**Marketing Channel Concepts**

**MULTIPLE CHOICE**

1. Which type of strategy did Walmart decide to use to compete with Amazon?

|  |  |
| --- | --- |
| a. | Heavy advertising |
| b. | Price reduction |
| c. | Establish kiosks in Walmart stores |
| d. | Wholesale distribution |
| e. | Mass distribution via its own online channel |

ANS: E (p. 4)

2. Which of the following statements is **false**?

|  |  |
| --- | --- |
| a. | Consumer expectations have moved firms to add additional channels. |
| b. | Both B2C and B2B businesses are increasing the number of channels they use to distribute their products |
| c. | The flexibility to respond to consumers does not appear to be relevant to channel design. |
| d. | Channels must be targeted to reach intended customer segments. |
| e. | The increasing role of technology is helping to foster the use of multiple channels. |

ANS: C (p. 6)

3. Which of the following is a true statement about Internet-based channels?

|  |  |
| --- | --- |
| a. | Walmart's channel model continues to rely on its 'brick and mortar' stores exclusively. |
| b. | ‘Bricks and Mortar’ retailers that added online capabilities to traditional channels of distribution have had sluggish sales. |
| c. | Online sales have become an established distribution channel for B2C but not B2B markets. |
| d. | Internet-based channels have become a mainstream channel in the channel mixes of many firms. |
| e. | The growth of E-commerce is beginning to slow. |

ANS: D (p. 6-8)

4. A sustainable competitive advantage is one that

|  |  |
| --- | --- |
| a. | lasts at least five years. |
| b. | is based on a superior product feature. |
| c. | usually stresses a lower price. |
| d. | is difficult for competitors to match. |
| e. | stresses heavy promotional spending. |

ANS: D (p. 9)

5. According to the text, the most promising avenue for gaining a sustainable competitive advantage today is through an emphasis on:

|  |  |
| --- | --- |
| a. | Pricing strategy. |
| b. | Channel strategy. |
| c. | Promotion strategy. |
| d. | Product strategy. |
| e. | Supply strategy. |

ANS: B (p.9)

6. Which of the following is **not** relevant to the definition of, c*hanne*l?

|  |  |
| --- | --- |
| a. | *External*, meaning the channel exists outside the firm. |
| b. | *Internal,* meaning the channel exists as part of the firm. |
| c. | *Contactual organization*, referring to those firms involved in negotiatory functions. |
| d. | *Operates*, suggesting involvement by management in the affairs of the channel. |
| e. | *Distribution objectives*, meaning management has certain distribution goals in mind. |

ANS: B (p. 10)

7. Relating to the term, ***channel manager***, which of the following statements is **false**?

|  |  |
| --- | --- |
| a. | Most firms and organizations have a single designated position called channel manager. |
| b. | ***Channel managers*** refer to anyone in a firm who is involved in the marketing channel decision making. |
| c. | Depending on the type of firm, many different executives may be involved in making channel decisions. |
| d. | In some franchise organizations the, ***manager of franchisee relations,*** sometimes plays an important role in channel decision making. |
| e. | The term channel manager is used because it provides a sense of focus to the role of channel decision making |

ANS: A (p. 11-12)

8. According to the text, the technology that is likely to have the greatest impact on marketing channels is:

|  |  |
| --- | --- |
| a. | Television. |
| b. | Automated warehousing. |
| c. | The Internet. |
| d. | Hand-held computers. |
| e. | Cellular phones. |

ANS: C

9. According to the text, the confusion over the definition of the marketing channel stems mainly from which of the following causes?

|  |  |
| --- | --- |
| a. | Marketing channels are complex. |
| b. | There are simply too many definitions of the marketing channel. |
| c. | Too many “academic types” have become involved. |
| d. | The differing perspectives or viewpoints used. |
| e. | There are too many marketing channels for anyone to understand. |

ANS: D (p. 10-11)

