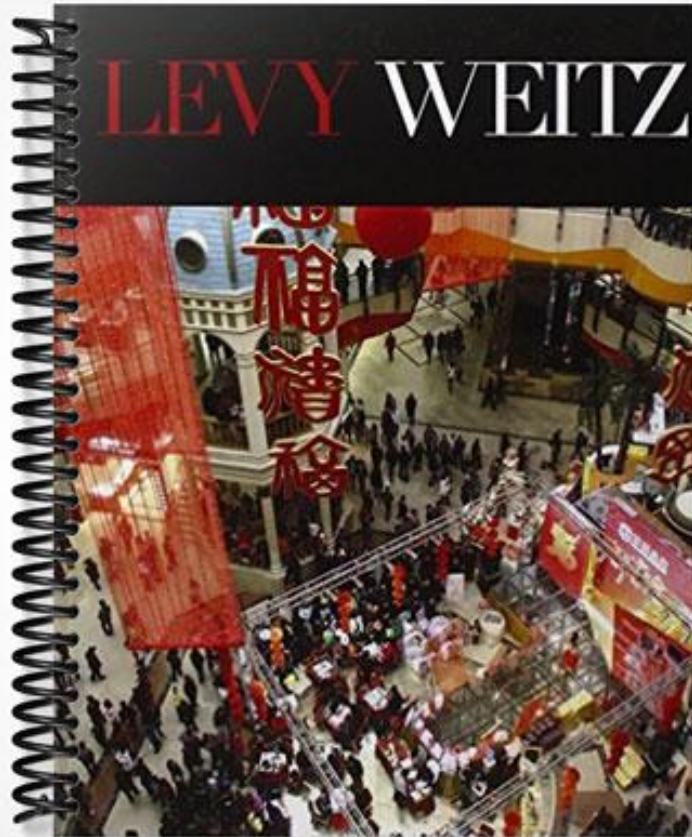


TEST BANK

LEVY WEITZ



Chapter 02 Types of Retailers

Multiple Choice Questions

1. (p. 36) New retail formats are created and evolve because:
- A. Consumers lose interest
 - B. Large retailers have undertaken stronger marketing campaigns
 - C. Consumers' needs and competition change**
 - D. Private branding dictates new fashion
 - E. Retailers have built better relationships with key customers

Difficulty: Medium
Type: Comprehension

2. (p. 36) The North American Industry Classification System (NAICS):
- A. Was developed by the Federal Trade Commission (FTC)
 - B. Uses an 8-digit classification system
 - C. Is important to understanding retailing activity in North America**
 - D. Is limited in its use to only retail institutions
 - E. Is used only by the United States

Difficulty: Medium
Type: Definition

3. (p. 36) Which of the following statements about NAICS codes is TRUE?
- A. The letters in NAICS stand for National Assortments in Commercial Stores.
 - B.** Retailers with the same NAICS codes may compete against each other.
 - C. A retailer's principal competitor is seldom, if ever, other retailers in the same NAICS category.
 - D. The NAICS code categorizes businesses according to an 8-digit classification system.
 - E. None of the above statements about NAICS codes is true.

The NAICS code uses a 6-digit system. Retailers will compete directly with some businesses in their NAICS category but not all of them.

Difficulty: Hard
Type: Comprehension

4. (p. 37) _____ refers to the number of different merchandise categories a retailer offers.
- A. Inventory mixture
 - B. Product width
 - C. Product depth
 - D.** Variety
 - E. Assortment

Difficulty: Easy
Type: Definition

5. (p. 37) Because the only merchandise categories at the University Futon Shop are double-sized futons, the Futon Shop can be said to have no:
- A. Inventory control
 - B. Need for customer service
 - C.** Variety
 - D. Shrinkage
 - E. Product depth

Difficulty: Medium
Type: Application

Chapter 02 - Types of Retailers

6. (p. 37) Each different item of merchandise in a retail store is called a(n):
- A. Consumer offering
 - B. Store counted item (SCI)
 - C. Stored and keyed unit (SKU)
 - D.** Stock keeping unit (SKU)
 - E. Economic unit

