Test: No

65. The product life cycle concept applies to retailers as well as products.  
(p. 306-307)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #65  
Question Type: Definition  
Self-Test: No

66. Application of the product life cycle concept to retailing suggests that all types of retailers are in early market growth due to continually increasing family income.  
(p. 306-307)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #66  
Question Type: Definition  
Self-Test: No

67. The majority of all retailers in the U.S. have annual average sales of less than \$1 million.  
(p. 307)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #67  
Question Type: Definition  
Self-Test: No

68. Only about 11 percent of retail stores in the U.S. have annual average sales of \$5 million or more.  
(p. 307)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #68  
Question Type: Definition  
Self-Test: No

69. Less than 8 percent of all retail sales are made by smaller stores--those with sales of less than \$1 million a year.  
(p. 307)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #69  
Question Type: Definition  
Self-Test: No

70. Almost 70 percent of all retail sales are made by the largest stores--those with sales of over \$5 million a year.  
(p. 307)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #70  
Question Type: Definition  
Self-Test: No

71. The average retail store is too small to gain economies of scale.  
(p. 307)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #71  
Question Type: Definition  
Self-Test: No

72. Corporate chains are taking a smaller percentage of retail sales now that consumers are demanding lower prices.  
(p. 308)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #72  
Question Type: Definition  
Self-Test: No

73. The growth of cooperative chains of retail stores is due to the desire of small retailers to achieve some of the benefits of large-scale corporate chains.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #73  
Question Type: Definition  
Self-Test: No

74. "Cooperative chains" like True Value Hardware are retailer-sponsored groups formed by independent retailers to run their own buying organizations.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #74  
Question Type: Definition  
Self-Test: No

75. Cooperative chains tend to work with independent retailers, not corporate chain retailers.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #75  
Question Type: Definition  
Self-Test: No

76. "Voluntary chains" are retailer-sponsored groups--and "cooperative chains" are wholesaler-sponsored groups--that work together to better compete with corporate chains.  
(p. 308)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #76  
Question Type: Definition  
Self-Test: No

77. Voluntary chains like SuperValu in groceries are wholesaler-sponsored groups that work with "independent" retailers.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #77  
Question Type: Definition  
Self-Test: No

78. In a franchise operation, the franchisor develops a good marketing strategy, and the retail franchise holders carry out the strategy in their own units.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #78  
Question Type: Comprehension  
Self-Test: No

79. Franchise operations, such as Subway, Quiznos Sub, Curves, The UPS Store, Jackson Hewitt Tax Service, Dunkin' Donuts, Jani-King, RE/MAX Int'l, 7-Eleven, and Liberty Tax Service account for about a third of all retail sales.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #79  
Question Type: Application  
Self-Test: No

80. Franchising now accounts for about a third of all retail sales.  
(p. 308)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #80  
Question Type: Definition  
Self-Test: No

81. The supercenter retailing format began in the U.S. and then was exported to other countries.  
(p. 308)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 8  
Perreault - Chapter 12 #81  
Question Type: Definition  
Self-Test: No

82. Consumers in less-developed nations have the income to support mass distribution.  
(p. 308-309)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Medium  
LearnObj: 8  
Perreault - Chapter 12 #82  
Question Type: Comprehension  
Self-Test: No

83. Small limited-line shops still dominate retailing in Asia and South America because of the political and legal environments in those regions.  
(p. 309)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 8  
Perreault - Chapter 12 #83  
Question Type: Definition  
Self-Test: No

84. Retailing worldwide is likely to see a continuation of past trends--and especially growth in the profits of "conventional" retailers.  
(p. 309)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 8  
Perreault - Chapter 12 #84  
Question Type: Definition  
Self-Test: No

85. According to the U.S. Bureau of Census, wholesaling is defined as the activities of firms that sell to retailers, but do not sell in large amounts to final consumers, manufacturers, or other institutional users.  
(p. 309)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6  
Perreault - Chapter 12 #85  
Question Type: Definition  
Self-Test: No

86. Wholesalers are more likely to dominate distribution channels in more advanced economies than in less-developed ones.  
(p. 310)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6  
Perreault - Chapter 12 #86  
Question Type: Definition  
Self-Test: No

87. Progressive wholesalers are becoming more concerned with their customers and with adding value in their channels.  
(p. 310)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 6  
Perreault - Chapter 12 #87  
Question Type: Definition  
Self-Test: No

88. Wholesaling has adopted new strategies and big changes are under way even though they may be invisible to consumers.  
(p. 310)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6  
Perreault - Chapter 12 #88  
Question Type: Definition  
Self-Test: No

89. Although wholesalers no longer dominate channels in the U.S., they do provide a necessary function and have survived because of new management and new techniques.  
(p. 310-311)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6  
Perreault - Chapter 12 #89  
Question Type: Definition  
Self-Test: No

90. Agent wholesalers usually have higher operating expenses (as a percentage of sales) than merchant wholesalers.  
(p. 311-312)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #90  
Question Type: Definition  
Self-Test: No

91. When considering cost as a percent of sales, agent wholesalers are more expensive than manufacturers' sales branches.  
(p. 312)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #91  
Question Type: Definition  
Self-Test: No

92. Merchant wholesalers account for almost 90 percent of all wholesalers.  
(p. 312)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #92  
Question Type: Definition  
Self-Test: No

93. Merchant wholesalers account for over 60 percent of all wholesale sales.  
(p. 312)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #93  
Question Type: Definition  
Self-Test: No

94. Manufacturers' sales branches are warehouses that producers set up at separate locations away from their factories.  
(p. 312)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #94  
Question Type: Definition  
Self-Test: No

95. Manufacturers' sales branches operate like wholesalers, but the U.S. Census Bureau does not consider them wholesaling establishments because they do not involve a separate warehouse.  
(p. 312)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #95  
Question Type: Definition  
Self-Test: No



96. One reason manufacturers' sales branches handle almost 30 percent of wholesale sales is that they are located in the best market areas.  
(p. 312)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #96  
Question Type: Definition  
Self-Test: No

97. Manufacturers usually operate sales branches in areas where sales potential is very low--because intermediaries are not interested in serving such markets.  
(p. 312)

**FALSE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #97  
Question Type: Definition  
Self-Test: No

98. "Merchant wholesalers"--who take title to the products they sell--are the most common type of wholesaling establishment.  
(p. 312-313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #98  
Question Type: Definition  
Self-Test: No

99. In Japan products are often bought and sold by a series of merchant wholesalers on their way to the business user or retailer.  
(p. 313)

**FALSE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7,8  
Perreault - Chapter 12 #99  
Question Type: Definition  
Self-Test: No

100. A hardware wholesaler that buys nails from a manufacturer and then sells them to retail hardware stores is a merchant wholesaler.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #100  
Question Type: Definition  
Self-Test: No

101. Service wholesalers may be general-merchandise, single-line, or specialty wholesalers.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #101  
Question Type: Definition  
Self-Test: No

102. General merchandise wholesalers handle a wide variety of nonperishable items--and usually serve many different kinds of retail stores.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #102  
Question Type: Definition  
Self-Test: No

103. In consumer products, single-line wholesalers serve single-line and limited-line retail stores.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #103  
Question Type: Definition  
Self-Test: No

104. Specialty wholesalers usually sell a very narrow range of products and compete with other wholesalers who have a broader range of products by offering expert technical help and/or service to their customers.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #104  
Question Type: Definition  
Self-Test: No

105. Of all service wholesalers, specialty wholesalers carry the narrowest range of products and offer the most service.  
(p. 313)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #105  
Question Type: Definition  
Self-Test: No

106. Limited-function wholesalers provide only some of the wholesaling functions.  
(p. 314)

**TRUE**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #106  
Question Type: Definition  
Self-Test: No

107. Limited-function wholesalers provide all of the basic wholesaling functions, except that they do not take title to the products they sell.  
(p. 314)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #107  
Question Type: Definition  
Self-Test: No

108. Cash-and-carry wholesalers are limited-function wholesalers who do not grant credit, but otherwise operate like service wholesalers.  
(p. 314)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #108  
Question Type: Definition  
Self-Test: No

109. Cash-and-carry wholesalers are more common in underdeveloped nations than in the U.S.--where big warehouse clubs have taken much of the business.  
(p. 314)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7,8  
Perreault - Chapter 12 #109  
Question Type: Definition  
Self-Test: No

110. In the U.S., big warehouse clubs have taken much of the cash-and-carry wholesalers business.  
(p. 314)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #110  
Question Type: Definition  
Self-Test: No

111. Drop-shippers have low operating costs because they do not actually handle the products they sell.  
(p. 314)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #111  
Question Type: Definition  
Self-Test: No

112. Drop-shippers keep adequate quantities of every product they carry in their own warehouses so that they can ship them out quickly.  
(p. 314)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #112  
Question Type: Definition  
Self-Test: No

113. Truck wholesalers may provide almost the same services as full service wholesalers, but they usually specialize in perishable products that regular wholesalers prefer not to carry.  
(p. 314)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #113  
Question Type: Definition  
Self-Test: No

114. A retailer that buys from a rack jobber needs to have an employee who is a specialist in the products the rack jobber handles.  
(p. 314)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #114  
Question Type: Definition  
Self-Test: No

115. Catalog wholesalers usually sell to business customers who don't have a local wholesaler or otherwise are not called on by other wholesalers.  
(p. 314)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #115  
Question Type: Definition  
Self-Test: No

116. Agent wholesalers do not own the products they sell, but they usually perform even more functions than a service wholesaler.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #116  
Question Type: Definition  
Self-Test: No

117. Agent wholesalers typically provide even more functions than full service merchant wholesalers.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #117  
Question Type: Definition  
Self-Test: No

118. Agent wholesalers operate at relatively low cost--sometimes 2 to 6 percent of their selling price.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #118  
Question Type: Comprehension  
Self-Test: No

119. Agent wholesalers are very common in international marketing.  
(p. 315)

**TRUE**

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7,8  
Perreault - Chapter 12 #119  
Question Type: Definition  
Self-Test: No

120. Manufacturers' agents sell related products for several competing manufacturers.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #120  
Question Type: Definition  
Self-Test: No

121. More than half of all agent wholesalers are manufacturers' agents.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #121  
Question Type: Definition  
Self-Test: No

122. Manufacturers' agents don't cost the producer anything until something sells.  
(p. 315)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #122  
Question Type: Comprehension  
Self-Test: No

123. Manufacturers' agents earn higher commissions for introducing new products than they do for selling established products.  
(p. 315)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #123  
Question Type: Comprehension  
Self-Test: No

124. Manufacturers' agents are usually much less expensive than a company's own sales force in market areas where sales potential is low.  
(p. 315)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #124  
Question Type: Definition  
Self-Test: No

125. Manufacturers' agents do not take title to the products they sell--and are paid a commission on sales.  
(p. 315)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #125  
Question Type: Definition  
Self-Test: No

126. Manufacturers' agents are mainly used as an inexpensive way to continue getting sales for a product--once a company's own sales force has successfully introduced it to the market.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #126  
Question Type: Definition  
Self-Test: No

127. Export or import agents are basically merchant wholesalers who specialize in international trade.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #127  
Question Type: Definition  
Self-Test: No

128. Export and import agents are basically manufacturers' agents who specialize in international trade.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #128  
Question Type: Definition  
Self-Test: No

129. Brokers usually have a long-term relationship with the buyers and sellers.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #129  
Question Type: Definition  
Self-Test: No

130. Brokers usually have a temporary relationship with the buyer and seller.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #130  
Question Type: Definition  
Self-Test: No

131. The "Product" that brokers sell is information about what buyers need and what supplies are available.  
(p. 315)

**TRUE**

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #131  
Question Type: Definition  
Self-Test: No

132. A broker's "product" is market information.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #132  
Question Type: Definition  
Self-Test: No

133. Over time, use of the Internet will result in a larger number of brokers.  
(p. 315)

**FALSE**

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7,9  
Perreault - Chapter 12 #133  
Question Type: Definition  
Self-Test: No

134. Agents and brokers are wholesalers that take title to the merchandise and products that they sell.  
(p. 315)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #134  
Question Type: Definition  
Self-Test: No

135. A selling agent takes over the whole marketing job of producers, not just the selling function.  
(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #135  
Question Type: Definition  
Self-Test: No



136. A manufacturers' agent represents a manufacturer in some specified geographic area, while selling agents usually handle the entire output of one or more producers.

