NOTE: The following exercises should be completed using the same groups defined for the class project

Group participants (print name, USC id, and sign below):
CHAPTER 15: SUPPLY CHAIN AND CHANNEL MANAGEMENT

1- NEW BALANCE: MANAGING SUPPLIES FOR U.S. AND OVERSEAS

- **Activity Type:** Video Case

<table>
<thead>
<tr>
<th>Questions</th>
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<tbody>
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<td>1. The New Balance plants and factories shown in the video are primarily involved in ________</td>
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  - distribution
  - selling
  - manufacturing
  - retailing
  - transportation
| 2. The process for shoes made in the U.S. is more complicated because they import ________ |
  - styling
  - technology
  - raw materials
  - advertising
  - packaging
| 3. New Balance’s supply chain revolves around ________ |
  - advertising
  - sales forecasts
  - manufacturing costs
  - management team
  - overseas factories |
Walmart dominates the retailing industry in terms of its sales revenue, its customer base, and its ability to drive down costs and deliver good value to its customers. After all, the world’s largest corporation takes pride in having received numerous accolades for its ability to continuously improve efficiency in the supply chain while meeting its corporate mandate of offering customers everyday low prices.

Tight inventory management is legendary at Walmart through its just-in-time techniques that allow the firm to boast one of the best supply chains in the world. Walmart has not only transformed its own supply chain, but influenced how vendors throughout the world operate because the company has the economic clout to request changes from its vendor partners and to receive them. Recognized for its ability to obtain merchandise from global sources, Walmart also pioneered the strategy of achieving high levels of growth and profitability through its precision control of manufacturing, inventory, and distribution. Although the company is not unique in this regard, it is by far the most successful and most influential corporation of its kind and has put into practice various innovative techniques.

When Walmart does something, it does it on a massive scale. Walmart’s computer system, for example, is second only to that of the Pentagon in storage capacity. Its information systems analyze more than 10 million daily transactions from point-of-sale data and distribute their analysis in real time both internally to its managers and externally via a satellite network to Walmart’s many suppliers, who use the information for their production planning and order shipment.

Much of the popularity of supply chain management has been attributed to the success of Walmart’s partnership with Procter & Gamble (P&G). During the 1980s, the two collaborated in building one of the first CPFR systems, a software system that linked P&G to Walmart’s distribution centers, taking advantage of advances in the world’s telecommunications infrastructure. When a Walmart store sold a particular P&G item, the information flowed directly to P&G’s planning and control systems. When the inventory level of P&G’s products at Walmart’s distribution center got to the point where it needed to reorder, the system automatically alerted P&G to ship more products. This information helped P&G plan its production. Walmart was also able to track when a P&G shipment arrived at one of its distribution warehouses, which enabled it to coordinate its own outbound shipments to stores.
Both Walmart and P&G realized savings from the better inventory management and order processing, savings that in turn were passed on to Walmart’s consumers through its everyday low prices.

A history of success does not mean Walmart executives can rest. Changes in social values, economic fluctuations, technology advances, and other marketplace factors demand that Walmart continue its search for innovative ways to keep consumer prices down.

1. One of the ways that Walmart has been able to reduce the prices of its products, and add value to its customers, is by its continuing focus on streamlining all its _____ functions.
   - RFID
   - production management
   - marketing
   - supply chain management
   - sales

2. Walmart probably has the most _____ in its supply chain relationships because of its size, negotiating power, and its commitment to improvement in its supply chain performance.
   - power
   - weakness
   - solidarity
   - justice
   - franchises

3. By combining their resources and developing shared goals, Procter & Gamble and Walmart were able to increase the value to the final consumer. Their relationship is considered ________
   - combined
   - strategic
   - conflicting
   - contentious
   - balanced

4. Walmart and Procter & Gamble effectively implemented ______, which allowed for information to flow directly from Walmart’s store to Procter & Gamble’s production facilities. This streamlined production as well as distribution, thus reducing costs and getting products to Walmart’s customers sooner.
   - horizontal channel conflict
   - electronic data interchange
   - ticketing and marking
   - a corporate vertical marketing system
   - a new franchise
The strategic relationship between Walmart and Procter & Gamble is based on _______ because both firms realize that investments in supply chain management will create savings for consumers.

1. Conflict
2. Logistics
3. Independence
4. Channel management
5. Interdependence

**3- SUPPLY CHAIN: ICEBREAKER**

- **Activity Type:** Video Case

**Questions**

1. Marketing channel management is also called ________.
   - supply chain management
   - wholesaling
   - retailing
   - promotion
   - manufacturing

2. In supply chain management, Icebreaker's long-term partnerships with the farmers who grow wool are called ______ relationships.
   - administered
   - channel system
   - strategic
   - supply chain
   - corporate

3. Icebreaker uses contracts to better coordinate its relationship with wool suppliers. In doing this Icebreaker has established a(n) ________
   - vertical marketing system
   - distribution center
   - independent marketing channel
   - franchise
   - conventional marketing channel
4

Using intermediaries such as distribution centers and retailers represents which type of channel design?

- Horizontal system
- Direct marketing channel
- Indirect marketing channel
- Franchise
- Distribution center

5

By opening its own retail outlets, Icebreaker has established a(n) __________ Vertical Marketing System

- contractual
- franchise
- administered
- corporate
- horizontal

6

What is required to maintain the long-term success of Icebreaker's supply chain partnerships?