Difficulty: Easy
Type: Definition

7. (p. 37) Variety is often referred to as the:
- A. Store's supply standard
 - B. Complete retail offering
 - C. Retail mix
 - D.** Breadth of merchandise
 - E. Depth of merchandise

Difficulty: Easy
Type: Definition

8. (p. 37) Assortment is often referred to as the:
- A. Breadth of merchandise
 - B. Complete retail offering
 - C.** Depth of merchandise
 - D. Object of the buy
 - E. Retail mix

Difficulty: Easy
Type: Definition

9. (p. 38) The Men's Warehouse stocks 250 different styles and colors of ties. This assortment of ties can be referred to as the store's:

- A. Supply standard
- B. Complete retail offering
- C. Breadth of merchandise
- D. Retailer mix
- E.** Depth of merchandise

Difficulty: Medium
Type: Application

10. (p. 39) Lowe's offers customers a huge selection of home improvement merchandise. As a result, inventory investment:

- A.** Increases because they have to carry backup stock for each SKU
- B. Increases because of the increase in demand in the home improvement industry
- C. Increases because of the value of the assortment
- D. Decreases because of the increase of the customer base
- E. Decreases because of the introduction of back up stock

Difficulty: Hard
Type: Application

11. (p. 39) Which of the following is NOT TRUE in describing retailers who offer a deep and broad assortment?

- A. It increases inventory holding costs.
- B. It increases inventory investment because a retailer must have backup stock for each SKU.
- C.** Warehouse clubs offer a greater assortment.
- D. Specialty retailers offer the depth of merchandise.

Warehouse clubs offer a greater variety of merchandise instead of greater assortment (depth of merchandise).

Difficulty: Hard
Type: Comprehension

12. (p. 40) Department stores have relatively deep and broad assortments, compared to warehouse clubs. This strategy is expensive so they typically offset the extra inventory costs by:

- A.** Charging higher prices
- B. Hiring less staff
- C. Offering less expensive assortments
- D. Offering less hours of operation
- E. Offering additional services

Difficulty: Medium
Type: Application

13. (p. 42) How can supermarkets differentiate themselves from other food retailing formats?

- A. Emphasize fresh perishables
- B. Target health conscious and ethnic consumers
- C. Provide a better in-store experience
- D. Offer more private label brands
- E.** All of the above

Difficulty: Medium
Type: Comprehension

14. (p. 42) Whereas conventional supermarkets carry about 30,000 SKUs, limited assortment supermarkets or extreme value food retailers only stock 2,000 SKUs. Which of the following is NOT the advantage of stocking fewer SKUs?

- A. Less inventory holding costs
- B. Less backup stock
- C. Less inventory investment
- D. More inventory turnover
- E. Less store operating expenses
- F.** More fulfilling customer experience

Because having fewer SKUs may make it more difficult to satisfy customers' wants.

Difficulty: Hard
Type: Application

15. (p. 45) What is the challenge big box stores face, while developing locations in Europe and Japan?

- A. Limited and expensive land
- B. Increased operating costs
- C. Restricted building size in some countries
- D. Opposing sentiments from local residents
- E.** All of the above

Difficulty: Medium
Type: Comprehension

16. (p. 45) Warehouse clubs:

- A. Have high margins
- B. Spend on visual displays
- C. Have low turnover
- D.** Sell merchandise in a no-frills atmosphere
- E. Provide extensive customer service

Difficulty: Medium
Type: Definition

17. (p. 45) Which of the following statements about warehouse clubs is true?

- A. Warehouse clubs only sell to ultimate consumers.
- B. Warehouse clubs have a category specialist format.
- C.** Warehouse clubs typically have relatively low inventory holding costs.
- D. Warehouse clubs have extensive merchandise depth.

They maintain low inventory holding costs because they carry a limited assortment of fast-moving items.