(p. 315)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #136  
Question Type: Definition  
Self-Test: No

137. Selling agents avoid working for a manufacturer that is having financial trouble because of the high risk.

(p. 316)

**FALSE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #137  
Question Type: Definition  
Self-Test: No

138. A combination export manager is a blend of manufacturers' agent and selling agent.

(p. 316)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #138  
Question Type: Definition  
Self-Test: No

139. Auction companies are used for products where demand and supply conditions change rapidly.

(p. 316)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #139  
Question Type: Definition  
Self-Test: No

140. With auction companies, demand and supply interact to determine the price.

(p. 316)

**TRUE**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #140  
Question Type: Definition  
Self-Test: No

141. The Internet has expanded the number of auction companies in lines of business where auctions have previously not been common.

(p. 316)

**TRUE**

AACSB: 12 IT influences  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7,9  
Perreault - Chapter 12 #141  
Question Type: Definition  
Self-Test: No

142. "Retailing" refers to:

(p. 295)

- A.** the sale of products to final consumers.
- B. the sale of both business and consumer products.
- C. the sale of consumer products to wholesalers, retailers, or final consumers.
- D. the performance of regrouping activities.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #142  
Question Type: Self-Test  
Self-Test: Self-Test

143. \_\_\_\_\_ covers all of the activities involved in the sale of products to final consumers.

(p. 295)

- A. Distributing
- B.** Retailing
- C. Manufacturing
- D. Wholesaling
- E. Marketing

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #143  
Question Type: Definition  
Self-Test: No

144. "Retailing" covers all the activities involved in the sale of products to:

(p. 295)

- A.** final consumers.
- B. organizational and business customers.
- C. producer/suppliers.
- D. intermediaries.
- E. All of the above.

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #144  
Question Type: Definition  
Self-Test: No

145. Which of the following best describes what "retailing" involves?

(p. 295)

- A. The sale of consumer products to wholesalers, retailers, or final consumers.
- B. The performance of all merchandising activities except promotion and pricing.
- C. The sale of both business and consumer products.
- D.** The sale of products to final consumers.
- E. All of the above describe what retailing involves.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #145  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

146. Which of the following is NOT retailing?

(p. 295)

- A. A vacuum cleaner manufacturer hires its own sales force to sell door to door.
- B. A private ambulance service takes an accident victim to a hospital and charges him \$100.
- C. A group of students sell donuts to people passing by their dorm.
- D. A book wholesaler has a mail-order catalog which offers discounts to final consumers who buy by mail.
- E.** All of the above are retailing.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 1  
Perreault - Chapter 12 #146  
Question Type: Application  
Self-Test: No

147. The main difference between retailing and wholesaling is that:

(p. 295,309)

- A. Retailing involves selling to other merchants and wholesaling does not.
- B. Retailing involves selling to business customers and wholesaling does not.
- C. Technology is more important in wholesaling than in retailing.
- D.** Wholesaling involves selling mainly to other merchants and business customers, but retailing involves selling mainly to final consumers.
- E. Wholesaling involves selling to final consumers and retailing does not.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1,6  
Perreault - Chapter 12 #147  
Question Type: Comprehension  
Self-Test: No

148. The percentage of new retailing ventures which fail during their first year is:

(p. 296)

- A. two-thirds.
- B. three-fourths.**
- C. one-half.
- D. one-fourth.
- E. one-third.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 1  
Perreault - Chapter 12 #148  
Question Type: Comprehension  
Self-Test: No

149. A "good" retail strategy planner knows that:

(p. 296)

- A. it's a mistake to try to develop a strategy that isn't equally appealing to all social class groups.
- B. the failure rate among beginning retailers is quite high.**
- C. emotional needs are more important than economic needs in choosing a retailer.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #149  
Question Type: Self-Test  
Self-Test: Self-Test

150. Which of the following could be considered a part of a retailer's "Product"?

(p. 296-297)

- A. advice from salespeople.
- B. assortment of services.
- C. convenient parking.
- D. width and depth of product assortment.
- E. all of the above.**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #150  
Question Type: Comprehension  
Self-Test: No

151. Which of the following could be considered part of a retailer's "Product"?

(p. 296-297)

- A. location of store.
- B. width and depth of product assortment.
- C. reputation for fairness.
- D. helpfulness of salespeople.
- E. all of the above.**

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #151  
Question Type: Comprehension  
Self-Test: No

152. A retailer's "Product" may include:

(p. 296-297)

- A. a particular assortment of goods and services.
- B. location.
- C. advice from salesclerks.
- D. convenience.
- E.** all of the above.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #152  
Question Type: Comprehension  
Self-Test: No

153. Which of the following is NOT relevant regarding why some consumers prefer one retailer over another?

(p. 296-297)

- A. Convenience.
- B. Social image.
- C. Assortment carried.
- D. Service.
- E.** All of the above can be relevant.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #153  
Question Type: Comprehension  
Self-Test: No

154. A good marketing manager for a retailer knows that:

(p. 297)

- A. economic needs are more important than emotional needs in choosing a store.
- B. shopping atmosphere has little comparative importance.
- C. consumers only go to stores that offer the lowest possible prices.
- D.** individual consumers have different economic and emotional needs.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 1  
Perreault - Chapter 12 #154  
Question Type: Comprehension  
Self-Test: No

155. Which of the following is an economic need which helps explain why consumers choose a particular retailer?  
(p. 297)

- A. Prestige
- B. Status
- C. Comfort
- D.** Value
- E. Safety

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #155  
Question Type: Definition  
Self-Test: No

156. Which of the following is a feature of a retailer's offering that relates to the economic needs of consumers?  
(p. 297)

- A.** Selection.
- B. Status.
- C. Comfort.
- D. Prestige.
- E. Excitement.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #156  
Question Type: Comprehension  
Self-Test: No

157. Which of the following is NOT an economic need which helps explain why consumers choose a particular retailer?  
(p. 297)

- A. Helpful information
- B. Product selection
- C. Prices
- D.** Social image
- E. Fairness in dealings

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #157  
Question Type: Definition  
Self-Test: No

158. Which of the following is NOT an economic need which helps explain why consumers choose a particular retailer?  
(p. 297)

- A. Information
- B. Shopping atmosphere**
- C. Special services
- D. Convenience
- E. Quality

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #158  
Question Type: Definition  
Self-Test: No

159. Which of the following is a feature of a retailer's offering that relates to emotional needs?  
(p. 297)

- A. Social image**
- B. Convenience
- C. Product selection
- D. Helpful information
- E. Special services

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 1  
Perreault - Chapter 12 #159  
Question Type: Application  
Self-Test: No

160. Most conventional retailers in the U.S. are:  
(p. 298)

- A. supermarkets.
- B. mass-merchandisers.
- C. limited-line stores.**
- D. specialty stores.
- E. department stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #160  
Question Type: Comprehension  
Self-Test: No

161. Which of the following is the best example of a conventional retailer?  
(p. 298)

- A. A limited-line store.**
- B. A department store.
- C. A supermarket.
- D. A convenience (food) store.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #161  
Question Type: Comprehension  
Self-Test: No

162. According to the text, single-line stores are also known as  
(p. 298)

- A. general stores.
- B. limited-line stores.**
- C. specialty shops.
- D. department stores.
- E. boutique stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #162  
Question Type: Definition  
Self-Test: No

163. A limited-line store is to a single-line store as  
(p. 298)

- A. a tennis shop is to a sporting goods store.**
- B. a paint store is to a drugstore.
- C. quality is to price.
- D. a CD and tape store is to a movie theater.
- E. full service is to self-service.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #163  
Question Type: Application  
Self-Test: No

164. A typical problem for limited-line retailers is that:  
(p. 298)

- A. it is almost impossible for them to satisfy any particular target markets better than other types of retailers.
- B. their marketing strategy usually relies only on low price.
- C. they usually cannot carry enough items in a line for any customers to find what they want.
- D. many of the items they carry are slow moving.**
- E. All of the above are problems.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #164  
Question Type: Self-Test  
Self-Test: Self-Test



165. Which of the following statements about single- and limited-line stores is TRUE?

(p. 298)

- A. Many are small, with high expenses relative to sales.
- B. They usually believe in a "buy low and sell high" philosophy.
- C. Such stores face the costly problem of having to stock some slow-moving items in order to satisfy their target markets.
- D. Most conventional retailers are single- or limited-line stores.
- E. All of the above are true.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #165  
Question Type: Comprehension  
Self-Test: No

166. Limited-line stores

(p. 298)

- A. specialize in certain lines of related products rather than a wide assortment.**
- B. carry anything they can sell in reasonable volume.
- C. are a type of unconventional general store.
- D. are larger stores that are organized into many separate departments and offer many product lines.
- E. seldom build good relationships with their customers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #166  
Question Type: Definition  
Self-Test: No

167. Which of the following are NOT "conventional retailers"?

(p. 298-299)

- A. Single-line stores
- B. General stores
- C. Supermarkets**
- D. Limited-line stores
- E. None of the above, i.e., all are "conventional retailers."

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #167  
Question Type: Definition  
Self-Test: No

168. A \_\_\_\_\_ is a type of conventional limited-line store that is usually small and has a distinct "personality."

(p. 298)

- A. general store
- B. mass-merchandising shop
- C. specialty shop**
- D. department store
- E. hypermarket

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #168  
Question Type: Definition  
Self-Test: No

169. A \_\_\_\_\_ aims at a carefully defined target market by offering a unique product assortment, knowledgeable salesclerks, and better service.  
(p. 298)

- A. General store
- B. Mass-merchandising shop
- C. Specialty shop**
- D. Department store
- E. Convenience store

AACSB: 10 Org Dynamics; 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #169  
Question Type: Definition  
Self-Test: No

170. Specialty shops:  
(p. 298)

- A. offer fewer services than the typical limited-line store.
- B. have trouble deciding what to carry because it's hard for them to get to know what their customers want.
- C. rely heavily on knowledgeable salesclerks.**
- D. All of the above.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #170  
Question Type: Comprehension  
Self-Test: No

171. Specialty shops generally:  
(p. 298)

- A. want to be known for the distinctiveness of their product assortment and the special services they offer.**
- B. sell homogeneous shopping products.
- C. are very good at speeding turnover.
- D. carry complete lines--like department stores.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #171  
Question Type: Definition  
Self-Test: No

172. Specialty shops:

(p. 298)

- A. generally try to become well known for the distinctiveness of their line and the special services offered.
- B. generally carry complete lines--like department stores.
- C. carry specialty products almost exclusively.
- D. generally use a mass-marketing approach.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #172  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

173. The "Fashion Place" carries a carefully selected and distinctive assortment of traditional women's business clothing and accessories for upper-class executives in Boston. It emphasizes customer service with its well-trained salesclerks. The store is probably a:

(p. 298)

- A. small department store.
- B. specialty shop.
- C. convenience store.
- D. single-line store.
- E. specialty store.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #173  
Question Type: Application  
Self-Test: No

174. "Soak" is a retailer with two locations in a major metropolitan area, both of which are in large, popular shopping centers. It carries a unique assortment of high-quality shower and bath products, such as soaps, bubble bath, and bath oils. One of its most popular products is a "bath bomb"—a round ball that fizzes and releases aromatic bath oils when placed in a bathtub filled with warm water. The small staff at the store is very knowledgeable about the store's products and provides a high level of customer service. "Soak" would be classified as a:

(p. 298)

- A. Convenience store.
- B. Department store.
- C. Discount house.
- D. Specialty shop.
- E. General store.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #174  
Question Type: Application  
Self-Test: No

175. Compared to more conventional retailers, which of the following retailers offer both expanded assortment and service?  
(p. 298)

- A. mass-merchandisers.
- B. door-to-door salespeople.
- C. telephone and mail order.
- D.** specialty shops.
- E. supermarkets.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #175  
Question Type: Comprehension  
Self-Test: No

176. Department stores:  
(p. 299)

- A. Are no longer a major retail force in large U.S. cities.
- B. Have increased in number since the 1970s.
- C.** Usually offer many product lines.
- D. Have increased their share of retail business since the 1970s.
- E. Are not threatened by mass-merchandising retailers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #176  
Question Type: Definition  
Self-Test: No

177. Department stores:  
(p. 299)

- A. usually aim at customers seeking convenience products.
- B. have accounted for a larger share of retail sales every year since 1950.
- C. have no trouble holding their own against mass-merchandisers.
- D.** are organized into separate departments.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #177  
Question Type: Definition  
Self-Test: No

178. Department stores:  
(p. 299)

- A. are basically a group of limited-line stores under one roof.
- B. are decreasing in number, average sales per store, and share of retail business.
- C. usually aim at customers seeking shopping products.
- D.** All of the above are true.
- E. Only B and C are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #178  
Question Type: Comprehension  
Self-Test: No

179. Department stores:

(p. 299)

- A. are large stores which emphasize depth and distinctiveness rather than variety.
- B.** have declined since the 1970s because of competition from well-run limited-line stores and mass-merchandisers.
- C. are usually weak in customer service.
- D. usually emphasize specialty products.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #179  
Question Type: Comprehension  
Self-Test: No

180. \_\_\_\_\_ stores are usually strong in customer services, including credit, merchandise return, delivery, and sales help.

