



## Dr.G.R.Damodaran College of Science

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CRISL rated 'A' (TN) for MBA and MIB Programmes

III MBA(PART TIME)[2015-2018]

SEMESTER-V

ELECTIVE:RETAIL MANAGEMENT - 552V3

Multiple Choice Questions.

1. Which of the following are sources for acquiring product knowledge?

- A. Colleagues and trade journals
- B. Trade journals and store policies
- C. Union representative and suppliers
- D. Suppliers and point-of-sale manual

ANSWER: A

2. Which of the following types of retail businesses have unlimited liability?

- A. Partnership and sole trader
- B. Partnership and private company
- C. Private company and sole trader
- D. Private company and public company

ANSWER: A

3. Which of the following is the most cost effective method of theft prevention in a small retail gift store?

- A. Employing a security guard
- B. Installing a security alarm system
- C. Installing security gates or pedestals
- D. Training customer service assistants

ANSWER: D

4. What name is given to the procedure of maintaining control of stock throughout a period of time?

- A. Full stocktake
- B. Partial stocktake
- C. Cyclical stocktake
- D. Spot check stocktake

ANSWER: C

5. A product advertised in a current store catalogue is unavailable. What may the store offer to a customer wishing to purchase the product?

- A. Lay-by
- B. Raincheck
- C. Credit note
- D. Gift voucher

ANSWER: B

6. Which of the following statements about refunds is legal?

- A. No refunds or exchange are given on items during our clearance sales
- B. We do not refund, but are happy to exchange or give credit notes
- C. Due to health regulations we do not refund on swimwear, underwear or earrings

D. We do not refund for change-of-mind purchases but are happy to give credit notes.  
ANSWER: B

7. A retailer is recruiting employees into a management training program and is actively encouraging females to apply. Which of the following best describes this strategy?

- A. Affirmative action.
- B. Regulatory action
- C. Direct discrimination
- D. Indirect discrimination

ANSWER: A

8. A retailing strategy used to identify customer dissatisfaction includes which of the following?

- A. A flexible refund policy
- B. The provision of in-store promotions
- C. Following industry codes of practice
- D. A mechanism for customer input/feedback

ANSWER: D

9. A salesperson assisting a customer with a purchase restates the customer's needs to clarify understanding. Which questioning is this an example of?

- A. Open questioning
- B. Active questioning
- C. Closed questioning
- D. Reflective questioning

ANSWER: D

10. Which of the following is an example of a housekeeping policy consistent with environmentally responsible waste disposal?

- A. Collecting all waste in plastic bins
- B. Disposing of chemicals into stormwater drains
- C. Compacting and recycling cardboard boxes after use
- D. Cleaning shelves and equipment with 'dolphin safe' products

ANSWER: C

11. The retailer is usually in an excellent position to

- A. Make the most profits in the channel
- B. Be the channel leader
- C. Gain feedback from consumers
- D. Co-ordinate the production strategy

ANSWER: C

12. Retailing is BEST characterised or defined

- A. As transactions in which the buyer intends to consume the product through personal, family, or household use
- B. By arrangements whereby a supplier grants a dealer the right to sell products in exchange for some type of consideration
- C. As transactions in which the purchaser intends to use the product for resale or for general business operations
- D. By exchanges that take place only in a store or service establishment

ANSWER: A

13. Which one of the following is NOT a form of direct marketing?

- A. Catalogue retailing
- B. Telemarketing

- C. Personal selling
- D. Direct mail.

ANSWER: C

14. A firm mails brochures and coupons to potential consumers who can then purchase products by mail or by phone. This illustrates which of the following methods of selling retail products?

- A. Direct-response marketing
- B. Party plan
- C. Catalogue marketing
- D. Speciality retailing

ANSWER: A

15. The retailer is usually in an excellent position to

- A. Make the most profits in the channel
- B. Be the channel leader
- C. Gain feedback from consumers
- D. Co-ordinate the production strategy

ANSWER: C

16. The difference between retail and cost is called:

- A. Profit
- B. Markdown
- C. Income
- D. Markup

ANSWER: D

17. Which of the following formulas is incorrect?

- A.  $\text{Markup} = \text{retail} - \text{cost}$
- B.  $\text{Rupee markup} = \text{retail percent} - \text{Rupee cost}$
- C.  $\text{Cost} = \text{retail} - \text{markup}$
- D.  $\text{Retail} = \text{cost} + \text{markup}$

ANSWER: B

18. The difference between retail percent (100%) and markup percent is the:

- A. Retail price
- B. Markup percent
- C. Cost complement
- D. Markup dollars

ANSWER: C

19. This markup is the difference between the cost price and the original retail price of merchandise; it does not reflect markdowns or stock shortages

- A. Initial markup
- B. Additional markup
- C. Maintained markup
- D. Cumulative markup

ANSWER: D

20. A discount is a reduction in the quoted price of merchandise that a vendor allows retail buyers. What is a cash discount?

