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 relationships
   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 Zeithaml 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