**EXAMINATION QUESTIONS**

**CHAPTER 1: AN OVERVIEW OF LOGISTICS**

**Multiple Choice Questions (correct answers are bolded)**

1. Logistics clearly contributes to \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_ utility.

**a. time; place**

b. form; time

c. place; form

d. possession; time

e. none of the above

1. \_\_\_\_\_\_\_\_\_\_\_ utility refers to the value or usefulness that comes from a customer being able to take possession of a product.

a. Time

b. Place

c. Form

d. **Possession**

1. \_\_\_\_\_\_\_\_\_\_\_ utility refers to having products available where they are needed by customers.
   1. Possession
   2. Time
   3. **Place**
   4. Form
2. All of the following are types of economic utility, except:
   1. Time
   2. **Production**
   3. Place
   4. Possession
   5. All of the above are types of economic utility
3. “How well a company does what it says it’s going to do” represents \_\_\_\_\_\_\_\_\_\_\_.
   1. efficiency
   2. productivity
   3. leading edge logistics
   4. **effectiveness**
4. What concept refers to “how well company resources are used to achieve what a company promises it can do?”
   1. **Efficiency**
   2. Productivity
   3. Reengineering
   4. Effectiveness
5. Every customer getting the same type and level of logistics service refers to \_\_\_\_\_\_\_\_\_\_\_.
   1. tailored logistics
   2. **mass logistics**
   3. effectiveness
   4. efficiency
6. Which of the following is not a reason for the increased importance of logistics?
   1. **growing power of manufacturers**
   2. reduction in economic regulation
   3. globalization of trade
   4. technological advances
   5. all of the above are reasons

9. Widespread reductions in economic regulation of US transportation carriers occurred in \_\_\_\_.

a. 1960s and 1970s

b. **1970s and 1980s**

c. 1980s and 1990s

d. only the 1990s

10. The \_\_\_\_ concept suggests that the customer desires a product offering that is highly tailored to the customer’s exact preferences.

a. market demassification

b. relationship marketing

c. **customized customer**

d. niche marketing

11. Approximately \_\_\_\_ percent of US adult women are currently in the workforce.

a. 70

b. **60**

c. 50

d. 40

12. \_\_\_\_ refers to the removal of intermediaries between producer and consumer.

a. direct channels

b. market demassification

c. consolidation

d. **disintermediation**

13. \_\_\_\_ are stores with large amounts of both floor space and product for sale.

a. mass merchandisers

b. power retailers

c. **big-box retailers**

d. do-it-yourself (DIY) retailers

14. World trade grew at an average annual rate of approximately \_\_\_\_ percent between 1991 and 2011.

a. **5.5**

b. 4.5

c. 3.5

d. 2.5

15. The \_\_\_\_ approach indicates that a company’s objectives can be realized by recognizing the mutual interdependence of major functional areas.

a. supply chain

b. **systems**

c. interfunctionality

d. rhochrematics

16. The movement and storage of materials into a firm refers to:

a. physical distribution

b. **materials management**

c. supply chain management

d. materials handling

17. Which concept refers to the storage of finished product and movement to the customer?

a. supply chain management

b. business logistics

c. **physical distribution**

d. materials management

18. Logistics managers use the \_\_\_\_ approach to coordinate materials management and physical distribution in a cost-efficient manner.

a. **total cost**

b. supply chain

c. interfunctional logistics

d. intrafunctional logistics

19. A cost trade-off is a situation where:

a. all costs react according to their individual degrees of inflation in the economy

b. all costs are reflected as a percentage variation from standard costs

c. **some costs increase and some costs decrease**

d. some costs are eliminated by efficient management controls

20. The \_\_\_\_ department often measures inventory in terms of its cost or value in dollars, whereas \_\_\_\_ tends to measure inventory in terms of units.

a. marketing; logistics

b. finance; production

c. marketing; production

d. **finance; logistics**

21. A common interface between production and logistics involves:

a. the types of material handling equipment

b. **the length of production runs**

c. the use of plastic versus wood pallets

d. the mode of transportation

22. \_\_\_\_ refers to the delay of value-added activities such as assembly, production, and packaging to the latest possible time.

a. building blocks

b. lean manufacturing

c. deferral

d. **postponement**

23. The four basic components of the marketing mix include all of the following except:

a. price

b. **production**

c. place

d. promotion

24. Co-branding allows customers to purchase products from two or more name-brand retailers at one store location. Which of the following statements about co-branding is false?

a. they offer potential customers convenience by satisfying needs at one place

b. they boost brand awareness

c. **they create relatively few logistical challenges**

d. they increase customer spending per transaction

e. all of the above are true

25. Landed costs refer to:

a. the costs of a product shipped via surface transport

b. the costs of a product that is quoted cash on delivery (COD)

c. the costs of a prepaid shipment

d. **a price that includes both the cost of the product plus transportation to the buyer**