- A. Percent that may be deducted from the list price of goods
- B. Percent reduction allowed for paying invoices on or before a date specified by the vendor
- C. Reduction keyed to the number of units ordered
- D. Type of discount based on volume of merchandise ordered over a specified period of time

ANSWER: B

21. FOB factory means the:

- A. Store pays shipping costs
- B. Manufacturer pays shipping costs from the factory to the store
- C. Vendor pays shipping costs
- D. Vendor and the retailer share shipping costs

ANSWER: A

22. Operating profit/loss is the result of relationships among which factors?

- A. Net sales and expenses
- B. Net sales, cost of merchandise sold, and gross margin
- C. Direct and direct expenses, gross margin, and cost of merchandise sold
- D. Net sales, expenses, and cost of merchandise sold

ANSWER: D

23. Gross margin can be calculated by:

- A. Adding cost of merchandise sold and expenses
- B. Adding expenses and profit
- C. Subtracting cost of merchandise sold from net sales
- D. Adding expenses and profit and subtracting cost of merchandise sold from net sales

ANSWER: D

24. Which of the following is not one of the fundamental factors shown in a skeletal statement?

- A. Net sales
- B. Gross margin
- C. Cost of merchandise sold
- D. Contribution

ANSWER: D

25. Expenses that specifically relate to the operation of a selling department and would be eliminated if the department were eliminated are called:

- A. Contribution expenses
- B. Direct expenses
- C. Indirect expenses
- D. Controllable margin

ANSWER: B

26. A loss occurs if:

- A. Gross margin exceeds expenses
- B. Expenses exceed gross margin
- C. Sales exceed cost of merchandise sold
- D. Expenses are less than gross margin

ANSWER: B

27. Gross sales minus customer returns and allowances equals:

- A. Net sales
- B. Profit
- C. Cost of merchandise sold
- D. Direct expenses

ANSWER: A

28. Examples of direct expenses would NOT include:

- A. Buyers' salaries

- B. Salaries of sales personnel
- C. Department advertising
- D. Salaries of top executives

ANSWER: D

29. Expenses that benefit the entire store are called:

- A. Controllable
- B. Direct
- C. Indirect
- D. Margin results

ANSWER: C

30. Indirect expenses include:

- A. Institutional advertising
- B. Departmental advertising
- C. Selling supplies
- D. Buyers' travel

ANSWER: A

31. The amount left after direct expenses are subtracted from gross margin is called:

- A. Contribution
- B. Indirect expenses
- C. Profit
- D. Loss

ANSWER: A

32. Which one of the following is usually the largest component of operating expenses?

- A. Buyers' salaries
- B. Selling and support services
- C. Stock maintenance
- D. Store operations

ANSWER: B

33. Retailers continually strive to improve the productivity of their three principal assets-inventory, space, and human resources. Which of the following would be used to measure space productivity?

- A. Stock turnover
- B. GMROI
- C. Sales per square foot of selling space
- D. Average sale per transaction

ANSWER: C

34. Productivity of human resources is measured by all but which one of the following?

- A. Sales curves
- B. Sales per full-time employee equivalent
- C. Salespeople's salaries as a percent of sales
- D. Sales events during the year

ANSWER: A

35. Although it is extremely important to analyze financial information in dollars, it is essential that percents and ratios be used in order to:

- A. Compare data with past performance and industry standards
- B. Understand the results
- C. Control expenses
- D. Achieve success

ANSWER: A

36. Sales results are used to compare departments, stores, merchandise classifications, and vendors. To determine a department's percentage of total store sales, the base figure would be:

- A. Total gross sales for the department
- B. Total net sales for the department
- C. The store's total net sales
- D. Total gross sales for the store

ANSWER: C

37. In comparing this year's sales with last year's sales, the percent increase or decrease is based on:

- A. Last year's sales
- B. This year's sales
- C. The difference between the two sales figures
- D. The base varies depending upon whether figuring an increase or decrease in sales

ANSWER: A

38. In which of the following retailers are salespeople ready to assist in every phase of the locate-compare-select process?