Difficulty: Medium
Type: Comprehension

18. (p. 46) Angelo manages a local Convenience store that sells gasoline. When gas prices are high, his sales increase, but gas margins are low. So, depending upon gas sales for the success of the business can be a problem for him. What should Angelo do?

- A.** Add high margin merchandise such as adding a casual coffee shop within the store
- B. Open more gas pumps
- C. Temporarily lower gas prices to motivate customers to fill up at his store
- D. Sell two-for-one candy with every fill-up

Difficulty: Hard
Type: Application

19. (p. 46) Which of the following is the biggest threat to Convenience stores?

- A. Increasing prices on convenience store foods
- B.** Discount stores that offer quick access to convenience foods
- C. Vending machines
- D. Expanding services at supermarkets
- E. Off-price retailers

Difficulty: Medium
Type: Comprehension

20. (p. 47) A retailer that carries a broad variety and deep assortment, offers customer services. They are organized into separate departments for displaying merchandise. This is called a:

- A. Category killer
- B.** Department store
- C. Discount retailer
- D. Convenience store
- E. Specialty retailer

Difficulty: Easy
Type: Definition

Chapter 02 - Types of Retailers

21. (p. 47) Sears, JC Penney, and Kohl's represent the _____ department stores.

- A.** First tier
- B. Second tier
- C. Third tier
- D. Value oriented

Difficulty: Easy
Type: Comprehension

22. (p. 47) Which of the following is a first tier department store?

- A. Macy's East
- B.** Nordstrom
- C. Sears
- D. Kohl's
- E. JCPenney

Difficulty: Easy
Type: Comprehension

23. (p. 47) Which of the following is a second tier department store?

- A.** Macy's
- B. Neiman Marcus
- C. TJ Maxx
- D. Nordstrom
- E. None of the above

Difficulty: Easy
Type: Comprehension

24. (p. 48) What can department stores do to differentiate their merchandise offering AND strengthen their image?

- A. Advertise their national brands on the Internet to meet with the shoppers' needs
- B. Network with a broader variety of vendors
- C.** Seek exclusive arrangements with nationally recognized brands
- D. Merge with faltering retailers to gain their market share
- E. Keep assortments in line with European styles and fads

Difficulty: Medium
Type: Comprehension

25. (p. 48) Department stores are developing strong images for their private branded merchandise to:

- A. Attract the attention of women ages 25-45
- B.** Gain competitive advantage over competitors
- C. Keep price points lower
- D. Reduce the number of markdowns at the end of a season
- E. Sever relationships with low profit vendors

Difficulty: Medium
Type: Comprehension

26. (p. 48) To respond to a competitive discount environment, Wal-Mart is fighting back by:

- A.** Opening supercenters, and closing full-line discount stores
- B. Focusing on promotional pricing rather than the traditional EDLP strategy
- C. Increasing assortments
- D. Offering better customer service on the floor
- E. Reducing prices below wholesale

Difficulty: Medium
Type: Comprehension

27. (p. 48) Which of the following statements about discount stores is TRUE?

- A. They do not carry private-label merchandise.
- B. They have greater depth of merchandise than department stores.
- C. They typically carry more brands and sizes in each category than department stores.
- D.** They tend to offer a broad variety of merchandise.
- E. None of the above statements about discount stores are true.

Discount stores offer more variety and less depth than department stores. They typically carry fewer brands and sizes in each category than department stores. Some are selling private-label merchandise like Kmart's Martha Stewart brand.

Difficulty: Medium
Type: Comprehension

28. (p. 50) Specialty stores that focus on specific market segments are vulnerable to:

- A.** Shifts in customer tastes and preferences
- B. High price points
- C. Operating parameters set by mall management
- D. Strong competition from department stores that sell comparable merchandise
- E. Overstocking

Difficulty: Medium
Type: Comprehension

29. (p. 52) Why are category specialists sometimes called category killers?

- A. Because they are often located in dying shopping malls
- B. Because they are located at stand-alone sites
- C. Because of their broad merchandise mix and shallow assortment
- D.** Because they can destroy the profit potential for a category of merchandise for other retailers
- E. Because they carry mainly technologically obsolete merchandise

Alternative A describes the results of the activities of a category specialist.

