ch10

Student: _____

1. Place decisions make goods and services available in the right quantities and locations, when customers want them.

   True False

2. Place is concerned with the selection and use of marketing specialists--intermediaries and collaborators--and making goods and services available in the right quantities and locations when customers want them.

   True False

3. A channel of distribution is a series of firms or individuals participating in the flow of products from the producer to the consumer.

   True False

4. Product classes help marketing managers understand how much market exposure will be needed in each geographic area.

   True False

5. Place decisions are easier to change in the short-run than Product, Price, and Promotion decisions.

   True False

6. The Internet is making it possible for firms to reach customers that were impossible to reach before.

   True False

7. With the Internet, even very small specialized firms can draw customers from all over the world.

   True False

8. The Internet gives large firms access to repeat customers, but it does little for small firms trying to develop an initial base of customers.

   True False

9. Firms that use direct distribution can usually adjust their marketing mixes faster than firms that use indirect distribution.

   True False

10. Aggressive, market-oriented intermediaries are almost always available and eager to handle the distribution of innovative, new products.

    True False

11. Some firms are forced to use direct distribution when they can't find intermediaries willing to carry innovative, new products.

    True False

12. Selling direct-to-customer is more common with business products than consumer products.

    True False

13. Direct-to-customer channels are rarely used in business markets because they are much more expensive and less efficient than using intermediaries.

    True False

14. Many business products are sold direct, but hardly any services are.

    True False

15. Consumer product companies such as Tupperware that appear to be selling direct may not be because their salespeople are independent distributors, not company employees.

    True False

16. The terms "direct marketing" and "direct distribution" mean the same thing.

    True False

17. Firms that use direct marketing promotion may or may not use direct distribution.

    True False

18. Direct marketing is primarily concerned with Promotion, not Place.

    True False

19. A producer who wants to reach certain customers may have no choice about which wholesaler to use.

    True False

20. A wholesaler might help a producer by reducing the producer's need to carry large inventory stocks.

    True False

21. A wholesaler might help a producer by reducing the producer's need for market research.

    True False

22. The most important reason to use indirect channels is if intermediaries can help serve customers better and at lower cost.

    True False

23. Discrepancies of quantity occur because individual producers want to produce large quantities of products while individual consumers prefer to buy products in small quantities.

    True False

24. Discrepancies of assortment occur because individual producers tend to specialize in producing a large assortment of products while individual consumers prefer to buy a small assortment of products.

True False

25. Discrepancies of quantity and assortment occur because individual producers find it economical to produce and sell small quantities of a large assortment of products while individual consumers prefer to buy large quantities of a small assortment of products.

True False

26. Discrepancy of quantity means the difference between the lines a typical producer makes and the assortment final consumers want.

True False

27. "Regrouping activities" involve adjusting the quantities or assortments of products handled at each level in a channel of distribution.

True False

28. Regrouping activities adjust the quantities or assortments of products handled at each level in a channel of distribution.

True False

29. When a warehouse is rearranged to speed up order processing, "regrouping activities" are being performed.

True False

30. Accumulating involves dividing larger quantities into smaller quantities as products get closer to the final market.

True False

31. Accumulating involves collecting products from many small producers--often as a way to get lower transportation rates.

True False

32. Bulk-breaking means separating products into grades and qualities desired by different target markets.

True False

33. "Sorting" means separating products into grades and qualities desired by different target markets.

True False

34. Assorting activities involve putting together a variety of products to give a target market what it wants.

True False

35. Assorting means separating products into grades and qualities desired by different target markets.

True False

36. In an indirect channel of distribution, both vertical conflict and horizontal conflict may arise.

True False

37. Channel conflict often results when a manufacturer opens a new distribution channel, especially if it directly competes with its existing intermediaries.

True False

38. A new channel is more likely to prompt conflict if it focuses on segments not already served by current channels.

True False

39. One way for a producer to reduce conflict with channel partners is to offer different products in each different channel.

True False

40. A "channel captain" is a manager who helps direct the activities of a whole channel.

True False

41. A channel captain helps direct the activities of a whole channel and tries to avoid or solve channel conflicts.

True False

42. Most traditional channel systems don't have a channel captain.

True False

43. According to the text, it's best for the "channel captain" to be a producer rather than a wholesaler or retailer.

True False

44. Because wholesalers and retailers are closer to the final user, they are in an ideal position to assume the channel captain role.

True False

45. In Japan, large, wholesale "trading companies" often serve as channel captains.

True False

46. Horizontal marketing systems are channel systems in which the whole channel focuses on the same target market at the end of the channel.

True False

47. Firms that cooperate to build vertical marketing systems typically share a longer-term commitment.

True False

48. In administered channel systems, vertical cooperation is achieved by acquiring firms at different levels of activity.

True False

49. Administered and contractual channel systems are vertical marketing systems which depend on informal agreements--or contracts between channel members--to cooperate.

True False

50. Any contractual channel system--by definition--is also an administered channel system.

True False

51. Vertical marketing systems account for a majority of U.S. retail sales.

True False

52. Vertical marketing systems are growing in the U.S., but declining in the rest of the world.

True False

53. Traditional channel systems are growing faster than vertical marketing systems.

True False

54. "Ideal market exposure" should make a product widely enough available to satisfy target customers' needs, but not exceed them.

True False

55. "Ideal market exposure" means selling a product through all intermediaries willing to stock and sell it.

True False

56. Intensive distribution is selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.

True False

57. Intensive distribution is selling through only those intermediaries who will give the product special attention.

True False

58. Intensive distribution covers the broad area of market exposure between selective and exclusive distribution.

True False

59. Selective distribution is becoming more popular than intensive distribution as firms see that they do not need 100 percent coverage of a market to support national advertising.

True False

60. Selective distribution is growing in popularity because it provides 100 percent coverage of the market.

True False

61. The "80/20 rule" is more likely to apply to a firm that uses intensive distribution than a firm that uses selective distribution.

True False

62. Compared to intensive distribution, selective distribution gives a producer a greater opportunity for profit but usually makes it more difficult for intermediaries to make a profit.

True False

63. Exclusive distribution is selling through only one intermediary in each geographic area.

True False

64. Exclusive distribution is more likely to involve a written agreement than is selective or intensive distribution.

True False

65. Horizontal agreements to limit sales by territory or customer are always illegal according to the Supreme Court.

True False

66. Vertical agreements to limit sales by customer or territory are always illegal, while horizontal agreements may be legal sometimes.

True False

67. A manufacturer that uses several competing channels to reach the same target market is using "multichannel distribution."

True False

68. Multichannel distribution occurs when a producer uses several competing channels to reach the same target market perhaps using several intermediaries in addition to selling directly.

True False

69. A manufacturer may be forced to use multichannel distribution because a big retail chain wants to deal directly with it instead of wholesalers.

True False

70. Manufacturers are sometimes forced to use "multichannel distribution" because their present channels are doing a poor job or are not reaching some potential customers.

True False

71. Reverse channels are used when multichannel distribution fails.

True False

72. Channels used to retrieve products that customers no longer want are called collection channels.

True False

73. Reverse channels may provide a way to retrieve unwanted products from intermediaries, business customers, or final consumers.

True False

74. Exporting is often the first step into international marketing.

True False

75. Exporting is sometimes just a way for a firm to get rid of surplus products.

True False

76. Exporters usually work with specialists who can handle international problems such as customs, taxes, exchange rates, and shipping.

True False

77. Of the six basic kinds of involvement in international marketing, exporting is the least permanent.

True False

78. Exporting has an advantage compared to other types of international involvement, because it is usually easier to drop or change arrangements as the firm's needs change.

True False

79. In a licensing agreement, the licensee takes most of the risk because it must invest some capital to use the right granted by the licensor.

True False

80. General Motors (GM), a U.S. automotive manufacturer, has an arrangement with Isuzu Motors of Japan in which the Isuzu Ascender is produced at the same GM manufacturing plant as the Chevrolet TrailBlazer and GMC Envoy. All three vehicles use the same basic platform and engine. This is an example of licensing.

True False

81. A firm that has a lot of "management know-how," but expects production problems in a foreign market, might be wise to use management contracting.

True False

82. Management contracting is a relatively low risk way of entering foreign markets, since no commitment is made to fixed facilities.

True False

83. In a joint venture, a domestic firm enters into a partnership with a foreign firm.

True False

84. Joint venturing gives a firm less control than if it owns a separate subsidiary.

True False

85. Direct investment in a foreign market involves the biggest commitment and the biggest risk.

True False

86. Which of the following is NOT a Place decision?

A. Types of intermediaries needed.
B. Degree of market exposure desired.
C. Recruiting, selecting and managing the sales force.
D. Type of distribution channel to use.
E. Customer service level desired.

87. Strategy "Place" decisions would NOT include:

A. geographic pricing policy.
B. type of channel of distribution.
C. type of intermediaries/collaborators.
D. type of physical distribution facilities.
E. degree of market exposure desired.

88. Strategy "Place" decisions would NOT include:

A. type of physical distribution facilities.
B. type of channel of distribution.
C. degree of market exposure desired.
D. distribution customer service level.
E. how to train wholesalers' salespeople.

89. A channel of distribution:

A. is any series of firms or individuals who participate in the flow of goods and services from producer to final user or consumer.
B. must include an intermediary.
C. must have at least three members--a manufacturer, a wholesaler, and a retailer.
D. can't include use of direct distribution from a website.
E. None of the above is a true statement.

90. A channel of distribution:

A. is any series of firms or individuals who participate in the flow of goods and services from producer to consumer or final user.
B. is only needed when products must be stored.
C. must include one or more intermediaries.
D. is only needed when products are sold indirectly.
E. Both B and C.

91. Which of the following statements about Place is FALSE?

A. Place variations are required when target markets have different needs.
B. Product classes suggest Place objectives.
C. Place decisions have relatively little impact on competition in a product-market.
D. Place decisions have longer-run implications than Price decisions.
E. Place decisions need to consider when customers want products.

92. Which of the following statements about Place is NOT true?

A. Most consumer products move from producer to intermediaries to final customer.
B. A series of participants in the flow of goods and services from producer to final customer is called a channel of distribution.
C. There is always one Place arrangement that is "best" for a product.
D. Intermediaries develop to adjust discrepancies in quantity and assortment.
E. All of the above are true.

93. Which of the following statements about Place is true?

A. Most consumer products and most business products are sold to intermediaries who then sell them to final customers.
B. Place decisions are usually harder to change than other marketing mix decisions.
C. There is always one Place arrangement that is "best" for a product.
D. A series of individuals who aid in the flow of goods and services from producer to final customer is called a distribution network.
E. None of the above is true.

94. Which of the following statements about Place decisions is True?

A. Product classes are not related to Place objectives.
B. The product life cycle is not related to Place objectives.
C. Place decisions are short-term decisions that are easy to change.
D. Different market segments may require separate Place arrangements.
E. All of the above.

95. Because of long-run effects, decisions about one of the four Ps is often harder to change than the others. This P is:

A. Product.
B. Place.
C. Promotion.
D. Price.

96. "Place" decisions:

A. may focus on the location of retail stores and wholesale facilities.
B. may focus on the selection and use of intermediaries and collaborators.
C. can be aided by knowing about the product classes.
D. are harder to change than Product, Promotion, or Price decisions.
E. All of the above are true.

97. A direct-to-customer channel

A. includes a retailer but not a wholesaler.
B. usually helps the producer to be more aware of changes in final customer attitudes.
C. eliminates some of the marketing functions.
D. is typical to reach final consumer markets.
E. is most suitable when a large number of transactions are required in the channel or when orders are smaller.

98. Many firms prefer to distribute directly to the final customer or consumer because they

A. want to control the whole marketing job.
B. believe they can serve target customers at a lower cost.
C. think they can do the work more effectively than intermediaries.
D. can use the Internet to make direct distribution easier.
E. all of the above.

99. Which of the following statements about direct channel systems is NOT true?

A. There is no reliance on independent intermediaries whose objectives may be different from the producer's objectives.
B. Suitable intermediaries are always available even when they're needed at the last minute.
C. The producer can be more aware of changes in customer attitudes.
D. Direct channels are more typical with business products than with consumer products.
E. All of the above are true.

100. A disadvantage of direct-to-customer channels is that they

A. are not suitable when the number of transactions is small or when orders are large.
B. are illegal in business and organizational markets.
C. make it more difficult to serve buyers who want to lease rather than buy products.
D. require the producer to coordinate with many retailers.
E. None of the above is a disadvantage.

101. A disadvantage of direct-to-customer channels is that

A. most organizational buyers are used to relying on intermediaries to serve as their purchasing advisors.
B. they require producers to shift many marketing functions to others.
C. this approach makes is hard to achieve coordination among the required marketing activities.
D. they make it more difficult to get information about changing needs of the market.
E. None of the above is a disadvantage.

102. Which of the following statements about direct-to-customer channels is False?

A. Most consumer products are sold via direct-to-customer channels.
B. Producers must sometimes use direct-to-customer channels because suitable intermediaries are not available.
C. Many business products are sold via direct-to-customer channels.
D. Service firms often use direct-to-customer channels.
E. "Direct marketing" does not mean that a firm uses direct-to-customer channels.

103. Ravi Singh is working his way through college as an independent distributor of the Rapier Knife Co. The Rapier product line includes kitchen knives, hunting knives, and other special-purpose cutlery. Ravi makes sales presentations to potential customers in their homes. If a customer wants to make a purchase, Ravi buys the knives from Rapier and sells them to the customer at a markup. For example, Rapier's most popular knife is a chef's knife that Ravi buys for $25 and resells to the consumer for $50. Ravi:

A. Is part of a direct-to-customer channel.
B. Is engaged in direct marketing.
C. Is engaged in direct selling, but is part of an indirect channel.
D. All of the above.
E. None of the above.

104. Direct _____ involves personal sales contact between a representative of the company and an individual consumer.

A. marketing
B. selling
C. distribution
D. servicing
E. pricing

105. Direct marketing is

A. personal sales contact between a representative of the company and an individual consumer.
B. primarily concerned with the degree of market exposure.
C. direct communication between a seller and an individual customer using a promotion method other than face-to-face personal selling.
D. an effort to sell through only one intermediary.
E. a strategy that works best when a producer has little working capital.

106. Which of the following is true of direct distribution?

A. It requires a significant investment in facilities.
B. It reduces a producer's need for working capital.
C. Direct distribution always serves customer needs better and at a lower cost.
D. Most firms selling consumer products rely on direct distribution.
E. It is easy to change customer buying patterns from indirect distribution to direct distribution.

107. INDIRECT channels are probably a better choice than direct channels when:

A. the firm has limited financial resources.
B. the product is a consumer product instead of a business product.
C. target customers already have established buying patterns for where to search for the product.
D. retailers are already conveniently located where consumers shop.
E. all of the above.

108. Which of the following is a function that an intermediary is likely to provide for customers?

A. Reduce inventory costs
B. Regroup products
C. Provide delivery
D. Grant credit
E. All of the above are functions provided for customers.

109. Which of the following is NOT a benefit that an intermediary is likely to provide for producer-suppliers?

A. Reduce credit risk
B. Reduce the need to store inventory
C. Reduce the need for marketing research
D. Reduce the need for working capital
E. All of the above are likely benefits provided to suppliers.

110. Intermediaries in indirect channels of distribution:

A. Often perform functions that producers cannot perform efficiently by themselves.
B. Do not provide additional convenience to consumers.
C. Increase the need for producers to make large investments in distribution facilities and personnel.
D. Make it necessary for producers to carry more inventories.
E. All of the above.

111. Choosing an INDIRECT channel probably will be better than a direct channel if a producer wants to:

A. provide special technical service.
B. make it easier to do marketing research.
C. be more sensitive to coming changes in customer needs and attitudes.
D. obtain a very aggressive selling effort.
E. adjust large discrepancies of quantity and assortment.

112. Marketing specialists develop to adjust "discrepancies" in the marketplace. Which of the following best explains the concept of "discrepancies"?

A. There are many more consumers than there are producers.
B. The assortment and quantity of products wanted by a customer may be different than the assortment and quantity of products normally produced by a manufacturer.
C. Supply and demand is no longer determined by market forces because "big business" is more powerful than the individual consumer.
D. Price is not always a reliable measure of a product's quality.
E. Although most manufacturers claim to be marketing-oriented, most firms would rather produce what they want to sell rather than what customers want to buy.

113. "Discrepancies of quantity" occur because

A. producers seek economies of scale.
B. most intermediaries specialize in selected product lines and buy in large enough quantities to get a good price.
C. adding intermediaries in a channel of distribution increases the cost of getting products to consumers.
D. consumers want the convenience of buying many different types of products at one time.
E. all of the above.

114. Discrepancies of quantity occur because:

A. some consumers have more money than others.
B. individual producers tend to specialize while individual consumers want a broad assortment of products.
C. consumers demand more product variety than producers can make.
D. to obtain economies of scale, individual producers often make larger quantities of products than individual consumers normally want to buy.
E. there are many more consumers than producers.

115. "Discrepancies of quantity" means:

A. there are more producers than consumers.
B. there are more consumers than producers.
C. the difference between the product lines the typical producer makes and the assortment wanted by consumers or final users.
D. consumers want more products than producers can make.
E. the difference between the quantity of products it is economical for an individual producer to make and the quantity normally wanted by individual consumers or users.

