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

5. \_\_\_\_\_\_\_\_\_\_ are members of the target market.

|  |  |
| --- | --- |
| a. | Final users |
| b. | Retailers |
| c. | Wholesalers |
| d. | Producers |
| e. | Transportation firms |

ANS: A

6. Facilitating agencies:

|  |  |
| --- | --- |
| a. | are members of the marketing channel. |
| b. | perform non-negotiatory functions. |
| c. | are of little importance to the operation of the channel. |
| d. | are seldom called on by the channel manager. |
| e. | are members of the commercial channel. |

ANS: B

7. Which of the following is not a facilitating agency?

|  |  |
| --- | --- |
| a. | FlowPipeline, Inc. |
| b. | First National Bank of Chicago |
| c. | Brooke Advertising, Inc. |
| d. | Binney & Smith |
| e. | Federal Express |

ANS: D

8. In the context of the management perspective used in the text, it is appropriate to view final users as:

|  |  |
| --- | --- |
| a. | intermediaries. |
| b. | facilitating agencies. |
| c. | intermediate users. |
| d. | target markets. |
| e. | producers. |

ANS: D

9. The technology and scale economies that enable producers and manufacturers to operate at a low average cost for production are:

|  |  |
| --- | --- |
| a. | also usually present in the performance of distribution tasks. |
| b. | even greater when it comes to performing distribution tasks. |
| c. | often lacking in the performance of distribution tasks. |
| d. | less important to the efficient performance of distribution tasks. |
| e. | easily attainable when performing distribution tasks. |

ANS: C

10. Intermediaries’ average costs curves for distribution tend to be \_\_\_\_\_\_\_\_\_\_ those of manufacturers.

|  |  |
| --- | --- |
| a. | higher than |
| b. | lower than |
| c. | the same as |
| d. | longer than |
| e. | shorter than |

ANS: B

11. To perform distribution tasks efficiently, a firm needs all of the following except:

|  |  |
| --- | --- |
| a. | expertise. |
| b. | economies of scale. |
| c. | economies of scope. |
| d. | to maintain high inventory levels. |
| e. | 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.

|  |  |
| --- | --- |
| a. | high |
| b. | low |
| c. | medium |
| d. | extremely low |
| e. | 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:

|  |  |
| --- | --- |
| a. | Jackson is better positioned to select and use facilitating agencies. |
| b. | Clayton’s fixed costs are too high. |
| c. | Jackson can spread its fixed costs across products from multiple manufacturers. |
| d. | Clayton’s marginal revenue exceeds its marginal costs. |
| e. | Clayton has low average production costs. |

ANS: C

14. The *Census of Wholesale Trade* classifies wholesalers into the following three categories:

|  |  |
| --- | --- |
| a. | merchant wholesalers, manufacturers’ sales branches, and public warehouses. |
| b. | sales branches and offices, company-owned stores, and merchant wholesalers. |
| c. | merchant wholesalers, brokers, and commission merchants and agent wholesalers. |
| d. | manufacturers’ sales branches and offices; agents, brokers, and commission merchants; and merchant wholesalers. |
| e. | merchant wholesalers, manufacturers’ facilitators, brokers, and independent producers. |

ANS: D

15. The *Census of Wholesale Trade* classifies wholesalers as all of the following except:

|  |  |
| --- | --- |
| a. | merchant wholesalers. |
| b. | full-function or limited function wholesalers. |
| c. | 18 groupings based on the kind of business. |
| d. | agents and brokers. |
| e. | manufacturers’ sales branches and offices. |

ANS: B

16. The *Census of Wholesale Trade* classifies wholesalers into \_\_\_\_\_\_\_\_\_\_ kinds of business groups.

|  |  |
| --- | --- |
| a. | 24 |
| b. | 18 |
| c. | 12 |
| d. | 10 |
| e. | 36 |

ANS: B

17. \_\_\_\_\_\_\_\_\_\_\_ are firms that primarily buy, take title to, store, and physically handle products.

|  |  |
| --- | --- |
| a. | Agents |
| b. | Commission merchants |
| c. | Manufacturers’ offices |
| d. | Brokers |
| e. | 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:

|  |  |
| --- | --- |
| a. | increased slightly. |
| b. | decreased slightly. |
| c. | stayed the same. |
| d. | increased by over 10%. |
| e. | decreased by almost one third. |

ANS: B

19. Agents, brokers, and commission merchants’ percentage of total wholesale sales in 1997 was:

|  |  |
| --- | --- |
| a. | 0% to 4%. |
| b. | 5% to 10%. |
| c. | 11% to 14%. |
| d. | 15% to 19%. |
| e. | 20% to 24%. |

ANS: B

20. In recent years, trends in wholesaling are showing a tendency towards:

|  |  |
| --- | --- |
| a. | consolidation. |
| b. | a decrease in average size. |
| c. | becoming more like retailers than wholesalers. |
| d. | operating only in Cyberspace. |
| e. | a decrease in average size. |