Difficulty: Medium
Type: Comprehension

30. (p. 50) Barnes & Noble and Borders are both category specialists book stores. This means the stores:

- A. Offer their customers narrow breadth and depth
- B. Use quick-response inventory management systems
- C. Have excellent after-the-sale service
- D. Appeal to the mature consumers
- E.** Offer a narrow variety but deep assortment of merchandise

Difficulty: Easy

Type: Comprehension

31. (p. 52) Category specialists in typically compete on the basis of _____ with stores selling similar merchandise:

- A. Advertising
- B. In-store promotions
- C. Distribution strategies
- D. Product variety and assortment
- E.** Price

Difficulty: Easy

Type: Comprehension

32. (p. 54) Off-price retailers:

- A. Offer a consistent assortment of soft goods at low prices
- B.** Sell brand-name and even designer-label merchandise at reduced prices
- C. Offer gift-wrapping services
- D. Give cash refunds
- E. Require suppliers to give them a variety of allowances and discounts

Their assortment tends to be erratic on what is available.

Difficulty: Easy

Type: Definition

33. (p. 55) Although e-Bay is an Internet based company where an individual can obtain merchandise, it functions more like _____ than a retailer.

- A. A mall
- B. A manufacturer
- C. A discounter
- D. A wholesaler
- E. A catalog

Difficulty: Medium
Type: Comprehension

34. (p. 55) Which of the following best describes the target market for catalog and direct-mail retailers?

- A. Members of a pyramid network
- B. People who do not enjoy in-store shopping
- C. People who enjoy the convenience of shopping by catalog
- D. People who mostly shop in department stores

Difficulty: Medium
Type: Application

35. (p. 55) Which of the following can be classified as a general merchandise catalog retailer?

- A. Eddie Bauer
- B. JCPenney
- C. Lands' End
- D. LL Bean
- E. All of the above

Difficulty: Easy
Type: Application

36. (p. 56) Which of the following does NOT describe the challenges of catalog retailing?
- A. It is difficult for smaller catalogers to compete with large, well-established firms with sophisticated customer management (CRM) and fulfillment systems
 - B. The mailing and printing costs are high and increasing
 - C. It is difficult to get consumers' attention because of clutters
 - D. The length of time required to design, develop, and distribute catalogs makes it difficult for catalogers to respond quickly to new trends and fashions
 - E.** It is difficult for catalogers to tailor merchandise presentation to target segments

Difficulty: Medium
Type: Application

37. (p. 57) Direct selling:
- A. Is a highly interactive form of retailing
 - B. Most often takes place in the home
 - C. Is mainly performed by independent agents
 - D. Can be done over the telephone
 - E.** Is accurately described by all of the above

Difficulty: Medium
Type: Definition

38. (p. 57) A party plan system:
- A. Is a form of direct-response advertising
 - B.** Is based on the idea that social relationships influence buying habits
 - C. Is illegal since it is a form of pyramid scheme
 - D. Uses a master distributor as lead salesperson
 - E. Is a recruiting tool for multilevel networks

Difficulty: Medium
Type: Definition

39. (p. 57) In a multilevel network, master distributors:
- A. Are responsible for training the salespeople they recruit
 - B. Recruit other people to become distributors in their network
 - C. May receive a commission on all merchandise purchased by the distributors in their network
 - D. Sell to customers in their network
 - E.** Are described by all of the above

Difficulty: Medium
Type: Definition

40. (p. 57) When multilevel direct selling becomes a pyramid scheme:
- A. Typical annual sales of products often double
 - B. The salespeople are no longer independent agents
 - C. The use of the party plan becomes more commonplace
 - D. The selling format is usually franchised
 - E.** Little merchandise is sold to end users

Difficulty: Medium
Type: Definition

41. (p. 58) Infomercials:
- A. Are 60-second commercials
 - B. Do not usually solicit orders
 - C. Use testimonials rather than demonstrations to sell products
 - D. Are not shown on broadcast television
 - E.** Are accurately described by none of the above