116. "Discrepancies of quantity" means:

A. some consumers buy more products than others.
B. there are more consumers than producers.
C. some manufacturers can produce more products than others.
D. the difference between the quantity of products it is economical for an individual producer to make and the quantity normally wanted by individual consumers or users.
E. that demand is greater than what a company can supply.

117. Discrepancy of quantity is

A. the difference between the lines a typical producer makes and the assortment final consumers or users want.
B. adjusting the quantities of products handled at each level in a channel of distribution.
C. collecting products from many small producers.
D. the difference between the quantities of products that it is economical for a producer to make and the quantity final users or consumers normally want.
E. usually seen with producers who specialize by product.

118. Which of the following best illustrates "discrepancies of quantity"?

A. Michelin makes tires, but most consumers also want a large selection of car-care services.
B. Some stores sell large quantities of Michelin tires, but only small quantities of tires made by other companies.
C. There are over 309 million consumers in the U.S. but only a small portion buy tires in any given year.
D. Four firms make over 90 percent of all the tires sold in the United States.
E. Michelin made millions of tires last year--but most customers bought only one set.

119. Sony manufactures clock radios in quantities of more than 100,000 in a given time period -- but the average consumer wants only one clock radio at a time. This difference is an example of

A. a regrouping activities.
B. a discrepancy of assortment.
C. a discrepancy of quantity.
D. a sorting error.
E. re-assorting.

120. A manufacturer prefers to produce and ship in large quantities to take advantage of economies of scale. Final consumers often want to purchase in small quantities. This difference between the producer and consumer is a:

A. Discrepancy of assortment.
B. Discrepancy of quantity.
C. Regrouping activity.
D. Discrepancy adjustment.
E. Marketing discrepancy.

121. "Discrepancies of assortment" means:

A. some producers can produce more products than others.
B. some consumers buy more products than others.
C. consumers want more output than producers can make.
D. there are more producers than wholesalers.
E. the difference between the product lines the typical producer makes and the assortment wanted by final consumers or users.

122. "Discrepancies of assortment" means:

A. there are more producers than consumers.
B. consumers want more output than producers make.
C. the difference between the product lines the typical producer makes and the assortment wanted by final consumers or users.
D. there are more consumers than producers.
E. the difference between the quantity of products the typical producer makes and the quantity wanted by individual consumers.

123. Which of the following best illustrates adjusting "discrepancies of assortment?"

A. General Motors makes Hummer for one product-market and Chevrolet for another product-market.
B. A hardware store sells all the hardware items wanted by most people.
C. Over 309 million U.S. consumers are served by around 351,000 manufacturers.
D. RCA sold more than 2,000,000 TVs last year.
E. Three firms produce over 60 percent of all the DVD players sold in the United States.

124. Consumers usually want to shop for milk, meat, vegetables, and fruits at one convenient location. Grocery stores that offer all of these products help to alleviate this _____.

A. discrepancy of quantity
B. accumulation deficit
C. sorting error
D. discrepancy of assortment
E. bulk-breaking

125. A publisher of photography books finds that it is cost-effective to print 10,000 or more at a time. But a bookstore orders only a few copies of each book since its customers want to select from a wide variety. This example shows

A. why discrepancies of quantity occur.
B. why both discrepancies of quantity and assortment occur.
C. neither discrepancies of assortment or quantity.
D. why discrepancies of assortment occur.
E. multichannel distribution.

126. All of the following are regrouping activities EXCEPT

A. accumulating.
B. bulk-breaking.
C. sorting.
D. assorting.
E. channeling.

127. Which of the following is NOT one of the "regrouping activities?"

A. Assorting
B. Ranking
C. Sorting
D. Bulk-breaking
E. Accumulating

128. The regrouping activity which involves collecting products from many small producers so that the products can be handled more economically further along in the channel is called:

A. sorting.
B. wholesaling.
C. accumulating.
D. assorting.
E. bulk-breaking.

129. Yakima Valley Produce, Inc. buys artichokes from many small farmers, assembles them into larger quantities, and ships in carload quantities to a central market where they are sold to large food processors. This "regrouping activity" is called:

A. bulk-breaking.
B. assorting.
C. sorting.
D. wholesaling.
E. accumulating.

130. Small farmers in the mountains of Peru pick coffee beans by hand, obtaining only a bucket a day. Then they sell them to buyers who put the beans in large bags to be shipped to processors. This regrouping activity is called:

A. Assorting
B. Wholesaling
C. Bulk-breaking
D. Sorting
E. Accumulating

131. When Amazon.com collects products from many small producers, the company is involved in _____.

A. assorting
B. accumulating
C. bulk-breaking
D. quantitizing
E. sorting

132. AsianArt4U.com brings together the art produced by many different Asian painters and sculptors -- and offers them for sale on its website. This is an example of

A. accumulating
B. sorting
C. a franchise channel
D. a discrepancy intermediary
E. bulk-breaking

133. The "regrouping activity" which involves breaking carload or truckload shipments into smaller quantities as products get closer to final customers is called:

A. sorting.
B. retailing.
C. assorting.
D. accumulating.
E. bulk-breaking.

134. Bulk-breaking

A. means putting together a variety of products to give a target market what it wants.
B. involves collecting products from many small producers.
C. involves dividing larger quantities into smaller quantities as products get closer to the final market.
D. means separating products into grades and qualities desired by different target markets.
E. is most important with specialized producers of professional services.

135. InterContinental Hardware Co. buys carload quantities of bolts, screws, nuts, washers, and other hardware from a large producer in the Netherlands, breaks these shipments into smaller quantities, and sells them to other wholesalers and retail chains. This "regrouping activity" is called:

A. assorting.
B. wholesaling.
C. accumulating.
D. bulk-breaking.
E. sorting.

136. Costco is a warehouse store that sells groceries, household items, and business products. Purchase quantities tend to be larger than in traditional stores that serve final consumers. For example, soft drinks are only sold in 24-can cases, not in 6-packs. Coffee is sold in 3-pound cans instead of one-pound foil packs. Which regrouping activity is Costco shifting to the consumer?

A. Accumulating.
B. Adjusting discrepancies.
C. Assorting.
D. Bulk-breaking.
E. Sorting.

137. The regrouping activity which involves grading or sorting products into the grades and qualities desired by different target markets is called:

A. assorting.
B. sorting.
C. wholesaling.
D. accumulating.
E. allocation.

138. _____ means separating products into grades and qualities desired by different target markets.

A. Bulk-breaking
B. Sorting
C. Accumulating
D. Assorting
E. Discrepancy of quality

139. Lacey Springs Apple Co. buys fresh apples in truckload quantities, regroups the heterogeneous commodities into homogeneous lots according to grade and quality, and then sells them to retailers. This "regrouping activity" is called:

A. accumulating.
B. bulk-breaking.
C. sorting.
D. wholesaling.
E. assorting.

140. Retail stores that sell "seconds" and "irregular" products at discount prices are flourishing all over the country. These stores are needed because of what regrouping activity?

A. Accumulating
B. Bulk-breaking
C. Sorting
D. Assorting
E. None of the above

141. The regrouping activity which involves putting together a variety of products to give a target market what it wants is called:

A. assorting.
B. bulk-breaking.
C. wholesaling.
D. accumulating.
E. sorting.

142. Some sporting goods manufacturers do not make a "full line" of equipment. So the Sports World retail chain carefully selects the brands of several manufacturers to sell. This regrouping activity is called:

A. accumulating.
B. assorting.
C. retailing.
D. bulk-breaking.
E. sorting.

143. A wholesaler selling golf carts and mowers to golf courses might also carry grass seed and grass fertilizer. This would be an example of

A. bulk-breaking.
B. sorting.
C. accumulating.
D. assorting.
E. discrepancy of quantity.

144. Every morning, Sycamore Dairy picks up milk which farmers have "milked" that morning. The dairy processes the milk and separates the cream from the milk. Some of the cream is made into butter and packaged in various sizes. The milk and remaining cream are blended into various products, sealed in pint, quart and half-gallon containers, and delivered to supermarkets in the quantities and assortments they want. The dairy is providing what regrouping activity?

A. Assorting
B. Accumulating
C. Sorting
D. Bulk-breaking
E. All of the above.

145. The desirability of a common "product-market commitment" is based on the idea that:

A. each member of the channel should focus on a different target market.
B. the whole channel is competing with other channel systems.
C. the producer should always be the "channel captain."
D. a channel can eliminate the marketing functions.
E. All of the above are true.

146. A common "product-market commitment" in a channel system helps to eliminate:

A. the need for a channel captain.
B. unnecessary and costly duplication of marketing functions.
C. all production-oriented channel members.
D. competition among different channel systems.
E. the need for marketing managers in individual firms.

147. When a channel has a "product-market commitment":

A. all members focus on the same target market at the end of the channel.
B. its members attempt to share the various marketing functions in appropriate ways.
C. there is no need for a channel captain to develop.
D. all of the above.
E. A and B above--but not C.

148. Traditional channels of distribution

A. do not perform bulk-breaking activities.
B. are usually preferred to other distribution arrangements.
C. are easier to control than corporate channel systems.
D. may involve little or no cooperation among channel members.
E. are usually controlled through strong legal contracts.

149. In "traditional channel systems," the channel members:

A. consider traditional values--like cooperation and respect--as central to their relationship.
B. have franchise contracts.
C. usually have a common product-market commitment.
D. make little or no effort to cooperate with each other.
E. are integrated.

150. Channel systems in which the various channel members make little or no effort to cooperate with each other are called _____ systems.

A. traditional channel
B. vertically integrated
C. direct-to-customer channel
D. franchising
E. administered channel

151. In "traditional channel systems"

A. the producer is usually responsible for assorting.
B. only one intermediary is used at each level of the channel.
C. it is easy to coordinate the necessary marketing functions.
D. members at each level of the channel often have a very different view of who the competitors are.
E. the producer sets the objectives for all channel members.

152. Which of the following is NOT a true statement about traditional channel systems?

A. Channel members make little or no effort to cooperate with each other.
B. Channel members buy and sell from each other.
C. Each channel member does only what it considers to be in its own best interest.
D. Members of these channels have their independence, but they may pay for it too.
E. Control is maintained by economic power and leadership.

153. Traditional channel systems:

A. Are characterized by strong ties between channel members.
B. Exhibit little cooperation between channel members.
C. Have channel members that look out for each other's best interest.
D. Have members that go to great lengths to cooperate with each other.
E. Usually feature a strong product-market commitment that is shared by all of the members of the channel.

154. Channels of distribution:

A. that include intermediaries result in higher distribution costs than channels without intermediaries.
B. should be designed to increase discrepancies of quantity between producers and consumers.
C. usually do not involve conflicts as long as each channel member has profit as a goal.
D usually require longer-term planning than other market mix elements because channel decisions are more
. difficult to change quickly.
E. are always characterized by conflict among channel members.

155.____ conflict occurs between firms at different levels in the channel of distribution.

A. Vertical
B. Diagonal
C. Horizontal
D. Parallel
E. Cyclical

156. Nature Fresh Cereal does not feel satisfied with the location and amount of shelf space it is given at Sunshine Health Food Markets. This creates a source of

A. vertical conflict.
B. diagonal conflict.
C. horizontal conflict.
D. parallel conflict.
E. placement conflict.

157.____ conflict occurs between firms at the same level in the channel of distribution.

A. Vertical
B. Diagonal
C. Horizontal
D. Parallel
E. Cyclical

158. Roscoe Hardware carries stock on the complete line of Ever-Green Push Lawn Mowers. Its competitor down the street sells the same mowers at a special price by special order but does not carry any inventory. This situation creates

A. vertical conflict.
B. exclusive distribution rights.
C. competitive discrepancy.
D. horizontal conflict.
E. reverse channels.

159. The marketing manager for a producer of mattresses and box springs distributes its products through discount stores (like Costco), department stores, furniture stores, and specialty bedding stores. To avoid conflict with channel members, the manager

A. should offer purchase discounts based on the quantity of mattresses that the retailer sells.
B. assume that all channel members have a common commitment to target consumers at the end of the channel.
C. trust retailers to emphasize sales of his brand rather than the brand of some other manufacturer.
D. develop different brands or product lines for different channels.
E. expect one of the large retail chains to step up to the responsibilities of being the channel captain.

160. Some channel conflict may

A. be inevitable when channel members have different objectives.
B. be useful if that is what it takes for customers at the end of the channel to receive better value.
C. be avoided when a producer does not sell identical products through different (competing) channels.
D. reduced if there is a channel captain who thinks about all of the members of a channel and helps to direct their activities.
E. All of the above are true.

161. To reduce conflicts in channels, a firm should:

A. Offer different products through each channel.
B. Provide some compensation to members of the older channel.
C. Treat channel partners fairly even when one partner is more powerful.
D. Focus on segments not currently served by existing channels.
E. All of the above.

162. _____ is a manager who helps directs the activities of a whole channel and tries to avoid or solve channel conflicts.

A. A channel executive
B. A channel captain
C. A distribution manager
D. Channel coordinator
E. Distribution leader

163. A manager who helps direct the activities of a whole channel and tries to avoid or solve channel conflicts is a:

A. Channel director.
B. Channel coordinator.
C. Channel captain.
D. Channel ombudsman.
E. Channel troubleshooter.

164. A "channel captain"

A. might be any member of the channel (that is, at any level in the channel).
B. views the members of the channel as a unit.
C. should help to make the channel more efficient by reducing conflict.
D. all of the above.
E. none of the above.

165. Ideally, a "channel captain":

A. has sufficient market power to force his policies on other channel members.
B. is a manufacturer.
C. is a strong retailer or wholesaler.
D. is assigned this role by majority vote among channel system members.
E. earns that "position" by effective leadership.

166. The text suggests that a "channel captain" should be:

A. a strong wholesaler.
B. a market-oriented producer.
C. a large retailer.
D. any of the above--i.e. whoever can provide leadership.

167. The role of "channel captain":

A. should be taken by producers because they have more power.
B. is to force other channel members to accept the channel captain's plan.
C. should be taken by retailers because they are closer to consumers.
D. may not be necessary if the channel members are satisfied with the "status-quo."
E. is to help a channel system compete more effectively with other channel systems.

168. A good "channel captain" knows that:

A. direct-to-customer channels usually cost less and perform more efficiently than indirect channels.
B. marketing functions can be shifted and shared within a channel--but they cannot be completely eliminated.
C. a channel system works best when all its members have a shared product-market commitment.
D. some marketing functions can usually be completely eliminated by using short channels instead of long channels.
E. Both B and C are true.

169. In a _____ the whole channel focuses on the same target market at the end of the channel.

A. vertical marketing system
B. horizontal marketing system
C. parallel marketing system
D. diagonal marketing system
E. linear marketing system

170. A good reason for developing or joining a vertical marketing system

A. is that the whole channel focuses on the same target market at the end of the channel and seems to be more effective.
B. market competition at each level of the channel eliminates inefficient firms and serves consumers' needs better.
C. is that no member of the channel has to bear the costs of the regrouping activities.
D. is that no member of the channel has to plan for the whole channel since good decisions at each level run the channel.
E. All of the above.

171. A type of vertical integration system that develops by acquiring firms at different levels of channel activity is called:

A. Corporate
B. Traditional
C. Administered
D. Contractual
E. Technical

172. In _____ channel systems the amount of cooperation among members of the channel is very high.

A. contractual
B. traditional
C. corporate
D. administered
E. horizontal

173. The vertical marketing system that typically has the greatest amount of cooperation among channel members is a(n):

A. Traditional channel system.
B. Administered channel system.
C. Contractual channel system.
D. Franchise channel system.
E. Corporate channel system.

174. A firm acquiring another firm at a different level of activity within a channel of distribution is called:

A. vertical integration.
B. a tying contract.
C. dual distribution.
D. horizontal integration.
E. a regrouping activity.

175. If Wal-Mart purchases a manufacturing plant to produce nothing but Wal-Mart's dealer brand of laundry detergent, Wal-Mart is engaging in:

A. Monopoly.
B. Vertical integration.
C. Intertype competition.
D. A contractual channel system.
E. An administered channel system.

176. A large food retailer acquiring a cheese factory is an example of:

A. dual distribution.
B. vertical integration.
C. a tying contract.
D. horizontal integration.
E. internal expansion.

177. If a large furniture retailer were to purchase Drexel (a manufacturer of sofas and chairs), this would be an example of:

A. a tying contract.
B. an administered channel system.
C. internal expansion.
D. vertical integration.
E. horizontal integration.

178. Yukon Sportswear, a manufacturer of textile products, bought out the wholesaler that had been handling its distribution in Canada. This is an example of:

A. dual distribution.
B. reverse distribution.
C. a contractual channel system.
D. vertical integration.
E. accumulating.

179. Which of the following is NOT a likely advantage of vertical integration?

A. Lower capital requirements.
B. Lower executive overhead.
C. Better control of distribution.
D. Better quality control.
E. Greater buying power.