- A. Self-service.
- B. Self-selection.
- C. Limited service.
- D. Full service.

ANSWER: D

39. Store ABC carry a deep assortment of the latest electronics gadgets. They offer buyers a great deal of assistance and advice in making selections. Store ABC would be an example of a \_\_\_\_\_.

- A. Specialty store
- B. Factory outlet
- C. Department store
- D. Superstore

ANSWER: A

40. Le Gou is a chain of stores found primarily in southern China. Le Gou store carries several product lines, and each line is managed separately by a specialist buyer or merchandiser. Le Gou is an example of a \_\_\_\_\_.

- A. Specialty store
- B. Factory outlet
- C. Superstore
- D. Department store

ANSWER: D

41. The fastest growing segment of retailing is \_\_\_\_\_.

- A. Nonstore retailing
- B. Warehouse stores
- C. Hypermarkets
- D. Category killers

ANSWER: A

42. A businesswoman has agreed to buy the right to use a process and a system from a company that also sells the same thing to other businesspeople. The woman is a \_\_\_\_\_.

- A. Wholesaler
- B. Member of a voluntary chain
- C. Franchiser

D. Franchisee  
ANSWER: D

43. The residents in remote village got tired of having to walk miles to the town to buy daily commodities. They have decided to open their own store. All have contributed money to purchase the initial inventory and open this store, which will carry daily commodities like soaps, tooth brushes and so on. Each participant will have a vote in store policy, will elect someone to operate the store, and will receive dividends based on any profits. They are engaged in a(n) \_\_\_\_\_.

- A. Consumer cooperative
- B. Retailer cooperative
- C. Merchandising cooperative
- D. Voluntary store

ANSWER: A

44. A \_\_\_\_\_ consists of a wholesaler-sponsored group of independent retailers engaged in bulk buying and common warehousing.

- A. Retailer cooperative
- B. Voluntary chain
- C. Consumer cooperative
- D. Retailing franchise

ANSWER: B

45. The most important retail marketing decision a retailer has to make is to \_\_\_\_\_.

- A. Identify its target market
- B. Choose the right service response it wants to support
- C. Select the service mix
- D. Develop a nice store atmosphere

ANSWER: A

46. Josie is choosing the mix of products and determining how many product lines she will carry in her teacher supply store. Josie is making the \_\_\_\_\_ decision.

- A. Target market
- B. Market segmentation
- C. Product-assortment
- D. Store atmosphere

ANSWER: C

47. Which of the following product differentiation strategies would NOT allow retailers to significantly distinguish themselves from others?

- A. Feature the latest or newest merchandise before any other retailer can.
- B. Offer a broad merchandise assortment.
- C. Offer merchandise customizing services.
- D. Feature exclusive national brands not carried by competitors.

ANSWER: B

48. Which of the following is NOT a part of a store's atmosphere?

- A. The music played by the speakers located throughout the store.
- B. The way merchandise is displayed.
- C. The lighting system used in the store.
- D. The employee that helps you carry your purchases to your car.

ANSWER: D

49. Experience marketing at Starbucks includes which of the following senses?

- A. Smell.

- B. Sound.
- C. Feel.
- D. All of the above are sense-oriented marketing cues at Starbucks.

ANSWER: D

50. A \_\_\_\_\_ is a location option for retailers that normally has high rent and is in the oldest and busiest part of the city.

- A. Regional shopping center
- B. Community shopping center
- C. General business district
- D. Neighborhood shopping center

ANSWER: C

51. \_\_\_\_\_ includes all of the activities involved in selling goods or services to those who buy for resale or business use.

- A. Retailing
- B. Wholesaling
- C. Bartering
- D. Purchasing

ANSWER: B

52. Wholesaling excludes all of the following types of companies EXCEPT:

- A. Manufacturers.
- B. Farmers.
- C. Retailers.
- D. Distributors.

ANSWER: D

53. Which of the following is NOT a function of wholesalers?

- A. Bulk-breaking.
- B. Selling and promoting.
- C. Risk bearing.
- D. Final customer segment selection.

ANSWER: D

54. Which of the following products would a shelf-rack jobber most likely handle?

- A. Dell servers.
- B. Eggs and dairy products.
- C. Fresh tulips.
- D. Magazines.

ANSWER: D

55. Which form of marketing communications is most likely to be used by wholesalers?

- A. Print advertising.
- B. In-kind promotions.
- C. Sales promotions.
- D. Personal selling.