10. The text argues that the role of marketing channels in marketing management is:

|  |  |
| --- | --- |
| a. | An extremely important tactical issue. |
| b. | The *most* important part of marketing management. |
| c. | Of strategic importance in many cases. |
| d. | Important mainly in the automobile business. |
| e. | To offset problems in product strategy. |

ANS: C

11. Consumers often view the marketing channel as simply:

|  |  |
| --- | --- |
| a. | Part of the manufacturer’s organization. |
| b. | A group of parasites who are mainly responsible for the high prices at the supermarket. |
| c. | A lot of middlemen standing between them and the producer of the product. |
| d. | The flow of goods and services through the economy. |
| e. | The path taken by the title to goods as it moves through agencies that take title or facilitate its transfer. |

ANS: C

12. According to the view taken in the text, the marketing channel may be defined as:

|  |  |
| --- | --- |
| a. | the intra-organizational system for moving goods and services to their markets. |
| b. | the external contactual organization that management operates to achieve its distribution objectives. |
| c. | the path taken by goods or services as they flow from producer to final user. |
| d. | all firms outside of the organization that are involved in performing marketing functions. |
| e. | the infrastructure used to move goods from manufacturer to retailer. |

ANS: B (p. 10)

13. When Wal-Mart is performing negotiatory functions, it is involved in

|  |  |
| --- | --- |
| a. | Transferring title, selling, and buying. |
| b. | Buying, selling, and transportation. |
| c. | Risk-taking, selling, and credit. |
| d. | Selling and advertising. |
| e. | Transferring title and providing storage. |

ANS: A

14. A distinction is made between channel members and facilitating agencies because:

|  |  |
| --- | --- |
| a. | Sometimes academic hairsplitting is necessary. |
| b. | The channel members are part of the interorganizational system, while the facilitating agencies are not. |
| c. | The channel management problems are often different for channel members versus facilitating agencies. |
| d. | The use of facilitating agencies is not a frequent occurrence for many firms. |
| e. | Channel members and facilitating agencies have different levels of control in the movement of goods. |

ANS: C (p. 10)

15. Management of the marketing channel frequently involves all of the following except:

|  |  |
| --- | --- |
| a. | Interorganizational management. |
| b. | The setting of distribution objectives. |
| c. | Operating the channel. |
| d. | Interorganizational management. |
| e. | Negotiating functions such as buying and selling. |

ANS: D (p.10)

16. When a firm finally invents the Star-Trek® Transporter, its marketing channel will come into existence only after:

|  |  |
| --- | --- |
| a. | The Transporter has been introduced to the market. |
| b. | The negotiatory functions have taken place. |
| c. | Target markets have been defined. |
| d. | Shipping alternatives have been considered. |
| e. | Facilitating agencies have been contacted. |

ANS: B

17. Marketing channel management should be considered:

|  |  |
| --- | --- |
| a. | The premier strategic planning area of the firm. |
| b. | An important part of logistics management. |
| c. | A special tactical phase of marketing management. |
| d. | A major strategic area of marketing management. |
| e. | A component of operations management. |

ANS: D

18. The channel manager is:

|  |  |
| --- | --- |
| a. | A quite common position today in many firms. |
| b. | About equal to a product manager. |
| c. | The marketing manager’s boss. |
| d. | Almost always a staff position. |
| e. | Anyone in the firm who makes marketing channel decisions. |

ANS: E (p. 11)

19. Because the Sales Coordinator at Borden, Inc. makes channel decisions, he/she can be considered:

|  |  |
| --- | --- |
| a. | A distribution manager. |
| b. | A logistics manager. |
| c. | A channels specialist. |
| d. | A channel manager. |
| e. | A marketing specialist. |

ANS: D (p. 11)

20. Channel management should be viewed as:

|  |  |
| --- | --- |
| a. | The fourth element of the marketing mix. |
| b. | Being more important to the firm’s strategy than the marketing mix. |
| c. | One of the major strategic areas of marketing management. |
| d. | A subdivision of logistics. |
| e. | An element of the distribution function. |

ANS: C (p. 13)