Difficulty: Easy
Type: Definition

42. (p. 58) Ben saw a 30-minute TV show with George Foreman on it. During the show, Foreman was showing how to prepare a variety of foods so that they would be totally fat-free. Each item was prepared using a special cooker. During the show the TV audience was given several opportunities to buy the cooker. Ben was watching:

- A. An infomercial
- B. Direct selling
- C. A sales promotion
- D. Outbound telemarketing
- E. Interactive electronic retailing

Infomercials are 30-minute TV programs that mix product demonstrations with order solicitations.

Difficulty: Medium
Type: Application

43. (p. 58) Which of the following is NOT a direct selling approach?

- A. A party plan system
- B. A multilevel network
- C. Infomercial
- D. A pyramid scheme

Difficulty: Easy
Type: Application

44. (p. 58) The major advantage of TV home shopping compared to catalog retailing is:

- A. Its ability to create time and place utility
- B. The lack of federal regulation of the media
- C. The easy return policy for unsatisfactory products
- D. Its ability to schedule when certain types of merchandise will be shown
- E. That customers can see the merchandise being demonstrated on TV

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

Difficulty: Medium
Type: Comprehension

45. (p. 58) When compared to catalog retailing, TV home shopping has which of the following disadvantages?

- A. The customer's inability to look at products when they desire
- B. The customer's ability to watch products being demonstrated
- C. The difficulty inherent in returning unsatisfactory products
- D. The ability to schedule when certain types of merchandise will be sold
- E. The lack of federal regulation of the medium

Both have the same problems with returns. Alternatives B and D describe an advantage.

Difficulty: Medium
Type: Comprehension

46. (p. 60) What do Delta, Marriott, Century 21, Blockbuster, and Lenscrafters have in common?

- A. These retailers have established long-term relationships with their manufacturers.
- B. They are all examples of off-price retailers.
- C. They are all examples of service retailers.
- D. They sell tangible products.
- E. They have high operating margins due to the size of their inventories.

Difficulty: Medium
Type: Definition

47. (p. 61) Services are difficult to be evaluated before customers buy, or even after they buy and consume them. What characteristic of service cause this challenge for services retailers?

- A. Intangibility
- B. Perishability
- C. Inconsistency
- D. Consumability
- E. Compatibility

Difficulty: Medium
Type: Application

48. (p. 61) How can a service retailer best cope with the problems associated with the intangibility of service?

- A. Use low prices during off-seasons to help match supply and demand.
- B. Use mass production.
- C. Emphasize quality control.
- D.** Solicit customer evaluations and complaints.
- E. Increase staffing at peak demand times.

Alternatives A and E are ways to deal with service perishability. Mass production is not feasible with most services. Alternative C describes a way to deal with the inconsistency of service offerings.

Difficulty: Medium
Type: Comprehension

49. (p. 61) Due to the _____ of services, service retailers like Universal Studios, AvMed, and KinderCare sometimes find it difficult to match supply and demand.

- A. Intangibility
- B.** Perishability
- C. Inconsistency
- D. Consumability
- E. Compatibility

Perishability occurs because the creation and consumption of services is simultaneous.

Difficulty: Medium
Type: Comprehension

50. (p. 61) Why do movie theaters sell tickets for an afternoon showing of a movie at a lower price than the 7 p.m. showing of the same movie?

- A.** To deal with the perishability of services
- B. To make sure the service offered is consistent
- C. To deal with the intangible characteristic of services
- D. To deal with the incompatibility characteristic of services
- E. To minimize inventory losses

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

Difficulty: Medium
Type: Application

51. (p. 61) How can a service retailer best cope with the problems associated with the inconsistency of service?

- A. Use low prices during off-seasons to help match supply and demand.
- B. Use mass production.
- C. Have employees fill out surveys.
- D.** Spend considerable time and effort selecting, training, managing, and motivating employees.
- E. Increase staffing at peak demand times.