ANSWER: D

56. Which of the following is not one of the four levels of retail service?

- A. Staffed service
- B. Self-service
- C. Self-selection
- D. Limited service

ANSWER: A

57. A concept in retailing that helps explain the emergence of new retailers is called the \_\_\_\_\_ hypothesis.

- A. Retail life cycle
- B. Wheel-of-retailing
- C. Service-assortment
- D. Product life cycle

ANSWER: B

58. Convenience goods, such as snack foods, are sold through \_\_\_\_\_ retailing.

- A. The wheel-of-
- B. Self-selection
- C. Limited-service
- D. Self-service

ANSWER: D

59. Which of the following best describes the retailers that carry more shopping goods, and where customers need more information and assistance?

- A. Self-service
- B. Self-selection
- C. Limited service
- D. Full service

ANSWER: C

60. When Cyler goes to do his grocery shopping for the week, he also likes to drop off his finished rolls of film and visit the bank at the same time. He would also like the idea of having a package-mailing service to use while he is shopping. Cyler would enjoy doing his grocery shopping at a \_\_\_\_\_.

- A. Combination store
- B. Category killer
- C. Superstore
- D. Hypermarket

ANSWER: C

61. Which of the following describes a significant trend in retailing?

- A. Competition today is increasingly intratype.
- B. Retailers are going smaller to chase smaller target segments.
- C. Superstores and combination stores are putting an end to nonstore retailing's growth.
- D. Retailers are increasingly selling an experience.

ANSWER: D

62. A major advantage of the retail inventory method is that it

- A. provides reliable results in cases where the distribution of items in the inventory is different from that of items sold during the period.
- B. hides costs from competitors and customers.
- C. gives a more accurate statement of inventory costs than other methods.
- D. provides a method for inventory control and facilitates determination of the periodic inventory for certain types of companies.

ANSWER: D

63. The retail inventory method is based on the assumption that the

- A. Final inventory and the total of goods available for sale contain the same proportion of high-cost and low-cost ratio goods.

- B. Ratio of gross margin to sales is approximately the same each period.
- C. Ratio of cost to retail changes at a constant rate.
- D. Proportions of markups and markdowns to selling price are the same.

ANSWER: A

64. Which statement is true about the retail inventory method?

- A. It may not be used to estimate inventories for interim statements.
- B. It may not be used to estimate inventories for annual statements.
- C. It may not be used by auditors.
- D. None of these.

ANSWER: D

65. When the conventional retail inventory method is used, markdowns are commonly ignored in the computation of the cost to retail ratio because

- A. There may be no markdowns in a given year.
- B. This tends to give a better approximation of the lower of cost or market.
- C. Markups are also ignored.
- D. This tends to result in the showing of a normal profit margin in a period when no markdown goods

have been sold.

ANSWER: B

66. To produce an inventory valuation which approximates the lower of cost or market using the conventional retail inventory method, the computation of the ratio of cost to retail should

- A. Include markups but not markdowns.
- B. Include markups and markdowns.
- C. Ignore both markups and markdowns.
- D. Include markdowns but not markups.

ANSWER: A

67. When calculating the cost ratio for the retail inventory method,

- A. If it is the conventional method, the beginning inventory is included and markdowns are deducted.
- B. If it is the LIFO method, the beginning inventory is excluded and markdowns are deducted.
- C. If it is the LIFO method, the beginning inventory is included and markdowns are not deducted.
- D. If it is the conventional method, the beginning inventory is excluded and markdowns are not

deducted.

ANSWER: B

68. The inventory turnover ratio is computed by dividing the cost of goods sold by

- A. Beginning inventory.
- B. Ending inventory.
- C. Average inventory.
- D. Number of days in the year.

ANSWER: C

69. The Discount Store News offers some tips for ..... effective in-store partnerships.

- A. Casting.
- B. Forging.
- C. Sealing.
- D. Welding.

ANSWER: B

70. Imagine a consumer shopping experience where there's no ..... through the confusing tangle of options or having to guess which size to pull out for a closer look.

- A. Sailing.

- B. Striding.
  - C. Sailing.
  - D. Wading.
- ANSWER: D

71. Now imagine the increased sales that could be generated when shoppers are directed by quality ..... to fixtures whose design and planogram makes merchandise almost irresistible.

- A. Postage.
  - B. Posters.
  - C. Signage.
  - D. Staff.
- ANSWER: C

72. The above scenario is more than a ....., as vendors are now working with retailers in creating displays that fuel movement of inventory from stores' back doors into patrons' hands.