(p. 299)

- A. General
- B. Limited-line
- C.** Department
- D. Specialty
- E. Luxury

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #180  
Question Type: Application  
Self-Test: No

181. The "mass-merchandising" concept:

(p. 299)

- A. suggests aiming at small but profitable target markets.
- B.** focuses on increasing sales and speeding turnover by lowering prices.
- C. supports the conventional retailer's "buy-low and sell-high" philosophy.
- D. stresses the need for conventional stores.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #181  
Question Type: Comprehension  
Self-Test: No

182. The \_\_\_\_\_ says that retailers should offer low prices to get faster turnover and greater sales volumes by appealing to larger markets.  
(p. 299)

- A. Wheel of retailing theory
- B. Production concept
- C. Mass-merchandising concept**
- D. Sales concept
- E. Primary industry theory

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #182  
Question Type: Application  
Self-Test: No

183. The idea underlying the mass-merchandising concept is that:  
(p. 299)

- A. A big profit on each item sold won't earn much if sales volume is low.**
- B. Inventory is a big cost, so everything you stock should be out on a shelf where it can be seen by the mass market.
- C. A retailer must "buy low and sell high" if it's going to make an attractive profit.
- D. It is better to sell more at the same price--since total revenue will increase.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #183  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

184. Compared to conventional retailers, which of the following types of retailers offer a wider product assortment but less service?  
(p. 299)

- A. convenience stores.
- B. supermarkets.**
- C. telephone order retailers.
- D. department stores.
- E. limited-line stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #184  
Question Type: Comprehension  
Self-Test: No

185. The first retailers to really show the importance of the mass-merchandising concept were the operators of:

(p. 299)

- A. general stores.
- B. supermarkets.**
- C. single-line stores.
- D. department stores.
- E. limited-line stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #185  
Question Type: Comprehension  
Self-Test: No

186. Which of the following retailers was the first to adopt the mass-merchandising concept?

(p. 299)

- A. department stores.
- B. discount houses.
- C. supermarkets.**
- D. general stores.
- E. supercenters.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #186  
Question Type: Comprehension  
Self-Test: No

187. Expanded assortment and/or reduced margins and service are characteristic of

(p. 298-299)

- A. supermarkets.**
- B. convenience stores.
- C. specialty shops.
- D. Internet.
- E. department stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #187  
Question Type: Definition  
Self-Test: No

188. A retail store that averages about \$20 million in sales annually and specializes in groceries--with self-service and large assortments is a:

(p. 299)

- A. mass-merchandise.
- B. specialty shop.
- C. convenience food store.
- D. discount house.
- E. supermarket.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #188  
Question Type: Definition  
Self-Test: No

189. Supermarkets:

(p. 299)

- A. Usually earn net profits that are at least 15 percent of sales.
- B. Were late adopters of the mass-merchandising concept.
- C. Usually carry about 100,000 product items per store.
- D. Are designed to maximize efficiency.**
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #189  
Question Type: Definition  
Self-Test: No

190. Regarding supermarkets, which of the following statements is TRUE?

(p. 299)

- A. It's best to think of supermarkets as "conventional retailers."
- B. Supermarket net profits after taxes usually are about 1 percent of sales--or less.**
- C. Worldwide, supermarkets make up the majority of food stores.
- D. The early supermarkets were based on the premise that consumers would pay more for better selection and service.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #190  
Question Type: Comprehension  
Self-Test: No



191. Supermarkets are

(p. 299)

- A. stores offering "hard goods" at substantial price cuts to customers.
- B. large, self-service stores with many departments that emphasize "soft goods" and staples but still follow the discount house's emphasis on lower margins to get faster turnover.
- C.** large stores specializing in groceries with self-service and wide assortments.
- D. very large stores that try to carry not only food and drug items but all goods and services that the consumer purchases routinely.
- E. a convenience-oriented variation of the conventional limited-line food stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #191  
Question Type: Definition  
Self-Test: No

192. Regarding supermarkets, which of the following statements is TRUE?

(p. 299)

- A. They average less than \$5 million a year in sales.
- B. Net profits after taxes usually amount to about 3 percent of sales.
- C. Compared to super warehouse stores, they offer lower prices and more service.
- D. All of the above are true.
- E.** None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #192  
Question Type: Comprehension  
Self-Test: No

193. Regarding supermarkets, which of the following is NOT true?

(p. 299)

- A. They introduced self-service to reduce their costs.
- B.** After-tax profits are very good--averaging 10 to 15 percent of sales.
- C. The newer ones carry 45,000 product items.
- D. They average about \$20 million a year in sales.
- E. They got their start as an experiment during the Depression.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #193  
Question Type: Self-Test  
Self-Test: Self-Test

194. \_\_\_\_\_ offer "hard goods" at substantial price cuts to customers.

(p. 299)

- A. Supermarkets
- B. Discount houses**
- C. Supercenters
- D. Mass-merchandisers
- E. Convenience stores

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #194  
Question Type: Definition  
Self-Test: No

195. Regarding discount houses, which of the following statements is TRUE?

(p. 299-300)

- A. The early discount houses emphasized hard goods.
- B. While some conventional retailers cut price on competitive items, discount houses regularly sell all of their products at smaller markups.
- C. As early discounters were able to offer full assortments, they also sought "respectability" and moved to better locations.
- D. Discount houses are fast-turnover, price-cutting operations.
- E. All of the above are true.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #195  
Question Type: Comprehension  
Self-Test: No

196. Large self-service retail stores that emphasize lower margins to get faster turnover--especially on "soft goods"--are called:

(p. 300)

- A. mass-merchandisers.**
- B. convenience food stores.
- C. department stores.
- D. specialty shops.
- E. single-line stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #196  
Question Type: Definition  
Self-Test: No

197. Mass-merchandisers:  
(p. 300)

- A. locate only in large downtown areas with large sales potential.
- B.** are large, self-service stores which stress low price to get faster turnover.
- C. emphasize nationally-advertised "hard goods."
- D. usually have about as much floor space as the average supermarket.
- E. Both A and D are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #197  
Question Type: Comprehension  
Self-Test: No

198. Which of the following are large, self-service stores with many departments that emphasize "soft goods" and staples but still follow the discount house's emphasis on lower margins to get faster turnover?  
(p. 300)

- A. Supermarkets
- B. Discount houses
- C. Supercenters
- D.** Mass-merchandisers
- E. Direct-mail retailers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #198  
Question Type: Application  
Self-Test: No

199. Mass-merchandisers:  
(p. 300)

- A. face a bright future and increasing profits--because of decreasing competition.
- B.** usually operate with low margins on individual items.
- C. operate on the "buy low, sell high" philosophy.
- D. try to reduce costs by reducing inventory turnover.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #199  
Question Type: Comprehension  
Self-Test: No

200. Mass-merchandisers:  
(p. 300)

- A. usually operate with low margins on individual items.
- B. are facing declining profits--because of the intense competition.
- C. generally run a self-service operation.
- D. are concerned with maintaining high inventory turnover.
- E.** All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #200  
Question Type: Comprehension  
Self-Test: No

201. Supercenters are also known as

(p. 300)

- A. hypermarkets.
- B. mass-merchandisers.
- C. discount houses.
- D. supermarkets.
- E. single-line mass merchandisers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #201  
Question Type: Definition  
Self-Test: No

202. A "supercenter":

(p. 300)

- A. tries to provide all of a customer's routine needs--at a low price.
- B. probably would not affect nearby supermarkets.
- C. is just another name for a mass-merchandiser.
- D. is a large department store which uses supermarket methods.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #202  
Question Type: Comprehension  
Self-Test: No

203. A "supercenter":

(p. 300)

- A. is just another name for a mass-merchandiser.
- B. essentially refers to large department stores which have adopted supermarket-style operating procedures and methods.
- C. is concerned with providing all of the customer's routine needs at a low price.
- D. is another name for a "category killer."
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #203  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

204. Which of the following is LEAST likely to be sold by a supercenter?

(p. 300)

- A. Trash compactor
- B. Photo finishing
- C. Lawn care materials
- D. Aspirin
- E. Milk

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #204  
Question Type: Application  
Self-Test: No

205. Very large retail stores that carry not only foods--but all goods and services which consumers purchase ROUTINELY--are called:

(p. 300)

- A. supercenters.
- B. general stores.
- C. supermarkets.
- D. mass-merchandisers.
- E. department stores.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #205  
Question Type: Definition  
Self-Test: No

206. Warehouse clubs such as Sam's Club and Costco

(p. 301)

- A. usually operate in large, no-frills facilities.
- B. have been successful targeting small-business customers.
- C. emphasize homogeneous shopping products.
- D. usually charge consumers an annual membership fee.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #206  
Question Type: Definition  
Self-Test: No

207. Regarding retailing, which of the following statements is NOT true?

(p. 301)

- A. Supermarkets average about \$17 million in sales per year.
- B. Single-line mass-merchandisers have not been successful--probably because their assortments are so limited.
- C. Mass-merchandisers put less emphasis on knowledgeable salespeople than more conventional retailers.
- D. Discount houses got their start selling "hard goods" at lower prices.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #207  
Question Type: Comprehension  
Self-Test: No

208. Which of the following would be considered a retailing "category killer"?

(p. 301)

- A. PetSmart (pet supplies)
- B. Circuit City (electronics)
- C. Home Depot (home improvements)
- D. IKEA (furniture)
- E.** all of the above

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #208  
Question Type: Definition  
Self-Test: No

209. Which of the following would be considered a retailing "category killer"?

(p. 301)

- A. Office Depot (office supplies)
- B. PayLess (drugstores)
- C. Lowe's (home improvements)
- D. Barnes & Noble (books)
- E.** all of the above

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #209  
Question Type: Definition  
Self-Test: No

210. Convenience (food) stores offer:

(p. 301)

- A. wide assortments.
- B. low prices.
- C. more customer service than supermarkets.
- D.** a limited assortment of "fill-in" items.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #210  
Question Type: Definition  
Self-Test: No

211. Convenience (food) stores:

(p. 301)

- A. have no competitors.
- B. charge about the same prices as nearby supermarkets.
- C.** try to earn better profits by high margins on a narrow assortment which turns over quickly.
- D. offer greater width of assortment but less depth than most supermarkets.
- E. none of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #211  
Question Type: Comprehension  
Self-Test: No

212. Which of the following statements about convenience stores is False?

(p. 301)

- A. Many convenience stores also sell gasoline.
- B.** Prices on individual items are usually lower than in a supermarket.
- C. They have begun to compete with fast-food restaurants.
- D. They have a more limited assortment than do supermarkets.
- E. None of the above statements is false.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #212  
Question Type: Comprehension  
Self-Test: No

213. Regarding automatic vending, which of the following statements is TRUE?

(p. 302)

- A. It is important for cigarettes, soft drinks, and candy.
- B. Costs are relatively high because the machines are expensive to stock and repair.
- C. Although its growth has been spectacular, automatic vending still accounts for less than 2 percent of total U.S. retail sales.
- D. A major advantage is customer convenience.
- E.** All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #213  
Question Type: Comprehension  
Self-Test: No

214. Vending machine

(p. 302)

- A. sales now account for almost 20 percent of consumer spending.
- B. retailing requires a lower margin to cover costs than for comparable products sold in stores.
- C. retailing has been declining.
- D.** sales now include higher-margin products like digital cameras and iPods.
- E. None of the above is true.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #214  
Question Type: Comprehension  
Self-Test: No

215. Compared to conventional retailers, which of the following types of retailers added more convenient service while reducing product assortment?  
(p. 298,302)

- A. specialty shops
- B. category killers
- C. vending machines**
- D. mass-merchandisers
- E. super warehouses