180. Which of the following is NOT an advantage of vertical integration?

A. Lower executive overhead.
B. Better control of distribution.
C. Easier adjustment of discrepancies of quantity and assortment.
D. Greater buying power.
E. Stable sources of supplies.

181. A channel system in which the various members informally agree to cooperate with each other is called a(an) _____ system.

A. contractual channel
B. dual distribution
C. traditional channel
D. administered channel
E. franchising

182. In _____ channel systems, ordering is routinized, inventory and sales information is shared over computer networks, accounting is standardized, and promotion efforts are coordinated.

A. contractual
B. traditional
C. administered
D. integrated
E. corporate

183. The vertical marketing system in which control is maintained via economic power and leadership is a(n):

A. Administered channel system.
B. Corporate channel system.
C. Contractual channel system.
D. Franchise channel system.
E. Channel captain system.

184. Which of the following statements about channel systems is true?

A. Some administered channel systems have achieved the advantages of vertically integrated systems while retaining more flexibility.
B. All vertical marketing systems are also contractual channel systems.
C. The independence of firms in traditional channel systems has led to channel efficiencies because of greater freedom of decision making.
D. Indirect channel systems seem to be generally more effective than direct channels.
E. Corporate channel systems are competitively superior to administered channel systems.

185. Which of the following statements about channel systems is TRUE?

A. Traditional channel systems are more efficient because of their greater freedom.
B. Vertical integration works best when discrepancies of quantity are large.
C. Most corporate channel systems use multichannel distribution.
D. Some administered channel systems obtain the advantages of vertically integrated systems while still retaining flexibility.
E. All of the above are true.

186. A computer manufacturer runs training programs for its "cooperating" retailers' salespeople, as well as providing newspaper advertising layouts, point-of-purchase materials, and sales manuals. This is an example of:

A. an administered channel system.
B. a contractual channel system.
C. a traditional channel system.
D. a vertically integrated corporate channel system.
E. a franchising system.

187. Rizzo Shoes sells through _____ channel system. Rizzo has informal agreements with its wholesalers and retailers -- they cooperate pretty well by placing orders, and sharing inventory and sales information over a computer network.

A. a contractual
B. a traditional
C. a power leadership
D. a corporate
E. an administered

188. A channel system in which the various members agree by contract to cooperate with each other is called a(an) _____ system.

A. multichannel distribution
B. contractual channel
C. traditional channel
D. administered channel
E. vertically integrated channel

189. In _____ channel systems, the channel members agree by contract to cooperate with each other.

A. contractual
B. traditional
C. selective
D. corporate
E. administered

190. When planning channels of distribution, a marketing manager should know that

A. vertically integrated systems are seldom used--because of the difficulty of maintaining control.
B. a contractual system offers both flexibility and stability for its members.
C. the disadvantage of a corporate channel system is reduced control over distribution activities.
D. all of the above.
E. none of the above.

191. With respect to consumer products, which of the following is the most common system for distributing consumer products in the U.S.?

A. direct channel systems.
B. vertical marketing systems.
C. traditional channel systems.
D. horizontal marketing systems.
E. none of the above.

192. The best level of market exposure for a product

A. always costs more, but the higher costs lead to higher sales and profits.
B. is the level which will result in the highest level of attention by intermediaries.
C. is the one which minimizes distribution costs.
D. is intensive distribution.
E. makes a product available widely enough to satisfy target customers' needs but NOT exceed them.

193. Which of the following is NOT one of the degrees of market exposure?

A. Selective distribution
B. Multichannel distribution
C. Intensive distribution
D. Exclusive distribution
E. None of the above, i.e. all are degrees of market exposure.

194. "Intensive distribution" means selling through:

A. only one channel of distribution.
B. all responsible and suitable retailers or wholesalers.
C. only one intermediary in a particular geographic area.
D. only those intermediaries who give the product special attention.
E. all retail outlets.

195. _____ means selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.

A. Selective distribution
B. Multichannel distribution
C. Exclusive distribution
D. Intensive distribution
E. Aggressive distribution

196. Intensive distribution is

A. selling through only those wholesalers or retailers who will give the product special attention.
B. selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
C. selling through only one wholesaler or retailer in a particular geographic area.
D. making a product available widely enough to satisfy target customers' needs but not exceed them.
E. used to gain some of the advantages of exclusive distribution - while still achieving fairly widespread market coverage.

197. Intensive distribution is often very appropriate for:

A. shopping products and convenience products.
B. convenience products and business supplies.
C. business products of all classes.
D. unsought products and specialty products.
E. shopping, specialty, and unsought products.

198. _____ distribution is commonly used for convenience products and business supplies.

A. Internal
B. Intensive
C. Selective
D. Specialized
E. Exclusive

199. Intensive distribution:

A. gives a retailer more incentive to promote a product than he would have with exclusive distribution.
B. is not very likely to be used in combination with multichannel distribution.
C. is more likely to be used with relatively high priced products than with low priced products.
D. is often used for convenience products and business supplies.
E. none of the above.

200. A convenience product would probably be sold using:

A. Intensive distribution.
B. Exclusive distribution.
C. Selective distribution.
D. Extensive distribution.
E. Sole-source distribution.

201. Intensive distribution at the retail level would probably be most appropriate for:

A. Sports coats
B. Batteries
C. 10 speed bicycles
D. Tennis rackets
E. 35mm cameras

202. From a producer's viewpoint, which of the following is an advantage of INTENSIVE DISTRIBUTION over selective distribution?

A. Intermediaries' price-cutting may be reduced.
B. Intermediaries' facilities will be more convenient for customers.
C. Intermediaries can be required to carry larger stocks.
D. More aggressive selling can be expected from intermediaries.
E. Better service can be required from intermediaries.

203. Intermediaries are needed MOST when the desired degree of market exposure is:

A. selective.
B. intensive.
C. exclusive.
D. administered.
E. none of the above.

204. "Selective distribution" means selling through:

A. retailers but not wholesalers.
B. multichannel distribution.
C. all responsible and suitable wholesalers.
D. only those wholesalers and retailers who give the product special attention.
E. only one wholesaler or retailer in each geographic area.

205. _____ means selling a product only through those intermediaries who will give the product special attention.

A. Multichannel distribution
B. Selective distribution
C. Administered distribution
D. Exclusive distribution
E. Intensive distribution

206. Which of the following is true of selective distribution?

A. It is commonly needed for convenience products and business supplies used by all offices.
B. It is selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
C. It is selling through only one intermediary in a particular geographic area.
D. It is making a product available widely enough to satisfy target customers' needs but not exceed them.
E. It is selling through only those intermediaries who will give the product special attention.

207. Which degree of market exposure would probably be most suitable for a heterogeneous shopping product which has achieved brand preference and sells for about $300?

A. Concentrated distribution
B. Selective distribution
C. Administered distribution
D. Intensive distribution
E. Exclusive distribution

208. Selective distribution:

A. is likely to reduce high administrative expenses caused by a large proportion of small orders.
B. may be suitable for all categories of products.
C. is becoming more popular.
D. is a good idea if some of the available intermediaries are not financially solid.
E. All of the above are true.

209. A selective distribution policy might be used to avoid selling to wholesalers or retailers that:

A. Place orders that are too small.
B. Make too many returns.
C. Request too much service.
D. Have poor credit.
E. All of the above.

210. "Exclusive distribution" means selling through:

A. the most prestigious retail outlets.
B. only one wholesaler or retailer in a particular geographic area.
C. only responsible and suitable retailers or wholesalers.
D. retailers that handle specialty products.
E. only those wholesalers or retailers who will give the product special attention.

211. _____ means selling a product through only one wholesaler or retailer in a particular geographic area.

A. Exclusive distribution
B. Direct distribution
C. Intensive distribution
D. Multichannel distribution
E. Selective distribution

212. Selling through only one wholesaler or retailer in a particular geographic area is called:

A. Ideal market distribution
B. Intensive distribution
C. Selective distribution
D. Exclusive distribution
E. Equivalent distribution

213. Intermediaries are needed LEAST when the desired degree of market exposure is:

A. intensive.
B. ideal.
C. selective.
D. exclusive.
E. none of the above.

214. Raymond Weil, a European manufacturer of premium watches, is trying to compete in the U.S. market with other fine watch brands. Its corporate website contains the following notice: "RAYMOND WEIL products are sold by official dealers only. The RAYMOND WEIL International Guarantee is offered exclusively to consumers in possession of a watch purchased from an official dealer…." In the United States, Raymond Weil watches are not available in every jewelry or department store. For example, in large cities such as Boston, Washington, D.C., and San Francisco, there are only three retailers in each city that are official Raymond Weil dealers. Raymond Weil seems to be using:

A. Intensive distribution.
B. Selective distribution.
C. Exclusive distribution.
D. Extensive distribution.
E. Limited distribution.

215. If a producer's marketing manager wants intermediaries to take over all responsibility for promoting his product he probably should use

A. exclusive distribution.
B. selective distribution.
C. intensive distribution.
D. a vertically integrated distribution system.
E. any of the above, since every channel member must support a product with promotion.

216. If a producer has a technically superior and expensive product--which has achieved brand preference--and wants retailers to provide aggressive promotion and maximum customer service, this producer should seek:

A. Multichannel distribution.
B. Exclusive distribution.
C. Administered distribution.
D. Intensive distribution.
E. Selective distribution.

217. Exclusive distribution

A. should generally be used only if it is not possible to generate intermediary interest in intensive distribution.
B. is legal as long as it does not involve vertical channel arrangements.
C. arrangements between a producer and intermediary are illegal for most types of products, and thus they are not very common in the U.S.
D. usually involves intermediaries who are willing to take over all responsibility for promoting the producer's product.
E. None of the above is true.

218. Which of the following statements about ideal market exposure is TRUE?

A. As a firm goes from exclusive to intensive distribution, it loses progressively more control over price and service offered by retailers.
B. A producer usually should seek maximum market exposure.
C. Intensive distribution means trying to sell through all retail stores.
D. It is necessary to get almost 100 percent market exposure to justify national promotion.
E. All of the above are true.

219. Quiet Drive Mufflers are sold only through Car Parts Now retailers. This retailer has only one store in any given geographic area to minimize competition between stores. Quiet Drive Mufflers uses _____ distribution.

A. intensive
B. ideal
C. selective
D. specialized
E. exclusive

220. Horizontal arrangements among competing retailers, wholesalers, or producers to limit sales by customer or territory have consistently been

A. shown to increase competition.
B. a regular practice in the U.S.
C. encouraged in the U.S. but not in many international markets.
D. a successful strategy for entering international markets.
E. ruled illegal by the U.S. Supreme Court.

221. Legal concerns about channel of distribution arrangements are most likely to arise when:

A. a traditional channel system is involved.
B. there are horizontal arrangements between firms at the same level of the channel.
C. the firm is using intensive distribution.
D. a firm uses multichannel distribution to reach its target markets.
E. a corporate channel system is involved.

222. The owners of all the Chrysler auto dealerships in a large metropolitan area have an informal meeting during a golf outing. During the meeting, they agree to limit their orders of a new model of automobile that has received excellent reviews from the trade press for its styling and handling characteristics. Restricting orders will permit the dealers to sell these models at a price that will be at or above the manufacturer's suggested retail price for the vehicle. As a result, the dealers will make more profit on each vehicle sold due to the high demand for the new model. This type of agreement would be viewed by the courts as:

A. Horizontal collusion that is illegal.
B. Horizontal collusion that is legal.
C. Vertical collusion that is legal.
D. Vertical collusion that is illegal.
E. An exclusive distribution arrangement that is legal.

223. Distribution agreements which limit sales by customer or territory:

A. are always illegal.
B. may be legal if they are vertical agreements between producers and intermediaries.
C. are definitely illegal if they are horizontal agreements among competing producers or intermediaries.
D. are definitely illegal if they are vertical agreements between producers and intermediaries.
E. Both B and C are true.

224. When selecting the degree of market exposure for a firm's products, it's important to remember that:

A. vertical arrangements between producers and intermediaries which limit sales by customer or territory are definitely illegal.
B. the Federal Trade Commission prohibits exclusive distribution.
C. vertical arrangements between producers and intermediaries which limit sales by customer or territory may be legal according to a recent Supreme Court ruling.
D. horizontal arrangements among competing producers or intermediaries which limit sales by customer or territory are generally considered legal.
E. Both B and D are true.

225. Marketing managers should know that:

A. a Supreme Court ruling prohibits exclusive distribution.
B. vertical arrangements between manufacturers and intermediaries which limit sales by customer or territory may be legal according to a Supreme Court ruling.
C. horizontal arrangements among competing manufacturers or intermediaries which limit sales by customer or territory are generally considered legal.
D. vertical arrangements between manufacturers and intermediaries which limit sales by customer or territory are always illegal.
E. both C and D are true statements.

226. If Penn Hills Mfg. Corp. gives the Johnstown Distributing Co. the exclusive right to distribute Penn Hills' products in Ohio--with the understanding that Johnstown can't sell Penn Hills' products outside Ohio or to other wholesalers in Ohio, this arrangement:

A. WOULD DEFINITELY BE ILLEGAL because the courts have ruled that all vertical arrangements between producers and intermediaries are illegal.
B. MAY OR MAY NOT BE LEGAL--the courts would weigh the possible good effects of this vertical arrangement against possible restrictions on competition.
C. WOULD DEFINITELY BE LEGAL because the courts have ruled that all vertical arrangements between producers and intermediaries are legal.
D. WOULD DEFINITELY BE ILLEGAL because the courts have ruled that all horizontal arrangements between competitors are illegal.
E. WOULD DEFINITELY BE LEGAL because the courts have ruled that all horizontal arrangements between competitors are legal.

227. A producer using several competing channels to distribute its products to its target market is using _____ distribution.

A. multichannel
B. intensive
C. administered
D. horizontal
E. selective

228. Although some intermediaries may resent this approach, a manufacturer may have to use "multichannel distribution" because:

A. present channel members are doing a poor job.
B. the firm desires to reach different target markets.
C. big retail chains want to deal directly.
D. antitrust regulations prohibit relying on just one channel system.
E. both A and C above.

229. Producers often have to use "multichannel distribution":

A. because they want to sell both direct with a website and indirectly through intermediaries.
B. because big retail chains want to deal directly with producers.
C. because competitors use a variety of channels.
D. All of the above.
E. None of the above.

230. Multichannel distribution:

A. May involve using both direct and indirect channels simultaneously.
B. May offer producers a way to reach customers they would not be able to reach with a single channel.
C. Is becoming more common.
D. May create channel conflict.
E. All of the above.

231. The need for reverse channels may arise in all of the following situations EXCEPT

A. a consumer buys something in error and wants to return it.
B. a firm makes an error in completing an order.
C. a product is recalled for safety reasons.
D. a consumer changes her mind after purchasing a product.
E. All of the above create a need for reverse channels.

232. If a Universal computer monitor breaks while it is still under warranty, someone needs to get it to the repair center. In this case, Universal will need:

A. reverse channels.
B. multichannels.
C. intensive distribution.
D. exclusive distribution.
E. selective distribution.

233. Reverse channels may be used to retrieve products from:

A. business customers
B. final consumers
C. intermediaries
D. all of the above
E. only A and C above

234. Selling products manufactured in the United States to foreign customers--often without any product changes--is called:

A. joint ventures.
B. licensing.
C. importing.
D. contract manufacturing.
E. exporting.

235. Exporting

A. is selling some of what the firm produces to foreign markets.
B. can be a way to get rid of surplus output.
C. can come from a real effort to look for new opportunities.
D. all of the above.
E. A and B, but not C.

236. The lowest cost and lowest risk way to enter a foreign market is through

A. a joint venture.
B. licensing.
C. management contracting.
D. a direct investment.
E. exporting.

237. Which of the following is typically the lowest risk approach for moving into international markets:

A. licensing
B. exporting
C. joint venturing
D. direct investment
E. management contracting

238. Which of the following statements about exporting is NOT TRUE?

A. Export agents can handle the arrangements as products are shipped outside the country.
B. Channel relationships in international markets take time to build and shouldn't be treated lightly.
C. Exporting requires a firm to establish permanent relationships with international partners.
D. A firm often invests a minimum amount of time and money.
E. Both A and C.

239. Josh Adams runs a large cattle farm in Texas. In order to take advantage of higher prices for beef in Europe compared to the United States, he has started selling cattle overseas by using an agent wholesaler who specializes in finding European customers for U.S. firms. He ships the cattle to Europe by water transport. Josh is involved in:

A. Exporting.
B. Management contracting.
C. Licensing.
D. Joint venturing.
E. None of the above.

240. _____ means selling the right to use some process, trademark, patent, or other right for a fee or royalty.

A. Licensing
B. Management contracting
C. Joint venturing
D. Exporting
E. Direct investment

241. _____ (as a way to enter foreign markets) means selling the right to use some process, trademark, patent, or other right for a fee.

A. licensing
B. management contracting
C. direct investment
D. joint venturing
E. exporting

242. Licensing, in international marketing,

A. refers to foreign intermediaries agreeing to sell products produced in this country.
B. requires a producer to pay a licensing fee to the country where it wants to sell its products.
C. increases the risk that a company's production facilities will be taken over by the foreign country.
D. means a company selling the right to use a process, trademark, patent, or other right for a fee or royalty.
E. None of the above is true.