- A. Lick and a promise.
  - B. Pencil sketch.
  - C. Pipe dream.
  - D. Planner's nightmare.
- ANSWER: C

73. Retailers, who are always keeping an eye on the bottom line, continually search for ways to speed up the rate at which they put manufacturers' merchandise on the .....

- A. Aisle.
  - B. Display.
  - C. Floor.
  - D. Pallet.
- ANSWER: C

74. Cooperation from vendors in repositioning merchandise closer to the ..... of sale pushes the envelope toward faster turnover.

- A. Counter.
  - B. Direction.
  - C. Edge.
  - D. Point.
- ANSWER: D

75. Merchandising and display are an important part of the marketing plan and should have a reasonable budget allocated, even for a retailer operating on a .....

- A. Corner.
  - B. Dime.
  - C. Limit.
  - D. Shoestring.
- ANSWER: D

76. After investing money on the important priorities such as merchandise, location, staff, insurance, accountant, advertising, your carefully budgeted money can be lost if your store doesn't ..... up to the customers' expectations.

- A. Level.
  - B. Measure.
  - C. Reach.
  - D. Stretch.
- ANSWER: B

77. If your store looks like a bargain ....., customers will expect those kinds of prices and may draw the conclusion that your product is poor quality.

- A. Attic.
- B. Basement.
- C. Cellar.
- D. Corner.

ANSWER: B

78. \_\_\_\_\_ is all the activities involved in selling goods or services directly to final consumers for their personal, nonbusiness use.

- A. Wholesaling.
- B. Discounting.
- C. Merchandising.
- D. Retailing.

ANSWER: D

79. All of the following are examples of nonstore retailing EXCEPT:

- A. Selling by mail.
- B. Selling jewelry in a clothing store.
- C. Door-to-door contact.
- D. Selling goods on the Internet.

ANSWER: B

80. A \_\_\_\_\_ is someone whose business comes primarily from retailing.

- A. Distributor.
- B. Jobber.
- C. Retailer.
- D. Vendor.

ANSWER: C

81. Retailers can be classified in terms of several characteristics. Each of the following is found within this retail classification scheme EXCEPT:

- A. The profit potential.
- B. Amount of service offered.
- C. The breadth and depth of product lines carried.
- D. The relative prices charged.

ANSWER: A

82. The typical method of retail operation used by supermarkets and nationally branded fast-moving shopping goods is called:

- A. Self-service retailing.
- B. Limited-service retailing.
- C. Full-service retailing.
- D. Service-merchandise.

ANSWER: A

83. Describing retailers by the length and breadth of their product assortment is classification by:

- A. Amount of service.
- B. Product line.
- C. Relative prices.
- D. Control of outlets.

ANSWER: B

84. A \_\_\_\_\_ is a retail store that carries a narrow product line with a deep

assortment within that line.

- A. Shopping goods store.
- B. Convenience store.
- C. Specialty store.
- D. Department store.

ANSWER: C

85. The increasing use of market segmentation, market targeting, and product specialization has resulted in a greater need for:

- A. Specialty stores.
- B. Convenience stores.
- C. Shopping goods stores.
- D. Department stores.

ANSWER: A

86. A men's custom-shirt store would be a good example of which of the following?

- A. Superspecialty store.
- B. Department store.
- C. Category killer.
- D. Hypermarket.

ANSWER: A

87. The type of retailer that carries a wide variety of product lines, each managed by specialist buyers or merchandisers, is called a:

- A. Specialty store.
- B. Convenience store.
- C. Shopping goods store.
- D. Department store.

ANSWER: D

88. The key differentiating factor that separates one department store from another is:

- A. Products.
- B. Location.
- C. Service.
- D. Promotions.

ANSWER: D

89. The most frequently shopped type of retail store is the:

- A. Discount store.
- B. Category killer.
- C. Convenience store.
- D. Supermarket.

ANSWER: D

90. The primary market of \_\_\_\_\_ is young, blue-collar men.

- A. Convenience stores.
- B. Department stores.
- C. Specialty stores.
- D. Category killers.

ANSWER: A

91. A small store, located near a residential area, that is open long hours seven days a week and carries a limited line of high-turnover convenience goods is called a:

- A. Specialty store.

- B. Supermarket.
- C. Department store.
- D. Convenience store.

ANSWER: D

92. A \_\_\_\_\_ is a giant specialty store that carries a very deep assortment of a particular line and is staffed by knowledgeable employees.

- A. Department store.
- B. Gray market.
- C. Category killer.
- D. Hybrid market store.