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #215  
Question Type: Comprehension  
Self-Test: No

216. Door-to-door selling at consumers' homes:  
(p. 302)

- A. meets some consumers' needs for convenience.**
- B. can be very useful for selling convenience products.
- C. accounts for more than 5 percent of total U.S. retail sales.
- D. All of the above are true.
- E. None of the above are true.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #216  
Question Type: Comprehension  
Self-Test: No

217. Compared to conventional retailers, which of the following types of retailers added more convenient service while reducing product assortment?  
(p. 298,302)

- A. door-to-door salespeople.**
- B. department stores.
- C. specialty shops.
- D. single-line stores.
- E. supercenters.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #217  
Question Type: Comprehension  
Self-Test: No



218. In recent years, changes in the social and cultural environment have had a significant effect on door-to-door selling. Which of the following is MOST likely given the changes that have occurred?  
(p. 302)
- A. Fuller Brush has seen a dramatic increase in profits from its door-to-door selling operations.
  - B.** Sarah Coventry Jewelry has started distributing its products through jewelry stores because of the difficulties of finding someone at home during the day.
  - C. Avon Cosmetics has found that it needs a larger door-to-door sales force because dual career families have more income and more demand.
  - D. None of the above is likely.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #218  
Question Type: Application  
Self-Test: No

219. Identify the characteristics of vending machines, and door-to-door retailing.  
(p. 298,302)
- A. Expanded assortment, reduced margins, and more information.
  - B.** Added convenience and higher than conventional margins, usually reduced assortment.
  - C. Expanded assortment and/or reduced margins and service.
  - D. Expanded assortment and service.
  - E. Expanded assortment and service, and more information.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #219  
Question Type: Application  
Self-Test: No

220. Time-pressured, dual-career families are a prime target market for  
(p. 302)
- A. specialty shops.
  - B. department stores.
  - C. door-to-door selling.
  - D.** telephone and direct-mail retailing.
  - E. category killers.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #220  
Question Type: Application  
Self-Test: No

221. Telephone and direct-mail retailers:

(p. 302)

- A. have real trouble selling because they only target the really wealthy.
- B. have real trouble reaching their target markets, since their customers are so dispersed geographically.
- C.** can do well with products that would be unprofitable for a local retailer to carry.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #221  
Question Type: Comprehension  
Self-Test: No

222. Telephone and direct-mail retailing:

(p. 302)

- A.** profit margins have been falling because of increased competition.
- B. have not had much success with expensive items, but do well with low prices on general merchandise.
- C. was once popular, but the Internet put all these firms out of business.
- D. is generally a mass marketing approach.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #222  
Question Type: Comprehension  
Self-Test: No

223. Regarding direct-mail retailers, which of the following statements is TRUE?

(p. 302)

- A. They emphasize low-price "commodities" that can be found in local stores.
- B. Their profit margins are rising.
- C. Their competition is decreasing.
- D.** Some aim at very narrow target markets.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 2,3  
Perreault - Chapter 12 #223  
Question Type: Comprehension  
Self-Test: No

224. Regarding direct-mail retailers, which of the following statements is TRUE?

(p. 302)

- A. They emphasize low-price "commodities" that can be found in local stores.
- B. The Internet has put most of these retailers out of business.
- C. They have higher operating costs than most conventional retailers.
- D.** Some aim at very specific target markets.
- E. All of the above are true.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3  
Perreault - Chapter 12 #224  
Question Type: Self-Test  
Self-Test: Self-Test

225. Expanded assortment, reduced margins, and more information are characteristics of

(p. 298,303)

- A. club stores.
- B. specialty shops.
- C. mail order.
- D. Internet.**
- E. department stores.

AACSB: 12 IT influences  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #225  
Question Type: Definition  
Self-Test: No

226. Retailing on the Internet:

(p. 303-304)

- A. Can provide consumers with a broad array of product information.
- B. Still accounts for a very small percentage of total retail sales.
- C. Is growing rapidly.
- D. May entail significant expenditures on physical distribution.
- E. All of the above.**

AACSB: 12 IT influences  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #226  
Question Type: Comprehension  
Self-Test: No

227. Regarding retailing, which of the following is LEAST LIKELY to occur in the future?

(p. 303)

- A. Vertical integration will increase in importance in the channels.
- B. Internet shopping will become less popular.**
- C. More manufacturers will go into retailing.
- D. Along with larger stores, there will also be more smaller stores.
- E. Scrambled merchandising will continue to increase.

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Medium  
LearnObj: 9  
Perreault - Chapter 12 #227  
Question Type: Integrating  
Self-Test: No

228. Retailing on the Internet:

(p. 303-304)

- A. makes it hard for consumers to compare products or prices.
- B. is limited to only a few mass-merchandisers.
- C. makes shopping very convenient for some consumers.**
- D. is not expected to grow very fast.
- E. all of the above.

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3,9  
Perreault - Chapter 12 #228  
Question Type: Comprehension  
Self-Test: No

229. Some differences between online and in-store customers include:

(p. 304)

- A. In-store customers can usually inspect and immediately use the product.
- B. Online customers are usually younger, better educated, and more upscale.
- C. In-store customers usually get better customer service.
- D. Online customers usually have better access to comparative information about products.
- E.** All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3,9  
Perreault - Chapter 12 #229  
Question Type: Comprehension  
Self-Test: No

230. Which of the following statements about retailing on the Internet is(are) true?

(p. 304)

- A. More product information is readily available.
- B. Product assortments available are not limited by the customer's location.
- C. Price comparisons are easy.
- D.** All of the above are true.
- E. None of the above is true.

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3,9  
Perreault - Chapter 12 #230  
Question Type: Comprehension  
Self-Test: No

231. Internet retailers include:

(p. 303-305)

- A. limited-line retailers.
- B. service providers.
- C. mass-merchandisers.
- D. department stores.
- E.** all of the above.

AACSB: 12 IT influences  
Chapter: 12  
Difficulty: Easy  
LearnObj: 2,3,9  
Perreault - Chapter 12 #231  
Question Type: Definition  
Self-Test: No

232. Which of these Internet approaches is LEAST likely to succeed?

(p. 304-305)

- A. Online-only retailer Amazon differentiates its offering by being more efficient than its competitors.
- B. Multichannel retailer Williams-Sonoma uses its website to complement its stores and catalogs.
- C. Catalog operator L.L. Bean uses its website to focus on the specific needs of targeted customers.
- D. Large chain operator Home Depot uses its website to supplement its stores and other promotion.
- E.** All of the above are valid approaches and likely to succeed.

AACSB: 4 Use of IT  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3,9  
Perreault - Chapter 12 #232  
Question Type: Comprehension  
Self-Test: No

233. Which of the following are possible Internet approaches for a retailer?

(p. 304-305)

- A. Using its website to supplement its bricks-and-mortar stores.
- B. Using its website to complement its stores and catalogs.
- C. Using its website to be more efficient than competitors.
- D. Using its website to focus on the specific needs of its target customers.
- E. All of the above.**

AACSB: 4 Use of IT

Chapter: 12

Difficulty: Hard

LearnObj: 2,3,9

Perreault - Chapter 12 #233

Question Type: Comprehension

Self-Test: No

234. The "wheel of retailing" theory says that:

(p. 306)

- A. retailers go through cycles from high costs and prices to lower costs and profits.
- B. general stores will dominate U.S. retailing in the next century.
- C. new types of retailers enter as low-status, low-margin, low-price operators and eventually offer more services and charge higher prices.**
- D. all of the above are true.
- E. none of the above are true.

AACSB: 14 Specific knowledge

Chapter: 12

Difficulty: Hard

LearnObj: 4

Perreault - Chapter 12 #234

Question Type: Definition

Self-Test: No

235. The "Wheel of Retailing" theory suggests that:

(p. 306)

- A. retail stores do not have life cycles.
- B. retailing profits tend to be cyclical.
- C. only the largest retailers have a chance to survive in a fast-moving economy.
- D. new types of retailers enter as low-price operators and eventually begin to offer more services and charge higher prices.**
- E. only discounters can survive in the long run.

AACSB: 14 Specific knowledge

Chapter: 12

Difficulty: Easy

LearnObj: 4

Perreault - Chapter 12 #235

Question Type: LearnAid

Self-Test: Self-Test & Learn Aid

236. The idea that new types of retailers begin as low-status, low-margin, low-price operators and then--if successful--evolve into more conventional retailers offering more services is called the:

(p. 306)

- A. wheel of retailing theory.
- B. pyramid concept.
- C. scrambled merchandising concept.
- D. superstore concept.
- E. mass-merchandising concept.

AACSB: 14 Specific knowledge  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #236  
Question Type: Definition  
Self-Test: No

237. The \_\_\_\_\_ says that new types of retailers enter the market as low-status, low-margin, low-price operators and then, if successful, evolve into more conventional retailers offering more services with higher operating costs and higher prices.

(p. 306)

- A. production concept
- B. wheel of retailing theory
- C. mass-merchandising concept
- D. sales concept
- E. break-even analysis

AACSB: 14 Specific knowledge  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #237  
Question Type: Definition  
Self-Test: No

238. The wheel of retailing concept

(p. 306)

- A. is consistent with the emergence of supermarkets in the 1930s.
- B. explains the early success of convenience (food) stores.
- C. explains the early success of vending machines.
- D suggests that new types of retailers usually emerge as high-price, high-cost operations, and then cut . their prices as competitors enter the market.
- E. None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #238  
Question Type: Comprehension  
Self-Test: No

239. "Scrambled merchandising" refers to:

(p. 306)

- A. retailers shifting from one product-market to another (e.g., a food retailer shifting to clothing).
- B. limited-line retailers carrying wide assortments.
- C.** retailers carrying any product lines they can sell profitably.
- D. displays of impulse products in supermarkets.
- E. incompatible price and promotion policies.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #239  
Question Type: Definition  
Self-Test: No

240. Scrambled merchandising is carrying

(p. 306)

- A.** any product lines that a store thinks that they can sell profitably.
- B. discounted product lines.
- C. a specific product line and offering yearly discounts.
- D. a number of product lines and offering a clearance sale twice a year.
- E. a limited product line at a high price aimed at a small number of consumers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #240  
Question Type: Definition  
Self-Test: No

241. The idea that retailers will start to sell a new product that offers a profit margin higher than what they achieve on their traditional product line is consistent with the

(p. 306)

- A. marketing concept.
- B. operating philosophy of most limited-line retailers.
- C. wheel of retailing concept.
- D.** scrambled merchandising concept.
- E. none of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #241  
Question Type: Definition  
Self-Test: No

242. The trend toward scrambled merchandising can be explained by:

(p. 306)

- A. the "Wheel of Retailing" Theory.
- B. the fact that cities are getting larger and larger, and it is harder for a retailer to segment the market.
- C. growing consumer demand for more service in retail stores.
- D.** the fact that some retailers have traditionally used markups which seem "too high" to other retailers.
- E. the growth of telephone and direct-mail retailers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #242  
Question Type: Comprehension  
Self-Test: No

243. Which of the following is best illustrated by a supermarket that carries Nintendo video games?  
(p. 306)

- A. The "superstore" concept
- B. Scrambled merchandising**
- C. The "wheel of retailing"
- D. Target marketing
- E. Mass merchandising

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #243  
Question Type: Application  
Self-Test: No

244. A new grocery store features a bank, a pharmacy, a flower shop, a full-service bakery, a café, photo processing, and equipment rentals, in addition to its normal grocery product lines. The store is engaging in:

- A. The wheel of retailing.
- B. Retailing strategy.
- C. Scrambled merchandising.**
- D. The retail life cycle.
- E. Merchandising strategy.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #244  
Question Type: Application  
Self-Test: No

245. The development of new types of retailers can be best explained by applying:  
(p. 306)

- A. the rule of franchising.
- B. target marketing and product life cycle concepts.**
- C. the corporate chain hypothesis.
- D. the wheel of retailing theory.
- E. the law of retail gravitation.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 4  
Perreault - Chapter 12 #245  
Question Type: Comprehension  
Self-Test: No



246. Retailer life cycles (from introduction to maturity) seem to be:

(p. 306-307)

- A. getting longer.
- B. getting shorter.**
- C. staying about the same.
- D. changing erratically.
- E. none of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 4  
Perreault - Chapter 12 #246  
Question Type: Definition  
Self-Test: No

247. U.S. Census data show that:

(p. 307)

- A. retailers are more numerous than manufacturers and wholesalers combined.
- B. only about 11 percent of all retailers have annual sales over \$5 million.
- C. over 56 percent of all retailers have annual sales less than \$1 million.
- D. all of the above.**
- E. none of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #247  
Question Type: Definition  
Self-Test: No

248. Regarding retail sales in the U.S., it is true that:

(p. 307-308)

- A. less than 8 percent of all retail sales are made by smaller stores--those with sales less than \$1 million a year.
- B. almost 70 percent of all retail sales are made by the largest stores--those with sales over \$5 million a year.
- C. corporate chains account for about 50 percent of retail sales.
- D. All of the above are true.**
- E. None of the above is true.

