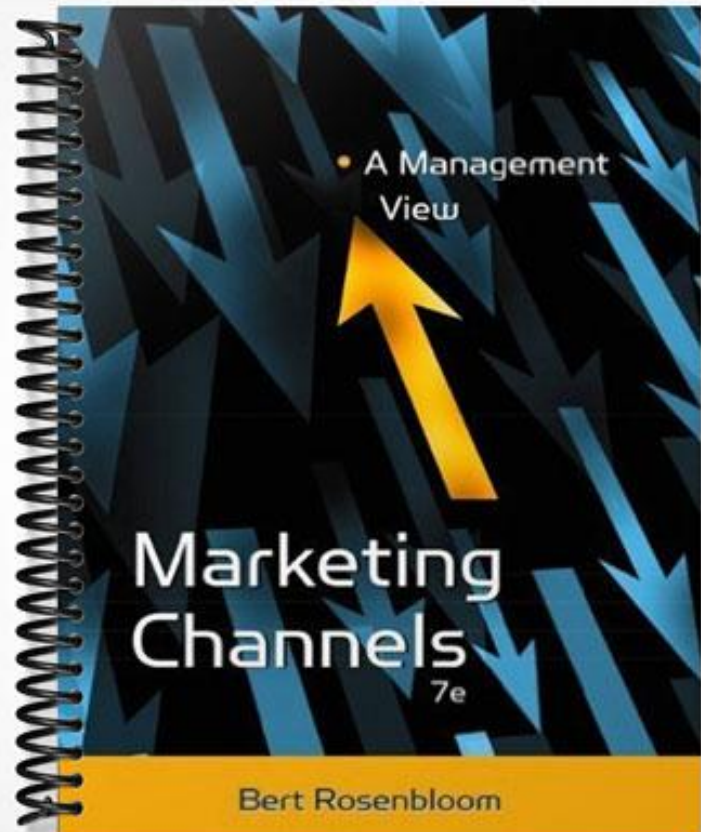


TEST BANK



• A Management View

Marketing Channels
7e

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Chapter 2—The Channel Participants

MULTIPLE CHOICE

1. Sixty-five percent of magazines are left unsold at the newsstand because:
 - a. distribution channels are not adequately used.
 - b. there are too many wholesalers.
 - c. large retail stores demand discounts, signing bonuses, and require wholesalers' employees to stock the newsstands.
 - d. publishers are eliminating the use of wholesalers in the market channel.
 - e. there is a poor match of magazine supply with magazine demand.

ANS: E

2. The fundamental determinant of whether a firm is a member of a marketing channel is:
 - a. if the firm performs distribution tasks.
 - b. if the firm is considered to be important to the channel manager.
 - c. if the firm performs negotiatory functions.
 - d. if the firm performs tasks that are necessary to make products or services available to ultimate buyers.
 - e. if the firm performs ancillary tasks.

ANS: C

3. The basic divisions of the marketing channel are:
 - a. buyers and sellers.
 - b. buyers, sellers and facilitators.
 - c. consumer and industrial markets.
 - d. producers and manufacturers; intermediaries; and final users.
 - e. contactual organizations and noncontactual organizations.

ANS: D

4. In the commercial channel, participants who are specifically excluded are:
 - a. producers.
 - b. manufacturers.
 - c. wholesale and retail intermediaries.
 - d. consumer and industrial users.
 - e. agents and brokers.

ANS: D

The Channel Participants

5. _____ are members of the target market.
- Final users
 - Retailers
 - Wholesalers
 - Producers
 - Transportation firms

ANS: A

6. Facilitating agencies:
- are members of the marketing channel.
 - perform non-negotiatory functions.
 - are of little importance to the operation of the channel.
 - are seldom called on by the channel manager.
 - are members of the commercial channel.