ANSWER: C

93. The largest retail stores, perhaps as large as six football fields, which combine food, discount, and warehouse retailing, are called:

- A. Style department stores.
- B. Hypermarkets.
- C. Category killers.
- D. Hybrid stores.

ANSWER: B

94. All of the following would be considered to be service retailers EXCEPT:

- A. Banks.
- B. Colleges.
- C. Dry cleaners.
- D. A jewelry kiosk in a mall.

ANSWER: D

95. If a store sells standard merchandise at lower prices by accepting lower margins and selling at higher volume, the store is classified as being a(n):

- A. Specialty store.
- B. Off-price retailer.
- C. Discount store.
- D. Factory outlet.

ANSWER: C

96. In recent years, facing intense competition from other discounters and department stores, many discount retailers have:

- A. Traded up.
- B. Traded down.
- C. Traded laterally.
- D. Traded between themselves.

ANSWER: A

97. If a retailer buys at less-than-regular wholesale prices and sells at less-than-retail, then the retailer is called a(n):

- A. Specialty store.
- B. Off-price retailer.
- C. Discount store.
- D. Sponsor outlet.

ANSWER: B

98. Factory outlets, independents, and warehouse clubs are examples of which of the following retail form?

- A. Discount stores.
- B. Off-price retailers.
- C. Retail cooperatives.
- D. Franchises.

ANSWER: B

99. If Levi Strauss were to construct an off-price retail operation (owned by Levi Strauss) that would carry their surplus, discontinued, or irregular goods, Levi Strauss would call the store a:

- A. Factory outlet.
- B. Sponsor outlet.
- C. Discount store.
- D. Seconds store.

ANSWER: A

100. An off-price retailer that sells a limited selection of brand name grocery items, appliances, clothing, and a hodgepodge of other goods at deep discounts to members who pay annual membership fees is called a:

- A. Factory outlet.
- B. Super specialty store.
- C. Seconds store.
- D. Warehouse club.

ANSWER: D

101. The Wal-Mart-owned Sam's Club is an example of a retail form called a:

- A. Factory outlet.
- B. Super specialty store.
- C. Seconds store.
- D. Warehouse club.

ANSWER: D

102. Two or more outlets that are commonly owned and controlled, employ central buying and merchandising, and sell similar lines of merchandise are best described as being a:

- A. Chain store.
- B. Voluntary chain.
- C. Retailer cooperative.
- D. Consumer cooperative.

ANSWER: A

103. A \_\_\_\_\_ is a wholesaler-sponsored group of independent retailers that engages in group buying and common merchandising.

- A. Voluntary chain.
- B. Retailer cooperative.
- C. Franchise.
- D. Merchandising conglomerate.

ANSWER: A

104. A \_\_\_\_\_ is a group of independent retailers that bands together to set up a jointly owned, central wholesale operation and conducts joint merchandising and promotion efforts.

- A. Voluntary chain.
- B. Retailer cooperative.
- C. Franchise.
- D. Merchandising conglomerate.

ANSWER: B

105. McDonald's, 7-Eleven, and Pizza Hut are all examples of which of the following retail forms?
- A. Corporate chain.
  - B. Voluntary chain.
  - C. Retailer cooperative.
  - D. Franchise.

ANSWER: D

106. Generally, franchises are distinguished by three characteristics. Which of the following is NOT AMONG them?

- A. The franchiser owns a trade or service mark and licenses it to franchisees in return for royalty payments.
- B. The franchisee is required to pay for the right to be part of the system.
- C. The franchisee is required to expand its territory every two to three years.
- D. The franchiser provides its franchisees with a marketing and operations system for doing business.

ANSWER: C

107. Some new directions that may deliver both franchiser growth and franchisee earnings include all of the following EXCEPT:

- A. Moving at least 30 percent of their business to the Internet through interactive Web sites.
- B. Strategic alliances with major outside corporations.
- C. Expansion abroad.
- D. Nontraditional site locations.

ANSWER: A

108. Retailers have many marketing decisions that compete for their attention. Among the first decisions that any retailer must make is to:

- A. Decide on their price policy.
- B. Decide on their name and logo.
- C. Define their target market and how they will position themselves in these markets.
- D. Decide whether to go international or not.

ANSWER: C

109. Which of the following were cited in the text as contributing factors to Wal-Mart's unparalleled success?

- A. Treating employees as partners.
- B. Maintaining a shareholder equity of at least 20 percent.
- C. Expansion into major cities such as New York City.
- D. Expansion into third world countries.