243. A producer that enters into a licensing agreement with a foreign company to better reach foreign customers is MOST likely selling the rights to use its:

A. production facilities.
B. brand name.
C. channels of distribution.
D. sales force.
E. Any of the above are equally likely.

244. In a licensing agreement, the licensee

A. makes no initial investment to get started.
B. does most of the marketing strategy planning for the markets it is licensed to serve.
C. has more control over marketing than other approaches for entering international markets.
D. assumes almost no risk in a foreign market.
E. does not pay any fee or royalties to the licensor.

245. If Wilkinson were to sell Norelco the exclusive rights to produce and sell its brand of shavers in Japan for a 5 percent royalty on all sales, it would be using:

A. licensing.
B. joint venturing.
C. management contracting.
D. exporting.
E. direct investment.

246. Which of the following is the easiest way for a firm to enter foreign markets?

A. joint ventures
B. licensing
C. multinational bargaining
D. direct investment
E. management contracting

247. Sunkist sells foreign companies the right to use the Sunkist brand on soft drinks and citrus juices sold outside the United States. Sunkist gets both an initial fee and a royalty on the sale of goods bearing its brand name. Sunkist is engaged in:

A. Exporting.
B. Management contracting.
C. Licensing.
D. Joint venturing.
E. None of the above.

248. If a firm's involvement in international marketing is limited to managing others' production facilities, it is using:

A. exporting.
B. licensing.
C. direct investment.
D. joint venturing.
E. management contracting.

249. In international markets, a firm can sell its management and marketing know-how while letting locals own the production and distribution facilities by using

A. licensing.
B. exporting.
C. joint venturing.
D. management contracting.
E. direct investment.

250. To minimize its own risks, the Boomtown Petroleum Corp. of Houston, Texas, operates a South American oil refinery that is owned by residents of that country. Boomtown is engaged in an activity known as:

A. management contracting.
B. a joint venture.
C. exporting.
D. licensing.
E. direct investment.

251. Worldwide Drilling, Inc. of Fort Worth, Texas, operates an oil well in Russia for its owners. Worldwide is involved in:

A. management contracting.
B. exporting.
C. a direct investment.
D. a joint venture.
E. licensing.

252. When the Rosco International chain of restaurants enters foreign markets, locals own the restaurant facilities, but look to Rosco to provide expertise in management and marketing. Rosco uses the _____ approach to enter international markets.

A. management contracting
B. direct investment
C. exporting
D. joint venture
E. licensing

253. If a producer agrees to enter into a management contracting arrangement with a zinc mining operation in Chile,

A. the company should be prepared to invest large amounts in mining facilities.
B. the company should be prepared to send people to Chile.
C. success will depend on how well the Chilean managers know what needs to be done.
D. the company must assume no political problems will arise, otherwise the risk is very high.
E. None of the above is true.

254. A joint venture is:

A. a firm that provides only management skills, while others own the production and distribution facilities.
B. a firm selling the right to use some process, trademark, or other right for a fee.
C. a separate firm owned by a parent company.
D. a domestic firm entering into a partnership with a foreign firm.
E. none of the above.

255. Oceanside Tools, Inc. of Newport, Rhode Island has agreed to work with a Thai company to produce and sell chemicals in Thailand. The U.S. firm will provide technical and marketing know-how, while its Thai partner will provide knowledge of Thai markets and political connections. The partners will share the costs and profits 50/50. This type of international involvement is called:

A. direct investment.
B. management contracting.
C. licensing.
D. multinational marketing.
E. joint venturing.

256. Using the _____ approach to entering international markets gives a firm complete control of marketing strategy planning in the foreign market.

A. joint venture
B. management contracting
C. direct investment
D. licensing
E. exporting

257. Midwest Tools, Inc. of Indianapolis, Indiana owns a plant in Poland for manufacturing and selling machine tools in Europe. This type of international involvement is called:

A. management contracting.
B. licensing.
C. a joint venture.
D. a direct investment.
E. multichanneling.

Use this information for questions that refer to the World Tennis Ball (WTB) Company case.

World Tennis Ball Co. (WTB) makes tennis balls and sells them only in the U.S. Raul Fernandez, the firm's marketing manager, is comparing his firm's distribution with two major competitors.

1) WTB sells its products through four regional distributors who then sell to 22 sporting goods wholesalers. The wholesalers sell to a total of 7,000 retail outlets. From its website, WTB also sells directly to any customer who will purchase a minimum quantity of 24 tennis balls. WTB cooperates with members of its channel, but maintains some control through its economic power and leadership. It helps to direct the activities of the whole channel and tries to avoid or resolve channel conflicts.

2) American Tennis Ball (ATB) is a competitor that sells through two distributors - each with half the country. The distributors then sell through 6 sporting goods wholesalers, and they, in turn, sell to 1,000 retail outlets (split between two national sporting goods chains and two general merchandise stores). ATB and its channel make little effort to work together. However, because of a relatively low level of competition between the distributors, the wholesalers, or the retail stores, each member of the channel gives the product special attention.

3) National Tennis Ball (NTB) sells its products through only three tennis specialty wholesalers that sell only to tennis clubs. NTB actually owns the wholesale firms that handle its products. NTB's balls are only available at certain tennis clubs and NTB limits coverage to only one club in a particular geographic area.

258. Which of the following describes WTB's channel arrangements:

A. Intensive distribution
B. Corporate channel system
C. Exclusive distribution
D. Traditional channel system
E. Reverse channels

259. Which of the following appears to best describe ATB's channel arrangements:

A. Intensive distribution
B. Exclusive distribution
C. Selective distribution
D. Global distribution
E. Direct distribution

260. Which of these companies appears to operate as a channel captain?

A. WTB
B. ATB
C. NTB
D. All of the companies appear to be channel captains
E. None of the companies is a channel captain

261. A wholesaler for American Tennis Ball is likely to perform which of the following regrouping activities:

A. Accumulating
B. Bulk-breaking
C. Assorting
D. All of the above
E. None of the above

262. National Tennis Ball's channel arrangement:

A. is called horizontal distribution.
B. is an example of intensive distribution.
C. illustrates a traditional channel system.
D. relies on exclusive distribution.
E. is likely to be characterized by a high level of conflict between channel members.

263. Which tennis ball manufacturer is involved in direct distribution?

A. World Tennis Ball
B. American Tennis Ball
C. National Tennis Ball
D. All of the firms use direct distribution
E. None of the firms use direct distribution

264. Which of these companies uses a corporate channel of distribution?

A. World Tennis Ball.
B. American Tennis Ball.
C. National Tennis Ball.
D. Both World Tennis Ball and National Tennis Ball use a corporate channel.
E. There is not enough information to tell which company uses a corporate channel of distribution.

265. These three tennis ball producers all rely on retailers to reach consumers who want to buy only a few balls at a time. Apparently they all think that this is an efficient way to

A. deal with sorting activities.
B. address discrepancies of quantity.
C. handle discrepancies of assortment.
D. minimize the potential for conflict in the channel.
E. achieve intensive distribution.

266. If American Tennis Ball adds more wholesalers and more retail outlets, this is likely to

A. create horizontal channel conflict.
B. lead to vertical channel conflict.
C. require that the largest wholesaler take over the channel captain role.
D. increase trust and cooperation in the channel.
E. prompt both vertical and horizontal channel conflict.

267. If American Tennis Ball adds more retail outlets, which of the following would help it to manage channel conflict?

A. assign the channel captain role to the largest retail chain.
B. sell a different brand of tennis ball through the new retailers than what it sells through current retailers.
C. select new retail outlets that target the same customers as those who buy from its current retailers.
D. choose new retailers in the same geographic market as its current retailers but who sell at lower prices.
E. drop its national advertising and leave it to retailers to promote its tennis balls.

ch10 Key

1. *(p. 248)* Place decisions make goods and services available in the right quantities and locations, when customers want them.

TRUE

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #1
Question Type: Definition
Self-Test: No

2. *(p. 248)* Place is concerned with the selection and use of marketing specialists--intermediaries and collaborators--and making goods and services available in the right quantities and locations when customers want them.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #2
Question Type: Definition
Self-Test: No

3. *(p. 248)* A channel of distribution is a series of firms or individuals participating in the flow of products from the producer to the consumer.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #3
Question Type: Comprehension
Self-Test: No

4. *(p. 249)* Product classes help marketing managers understand how much market exposure will be needed in each geographic area.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 10 #4
Question Type: Comprehension
Self-Test: No

5. Place decisions are easier to change in the short-run than Product, Price, and Promotion decisions.
(p. 249-250)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #5
Question Type: Comprehension
Self-Test: No

6. The Internet is making it possible for firms to reach customers that were impossible to reach before.
(p. 251)

TRUE

AACSB: 4 Use of IT
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #6
Question Type: Definition
Self-Test: No

7. With the Internet, even very small specialized firms can draw customers from all over the world.
(p. 251)

TRUE

AACSB: 4 Use of IT
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #7
Question Type: Definition
Self-Test: No

8. The Internet gives large firms access to repeat customers, but it does little for small firms trying to develop an initial base of customers.
(p. 251)

FALSE

AACSB: 4 Use of IT
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #8
Question Type: Definition
Self-Test: No

9. Firms that use direct distribution can usually adjust their marketing mixes faster than firms that use indirect distribution.
(p. 251)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #9
Question Type: Definition
Self-Test: No

10. *(p. 252)* Aggressive, market-oriented intermediaries are almost always available and eager to handle the distribution of innovative, new products.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #10
Question Type: Definition
Self-Test: No

11. *(p. 252)* Some firms are forced to use direct distribution when they can't find intermediaries willing to carry innovative, new products.

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #11
Question Type: Definition
Self-Test: No

12. *(p. 252)* Selling direct-to-customer is more common with business products than consumer products.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #12
Question Type: Definition
Self-Test: No

13. *(p. 252)* Direct-to-customer channels are rarely used in business markets because they are much more expensive and less efficient than using intermediaries.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #13
Question Type: Definition
Self-Test: No

14. *(p. 252)* Many business products are sold direct, but hardly any services are.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #14
Question Type: Definition
Self-Test: No

15. Consumer product companies such as Tupperware that appear to be selling direct may not be because their salespeople are independent distributors, not company employees.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #15
Question Type: Definition
Self-Test: No

16. The terms "direct marketing" and "direct distribution" mean the same thing.
(p. 253)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #16
Question Type: Definition
Self-Test: No

17. Firms that use direct marketing promotion may or may not use direct distribution.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #17
Question Type: Definition
Self-Test: No

18. Direct marketing is primarily concerned with Promotion, not Place.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #18
Question Type: Definition
Self-Test: No

19. A producer who wants to reach certain customers may have no choice about which wholesaler to use.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #19
Question Type: Definition
Self-Test: No

20. A wholesaler might help a producer by reducing the producer's need to carry large inventory stocks.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #20
Question Type: Definition
Self-Test: No

21. A wholesaler might help a producer by reducing the producer's need for market research.
(p. 253)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #21
Question Type: Definition
Self-Test: No

22. The most important reason to use indirect channels is if intermediaries can help serve customers better and at lower cost.
(p. 254)

TRUE

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #22
Question Type: Definition
Self-Test: No

23. Discrepancies of quantity occur because individual producers want to produce large quantities of products while individual consumers prefer to buy products in small quantities.
(p. 254)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #23
Question Type: Definition
Self-Test: No

24. Discrepancies of assortment occur because individual producers tend to specialize in producing a large assortment of products while individual consumers prefer to buy a small assortment of products.
(p. 254)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #24
Question Type: Definition
Self-Test: No

25. *(p. 254)* Discrepancies of quantity and assortment occur because individual producers find it economical to produce and sell small quantities of a large assortment of products while individual consumers prefer to buy large quantities of a small assortment of products.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #25
Question Type: Definition
Self-Test: No

26. *(p. 254)* Discrepancy of quantity means the difference between the lines a typical producer makes and the assortment final consumers want.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #26
Question Type: Definition
Self-Test: No

27. *(p. 254)* "Regrouping activities" involve adjusting the quantities or assortments of products handled at each level in a channel of distribution.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #27
Question Type: Definition
Self-Test: No

28. *(p. 254)* Regrouping activities adjust the quantities or assortments of products handled at each level in a channel of distribution.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #28
Question Type: Definition
Self-Test: No

29. *(p. 254)* When a warehouse is rearranged to speed up order processing, "regrouping activities" are being performed.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #29
Question Type: Definition
Self-Test: No

30. Accumulating involves dividing larger quantities into smaller quantities as products get closer to the final market.
(p. 254)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #30
Question Type: Definition
Self-Test: No

31. Accumulating involves collecting products from many small producers--often as a way to get lower transportation rates.
(p. 254)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #31
Question Type: Definition
Self-Test: No

32. Bulk-breaking means separating products into grades and qualities desired by different target markets.
(p. 255)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #32
Question Type: Definition
Self-Test: No

33. "Sorting" means separating products into grades and qualities desired by different target markets.
(p. 255)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #33
Question Type: Comprehension
Self-Test: No

34. Assorting activities involve putting together a variety of products to give a target market what it wants.
(p. 255)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #34
Question Type: Definition
Self-Test: No

35. Assorting means separating products into grades and qualities desired by different target markets.
(p. 255)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #35
Question Type: Definition
Self-Test: No

36. In an indirect channel of distribution, both vertical conflict and horizontal conflict may arise.
(p. 257)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #36
Question Type: Definition
Self-Test: No

37. Channel conflict often results when a manufacturer opens a new distribution channel, especially if it directly competes with its existing intermediaries.
(p. 257)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #37
Question Type: Definition
Self-Test: No

38. A new channel is more likely to prompt conflict if it focuses on segments not already served by current channels.
(p. 257)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #38
Question Type: Comprehension
Self-Test: No

39. One way for a producer to reduce conflict with channel partners is to offer different products in each different channel.
(p. 257)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #39
Question Type: Definition
Self-Test: No

40. A "channel captain" is a manager who helps direct the activities of a whole channel.
(p. 257)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #40
Question Type: Definition
Self-Test: No

41. A channel captain helps direct the activities of a whole channel and tries to avoid or solve channel conflicts.
(p. 257)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #41
Question Type: Definition
Self-Test: No

42. Most traditional channel systems don't have a channel captain.
(p. 257)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #42
Question Type: Definition
Self-Test: No

43. According to the text, it's best for the "channel captain" to be a producer rather than a wholesaler or retailer.
(p. 258)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #43
Question Type: Definition
Self-Test: No

44. Because wholesalers and retailers are closer to the final user, they are in an ideal position to assume the channel captain role.
(p. 258)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #44
Question Type: Definition
Self-Test: No

45. In Japan, large, wholesale "trading companies" often serve as channel captains.
(p. 258)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #45
Question Type: Definition
Self-Test: No

46. Horizontal marketing systems are channel systems in which the whole channel focuses on the same target market at the end of the channel.
(p. 259)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #46
Question Type: Definition
Self-Test: No

47. Firms that cooperate to build vertical marketing systems typically share a longer-term commitment.
(p. 259)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #47
Question Type: Comprehension
Self-Test: No

48. In administered channel systems, vertical cooperation is achieved by acquiring firms at different levels of activity.
(p. 260)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #48
Question Type: Definition
Self-Test: No

49. Administered and contractual channel systems are vertical marketing systems which depend on informal agreements--or contracts between channel members--to cooperate.
(p. 260)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #49
Question Type: Definition
Self-Test: No

50. Any contractual channel system--by definition--is also an administered channel system.
(p. 260)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #50
Question Type: Definition
Self-Test: No

51. Vertical marketing systems account for a majority of U.S. retail sales.
(p. 261)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #51
Question Type: Definition
Self-Test: No

52. Vertical marketing systems are growing in the U.S., but declining in the rest of the world.
(p. 261)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #52
Question Type: Definition
Self-Test: No

53. Traditional channel systems are growing faster than vertical marketing systems.
(p. 261)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #53
Question Type: Definition
Self-Test: No

54. "Ideal market exposure" should make a product widely enough available to satisfy target customers' needs, but not exceed them.
(p. 261-262)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #54
Question Type: Definition
Self-Test: No

55. "Ideal market exposure" means selling a product through all intermediaries willing to stock and sell it.
(p. 261-262)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #55
Question Type: Comprehension
Self-Test: No

56. Intensive distribution is selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
(p. 262)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #56
Question Type: Definition
Self-Test: No

57. Intensive distribution is selling through only those intermediaries who will give the product special attention.
(p. 262)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #57
Question Type: Definition
Self-Test: No

58. Intensive distribution covers the broad area of market exposure between selective and exclusive distribution.
(p. 262)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #58
Question Type: Definition
Self-Test: No

59. Selective distribution is becoming more popular than intensive distribution as firms see that they do not need 100 percent coverage of a market to support national advertising.
(p. 262)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #59
Question Type: Comprehension
Self-Test: No

60. Selective distribution is growing in popularity because it provides 100 percent coverage of the market.
(p. 262)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #60
Question Type: Definition
Self-Test: No

61. The "80/20 rule" is more likely to apply to a firm that uses intensive distribution than a firm that uses selective distribution.
(p. 262)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #61
Question Type: Definition
Self-Test: No

62. Compared to intensive distribution, selective distribution gives a producer a greater opportunity for profit but usually makes it more difficult for intermediaries to make a profit.
(p. 262)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #62
Question Type: Definition
Self-Test: No

63. Exclusive distribution is selling through only one intermediary in each geographic area.
(p. 262)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #63
Question Type: Definition
Self-Test: No

64. Exclusive distribution is more likely to involve a written agreement than is selective or intensive distribution.
(p. 263)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #64
Question Type: Definition
Self-Test: No

65. *(p. 263)* Horizontal agreements to limit sales by territory or customer are always illegal according to the Supreme Court.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #65
Question Type: Definition
Self-Test: No

66. *(p. 263)* Vertical agreements to limit sales by customer or territory are always illegal, while horizontal agreements may be legal sometimes.