ANS: A

21. Most wholesalers could be characterized with regard to their size as:

|  |  |
| --- | --- |
| a. | giant enterprises. |
| b. | large businesses. |
| c. | very small “mom and pop” businesses. |
| d. | relatively small businesses. |
| e. | conglomerates. |

ANS: D

22. Absolute sales of all three types of wholesalers \_\_\_\_\_\_\_\_\_ during the period 1987 to 1997.

|  |  |
| --- | --- |
| a. | decreased |
| b. | stayed the same |
| c. | increased |
| d. | fell drastically |
| e. | increased by less than a fraction of one percent |

ANS: C

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

|  |  |
| --- | --- |
| 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. |
| 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. |
| 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 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

**MULTIPLE CHOICE**

1. Which statement about Gazelle is **false**?

|  |  |
| --- | --- |
| a. | Gazelle distributes electronic products using its online channel. |
| b. | Gazelle buys, takes title and stores electronic products. |
| c. | Gazelle pays for electronic products up front, before it has a buyer for them. |
| d. | It is part of a $300 billion industry that distributes used electronic equipment. |
| e. | Distribution channels are not adequately used by Gazelle.. |

ANS: E (p. 33)

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 (p. 34)

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 non-contactual organizations. |

ANS: D (p. 34)

4. In the commercial channel, participants who are specifically excluded are:

|  |  |
| --- | --- |
| a. | Producers. |
| b. | Manufacturers. |
| c. | Wholesale and retail intermediaries. |
| d. | Consumer and industrial final users. |
| e. | Agents and brokers. |

ANS: D (p. 34)

5. \_\_\_\_\_\_\_\_\_\_ are members of the target market.

|  |  |
| --- | --- |
| a. | Final users |
| b. | Retailers |
| c. | Wholesalers |
| d. | Producers |
| e. | Transportation firms |

ANS: A (p. 34)

6. Facilitating agencies:

|  |  |
| --- | --- |
| a. | Are members of the marketing channel. |
| b. | Perform non-negotiatory functions. |
| c. | Are of little importance to the operation of the channel. |
| d. | Are seldom called on by the channel manager. |
| e. | Are members of the commercial channel. |

ANS: B (p. 66)

7. Which of the following is not a facilitating agency?

|  |  |
| --- | --- |
| a. | FlowPipeline, Inc. |
| b. | First National Bank of Chicago |
| c. | Brooke Advertising, Inc. |
| d. | Binney & Smith |
| e. | Federal Express |

ANS: D

8. In the context of the management perspective used in the text, it is appropriate to view final users as:

|  |  |
| --- | --- |
| a. | Intermediaries. |
| b. | Facilitating agencies. |
| c. | Intermediate users. |
| d. | Target markets. |
| e. | Producers. |

ANS: D

9. The technology and scale economies that enable producers and manufacturers to operate at a low average cost for production are:

|  |  |
| --- | --- |
| a. | Also usually present in the performance of distribution tasks. |
| b. | Even greater when it comes to performing distribution tasks. |
| c. | Often lacking in the performance of distribution tasks. |
| d. | Less important to the efficient performance of distribution tasks. |
| e. | Easily attainable when performing distribution tasks. |

ANS: C (p. 37-38)

10. Intermediaries’ average costs curves for distribution tend to be \_\_\_\_\_\_\_\_\_\_ those of manufacturers.

|  |  |
| --- | --- |
| a. | Higher than |
| b. | Lower than |
| c. | The same as |
| d. | Longer than |
| e. | Shorter than |

ANS: B (p. 36-38)

11. To perform distribution tasks efficiently, a firm needs all of the following except:

|  |  |
| --- | --- |
| a. | Expertise. |
| b. | Economies of scale. |
| c. | Economies of scope. |
| d. | To maintain high inventory levels. |
| e. | High production volumes. |

ANS: D (p. 36-38)

12. Procter & Gamble and Kellogg often face \_\_\_\_\_\_\_\_\_\_ average costs for distribution tasks when they attempt to perform them by themselves.

|  |  |
| --- | --- |
| a. | High |
| b. | Low |
| c. | Medium |
| d. | Extremely low |
| e. | 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:

|  |  |
| --- | --- |
| a. | Jackson is better positioned to select and use facilitating agencies. |
| b. | Clayton’s fixed costs are too high. |
| c. | Jackson can spread its fixed costs across products from multiple manufacturers. |
| d. | Clayton’s marginal revenue exceeds its marginal costs. |
| e. | Clayton has low average production costs. |

