

## Chapter 2: THE FINANCIAL AND BEHAVIORAL IMPACTS OF CUSTOMER SERVICE

1. In North America today, the service sector accounts for approximately what percent of the total GDP:

*A: 75%*

*B: 80%*

*C: 90%*

*D: 70%*

*E: 45%*

Answer: B

2. Services play an important intermediary role in international trade because:

*A: Services are more widely traded than manufactured goods*

*B: Well-established financial systems are critical to business functions*

*C: Well-established transportation systems are critical to business functions*

*D: Services necessarily support all export and import transactions*

*E. Well-established distribution systems are critical to business functions*

Answer: D

3. The physical infrastructure of a retail space or hospitality setting may be referred to as its:

*A: Customer landscape*

*B: Service arena*

*C: Servicescape*

*D: Business platform*

*E: Service platform*

Answer: C

4. As companies' move from maximizing the sale of products to the delivery of customer services, Stahel (1994) argues that competitive advantage is achieved through:

*A: A company's ability to provide needed services*

*B: Ensuring both products and services have economic value*

*C: Efforts to eliminate superfluous products and services*

*D: A company's ability to integrate services with products*

*E: A company's ability to manage service expectations*

Answer: A

5. Customer perceptions of value are especially important to services marketers because unlike with products:

*A: Less value is placed on services in general*

*B: There are fewer objective measures of quality*

*C: Customers are less likely to report bad service*

*D: Objective measures are more likely in transactions*

*E: Bad word-of-mouth may influence perceptions*

Answer: B

6. Customers' perceptions are said to be based on which five dimensions:

*A: Integrity, performance, empathy, reliability, intangibles*

*B: Reliability, assurance, applicability, responsiveness, tangibles*

*C: Reliability, performance, consistency, credibility, tangibles*

*D: Integrity, assurance, consistency, credibility, intangibles*

*E: Reliability, assurance, empathy, responsiveness, tangibles*

Answer: E

7. Customer satisfaction may be measured as the difference between the service that a customer expects and:

*A: Standard services that a company delivers*

*B: Values assigned to individual expectations*

*C: The perceived quality of what is actually delivered*

*D: Established objective quality measures*

*E: The service that a customer actually requires*

Answer: C

8. The relationship between customer satisfaction and loyalty is best described by which of the following statements:

*A: Loyalty is guaranteed only when customers are very satisfied*

*B: Loyalty is always guaranteed when customers are satisfied*

*C: Loyalty determines the extent to which customers are easily satisfied*

*D: Satisfaction and loyalty will both tend to fluctuate over time*

*E: Satisfaction is guaranteed only when customers are both loyal and satisfied*

Answer: A

9. Research suggests that companies who offer superior service will have:

*A: Higher growth rates*

*B: Increased market-share*

*C: Premium prices*

*D: Higher profits*

*E: All of the above*

Answer: E

10. According to one study (STELLA Service, 2010) on the value of good customer service, 70% of respondents said they planned to:

*A: Add products at the time of purchase*

*B: Recommend the company to friends and family*

*C: Buy a second product or service in the future*

*D: Use the same company again in the future*

*E: Add services at the time of purchase*

Answer: D

11. Customer complaints may be a precursor to which of the following:

*A: Negativity*

*B: Dissatisfaction*

*C: Defection*

*D: Distress*

*E: Negotiation*

Answer: C

12. According to Zeithaml et al (1996), strategies for steering behavioral intentions include which of the following:

*A: Meeting customers' desired-service levels*

*B: Determining adequate-service levels*

*C: Recognizing service problem inevitability*

*D: Emphasizing the desirable customer behaviors*

*E: Effectively masking problems that occur*

Answer: A

13. Adapted from Barsky and Nash (2007), The Apostle Model designates customers who have low satisfaction, but still report high loyalty as:

*A: Near Apostles*

*B: Terrorists*

*C: Defectors*

*D: Apostles*

*E: Hostages*

Answer: E

14. A calculation of a customer's total potential revenues including the purchase of all products and services as well as referrals over time is referred to as:

*A: The customer profit margin*

*B: The lifetime value of a customer*

*C: The customer profit chain*

*D: Customer revenue streams*

*E: Projected per capita revenue*

Answer: B

15. Offensive marketing entails:

*A: Attracting good customers*

*B: Pursuing customer service*

*C: Retaining loyal customers*

*D: Specializing in market services*

*E: Aggressively marketing services*

Answer: A

16. An American Express study reported the percentage of Americans who claim they will never do business with a company again after receiving poor customer service as:

*A: 64%*

*B: 78%*

*C: 50%*

*D: 81 %*

*E: 91%*

Answer: D

17. For companies, social media may compound the negative consequences of bad word of mouth, because according to a study by Berger and Milkman (2010) the most powerful predictor of 'virality' is:

*A: The number of potential users an article can reach*

*B: The amount of consumer information an article contains*

*C: The amount of anger an article is able to evoke*

*D: The number of references to a well-known product*

*E: The number of online users who identify with stated problems*

Answer: D