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #66
Question Type: Definition
Self-Test: No

67. *(p. 264)* A manufacturer that uses several competing channels to reach the same target market is using "multichannel distribution."

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #67
Question Type: Definition
Self-Test: No

68. *(p. 264)* Multichannel distribution occurs when a producer uses several competing channels to reach the same target market perhaps using several intermediaries in addition to selling directly.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #68
Question Type: Definition
Self-Test: No

69. *(p. 264)* A manufacturer may be forced to use multichannel distribution because a big retail chain wants to deal directly with it instead of wholesalers.

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #69
Question Type: Definition
Self-Test: No

70. Manufacturers are sometimes forced to use "multichannel distribution" because their present channels are doing a poor job or are not reaching some potential customers.
(p. 264)

TRUE

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #70
Question Type: Definition
Self-Test: No

71. Reverse channels are used when multichannel distribution fails.
(p. 265)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #71
Question Type: Definition
Self-Test: No

72. Channels used to retrieve products that customers no longer want are called collection channels.
(p. 265)

FALSE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #72
Question Type: Definition
Self-Test: No

73. Reverse channels may provide a way to retrieve unwanted products from intermediaries, business customers, or final consumers.
(p. 265)

TRUE

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #73
Question Type: Definition
Self-Test: No

74. Exporting is often the first step into international marketing.
(p. 266)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #74
Question Type: Definition
Self-Test: No

75. Exporting is sometimes just a way for a firm to get rid of surplus products.
(p. 266)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #75
Question Type: Definition
Self-Test: No

76. Exporters usually work with specialists who can handle international problems such as customs, taxes, exchange rates, and shipping.
(p. 266)

TRUE

AACSB: 13 Economic environments
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #76
Question Type: Definition
Self-Test: No

77. Of the six basic kinds of involvement in international marketing, exporting is the least permanent.
(p. 266)

TRUE

AACSB: 13 Economic environments
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #77
Question Type: Definition
Self-Test: No

78. Exporting has an advantage compared to other types of international involvement, because it is usually easier to drop or change arrangements as the firm's needs change.
(p. 266)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #78
Question Type: Definition
Self-Test: No

79. In a licensing agreement, the licensee takes most of the risk because it must invest some capital to use the right granted by the licensor.
(p. 266)

TRUE

AACSB: 3 Analytical skills; 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #79
Question Type: Definition
Self-Test: No

80. General Motors (GM), a U.S. automotive manufacturer, has an arrangement with Isuzu Motors of Japan in which the Isuzu Ascender is produced at the same GM manufacturing plant as the Chevrolet TrailBlazer and GMC Envoy. All three vehicles use the same basic platform and engine. This is an example of licensing.
(p. 266)

FALSE

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #80
Question Type: Comprehension
Self-Test: No

81. A firm that has a lot of "management know-how," but expects production problems in a foreign market, might be wise to use management contracting.
(p. 266)

TRUE

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #81
Question Type: Definition
Self-Test: No

82. Management contracting is a relatively low risk way of entering foreign markets, since no commitment is made to fixed facilities.
(p. 266)

TRUE

AACSB: 13 Economic environments; 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #82
Question Type: Definition
Self-Test: No

83. In a joint venture, a domestic firm enters into a partnership with a foreign firm.
(p. 267)

TRUE

AACSB: 13 Economic environments
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #83
Question Type: Definition
Self-Test: No

84. Joint venturing gives a firm less control than if it owns a separate subsidiary.
(p. 267)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #84
Question Type: Definition
Self-Test: No

85. Direct investment in a foreign market involves the biggest commitment and the biggest risk.
(p. 267)

TRUE

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #85
Question Type: Comprehension
Self-Test: No

86. Which of the following is NOT a Place decision?
(p. 248-249)

A. Types of intermediaries needed.
B. Degree of market exposure desired.
C. Recruiting, selecting and managing the sales force.
D. Type of distribution channel to use.
E. Customer service level desired.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #86
Question Type: Comprehension
Self-Test: No

87. Strategy "Place" decisions would NOT include:
(p. 248-249)

A. geographic pricing policy.
B. type of channel of distribution.
C. type of intermediaries/collaborators.
D. type of physical distribution facilities.
E. degree of market exposure desired.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #87
Question Type: Definition
Self-Test: No

88. Strategy "Place" decisions would NOT include:
(p. 248-249)

A. type of physical distribution facilities.
B. type of channel of distribution.
C. degree of market exposure desired.
D. distribution customer service level.
E. how to train wholesalers' salespeople.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #88
Question Type: Self-Test
Self-Test: Self-Test

89. A channel of distribution:
(p. 248)

A. is any series of firms or individuals who participate in the flow of goods and services from producer to final user or consumer.
B. must include an intermediary.
C. must have at least three members--a manufacturer, a wholesaler, and a retailer.
D. can't include use of direct distribution from a website.
E. None of the above is a true statement.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #89
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

90. A channel of distribution:
(p. 248)

A. is any series of firms or individuals who participate in the flow of goods and services from producer to consumer or final user.
B. is only needed when products must be stored.
C. must include one or more intermediaries.
D. is only needed when products are sold indirectly.
E. Both B and C.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #90
Question Type: Definition
Self-Test: No

91. Which of the following statements about Place is FALSE?
(p. 248)

A. Place variations are required when target markets have different needs.
B. Product classes suggest Place objectives.
C. Place decisions have relatively little impact on competition in a product-market.
D. Place decisions have longer-run implications than Price decisions.
E. Place decisions need to consider when customers want products.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 10 #91
Question Type: Comprehension
Self-Test: No

92. Which of the following statements about Place is NOT true?
(p. 249)

A. Most consumer products move from producer to intermediaries to final customer.
B. A series of participants in the flow of goods and services from producer to final customer is called a channel of distribution.
C. There is always one Place arrangement that is "best" for a product.
D. Intermediaries develop to adjust discrepancies in quantity and assortment.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 10 #92
Question Type: Comprehension
Self-Test: No

93. Which of the following statements about Place is true?
(p. 249-250)

A. Most consumer products and most business products are sold to intermediaries who then sell them to final customers.
B. Place decisions are usually harder to change than other marketing mix decisions.
C. There is always one Place arrangement that is "best" for a product.
D. A series of individuals who aid in the flow of goods and services from producer to final customer is called a distribution network.
E. None of the above is true.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 10 #93
Question Type: Comprehension
Self-Test: No

94. Which of the following statements about Place decisions is True?
(p. 249)

A. Product classes are not related to Place objectives.
B. The product life cycle is not related to Place objectives.
C. Place decisions are short-term decisions that are easy to change.
D. Different market segments may require separate Place arrangements.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #94
Question Type: Comprehension
Self-Test: No

95. *(p. 249-250)* Because of long-run effects, decisions about one of the four Ps is often harder to change than the others. This P is:

A. Product.
B. Place.
C. Promotion.
D. Price.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 1
Perreault - Chapter 10 #95
Question Type: Comprehension
Self-Test: No

96. *(p. 248-250)* "Place" decisions:

A. may focus on the location of retail stores and wholesale facilities.
B. may focus on the selection and use of intermediaries and collaborators.
C. can be aided by knowing about the product classes.
D. are harder to change than Product, Promotion, or Price decisions.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 1
Perreault - Chapter 10 #96
Question Type: Comprehension
Self-Test: No

97. *(p. 251)* A direct-to-customer channel

A. includes a retailer but not a wholesaler.
B. usually helps the producer to be more aware of changes in final customer attitudes.
C. eliminates some of the marketing functions.
D. is typical to reach final consumer markets.
E. is most suitable when a large number of transactions are required in the channel or when orders are smaller.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #97
Question Type: Comprehension
Self-Test: No

98. *(p. 250-251)* Many firms prefer to distribute directly to the final customer or consumer because they

A. want to control the whole marketing job.
B. believe they can serve target customers at a lower cost.
C. think they can do the work more effectively than intermediaries.
D. can use the Internet to make direct distribution easier.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #98
Question Type: Comprehension
Self-Test: No

99. Which of the following statements about direct channel systems is NOT true?
(p. 252)

A. There is no reliance on independent intermediaries whose objectives may be different from the producer's objectives.
B. Suitable intermediaries are always available even when they're needed at the last minute.
C. The producer can be more aware of changes in customer attitudes.
D. Direct channels are more typical with business products than with consumer products.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #99
Question Type: Comprehension
Self-Test: No

100. A disadvantage of direct-to-customer channels is that they
(p. 250-252)

A. are not suitable when the number of transactions is small or when orders are large.
B. are illegal in business and organizational markets.
C. make it more difficult to serve buyers who want to lease rather than buy products.
D. require the producer to coordinate with many retailers.
E. None of the above is a disadvantage.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #100
Question Type: Self-Test
Self-Test: Self-Test

101. A disadvantage of direct-to-customer channels is that
(p. 250-252)

A. most organizational buyers are used to relying on intermediaries to serve as their purchasing advisors.
B. they require producers to shift many marketing functions to others.
C. this approach makes is hard to achieve coordination among the required marketing activities.
D. they make it more difficult to get information about changing needs of the market.
E. None of the above is a disadvantage.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 2
Perreault - Chapter 10 #101
Question Type: Comprehension
Self-Test: No

102. Which of the following statements about direct-to-customer channels is False?
(p. 252)

A. Most consumer products are sold via direct-to-customer channels.
B. Producers must sometimes use direct-to-customer channels because suitable intermediaries are not available.
C. Many business products are sold via direct-to-customer channels.
D. Service firms often use direct-to-customer channels.
E. "Direct marketing" does not mean that a firm uses direct-to-customer channels.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #102
Question Type: Comprehension
Self-Test: No

103. Ravi Singh is working his way through college as an independent distributor of the Rapier Knife Co.
(p. 253) The Rapier product line includes kitchen knives, hunting knives, and other special-purpose cutlery. Ravi makes sales presentations to potential customers in their homes. If a customer wants to make a purchase, Ravi buys the knives from Rapier and sells them to the customer at a markup. For example, Rapier's most popular knife is a chef's knife that Ravi buys for $25 and resells to the consumer for $50. Ravi:

A. Is part of a direct-to-customer channel.
B. Is engaged in direct marketing.
C. Is engaged in direct selling, but is part of an indirect channel.
D. All of the above.
E. None of the above.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #103
Question Type: Application
Self-Test: No

104. Direct _____ involves personal sales contact between a representative of the company and an individual
(p. 253) consumer.

A. marketing
B. selling
C. distribution
D. servicing
E. pricing

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #104
Question Type: Definition
Self-Test: No

105. Direct marketing is
(p. 253)

A. personal sales contact between a representative of the company and an individual consumer.
B. primarily concerned with the degree of market exposure.
C. direct communication between a seller and an individual customer using a promotion method other than face-to-face personal selling.
D. an effort to sell through only one intermediary.
E. a strategy that works best when a producer has little working capital.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #105
Question Type: Comprehension
Self-Test: No

106. Which of the following is true of direct distribution?
(p. 253)

A. It requires a significant investment in facilities.
B. It reduces a producer's need for working capital.
C. Direct distribution always serves customer needs better and at a lower cost.
D. Most firms selling consumer products rely on direct distribution.
E. It is easy to change customer buying patterns from indirect distribution to direct distribution.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 2
Perreault - Chapter 10 #106
Question Type: Comprehension
Self-Test: No

107. INDIRECT channels are probably a better choice than direct channels when:
(p. 253)

A. the firm has limited financial resources.
B. the product is a consumer product instead of a business product.
C. target customers already have established buying patterns for where to search for the product.
D. retailers are already conveniently located where consumers shop.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #107
Question Type: Comprehension
Self-Test: No

108. Which of the following is a function that an intermediary is likely to provide for customers?
(p. 253)

A. Reduce inventory costs
B. Regroup products
C. Provide delivery
D. Grant credit
E. All of the above are functions provided for customers.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #108
Question Type: Comprehension
Self-Test: No

109. Which of the following is NOT a benefit that an intermediary is likely to provide for producer-suppliers?
(p. 253)

A. Reduce credit risk
B. Reduce the need to store inventory
C. Reduce the need for marketing research
D. Reduce the need for working capital
E. All of the above are likely benefits provided to suppliers.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #109
Question Type: Comprehension
Self-Test: No

110. Intermediaries in indirect channels of distribution:
(p. 253-254)

A. Often perform functions that producers cannot perform efficiently by themselves.
B. Do not provide additional convenience to consumers.
C. Increase the need for producers to make large investments in distribution facilities and personnel.
D. Make it necessary for producers to carry more inventories.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 2
Perreault - Chapter 10 #110
Question Type: Comprehension
Self-Test: No

111. Choosing an INDIRECT channel probably will be better than a direct channel if a producer wants to:
(p. 254)

A. provide special technical service.
B. make it easier to do marketing research.
C. be more sensitive to coming changes in customer needs and attitudes.
D. obtain a very aggressive selling effort.
E. adjust large discrepancies of quantity and assortment.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #111
Question Type: Comprehension
Self-Test: No

112. Marketing specialists develop to adjust "discrepancies" in the marketplace. Which of the following best explains the concept of "discrepancies"?
(p. 254)

A. There are many more consumers than there are producers.
B. The assortment and quantity of products wanted by a customer may be different than the assortment and quantity of products normally produced by a manufacturer.
C. Supply and demand is no longer determined by market forces because "big business" is more powerful than the individual consumer.
D. Price is not always a reliable measure of a product's quality.
E. Although most manufacturers claim to be marketing-oriented, most firms would rather produce what they want to sell rather than what customers want to buy.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #112
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

113. "Discrepancies of quantity" occur because
(p. 254)

A. producers seek economies of scale.
B. most intermediaries specialize in selected product lines and buy in large enough quantities to get a good price.
C. adding intermediaries in a channel of distribution increases the cost of getting products to consumers.
D. consumers want the convenience of buying many different types of products at one time.
E. all of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #113
Question Type: Self-Test
Self-Test: Self-Test

114. Discrepancies of quantity occur because:
(p. 254)

A. some consumers have more money than others.
B. individual producers tend to specialize while individual consumers want a broad assortment of products.
C. consumers demand more product variety than producers can make.
D. to obtain economies of scale, individual producers often make larger quantities of products than individual consumers normally want to buy.
E. there are many more consumers than producers.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #114
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

115. "Discrepancies of quantity" means:
(p. 254)

A. there are more producers than consumers.
B. there are more consumers than producers.
C. the difference between the product lines the typical producer makes and the assortment wanted by consumers or final users.
D. consumers want more products than producers can make.
E. the difference between the quantity of products it is economical for an individual producer to make and the quantity normally wanted by individual consumers or users.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #115
Question Type: Definition
Self-Test: No

116. "Discrepancies of quantity" means:
(p. 254)

A. some consumers buy more products than others.
B. there are more consumers than producers.
C. some manufacturers can produce more products than others.
D. the difference between the quantity of products it is economical for an individual producer to make and the quantity normally wanted by individual consumers or users.
E. that demand is greater than what a company can supply.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #116
Question Type: Definition
Self-Test: No

117. Discrepancy of quantity is
(p. 254)

A. the difference between the lines a typical producer makes and the assortment final consumers or users want.
B. adjusting the quantities of products handled at each level in a channel of distribution.
C. collecting products from many small producers.
D. the difference between the quantities of products that it is economical for a producer to make and the quantity final users or consumers normally want.
E. usually seen with producers who specialize by product.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #117
Question Type: Definition
Self-Test: No

118. Which of the following best illustrates "discrepancies of quantity"?
(p. 254)

A. Michelin makes tires, but most consumers also want a large selection of car-care services.
B. Some stores sell large quantities of Michelin tires, but only small quantities of tires made by other companies.
C. There are over 309 million consumers in the U.S. but only a small portion buy tires in any given year.
D. Four firms make over 90 percent of all the tires sold in the United States.
E. Michelin made millions of tires last year--but most customers bought only one set.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 10 #118
Question Type: Application
Self-Test: No

119. Sony manufactures clock radios in quantities of more than 100,000 in a given time period -- but the average consumer wants only one clock radio at a time. This difference is an example of
(p. 254)

A. a regrouping activities.
B. a discrepancy of assortment.
C. a discrepancy of quantity.
D. a sorting error.
E. re-assorting.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 10 #119
Question Type: Application
Self-Test: No

120. A manufacturer prefers to produce and ship in large quantities to take advantage of economies of scale. Final consumers often want to purchase in small quantities. This difference between the producer and consumer is a:
(p. 254)