ANS: C

14. The *Census of Wholesale Trade* classifies wholesalers into the following three categories:

|  |  |
| --- | --- |
| a. | Merchant wholesalers, manufacturers’ sales branches, and public warehouses. |
| b. | Sales branches and offices, company-owned stores, and merchant wholesalers. |
| c. | Merchant wholesalers, brokers, and commission merchants and agent wholesalers. |
| d. | Manufacturers’ sales branches and offices; agents, brokers, and commission merchants; and merchant wholesalers. |
| e. | Merchant wholesalers, manufacturers’ facilitators, brokers, and independent producers. |

ANS: D (p. 38)

15. The *Census of Wholesale Trade* classifies wholesalers as all of the following except:

|  |  |
| --- | --- |
| a. | Merchant wholesalers. |
| b. | Full-function or limited function wholesalers. |
| c. | 18 groupings based on the kind of business. |
| d. | Agents and brokers. |
| e. | Manufacturers’ sales branches and offices. |

ANS: B (p. 38-39)

16. The *Census of Wholesale Trade* classifies wholesalers into \_\_\_\_\_\_\_\_\_\_ kinds of business groups.

|  |  |
| --- | --- |
| a. | 24 |
| b. | 18 |
| c. | 12 |
| d. | 10 |
| e. | 36 |

ANS: B (p. 39)

17. \_\_\_\_\_\_\_\_\_\_\_ are firms that primarily buy, take title to, store, and physically handle products.

|  |  |
| --- | --- |
| a. | Agents |
| b. | Commission merchants |
| c. | Manufacturers’ offices |
| d. | Brokers |
| e. | Merchant wholesalers |

ANS: E (p. 38)

18. During the decade from 1992 to 2002, Census data show that the percentage of total wholesale sales enjoyed by merchant wholesalers:

|  |  |
| --- | --- |
| a. | Increased slightly. |
| b. | Decreased slightly. |
| c. | Stayed the same. |
| d. | Increased by over 10%. |
| e. | Decreased by almost one third. |

ANS: B (p. 40)

19. Agents, brokers, and commission merchants’ percentage of total wholesale sales in 2002 was:

|  |  |
| --- | --- |
| a. | 0% to 8%. |
| b. | 9% to 14%. |
| c. | 15% to 20%. |
| d. | 21% to 30%. |
| e. | 31% to 40%. |

ANS: B (p. 40)

20. In recent years, trends in wholesaling are showing a tendency towards:

|  |  |
| --- | --- |
| a. | Consolidation. |
| b. | A decrease in average size. |
| c. | Becoming more like retailers than wholesalers. |
| d. | Operating only in Cyberspace. |
| e. | A decrease in average size. |

ANS: A (p. 40-41)

21. Most wholesalers could be characterized with regard to their size as:

|  |  |
| --- | --- |
| a. | Giant enterprises. |
| b. | Large businesses. |
| c. | Very small “mom and pop” businesses. |
| d. | Relatively small businesses. |
| e. | Conglomerates. |

ANS: D (p. 41)

22. Absolute sales of all three types of wholesalers \_\_\_\_\_\_\_\_\_ during the period 1992 to 2002.

|  |  |
| --- | --- |
| a. | Decreased |
| b. | Stayed the same |
| c. | Increased substantially |
| d. | Fell drastically |
| e. | Increased by less than a fraction of one percent |

ANS: C (p. 41)

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

|  |  |
| --- | --- |
| 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. |
| b. | Very high. |
| c. | Extremely high and getting higher. |
| d. | Very high but falling rapidly. |
| e. | Very low and falling rapidly. |

ANS: A (p. 42)

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 (p. 42)

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 (p. 42)

27. Several studies, including the Brown and Herring report, 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 (p. 44)

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 (p. 45)

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 (p. 42-44)

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 (p. 46)

31. Agents and brokers:

|  |  |
| --- | --- |
| a. | Do not take title to goods. |
| b. | Are not considered members of the commercial channel. |
| c. | Represent 1 or 2 manufacturers. |
| d. | Work on a ‘cash and carry’ basis. |
| e. | Physically hold the manufacturer’s inventory. |

ANS: A (p. 47)

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 (p. 47)

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 (p. 48)

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 (p. 34)

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 (p. 51)

36. Between 1948 and 2002 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 (p. 51)

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 (p. 51)

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 (p. 50)

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 (p. 50)

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 (p. 66)

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

|  |  |
| --- | --- |
| a. | Diversified retailers. |
| b. | Specialty retailers. |
| c. | Category killers. |
| d. | Department stores. |
| e. | Mass merchandisers. |

ANS: C (p. 63)

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 (p. 66)

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 (p. 51)

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 (p. 51)

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 (p. 63)

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 (p. 63)

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 (p. 63)

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 (p. 64)

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 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 (p. 64)

51. The term “gatekeeper” as used in the textbook refers to

|  |  |
| --- | --- |
| a. | The power of manufacturers in the channel. |
| b. | The power of retailers in the channel. |
| c. | The power of consumers in the channel. |
| d. | The power of suppliers in the channel. |
| e. | The power of manufacturer’s representatives in the channel. |

ANS: B (p. 64)