

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Which of the following is NOT a typical supply chain member? 1) _____
A) resellers
B) government agencies
C) intermediaries
D) raw materials supplier
E) customers
- 2) _____ the manufacturer or service provider is the set of firms that supply the raw materials, components, parts, information, finances, and expertise needed to create a product or service. 2) _____
A) Congruous to
B) Parallel with
C) Separated from
D) Downstream from
E) Upstream from
- 3) Another term for the supply chain that suggests a sense and respond view of the market is 3) _____
_____.
A) channel of distribution
B) physical distribution
C) demand chain
D) supply and demand chain
E) distribution channel
- 4) When suppliers, distributors, and customers partner with each other to improve the performance of the entire system, they are participating in a _____. 4) _____
A) value delivery network
B) demand chain
C) channel of distribution
D) supply chain
E) all of the above
- 5) Most producers today sell their goods to _____. 5) _____
A) the government at various levels
B) final users
C) intermediaries
D) competitors
E) final users and marketing members
- 6) A company's channel decisions directly affect every _____. 6) _____
A) marketing decision
B) competitor's actions
C) customer's choices
D) channel member
E) employee in the channel

- 7) Distribution channel decisions often involve _____ with other firms, particularly those that involve contracts or relationships with channel partners. 7) _____
- A) major problems
 - B) disagreements
 - C) financial losses
 - D) short-term commitments
 - E) long-term commitments
- 8) Khaled Ali, like other producers, has discovered that his intermediaries usually offer his firm more than it can achieve on its own. _____ is most likely an advantage that Khaled creates by working with intermediaries. 8) _____
- A) Working relationships with foreign distributors
 - B) Scale of operation
 - C) Fast service
 - D) Financial support
 - E) Promotional assistance
- 9) From the economic system's point of view, the role of marketing intermediaries is to transform the assortment of products made by producers into the assortment of products wanted by _____. 9) _____
- A) consumers
 - B) channel members
 - C) marketers
 - D) manufacturers
 - E) distributors
- 10) Producers benefit from using intermediaries because they _____. 10) _____
- A) offer greater efficiency in making goods available to target markets
 - B) eliminate risk
 - C) bring a fresh point of view to strategy development
 - D) are generally backlogged with orders
 - E) refuse to store products for longer than a few days
- 11) Intermediaries play an important role in matching _____. 11) _____
- A) supply and demand
 - B) dealer with customer
 - C) manufacturer to product
 - D) information and promotion
 - E) product to region
- 12) Channel members add value by bridging the major gaps of _____ that separate goods and services from those who would use them. 12) _____
- A) place, time, and need
 - B) place, possession, and form
 - C) time, place, and form
 - D) place, need, and distribution
 - E) time, place, and possession

- 13) Which of the following is NOT a key function that intermediaries play in completing transactions? 13) _____
- A) matching
 - B) promotion
 - C) negotiation
 - D) information
 - E) financing
- 14) _____ is NOT a key function that intermediaries play in helping to fulfill a completed transaction. 14) _____
- A) Risk taking
 - B) None of the above are key functions
 - C) Financing
 - D) Physical distribution
 - E) Promotion
- 15) In marketing terms, the number of intermediary levels indicates the _____ of a channel. 15) _____
- A) length
 - B) width
 - C) complexity
 - D) depth
 - E) involvement
- 16) To a producer of goods, a greater number of channel levels means _____ and greater channel complexity. 16) _____
- A) fewer channel partners
 - B) less control
 - C) higher taxes
 - D) less distance between producer and end consumer
 - E) more potential ideas
- 17) All of the institutions in a channel are connected by various flows. These include physical flow, flow of ownership, payment flow, information flow, and _____ flow. 17) _____
- A) promotion
 - B) acquisition
 - C) return product
 - D) by-product
 - E) customer
- 18) A distribution channel is more than a collection of firms connected by various flows; it is a(n) _____ in which people and companies interact to accomplish individual, company, and channel goals. 18) _____
- A) added value chain
 - B) complex behavioral system
 - C) vertical marketing system
 - D) corporate marketing system
 - E) multichannel system

- 19) An advantage of a channel of distribution over selling direct to consumers is that each channel member plays a _____ in the channel. 19) _____
A) specialized role
B) informational role
C) disciplinary role
D) time-saving part
E) decisional role
- 20) _____ conflict, which occurs between different levels of the same channel, is more common than _____ conflict, which occurs among firms at the same level of the channel. 20) _____
A) Contractual; corporate
B) Wholesaler; retailer
C) Corporate; franchise
D) Horizontal; vertical
E) Vertical; horizontal
- 21) Historically, conventional channels have lacked the leadership to _____. 21) _____
A) assign channel member roles and attain efficiency
B) set standard pricing and packaging
C) attain efficiency and assign member roles
D) assign member roles and manage conflict
E) set standard pricing and promotions
- 22) A conventional distribution channel consists of one or more _____ producers, wholesalers, and retailers. 22) _____
A) merchant
B) contract
C) estranged
D) product-related
E) independent
- 23) A channel consisting of one or more independent producers, wholesalers, or retailers that seek to maximize their own profits — even at the expense of profits for the channel as a whole — is a(n) _____. 23) _____
A) independent channel allocation
B) vertical marketing system
C) corporate VMS
D) conventional distribution channel
E) administered vertical marketing system
- 24) An advantage of a vertical marketing system (VMS) is that it acts as a _____ system. 24) _____
A) unified
B) modern
C) customer-driven
D) more efficient
E) task-driven

- 25) A corporate VMS has the advantage of controlling the entire distribution chain under _____. 25) _____
A) a few intermediaries
B) single ownership
C) little control
D) mass distribution
E) a profit-maximizing strategic plan
- 26) Which of the following are the three major types of vertical marketing systems? 26) _____
A) contractual, corporate, and independent
B) contractual, corporate, and administered
C) corporate, contractual, and chain
D) contractual, corporate, and task
E) administered, independent, and franchised
- 27) A distinguishing feature of a contractual VMS is that coordination and conflict management among the independent members of the channel are attained through _____. 27) _____
A) working partnerships
B) limited liability incorporation
C) natural competitive forces
D) contractual agreements
E) agents and brokers
- 28) The most common type of contractual agreement in business is the _____. 28) _____
A) franchise organization
B) conventional marketing channel
C) administered VMS
D) corporate VMS
E) vertical marketing system
- 29) Leadership a(n) _____ is assumed not through common ownership or contractual ties but through the size and power of one or a few dominant channel members. 29) _____
A) multichannel distribution system
B) administered VMS
C) horizontal marketing system
D) corporate VMS
E) conventional marketing channel
- 30) In a _____, two or more companies at one level join together to develop a new marketing opportunity. 30) _____
A) corporate VMS
B) horizontal marketing system
C) franchise
D) multichannel distribution system
E) conventional distribution channel
- 31) Hybrid marketing systems are also called _____. 31) _____
A) multichannel distribution systems
B) contractual marketing systems
C) administered franchises
D) dual distribution systems
E) horizontal multichannel systems