A. Discrepancy of assortment.
B. Discrepancy of quantity.
C. Regrouping activity.
D. Discrepancy adjustment.
E. Marketing discrepancy.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #120
Question Type: Comprehension
Self-Test: No

121. "Discrepancies of assortment" means:
(p. 254)

A. some producers can produce more products than others.
B. some consumers buy more products than others.
C. consumers want more output than producers can make.
D. there are more producers than wholesalers.
E. the difference between the product lines the typical producer makes and the assortment wanted by final consumers or users.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #121
Question Type: Definition
Self-Test: No

122. "Discrepancies of assortment" means:
(p. 254)

A. there are more producers than consumers.
B. consumers want more output than producers make.
C. the difference between the product lines the typical producer makes and the assortment wanted by final consumers or users.
D. there are more consumers than producers.
E. the difference between the quantity of products the typical producer makes and the quantity wanted by individual consumers.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #122
Question Type: Definition
Self-Test: No

123. Which of the following best illustrates adjusting "discrepancies of assortment?"
(p. 254)

A. General Motors makes Hummer for one product-market and Chevrolet for another product-market.
B. A hardware store sells all the hardware items wanted by most people.
C. Over 309 million U.S. consumers are served by around 351,000 manufacturers.
D. RCA sold more than 2,000,000 TVs last year.
E. Three firms produce over 60 percent of all the DVD players sold in the United States.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #123
Question Type: Self-Test
Self-Test: Self-Test

124. Consumers usually want to shop for milk, meat, vegetables, and fruits at one convenient location. Grocery stores that offer all of these products help to alleviate this _____.
(p. 254)

A. discrepancy of quantity
B. accumulation deficit
C. sorting error
D. discrepancy of assortment
E. bulk-breaking

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #124
Question Type: Application
Self-Test: No

125. A publisher of photography books finds that it is cost-effective to print 10,000 or more at a time. But a bookstore orders only a few copies of each book since its customers want to select from a wide variety. This example shows
(p. 254)

A. why discrepancies of quantity occur.
B. why both discrepancies of quantity and assortment occur.
C. neither discrepancies of assortment or quantity.
D. why discrepancies of assortment occur.
E. multichannel distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #125
Question Type: Application
Self-Test: No

126. All of the following are regrouping activities EXCEPT
(p. 254)

A. accumulating.
B. bulk-breaking.
C. sorting.
D. assorting.
E. channeling.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #126
Question Type: Comprehension
Self-Test: No

127. Which of the following is NOT one of the "regrouping activities?"
(p. 254)

A. Assorting
B. Ranking
C. Sorting
D. Bulk-breaking
E. Accumulating

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #127
Question Type: Definition
Self-Test: No

128. The regrouping activity which involves collecting products from many small producers so that the products can be handled more economically further along in the channel is called:
(p. 254)

A. sorting.
B. wholesaling.
C. accumulating.
D. assorting.
E. bulk-breaking.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #128
Question Type: Definition
Self-Test: No

129. Yakima Valley Produce, Inc. buys artichokes from many small farmers, assembles them into larger quantities, and ships in carload quantities to a central market where they are sold to large food processors. This "regrouping activity" is called:
(p. 254)

A. bulk-breaking.
B. assorting.
C. sorting.
D. wholesaling.
E. accumulating.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #129
Question Type: Application
Self-Test: No

130. *(p. 254)* Small farmers in the mountains of Peru pick coffee beans by hand, obtaining only a bucket a day. Then they sell them to buyers who put the beans in large bags to be shipped to processors. This regrouping activity is called:

A. Assorting
B. Wholesaling
C. Bulk-breaking
D. Sorting
E. Accumulating

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #130
Question Type: Application
Self-Test: No

131. *(p. 254)* When Amazon.com collects products from many small producers, the company is involved in _____.

A. assorting
B. accumulating
C. bulk-breaking
D. quantitizing
E. sorting

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #131
Question Type: Application
Self-Test: No

132. *(p. 254)* AsianArt4U.com brings together the art produced by many different Asian painters and sculptors -- and offers them for sale on its website. This is an example of

A. accumulating
B. sorting
C. a franchise channel
D. a discrepancy intermediary
E. bulk-breaking

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #132
Question Type: Application
Self-Test: No

133. The "regrouping activity" which involves breaking carload or truckload shipments into smaller quantities as products get closer to final customers is called:
(p. 255)

A. sorting.
B. retailing.
C. assorting.
D. accumulating.
E. bulk-breaking.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #133
Question Type: Definition
Self-Test: No

134. Bulk-breaking
(p. 255)

A. means putting together a variety of products to give a target market what it wants.
B. involves collecting products from many small producers.
C. involves dividing larger quantities into smaller quantities as products get closer to the final market.
D. means separating products into grades and qualities desired by different target markets.
E. is most important with specialized producers of professional services.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #134
Question Type: Definition
Self-Test: No

135. InterContinental Hardware Co. buys carload quantities of bolts, screws, nuts, washers, and other hardware from a large producer in the Netherlands, breaks these shipments into smaller quantities, and sells them to other wholesalers and retail chains. This "regrouping activity" is called:
(p. 255)

A. assorting.
B. wholesaling.
C. accumulating.
D. bulk-breaking.
E. sorting.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #135
Question Type: Application
Self-Test: No

136. Costco is a warehouse store that sells groceries, household items, and business products. Purchase quantities tend to be larger than in traditional stores that serve final consumers. For example, soft drinks are only sold in 24-can cases, not in 6-packs. Coffee is sold in 3-pound cans instead of one-pound foil packs. Which regrouping activity is Costco shifting to the consumer?
(p. 255)

A. Accumulating.
B. Adjusting discrepancies.
C. Assorting.
D. Bulk-breaking.
E. Sorting.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #136
Question Type: Application
Self-Test: No

137. The regrouping activity which involves grading or sorting products into the grades and qualities desired by different target markets is called:
(p. 255)

A. assorting.
B. sorting.
C. wholesaling.
D. accumulating.
E. allocation.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #137
Question Type: Definition
Self-Test: No

138. _____ means separating products into grades and qualities desired by different target markets.
(p. 255)

A. Bulk-breaking
B. Sorting
C. Accumulating
D. Assorting
E. Discrepancy of quality

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #138
Question Type: Definition
Self-Test: No

139. Lacey Springs Apple Co. buys fresh apples in truckload quantities, regroups the heterogeneous commodities into homogeneous lots according to grade and quality, and then sells them to retailers. This "regrouping activity" is called:
(p. 255)

A. accumulating.
B. bulk-breaking.
C. sorting.
D. wholesaling.
E. assorting.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #139
Question Type: Application
Self-Test: No

140. Retail stores that sell "seconds" and "irregular" products at discount prices are flourishing all over the country. These stores are needed because of what regrouping activity?
(p. 255)

A. Accumulating
B. Bulk-breaking
C. Sorting
D. Assorting
E. None of the above

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #140
Question Type: Application
Self-Test: No

141. The regrouping activity which involves putting together a variety of products to give a target market what it wants is called:
(p. 255)

A. assorting.
B. bulk-breaking.
C. wholesaling.
D. accumulating.
E. sorting.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #141
Question Type: Definition
Self-Test: No

142. *(p. 255)* Some sporting goods manufacturers do not make a "full line" of equipment. So the Sports World retail chain carefully selects the brands of several manufacturers to sell. This regrouping activity is called:

A. accumulating.
B. assorting.
C. retailing.
D. bulk-breaking.
E. sorting.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #142
Question Type: Application
Self-Test: No

143. *(p. 255)* A wholesaler selling golf carts and mowers to golf courses might also carry grass seed and grass fertilizer. This would be an example of

A. bulk-breaking.
B. sorting.
C. accumulating.
D. assorting.
E. discrepancy of quantity.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 3
Perreault - Chapter 10 #143
Question Type: Application
Self-Test: No

144. *(p. 254-255)* Every morning, Sycamore Dairy picks up milk which farmers have "milked" that morning. The dairy processes the milk and separates the cream from the milk. Some of the cream is made into butter and packaged in various sizes. The milk and remaining cream are blended into various products, sealed in pint, quart and half-gallon containers, and delivered to supermarkets in the quantities and assortments they want. The dairy is providing what regrouping activity?

A. Assorting
B. Accumulating
C. Sorting
D. Bulk-breaking
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 3
Perreault - Chapter 10 #144
Question Type: Self-Test
Self-Test: Self-Test

145. The desirability of a common "product-market commitment" is based on the idea that:
(p. 256)

A. each member of the channel should focus on a different target market.
B. the whole channel is competing with other channel systems.
C. the producer should always be the "channel captain."
D. a channel can eliminate the marketing functions.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #145
Question Type: Comprehension
Self-Test: No

146. A common "product-market commitment" in a channel system helps to eliminate:
(p. 256)

A. the need for a channel captain.
B. unnecessary and costly duplication of marketing functions.
C. all production-oriented channel members.
D. competition among different channel systems.
E. the need for marketing managers in individual firms.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #146
Question Type: Comprehension
Self-Test: No

147. When a channel has a "product-market commitment":
(p. 256)

A. all members focus on the same target market at the end of the channel.
B. its members attempt to share the various marketing functions in appropriate ways.
C. there is no need for a channel captain to develop.
D. all of the above.
E. A and B above--but not C.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #147
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

148. Traditional channels of distribution
(p. 256)

A. do not perform bulk-breaking activities.
B. are usually preferred to other distribution arrangements.
C. are easier to control than corporate channel systems.
D. may involve little or no cooperation among channel members.
E. are usually controlled through strong legal contracts.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 10 #148
Question Type: Comprehension
Self-Test: No

149. In "traditional channel systems," the channel members:
(p. 256)

A. consider traditional values--like cooperation and respect--as central to their relationship.
B. have franchise contracts.
C. usually have a common product-market commitment.
D. make little or no effort to cooperate with each other.
E. are integrated.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #149
Question Type: Definition
Self-Test: No

150. Channel systems in which the various channel members make little or no effort to cooperate with each other are called _____ systems.
(p. 256)

A. traditional channel
B. vertically integrated
C. direct-to-customer channel
D. franchising
E. administered channel

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #150
Question Type: Definition
Self-Test: No

151. In "traditional channel systems"
(p. 256)

A. the producer is usually responsible for assorting.
B. only one intermediary is used at each level of the channel.
C. it is easy to coordinate the necessary marketing functions.
D. members at each level of the channel often have a very different view of who the competitors are.
E. the producer sets the objectives for all channel members.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #151
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

152. Which of the following is NOT a true statement about traditional channel systems?
(p. 257,259)

A. Channel members make little or no effort to cooperate with each other.
B. Channel members buy and sell from each other.
C. Each channel member does only what it considers to be in its own best interest.
D. Members of these channels have their independence, but they may pay for it too.
E. Control is maintained by economic power and leadership.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #152
Question Type: Integrating
Self-Test: No

153. Traditional channel systems:
(p. 256)

A. Are characterized by strong ties between channel members.
B. Exhibit little cooperation between channel members.
C. Have channel members that look out for each other's best interest.
D. Have members that go to great lengths to cooperate with each other.
E. Usually feature a strong product-market commitment that is shared by all of the members of the channel.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #153
Question Type: Comprehension
Self-Test: No

154. Channels of distribution:
(p. 257)

A. that include intermediaries result in higher distribution costs than channels without intermediaries.
B. should be designed to increase discrepancies of quantity between producers and consumers.
C. usually do not involve conflicts as long as each channel member has profit as a goal.
D. usually require longer-term planning than other market mix elements because channel decisions are more difficult to change quickly.
E. are always characterized by conflict among channel members.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #154
Question Type: Comprehension
Self-Test: No

155. ____ conflict occurs between firms at different levels in the channel of distribution.
(p. 257)

A. Vertical
B. Diagonal
C. Horizontal
D. Parallel
E. Cyclical

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #155
Question Type: Comprehension
Self-Test: No

156. Nature Fresh Cereal does not feel satisfied with the location and amount of shelf space it is given at Sunshine Health Food Markets. This creates a source of
(p. 257)

A. vertical conflict.
B. diagonal conflict.
C. horizontal conflict.
D. parallel conflict.
E. placement conflict.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #156
Question Type: Application
Self-Test: No

157. ____ conflict occurs between firms at the same level in the channel of distribution.
(p. 257)

A. Vertical
B. Diagonal
C. Horizontal
D. Parallel
E. Cyclical

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #157
Question Type: Comprehension
Self-Test: No

158. Roscoe Hardware carries stock on the complete line of Ever-Green Push Lawn Mowers. Its competitor down the street sells the same mowers at a special price by special order but does not carry any inventory. This situation creates
(p. 257)

A. vertical conflict.
B. exclusive distribution rights.
C. competitive discrepancy.
D. horizontal conflict.
E. reverse channels.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #158
Question Type: Application
Self-Test: No

159. The marketing manager for a producer of mattresses and box springs distributes its products through discount stores (like Costco), department stores, furniture stores, and specialty bedding stores. To avoid conflict with channel members, the manager
(p. 257)

A. should offer purchase discounts based on the quantity of mattresses that the retailer sells.
B. assume that all channel members have a common commitment to target consumers at the end of the channel.
C. trust retailers to emphasize sales of his brand rather than the brand of some other manufacturer.
D. develop different brands or product lines for different channels.
E. expect one of the large retail chains to step up to the responsibilities of being the channel captain.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #159
Question Type: Application
Self-Test: No

160. Some channel conflict may
(p. 257)

A. be inevitable when channel members have different objectives.
B. be useful if that is what it takes for customers at the end of the channel to receive better value.
C. be avoided when a producer does not sell identical products through different (competing) channels.
D. reduced if there is a channel captain who thinks about all of the members of a channel and helps to direct their activities.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #160
Question Type: Comprehension
Self-Test: No

161. To reduce conflicts in channels, a firm should:
(p. 257)

A. Offer different products through each channel.
B. Provide some compensation to members of the older channel.
C. Treat channel partners fairly even when one partner is more powerful.
D. Focus on segments not currently served by existing channels.
E. All of the above.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 10 #161
Question Type: Application
Self-Test: No

162. _____ is a manager who helps directs the activities of a whole channel and tries to avoid or solve channel conflicts.
(p. 257)

A. A channel executive
B. A channel captain
C. A distribution manager
D. Channel coordinator
E. Distribution leader

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #162
Question Type: Definition
Self-Test: No

163. A manager who helps direct the activities of a whole channel and tries to avoid or solve channel conflicts is a:
(p. 257)

A. Channel director.
B. Channel coordinator.
C. Channel captain.
D. Channel ombudsman.
E. Channel troubleshooter.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #163
Question Type: Comprehension
Self-Test: No

164. A "channel captain"
(p. 257)

A. might be any member of the channel (that is, at any level in the channel).
B. views the members of the channel as a unit.
C. should help to make the channel more efficient by reducing conflict.
D. all of the above.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #164
Question Type: Comprehension
Self-Test: No

165. Ideally, a "channel captain":
(p. 257)

A. has sufficient market power to force his policies on other channel members.
B. is a manufacturer.
C. is a strong retailer or wholesaler.
D. is assigned this role by majority vote among channel system members.
E. earns that "position" by effective leadership.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #165
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

166. The text suggests that a "channel captain" should be:
(p. 257-258)

A. a strong wholesaler.
B. a market-oriented producer.
C. a large retailer.
D. any of the above--i.e. whoever can provide leadership.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 4
Perreault - Chapter 10 #166
Question Type: Definition
Self-Test: No

167. The role of "channel captain":
(p. 257-258)

A. should be taken by producers because they have more power.
B. is to force other channel members to accept the channel captain's plan.
C. should be taken by retailers because they are closer to consumers.
D. may not be necessary if the channel members are satisfied with the "status-quo."
E. is to help a channel system compete more effectively with other channel systems.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #167
Question Type: Comprehension
Self-Test: No

168. A good "channel captain" knows that:
(p. 257-258)

A. direct-to-customer channels usually cost less and perform more efficiently than indirect channels.
B. marketing functions can be shifted and shared within a channel--but they cannot be completely eliminated.
C. a channel system works best when all its members have a shared product-market commitment.
D. some marketing functions can usually be completely eliminated by using short channels instead of long channels.
E. Both B and C are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #168
Question Type: Comprehension
Self-Test: No

169. In a _____ the whole channel focuses on the same target market at the end of the channel.
(p. 259)

A. vertical marketing system
B. horizontal marketing system
C. parallel marketing system
D. diagonal marketing system
E. linear marketing system

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #169
Question Type: Definition
Self-Test: No

170. A good reason for developing or joining a vertical marketing system
(p. 259)

A. is that the whole channel focuses on the same target market at the end of the channel and seems to be more effective.
B. market competition at each level of the channel eliminates inefficient firms and serves consumers' needs better.
C. is that no member of the channel has to bear the costs of the regrouping activities.
D. is that no member of the channel has to plan for the whole channel since good decisions at each level run the channel.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 10 #170
Question Type: Integrating
Self-Test: No

171. A type of vertical integration system that develops by acquiring firms at different levels of channel activity is called:
(p. 259)