ANSWER: A

110. Retailers must decide on three major product variables:

- A. Style, size, and color.
- B. Product assortment, services mix, and store atmosphere.
- C. Length, depth, and width of product line.
- D. Location, location, and location.

ANSWER: B

111. Every store has a physical layout that makes moving around in it either hard or easy. This "feel" is called:

- A. Store psychology.
- B. Buyer enhancements.
- C. Store atmosphere.
- D. Store personality.

ANSWER: C

112. The choice between high markups and high volume is part of which of the following retailer marketing decisions?

- A. Target market decisions.
- B. Product assortment and services decisions.
- C. Pricing decisions.
- D. Promotion decisions.

ANSWER: C

113. A retailer's \_\_\_\_\_ is the key to its ability to attract customers.

- A. Location.
- B. Pricing system.
- C. Promotion system.
- D. Store personnel.

ANSWER: A

114. The main form of retail cluster until the 1950s was the:

- A. Free-standing store.
- B. Drive-in retailer.
- C. Central business district.
- D. Shopping center.

ANSWER: C

115. The type of store cluster that consists of a group of retail businesses planned, developed, owned, and managed as a unit is called a:

- A. Franchise.
- B. Merchandise conglomerate.
- C. Central business district.
- D. Shopping center.

ANSWER: D

116. A \_\_\_\_\_ is a huge unenclosed shopping center that consists of a long strip of retail stores, including large, free-standing anchors such as Wal-Mart or Home Depot.

- A. Community shopping center.
- B. Strip mall.
- C. Urban shopping center.
- D. Power center.

ANSWER: D

117. The concept that many retailing forms begin as low-margin, low-price operations that gradually upgrade their offerings until new forms evolve with lower costs and prices is called the:

- A. Product-life cycle.
- B. Business-form cycle.
- C. Wheel of retailing.
- D. Margin cycle.

ANSWER: C

118. Which of the following statements is MOST TRUE about the growth of non-store retailing?

- A. Nonstore retailing has primarily grown in the India
- B. More nonstore retailing is conducted by "click-and-brick" retailers than by "click-only" retailers.
- C. The primary growth of nonstore retailing has been in Europe.
- D. Nonstore retailing has surpassed store retailing as the number one way people shop.

ANSWER: B

119. Retailers increasingly face competition from many different forms of retailers. This is called:

- A. Intratype competition.
- B. Parallel competition.
- C. Intertype competition.
- D. Regional competition.

ANSWER: C

120. The activities involved in selling goods and services to those buying for resale or business use are called:

- A. Retailing.
- B. Factoring.
- C. Discounting.
- D. Wholesaling.

ANSWER: D

121. \_\_\_\_\_ usually represent two or more manufacturers of complementary lines. Contractual agreements spell out the relationships.

- A. Selling agents.
- B. Rack jobbers.
- C. Manufacturer's agents.
- D. Purchasing agents.

ANSWER: C

122. If a retailer were looking for a specialized wholesaler to set up and maintain a counter of toys, paperbacks, or health and beauty aids (retaining title to the goods until they were sold), they would seek out a:

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

ANSWER: C

123. A retail \_\_\_\_\_ consists of the external actors and forces that affect the retailers ability to develop and maintain successful transactions and relationships with its target customers.

- A. Marketing relation.
- B. Marketing environment.
- C. Marketing store.
- D. Marketing business.

ANSWER: A

124. Showroom retailers are able to offer low prices as a result of

- A. Larger physical location.
- B. High volume of perishable items.
- C. Quick purchase process because of a large number of service representatives.
- D. Offering a very small number of high volume items.

ANSWER: B

125. Establishing a price like 5.99 is often called:

- A. Psychological pricing.
- B. Odd-Even pricing.
- C. Merit pricing.
- D. None of the above.

ANSWER: B

126. These are stores designed to kill off the competition and are characterised by narrow but very deep product assortment, low prices and few to moderate customer services:

- A. Speciality Stores.
- B. Limited Line Retailers.
- C. Category Killer Stores.
- D. Superstores.

ANSWER: C

127. Which type of shop offers a range of grocery and household items that cater for last minute purchase needs of consumers?

- A. Supermarket.
- B. Convenience stores.
- C. Category Killer Stores.
- D. Limited Line Retailers.

ANSWER: B

128. Which type of retailer involves comparatively low prices as a major selling point combined with the reduced costs of doing business?

- A. Discount Retailers.
- B. Convenience stores.
- C. Category Killer Stores.
- D. Limited Line Retailers.