- 32) As marketing manager for Aftron, you want to start reaping the benefits of a multichannel distribution system. You will likely enjoy all of the following EXCEPT which one? 32) _____
- A) expanded sales
 - B) expanded market coverage
 - C) selling at a higher gross margin
 - D) opportunities to tailor products and services to the needs of diverse segments
 - E) A and C
- 33) The major disadvantage of a multichannel system is that it is harder to control and it can generate _____. 33) _____
- A) inefficiencies
 - B) declining employee morale
 - C) less net profit
 - D) fewer domestic sales
 - E) channel conflict
- 34) Owing to advances in technology, _____ is a major trend whereby product and service producers are bypassing intermediaries and going directly to final buyers, or radically new types of channel intermediaries are emerging to displace traditional ones. 34) _____
- A) the hostile takeover
 - B) the corporate marketing system
 - C) the vertical marketing system
 - D) disintermediation
 - E) the corporate merger
- 35) In many industries, traditional intermediaries are dropping by the wayside because of changes in _____ and the growth of _____ marketing. 35) _____
- A) franchise structure; independent
 - B) channel design; retail
 - C) federal laws; business-to-business
 - D) state and local laws; target
 - E) technology; direct and online
- 36) Designing a channel system calls for analyzing consumer needs, setting channel objectives, _____ and evaluation. 36) _____
- A) measuring objectives
 - B) seeking legal advice
 - C) seeking regulatory approval
 - D) identifying major channel alternatives
 - E) establishing a budget
- 37) _____ should be the first step in designing a marketing channel? 37) _____
- A) Analyzing channel alternatives
 - B) Exploring international opportunities
 - C) Evaluating intermediaries
 - D) Identifying channel objectives
 - E) Identifying what consumers want from the channel

- 38) To increase a channel's service level, it must provide a greater assortment of products, more add-on services, and _____. 38) _____
- A) lower prices
 - B) follow-up
 - C) faster delivery
 - D) more efficiency
 - E) better terms
- 39) Companies should state their channel objectives in terms of targeted levels of _____. 39) _____
- A) customer service
 - B) efficiency
 - C) conflict reduction
 - D) co-op advertising
 - E) profitability
- 40) When a company is identifying its major channel alternatives, it should consider its choices in terms of types, number, and _____ of intermediaries. 40) _____
- A) capacity
 - B) power
 - C) responsibilities
 - D) size
 - E) none of the above
- 41) Which type of product might require a more direct marketing channel to avoid delays and too much handling? 41) _____
- A) high-priced products
 - B) lower-priced products
 - C) products in their maturity stage
 - D) products in their decline stage
 - E) perishable products
- 42) When determining the number of channel members to use at each level, three strategies are available: intensive, exclusive, and _____ distribution. 42) _____
- A) direct
 - B) extensive
 - C) multichannel
 - D) selective
 - E) international
- 43) Sometimes a producer chooses only a few dealers in a territory to distribute its products or services. Generally these dealers are given a right to _____ distribution. 43) _____
- A) selective
 - B) corporate
 - C) exclusive
 - D) intensive
 - E) administered

- 44) Which type of distribution is used when the producer wants more than one, but fewer than all, of the intermediaries who are willing to carry its products? 44) _____
A) exclusive
B) intensive
C) corporate
D) administered
E) selective
- 45) When establishing the responsibilities of channel members, the producer establishes a list price, sets discounts for intermediaries, and defines each channel member's _____. 45) _____
A) legal rights
B) mission
C) sales volume
D) territory
E) customers
- 46) Channel members should be evaluated using all of the following criteria EXCEPT which one? 46) _____
A) channel leadership
B) adaptive criteria
C) economic factors
D) control
E) none of the above
- 47) _____ includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use. 47) _____
A) Brokering
B) Franchising
C) Wholesaling
D) Disintermediation
E) Retailing
- 48) In recent years, _____ has/have been growing fast. This includes selling to final consumers through direct mail, catalogs, telephone, and the Internet. 48) _____
A) nonstore retailing
B) superstores
C) shopping centers
D) e-commerce
E) specialty stores
- 49) _____ is the basis of all discount operations and is typically used by sellers of convenience goods. Retailers offering this level of service require customers to perform their own "locate-compare-select" process in order to save money. 49) _____
A) Full-service
B) Self-service
C) Specialty-service
D) Wholesaling
E) Limited-service

- 50) _____ retailers, such as Splash, provide more sales assistance because they carry more shopping goods about which customers need information. Their increased operating costs result in higher prices. 50) _____
- A) Off-price
 - B) Full-service
 - C) Self-service
 - D) Specialty-service
 - E) Limited-service
- 51) Which type of stores usually carry more specialty goods for which customers like to be "waited on" and have much higher operating costs, which are passed along to the customer? 51) _____
- A) independent stores
 - B) full-service stores
 - C) specialty-service retailers
 - D) self-service stores
 - E) category killer stores
- 52) _____ stores carry narrow product lines with deep assortments within those lines. 52) _____
- A) Discount
 - B) Convenience
 - C) Specialty
 - D) Chain
 - E) Off-price
- 53) Specialty stores carry _____ with _____ within them. 53) _____
- A) wide product lines; deep assortments
 - B) convenience items; mostly staples
 - C) narrow product lines; deep assortments
 - D) wide product lines; shallow assortments
 - E) narrow product lines; shallow assortments
- 54) Which type of store carries a wide variety of product lines and differentiates itself through service, but has been squeezed in recent years between more focused and flexible specialty stores on the one hand and more efficient, lower-priced discounters on the other? 54) _____
- A) factory outlet
 - B) independents
 - C) merchant wholesaler
 - D) chain
 - E) department
- 55) _____ are facing slow sales growth because of slower population growth, increased competition, and the rapid growth of out-of-home eating. 55) _____
- A) Supermarkets
 - B) Convenience stores
 - C) Chain stores
 - D) Hypermarkets
 - E) Department stores