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #248  
Question Type: Self-Test  
Self-Test: Self-Test

249. Regarding retailer store size, it is true that:

(p. 307)

- A. almost 70 percent of all retail sales are made by smaller stores--those with annual sales less than \$1 million.
- B.** almost 70 percent of all retail sales are made by the largest stores--those with annual sales over \$5 million a year.
- C. small retailers are unimportant and can safely be ignored by most manufacturers and wholesalers.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #249  
Question Type: Comprehension  
Self-Test: No

250. U.S. Census data show that:

(p. 307)

- A. only about 11 percent of all retailers have annual sales over \$1 million.
- B. very large retailers account for a small percentage of total retail sales.
- C. manufacturers and wholesalers are more numerous than retailers in the United States.
- D.** only about 11 percent of all retailers have annual sales over \$5 million.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #250  
Question Type: Definition  
Self-Test: No

251. Regarding retailer size and sales volume in the U.S.:

(p. 307)

- A.** Approximately 11% of retail stores account for 70% of all retail sales.
- B. Approximately 11% of retail stores account for 80% of all retail sales.
- C. Approximately 11% of retail stores account for 89% of all retail sales.
- D. Approximately 20% of retail stores account for 80% of all retail sales.
- E. Approximately 30% of retail stores account for 70% of all retail sales.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #251  
Question Type: Comprehension  
Self-Test: No

252. A corporate chain is defined as

(p. 308)

- A. a firm that owns and manages more than one store.
- B. retailer-sponsored groups formed by independent retailers that run their own buying organizations and conduct joint promotion efforts.
- C. wholesaler-sponsored groups that work with "independent" retailers.
- D. franchisors who develop good marketing strategies, and who carry out the strategy in their own units.
- E. a firm that owns a single-store but operates through multiple franchisors.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #252  
Question Type: Definition  
Self-Test: No

253. A corporate chain:

(p. 308)

- A. Is formed by independent retailers that work together.
- B. Is sponsored by a wholesaler.
- C. Is formed when a firm owns and manages more than one store.
- D. Involves franchisees that pay commissions and fees to the parent company.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #253  
Question Type: Definition  
Self-Test: No

254. Corporate chains

(p. 308)

- A. have continued to grow--and now account for about half of all retail sales.
- B. have an advantage relative to independent stores when it comes to promotion and use of dealer brands.
- C. increase their buying power by centralizing at least some of the buying for different stores.
- D. all of the above.
- E. none of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #254  
Question Type: Comprehension  
Self-Test: No

255. Corporate chains:

(p. 308)

- A. can get a cost advantage over independent stores by spreading management costs to many stores.
- B. account for nearly 10 percent of retail sales.
- C. usually cannot obtain economies of scale in distribution.
- D. are declining in importance.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #255  
Question Type: Comprehension  
Self-Test: No

256. Cooperative chains:

(p. 308)

- A. are sponsored by wholesalers to try to compete with corporate chains.
- B. are experiencing declining sales.
- C. are formed by independent retailers to run their own buying organizations and conduct joint promotion efforts.
- D. are consumer groups who run nonprofit buying associations.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #256  
Question Type: Comprehension  
Self-Test: No

257. Chains formed by independent retailers to run their own buying organizations and conduct joint promotion efforts are called:

(p. 308)

- A. cooperative chains.
- B. IGAs.
- C. voluntary chains.
- D. retailer chains.
- E. franchise operations.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #257  
Question Type: Definition  
Self-Test: No

258. Retailer-sponsored groups formed by independent retailers that run their own buying organizations and conduct joint promotion efforts are called:

(p. 308)

- A. Corporate chains
- B. Voluntary chains
- C. Cooperative chains**
- D. Franchise operations
- E. Private chains

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #258  
Question Type: Application  
Self-Test: No

259. A wholesaler-sponsored retail chain is called a:

(p. 308)

- A. consumer cooperative.
- B. corporate chain.
- C. franchise chain.
- D. voluntary chain.**
- E. cooperative chain.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #259  
Question Type: Definition  
Self-Test: No

260. Voluntary chains are

(p. 308)

- A. firms that own and manage more than one store.
- B. retailer-sponsored groups formed by independent retailers that run their own buying organizations and conduct joint promotion efforts.
- C. wholesaler-sponsored groups that work with "independent" retailers.**
- D. franchisors who develop good marketing strategies, and who carry out the strategy in their own units.
- E. firms that own a single-store but operate through multiple franchisors.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #260  
Question Type: Definition  
Self-Test: No

261. A number of independent drugstores are working with a wholesaler to obtain economies of scale in buying. They were organized by this wholesaler after a recent meeting to discuss ways of competing with corporate chains. These drugstores are now part of a:

(p. 308)

- A. corporate chain.
- B.** voluntary chain.
- C. consumer cooperative.
- D. cooperative chain.
- E. franchise chain.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #261  
Question Type: Application  
Self-Test: No

262. Franchisors:

(p. 308)

- A. account for about a third of all retail sales.
- B. often provide franchise holders with training.
- C. usually receive fees and commissions from the franchise holder.
- D. are especially popular with services retailers.
- E.** all of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #262  
Question Type: Comprehension  
Self-Test: No

263. Franchise operations:

(p. 308)

- A. generally have very loose ties between the franchisor and franchise holders.
- B. are expected to decline in the future because the service sector of the economy is failing.
- C.** currently account for about a third of all retail sales.
- D. All of the above are true.
- E. None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #263  
Question Type: Comprehension  
Self-Test: No

264. Franchisors:

(p. 308)

- A. leave it to franchisees to carry out the strategy in their own units.
- B. often help franchisees by providing purchasing power and promotion support.
- C. usually receive fees and commissions from the franchise holder.
- D. reduce the risk of starting a new retailing business because a good strategy has already been developed and tested.
- E.** All of the above are true statements.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 5  
Perreault - Chapter 12 #264  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

265. Franchise operations provide a good example of:

(p. 308)

- A. vertical integration.
- B.** contractual vertical marketing systems.
- C. administered channels in which the retailers are the channel captains.
- D. direct-to-buyer channels.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #265  
Question Type: Integrating  
Self-Test: No

266. Which of the following is NOT a franchise operation?

(p. 308)

- A. Midas Muffler
- B. Panera Bread
- C. Jiffy Lube
- D.** Ace Hardware
- E. Taco Bell

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 5  
Perreault - Chapter 12 #266  
Question Type: Application  
Self-Test: No

267. Which of the following is NOT a franchise operation?

(p. 308)

- A. Subway (food).
- B. H & R Block (tax work).
- C. Kinko's (copy center).
- D. 7-Eleven (convenience store).
- E.** All of the above are franchises.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #267  
Question Type: Application  
Self-Test: No

268. Which of the following statements about retailing in different nations is NOT true?

(p. 308-309)

- A. Mass-merchandisers are especially popular in less-developed nations.
- B. Japan's Large Store Law has effectively blocked retail change in that country.
- C. Supermarkets started in the U.S.
- D. Supercenters started in Europe.
- E. New retailing formats that succeed in one country are quickly adapted to other countries.

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Medium  
LearnObj: 8  
Perreault - Chapter 12 #268  
Question Type: Comprehension  
Self-Test: No

269. Business firms that sell to retailers and other merchants, and/or to industrial, institutional, and commercial users--but which do not sell in large amounts to final consumers--are:

(p. 309)

- A. retailers.
- B. collaborators.
- C. producers.
- D. wholesalers.
- E. intermediaries.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 6  
Perreault - Chapter 12 #269  
Question Type: Definition  
Self-Test: No

270. The U.S. Bureau of the Census defines wholesaling as being concerned with the activities of those persons or establishments that sell

(p. 309)

- A. to retailers and other merchants, but that do not sell in large amounts to final consumers.
- B. to consumers.
- C. to industrial, institutional, and noncommercial users.
- D. through export in large amounts; seldom to individuals.
- E. both A and C.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 6  
Perreault - Chapter 12 #270  
Question Type: Definition  
Self-Test: No



271. Wholesaling is concerned with the activities of:

(p. 309)

- A. manufacturers who set up branch warehouses at separate locations.
- B. persons or establishments that sell to industrial, institutional, and commercial users.
- C. persons or establishments that sell to retailers.
- D.** All of the above.
- E. Only A and B above.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Hard  
LearnObj: 6  
Perreault - Chapter 12 #271  
Question Type: Definition  
Self-Test: No

272. Regarding modern wholesaling, which of the following statements is TRUE?

(p. 310-311)

- A. More careful selection of retailer customers has increased profitability.
- B. Wholesalers are now more "retailer-minded."
- C. Greater attention is being given to adding value in the channel.
- D. Many wholesalers are using the Internet to reach new customers and improve profits.
- E.** All of the above are true.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6,9  
Perreault - Chapter 12 #272  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

273. Wholesalers:

(p. 310-311)

- A. Have had to deal with a competitive threat posed by large retailers that have taken over wholesale functions.
- B. Do not use e-commerce to serve customers.
- C. Face competitive pressure from shipping companies such as FedEx and UPS that make it easier for producers to ship directly to customers.
- D. All of the above.
- E.** A and C only.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 6  
Perreault - Chapter 12 #273  
Question Type: Application  
Self-Test: No

274. Regarding the future of wholesalers, which of the following statements is TRUE?

(p. 311)

- A. Most high-cost wholesalers will disappear in the near future.
- B. Modern wholesalers are seeing that vertical integration with producers provides their only assurance of long-run survival.
- C. Some small high-cost wholesalers will probably survive due to the specialized services they offer some market segments.**
- D. Net profit margins in wholesaling have been increasing in recent years.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 6  
Perreault - Chapter 12 #274  
Question Type: Comprehension  
Self-Test: No

275. Regarding wholesaling, which of the following is (are) true?

(p. 311-312)

- A. Merchant wholesalers have higher sales than agent wholesalers, but their costs (as a percent of sales) are over three times as high.**
- B. There are many more manufacturers' sales branches than merchant wholesalers.
- C. Manufacturers' sales branches have higher costs than agent wholesalers and account for a smaller percentage of total sales.
- D. Good marketing managers select the type of wholesaler with the lowest cost when planning channels of distribution.
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #275  
Question Type: Self-Test  
Self-Test: Self-Test

276. Regarding types of wholesalers, which of the following has the HIGHEST operating expenses as a percent of sales?

(p. 311-312)

- A. Manufacturers' sales branches (with stock)
- B. Merchant wholesalers**
- C. Brokers
- D. Manufacturers' agents
- E. Agent wholesalers

AACSB: 10 Org Dynamics; 9 Value creation  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #276  
Question Type: Definition  
Self-Test: No

277. Regarding wholesalers, which of the following types has the LOWEST operating expenses as a percent of sales?  
(p. 311-312)

- A. Specialty wholesalers
- B. Merchant wholesalers
- C. Manufacturers' sales branches
- D.** Agent wholesalers
- E. Service wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #277  
Question Type: Definition  
Self-Test: No

278. Regarding wholesalers, which of the following is the most numerous?  
(p. 312)

- A. Service wholesalers.
- B. Agent wholesalers.
- C. Limited-function wholesalers.
- D. Manufacturers' sales branches.
- E.** Merchant wholesalers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #278  
Question Type: Definition  
Self-Test: No

279. Warehouses that producers set up at separate locations away from their factories are known as  
(p. 312)

- A. progressive wholesalers.
- B.** manufacturers' sales branches.
- C. corporate chains.
- D. hypermarkets.
- E. retail production centers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #279  
Question Type: Definition  
Self-Test: No

280. Manufacturers' sales branches:

(p. 312)

- A. have very low sales per branch.
- B. are mainly used in weak market areas, where there is not enough business for other types of wholesalers.
- C. operating costs would be even lower than they are now if manufacturers didn't "charge" them with extra expenses.
- D.** handle about 30 percent of all wholesale sales.
- E. serve the same basic needs as do brokers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #280  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

281. A good share of total U.S. wholesale sales are made by manufacturers' sales branches because:

(p. 312)

- A. they are well-managed.
- B.** branches are usually placed in the best market areas.
- C. costs are lower because some marketing functions are eliminated.
- D. about half of all wholesale businesses are owned by manufacturers.
- E. All of the above.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #281  
Question Type: Comprehension  
Self-Test: No

282. A producer has a few territories where many big customers are concentrated, but most of its target customers are spread all over the country.