ANS: B

7. Which of the following is not a facilitating agency?
- FlowPipeline, Inc.
 - First National Bank of Chicago
 - Brooke Advertising, Inc.
 - Binney & Smith
 - Federal Express

ANS: D

8. In the context of the management perspective used in the text, it is appropriate to view final users as:
- intermediaries.
 - facilitating agencies.
 - intermediate users.
 - target markets.
 - producers.

ANS: D

9. The technology and scale economies that enable producers and manufacturers to operate at a low average cost for production are:
- also usually present in the performance of distribution tasks.
 - even greater when it comes to performing distribution tasks.
 - often lacking in the performance of distribution tasks.
 - less important to the efficient performance of distribution tasks.
 - easily attainable when performing distribution tasks.

ANS: C

10. Intermediaries' average costs curves for distribution tend to be _____ those of manufacturers.
- higher than
 - lower than
 - the same as
 - longer than
 - shorter than

ANS: B

11. To perform distribution tasks efficiently, a firm needs all of the following except:
- expertise.
 - economies of scale.
 - economies of scope.
 - to maintain high inventory levels.
 - high production volumes.

ANS: D

12. Procter & Gamble and Kellogg often face _____ average costs for distribution tasks when they attempt to perform them by themselves.
- high
 - low
 - medium
 - extremely low
 - marginal

ANS: A

13. Clayton Tennis Equipment, a manufacturer, cannot perform distribution tasks efficiently so it uses Jackson Sports Equipment as a wholesaler to distribute its products in the Midwest. Clayton likely is inefficient in performing distribution tasks because:
- Jackson is better positioned to select and use facilitating agencies.
 - Clayton's fixed costs are too high.
 - Jackson can spread its fixed costs across products from multiple manufacturers.
 - Clayton's marginal revenue exceeds its marginal costs.
 - Clayton has low average production costs.

ANS: C

The Channel Participants

14. The *Census of Wholesale Trade* classifies wholesalers into the following three categories:
- merchant wholesalers, manufacturers' sales branches, and public warehouses.
 - sales branches and offices, company-owned stores, and merchant wholesalers.
 - merchant wholesalers, brokers, and commission merchants and agent wholesalers.
 - manufacturers' sales branches and offices; agents, brokers, and commission merchants; and merchant wholesalers.
 - merchant wholesalers, manufacturers' facilitators, brokers, and independent producers.

ANS: D

15. The *Census of Wholesale Trade* classifies wholesalers as all of the following except:
- merchant wholesalers.
 - full-function or limited function wholesalers.
 - 18 groupings based on the kind of business.
 - agents and brokers.
 - manufacturers' sales branches and offices.

ANS: B

16. The *Census of Wholesale Trade* classifies wholesalers into _____ kinds of business groups.
- 24
 - 18
 - 12
 - 10
 - 36

ANS: B

17. _____ are firms that primarily buy, take title to, store, and physically handle products.
- Agents
 - Commission merchants
 - Manufacturers' offices
 - Brokers
 - Merchant wholesalers

ANS: E

18. During the decade from 1987 to 1997, Census data show that the percentage of total wholesale sales enjoyed by merchant wholesalers:
- increased slightly.
 - decreased slightly.
 - stayed the same.
 - increased by over 10%.
 - decreased by almost one third.

ANS: B

19. Agents, brokers, and commission merchants' percentage of total wholesale sales in 1997 was:
- 0% to 4%.
 - 5% to 10%.
 - 11% to 14%.
 - 15% to 19%.
 - 20% to 24%.

ANS: B

20. In recent years, trends in wholesaling are showing a tendency towards:
- consolidation.
 - a decrease in average size.
 - becoming more like retailers than wholesalers.
 - operating only in Cyberspace.
 - a decrease in average size.

ANS: A

21. Most wholesalers could be characterized with regard to their size as:
- giant enterprises.
 - large businesses.
 - very small "mom and pop" businesses.
 - relatively small businesses.
 - conglomerates.

