

## Chapter 10: THE IMPORTANCE OF SERVICE RECOVERY

1. Service recovery is defined as:

- A: The process by which a company attempts to eliminate service delivery failures.*
- B: The process by which a company attempts to identify service delivery failures.*
- C: The process by which a company attempts to rectify a service delivery failure.*
- D: The extent to which a company is able to recover from a service delivery failure.*
- E: The extent to which a company is able to recover financially from service failures.*

Answer: C

2. Johnston's (2004) study of hotel customer satisfaction found that:

- A: Strategies are not always in place to rectify problems*
- B: Customers find any service error unacceptable*
- C: Financial compensation is rarely offered*
- D: Customers assume problems are avoidable*
- E: Even relatively minor problems impact profits*

Answer: A

3. Based upon Schindlholzer's (2008) supposition, customers who experience service failure followed by successful recovery are more loyal than customers who experience no service failures at all. This is referred to as:

- A: The service failure fallacy*
- B: The customer service irony*
- C: The loyalty paradigm*
- D: The service recovery paradox*
- E: A customer service contradiction*

Answer: D

4. Zemke and Schaaf (1989) propose a systematic, five-step procedure for service recovery which includes all of the following elements EXCEPT:

*A: Apology*

*B: Charity*

*C: Empathy*

*D: Symbolic atonement*

*E. Urgent reinstatement*

Answer: B

5. Tax and Brown (1998) have suggested that customers are looking for outcome fairness, procedural fairness, and interactional fairness following their complaint. Interactional fairness refers to which of the following:

*A: The policies, rules and timeliness of the complaint process*

*B: The results customers receive from their complaints*

*C: The reforms a company implements in response to complaints*

*D: The level of interaction between a customer and intervening staff*

*E: The interpersonal treatment received in the complaint process*

Answer: E

6. The effective resolution of customer complaints has a strong impact on which of the following:

*A: Customer satisfaction*

*B: A company's bottom-line*

*C: Customer loyalty*

*D: Customer retention*

*E: All of the above*

Answer: E

7. The Customer Complaint Iceberg graphically depicts which of the following regarding negative word of mouth:

*A: As many as 1,300 people hear about a single bad experience*

*B: As many as 600 people hear about a single bad experience*

*C: At least 500 people hear about a single bad experience*

*D: As many as 50 customers witness a single bad experience*

*E: 15% of customers will make multiple reports of bad experiences*

Answer: A

8. A significant challenge with respect to company improvements based on feedback is that among customers who are dissatisfied with services received:

*A: 90 % remain dissatisfied*

*B: 75 % lodge complaints too late*

*C: 90 % never bother to complain*

*D: 75% demand remunerations*

*E: 75% of all claims are fabricated*

Answer: C

9. Customer feedback can be obtained through which of the following channels:

*A: Suggestion boxes*

*B: Survey cards*

*C: Online reviews*

*D: Focus groups*

*E: All of the above*

Answer: E

10. In order for a company to ensure that each complaint is handled quickly and thoroughly, which of the following strategies may be advisable:

*A: Implement a complaint 'hotline'*

*B: Make complaining easy for the customer*

*C: Call customers for feedback post-visit*

*D: Designation a point person to handle each complaint*

*E: Have employees monitor review websites*

Answer: D

11. Employee education to successful handle complaints should include which of the following:

*A: The need for urgency in responding*

*B: Appropriate coping and problem-solving skills*

*C: Handling their own emotions*

*D: Recognizing situational characteristics*

*E: All of the above*

Answer: E

12. Customer complaints are best understood as:

*A: Operational failures*

*B: Strategic objectives*

*C: Research and information*

*D: Employee misconduct*

*E: Pointed criticisms*

Answer: C

13. The post-purchase stage of the Consumer Decision Journey in an online environment may be characterized by:

*A: Targeted promotions*

*B: Low consumer interest*

*C: Few online touch points*

*D: Deeper brand connections*

*E: Little consumer-product interaction*

Answer: D

14. Using social media as a means by which to respond to customer complaints may have which of the following advantages:

- A: Resolution is visible*
- B: Responses can be up to the minute*
- C: Communication is two-way*
- D: Complaints are processed efficiently*
- E: All of the above*

Answer: E

15. Which of the following is not a reason for having a good guarantee:

- A: A good guarantee forces the company to focus on its customers*
- B: A good guarantee leads directly to customer loyalty*
- C: A good guarantee generates immediate and relevant feedback from customers*
- D: A good guarantee builds 'marketing muscle' by reducing the risk of purchase decision*
- E: A good guarantee sets clear standards for the organization*

Answer: B