Alternatives A and E are ways to deal with service perishability. Mass production is not feasible with most services. Alternative D describes a way to deal with the intangibility of service offerings.

Difficulty: Medium
Type: Comprehension

52. (p. 62) Which of the following describes an advantage that independent, single-store establishments have over other forms of ownership?

- A. Economies of scale
- B.** Ability to respond almost immediately to environmental changes
- C. Bureaucratic operation
- D. Very low set-up costs
- E. Distribution efficiency

Retailing is expensive. Small retailers do not benefit from economies of scale nor do they have to endure a lot of bureaucracy.

Difficulty: Hard
Type: Comprehension

53. (p. 63) A company operating multiple retail units under common ownership. Also, it usually has centralized decision making for defining, and implementing its strategy is called a:

- A. Franchise
- B.** Retail chain
- C. Full-line discount stores
- D. Single-store establishment
- E. Wholesale-sponsored voluntary cooperative chain

Difficulty: Easy
Type: Definition

54. (p. 62) Typically, large retail chains:

- A. Are completely decentralized
- B. Encourage their store managers to be flexible and creative
- C. Are very flexible in their responses to the unique needs of their local markets
- D. Have lower total fixed costs than other forms of ownership
- E.** Perform wholesaling, distribution, and retailing functions in the channel

Difficulty: Medium
Type: Definition

55. (p. 64) In a franchise contract, the franchisor:

- A. Makes sure all franchise outlets provide the same quality of service and products
- B. Agrees to operate a franchise outlet in accordance with procedures prescribed in the contract
- C. Agrees to pay a royalty to the franchisee
- D. Is given permission to use a franchise name and format
- E.** Does all of the above

Difficulty: Medium
Type: Definition

56. (p. 64) In a franchise contract, the franchisee pays the franchisor a/an:

- A. Bonus if the sales quota is achieved
- B.** Initial investment plus a royalty on all sales
- C. Start-up costs plus a monthly predetermined cash amount
- D. Commission on all sales
- E. Salary plus a variety of employee benefits

Difficulty: Hard
Type: Definition

57. (p. 64) Which of the following is NOT TRUE in describing characteristics of a franchise?

- A. The franchise ownership format attempts to combine the advantages of owner-managed businesses with the efficiencies of centralized decision making in chain store operations.
- B. Franchisees are motivated to make their stores successful because they receive the profits.
- C. The franchisor is motivated to develop new products and to promote the franchise because it receives a royalty on all sales.
- D.** The franchisor is responsible for and pays for all advertising, product development, and system development.

Advertising, product development, and system development are performed by the franchisor but costs are shared by all franchisees.

Difficulty: Hard
Type: Definition

Essay Questions

58. (p. 38) Differentiate between breadth of merchandise and depth of merchandise.

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

Difficulty: Medium

59. (p. 41) Explain strategies which limited assortment supermarkets (extreme value food retailers) have used in order to provide customers with high quality merchandise at low prices to compete against other food retailing formats?

Rather than carrying deep merchandise, (e.g., carrying many brands), limited assortment stores offer one or two brands and sizes, one of which is a store brand and one of which is a popular national brand. Stores are designed to maximize efficiency and reduce costs. They have fewer employees for service and are located in second- or third-tier shopping centers with low rents. By trimming costs, they can offer high quality merchandise at 40-60 percent lower prices than conventional supermarkets. Save-a-Lot and ALDI are examples of limited assortment supermarkets (extreme value food retailers).

Difficulty: Medium

60. (p. 47) How are department stores categorized into tiers? How do the tiers differ? Give examples of each.

Department store chains are categorized into three tiers. The first tier includes upscale high-fashion chains with exclusive designer merchandise and excellent customer service such as Neiman Marcus, Nordstrom and Bloomingdales. The second tier is upscale traditional department stores like Macy's. The third is the value oriented tier which caters to more price conscious consumers like Sears, JCPenney, and Kohl's.

Difficulty: Medium

61. (p. 47) What are reasons that department stores are losing their market share to discount stores?