A. Corporate
B. Traditional
C. Administered
D. Contractual
E. Technical

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #171
Question Type: Comprehension
Self-Test: No

172. In _____ channel systems the amount of cooperation among members of the channel is very high.
(p. 259)

A. contractual
B. traditional
C. corporate
D. administered
E. horizontal

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #172
Question Type: Comprehension
Self-Test: No

173. The vertical marketing system that typically has the greatest amount of cooperation among channel members is a(n):
(p. 259)

A. Traditional channel system.
B. Administered channel system.
C. Contractual channel system.
D. Franchise channel system.
E. Corporate channel system.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #173
Question Type: Comprehension
Self-Test: No

174. A firm acquiring another firm at a different level of activity within a channel of distribution is called:
(p. 259)

A. vertical integration.
B. a tying contract.
C. dual distribution.
D. horizontal integration.
E. a regrouping activity.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #174
Question Type: Definition
Self-Test: No

175. If Wal-Mart purchases a manufacturing plant to produce nothing but Wal-Mart's dealer brand of laundry detergent, Wal-Mart is engaging in:
(p. 259)

A. Monopoly.
B. Vertical integration.
C. Intertype competition.
D. A contractual channel system.
E. An administered channel system.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #175
Question Type: Comprehension
Self-Test: No

176. A large food retailer acquiring a cheese factory is an example of:
(p. 259)

A. dual distribution.
B. vertical integration.
C. a tying contract.
D. horizontal integration.
E. internal expansion.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #176
Question Type: Application
Self-Test: No

177. If a large furniture retailer were to purchase Drexel (a manufacturer of sofas and chairs), this would be an example of:
(p. 259)

A. a tying contract.
B. an administered channel system.
C. internal expansion.
D. vertical integration.
E. horizontal integration.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #177
Question Type: Application
Self-Test: No

178. Yukon Sportswear, a manufacturer of textile products, bought out the wholesaler that had been handling its distribution in Canada. This is an example of:
(p. 259)

A. dual distribution.
B. reverse distribution.
C. a contractual channel system.
D. vertical integration.
E. accumulating.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #178
Question Type: Application
Self-Test: No

179. Which of the following is NOT a likely advantage of vertical integration?
(p. 259)

A. Lower capital requirements.
B. Lower executive overhead.
C. Better control of distribution.
D. Better quality control.
E. Greater buying power.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #179
Question Type: Comprehension
Self-Test: No

180. Which of the following is NOT an advantage of vertical integration?
(p. 259)

A. Lower executive overhead.
B. Better control of distribution.
C. Easier adjustment of discrepancies of quantity and assortment.
D. Greater buying power.
E. Stable sources of supplies.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #180
Question Type: Comprehension
Self-Test: No

181. *(p. 260)* A channel system in which the various members informally agree to cooperate with each other is called a(an) _____ system.

A. contractual channel
B. dual distribution
C. traditional channel
D. administered channel
E. franchising

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #181
Question Type: Definition
Self-Test: No

182. *(p. 260)* In _____ channel systems, ordering is routinized, inventory and sales information is shared over computer networks, accounting is standardized, and promotion efforts are coordinated.

A. contractual
B. traditional
C. administered
D. integrated
E. corporate

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #182
Question Type: Comprehension
Self-Test: No

183. *(p. 259-260)* The vertical marketing system in which control is maintained via economic power and leadership is a(n):

A. Administered channel system.
B. Corporate channel system.
C. Contractual channel system.
D. Franchise channel system.
E. Channel captain system.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #183
Question Type: Comprehension
Self-Test: No

184. Which of the following statements about channel systems is true?
(p. 260)

A. Some administered channel systems have achieved the advantages of vertically integrated systems while retaining more flexibility.
B. All vertical marketing systems are also contractual channel systems.
C. The independence of firms in traditional channel systems has led to channel efficiencies because of greater freedom of decision making.
D. Indirect channel systems seem to be generally more effective than direct channels.
E. Corporate channel systems are competitively superior to administered channel systems.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #184
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

185. Which of the following statements about channel systems is TRUE?
(p. 260)

A. Traditional channel systems are more efficient because of their greater freedom.
B. Vertical integration works best when discrepancies of quantity are large.
C. Most corporate channel systems use multichannel distribution.
D. Some administered channel systems obtain the advantages of vertically integrated systems while still retaining flexibility.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 10 #185
Question Type: Integrating
Self-Test: No

186. A computer manufacturer runs training programs for its "cooperating" retailers' salespeople, as well as providing newspaper advertising layouts, point-of-purchase materials, and sales manuals. This is an example of:
(p. 260)

A. an administered channel system.
B. a contractual channel system.
C. a traditional channel system.
D. a vertically integrated corporate channel system.
E. a franchising system.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #186
Question Type: Application
Self-Test: No

187. Rizzo Shoes sells through _____ channel system. Rizzo has informal agreements with its wholesalers and retailers -- they cooperate pretty well by placing orders, and sharing inventory and sales information over a computer network.
(p. 260)

A. a contractual
B. a traditional
C. a power leadership
D. a corporate
E. an administered

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #187
Question Type: Application
Self-Test: No

188. A channel system in which the various members agree by contract to cooperate with each other is called a(an) _____ system.
(p. 260)

A. multichannel distribution
B. contractual channel
C. traditional channel
D. administered channel
E. vertically integrated channel

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #188
Question Type: Definition
Self-Test: No

189. In _____ channel systems, the channel members agree by contract to cooperate with each other.
(p. 260)

A. contractual
B. traditional
C. selective
D. corporate
E. administered

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #189
Question Type: Comprehension
Self-Test: No

190. When planning channels of distribution, a marketing manager should know that
(p. 260)

A. vertically integrated systems are seldom used--because of the difficulty of maintaining control.
B. a contractual system offers both flexibility and stability for its members.
C. the disadvantage of a corporate channel system is reduced control over distribution activities.
D. all of the above.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 5
Perreault - Chapter 10 #190
Question Type: Comprehension
Self-Test: No

191. With respect to consumer products, which of the following is the most common system for distributing consumer products in the U.S.?
(p. 261)

A. direct channel systems.
B. vertical marketing systems.
C. traditional channel systems.
D. horizontal marketing systems.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 5
Perreault - Chapter 10 #191
Question Type: Comprehension
Self-Test: No

192. The best level of market exposure for a product
(p. 261-262)

A. always costs more, but the higher costs lead to higher sales and profits.
B. is the level which will result in the highest level of attention by intermediaries.
C. is the one which minimizes distribution costs.
D. is intensive distribution.
E. makes a product available widely enough to satisfy target customers' needs but NOT exceed them.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #192
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

193. Which of the following is NOT one of the degrees of market exposure?
(p. 262)

A. Selective distribution
B. Multichannel distribution
C. Intensive distribution
D. Exclusive distribution
E. None of the above, i.e. all are degrees of market exposure.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #193
Question Type: Definition
Self-Test: No

194. "Intensive distribution" means selling through:
(p. 262)

A. only one channel of distribution.
B. all responsible and suitable retailers or wholesalers.
C. only one intermediary in a particular geographic area.
D. only those intermediaries who give the product special attention.
E. all retail outlets.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #194
Question Type: Definition
Self-Test: No

195. _____ means selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
(p. 262)

A. Selective distribution
B. Multichannel distribution
C. Exclusive distribution
D. Intensive distribution
E. Aggressive distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #195
Question Type: Definition
Self-Test: No

196. Intensive distribution is
(p. 262)

A. selling through only those wholesalers or retailers who will give the product special attention.
B. selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
C. selling through only one wholesaler or retailer in a particular geographic area.
D. making a product available widely enough to satisfy target customers' needs but not exceed them.
E. used to gain some of the advantages of exclusive distribution - while still achieving fairly widespread market coverage.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #196
Question Type: Comprehension
Self-Test: No

197. Intensive distribution is often very appropriate for:
(p. 262)

A. shopping products and convenience products.
B. convenience products and business supplies.
C. business products of all classes.
D. unsought products and specialty products.
E. shopping, specialty, and unsought products.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #197
Question Type: Comprehension
Self-Test: No

198. _____ distribution is commonly used for convenience products and business supplies.
(p. 262)

A. Internal
B. Intensive
C. Selective
D. Specialized
E. Exclusive

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #198
Question Type: Comprehension
Self-Test: No

199. Intensive distribution:
(p. 262)

A. gives a retailer more incentive to promote a product than he would have with exclusive distribution.
B. is not very likely to be used in combination with multichannel distribution.
C. is more likely to be used with relatively high priced products than with low priced products.
D. is often used for convenience products and business supplies.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #199
Question Type: Comprehension
Self-Test: No

200. A convenience product would probably be sold using:
(p. 262)

A. Intensive distribution.
B. Exclusive distribution.
C. Selective distribution.
D. Extensive distribution.
E. Sole-source distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #200
Question Type: Application
Self-Test: No

201. Intensive distribution at the retail level would probably be most appropriate for:
(p. 262)

A. Sports coats
B. Batteries
C. 10 speed bicycles
D. Tennis rackets
E. 35mm cameras

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #201
Question Type: Application
Self-Test: No

202. From a producer's viewpoint, which of the following is an advantage of INTENSIVE DISTRIBUTION over selective distribution?
(p. 262)

A. Intermediaries' price-cutting may be reduced.
B. Intermediaries' facilities will be more convenient for customers.
C. Intermediaries can be required to carry larger stocks.
D. More aggressive selling can be expected from intermediaries.
E. Better service can be required from intermediaries.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #202
Question Type: Self-Test
Self-Test: Self-Test

203. Intermediaries are needed MOST when the desired degree of market exposure is:
(p. 262)

A. selective.
B. intensive.
C. exclusive.
D. administered.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #203
Question Type: Application
Self-Test: No

204. "Selective distribution" means selling through:
(p. 262)

A. retailers but not wholesalers.
B. multichannel distribution.
C. all responsible and suitable wholesalers.
D. only those wholesalers and retailers who give the product special attention.
E. only one wholesaler or retailer in each geographic area.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #204
Question Type: Definition
Self-Test: No

205. _____ means selling a product only through those intermediaries who will give the product special attention.
(p. 262)

A. Multichannel distribution
B. Selective distribution
C. Administered distribution
D. Exclusive distribution
E. Intensive distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #205
Question Type: Definition
Self-Test: No

206. Which of the following is true of selective distribution?
(p. 262)

A. It is commonly needed for convenience products and business supplies used by all offices.
B. It is selling a product through all responsible and suitable wholesalers or retailers who will stock or sell the product.
C. It is selling through only one intermediary in a particular geographic area.
D. It is making a product available widely enough to satisfy target customers' needs but not exceed them.
E. It is selling through only those intermediaries who will give the product special attention.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #206
Question Type: Application
Self-Test: No

207. Which degree of market exposure would probably be most suitable for a heterogeneous shopping product which has achieved brand preference and sells for about $300?
(p. 262)

A. Concentrated distribution
B. Selective distribution
C. Administered distribution
D. Intensive distribution
E. Exclusive distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #207
Question Type: Application
Self-Test: No

208. Selective distribution:
(p. 262)

A. is likely to reduce high administrative expenses caused by a large proportion of small orders.
B. may be suitable for all categories of products.
C. is becoming more popular.
D. is a good idea if some of the available intermediaries are not financially solid.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #208
Question Type: Comprehension
Self-Test: No

209. A selective distribution policy might be used to avoid selling to wholesalers or retailers that:
(p. 262)

A. Place orders that are too small.
B. Make too many returns.
C. Request too much service.
D. Have poor credit.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #209
Question Type: Comprehension
Self-Test: No

210. "Exclusive distribution" means selling through:
(p. 262)

A. the most prestigious retail outlets.
B. only one wholesaler or retailer in a particular geographic area.
C. only responsible and suitable retailers or wholesalers.
D. retailers that handle specialty products.
E. only those wholesalers or retailers who will give the product special attention.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #210
Question Type: Definition
Self-Test: No

211. _____ means selling a product through only one wholesaler or retailer in a particular geographic area.
(p. 262)

A. Exclusive distribution
B. Direct distribution
C. Intensive distribution
D. Multichannel distribution
E. Selective distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #211
Question Type: Definition
Self-Test: No

212. Selling through only one wholesaler or retailer in a particular geographic area is called:
(p. 262)

A. Ideal market distribution
B. Intensive distribution
C. Selective distribution
D. Exclusive distribution
E. Equivalent distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #212
Question Type: Comprehension
Self-Test: No

213. Intermediaries are needed LEAST when the desired degree of market exposure is:
(p. 262)

A. intensive.
B. ideal.
C. selective.
D. exclusive.
E. none of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #213
Question Type: Application
Self-Test: No

214. Raymond Weil, a European manufacturer of premium watches, is trying to compete in the U.S. market with other fine watch brands. Its corporate website contains the following notice: "RAYMOND WEIL products are sold by official dealers only. The RAYMOND WEIL International Guarantee is offered exclusively to consumers in possession of a watch purchased from an official dealer…." In the United States, Raymond Weil watches are not available in every jewelry or department store. For example, in large cities such as Boston, Washington, D.C., and San Francisco, there are only three retailers in each city that are official Raymond Weil dealers. Raymond Weil seems to be using:
(p. 262)

A. Intensive distribution.
B. Selective distribution.
C. Exclusive distribution.
D. Extensive distribution.
E. Limited distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #214
Question Type: Application
Self-Test: No

215. If a producer's marketing manager wants intermediaries to take over all responsibility for promoting his product he probably should use
(p. 262)

A. exclusive distribution.
B. selective distribution.
C. intensive distribution.
D. a vertically integrated distribution system.
E. any of the above, since every channel member must support a product with promotion.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #215
Question Type: Comprehension
Self-Test: No

216. If a producer has a technically superior and expensive product--which has achieved brand preference--and wants retailers to provide aggressive promotion and maximum customer service, this producer should seek:
(p. 262)

A. Multichannel distribution.
B. Exclusive distribution.
C. Administered distribution.
D. Intensive distribution.
E. Selective distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #216
Question Type: Application
Self-Test: No

217. Exclusive distribution
(p. 262)

A. should generally be used only if it is not possible to generate intermediary interest in intensive distribution.
B. is legal as long as it does not involve vertical channel arrangements.
C. arrangements between a producer and intermediary are illegal for most types of products, and thus they are not very common in the U.S.
D. usually involves intermediaries who are willing to take over all responsibility for promoting the producer's product.
E. None of the above is true.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #217
Question Type: Comprehension
Self-Test: No

218. Which of the following statements about ideal market exposure is TRUE?
(p. 262)

A. As a firm goes from exclusive to intensive distribution, it loses progressively more control over price and service offered by retailers.
B. A producer usually should seek maximum market exposure.
C. Intensive distribution means trying to sell through all retail stores.
D. It is necessary to get almost 100 percent market exposure to justify national promotion.
E. All of the above are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #218
Question Type: Integrating
Self-Test: No

219. Quiet Drive Mufflers are sold only through Car Parts Now retailers. This retailer has only one store in any given geographic area to minimize competition between stores. Quiet Drive Mufflers uses _____ distribution.
(p. 262)

A. intensive
B. ideal
C. selective
D. specialized
E. exclusive

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #219
Question Type: Application
Self-Test: No

220. Horizontal arrangements among competing retailers, wholesalers, or producers to limit sales by customer or territory have consistently been
(p. 263)

A. shown to increase competition.
B. a regular practice in the U.S.
C. encouraged in the U.S. but not in many international markets.
D. a successful strategy for entering international markets.
E. ruled illegal by the U.S. Supreme Court.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #220
Question Type: Comprehension
Self-Test: No

221. Legal concerns about channel of distribution arrangements are most likely to arise when:
(p. 263)

A. a traditional channel system is involved.
B. there are horizontal arrangements between firms at the same level of the channel.
C. the firm is using intensive distribution.
D. a firm uses multichannel distribution to reach its target markets.
E. a corporate channel system is involved.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #221
Question Type: Comprehension
Self-Test: No

222. The owners of all the Chrysler auto dealerships in a large metropolitan area have an informal meeting during a golf outing. During the meeting, they agree to limit their orders of a new model of automobile that has received excellent reviews from the trade press for its styling and handling characteristics. Restricting orders will permit the dealers to sell these models at a price that will be at or above the manufacturer's suggested retail price for the vehicle. As a result, the dealers will make more profit on each vehicle sold due to the high demand for the new model. This type of agreement would be viewed by the courts as:
(p. 263)

A. Horizontal collusion that is illegal.
B. Horizontal collusion that is legal.
C. Vertical collusion that is legal.
D. Vertical collusion that is illegal.
E. An exclusive distribution arrangement that is legal.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #222
Question Type: Application
Self-Test: No

223. Distribution agreements which limit sales by customer or territory:
(p. 263)

A. are always illegal.
B. may be legal if they are vertical agreements between producers and intermediaries.
C. are definitely illegal if they are horizontal agreements among competing producers or intermediaries.
D. are definitely illegal if they are vertical agreements between producers and intermediaries.
E. Both B and C are true.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #223
Question Type: Self-Test
Self-Test: Self-Test

224. When selecting the degree of market exposure for a firm's products, it's important to remember that:
(p. 263)

A. vertical arrangements between producers and intermediaries which limit sales by customer or territory are definitely illegal.
B. the Federal Trade Commission prohibits exclusive distribution.
C. vertical arrangements between producers and intermediaries which limit sales by customer or territory may be legal according to a recent Supreme Court ruling.
D. horizontal arrangements among competing producers or intermediaries which limit sales by customer or territory are generally considered legal.
E. Both B and D are true.