21. Management should develop and operate the marketing channel in such a way as to:

|  |  |
| --- | --- |
| a. | Reduce costs to the lowest possible level. |
| b. | Support and enhance the other strategic variables of the marketing mix. |
| c. | Maximize sales to final users. |
| d. | Provide the bulk of the promotional support needed by the firm. |
| e. | Provide a unique service to customers. |

ANS: B

22. The Coors Company has decided to focus on channel strategy as the key factor in achieving sustainable competitive advantage because:

|  |  |
| --- | --- |
| a. | In the beer market, product, price and promotion simply are not important strategic variables. |
| b. | The relationship between a manufacturer and its channel members is not copied easily by competitors. |
| c. | The beer market is growing so rapidly that manufacturers have difficulty securing enough distributors. |
| d. | There is a high rate of new product success. |
| e. | It is easy to maintain brand recognition. |

ANS: B

23. Which of the following statements is true?

|  |  |
| --- | --- |
| a. | Channel management and distribution strategy are the two major components of logistics. |
| b. | Logistics and distribution strategy are the two major components of channel management. |
| c. | Logistics management is a production function, while channel management is a marketing function. |
| d. | Channel management and logistics are the two major components of distribution strategy. |
| e. | Logistics management must be formulated prior to developing a channel strategy. |

ANS: D (p. 15-16)

24. Channel management is concerned mainly with

|  |  |
| --- | --- |
| a. | Providing for the physical availability of products. |
| b. | Planning and overseeing the firm’s logistics activities. |
| c. | The entire process of setting up and operating the contactual organization. |
| d. | Developing the firm’s overall strategic marketing program. |
| e. | Operating the firm’s entire marketing mix. |

ANS: C

25. In general, basic decisions in channel strategy usually \_\_\_\_\_\_\_\_\_\_ operating decisions in logistics management.

|  |  |
| --- | --- |
| a. | Follow |
| b. | Precede |
| c. | Occur simultaneously with |
| d. | Are less important than |
| e. | Are more important than |

ANS: B (p. 15-16)

26. The five flows in marketing channels discussed in the text are

|  |  |
| --- | --- |
| a. | Product, negotiation, ownership, information, payment. |
| b. | Information, advertising, promotion, product, ownership. |
| c. | Promotion, information, ownership, negotiation, transportation. |
| d. | Negotiation, product, payment, information, promotion. |
| e. | Ownership, product, negotiation, promotion, information. |

ANS: E (p. 16)

27. The five flows discussed in the text

|  |  |
| --- | --- |
| a. | All flow both up and down the channel. |
| b. | Indicate the static nature of buyer behavior. |
| c. | Flow up the channel only. |
| d. | Flow both horizontally and vertically. |
| e. | Convey the dynamic nature of marketing channels. |

ANS: E (p. 16-17)

28. When considering the flows in the marketing channel for lawn tractors, product flows \_\_\_\_\_\_\_\_\_\_ and negotiation flows \_\_\_\_\_\_\_\_\_\_.

|  |  |
| --- | --- |
| a. | Down the channel; down the channel |
| b. | Down the channel; up the channel |
| c. | Down the channel; both up and down |
| d. | Up the channel; down the channel |
| e. | Up the channel; both up and down |

ANS: C (p. 17)

29. In the context of the channel flows concept, logistics involves

|  |  |
| --- | --- |
| a. | Management of all of the flows. |
| b. | Management of only the information flow. |
| c. | Management of none of the major flows. |
| d. | Management of the product flow. |
| e. | Management of new distribution channels. |

ANS: D (p. 17-18)

30. From the standpoint of the channel flows concept, only those parties who participate in the \_\_\_\_\_\_\_\_\_\_ flows are considered members of the marketing channel.

|  |  |
| --- | --- |
| a. | Negotiation and ownership |
| b. | Product and information |
| c. | Payment and negotiation |
| d. | Information and promotion |
| e. | Product and negotiation |

ANS: A (p. 17-18)