- 56) Which type of retailer tends to be the most frequently shopped? 56) _____
A) **supermarkets**
B) department stores
C) off-price retailers
D) convenience stores
E) superstores
- 57) Which type of small store carries a limited line of high-turnover convenience goods and makes most of its revenues from cigarette, beverage, and gasoline sales? 57) _____
A) hypermarket
B) department
C) supermarket
D) **convenience**
E) chain
- 58) Which type of store is much larger than regular supermarkets and offers a large assortment of routinely purchased food products, nonfood items, and services? 58) _____
A) factory outlet
B) chain
C) category killer
D) off-price
E) **hypermarkets**
- 59) _____ sell standard merchandise at lower prices by accepting lower margins and selling higher volume. 59) _____
A) Limited-service retailers
B) Merchant wholesalers
C) Factory outlets
D) **Discount stores**
E) Full-service retailers
- 60) Which type of store carries a deep assortment, has knowledgeable staff, and might actually be viewed as a giant specialty store? 60) _____
A) shopping center
B) factory outlet
C) chain
D) independent
E) **category killer**
- 61) _____ have filled the ultralow-priced, high-volume gap by buying at less-than-regular wholesale prices and charging consumers less than retail. 61) _____
A) Limited-service retailers
B) Discount stores
C) Off-price retailers
D) Chain stores
E) Convenience stores

- 62) _____ are NOT one of the main types of off-price retailers. 62) _____
- A) Category killers
 - B) Warehouse clubs
 - C) Membership warehouses
 - D) Factory outlets
 - E) Independents
- 63) _____ are sometimes several stores grouped together. These stores offer prices as low as 50 percent below retail on a wide range of mostly surplus, discounted, or irregular items. 63) _____
- A) Power centers
 - B) Category killers
 - C) Specialty stores
 - D) Factory outlets
 - E) Superstores
- 64) _____ are two or more outlets that are commonly owned and controlled. 64) _____
- A) Independent off-price retailers
 - B) Off-price retailers
 - C) Chain stores
 - D) Convenience stores
 - E) Power centers
- 65) The main difference between _____ organizations and other contractual systems is that these systems are normally based on some unique product or service. 65) _____
- A) warehouse-club
 - B) retailer cooperative
 - C) franchise
 - D) voluntary chain
 - E) agent
- 66) Merchandising _____ are corporations that combine several different retailing forms under central ownership. 66) _____
- A) conglomerates
 - B) independents
 - C) franchises
 - D) agents
 - E) brokers
- 67) Until retailers _____ and _____ their markets, they cannot make consistent decisions about product assortment, services, pricing, advertising, store décor, or any of the other decisions that must support their positions. 67) _____
- A) target; compete with
 - B) limit; serve
 - C) divest; eliminate
 - D) compete with; position
 - E) define; profile

- 68) Service differentiation among retailers has _____. 68) _____
A) stayed the same
B) increased
C) tripled
D) decreased
E) franchised
- 69) A retailer may fail because it tries to provide "something for everyone" and ends up satisfying no market well. Successful retailers _____ their target markets well and position themselves strongly. 69) _____
A) position B) define C) wholesale D) franchise E) increase
- 70) A retailer's _____ should differentiate the retailer while matching target shoppers' expectations. 70) _____
One strategy is to offer merchandise that no other competitor carries.
A) distribution strategy
B) product assortment
C) broker
D) agent
E) environment
- 71) In-store demonstrations, displays, contests, and visiting celebrities are examples of _____. 71) _____
A) broker promotions
B) product life-cycling
C) agent promotions
D) franchises
E) sales promotions
- 72) Press conferences and speeches, store openings, special events, newsletters, magazines, and public service activities are examples of ways retailers use _____. 72) _____
A) sales promotions
B) retail convergence
C) public relations
D) personal selling
E) the wheel-of-retailing concept
- 73) Of the following, what would most retailers consider to be the most important factor in retailing success? 73) _____
A) helpful employees
B) location
C) service
D) good atmosphere
E) fair prices
- 74) Why do stores cluster together? 74) _____
A) to take advantage of tax breaks
B) to standardize the service mix
C) to decrease competition
D) to increase their customer pulling power
E) to create retailer cooperatives

- 75) A _____ is a group of retail businesses planned, developed, owned, and managed as a unit. 75) _____
A) hypermarket
B) shopping center
C) franchise
D) merchant wholesaler
E) supermarket
- 76) A _____ contains between 15 and 40 retail stores, including a department or variety store, a supermarket, specialty stores, professional offices, and sometimes a bank. 76) _____
A) neighborhood shopping center
B) regional shopping center
C) power center
D) community shopping center
E) strip mall
- 77) Mail-order, phone, and online shopping are all examples of _____. 77) _____
A) full-service retailing
B) nonstore retailing
C) wholesaling
D) off-price retailing
E) the wheel-of-retailing concept
- 78) _____ includes all activities involved in selling goods and services to those buying for resale or business use. 78) _____
A) Retailing
B) Disintermediation
C) Franchising
D) Discounting
E) Wholesaling
- 79) _____ buy mostly from producers and sell to retailers and industrial consumers. 79) _____
A) Independents
B) Megaretailers
C) Discount stores
D) Factory outlets
E) Wholesalers
- 80) Which wholesaler's channel function is demonstrated when a wholesaler's sales force helps a manufacturer to reach many small customers at a low cost? 80) _____
A) rackjobbing
B) bulk-breaking
C) buying and assortment building
D) warehousing
E) selling and promoting
- 81) _____ is NOT one of a wholesaler's channel functions. 81) _____
A) Providing market information
B) Off-price retailing
C) Financing
D) Bulk-breaking
E) Risk bearing

- 82) _____ is demonstrated when a wholesaler reduces inventory holding costs and risks to suppliers and customers. 82) _____
- A) Financing
 - B) Warehousing
 - C) Buying and assortment building
 - D) Transporting
 - E) Bulk breaking
- 83) _____ is demonstrated when a buyer receives quicker delivery because wholesalers are located closer than producers. 83) _____
- A) Transportation
 - B) Financing
 - C) Risk bearing
 - D) Buying and assortment building
 - E) Warehousing
- 84) At Jashanmal, a first-class department store, customers shop for specialty products and have come to expect assistance in every phase of the shopping process. Jashanmal is a _____. 84) _____
- A) power center
 - B) limited-service retailer
 - C) full-service retailer
 - D) self-service retailer
 - E) specialty store
- 85) Game Valley sells video games and systems, offering a narrow product line with a deep assortment within that line. Game Valley is a _____. 85) _____
- A) category killer
 - B) department store
 - C) specialty store
 - D) convenience store
 - E) off-price retailer
- 86) McDonald's, Subway, and Pizza Hut are all examples of a _____. 86) _____
- A) power center
 - B) voluntary chain
 - C) franchise
 - D) retailer cooperative
 - E) full-service retailer
- 87) In the battle for "share of stomachs," some supermarkets are cutting costs and attempting to compete more effectively with food discounters, while others are moving upscale, providing improved store environments and higher-quality food offerings. These two different strategies represent differences in _____. 87) _____
- A) retail technology
 - B) wholesaling
 - C) positioning
 - D) place decisions
 - E) retail convergence

