Teacher Answer Key

Case Study

1. The city coordinated traffic and added buses to the retail hub, which cut delays and lowered the time cost of shopping there. Stakeholders also opened shared returns kiosks in a vacant inline space, which held down handling costs for small tenants who could not run their own and kept refunds smooth enough to protect loyalty.

2. Incremental spending is new money the weekend actually created; shifted spending is December purchases pulled forward, which shows up as a November gain and a December hole. Riverbend saw both: analysts judged about half the 6% gain incremental, driven by hotel guests and day-trippers, and about half pulled forward.

Multiple Choice

1. D

2. B

3. C

Matching

1-C, 2-D, 3-A, 4-E, 5-B

Fill-in-the-Blank

1) shifted, 2) non-residents (visitors/tourists), 3) profitability (accept: operating income, net income)

Short Answer (Sample Responses)

Q1: Spillover examples: increased restaurant receipts, hotel occupancy, ride-share miles—these raise local sales tax and wages, captured in service sector indicators.

Q2: Use limited-quantity loss leaders tied to profitable accessories/services; or emphasize loyalty rewards funded by vendors. Profit impact: higher contribution margin per basket, even if headline discounts stay visible.

Q3: City policy: deploy shared return kiosks in retail districts; mechanism—lower retailer handling costs, faster refunds (protecting consumer confidence), and more repeat visits, keeping transactions and wages local.