Many consumers view department stores not as convenient as discount stores, such as Target, because they are located in large regional malls rather than local neighborhoods. Customer service has diminished because of the retailers' desire to increase profits by reducing labor costs. Department stores have not been as successful as discount stores in reducing costs by working with their vendors to establish just-in-time inventory systems, so prices remain relatively high.

Difficulty: Medium

62. (p. 56) Explain why it is so difficult to be successful in catalog retailing.

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

Difficulty: Hard

63. (p. 62) Describe four differences between services and merchandise retailers. Then explain the challenges, and how services retailers overcome those challenges associated with examples.

Four important differences in the nature of the offerings provided by services and merchandise retailers are (1) intangibility, (2) Simultaneous production and consumption, (3) perishability, and (4) Inconsistency of the offering to customers.

(1) Intangibility

It is hard for customers to evaluate services before they buy them, or even after they buy and consume them. To overcome this issue, service retailers use tangible symbols to inform customers the quality of services. For instance, a law firm uses elegant, carpeted offices with expensive antique furniture to signal the quality of services lawyers are providing.

(2) simultaneous production and consumption

Because services are produced and consumed at the same time, it is difficult to reduce costs through mass products. Large retailers such as McDonald and Starbuck's reduced costs and provide consistent and fast services by investing in equipment, procedures, and training.

(3) Perishability

Because services cannot be saved, stored, or resold, service retailers must match supply and demand with the consideration of capacity constraints. Service retailers use effective pricing strategies tailored during high and low demand periods. For instance, airlines and hotels reduce price during low demand weekends when business people are not traveling. Disney theme parks use videos and park employees to entertain customers while they wait in line.

(4) inconsistency of the offering to customers

Because services are performances produced by people (employees and customers), no two services can be identical. To offer the most consistent services as possible, service retailers develop detailed procedures and invest in training of service providers. Answers can vary.

Difficulty: Hard

64. (p. 63) What does a franchisor offer its franchisees?

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

Difficulty: Medium

Fill in the Blank Questions

65. (p. 37) _____ is the number of merchandise categories a retailer offers.

Variety

Difficulty: Easy

66. (p. 37) _____ is the number of different items in a merchandise category.

Assortment

Difficulty: Easy

67. (p. 37) Variety is referred to as _____ carried by a retailer; assortment is referred to as _____. Each different item of merchandise is called a _____.

The breadth of merchandise, the depth of merchandise, SKU (Stock Keeping Unit)

Difficulty: Easy

68. (p. 49) _____ offer a broad variety of merchandise, limited service, and low price.

Full-line discount stores

Difficulty: Easy

69. (p. 51 *Difficulty: Easy*) _____ are big box discount stores that offer a narrow variety but deep assortment of merchandise at low prices.

Category specialists

70. (p. 54) _____ offer an inconsistent assortment of brand-name, fashion-oriented soft goods at low prices.

Off-Price retailers

Difficulty: Easy

71. (p. 63) A _____ consists of multiple retail units under common ownership that usually has some centralization of decision making in defining and implementing its strategy.

Retail chain

Difficulty: Easy

Short Answer Questions

72. (p. 61) The dermatologist has her diplomas prominently displayed above her large desk, which sits on a Persian rug in an office filled with tasteful, yet expensive furnishings. Which service characteristic is the doctor trying to handle with her office décor?

Intangibility

Difficulty: Easy

73. (p. 62) A massage parlor that requires its therapists to keep a database on each customer and include in that database what was done on each visit such as, customer aches and pains and peculiar characteristics of the customer is trying to cope with which service characteristic?

Inconsistency

Difficulty: Easy

74. (p. 52) Why do category specialists call themselves "category killers"?

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

Difficulty: Easy

75. (p. 64) According to the franchise contract, how does the franchisee pay the franchisor?

The payment is a lump sum plus a royalty on all sales.

Difficulty: Medium

76. (p. 64) What format of ownership does combine the advantages of owner-managed businesses with the efficiency of centralized decision making in chain store operations?

Franchise format

Difficulty: Medium