- 88) Which of the following types of retailers is most likely to practice everyday low pricing (EDLP)? 88) _____
- A) department stores
 - B) discount stores
 - C) convenience stores
 - D) limited-service retailers
 - E) category killers
- 89) Center Point department stores carry a wide range of product lines, including clothing, jewelry, kitchenware, and home furnishings. They typically charge a relatively high markup, but also holds frequent sales and price promotions, in particular offering discounts to customers who use a Center Point credit card. They use _____. 89) _____
- A) everyday low pricing
 - B) self-service retailing
 - C) retail convergence
 - D) high-low pricing
 - E) experiential retailing
- 90) The Amish decor and shop workers give customers an authentic impression of the pride and skill built into the shop's products. These aspects also contribute to the store's _____. 90) _____
- A) atmosphere
 - B) product assortment
 - C) services mix
 - D) targeting
 - E) segmentations
- 91) When a company compares the likely sales, costs, and profitability of different channel alternatives, it is using _____ criteria to evaluate its channel options. 91) _____
- A) distribution
 - B) control
 - C) selective
 - D) economic
 - E) adaptive
- 92) It is common for international marketers to _____ their channel strategies for each country. 92) _____
- A) eliminate
 - B) seek approval for
 - C) restrict
 - D) adapt
 - E) extend
- 93) China and India each contain more than one billion people. However, companies can access only a small percentage of these potential markets due to _____. 93) _____
- A) insurmountable language barriers
 - B) inadequate distribution systems
 - C) indifference toward Western products
 - D) the religious caste system
 - E) high regional taxes

- 94) Marketing channel management calls for selecting, managing, _____, and evaluating channel members over time. 94) _____
- A) motivating
 - B) reducing conflict
 - C) pruning
 - D) reducing waste
 - E) all of the above
- 95) A company should think of its intermediaries as both its _____ and _____. 95) _____
- A) competitors; customers
 - B) competitors; partners
 - C) competitors; marketers
 - D) customers; partners
 - E) customers; employees
- 96) Most companies practice strong PRM to forge long-term relationships with channel members. 96) _____
- What does PRM stand for?
- A) potential relationship management
 - B) partner relationship management
 - C) primary relationship management
 - D) personnel roster maintenance
 - E) perennial relationship management
- 97) Sometimes a seller requires its dealers to abstain from handling competitors' products in an arrangement called _____. 97) _____
- A) selective distribution
 - B) disintermediation
 - C) exclusive distribution
 - D) exclusive pricing
 - E) exclusive dealing
- 98) Exclusive dealing is legal as long as it does not _____ or tend to create a monopoly and as long as both parties enter into the agreement _____. 98) _____
- A) substantially lessen competition; coercively
 - B) interfere with competitors; forcefully
 - C) restrict trade; for a cause
 - D) substantially lessen competition; voluntarily
 - E) create a smaller market; permanently
- 99) Exclusive territorial agreements are normal in _____. 99) _____
- A) horizontal marketing systems
 - B) vertical marketing systems
 - C) integrated marketing systems
 - D) supply chain management
 - E) franchises

- 100) If the producer of a strong brand agrees to sell its brand to a dealer only if the dealer will take some or all of the rest of the line, the result is _____. 100) _____
- A) always illegal
 - B) exclusive distribution
 - C) a tying agreement
 - D) exclusive dealing
 - E) disintermediation
- 101) Marketing logistics involves getting the right product to the right customer in the right place at the right time. Which one of the following is NOT included in this process? 101) _____
- A) gathering customer's ideas for new products
 - B) controlling the physical flow of goods, services, and information
 - C) implementing the plan for the flow of goods and services
 - D) planning the physical flow of goods and services
 - E) none of the above are included in this process
- 102) Marketing logistics involves which of the following distribution flows? 102) _____
- A) outbound
 - B) outbound and reverse
 - C) inbound and reverse
 - D) outbound and inbound
 - E) outbound, inbound, and reverse
- 103) Which of the following is NOT an area of responsibility for a logistics manager? 103) _____
- A) purchasing
 - B) inventory
 - C) warehousing
 - D) information systems
 - E) marketing
- 104) Which of the following innovations has created opportunities for significant gains in distribution efficiency? 104) _____
- A) partner relationship management
 - B) web-based logistics systems
 - C) contractual vertical marketing systems
 - D) tying agreements
 - E) storage warehouses
- 105) The goal of marketing logistics should be to provide a _____ level of customer service at the least cost. 105) _____
- A) targeted
 - B) maximum
 - C) minimum
 - D) moderate
 - E) competitive

- 106) The difference between distribution centers and storage warehouses is that the former are designed to _____. 106) _____
- A) be automated
 - B) hold larger volumes
 - C) primarily be owned by the manufacturer
 - D) move goods rather than just store them
 - E) store goods for longer periods
- 107) To reduce inventory management costs, many companies use a system called _____, which involves carrying only small inventories of parts or merchandise, often only enough for a few days of operation. 107) _____
- A) reduction-inventory management
 - B) just-in-time logistics
 - C) economic order quantity
 - D) limited inventory logistics
 - E) supply chain management
- 108) Through the use of _____, or "smart tag" technology, a company is able to locate exactly where a product is within the supply chain. 108) _____
- A) RFID
 - B) PRM
 - C) IT
 - D) 3PL
 - E) VMS
- 109) Which of the following transportation modes is used for digital products? 109) _____
- A) the Internet
 - B) trucks
 - C) rail
 - D) air
 - E) ship
- 110) In choosing a transportation mode for a product, shippers must balance the considerations of speed, dependability, cost, and _____. 110) _____
- A) company reputation
 - B) availability
 - C) distance
 - D) weight
 - E) customer choice
- 111) Companies manage their supply chains through _____. 111) _____
- A) competitors
 - B) skilled operators
 - C) transportation modes
 - D) the Internet
 - E) information
- 112) Using _____, retailers can share real-time data on sales and current inventory levels with suppliers who take responsibility for ordering and delivering products to retailers, thereby saving time and money. 112) _____
- A) continuous inventory replenishment systems
 - B) their own trucking and distribution systems
 - C) the Internet
 - D) dual distribution modes
 - E) integrated distribution

