

TEST BANK



**SERVICES
MARKETING**

PEOPLE, TECHNOLOGY, STRATEGY

SIXTH EDITION



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Chapter 2

Customer Behavior in Service Encounters

GENERAL CONTENT

Multiple Choice Questions

1. Which one of the following is NOT one of the four broad categories of service?
 - a. People processing
 - b. Possession processing
 - c. Mental stimulus processing
 - d. Information processing
 - e. Involvement processing(e; Easy; p. 33)

2. The three broad categories of things processed in services are _____, _____, and _____.
 - a. people; physical objects; data
 - b. people; organizations; documents
 - c. people; data; projects
 - d. physical objects; data; documents
 - e. physical objects; organizations(a; Easy; p. 34)

3. The two considerations used to categorize service are _____ and _____.
 - a. promotion versus place; price versus product
 - b. place versus time; people versus ideas
 - c. place versus people; time versus money
 - d. people versus possession; tangible versus intangible
 - e. people versus intangible; tangible versus possession(d; Moderate; p. 34)

4. In most cases of possession processing, production, and consumption can be described as _____.
 - a. unequal
 - b. undetermined
 - c. separable
 - d. accountable
 - e. representative(c; Challenging; p. 36)

5. Consumer preferences for involvement in the service process may reflect which of the following factors?
- a. Variability in price structures.
 - b. Willingness to travel to a service facility.
 - c. Desire to be served by employee's face-to-face.
 - d. A and C only.
 - e. B and C only.
- (e; Easy; p. 38)

6. The prepurchase stage begins with _____.
- a. perceived risk
 - b. formation of expectations
 - c. moments of truth
 - d. evoked set
 - e. need arousal
- (e; Moderate; p. 38)

7. Tangible characteristics that customers can evaluate prior to purchase are termed _____.
- a. search attributes
 - b. experience attributes
 - c. credence attributes
 - d. satisfaction attributes
 - e. capital attributes
- (a; Moderate; p. 42)

8. Reliability, ease of use, and customer support are considered _____.
- a. search attributes
 - b. experience attributes
 - c. credence attributes
 - d. satisfaction attributes
 - e. capital attributes
- (b; Moderate; p. 42)

9. Characteristics that customers find hard to evaluate even after consumption are termed _____.
- a. search attributes
 - b. experience attributes
 - c. credence attributes
 - d. satisfaction attributes
 - e. capital attributes
- (c; Moderate; p. 42)

10. Which of the following is NOT a type of perceived risk in purchasing and using services?
- a. Functional
 - b. Permanent
 - c. Financial
 - d. Physical
 - e. Social
- (b; Moderate; p. 44)

True/False

11. High-contact encounters between customers and service organizations differ sharply from low-contact encounters.
(True; Moderate; p. 33)
12. Marketers don't usually need to know the specifics of how physical goods are manufactured.
(True; Moderate; p. 33)
13. Managers from different industries cannot obtain useful insights by studying each other even if they are in the same service category.
(False; Easy; p. 34)
14. In most possession-processing services, the customer's involvement is usually limited to dropping off the item that needs treatment, requesting the service, explaining the problem, and returning later to pick up the item and pay the bill.
(True; Moderate; p. 36)
15. For mental-stimulus-processing, recipients must be physically present in the service factory.
(False; Easy; p. 36)
16. Experience shows that successful personal relationships, built on trust, cannot be created and maintained simply through telephone and e-mail contact.
(False; Challenging; p. 38)
17. Evidence management is a somewhat disorganized approach to presenting customers with coherent evidence of a firm's abilities, like employee dress and furnishings.
(False; Moderate; p. 46)
18. Customers that have no relevant prior experience with a firm may base pre-purchase expectations on word-of-mouth comments, news stories, or the firm's own marketing efforts.
(True; Easy; p. 47)

19. A service encounter is a period of time during which you, as a customer, interact with a service provider.

(True; Easy; p. 49)

20. The goal of relationship marketing is to gain additional customers.

(False; Moderate; p. 50)

Short Answer

21. Service consumption can be divided into what three principal stages?

Prepurchase, service encounter, and post-encounter.

(Easy; p. 38)

22. Give an example of a prepurchase risk-reduction strategy.

Seeking information from respected personal sources (relying on a firm that has a good reputation, looking for guarantees and warranties, visiting facilities, asking knowledgeable employees, examining tangible cues, or using the Web to compare offerings).

(Moderate; p. 44)

23. Give an example of a social risk involved in using a service.

What will my friends think of me if they learned I used this service?

(Easy; p. 44)

24. Define “high-contact service.”

A high contact service entails interaction throughout the service delivery process between customers and the organization.

(Easy; p. 50)

25. What is the service marketing system?

The visible part of service operations, service delivery, and other contact points make up the service marketing system.

(Moderate; p. 53)

Essay

26. Describe what is meant by adequate service, predicted service, and zone of tolerance.

Adequate service is the minimum level of service a customer will accept without dissatisfaction. Predicted service is the level of service that the customer actually anticipates the firm will provide. The zone of tolerance is the extent of variation of service customers are willing to accept. Adequate service falls at the bottom of the zone of tolerance, whereas predicted service is likely in the middle of the zone of tolerance.