31. The Internet and World Wide Web has connected millions of people and institutions and

|  |  |
| --- | --- |
| a. | Has increased the need for intermediaries. |
| b. | Has eliminated intermediaries. |
| c. | Is the only determinant of the role of intermediaries in the marketing channels. |
| d. | Is an important determinant in the use of intermediaries in marketing channels. |
| e. | Does not have any effect on the use of intermediaries in the marketing channels. |

ANS: D

32. Using the concept of specialization and division of labor, a channel manager might engage in any of the following activities except:

|  |  |
| --- | --- |
| a. | Allocate transportation of product to an outside shipping firm. |
| b. | Allocate transportation of product to the manufacturer’s own trucking fleet. |
| c. | Allocate transportation of product to the wholesaler’s trucking fleet. |
| d. | Allocate transportation of product to the retailer. |
| e. | Allocate transportation of product to an independent trucking company. |

ANS: D (p. 19)

33. The concept of specialization and division of labor:

|  |  |
| --- | --- |
| a. | Is more important in production than distribution. |
| b. | Is less important in distribution than production. |
| c. | Is of equal importance in production and distribution. |
| d. | Is rarely practical in distribution. |
| e. | Applies mainly to production situations. |

ANS: C (p. 19)

34. The only major difference between the specialization and division of labor principle as applied to a production versus a distribution situation is:

|  |  |
| --- | --- |
| a. | Production tasks are often allocated intra-organizationally, while distribution tasks are frequently allocated inter-organizationally. |
| b. | Distribution tasks are much less amenable to specialization and division of labor than production tasks. |
| c. | Only logistics tasks are capable of being broken down for specialization. |
| d. | Production tasks are more easily divided into separate tasks. |
| e. | It is not possible to attain an optimal allocation of distribution tasks. |

ANS: A (p. 19-20)

35. The channel manager should allocate the distribution task to:

|  |  |
| --- | --- |
| a. | As many intermediaries as possible. |
| b. | His/her own firm whenever possible. |
| c. | Those firms that can perform them most efficiently. |
| d. | The lowest-cost channel member. |
| e. | None of these apply. |

ANS: C (p. 21-22)

36. In the development of channel strategy, the channel manager is faced with:

|  |  |
| --- | --- |
| a. | A sales decision. |
| b. | An allocation decision. |
| c. | A tactical decision. |
| d. | A logistics decision. |
| e. | An operations decisions. |

ANS: B (p. 23)

37. Contactual efficiency viewed from the channel manager’s perspective is:

|  |  |
| --- | --- |
| a. | The ratio of intermediaries to final customers. |
| b. | The relationship between negotiation effort relative to achieving the distribution objective. |
| c. | A relationship between negotiation efforts relative to specialization and division of labor. |
| d. | The ratio of intermediaries to distribution tasks performed. |
| e. | Cost savings in negotiating activities. |

ANS: B (p. 20)

38. Four heavy equipment producers decide to sell their forklifts directly to 12 warehouses. The number of contacts necessary is:

|  |  |
| --- | --- |
| a. | 13. |
| b. | 3. |
| c. | 48. |
| d. | 8. |
| e. | 12. |

ANS: C

39. Ten manufacturers of wallpaper all sell through one wholesaler to five retailers. The number of contacts needed for all of the manufacturers to contact all of the retailers is:

|  |  |
| --- | --- |
| a. | 2. |
| b. | 16. |
| c. | 6. |
| d. | 50. |
| e. | 15. |

ANS: E

40. Ten producers of garden tools all sell through one wholesaler to five retailers. The number of contacts needed for all of the manufacturers to contact all of the retailers is \_\_\_\_\_\_\_\_\_\_. If the wholesaler were eliminated from the channel, the number of contacts needed would be:

|  |  |
| --- | --- |
| a. | 2; 5 |
| b. | 16; 15 |
| c. | 6; 5 |
| d. | 50; 50 |
| e. | 15; 50 |