- 113) Sama Mobiles wants to provide better customer service while trimming distribution costs through teamwork, both inside the company and among all the marketing channel organizations. Sama is thinking of _____. 113) _____
- A) customer relationship management
 - B) supply chain management
 - C) a horizontal marketing system
 - D) disintermediation
 - E) integrated logistics management
- 114) What is the goal of integrated supply chain management? 114) _____
- A) to increase services with minimal cost through teamwork
 - B) to reduce costs
 - C) to reduce conflict and increase cooperation among channel members
 - D) to harmonize all of the company's logistics decisions
 - E) all of the above
- 115) Smart companies coordinate their logistics strategies and forge strong partnerships with suppliers and customers to improve customer service and reduce channel costs through _____. 115) _____
- A) segregated departmentalization
 - B) cross-functional teams
 - C) partnering
 - D) cross-company teams
 - E) cross-functional, cross-company teams
- 116) The success of each channel member depends on the performance of _____. 116) _____
- A) the manufacturer
 - B) the wholesaler
 - C) the channel captain
 - D) the entire supply chain
 - E) key channel members
- 117) Today, a growing number of firms now outsource some or all of their logistics to _____. 117) _____
- A) competitors
 - B) third-party logistics providers
 - C) channel members
 - D) disintermediaries
 - E) cross-functional teams
- 118) In designing its marketing channel, Mahmood Wood has moved from a make-and-sell view of its business, which focused on productive inputs and factory capacity as a starting point for marketing planning, to a sense-and-respond view, which begins instead with the needs of target customers. With this new view, Mahmood Wood is developing its _____. 118) _____
- A) demand chain
 - B) vertical marketing system
 - C) supply chain
 - D) logistics
 - E) wholesaler chain

- 119) Kams, a producer of clothing and accessories for children, has recently partnered with a regional chain of kids stores. Which of the following would Kams be LEAST likely to expect from its new channel member? 119) _____
- A) identifying raw materials and other productive inputs
 - B) negotiating on its products' prices
 - C) distributing relevant marketing research information
 - D) assembling and packaging its products for final sale
 - E) promoting its products through advertising
- 120) Melody Records sells its products to Virgin Mega Stores who then sells them to the consumer. This is an example of a(n) _____. 120) _____
- A) corporate vertical marketing system
 - B) direct marketing channel
 - C) indirect marketing channel
 - D) producer channel
 - E) retailer channel
- 121) Jumana Radwan is experiencing a disagreement with intermediaries in the channel over who should do what and for what rewards. Jumana is experiencing channel _____. 121) _____
- A) mismanagement
 - B) disintermediation
 - C) intermediation
 - D) delusion
 - E) conflict
- 122) When two Abbasi restaurants have a disagreement over who should be able to sell in quantity at a discount to the local high school band, they are in a _____ conflict. 122) _____
- A) functional
 - B) no-win
 - C) horizontal
 - D) problematic
 - E) vertical
- 123) Staples Office Supply opened an online store that created competition with many of its dealers. The corporate office created a _____ conflict. 123) _____
- A) problematic
 - B) intermediation
 - C) vertical
 - D) horizontal
 - E) no-win
- 124) Which of the following is an example of horizontal channel conflict? 124) _____
- A) managers of two separate Holiday Inns disagreeing over what constitutes poor service
 - B) Gulf Air competing with Emirates Airlines for customers
 - C) disgruntled factory workers complaining about a small pay raise
 - D) the BMW dealership in Dubai complaining that the BMW dealership in Sharjah is situated too close
 - E) A and D

- 125) Which of the following is an example of a manufacturer-sponsored retailer franchise system? 125) _____
- A) Ford and its network of independent franchised dealers
 - B) hotels such as Holiday Inn and Ramada Inn
 - C) Starbucks operating within Carrefour stores
 - D) licensed bottlers that bottle and sell Coca-Cola to retailers
 - E) fast-food restaurants such as McDonald's and Burger King
- 126) When McDonald's offers its products inside of a Carrefour store, it is following a _____. 126) _____
- A) horizontal marketing system
 - B) corporate VMS
 - C) contractual VMS
 - D) conventional distribution channel
 - E) administered VMS
- 127) Which of the following is an example of a multichannel distribution system? 127) _____
- A) a hotel providing guest privileges at a health spa across the street
 - B) Starbucks' location inside of book stores
 - C) H&M locating to several countries
 - D) J. C. Penney's catalog and retail store sales
 - E) Avon's door-to-door distribution
- 128) Dell offers its laptop customization feature through its online store and through its distributors' stores. This is an example of a(n) _____. 128) _____
- A) horizontal marketing system
 - B) multichannel distribution system
 - C) conventional distribution channel
 - D) administered VMS
 - E) contractual VMS
- 129) Chewing gum is stocked in many outlets in the same market or community; in fact, it is placed in as many outlets as possible. This is an example of _____ distribution. 129) _____
- A) multichannel
 - B) intensive
 - C) selective
 - D) disintermediated
 - E) exclusive
- 130) Which product(s) will most likely be intensively distributed? 130) _____
- A) Olympus digital cameras
 - B) Coca Cola
 - C) Guess blue jeans
 - D) BMW cars
 - E) Nike running shoes
- 131) Which product will most likely be exclusively distributed? 131) _____
- A) Levi's blue jeans
 - B) Trident bubble gum
 - C) Maraie yogurt
 - D) Coca-Cola
 - E) BMW cars

- 132) Tiffany & Co jewelry can only be found in a limited number of intermediaries. This is an example of _____ distribution. 132) _____
- A) high-end
 - B) quality
 - C) exclusive
 - D) intensive
 - E) independent
- 133) Why is it important for manufacturers to be sensitive to the needs of their dealers? 133) _____
- A) Dealers have few legal rights.
 - B) Manufacturers cannot break commitments to channel.
 - C) Dealers fail to provide value to the entire channel system.
 - D) Dealer support is essential to creating value for the customer.
 - E) Poorly performing dealers will be replaced.
- 134) Caterpillar, the famous heavy equipment manufacturer, has a reputation for working in harmony with its worldwide distribution network of independent dealers. Caterpillar has shared its successes with its dealers and protected them during difficult economic times. This is an example of _____. 134) _____
- A) integrated logistics management
 - B) partner relationship management
 - C) third-party logistics
 - D) intensive distribution
 - E) disintermediation
- 135) Raed Nour is a high-end fashion designer who markets his clothing lines through a limited number of highly reputable retailers. Raed uses _____. 135) _____
- A) full-line forcing
 - B) tying agreements
 - C) exclusive territorial agreements
 - D) exclusive distribution
 - E) exclusive dealing
- 136) Jewels for the Rich and Famous sells very exclusive jewelry with a minimum price of \$25,000 to customers around the world. Speed of delivery to distant markets is a must. Management should consider using _____ as its main carrier. 136) _____
- A) rail
 - B) truck
 - C) water
 - D) the Internet
 - E) air
- 137) Venus International, located in Alexandria, Egypt, sells wheat, corn, and soy to local markets. It has just been awarded a contract with a company 500 miles down the coast. Management should consider switching from truck to _____ transport. 137) _____
- A) rail
 - B) pipeline
 - C) air
 - D) water
 - E) none of the above

- 138) When Home Depot allows key suppliers to use its stores as a testing ground for new merchandising programs, it is implementing _____. 138) _____
- A) shared services
 - B) a cross-functional, cross-company team
 - C) a third-party project
 - D) partnership management
 - E) shared projects
- 139) Fedex Supply Chain Solutions, which handles all of its clients' "grunt work" associated with logistics, is an example of _____. 139) _____
- A) integrated logistics management
 - B) a third-party logistics provider
 - C) a cross-functional, cross-company team
 - D) selective distribution
 - E) a distribution center

Refer to the scenario below to answer the following questions.