26. \_\_\_\_ refers to being out of an item at the same time there is demand for it.

a. intensive distribution

b. tailored logistics

c. **stockout**

d. supplier indifference

27. Which of the following is not part of the marketing channel?

a. the logistics channel

b. the negotiations channel

c. the promotion channel

d. the finance channel

e**.** **all are part of the marketing channel**

28. The ownership channel consists of all parties except:

a. **customers**

b. manufacturers

c. wholesalers

d. retailers

29. Which channel covers the movement of title to the goods?

a. promotions

b. logistics

c. finance

d. **ownership**

30. \_\_\_\_ is bringing together similar stocks from different sources.

a. **accumulating**

b. assorting

c. auditing

d. allocating

31. \_\_\_\_ refers to breaking a homogeneous supply into smaller lots.

a. sorting out

b. **allocating**

c. accumulating

d. assorting

32. Channel intermediaries:

a. assume temporary ownership of the goods

b. tend to lack focus

c. **fill niches**

d. tend to disappear as the market becomes organized

33. Brokers are intermediaries that are commonly associated with the \_\_\_\_ channel.

a. promotions

b. finance

c. ownership

d. **negotiation**

34. The most costly logistics activity in many firms is \_\_\_\_

a. industrial packaging

b. **transportation management**

c. order management

d. warehousing management

35. *U.S. News & World Report* suggests that logistics employment should increase by \_\_\_\_ percent through 2018.

a. 10

b. 15

c. **20**

d. 25

**True-False Questions**

1. Absolute and relative logistics costs in relation to Gross Domestic Product vary from country to country. (True)

2. The four general types of economic utility are production, possession, time, and place. (False)

3. Logistics clearly contributes to time and form utility. (False)

4. The current definition of logistics, as promulgated by the Council of Supply Chain Management Professionals, suggests that logistics is part of the supply chain process. (True)

5. Logistics is only concerned with forward flows, that is, those directed towards the point of consumption. (False)

6. The purpose of logistics is to maximize customer service. (False)

7. In mass logistics, groups of customers with similar logistical needs and wants are provided with logistics services appropriate to those wants and needs. (False)

8. Humanitarian logistics represents an emerging application of logistics to not-for-profit organizations. (True)

9. Reductions in economic regulation allowed individual transportation companies flexibility in pricing and service. (True)

10. Market demassification suggests that the customer desires a product offering that is highly tailored to her/his exact preference. (False)

11. Disintermediation refers the removal of intermediaries between producer and consumer. (True)

12. Superior logistics is an essential component of corporate strategies for many big-box retailers. (True)

13. Logistics has played a minor role in the growth of global trade. (False)

14. The **systems approach** indicates that a company’s objectives can be realized by recognizing the mutual interdependence of the major functional areas of a firm. (True)

15. Physical distribution is synonymous with materials management. (False)

16. Interfunctional logistics attempts to coordinate materials manage­ment and physical distribution in a cost efficient manner that supports an organization’s customer service objectives. (False)

17. The key to the total cost approach is that all relevant cost items are considered simultaneously when making a decision. (True)

18. The finance department tends to measure inventory in terms of units while logistics tends to measure inventory in terms of its cost / value. (False)

19. Long production runs sometimes result in excessive inventory of products with limited demand for them. (True)

20. Postponement is the delay of value-added activities such as assembly, production, and packaging to the latest possible time. (True)

21. Logistics offers many companies an important route for creating marketing superiority. (True)

22. Dual distribution refers to an alliance that allows customers to purchase products from two or more name-brand retailers at one store location. (False)

23. Landed costs refer to the price of a product at its source. (False)

24. Stockouts refer to a situation where a company is out of an item at the same time that there is demand for that item. (True)

25. Logistical decisions tend not to be impacted by marketers’ growing emphasis on offering sustainable products. (False)

26. Many promotional decisions, such as pricing campaigns that lower the price of certain items, require close coordination between marketing and logistics. (True)

27. The ownership channel is the one where buy and sell agreements are reached. (False)

28. The financing channel handles a company’s credit and payment for goods. (True)

29. There is no linkage between the promotions and logistics channels. (False)

30. The most significant contribution that the logistics channel makes to the overall channel process is the sorting function. (True)

31. The sorting function has four steps. (True)

32. The sorting function takes place between retailers and the consumer. (False)

33. Intermediaries assume ownership of goods while they’re in the marketing channel. (False)

34. A broker is a type of intermediary often associated with the negotiations channel. (True)

35. A commonly used logistical intermediary is the freight forwarder. (True)

36. Demand forecasting is not considered to be a logistics-related activity. (False)

37. Packaging can have both a marketing and logistical dimension. (True)

38. Transportation represents the most costly logistics activity in many organizations. (True)

39. It is better for a logistics manager to be a generalist rather than a specialist. (False)

40. *U.S. News & World Report* has highlighted logistician as one of the 50 best careers. (True)