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The sensitivity of consumers to price changes in terms of the quantities bought
What is the price elasticity of demand?
A pricing strategy in which prices are continuously set somewhere between the regular non-sale price and a deep discount sale price.
What is everyday low pricing (EDLP)?
Pricing strategy in which large retailers attempt to destroy competition by selling goods and services at extremely low prices, thus causing small retailers to go out of business
What is predatory pricing?
An agreement among manufacturers, wholesalers, or retailers to set prices at a certain level
What is vertical price fixing?
The practice whereby retailers sell merchandise at a limited range of price points, with each point representing a distinct level of quality.
What is price lining?
A measure of space productivity used by most retailers in making merchandise display allocation decisions
What is sales per square foot?
A store layout in which a major aisle goes around the store to guide customer traffic around different departments.
What is a loop or racetrack layout?
The store’s physical characteristics that project an image and draw customers
What is atmospherics?
A measure of the retailer’s return on its merchandise inventory investment
What is GMROI (gross margin return on investment)?
A visual representation of the space for selling, merchandise, personnel, and customers
What is a planogram?
Any communication that fosters a favorable image for the retailer among its publics (employees, customers, investors, channel members, etc.)
What is public relations?
When manufacturers and retailers or two or more retailers share the cost of their advertising
What is cooperative advertising?
The element of the promotional mix that focuses on increasing consumer purchases in the short run
What is sales promotion?
In-store displays that provide shoppers with information and are designed to increase sales
What are point-of-purchase displays?
Illegal practice in which a retailer lures a customer by advertising goods and services at exceptionally low prices, and then tries to convince the person to buy a better, more expensive substitute that is available. The retailer has no intention of selling the advertised item.
What is bait and switch advertising?
A model of customer decision-making based on the concept that customers see a retailer or product as a collection of *attributes* or characteristics.
What is a multiattribute attitude model?
The set of alternatives a customer evaluates in making a selection
What is their consideration set?
A segmentation scheme that reflects how people live, spend their time and money, the activities they pursue, and their attitudes and opinions
What is lifestyle segmentation (VALS)?
Grouping customers seeking similar benefits in merchandise or services
What is benefit segmentation?
A purchase decision process in which customers devote considerable time and effort to analyzing their alternatives.
What is extended problem solving?
The name given to leaders who make all decisions on their own and then announce them to employees
What are autocratic leaders?
A pricing approach set by management in which the retailer advertises and sells selected items at less than the usual profit margin. The goal is to increase customer traffic and sell regularly priced goods in addition to the specially priced items.
What is leader pricing?
A loss prevention system in which special tags placed on merchandise in retail stores are deactivated when the merchandise is purchased.
What is an electronic article surveillance system (EAS)?
An inventory reduction that is caused by shoplifting by employees or customers, by merchandise being misplaced or damaged, or by poor bookkeeping.
What is shrinkage?
A name given to rewards provided by either the employee’s manager or the firm, such as compensation, promotion, and recognition.
What are extrinsic rewards?