Tharanga contracts with several farmers to raise chicken for its poultry processing center. To guarantee freshness, it relies on a vast distribution network. For delivery to local grocers in Egypt, it uses its own fleet of refrigerated trucks; delivery to these grocers constitutes a very high percentage of its business. For deliveries elsewhere in the Middle East, it contracts with a refrigerated fleet that specializes in expediting smaller shipments. For faster delivery during peak times, Tharanga often uses its own trucks to deliver to the expedited fleet's consolidation point from its distribution warehouse in Cairo. During the holiday season, however, several specialty distributors contract with Tharanga to package specialty food in gift boxes, and then ship them directly to the destinations. For these specialty shipments, Tharanga uses its normal delivery mode. For all other specialty shipments, it ships from its distribution warehouse via air, then contracts with expedited carriers in various cities to deliver to the recipients.

- 140) Which of the following is one of Tharanga's upstream partners? 140) _____
- A) the refrigerated fleet that expedites small shipments
 - B) air carriers that take Tharanga's specialty shipments
 - C) local grocers in Cairo who sell the company's products
 - D) Egyptian farmers who raise chickens for the poultry processing center
 - E) recipients of Tharanga's gift boxes
- 141) In using air transportation and then expedited truck carriers to deliver specialty items to customers outside of a designated delivery range, Tharanga is using _____. 141) _____
- A) all of its supply chain
 - B) indirect marketing channels
 - C) all of its value delivery network
 - D) intermodal transportation
 - E) a vertical marketing system

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 142) Producing a product or service and making it available to buyers requires building relationships not just with customers, but also with key suppliers and resellers in the company's supply chain. 142) _____
- 143) The term supply chain may be too limited because it takes a make-and-sell view of the business. 143) _____

- 144) In creating customer value, it is more important for a company to build relationships with downstream channel partners than with upstream supplier partners. 144) _____
- 145) With the success of the Internet, few producers sell through intermediaries today. 145) _____
- 146) Wholesaling includes all the activities involved in selling products or services directly to final consumers for their personal, nonbusiness use. 146) _____
- 147) Full-service retailers, such as Paris Gallery, provide more sales assistance because they carry more shopping goods about which customers need information. 147) _____
- 148) Limited-service retailers, such as specialty stores and first-class department stores, employ salespeople who assist customers in every phase of the shopping process. 148) _____
- 149) Department stores carry narrow product lines with deep assortments within those lines. 149) _____
- 150) Category killers carry a deep assortment of a particular product line and have a knowledgeable staff. 150) _____
- 151) Off-price retailers pay regular wholesale prices for their merchandise but maintain low prices by accepting lower margins and selling higher volume. 151) _____
- 152) Chain stores are located near residential areas and are open long hours, seven days a week; they carry a limited line of high-turnover goods. 152) _____
- 153) In a retailer cooperative, independent retailers contract with each other to set up a central buying operation and conduct joint promotional efforts. 153) _____
- 154) Merchandising conglomerates are corporations that combine several different retailing forms under different ownership. 154) _____
- 155) Retailers first must position themselves in a market and then decide how they will define the target customers in these markets. 155) _____
- 156) Like retailers, a wholesaler must decide on segmentation and targeting, differentiation and positioning, and the marketing mix. 156) _____
- 157) Imaginative distribution systems can be used to gain a competitive advantage. 157) _____
- 158) A major role played by intermediaries is to buy large quantities of products from many producers and break them down into the smaller quantities and broader assortments wanted by consumers. 158) _____
- 159) Members of the marketing channel may help a company complete transactions by performing key functions such as promotion and negotiation. 159) _____
- 160) It is safe to say that distribution channels are fairly simple behavioral systems in which people and companies interact to accomplish individual company and channel goals. 160) _____

- 161) Omar Radwan is the manager of the local McDonald's franchise in Kuwait. Recently the head office did not let him participate in co-op advertising like the other McDonald's in his district. Now he is irritated and demands fairness. This is an example of horizontal conflict. 161) _____
- 162) In a conventional distribution channel, no channel member has much control over the other members, and no formal means exists for assigning roles and resolving channel conflict. 162) _____
- 163) When Uton Paint Company has single ownership of integrated, successive stages of production and distribution, it has created a corporate VMS. 163) _____
- 164) When the NewWay Dry Cleaners and The Easy Laundromat in Cairo join forces to follow a new marketing opportunity, they are forming a horizontal marketing system. 164) _____
- 165) Always Fresh Produce Company has a route selling to more than 100 groceries, schools, and restaurants at wholesale prices. Last week the owners opened up a walk-in discounted consumer produce outlet. The company is now using a multichannel distribution system. 165) _____
- 166) Disintermediation as a trend is on the rise in world business. 166) _____
- 167) Disintermediation has occurred when an online marketer takes business away from traditional brick-and-mortar retailers. 167) _____
- 168) The faster the delivery, the greater the assortment provided, and the more add-on services supplied, the more the channel's service level is restricted. 168) _____
- 169) Intensive distribution seeks many outlets in a market, while selective distribution seeks only one outlet in a given market area. 169) _____
- 170) The producer and intermediaries need to agree on the terms and responsibilities of each member, including price policies, conditions of sale, territorial rights, and specific services to be performed by each party. 170) _____
- 171) Generally speaking, a company's marketing channel objectives are influenced by the level of customer service sought, the nature of the company, its products, its marketing intermediaries, its competitors, and the environment. 171) _____
- 172) Distribution systems are relatively consistent from county to country, making it easy for international marketers to design channels. 172) _____
- 173) Under the strategy of exclusive distribution, a seller allows only certain retail outlets to carry its products. 173) _____
- 174) Some major corporations such as Procter & Gamble and General Motors have developed logistics systems that both maximize customer service and minimize distribution costs. 174) _____
- 175) The key to managing inventory is to balance the costs and benefits of holding larger inventories with the costs and benefits of holding less. 175) _____

