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
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
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