ANS: D

22. Absolute sales of all three types of wholesalers _____ during the period 1987 to 1997.
- decreased
 - stayed the same
 - increased
 - fell drastically
 - increased by less than a fraction of one percent

ANS: C

23. Sales patterns of the different types of wholesalers since 1948 have:

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- a. been very similar for all types.
- b. varied across different types of wholesalers.
- c. increased sharply only for merchant wholesalers.
- d. had almost no influence on their relative market shares.
- e. increased only for agents, brokers, and commission merchants.

ANS: B

24. Economic concentration in terms of percentage of total wholesale sales enjoyed by most merchant wholesalers in their respective line of trade is:
- a. relatively low but increasing.
 - b. very high.
 - c. extremely high and getting higher.
 - d. very high but falling rapidly.
 - e. very low and falling rapidly.

ANS: A

25. Merchant wholesalers are particularly well suited for performing all of the following distribution tasks for their suppliers except:
- a. providing market coverage.
 - b. providing low-cost sales contacts over a wide geographical area.
 - c. providing low-cost warehousing and delivery.
 - d. processing orders.
 - e. serving as the firms' outside sales force.

ANS: E

26. Merchant wholesalers perform all of the following functions except:
- a. processing orders.
 - b. providing market coverage.
 - c. holding inventory.
 - d. selling merchandise to final users.
 - e. offering customer support.

ANS: D

27. Several studies, including the recent one by the National Association of Wholesaler-Distributors, suggest the wholesaler's role in _____ will grow even more important to manufacturers.

- a. providing sales contacts
- b. holding inventory
- c. order processing
- d. breaking bulk
- e. extending credit and financial assistance

ANS: A

28. Customer support provided by merchant wholesalers to manufacturers is often referred to as:
- a. retailers' services.
 - b. manufacturers' services.
 - c. value-added services.
 - d. producers' services.
 - e. genuine wholesale services.

ANS: C

29. Merchant wholesalers often perform all of the following distribution tasks for customers except:
- a. rendering services pertaining to the sale of goods.
 - b. providing customer service.
 - c. extending credit.
 - d. providing technical support.
 - e. assuring product availability.

ANS: A

30. _____ refers to the wholesaler's ability to bring together an assortment of products from a variety of manufacturers.
- a. Breaking bulk
 - b. Technical support
 - c. Order processing
 - d. Assortment convenience
 - e. Product line analysis

ANS: D

31. Agents and brokers:
- a. do not take title to goods.
 - b. are not considered members of the commercial channel.

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- c. represent 1 or 2 manufacturers.
- d. work on a 'cash and carry' basis.
- e. physically hold the manufacturer's inventory.

ANS: A

32. Agents, brokers, and commission merchants generally:
- a. take title to products.
 - b. do not take title to products.
 - c. are listed as "limited function wholesalers" in the *Census of Wholesale Trade*.
 - d. are really the same thing as merchant wholesalers.
 - e. operate a very narrow range of products or services.

ANS: B

33. Manufacturers' agents are often referred to as:
- a. manufacturer's representatives.
 - b. retailers.
 - c. wholesaler's cooperatives.
 - d. sales support staff.
 - e. limited function wholesalers.

ANS: A

34. Which of the following is a false statement about the manufacturer's sales branches of Bella Manufacturing, Inc.?
- a. They are all owned by Bella.
 - b. The branches are operated by Bella.
 - c. The branches are physically separate from Bella's manufacturing plants.
 - d. Their main purpose is to distribute the manufacturer's products.
 - e. The branches service regions of the country.

ANS: E

35. A basic phenomenon in the ranks of retailers since 1948 has been:
- a. the tendency toward larger-scale retailers as measured by average sales per store.
 - b. the large increase in the number of retail stores for each census period since 1948.
 - c. the increase of average sales per store.
 - d. the consistent large decline in the number of retail stores.
 - e. the decrease in the size of retail establishments.

ANS: C

36. Between 1948 and 1997 for retail establishments:
- a. average sales and numbers of stores increased.
 - b. average sales increased and the number of stores decreased.