- 176) When shipping large amounts of bulk products such as forest products, coal, sand, or rock over long distances, a company should choose large trucks because of their low cost per ton shipped. 176) _____
- 177) Integrated logistics management aims to provide better customer service and trim distribution costs through teamwork, both inside the company and among all the marketing channel organizations. 177) _____

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 178) Retail stores can be classified in terms of several characteristics. Name four of these. 178) _____
- 179) Compare and contrast specialty stores and convenience stores. 179) _____
- 180) What types of products do specialty stores carry? Give an example of a specialty store. 180) _____
- 181) How is a merchandising conglomerate different from a chain store? 181) _____
- 182) How do the practices of "high-low" pricing and everyday low pricing differ? 182) _____
- 183) What is the role of marketing intermediaries? 183) _____
- 184) Give an example of horizontal conflict. 184) _____
- 185) Give an example of vertical conflict. 185) _____
- 186) Explain channel power in a conventional distribution channel. 186) _____
- 187) Explain channel power in a vertical marketing system. 187) _____
- 188) How can a firm benefit from involvement in a contractual VMS? 188) _____
- 189) How can a firm benefit from participating in a horizontal marketing system? 189) _____
- 190) Give two examples of multichannel distribution systems. 190) _____
- 191) What types of products are intensively distributed? 191) _____
- 192) What types of products are exclusively distributed? 192) _____
- 193) What types of products are selectively distributed? 193) _____
- 194) What are two considerations when selecting intermediaries? 194) _____
- 195) When would an exclusive dealing contract be legally problematic? 195) _____

196) How can a company benefit through a just-in-time logistics system? 196) _____

197) Explain why a firm's suppliers tap into the firm's inventory levels with a vendor-managed inventory system (VMI). 197) _____

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

198) Describe the differences between chain stores and franchises.

199) Why would a producer use wholesalers rather than selling directly to retailers or consumers?

200) Explain why "value delivery network" is a more relevant expression to use than the terms supply chain and demand chain.

201) How do channel members add value to a marketing system?

202) What are the eight key functions that members of the marketing channel perform?

203) Compare and contrast a conventional distribution channel with a vertical marketing system (VMS).

204) Why are multichannel distribution systems gaining popularity today?

205) How have changes in technology and the growth of online marketing affected the design of marketing channels?

206) Distinguish between the three distribution strategies.

207) Explain how companies select, motivate, and evaluate channel members.

208) Discuss how public policy affects distribution decisions.

209) Why are more and more companies turning to third-party logistics providers (3PLs)?

Answer Key

Testname: UNTITLED10

- 1) B
- 2) E
- 3) C
- 4) A
- 5) C
- 6) A
- 7) E
- 8) B
- 9) A
- 10) A
- 11) A
- 12) E
- 13) E
- 14) E
- 15) A
- 16) B
- 17) A
- 18) B
- 19) A
- 20) E
- 21) D
- 22) E
- 23) D
- 24) A
- 25) B
- 26) B
- 27) D
- 28) A
- 29) B
- 30) B
- 31) A
- 32) C
- 33) E
- 34) D
- 35) E
- 36) D
- 37) E
- 38) C
- 39) A
- 40) C
- 41) E
- 42) D
- 43) C
- 44) E
- 45) D
- 46) A
- 47) E
- 48) A
- 49) B
- 50) E

Answer Key

Testname: UNTITLED10

- 51) B
- 52) C
- 53) C
- 54) E
- 55) A
- 56) A
- 57) D
- 58) E
- 59) D
- 60) E
- 61) C
- 62) A
- 63) D
- 64) C
- 65) C
- 66) A
- 67) E
- 68) D
- 69) B
- 70) B
- 71) E
- 72) C
- 73) B
- 74) D
- 75) B
- 76) D
- 77) B
- 78) E
- 79) E
- 80) E
- 81) B
- 82) B
- 83) E
- 84) C
- 85) C
- 86) C
- 87) C
- 88) B
- 89) D
- 90) A
- 91) D
- 92) D
- 93) B
- 94) A
- 95) D
- 96) B
- 97) E
- 98) D
- 99) E
- 100) C

Answer Key

Testname: UNTITLED10

- 101) A
- 102) E
- 103) E
- 104) B
- 105) A
- 106) D
- 107) B
- 108) A
- 109) A
- 110) B
- 111) E
- 112) A
- 113) E
- 114) E
- 115) E
- 116) D
- 117) B
- 118) A
- 119) A
- 120) C
- 121) E
- 122) C
- 123) C
- 124) E
- 125) A
- 126) C
- 127) D
- 128) B
- 129) B
- 130) B
- 131) E
- 132) C
- 133) D
- 134) B
- 135) D
- 136) E
- 137) D
- 138) E
- 139) B
- 140) D
- 141) D
- 142) TRUE
- 143) TRUE
- 144) FALSE
- 145) FALSE
- 146) FALSE
- 147) FALSE
- 148) FALSE
- 149) FALSE
- 150) TRUE

Answer Key

Testname: UNTITLED10

- 151) FALSE
- 152) FALSE
- 153) FALSE
- 154) FALSE
- 155) FALSE
- 156) TRUE
- 157) TRUE
- 158) TRUE
- 159) TRUE
- 160) FALSE
- 161) FALSE
- 162) TRUE
- 163) FALSE
- 164) TRUE
- 165) TRUE
- 166) TRUE
- 167) TRUE
- 168) FALSE
- 169) FALSE
- 170) TRUE
- 171) TRUE
- 172) FALSE
- 173) TRUE
- 174) FALSE
- 175) TRUE
- 176) FALSE
- 177) TRUE
- 178) These include the amount of service they offer, the breadth and depth of their product lines, the relative prices they charge, and how they are organized.
- 179) Specialty stores carry narrow product lines with deep assortments within those lines. Convenience stores are small stores that carry a limited line of high-turnover convenience goods. The majority of their revenues come from sales of gasoline, cigarettes, and beverages.
- 180) Specialty stores carry narrow product lines with deep assortments within those lines. Examples will vary.
- 181) Merchandising conglomerates are corporations that combine several different retailing forms under central ownership, while chain stores are commonly owned outlets of the same retail form.
- 182) With "high-low" pricing, a retailer charges higher prices on an everyday basis but also has frequent sales and other price promotions; with everyday low pricing, a retailer for the most part avoids sales and instead delivers constant, everyday low prices.
- 183) The role of marketing intermediaries is to transform the assortments of products made by producers into the assortments wanted by consumers.
- 184) This type of conflict occurs among firms at the same level of the channel; an example would be two Chevrolet dealers in the Dubai area that complain that each is being undercut by the other.
- 185) This type of conflict occurs between different levels of the same channel; an example would be conflict created by a manufacturer toward its dealers when deciding to open an online operation.
- 186) No channel member has much control over the other members, and no formal means exists for assigning roles and resolving channel conflict.
- 187) One channel member owns the others, has contracts with them, or wields so much power that they must all cooperate.
- 188) A contractual VMS consists of independent firms at different levels of production and distribution that join together through contracts to obtain more economies or sales impact than each could achieve alone.