AACSB: 5. Diversity understanding
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #224
Question Type: Comprehension
Self-Test: No

225. Marketing managers should know that:
(p. 263)

A. a Supreme Court ruling prohibits exclusive distribution.
B. vertical arrangements between manufacturers and intermediaries which limit sales by customer or territory may be legal according to a Supreme Court ruling.
C. horizontal arrangements among competing manufacturers or intermediaries which limit sales by customer or territory are generally considered legal.
D. vertical arrangements between manufacturers and intermediaries which limit sales by customer or territory are always illegal.
E. both C and D are true statements.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #225
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

226. If Penn Hills Mfg. Corp. gives the Johnstown Distributing Co. the exclusive right to distribute Penn Hills' products in Ohio--with the understanding that Johnstown can't sell Penn Hills' products outside Ohio or to other wholesalers in Ohio, this arrangement:
(p. 263)

A. WOULD DEFINITELY BE ILLEGAL because the courts have ruled that all vertical arrangements between producers and intermediaries are illegal.
B. MAY OR MAY NOT BE LEGAL--the courts would weigh the possible good effects of this vertical arrangement against possible restrictions on competition.
C. WOULD DEFINITELY BE LEGAL because the courts have ruled that all vertical arrangements between producers and intermediaries are legal.
D. WOULD DEFINITELY BE ILLEGAL because the courts have ruled that all horizontal arrangements between competitors are illegal.
E. WOULD DEFINITELY BE LEGAL because the courts have ruled that all horizontal arrangements between competitors are legal.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #226
Question Type: Application
Self-Test: No

227. A producer using several competing channels to distribute its products to its target market is using _____ distribution.
(p. 264)

A. multichannel
B. intensive
C. administered
D. horizontal
E. selective

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #227
Question Type: Definition
Self-Test: No

228. Although some intermediaries may resent this approach, a manufacturer may have to use "multichannel distribution" because:
(p. 264)

A. present channel members are doing a poor job.
B. the firm desires to reach different target markets.
C. big retail chains want to deal directly.
D. antitrust regulations prohibit relying on just one channel system.
E. both A and C above.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #228
Question Type: LearnAid
Self-Test: Self-Test & Learn Aid

229. Producers often have to use "multichannel distribution":
(p. 264)

A. because they want to sell both direct with a website and indirectly through intermediaries.
B. because big retail chains want to deal directly with producers.
C. because competitors use a variety of channels.
D. All of the above.
E. None of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #229
Question Type: Self-Test
Self-Test: Self-Test

230. Multichannel distribution:
(p. 264)

A. May involve using both direct and indirect channels simultaneously.
B. May offer producers a way to reach customers they would not be able to reach with a single channel.
C. Is becoming more common.
D. May create channel conflict.
E. All of the above.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #230
Question Type: Comprehension
Self-Test: No

231. The need for reverse channels may arise in all of the following situations EXCEPT
(p. 265)

A. a consumer buys something in error and wants to return it.
B. a firm makes an error in completing an order.
C. a product is recalled for safety reasons.
D. a consumer changes her mind after purchasing a product.
E. All of the above create a need for reverse channels.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #231
Question Type: Comprehension
Self-Test: No

232. If a Universal computer monitor breaks while it is still under warranty, someone needs to get it to the repair center. In this case, Universal will need:
(p. 265)

A. reverse channels.
B. multichannels.
C. intensive distribution.
D. exclusive distribution.
E. selective distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 6
Perreault - Chapter 10 #232
Question Type: Application
Self-Test: No

233. Reverse channels may be used to retrieve products from:
(p. 265)

A. business customers
B. final consumers
C. intermediaries
D. all of the above
E. only A and C above

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 6
Perreault - Chapter 10 #233
Question Type: Definition
Self-Test: No

234. Selling products manufactured in the United States to foreign customers--often without any product changes--is called:
(p. 266)

A. joint ventures.
B. licensing.
C. importing.
D. contract manufacturing.
E. exporting.

AACSB: 13 Economic environments; 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #234
Question Type: Definition
Self-Test: No

235. Exporting
(p. 266)

A. is selling some of what the firm produces to foreign markets.
B. can be a way to get rid of surplus output.
C. can come from a real effort to look for new opportunities.
D. all of the above.
E. A and B, but not C.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #235
Question Type: Comprehension
Self-Test: No

236. The lowest cost and lowest risk way to enter a foreign market is through
(p. 266)

A. a joint venture.
B. licensing.
C. management contracting.
D. a direct investment.
E. exporting.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #236
Question Type: Comprehension
Self-Test: No

237. Which of the following is typically the lowest risk approach for moving into international markets:
(p. 266)

A. licensing
B. exporting
C. joint venturing
D. direct investment
E. management contracting

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #237
Question Type: Self-Test
Self-Test: Self-Test

238. Which of the following statements about exporting is NOT TRUE?
(p. 266)

A. Export agents can handle the arrangements as products are shipped outside the country.
B. Channel relationships in international markets take time to build and shouldn't be treated lightly.
C. Exporting requires a firm to establish permanent relationships with international partners.
D. A firm often invests a minimum amount of time and money.
E. Both A and C.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #238
Question Type: Comprehension
Self-Test: No

239. Josh Adams runs a large cattle farm in Texas. In order to take advantage of higher prices for beef in Europe compared to the United States, he has started selling cattle overseas by using an agent wholesaler who specializes in finding European customers for U.S. firms. He ships the cattle to Europe by water transport. Josh is involved in:
(p. 266)

A. Exporting.
B. Management contracting.
C. Licensing.
D. Joint venturing.
E. None of the above.

AACSB: 10 Org Dynamics; 3 Analytical skills
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #239
Question Type: Comprehension
Self-Test: No

240. _____ means selling the right to use some process, trademark, patent, or other right for a fee or royalty.
(p. 266)

A. Licensing
B. Management contracting
C. Joint venturing
D. Exporting
E. Direct investment

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #240
Question Type: Definition
Self-Test: No

241. _____ (as a way to enter foreign markets) means selling the right to use some process, trademark, patent, or other right for a fee.
(p. 266)

A. licensing
B. management contracting
C. direct investment
D. joint venturing
E. exporting

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #241
Question Type: Definition
Self-Test: No

242. Licensing, in international marketing,
(p. 266)

A. refers to foreign intermediaries agreeing to sell products produced in this country.
B. requires a producer to pay a licensing fee to the country where it wants to sell its products.
C. increases the risk that a company's production facilities will be taken over by the foreign country.
D. means a company selling the right to use a process, trademark, patent, or other right for a fee or royalty.
E. None of the above is true.

AACSB: 9 Value creation
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #242
Question Type: Comprehension
Self-Test: No

243. A producer that enters into a licensing agreement with a foreign company to better reach foreign customers is MOST likely selling the rights to use its:
(p. 266)

A. production facilities.
B. brand name.
C. channels of distribution.
D. sales force.
E. Any of the above are equally likely.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #243
Question Type: Application
Self-Test: No

244. In a licensing agreement, the licensee
(p. 266)

A. makes no initial investment to get started.
B. does most of the marketing strategy planning for the markets it is licensed to serve.
C. has more control over marketing than other approaches for entering international markets.
D. assumes almost no risk in a foreign market.
E. does not pay any fee or royalties to the licensor.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #244
Question Type: Comprehension
Self-Test: No

245. If Wilkinson were to sell Norelco the exclusive rights to produce and sell its brand of shavers in Japan for a 5 percent royalty on all sales, it would be using:
(p. 266)

A. licensing.
B. joint venturing.
C. management contracting.
D. exporting.
E. direct investment.

AACSB: 3 Analytical skills; 9 Value creation
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #245
Question Type: Application
Self-Test: No

246. Which of the following is the easiest way for a firm to enter foreign markets?
(p. 266)

A. joint ventures
B. licensing
C. multinational bargaining
D. direct investment
E. management contracting

AACSB: 9 Value creation
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #246
Question Type: Integrating
Self-Test: No

247. *(p. 266)* Sunkist sells foreign companies the right to use the Sunkist brand on soft drinks and citrus juices sold outside the United States. Sunkist gets both an initial fee and a royalty on the sale of goods bearing its brand name. Sunkist is engaged in:

A. Exporting.
B. Management contracting.
C. Licensing.
D. Joint venturing.
E. None of the above.

AACSB: 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #247
Question Type: Comprehension
Self-Test: No

248. *(p. 266)* If a firm's involvement in international marketing is limited to managing others' production facilities, it is using:

A. exporting.
B. licensing.
C. direct investment.
D. joint venturing.
E. management contracting.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #248
Question Type: Definition
Self-Test: No

249. *(p. 266)* In international markets, a firm can sell its management and marketing know-how while letting locals own the production and distribution facilities by using

A. licensing.
B. exporting.
C. joint venturing.
D. management contracting.
E. direct investment.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #249
Question Type: Comprehension
Self-Test: No

250. To minimize its own risks, the Boomtown Petroleum Corp. of Houston, Texas, operates a South American oil refinery that is owned by residents of that country. Boomtown is engaged in an activity known as:
(p. 266)

A. management contracting.
B. a joint venture.
C. exporting.
D. licensing.
E. direct investment.

AACSB: 10 Org Dynamics; 9 Value creation
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #250
Question Type: Self-Test
Self-Test: Self-Test

251. Worldwide Drilling, Inc. of Fort Worth, Texas, operates an oil well in Russia for its owners. Worldwide is involved in:
(p. 266)

A. management contracting.
B. exporting.
C. a direct investment.
D. a joint venture.
E. licensing.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #251
Question Type: Application
Self-Test: No

252. When the Rosco International chain of restaurants enters foreign markets, locals own the restaurant facilities, but look to Rosco to provide expertise in management and marketing. Rosco uses the _____ approach to enter international markets.
(p. 266)

A. management contracting
B. direct investment
C. exporting
D. joint venture
E. licensing

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #252
Question Type: Application
Self-Test: No

253. If a producer agrees to enter into a management contracting arrangement with a zinc mining operation in Chile,
(p. 266)

A. the company should be prepared to invest large amounts in mining facilities.
B. the company should be prepared to send people to Chile.
C. success will depend on how well the Chilean managers know what needs to be done.
D. the company must assume no political problems will arise, otherwise the risk is very high.
E. None of the above is true.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #253
Question Type: Comprehension
Self-Test: No

254. A joint venture is:
(p. 267)

A. a firm that provides only management skills, while others own the production and distribution facilities.
B. a firm selling the right to use some process, trademark, or other right for a fee.
C. a separate firm owned by a parent company.
D. a domestic firm entering into a partnership with a foreign firm.
E. none of the above.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #254
Question Type: Definition
Self-Test: No

255. Oceanside Tools, Inc. of Newport, Rhode Island has agreed to work with a Thai company to produce and sell chemicals in Thailand. The U.S. firm will provide technical and marketing know-how, while its Thai partner will provide knowledge of Thai markets and political connections. The partners will share the costs and profits 50/50. This type of international involvement is called:
(p. 267)

A. direct investment.
B. management contracting.
C. licensing.
D. multinational marketing.
E. joint venturing.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #255
Question Type: Application
Self-Test: No

256. *(p. 267)* Using the _____ approach to entering international markets gives a firm complete control of marketing strategy planning in the foreign market.

A. joint venture
B. management contracting
C. direct investment
D. licensing
E. exporting

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Easy
LearnObj: 7
Perreault - Chapter 10 #256
Question Type: Definition
Self-Test: No

257. *(p. 267)* Midwest Tools, Inc. of Indianapolis, Indiana owns a plant in Poland for manufacturing and selling machine tools in Europe. This type of international involvement is called:

A. management contracting.
B. licensing.
C. a joint venture.
D. a direct investment.
E. multichanneling.

AACSB: 10 Org Dynamics
Chapter: 10
Difficulty: Medium
LearnObj: 7
Perreault - Chapter 10 #257
Question Type: Application
Self-Test: No

Use this information for questions that refer to the World Tennis Ball (WTB) Company case.

World Tennis Ball Co. (WTB) makes tennis balls and sells them only in the U.S. Raul Fernandez, the firm's marketing manager, is comparing his firm's distribution with two major competitors.

1) WTB sells its products through four regional distributors who then sell to 22 sporting goods wholesalers. The wholesalers sell to a total of 7,000 retail outlets. From its website, WTB also sells directly to any customer who will purchase a minimum quantity of 24 tennis balls. WTB cooperates with members of its channel, but maintains some control through its economic power and leadership. It helps to direct the activities of the whole channel and tries to avoid or resolve channel conflicts.

2) American Tennis Ball (ATB) is a competitor that sells through two distributors - each with half the country. The distributors then sell through 6 sporting goods wholesalers, and they, in turn, sell to 1,000 retail outlets (split between two national sporting goods chains and two general merchandise stores). ATB and its channel make little effort to work together. However, because of a relatively low level of competition between the distributors, the wholesalers, or the retail stores, each member of the channel gives the product special attention.

3) National Tennis Ball (NTB) sells its products through only three tennis specialty wholesalers that sell only to tennis clubs. NTB actually owns the wholesale firms that handle its products. NTB's balls are only available at certain tennis clubs and NTB limits coverage to only one club in a particular geographic area.

Perreault - Chapter 10

258. Which of the following describes WTB's channel arrangements:
(p. 262)

A. Intensive distribution
B. Corporate channel system
C. Exclusive distribution
D. Traditional channel system
E. Reverse channels

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #258
Question Type: Integrating
Self-Test: No

259. Which of the following appears to best describe ATB's channel arrangements:
(p. 262)

A. Intensive distribution
B. Exclusive distribution
C. Selective distribution
D. Global distribution
E. Direct distribution

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #259
Question Type: Application
Self-Test: No

260. Which of these companies appears to operate as a channel captain?
(p. 257)

A. WTB
B. ATB
C. NTB
D. All of the companies appear to be channel captains
E. None of the companies is a channel captain

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #260
Question Type: Application
Self-Test: No

261. A wholesaler for American Tennis Ball is likely to perform which of the following regrouping activities:
(p. 254-255)

A. Accumulating
B. Bulk-breaking
C. Assorting
D. All of the above
E. None of the above

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #261
Question Type: Application
Self-Test: No

262. National Tennis Ball's channel arrangement:
(p. 262)

A. is called horizontal distribution.
B. is an example of intensive distribution.
C. illustrates a traditional channel system.
D. relies on exclusive distribution.
E. is likely to be characterized by a high level of conflict between channel members.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Hard
LearnObj: 6
Perreault - Chapter 10 #262
Question Type: Application
Self-Test: No

263. Which tennis ball manufacturer is involved in direct distribution?
(p. 250)

A. World Tennis Ball
B. American Tennis Ball
C. National Tennis Ball
D. All of the firms use direct distribution
E. None of the firms use direct distribution

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Medium
LearnObj: 2
Perreault - Chapter 10 #263
Question Type: Application
Self-Test: No

264. Which of these companies uses a corporate channel of distribution?
(p. 259)

A. World Tennis Ball.
B. American Tennis Ball.
C. National Tennis Ball.
D. Both World Tennis Ball and National Tennis Ball use a corporate channel.
E. There is not enough information to tell which company uses a corporate channel of distribution.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 5
Perreault - Chapter 10 #264
Question Type: Application
Self-Test: No

265. These three tennis ball producers all rely on retailers to reach consumers who want to buy only a few balls at a time. Apparently they all think that this is an efficient way to
(p. 254)

A. deal with sorting activities.
B. address discrepancies of quantity.
C. handle discrepancies of assortment.
D. minimize the potential for conflict in the channel.
E. achieve intensive distribution.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 3
Perreault - Chapter 10 #265
Question Type: Application
Self-Test: No

266. If American Tennis Ball adds more wholesalers and more retail outlets, this is likely to
(p. 257)

A. create horizontal channel conflict.
B. lead to vertical channel conflict.
C. require that the largest wholesaler take over the channel captain role.
D. increase trust and cooperation in the channel.
E. prompt both vertical and horizontal channel conflict.

AACSB: 3 Analytical skills
Chapter: 10
Difficulty: Medium
LearnObj: 4
Perreault - Chapter 10 #266
Question Type: Application
Self-Test: No

267. If American Tennis Ball adds more retail outlets, which of the following would help it to manage channel conflict?
(p. 257)

A. assign the channel captain role to the largest retail chain.
B. sell a different brand of tennis ball through the new retailers than what it sells through current retailers.
C. select new retail outlets that target the same customers as those who buy from its current retailers.
D. choose new retailers in the same geographic market as its current retailers but who sell at lower prices.
E. drop its national advertising and leave it to retailers to promote its tennis balls.

AACSB: 6. Reflective thinking
Chapter: 10
Difficulty: Hard
LearnObj: 4
Perreault - Chapter 10 #267
Question Type: Application
Self-Test: No

ch10 Summary

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