

Chapter 6: THE IMPORTANCE OF MARKET RESEARCH

1. Which of the following is true of market research:

- A: It should be conducted by larger companies with research budgets*
- B: It should be conducted when a new product is being introduced*
- C: It is primarily a critical tool for market analysis*
- D: It is necessary for understanding specific events not ongoing operations*
- E: Study findings are only relevant with profits drop significantly*

Answer: C

2. According to Hudson (2011), applied research in tourism and hospitality can be grouped into eight categories. Which of the following would NOT be included as one of those eight categories:

- A: Research on the physical environment*
- B: Research on promotion*
- C: Research on competition*
- D: Research on a destination*
- E. Research on place and distribution*

Answer: A

3. A Net Promoter Score calculates which of the following:

- A: Net profits pre and post promotions*
- B: Marketing budgets to increase net gains*
- C: Market gains based upon internet promotions*
- D: Net promoters versus detractors in a customer base*
- E: Net profits based upon internet sales*

Answer: D

4. Competitor intelligence should be undertaken for which of the following reasons:

- A: To track what competitors are doing*

B: To identify who the competition is

C: To identify how the competition operates

D: To compare service standards

E: All of the above

Answer: E

5. Benchmarking is a management technique that facilitates which of the following:

A: Performance comparisons relative to baseline indicators

B: Performance comparisons relative to competitors

C: Performance comparisons relative to overall market performance

D: Performance measures relative to target goals or benchmarks

E: All of the above

Answer: B

6. Customers have preconceived service expectations that are influenced by which of the following:

A: Past experience

B: Group needs

C: Personal needs

D: External communications

E: All of the above

Answer: E

7. The Gaps Model of Service Quality (Parasuraman, Zeithaml & Berry, 1985) defines customer satisfaction as the gap between:

A: Service quality and customer expectations

B: Expected delivery and service quality

C: Expected and perceived service

D: Service delivery and external communications

E: Service quality and value for money

Answer: C

8. According to the Gap Model, managers may be unaware of customer needs and expectations for all of the following reasons EXCEPT:

- A: Managers may not interact directly with customers*
- B: Customers may be unwilling to provide them with information*
- C: Managers may be unprepared to address customer needs*
- D: Managers may not have conducted adequate research*
- E: There may be a lack upward communication within a company*

Answer: B

9. A major benefit of Importance–performance analysis (IPA) is that policy makers and managers are able to do quickly assess which of the following based on customer priorities:

- A: Managerial roles and responsibilities*
- B: Areas of potential growth*
- C: Areas where resources should be concentrated*
- D: Areas where competitors are strongest*
- E: All of the above*

Answer: C

10. Comment cards are the most common method for gathering feedback in the service industry. Which of the following may be argued about this kind of performance-based measurement tool:

- A: Based on methods of return, they are usually highly effective*
- B: They effectively measure SERVQUAL dimensions*
- C: Feedback may serve as an important diagnostic tool*
- D: They are especially useful given their general availability*
- E: All of the above*

Answer: C

11. The difference between SERVPERF and SERVQUAL is that SERVPERF:

- A: Measures perceptions only*

- B: Measures expectations only*
- C: Measures both expectations and performance*
- D: Measures performance only*
- E: Measures both service and performance*

Answer: D

12. The critical incident technique (CIT) is a qualitative interview procedure in which customers are asked to provide:

- A: Verbatim stories about service encounters*
- B: Feedback on service expectations*
- C: Perceptions of service standards*
- D: Personal opinions on service quality*
- E: Descriptions of service preferences*

Answer: A

13. Research that involves seeking out customers who have dropped a company's service to inquire about their reasons for leaving is referred to as:

- A: Service recovery research*
- B: Customer feedback research*
- C: Lost customer research*
- D: Dropped service research*
- E: Service gap research*

Answer: C

14. Using social media to gather consumer insights that may suggest improvements in business practices is referred to as:

- A: Online research*
- B: Crowdsourcing*
- C: Virtual focus groups*
- D: Online 'chat' sessions*

E: Virtual worlds

Answer: B

15. Common research errors typically include each of the following EXCEPT:

A: Improper interpretation of study results

B: Not collecting and including qualitative information

C: The improper use of sophisticated statistical analysis

D: Improper channels for the dissemination of study findings

E: Failure to have a representative study sample

Answer: D

16. The effective implementation of market research is contingent on which of the following:

A: Sufficient allocation of money to properly conduct research

B: Sufficient allocation of time to properly conduct research

C: The willingness of management to accept study results

D: The willingness of management to implement study results

E: All of the above

Answer: E