- c. average sales decreased and the number of stores decreased.
- d. average sales decreased and the number of stores increased.
- e. total sales increased and the number of stores increased.

ANS: B

37. Trends in retailing in the U.S. suggest:
- a. the number of stores is growing rapidly.
 - b. average dollar sales per store has increased.
 - c. the number of retail stores has fallen by 50 percent in the last 25 years.
 - d. a movement by retailers to reduce the number of distribution tasks they perform.
 - e. a total sales volume greater than \$5 trillion.

ANS: B

38. General merchandise, single line stores, and specialty stores are so named based on which of the following classification bases?
- a. ownership of establishments
 - b. size of establishments
 - c. kind of business
 - d. method of consumer contact
 - e. legal form of organization

ANS: C

39. Which of the following would *not* be classified as retailers?
- a. factory outlets
 - b. vending machines
 - c. mail order catalogs
 - d. TV shopping shows
 - e. food broker

ANS: E

40. Distribution tasks that were formerly the province of the wholesaler or manufacturer have increasingly:
- a. been shifted to facilitating agencies.
 - b. been shifted off to smaller wholesalers.
 - c. been neglected by manufacturers and wholesalers.
 - d. been taken over by larger retailers.
 - e. been shifted to independent agents or brokers.

ANS: D

41. Stores that dominate a particular line of merchandise and have large shares of the market are often referred to as:
- a. diversified retailers.

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- b. specialty retailers.
- c. category killers.
- d. department stores.
- e. mass merchandisers.

ANS: C

42. The potential of retail intermediaries for performing distribution tasks:
- a. has increased.
 - b. is likely to decrease in the future.
 - c. has not changed.
 - d. will be a value added function.
 - e. will only change if the economy grows over 5% per year.

ANS: A

43. The *Census of Retail Trade* classified retailers into _____ major groups by kind of business.
- a. 12
 - b. 16
 - c. 18
 - d. 10
 - e. 8

ANS: A

44. Economic concentration in many kinds of retail businesses is:
- a. getting lower.
 - b. increasing.
 - c. staying the same.
 - d. highly variable across time.
 - e. very volatile.

ANS: B

45. Virtually all retailers serve as:
- a. buying agents for the producer.
 - b. selling agents for their suppliers.
 - c. advertising agents for manufacturers.
 - d. limited function businesses.
 - e. the external marketing staff for manufacturers.

ANS: B

46. All of the following are reasons for retailers gaining power in the marketing channels except:
- a. growing size.

- b. use of advanced technology.
- c. increased expertise of managers.
- d. increased use of the marketing concept.
- e. concentration of retailers.

ANS: C

47. Retailers have been using scanner data to perform all of the following except:
- a. pay and promotion analysis.
 - b. promotion and pricing decisions.
 - c. shelf management.
 - d. direct product profitability.
 - e. forecasting.

ANS: A

48. “Threetailing” is a term used to describe:
- a. retailers located in 3 or more countries.
 - b. the use of 3 types of promotion techniques.
 - c. the integration of technology for in-store, print, and television advertising.
 - d. three main customer target markets.
 - e. the convergence of in-store, catalog, and online channels.

ANS: E

49. Kohl’s discount department store has used all of the following techniques of marketing strategy except:
- a. use of a ‘racetrack’ layout to expose customers to a maximum amount of merchandise.
 - b. allow customers to spend less time in the store but buy more merchandise.
 - c. sell brand name apparel.
 - d. differentiate its store layout from competitors.
 - e. increase use of multi-media advertising techniques.

ANS: E

50. Which of the following is a false statement about Fresh Market’s use of marketing strategy to reach its target market?
- a. Has identified its target market as educated, high-income consumers in upscale

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- neighborhoods.
- b. The store size is larger than those of major competitors.
 - c. Classical music is played in all stores.
 - d. The lighting in the store is unique and warm.
 - e. The decor is very elegant.

ANS: B