(p. 312)

- A The company should use manufacturers' agents in the best territories and sales branches in the others, since good agents won't work the smaller territories.
- B. The company should use sales branches everywhere, since it will cost more to use manufacturers' agents.
- C The company will probably have to rely only on manufacturers' agents, since they will only be willing to take the widely scattered markets if they can have the good territories too.
- D** The company should use sales branches in the concentrated territories and manufacturers' agents in the others--assuming the concentrated territories are large enough to support sales branches.
- E. All of the above are good alternatives.

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #282  
Question Type: Application  
Self-Test: No

283. The main difference between merchant wholesalers and other wholesalers is that they:

(p. 312-313)

- A. are more aggressive at selling than agent wholesalers.
- B. offer fewer wholesaling functions.
- C. have the lowest operating expenses as a percent of sales.
- D. own (take title to) the products they handle.**
- E. are willing to perform retailing functions also.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #283  
Question Type: Definition  
Self-Test: No

284. Regarding merchant wholesalers, which of the following statements is TRUE?

(p. 313)

- A. They own (take title to) the products they sell.
- B. Merchant wholesalers are the most numerous wholesalers and handle over 60 percent of all wholesale sales.
- C. General merchandise wholesalers of consumer products handle a broad variety of nonperishable items, including both convenience and shopping products.
- D. A specialty wholesaler generally would offer a narrower range of products than a single-line wholesaler.
- E. All of the above are true.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #284  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

285. Merchant wholesalers

(p. 312-313)

- A. own the products they sell.
- B. often specialize by certain types of products or customers.
- C. take title to the products they are selling for some period before selling to customers.
- D. constitute almost 90 percent of the wholesaling establishments in the United States.
- E. all of the above.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #285  
Question Type: Comprehension  
Self-Test: No

286. The two basic types of merchant wholesalers are:

(p. 312-314)

- A. single-line and limited function.
- B. agents and merchants.
- C. service and general line.
- D.** service and limited function.
- E. single-line and general line.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #286  
Question Type: Definition  
Self-Test: No

287. \_\_\_\_\_ are merchant wholesalers that provide all the wholesaling functions.

(p. 313)

- A. Cash-and-carry wholesalers
- B.** Service wholesalers
- C. Limited-function wholesalers
- D. Drop-shippers
- E. Catalog wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #287  
Question Type: Definition  
Self-Test: No

288. Which of the following is not a type of service wholesaler?

(p. 313)

- A. General merchandise
- B.** Cash-and-carry
- C. Specialty
- D. Single-line
- E. General-line

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #288  
Question Type: Application  
Self-Test: No

289. Which of the following is NOT a full-service merchant wholesaler?

(p. 313)

- A.** Broker
- B. Single-line wholesaler
- C. General-line wholesaler
- D. General merchandise wholesaler
- E. Specialty wholesaler

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #289  
Question Type: Definition  
Self-Test: No

290. Sierra Plumbing, Inc. buys plumbing supplies, pipes, and tools from different manufacturers and resells them to construction companies. Sierra is MOST LIKELY:

(p. 313)

- A. a rack jobber.
- B.** a service (merchant) wholesaler.
- C. a drop-shipper.
- D. an agent wholesaler.
- E. a manufacturers' agent.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #290  
Question Type: Application  
Self-Test: No

291. \_\_\_\_\_ wholesalers are service wholesalers that carry a wide variety of nonperishable items.

(p. 313)

- A.** General merchandise
- B. Limited-function
- C. General-line
- D. Specialty
- E. Drop-shipper

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #291  
Question Type: Application  
Self-Test: No

292. Compared to specialty wholesalers, general merchandise wholesalers handle:

(p. 313)

- A. a narrower line--or perhaps only a specific line of merchandise.
- B. almost no physical products.
- C. a very narrow assortment of products.
- D. products they do not own, while specialty wholesalers do own them.
- E.** a broader variety of products.

AACSB: 9 Value creation  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #292  
Question Type: Definition  
Self-Test: No

293. C.D. Jamison, Co. is a wholesaler in Norfolk, Virginia. It carries a wide variety of merchandise from various producers - everything from bar soap and shampoo to cameras and stereo equipment - sold in retail stores on U.S. Navy bases and Navy ships. C. D. Jamison owns the products it resells and provides all the wholesaling functions. C. D. Jamison is a(n):

(p. 313)

- A. Manufacturer sales branch.
- B. Agent wholesaler.
- C. Single-line wholesaler.
- D. Specialty wholesaler.
- E. General merchandise wholesaler.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #293  
Question Type: Application  
Self-Test: No

294. A full-service wholesaler in Santa Fe takes title to the products it stocks--a full line of home repair products for independent hardware stores. This wholesaler is a:

(p. 313)

- A. selling agent.
- B. broker.
- C. specialty wholesaler.
- D. rack jobber.
- E. single-line wholesaler.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #294  
Question Type: Application  
Self-Test: No

295. McGovern's Supply stocks electronic repair parts and related supplies and tools from various producers. McGovern's sells primarily to small TV and electronic repair shops throughout the country that only want to order one or two items at a time. Orders are usually shipped out on UPS trucks. It appears that McGovern's is a

(p. 313)

- A. single-line wholesaler.**
- B. manufacturers' agent.
- C. drop-shipper.
- D. truck wholesaler.
- E. rack jobber.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #295  
Question Type: Application  
Self-Test: No



296. General-line wholesalers are wholesalers that  
(p. 313)

- A. carry a very narrow range of products and offer more information and service than other service wholesalers.
- B. carry a wide variety of nonperishable items.
- C. operate like service wholesalers except that the customer must pay cash.
- D. provide only some wholesaling functions.
- E.** carry a narrower line of merchandise than general merchandise wholesalers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #296  
Question Type: Definition  
Self-Test: No

297. Which of the following is an example of a service merchant wholesaler?  
(p. 313)

- A. Drop-shipper
- B.** Specialty wholesaler
- C. Catalog wholesaler
- D. Auction company
- E. Personal shopper

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #297  
Question Type: Application  
Self-Test: No

298. Identify the wholesaler type that carries a very narrow range of products, but offers more information and service than other service wholesalers.  
(p. 313)

- A. General merchandise
- B. Limited-function
- C. General-line
- D.** Specialty
- E. Catalog

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #298  
Question Type: Application  
Self-Test: No

299. A wholesaler that carries only health foods instead of a full line of groceries is a  
(p. 313)

- A. general merchandise wholesaler.
- B. limited-function wholesaler.
- C. general-line wholesaler.
- D. cash-and-carry wholesaler.
- E.** specialty wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #299  
Question Type: Definition  
Self-Test: No

300. A full-service wholesaler in Madrid takes title to the "oriental foods" she sells to supermarkets, gourmet shops, and restaurants. This wholesaler is a:

- A. manufacturers' agent.
- B.** specialty wholesaler.
- C. selling agent.
- D. single-line wholesaler.
- E. general merchandise wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #300  
Question Type: Application  
Self-Test: No

301. A manufacturer of which of the following product lines would be most likely to use a specialty wholesaler?  
(p. 313)

- A. Electric appliances
- B. Hardware items
- C. Lumber
- D.** Plastic materials
- E. Industrial cleaning supplies

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #301  
Question Type: Application  
Self-Test: No

302. Which of the following is a limited-function merchant wholesaler?

(p. 314)

- A. An auction company
- B. A broker
- C. A manufacturers' agent
- D. A general-line wholesaler
- E.** A rack jobber

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #302  
Question Type: Comprehension  
Self-Test: No

303. Which of the following is an example of a limited-function merchant wholesaler.

(p. 314)

- A.** Cash-and-carry wholesaler
- B. Broker
- C. Mill supply house
- D. General-line wholesaler
- E. Specialty wholesaler

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #303  
Question Type: Application  
Self-Test: No

304. Which of the following is NOT a limited function merchant wholesaler?

(p. 314)

- A. A truck wholesaler
- B.** A general-line wholesaler
- C. A rack jobber
- D. A drop-shipper
- E. A catalog wholesaler

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #304  
Question Type: Comprehension  
Self-Test: No

305. Which of the following is NOT a type of limited-function wholesaler?

(p. 314)

- A.** Specialty wholesaler
- B. Catalog wholesaler
- C. Truck wholesaler
- D. Drop-shipper
- E. Cash-and-carry wholesaler

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #305  
Question Type: Definition  
Self-Test: No

306. Limited-function wholesalers:

(p. 314)

- A. usually cost more than service wholesalers.
- B. include manufacturers' agents.
- C.** own (take title to) the products they sell.
- D. usually cost less than service wholesalers.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #306  
Question Type: Definition  
Self-Test: No

307. A cash-and-carry wholesaler does NOT:

(p. 314)

- A. store inventory.
- B. anticipate his customers' needs.
- C. take title to the products he sells.
- D.** grant credit.
- E. both C and D.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #307  
Question Type: Definition  
Self-Test: No

308. In the United States, warehouse clubs such as Sam's and Costco serve business customers as:

(p. 314)

- A. Rack jobbers.
- B.** Cash-and-carry wholesalers.
- C. Truck wholesalers.
- D. Specialty wholesalers.
- E. Manufacturers' agents.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #308  
Question Type: Comprehension  
Self-Test: No

309. A drop-shipper is an example of a(n)

(p. 314)

- A.** limited-function merchant wholesaler.
- B. service merchant wholesaler.
- C. agent wholesaler.
- D. producer.
- E. manufacturer's agent.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #309  
Question Type: Application  
Self-Test: No

310. \_\_\_\_\_ are a type of limited-function wholesaler that owns products they sell, but do not actually handle, stock, or deliver them.

(p. 314)

- A. Rack jobbers
- B. Catalog wholesalers
- C. Drop-shippers**
- D. Truck wholesalers
- E. Cash-and-carry wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #310  
Question Type: Application  
Self-Test: No

311. Drop-shippers:

(p. 314)

- A. have high operating costs because they do transporting and storing.
- B. do not stock the products they sell.**
- C. do not take title to the products they sell.
- D. do not emphasize selling.
- E. Both C and D.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #311  
Question Type: Comprehension  
Self-Test: No

312. Which of the following wholesalers do NOT carry stocks for their customers?

(p. 314)

- A. Specialty wholesalers
- B. Drop-shippers**
- C. Cash-and-carry wholesalers
- D. Single-line wholesalers
- E. Catalog wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #312  
Question Type: Definition  
Self-Test: No

313. Drop-shippers:

(p. 314)

- A. are used because it is cheaper for producers to ship to them by rail and let the drop-shipper drop the products off at local retailers with small trucks.
- B. never take title to the products they sell.
- C.** typically sell large shipments, e.g., rail carloads.
- D. have very high operating expenses.
- E. are full-service merchant wholesalers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #313  
Question Type: Comprehension  
Self-Test: No

314. Which of the following products is most likely to be sold by a drop-shipper?

(p. 314)

- A. Skis
- B. Toothpaste
- C. Greeting cards
- D. Printing supplies
- E.** Coal

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #314  
Question Type: Application  
Self-Test: No

315. Andy Cole sells fiberglass resins and fiberglass wire to the many small sailboat manufacturers in southern California. He takes title to the products but does not handle them. Instead, the resins are shipped in 50 gallon barrels directly from the producer to the sailboat manufacturers. Cole is a:

(p. 314)

- A. selling agent.
- B. cash-and-carry wholesaler.
- C. manufacturers' agent.
- D. specialty wholesaler.
- E.** drop-shipper.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #315  
Question Type: Application  
Self-Test: No

316. Truck wholesalers:

(p. 314)

- A. usually sell perishable products that other wholesalers prefer not to carry.
- B. don't own the products they sell.
- C. usually sell in large quantities, e.g., truckloads.
- D. don't stock the products they sell.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #316  
Question Type: Comprehension  
Self-Test: No

317. The biggest advantage of this limited-function wholesaler is that they promptly deliver perishable products that regular wholesalers prefer not to carry.