ANSWER: A

129. This occurs where a company offers a complete brand concept, supplies and logistics to a stakeholder that invests an initial lump sum and thereafter pays regular fees to continue the relationship:

- A. Distributors.
- B. Franchising.
- C. Merchant.
- D. Retailers.

ANSWER: B

130. "Footfall" What does it mean in Retail?

- A. Number of customers buying from the retail shop.
- B. Number of people walking into the retail shop.
- C. Number of people not buying from the retail shop.
- D. None of these.

ANSWER: B

131. Which of the following is NOT a function of retailing?

- A. Giving advice and information.
- B. Assembling a range of goods.
- C. Putting buyers and sellers in touch with each other.
- D. Meeting customers

ANSWER: C

132. The variety of different lines a store carries is defined by:

- A. Depth of range.
- B. Quality of range.
- C. Breadth of range.
- D. Quantity of range

ANSWER: C

133. A store selling 20,000 different product lines and occupying more than 50,000 square feet would

be:

- A. A superstore.
- B. A supermarket.
- C. A hypermarket.
- D. A department store

ANSWER: C

134. What does CTN stand for?

- A. Confectionery, news and tobacco
- B. Convenience, toys and novelties.
- C. Coverage of typical neighbourhoods.
- D. Commercial transaction network

ANSWER: A

135. A retailer which requires customers to join a club is called:

- A. Discount club.
- B. Cash-and-carry.
- C. Club retailer.
- D. Club store

ANSWER: A

136. Which of the following is NOT an example of non-store retailing?

- A. Mail order.
- B. Party plan
- C. Department store
- D. Catalogue shop.

ANSWER: D

137. The area from which the retailer can expect to obtain customers is called:

- A. The catchment.
- B. The footprint.
- C. The neighbourhood.
- D. The area

ANSWER: A

138. Which of the following is NOT a location definition?

- A. Out-of-town.
- B. Neighbourhood.
- C. City centre
- D. Junction

ANSWER: B

139. A company specialising in a few product lines of a narrowly identified type is called:

- A. A retailer.
- B. A niche retailer.
- C. A narrow-band retailer.
- D. Carry retailer

ANSWER: B

140. Which of the following is NOT a factor influencing product assortment strategy?

- A. Logistics.
- B. Store image.
- C. Staff expertise.
- D. Staff strength

ANSWER: A

141. Long-term relationships between retailers and suppliers is called:

- A. Category management.
- B. Logistics management.
- C. Relationship marketing.
- D. Rational marketing

ANSWER: A

142. A display which recreates a living room is an example of:

- A. Life display
- B. Theme display.
- C. Boutique layout. Lifestyle display.
- D. Lifestyle display.

ANSWER: D

143. What is an own-label brand?

- A. A product which has the manufacturer's own brand on it.
- B. A product which has the customer's own brand on it.
- C. A product which has the retailer's own brand on it.
- D. A product which has the friends own brand on it.

ANSWER: C

144. What is a full-service wholesaler?

- A. A wholesaler which provides after-sales service as well as goods.
- B. A wholesaler which provides delivery as well as goods.
- C. A wholesaler which provides a full range of wholesaling services.
- D. A wholesaler which provides only delivery.

ANSWER: C

145. A cash-and-carry is an example of :

- A. A club retailer.
- B. A limited-service wholesaler.
- C. A full-service wholesaler.
- D. A selected-service wholesaler

ANSWER: B

146. Which statement is not a benefit of formulating a retail strategy?

- A. A retailer is forced to study the legal, economic, and competitive market.
- B. A retailer is shown how it can differentiate itself from competitors.
- C. Sales maximization is stressed.
- D. Crises are anticipated and often avoided.

ANSWER: C

147. A retailer's commitment to a type of business and to a distinctive role in the marketplace is its:

- A. objectives
- B. organizational mission
- C. retailing concept
- D. image

ANSWER: B

148. Which statement concerning the impact of time demands on a retailer is not correct?

- A. The ability or inability to delegate duties affects the number of hours worked.
- B. The ability or inability to automate operations affects the number of hours worked.

- C. Independent stores often have more intensive participation by the owner than chain operations.
- D. Most retailers work only when the store is open.

ANSWER: D

149. Which of the following businesses requires the most involvement by the owner?

- A. butcher shop
- B. motel
- C. coin-operated laundromat
- D. movie theatre

ANSWER: A

150. Stockholders, consumers, suppliers, employees, and government are examples of:

- A. the uncontrollable variables facing a retailer
- B. a retailer's publics
- C. target markets
- D. market segments

ANSWER: B