ANS: E

41. A hot tub manufacturer estimates it will take ten personal sales calls, each of which costs $250, and 25 phone calls, each costing $25, to get five retailers to carry its product. The measure of contactual efficiency in dollar terms is:

|  |  |
| --- | --- |
| a. | $2,500. |
| b. | $1,250. |
| c. | $3,125. |
| d. | $1,375. |
| e. | $275. |

ANS: C

42. Which of the following statements is correct?

|  |  |
| --- | --- |
| a. | The use of additional intermediaries will often increase the level of contactual efficiency. |
| b. | Specialization and division of labor as well as contactual efficiency considerations are all that is needed to make decisions about intermediary usage. |
| c. | Contactual efficiency and labor efficiency provide a framework for deciding whether or not to use intermediaries in the channel. |
| d. | Specialization and division of labor does not lead to contactual efficiency. |
| e. | The use of retailers provides greater contactual efficiencies than the use of wholesalers. |

ANS: A (p. 20-22)

43. The channel structure depicted as M->W->R->C indicates:

|  |  |
| --- | --- |
| a. | All the firms and parties involved in the product flow. |
| b. | The intensity of distribution. |
| c. | The channel manager has allocated distribution tasks to his/her own firm, wholesalers, retailers and consumers. |
| d. | A channel without any facilitating agencies. |
| e. | Who is responsible for distribution tasks. |

ANS: C (p. 22)

44. Ideally, the channel manager would like to exercise \_\_\_\_\_\_\_\_\_\_ over which firms in the channel perform the distribution tasks.

|  |  |
| --- | --- |
| a. | A veto power |
| b. | Limited control |
| c. | Substantial control |
| d. | Total control |
| e. | Autonomous control |

ANS: D

45. A multi-channel strategy means:

|  |  |
| --- | --- |
| a. | A firm uses multiple promotional strategies to reach customers. |
| b. | A firm advertises its products or services on many television stations. |
| c. | Numerous intra-organizational activities are used to provide products and services to customers. |
| d. | A product has many features that are desired by customers. |
| e. | A company reaches its customers through more than one channel. |

ANS: E (p. 23)

46. In order to reach its customers, Ralph Lauren apparel uses all of the following in its multi-channel strategy, except:

|  |  |
| --- | --- |
| a. | Upscale department stores. |
| b. | Online sales at Polo.com. |
| c. | Company stores. |
| d. | Catalogs. |
| e. | Specialty retail stores. |

ANS: D (p. 23)

47. Which of the following is a true statement?

|  |  |
| --- | --- |
| a. | It is unusual to use multi-channel structures to reach customers in business markets. |
| b. | Most firms sell their products using a single channel structure. |
| c. | Multi-channel structures do not work well in reaching customers in consumer markets. |
| d. | E-commerce technology that includes online sales is a common component in today’s multi-channel structure. |
| e. | Service can only reach customers through a single channel structure. |

ANS: D

48. For accounting firms and other producers of services:

|  |  |
| --- | --- |
| a. | Marketing channels do not exist. |
| b. | Marketing channels are much more important. |
| c. | Marketing channels tend to be much longer. |
| d. | Marketing channels are generally of much less importance. |
| e. | Marketing channels often include agents or brokers. |

ANS: E

49. In developing and managing the ancillary structure versus the channel structure, the problems faced by the channel manager are:

|  |  |
| --- | --- |
| a. | Usually less difficult and complex. |
| b. | Usually more difficult and complex. |
| c. | Virtually the same in all respects. |
| d. | Usually more important. |
| e. | Complicated and time-consuming to solve. |

ANS: A

50. In contrast to the development of channel structure, when the channel manager develops ancillary structure, he or she is dealing with facilitating agencies that are:

|  |  |
| --- | --- |
| a. | Outside of the channel decision-making process. |
| b. | An integral part of the decision-making process. |
| c. | More committed to the long-term survival of the channel. |
| d. | Able to provide additional cost saving services. |
| e. | Capable of offering new information to the manager. |

ANS: A (p. 27)