(p. 314)

- A. Catalog wholesalers
- B. Rack jobbers
- C. Truck wholesalers
- D. Drop-shippers
- E. Specialty wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #317  
Question Type: Comprehension  
Self-Test: No

318. A rack jobber is an example of

(p. 314)

- A. limited-function merchant wholesaler.
- B. service merchant wholesaler.
- C. agent wholesaler.
- D. producer.
- E. personal shopper.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #318  
Question Type: Application  
Self-Test: No

319. Rack jobbers

(p. 314)

- A. specialize in hard-to-handle assortments of products that a retailer does not want to manage.
- B. own the products they sell but they do not actually handle, stock, or deliver them.
- C. promptly deliver perishable products that regular wholesalers prefer not to carry.
- D. sell out of catalogs that may be distributed widely to smaller industrial customers or retailers.
- E. are basically manufacturers' agents who specialize in international trade.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #319  
Question Type: Application  
Self-Test: No

320. Rack jobbers:

(p. 314)

- A. don't own the products they sell.
- B.** apply their knowledge of the local market to many stores.
- C. are full service merchant wholesalers.
- D. are different from most wholesalers because they specialize in giving small retailers long-term credit.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #320  
Question Type: Comprehension  
Self-Test: No

321. A grocery store or mass-merchandiser might rely on a \_\_\_\_\_ to decide which paperback books or magazines it sells.

(p. 314)

- A. catalog wholesaler
- B.** rack jobber
- C. truck wholesaler
- D. drop-shipper
- E. specialty wholesaler

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #321  
Question Type: Application  
Self-Test: No

322. A national grocery store chain has decided to sell an assortment of hobby, gardening, and cook books. Buyers in the chain's main office are not certain what to stock because they think that consumers in different areas of the country will probably be interested in different books. The store managers have said they don't know what to order either. The chain should probably get help from a

(p. 314)

- A. broker.
- B. cash-and-carry wholesaler.
- C. specialty wholesaler.
- D.** rack jobber.
- E. manufacturers' agent.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #322  
Question Type: Application  
Self-Test: No



323. Meg O'Brien is just starting as a rack jobber. She will:

(p. 314)

- A. do what a lot of grocery store managers don't want to do.
- B. need a lot of money to get started, since all her customers will expect 30 days to pay their bills.
- C. not have to know very much about the preferences of the consumers who buy the products she handles.
- D. never actually handle or deliver the products in her line.
- E. probably get tired of visiting farmers' markets.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #323  
Question Type: Comprehension  
Self-Test: No

324. Capitol Periodical Distributors is a wholesaler providing assistance to retailers that want to carry books and magazines. A retailer provides Capitol with a certain amount of floor space, and Capitol uses the space to install display racks. Capitol fills the racks with magazines and books that would be suitable for the retailer's target market. Every week a representative from Capitol comes in to remove any outdated publications and refill the racks. This practice helps the retailer serve its customers better than if the retailer tried to manage the books and magazines itself. Capitol Periodical Distributors is a:

(p. 314)

- A. Specialty wholesaler.
- B. Drop-shipper.
- C. Catalog wholesaler.
- D. Rack jobber.
- E. Cash-and-carry wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #324  
Question Type: Application  
Self-Test: No

325. Will Bishop sells a wide assortment (in small quantities) of "emergency" home repair items (fuses, electrical tape, small packets of nails) to grocery and convenience stores. He owns the products he handles, and displays them for his customers. Bishop is a:

(p. 314)

- A. manufacturers' agent.
- B. selling agent.
- C. rack jobber.
- D. cash-and-carry wholesaler.
- E. truck wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #325  
Question Type: Application  
Self-Test: No

326. A grocery store chain has decided to sell a small assortment of fast moving auto repair items--but is not certain what stock to carry in which stores and does not want to leave the decision to the local store manager. The chain should probably get help from a

(p. 314)

- A. broker.
- B. cash-and-carry wholesaler.
- C. specialty wholesaler.
- D. rack jobber.**
- E. manufacturers' agent.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #326  
Question Type: Application  
Self-Test: No

327. \_\_\_\_\_ sell hardware, jewelry, and sporting goods out of a catalog to small industrial or retail customers that other wholesalers may not call on.

(p. 314)

- A. Specialty wholesalers
- B. Cash-and-carry wholesalers
- C. Selling agents
- D. Catalog wholesalers**
- E. Truck wholesalers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #327  
Question Type: Definition  
Self-Test: No

328. Which of the following statements about limited-function wholesalers is TRUE?

(p. 314)

- A. Cash-and-carry wholesalers serve small retailers but don't provide credit.
- B. Truck wholesalers sell perishable products which other wholesalers prefer not to carry.
- C. Rack jobbers specialize in nonfood products that sell in small quantities.
- D. Catalog wholesalers sell hardware, jewelry, sporting goods, and general merchandise--often catering to small industrial or retailer customers.
- E. All of the above are true.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #328  
Question Type: Integrating  
Self-Test: No

329. Agent wholesalers are:

(p. 315)

- A. mainly concerned with buying and selling.
- B. used by small companies that want a wholesaler to assume all of the risk of carrying inventory.
- C. specialists in certain geographic areas, rather than specializing by product or customer type.
- D. at a disadvantage because manufacturers expect them to pay for products before they are shipped.
- E. None of the above is true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #329  
Question Type: Comprehension  
Self-Test: No

330. The main difference between agent wholesalers and merchant wholesalers is:

(p. 315)

- A. the kind of selling they do.
- B. that agent wholesalers do not own the products they sell--while merchant wholesalers do.
- C. that no agent wholesalers physically handle products--while all merchant wholesalers do.
- D. their attitudes regarding the marketing concept.
- E. There is no difference--an agent wholesaler IS a merchant wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #330  
Question Type: Comprehension  
Self-Test: No

331. Agent wholesalers:

(p. 315)

- A. Own the products they sell.
- B. Provide more functions than merchant wholesalers.
- C. Focus on buying and selling merchandise.
- D. Have higher costs of operation than merchant wholesalers.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #331  
Question Type: Definition  
Self-Test: No

332. Which of the following statements about agent wholesalers is FALSE?

(p. 315)

- A. Agent wholesalers do not own the products they sell.
- B. Their main purpose is to help in buying and selling.
- C. They normally specialize by customer type and by product or product line.
- D. They are more common in international trade than in domestic trade.
- E. They usually provide a larger number of functions than limited-function wholesalers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #332  
Question Type: Comprehension  
Self-Test: No

333. Which of the following is a characteristic of agent wholesalers?

(p. 315)

- A. They are more common in domestic trade than in international trade.
- B. They operate at relatively high costs.
- C. They own the products they sell.
- D.** They normally specialize by customer type and by product or product line.
- E. None of the above.

AACSB: 10 Org Dynamics  
Chapter: 12

Difficulty: Hard  
LearnObj: 7

Perreault - Chapter 12 #333  
Question Type: Application  
Self-Test: No

334. Which of the following is NOT an agent wholesaler?

(p. 315)

- A.** A drop-shipper
- B. An auction company
- C. A selling agent
- D. A broker
- E. A manufacturers' agent

AACSB: 10 Org Dynamics  
Chapter: 12

Difficulty: Medium  
LearnObj: 7

Perreault - Chapter 12 #334  
Question Type: Comprehension  
Self-Test: No

335. Which of the following wholesalers own (take title to) the products they sell?

(p. 315)

- A. Selling agents
- B. Combination export managers
- C. Brokers
- D. Manufacturers' agents
- E.** None of the above.

AACSB: 3 Analytical skills  
Chapter: 12

Difficulty: Easy  
LearnObj: 7

Perreault - Chapter 12 #335  
Question Type: Self-Test  
Self-Test: Self-Test

336. A manufacturers' agent:

(p. 315)

- A. sells noncompeting products for several manufacturers in a limited territory.
- B. is often replaced by a manufacturer's own sales force when sales rise.
- C. is paid a commission on sales.
- D. can be especially useful to a small manufacturer with a narrow line of new products.
- E.** All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12

Difficulty: Medium  
LearnObj: 7

Perreault - Chapter 12 #336  
Question Type: Comprehension  
Self-Test: No

337. Manufacturers' agents usually work for:

(p. 315)

- A. manufacturers' sales branches.
- B. only one manufacturer.
- C. selling agents.
- D. several manufacturers of noncompeting lines.**
- E. service wholesalers.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #337  
Question Type: Definition  
Self-Test: No

338. A manufacturers' agent sells

(p. 315)

- A. similar products for several noncompeting producers for a commission on what is actually sold.**
- B. different products for several noncompeting producers for a commission on what is actually sold.
- C. similar products for several competing producers for a commission on what is actually sold.
- D. different products for several competing producers for a commission on what is actually sold.
- E. different products for several competing producers for a fixed salary irrespective of sales.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #338  
Question Type: Definition  
Self-Test: No

339. Which of the following wholesalers would be most helpful to a small manufacturer of computer components who wants to obtain distribution in several major markets and still retain control of the marketing of its products?

(p. 315)

- A. Manufacturers' agents**
- B. Rack jobbers
- C. Selling agents
- D. Brokers
- E. Manufacturers' sales branches

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #339  
Question Type: Application  
Self-Test: No

340. Manufacturers' agents:

(p. 315)

- A. are frequently used by manufacturers to help introduce a new product.
- B. typically have a temporary relationship with a manufacturer, until a specific item is sold.
- C. usually handle products for only a few companies since the cost of adding additional lines is quite high.
- D. usually handle a full assortment of products from competing manufacturers.
- E. buy large inventories from small manufacturers--helping them acquire working capital.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #340  
Question Type: Comprehension  
Self-Test: No

341. Manufacturers' agents:

(p. 315)

- A. don't cost the producer anything until something sells.
- B. aren't very useful for introducing new products.
- C. usually perform storing and transporting functions.
- D. usually handle the competing lines of several manufacturers.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #341  
Question Type: Comprehension  
Self-Test: No

342. Jason Everson represents producers of several noncompeting industrial product lines. When he visits his clients, he carries a catalog from each one of the producers he represents. He goes through the catalogs with his clients and then places orders on their behalf with the producers, who pay Jason a commission based on what he sells. Jason is a(n):

(p. 315)

- A. Auctioneer.
- B. Broker.
- C. Selling agent.
- D. Rack jobber.
- E. Manufacturer's agent.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #342  
Question Type: Application  
Self-Test: No

343. Debbie Wood sells food products to grocery wholesalers and large supermarket chains in Tallahassee. She sells for several manufacturers with noncompeting lines of food products--earning a 5 percent sales commission. She neither handles nor owns the products she sells. Debbie is a:

(p. 315)

- A. manufacturers' agent.
- B. rack jobber.
- C. broker.
- D. truck wholesaler.
- E. selling agent.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #343  
Question Type: Self-Test  
Self-Test: Self-Test

344. Dolly Westin calls on the many gift shops in Savannah and sells a variety of unique decorative glass items, wind chimes, and picture frames produced by the companies that she represents. The store owners can order from Dolly rather than from the three different producers she represents. Apparently, Dolly is a

(p. 315)

- A. selling agent.
- B. rack jobber.
- C. drop-shipper.
- D. broker.
- E. manufacturers' agent.

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #344  
Question Type: Application  
Self-Test: No

345. Which of the following statements is FALSE?

(p. 315)

- A. Agent wholesalers generally provide fewer functions than limited function wholesalers.
- B. Manufacturers' agents usually represent noncompeting manufacturers.
- C. Brokers usually have a temporary relationship with the buyer and seller.
- D. Manufacturers' agents generally have more authority over prices and terms of sale than do selling agents.
- E. Agent wholesalers are very common in international trade.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #345  
Question Type: LearnAid  
Self-Test: Self-Test & Learn Aid

346. \_\_\_\_\_ are basically manufacturers' agents who specialize in international trade.  
(p. 315)

- A. Selling agents
- B. Auction companies
- C. Brokers
- D. Export or import agents**
- E. Drop-shippers

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #346  
Question Type: Application  
Self-Test: No

347. A broker's "Product" is:  
(p. 315)

- A. financial skills--and perhaps credit.
- B. market contacts for new products.
- C. information about what buyers need and what suppliers are available.**
- D. good storage and transportation facilities.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #347  
Question Type: Definition  
Self-Test: No

348. All of the following are true of brokers except  
(p. 315)

- A. they bring buyers and sellers together.
- B. they are especially useful when buyers and sellers do not come into the market very often.
- C. they usually have a permanent relationship with the buyer and seller.**
- D. the broker's product is information about what buyers need and what supplies are available.
- E. they earn commissions based on completion of transactions between buyers and sellers.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #348  
Question Type: Comprehension  
Self-Test: No



349. Until recently, Triad Equipment, Inc. took trade-ins when it sold new equipment to manufacturers.  
(p. 315) Now, Triad has a new owner who wants to sell the inventory of used equipment quickly to the best available buyer. He should look for:

- A. a manufacturers' sales branch.
- B. a broker.**
- C. a selling agent.
- D. a manufacturers' agent.
- E. sales finance company.