(Moderate; p. 47)

27. Describe the service marketing system for a high-contact service like an upscale restaurant.

The service operations system of a restaurant would consist of the kitchen and cooks at its technical core that would be backstage. The interior and exterior of the facility, visible equipment, and wait staff are also part of the service operations system, but are visible to the customer. Other customers would also patronize the restaurant at the same time and might have an impact on customer perceptions. The visible facilities, backstage technical core, staff, and other customers comprise the service delivery system. Finally, other contact points that may impact the consumer include television commercials, word-of-mouth from friends, and driving by the exterior of the facility.

(Challenging; p. 53)

APPLICATION CONTENT

Multiple Choice Questions

28. To develop effective marketing strategies, marketers must understand how people make decisions about buying and using service, what the experience of service delivery and consumption is like for customers, and _____.
- how they evaluate competitors
 - how they evaluate the experience
 - how often they utilize competitors
 - how often they complain to the service firm
 - the length of their relationship with the service firm

(b; Challenging; p. 38)

29. Developed nations are seeing increased spending on which of the following services at the expense of physical goods?
a. Extreme sports
b. Financial advising
c. Urban planning
d. Medical
e. Consulting
(a; Moderate; p. 41)

30. XL Capital portrays its logo as a giant obelisk between cliffs and a lighthouse to _____.
a. build trust with its clientele and generate a moment of truth.
b. demonstrate its size and fundamental strength in protecting companies from risk.
c. provide detailed information about its financial solubility.
d. provide a visual example of its prowess to enhance experiential attributes.
e. act as an advertisement that highlights important aspects of the company.
(b; Moderate; p. 46)

31. Jan Carlzon, the former CEO of Scandinavian Airlines System, used the _____ metaphor as a reference point for transforming the airline into a customer-driven business.
a. service-perspective
b. comparative-analysis
c. systems-of-exchange
d. moment-of-truth
e. great-wall
(d; Moderate; p. 50)

32. Dental customers _____ to avoid delays and ensure effective use of dental professionals' time.
a. sit quietly in the waiting room
b. commit positive word-of-mouth
c. confirm and honor appointments
d. should get to know hygienists
e. provide accurate histories
(c; Easy; p. 55)

True/False

33. Mental-stimulus-processing services like the Boston Symphony Orchestra can be inventoried for later consumption.
(True; Moderate; p. 36)

34. AOL uses free trial to create more search attributes to assist prospective customers.
(True; Easy; p. 45)

35. Airlines are considered a low-contact service when compared to auto repair.
(False; Moderate; p. 51)
36. A dental hygienist confirming needs and setting appointment dates with patients is part of the service script for teeth cleaning.
(False; Moderate; p. 56)
37. Thoughtful banks place a telephone beside their ATMs so that customers can call a real person.
(True; Easy; p. 57)

Short Answer

38. List a type of service that would fall into each of the four broad categories of service.

People processing	(health care, lodging, manicures, etc.)
Possession processing	(refueling, landscaping, maintenance, etc.)
Mental Stimulus processing	(advertising, education, religion, etc.)
Information processing	(accounting, banking, insurance, etc.)

(Moderate, p. 34)

39. Give an example of a service's search attribute.

Restaurant—restaurant positioning (type of food, location, parking availability).
(Easy; p. 42)

40. Give an example of a restaurant's credence attribute.

Kitchen hygiene.
(Moderate; p. 43)

41. What types of risks might be inherent in making an online textbook purchase?

Financial—extra fees or failure to receive the book.
Physical—book shows up damaged.
Temporal—book does not show up before class starts.
Functional—book does not help the student pass the class.
(Moderate; p. 44)

42. What type of risk reduction strategy would you suggest a golf course employ to reduce customer fears about rain cancellations?

Provide rain checks that allow consumers to continue play at a later date.
(Easy; p. 44)

Essay

43. Describe how the three-stage model of service consumption could explain consumer behavior in a low-contact service like investing.

The three-stage model of service consumption begins with the prepurchase stage where consumers become aware of a need. Also in this stage is information search, where needs are clarified, possibly through surfing the Web and making phone calls. In the case of an investing service this might involve reading the Web site information for various Web sites like eTrades or Schwab. Evaluating alternatives is also in this stage. In the investment scenario this might involve more Web site analysis, phone calls and e-mail with account representatives. The second stage is the service encounter stage. Here, service is requested from the supplier, in this case via e-mail or Web site transaction. The final stage is the post-encounter stage. Here the investor determines how well the firm performed over a period of time and makes a determination about future transactions with the firm.

(Challenging; p. 38)

44. Describe how a firm like AOL can reduce customer perceptions of risk?

AOL can create more search attributes by offering free trials. The Internet provider offers potential customers free service for a limited time. This allows consumers to utilize the service without cost with the hope that consumers will be hooked on the service by the end of the free trial period.

(Moderate; p. 45)

45. How can advertising help reduce customer risk perceptions of a service firm like Visa credit cards?

Advertising helps customers visualize service benefits. The only tangible thing a credit card consumer receives is a plastic card. The advertisements therefore tend to highlight intangible aspects of the card. Advertisements may show exciting products and vacations that can be bought with the card. Supplementary services like low interest rates or fees are also advertised.

(Moderate; p. 45)