Answer Key

Testname: UNTITLED10

- 189) Two or more companies at one level join together to follow a new marketing opportunity; by working together, companies can combine their financial, production, or marketing resources to accomplish more than any one company could alone.
- 190) Students' answers will vary. Examples will include J. C. Penney's catalog distribution option and the retail store locations as well as Avon's door-to-door distribution and over-the-counter distribution options.
- 191) These products must be available where and when consumers want them; examples include chewing gum, soft drinks, toothpaste, and candy.
- 192) Exclusive distribution is often used for expensive automobiles and prestige clothing. These products are geographically dispersed.
- 193) With this type of distribution, more than one, but fewer than all, of the intermediaries who are willing to carry a company's products are used. Products include appliances and some name-brand clothing.
- 194) A company may want to evaluate each channel member's years in business, other lines carried, growth and profit records, cooperativeness, and reputation.
- 195) An exclusive dealing contract may be illegal if one party has not voluntarily agreed to the contract, or if the arrangement substantially lessens competition or tends to create a monopoly.
- 196) With such systems, producers and retailers carry only small inventories of parts or merchandise, often only enough for a few days of operations. This creates substantial savings in inventory-carrying and handling costs.
- 197) Some suppliers might actually be asked to generate orders and arrange deliveries for their customers, based on the customers' inventory levels; in these cases, the suppliers must know their customers' inventory levels.
- 198) Chain stores consist of two or more outlets that are commonly owned and controlled. Chain stores have the advantage of buying in larger quantities at lower prices, and sharing resources to hire specialists to help with decisions in pricing, promotion, merchandising, inventory, and sales forecasting. Franchises are not commonly owned and controlled; instead, a franchise is a contractual association between a manufacturer, wholesaler, or service organization and an independent businessperson who buys the right to own and operate one or more units within the franchise system.
- 199) Wholesalers add value by performing one or more of the following channel functions: selling and promotion, buying and assortment building, bulk breaking, warehousing, transportation, financing, risk bearing, providing market information, and giving management services and advice. Wholesalers can perform many channel functions more efficiently and effectively than a producer can, allowing the producer to focus its energies on creating its product.
- 200) Supply chain takes a make-and-sell view of the business, using materials and other inputs as the starting point for market planning instead of the needs of target customers. Demand chain takes a sense-and-respond view, starting with the needs of target customers and planning a chain of resources and activities with the goal of creating customer value. However, a demand chain is a step-by-step, linear view of purchase-production-consumption activities. This does not allow for the flexibility made possible by the Internet and other technologies. Value delivery network is more appropriate because it is made up of the company, suppliers, distributors, and ultimately customers who partner with each other to improve the performance of the entire system.
- 201) Intermediaries reduce the amount of work that must be done by both producers and consumers. They transform the assortment of products made by producers into the assortment wanted by consumers. They buy large quantities from many producers and break them down into the smaller quantities and broader assortments wanted by consumers. Intermediaries help to match supply and demand. Channel members add value by bridging the major time, place, and possession gaps that separate goods and services from those who would use them.
- 202) Some help to complete transactions by information, developing and spreading promotions, contacting prospective buyers, matching and shaping the offer to the buyer's needs, and negotiating price and other terms. Others help to fulfill the completed transactions through physical distribution, financing, and risk taking.
- 203) A conventional distribution channel consists of one or more independent producers, wholesalers, and retailers. Each is a separate business seeking to maximize its own profits, even at the expense of the system as a whole. No channel member has much control over the other members, and no formal means exists for assigning roles and resolving channel conflict. On the other hand, a vertical marketing system is a unified system made up of producers, wholesalers, and retailers. While members of a conventional distribution channel seek to maximize their own profits, members of a vertical marketing system all cooperate because either one member owns the others, one has contracts with the others, or one wields more power than the others.

Answer Key

Testname: UNTITLED10

- 204) Multichannel distribution systems exist when a single firm sets up two or more marketing channels to reach one or more customer segments. Such a system offers advantages to firms facing large and complex markets. It allows the firms to expand sales and market coverage. It allows firms to tailor their products and services to the specific needs of diverse customer segments. Larger bottom-line profits may occur.
- 205) Changes in technology and the growth of online marketing have increased disintermediation, which is the cutting out of marketing channel intermediaries by product or service producers, or the displacement of traditional intermediaries with radically new types. In many industries, traditional intermediaries are dropping by the wayside. For example, many airlines now sell directly to final buyers, cutting retailers and sales agents from their marketing channels. Online marketers take business from traditional brick-and-mortar retailers.
- 206) Producers of convenience products and common raw materials typically seek intensive distribution as a strategy to stock their products in as many outlets as possible. The goods are available where and when consumers want them, such as chewing gum. Selective distribution is used when selling to more than one but fewer than all of the intermediaries who are willing to carry a company's products in a given market. Examples are name-brand blue jeans and computers. Exclusive distribution is used when the producer wants to stock its products with only one or a few dealers in an area. Examples are expensive cars and prestige clothing.
- 207) When selecting intermediaries, the company should evaluate each channel member's qualifications and select those who best fit its channel objectives. The company should use economic criteria, control issues, and adaptive criteria to analyze each possible channel member. Once selected, channel members must be continuously motivated to do their best. The company must sell not only *through* the intermediaries but also *to* and *with* them. It should work to forge long-term partnerships with channel partners to create a marketing system that meets the needs of both the manufacturer and the partners. The company must also regularly check channel member performance against established performance standards, rewarding intermediaries who are performing well and assisting or replacing weaker ones.
- 208) For the most part, companies are legally free to develop whatever channel arrangement suits them, as long as they do not substantially lessen competition or tend to create a monopoly, and as long as both parties enter into the agreement voluntarily. Exclusive territorial agreements in which a producer attempts to keep a dealer from selling outside of a designated territory have become a major legal issue. Producers are free to select their dealers, but they must have legitimate cause to terminate a relationship with a dealer.
- 209) A third-party logistics provider is an independent company that performs any or all of the functions required to get a producer's product to market, helping clients to tighten up sluggish, overstuffed supply chains, slash inventories, and get products to customers more quickly and reliably. Companies use third-party logistics providers because getting the product to market is the main focus of 3PLs, so they can often do it more efficiently and at a lower cost. Second, outsourcing logistics frees a company to focus more intensely on its core business. Finally, integrated logistics companies understand increasingly complex logistics environments. For example, third-party logistics partners can be especially helpful to companies attempting to expand their global market coverage.