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #349  
Question Type: Application  
Self-Test: No

350. Sebastian and Clere Franklin bought a tire recapping facility from a man who had decided to retire.  
(p. 315) They were going to convert the building to a studio for dance lessons--so they wanted to sell off the inventory of recapped tires and equipment for whatever they could get. The Franklins don't know any buyers who might be interested in these products. Which of the following types of wholesalers would be most helpful?

- A. Rack jobbers
- B. Brokers**
- C. Specialty wholesalers
- D. Selling agents
- E. Manufacturers' agents

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #350  
Question Type: Application  
Self-Test: No

351. Which of the following is unique to export-import brokers, differentiating them from general brokers?  
(p. 315)

- A. They usually have a temporary relationship with the buyer and seller while a particular deal is negotiated.
- B. They specialize in bringing together buyers and sellers from different countries.**
- C. They are especially useful when buyers and sellers do not come into the market very often.
- D. They earn a commission from whichever party hired them when the transaction is completed.
- E. The broker's product is information about what buyers need and what supplies are available.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #351  
Question Type: Comprehension  
Self-Test: No

352. \_\_\_\_\_ take over the whole marketing job of producers, not just the selling function.  
(p. 315)

- A. Brokers
- B. Selling agents**
- C. Auction companies
- D. Export and import brokers
- E. Service wholesalers

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #352  
Question Type: Application  
Self-Test: No

353. A wholesaler who takes over the whole marketing job NATIONALLY for one or a few manufacturers is called a:  
(p. 315)

- A. merchant wholesaler.
- B. manufacturers' agent.
- C. broker.
- D. specialty wholesaler.
- E. selling agent.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #353  
Question Type: Definition  
Self-Test: No

354. Which of the following statements about selling agents is FALSE?  
(p. 315-316)

- A. They take over the whole marketing job for a producer.
- B. They may handle the entire output of one or more producers, even competing producers.
- C. They may provide a producer with working capital.
- D. They may even take over the affairs of the producer's whole business.
- E. None of the above is false.**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #354  
Question Type: Comprehension  
Self-Test: No

355. A producer is most likely to use a "selling agent" if:  
(p. 315-316)

- A. he lacks marketing know-how and working capital.**
- B. he produces a broad product line.
- C. he mainly needs aggressive selling.
- D. his target customers are concentrated in a small geographic area.
- E. he sells a technical product that needs a lot of follow-up service.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #355  
Question Type: Self-Test  
Self-Test: Self-Test

356. Sandi Barefoot sells the entire output of several small companies based in Silicon Valley. Each of the companies designs and produces remote control devices. Sandi has almost complete control of pricing and selling--because the engineers who started the companies are mainly interested in inventing things. In addition, Sandi often provides working capital to the producers, who have very limited financial resources. Sandi is paid a substantial commission on all sales. Sandi is a:

(p. 315-316)

- A. broker.
- B. selling agent.**
- C. field warehouser.
- D. manufacturers' agent.
- E. factor.

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #356  
Question Type: Application  
Self-Test: No

357. Regarding wholesalers, which of the following descriptions is TRUE?

(p. 315)

- A MANUFACTURERS' AGENT: does not own the products, usually carries stocks, represents several competing manufacturers within a geographic area.
- B MERCHANT WHOLESALER: does not take title to products, takes possession, provides full service, and usually handles a broad variety of products.
- C. BROKER: does not own the products, does not take possession, major function is selling, and does not anticipate customer needs.
- D. SELLING AGENT: does not own the products, does the whole marketing job nationally, and may handle competing lines.**
- E. All of the above are true.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #357  
Question Type: Integrating  
Self-Test: No

358. A(n) \_\_\_\_\_ is a blend of manufacturers' agent and selling agent - handling the entire export function for several producers of similar but noncompeting lines.

(p. 316)

- A. import broker
- B. auction company
- C. export broker
- D. combination export manager**
- E. export or import agent

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #358  
Question Type: Definition  
Self-Test: No

359. Which of the following statements about agent wholesalers is FALSE?

(p. 315-316)

- A. Agent wholesalers based in a foreign market can be helpful in working through government red tape . because they know the local business customs.
- B. Export and import brokers bring together buyers and sellers from different countries.
- C. Manufacturers' agents can call on international customers at no cost to the producer until something sells.
- D.** Export and import agents are basically selling agents who specialize in international trade.
- E. Agent wholesalers are common in international trade.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #359  
Question Type: Comprehension  
Self-Test: No

360. If a small U.S. producer with limited financial resources and little marketing know-how wants to sell its products in international markets, it should use:

(p. 316)

- A. an export commission house.
- B. a factor.
- C. an export agent.
- D.** a combination export manager.
- E. an export broker.

AACSB: 3 Analytical skills  
Chapter: 12  
Difficulty: Hard  
LearnObj: 7  
Perreault - Chapter 12 #360  
Question Type: Application  
Self-Test: No

361. The major function of auction companies is to:

(p. 316)

- A. deliver the products they handle.
- B. help finance by owning products.
- C. take title to the products they sell.
- D.** provide a place where buyers and sellers can complete a transaction.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #361  
Question Type: Definition  
Self-Test: No

362. Auction companies:

(p. 316)

- A. Take over the whole marketing job of producers.
- B. Work almost as members of a company's sales force.
- C. Take title to the products they resell.
- D.** Provide a place where buyers bid to complete a transaction with a seller.
- E. All of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #362  
Question Type: Definition  
Self-Test: No

363. Traditionally, auction companies would MOST likely be used for:

(p. 316)

- A. children's clothing.
- B. sports equipment.
- C.** antique furniture.
- D. small appliances.
- E. industrial chemicals.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #363  
Question Type: Application  
Self-Test: No

364. Auction sites are now popular for:

(p. 316)

- A. surplus inventory.
- B. used items.
- C. perishable products.
- D. seasonal products.
- E.** all of the above.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Easy  
LearnObj: 7  
Perreault - Chapter 12 #364  
Question Type: Application  
Self-Test: No

365. Which of the following statements about current retailing and wholesaling is true?

(p. 316)

- A. Retailers are opening new websites instead of new stores.
- B. Catalogs have moved online.
- C. E-mails are supplementing toll-free phone orders.
- D. Auction sites are now popular for all kinds of products.
- E.** All of the above are true.

AACSB: 13 Economic environments  
Chapter: 12  
Difficulty: Medium  
LearnObj: 9  
Perreault - Chapter 12 #365  
Question Type: Comprehension  
Self-Test: No

**Use this information for questions that refer to the Centerville Retailers and Wholesalers case.**

Carol Lamb has lived in Centerville all her life. She owns a retail store that sells hobby and craft supplies. She bought the store after working there for 7 years. Carol has just been asked to head up the Retailers and Wholesaler Group of the Centerville Chamber of Commerce. The most active chamber members in her group are described below:

*Walden's Leather* is part of a regional chain of stores that sells leather goods - mostly men's and women's clothing - with the upscale Walden's brand name. Walden's primarily relies on its own stores where knowledgeable salespeople offer great service. Walden products are also sold, on a limited basis, in some fine department stores.

*Publisher's Helper* is a small business started by Audrey Yang that provides and stocks display racks for paperback books and magazines. Most retailers welcome the service Audrey provides, in part because she does her own research to determine which paperback books and magazines sell best in Centerville.

*Cuzco's* is Centerville's alternative to Wal-Mart. The store sells a wide variety of merchandise. The company used to concentrate its product mix on small appliances - but now *Cuzco's* carries any product that it can sell profitably. Its low prices stimulate faster turnovers and higher sales volumes.

*Games Unlimited* sells video games. Jamie Carraway, who owns the local store, signed a contract with Games Unlimited and follows strict rules covering her store's operations and the Games Unlimited marketing strategy. she pays that company a fee for promotion it provides as well as commissions on her sales.

*Johnson's Health and Beauty Supplies* sells cosmetics and other health and beauty products to retailers and salons throughout the greater Centerville area. It owns the goods it sells to these retailer customers, and it provides all the wholesaling functions they need.

*Valu Grocer* is an independent grocery store that belongs to an organization sponsored by a large food wholesaler. The fifty stores grocery stores that share the *Valu Grocer* name are linked by contracts that include basic operating procedures, storefront designs, and joint promotion efforts.

*Reddy and Sons* sells equipment for several different manufacturers of plastic molding in the Centerville area. It earns a commission from each manufacturer on the products it sells for that manufacturer, but it does not take ownership of the equipment it sells nor does it install the equipment.

*Katrina's Salon* started out as a low-status, low-price, low-margin hair salon 15 years ago. After some success, the company moved into a nicer storefront, raised prices, and now operates in the middle of the market.

*Perreault - Chapter 12*

366. Which of the following terms best describes Publisher's Helper business?  
(p. 314)

- A. Rack jobber
- B. Broker
- C. Drop shipper
- D. Selling agent

AACSB: 6. Reflective thinking  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #366  
Question Type: Application  
Self-Test: No

367. Which of these businesses is a franchise?  
(p. 308)

- A. Reddy and Sons
- B. Cuzco's
- C. Publisher's Helper
- D.** Games Unlimited

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #367  
Question Type: Application  
Self-Test: No

368. Which of these businesses is a voluntary chain?  
(p. 308)

- A. Games Unlimited
- B.** Valu Grocer
- C. Walden's Leather
- D. Katrina's Salon

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 5  
Perreault - Chapter 12 #368  
Question Type: Application  
Self-Test: No

369. Which of these business uses scrambled merchandising as a big part of its strategy?  
(p. 306)

- A. Katrina's Salon
- B. Johnson's Health and Beauty Supplies
- C.** Cuzco's
- D. Publisher's Helper

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #369  
Question Type: Application  
Self-Test: No

370. Which of these businesses has followed the wheel of retailing theory?  
(p. 306)

- A. Games Unlimited
- B.** Katrina's Salon
- C. Walden's Leather
- D. Valu Grocer

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 4  
Perreault - Chapter 12 #370  
Question Type: Application  
Self-Test: No

371. Which of these businesses would be classified as a specialty shop?

(p. 298)

- A. Walden's Leather
- B. Cuzco's
- C. Publisher's Helper
- D. Valu Grocer

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #371  
Question Type: Application  
Self-Test: No

372. Which of these businesses relies on the mass-merchandising concept?

(p. 299)

- A. Publisher's Helper
- B. Cuzco's
- C. Walden's Leather
- D. Reddy and Sons

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #372  
Question Type: Application  
Self-Test: No

373. Which of these businesses best fits the definition of a limited-line store?

(p. 298)

- A. Johnson's Health and Beauty Supplies
- B. Valu Grocer
- C. Cuzco's
- D. Walden's Leather

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 2,3  
Perreault - Chapter 12 #373  
Question Type: Application  
Self-Test: No

374. \_\_\_\_\_ would be classified as an agent wholesaler.

(p. 315)

- A. Reddy and Sons
- B. Publisher's Helper
- C. Johnson's Health and Beauty Supplies
- D. Valu Grocer
- E. None of the businesses above would be classified as an agent wholesaler.

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #374  
Question Type: Application  
Self-Test: No



375. Which of these businesses best fits the definition of a limited-function merchant wholesaler?  
(p. 314)

- A. Games Unlimited
- B. Publisher's Helper**
- C. Reddy and Sons
- D. Valu Grocer
- E. Cuzco's

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #375  
Question Type: Application  
Self-Test: No

376. Which of these businesses best fits the definition of a service merchant wholesaler?  
(p. 313)

- A. Publisher's Helper
- B. Valu Grocer
- C. Reddy and Sons
- D. Johnson's Health and Beauty Supplies**

AACSB: 10 Org Dynamics  
Chapter: 12  
Difficulty: Medium  
LearnObj: 7  
Perreault - Chapter 12 #376  
Question Type: Application  
Self-Test: No

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