Chapter 7: BUILDING AND MAINTAINING CUSTOMER RELATIONSHIPS

1. A form of marketing that seeks to attract and retain customers through enhancing satisfaction is referred to as:

> *A: Satisfaction marketing*
>
> *B: Enhancement marketing*
>
> *C: Targeted marketing*
>
> *D: Relationship marketing*
>
> *E: Retention marketing*

Answer: D

2. For an organization, a key outcome of retention strategies should be to convince customers of which of the following:

> *A: They are getting a good deal*
>
> *B: They won't find better services elsewhere*
>
> *C: They are being singled out for attention*
>
> *D: They are industry trendsetters*
>
> *E. They are making good choices*

Answer: C

3. Loyalty programs in the tourism and hospitality sector, especially in the USA, have become:

> *A: Increasingly selective*
>
> *B: Extremely common*
>
> *C: Less prevalent*
>
> *D: Obsolete*
>
> *E. Too costly*

Answer: B

4. Complete the following sentence by selecting the best option from the list below. Greater attention to the needs of individual customers is based upon a number of studies that have demonstrated dramatic increases in profits as a result of _____ customer retention rates.

> *A: Large increases in*

> *B: Small increases in*

> *C: Stabilizing*

> *D: Enhancing*

> *E. Sustained increases in*

Answer: B

5. According to Winer's (2001) model, the first step in managing customer relationships is the construction of a customer database to include all of the following information EXCEPT:

> *A: Customers' transaction history*

> *B: Customer contact information*

> *C: Descriptive information about customers*

> *D: Customers' family and social relationsips*

> *E: Customer responses to marketing stimuli*

Answer: D

6. Which of the following is NOT considered one of the four retention strategies defined by Zeithaml and Bitner (2000):

> *A: Personal bonds*

> *B: Customization bonds*

> *C: Social bonds*

> *D: Financial bonds*

> *E: Structural bonds*

Answer: A

7. Complete the following sentence by selecting the best option from the list below. Thomas Cook Travel was one of the first tourism organizations to calculate the _____ of its customers.

> *A: Loyalty*
>
> *B: Expendability*
>
> *C: Profitability*
>
> *D: Marketability*
>
> *E: Manageability*

Answer: C

8. A trend in customer loyalty programs whereby single-brand loyalty programs are turned into corporate-wide programs, or businesses partner with other businesses in offering points and associated benefits, is captured in the:

> *A: Partnership model*
>
> *B: Bonus reward model*
>
> *C: Coalition model*
>
> *D: Point swap model*
>
> *E: Loyalty model*

Answer: C

9. Strategies to increase loyalty through intimate knowledge of individual customers and development of one-to-one solutions that meet individual customer's needs is referred to as mass customization or:

> *A: Customer advocacy*
>
> *B: Loyalty techniques*
>
> *C: Personalized service*
>
> *D: Customized strategies*
>
> *E: Customer intimacy*

Answer: E

10. According to Dick and Basu's (1994) framework, latent loyalty best describes customer who exhibits which of the following behaviors:

> *A: Strong brand preference but situational or environmental constraints*
>
> *B: High frequency purchases of a brand and low motivation to search for alternatives*

C: High frequency purchases of a brand but low brand differentiation

D: Low frequency purchases of a brand and low brand differentiation

E: Low brand preference but no situational or environmental constraints

Answer: A

11. Customer benefits from long-term associations with companies include all of the following EXCEPT:

A: *Special treatment*

B: *Lower costs*

C: *Reduced risk*

D: *Increased value*

E: *Customized services*

Answer: B

12. Finish the following sentence by selecting the best phrase from the list below. A key role of marketing is to identify customers with value-creating potential and target them with _____ to reduce the risk of defection.

A: *Management strategies*

B: *Marketing strategies*

C: *Promotional offers*

D: *Retention strategies*

E: *Sales strategies*

Answer: D

13. The 80/20 customer pyramid proposed by Zeithhaml and Bitnen (2000) suggests which of the following regarding customer behavior over time:

A: *80% spread positive word of mouth*

B: *20% complain the most*

C: *80% cost the least to maintain*

D: *80% are the most profitable*

E: *20% are the most profitable*

Answer: E

14. In Kumar and Rajan's 2009 classification scheme on loyalty and profitability management, 'Butterflies' are described as customers who:

 A: Have consistent profit potential

 B: May have high profit potential

 C: Have the highest profit potential

 D: Have the lowest profit potential

 E: May have low profit potential

Answer: B

15. In Watson and Kale's (2003) taxonomy of casino customer segments, customers with high future relationship value as well as high profitability are referred to as:

 A: Lucrative customers

 B: Prime customers

 C: Valued Customers of Tomorrow

 D: Incidental Customers

 E: Mobile Customers

Answer: B