- Common goals
- Mutual trust
- Open communication
- All of these are required
- Interdependence
CHAPTER 16: RETAILING

4- RETAILING: STAPLES, INC.

- **Activity Type:** Case Analysis

**Case**

At Staples, the overall goal has been to become the leading office products and service provider by combining experience, extensive distribution infrastructure, and customer service expertise with web-based information technology. The integration of different channels of distribution into one seamless customer experience has been of particular interest to the company. Staples uses various channels of distribution to address the needs of its different segments. Smaller businesses are generally served by a combination of retail stores, catalog, and the Internet. Retail operations focus on serving the needs of consumers and small businesses, whereas the catalog and Internet operations focus on customers who need delivery of their office products and other specialized services. The typical Staples retail store has approximately 7,000 stock-keeping units (SKUs), but Staples.com offers about 45,000 SKUs. Staples believes that the Internet channel has helped it to increase its sales while reducing its overhead costs. It has developed three stand-alone websites: Staples.com, a public website; Quill.com, an e-commerce site for medium-sized businesses; and StaplesLink.com, a secure, customized, e-commerce procurement website for large customers who have contracts with Staples.

In addition, the company has placed Staples.com kiosks in its stores so that customers can make purchases of any product, even if it is not stocked in the store. Customers can pay for these purchases at the register or through Staples.com and have the product delivered to their homes or businesses. This multichannel approach allows Staples to increase its productivity by stocking only fast-moving items in stores but not sacrificing product availability.

Finally, Staples has taken charge of the office supplies aisle in some grocery stores, selling a subset of its products to grocery shoppers. In doing so, it extends the reach of its brand beyond its own stores and offers additional convenience to its customers.

**Questions**

1. Staples has been successful using a multichannel approach. One of the contributors to this success is that the consumer sees the shopping experience as being __________ across the different retail channels.

   - sustainable
   - difficult
   - challenging
   - integrated
   - focused
The multichannel approach has enabled Staples to ________

- increase the number of products held in retail stores
- increase its productivity
- provide only more popular items online
- reduce attention to customer service
- increase prices

Staples has expanded its ________ efforts to sell to companies such as Wells Fargo or IBM.

- international
- unreachable
- business-to-consumer
- business-to-business
- consumer-to-business

Although the online and catalog channels are very successful for Staples, why is it important for the company to continue to operate its retail locations?

- All of these
- Some customers like the anonymity.
- Many customers like to browse products and also ask questions of the sales associates.
- Retail locations are more successful.
- Many customers do not have computers.

5- M&M’S: MULTICHANNEL MARKETING

- Activity Type: Video Case

Questions

1. Traditional store-based retailers are placing more emphasis on other channels and evolving into _______.

- specialty stores
- category killers
- discount retailers
- multichannel retailers
- full-line retailers
As M&M’s have become more popular, the product can even be found in "big box retailers," otherwise known as ______.

- full-line discount stores
- category specialists
- supermarkets
- factory outlets
- supercenters

Since Mars, Inc., created www.mymms.com, it has been able to collect ______.

- tax receipts
- import fees
- consumer information
- slotting fees
- legal fees

6- NORDSTROM RACK: RETAIL STRATEGY

- Activity Type: Video Case

**Questions**

1. What type of retailer is Nordstrom Rack?
   - Full-line discount store
   - Extreme-value retailer
   - Specialty store
   - Department store
   - Off-price retailer

2. Suppose that a luxury brand chose to sell its products only through Nordstrom stores. This would be an example of what level of distribution intensity?
   - Intensive distribution
   - Selective distribution
   - Premium distribution
   - Private-label distribution
   - Exclusive distribution
Nordstrom Rack sells its products in physical stores, on its website, and using its mobile app, in order to make its products available to customers when and where they want to buy them. This is part of Nordstrom’s _________ strategy.

- private-label
- cooperative
- omnichannel
- pricing
- store-focused

Forty-eight of the fifty brands sold by Nordstrom department stores are also offered at Nordstrom Rack. This is a key element of Nordstrom Rack’s _________ strategy.

- place
- product
- private-label
- price
- co-op advertising

The mobile apps for both Nordstromrack.com and HauteLook allow customers to request notifications when specific merchandise is available for sale. This is an example of what benefit of the Internet as a retailing channel?

- Immediate gratification
- Personalization
- Expanded market presence
- Risk reduction
- Browsing

7- COFFEE SHOP: RETAIL STRATEGY

- Activity Type: Video Case

Questions

To deliver value through the _________ marketing mix element, Martha decides to open the Coffee Collective close to the college campus.

- possession
- time
- place
- directive
- form
The Coffee Collective is what type of retailer?

- Extreme value retailer
- Category killer
- Convenience store
- Service retailer
- Category specialist

Decisions by the Coffee Collective regarding which type of organic dog biscuit to offer is an example of which element of retail strategy?

- People
- Product
- Promotion
- Place
- Pricing

When Martha started the Coffee Collective, she purchased the right furniture, painted with certain colors, to enhance her customers’ experience. She also established a Twitter feed and a Facebook page on which she announces daily specials and special events. These are examples of which element of retail strategy?

- Pricing
- Product
- Place
- People
- Promotion

If a provider of gourmet coffee beans with unusual flavors approached the Coffee Collective about being the sole supplier of its beans in a wide geographic area, this would be an example of which level of distribution intensity?

- Specialty distribution
- Intensive distribution
- Limited distribution
- Selective distribution
- Exclusive distribution