Chapter 2
Customer behaviour, culture and service encounters

Multiple Choice Questions

1. The inherent social nature of services means that cultural norms will impact on consumer decision making. This is particularly noticeable in:
   a. high contact services
   b. medium contact services
   c. all service situations
   d. all of the above
   e. a and b only

Answer: e
Level of Difficulty: 1
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Understanding customer behaviour
AACSB: Diverse and multicultural work environments

2. In a typical model of a customer’s decision process, which of the following is NOT part of the pre-purchase stage?
   a. Mood states
   b. Recognition of needs
   c. Evaluation of alternatives
   d. Information search
   e. All of the above

Answer: a
Level of Difficulty: 1
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACSB: Analytical thinking

3. In a typical model of a decision making process, which of the following is NOT part of the service encounter stage?
   a. Mood states
   b. Information search
   c. Understanding consumer needs and values
   d. Control theory
   e. Role and script theory

Answer: b
Level of Difficulty: 2
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACSB: Analytical thinking
4. Understanding customers’ intrinsic needs and values is part of:
   a. pre-purchase phase
   b. service-encounter phase
   c. post-purchase phase
   d. all of the above
   e. none of the above

   Answer: b
   Level of Difficulty: 3
   LO: 2.1 Explain the three-stage model of service consumption
   Topic: Understanding customer behaviour
   AACSB: Analytical thinking

5. All of the following are dimensions of Hofstede's cultural values except:
   a. power distance
   b. individualism
   c. face
   d. uncertainty avoidance
   e. masculinity

   Answer: c
   Level of Difficulty: 2
   LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
   Topic: Impact of culture
   AACSB: Diverse and multicultural work environments

6. Which of the following refers to a society in which the hierarchy is strong and power is centralised at the top?
   a. Lower power distance
   b. Low uncertainty risk
   c. Higher power distance
   d. Low uncertainty risk
   e. All of the above

   Answer: c
   Level of Difficulty: 2
   LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
   Topic: Impact of culture
   AACSB: Diverse and multicultural work environments

7. In a collectivist culture, the emphasis in relationship is NOT on:
   a. dependence
   b. conformance
   c. consideration of the individual
   d. consideration of the ingroup to which one belongs
   e. interdependence

   Answer: c
   Level of Difficulty: 2
   LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
   Topic: Impact of culture
   AACSB: Diverse and multicultural work environments
8. As a result of being high on uncertainty avoidance, Asian consumers are likely to:
   a. be highly brand-name conscious and brand loyal
   b. show a greater insistence on quality
   c. be active users of reference groups and opinion leaders
   d. a and c
   e. a, b and c

Answer: e
Level of Difficulty: 3
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Impact of culture
AACSBB: Diverse and multicultural work environments

9. In a(n) __________ culture, differences in social status between client and service result in reduced opportunities for client loyalty based on social bonding.
   a. collectivist
   b. low power distance
   c. individualist
   d. high power distance
   e. low uncertainty avoidance

Answer: d
Level of Difficulty: 2
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Impact of culture
AACSBB: Diverse and multicultural work environments

10. Which of the following is NOT valued in a feminine culture?
    a. Caring for others
    b. Nurturing roles and attitude
    c. Quality of life
    d. Performance
    e. Maintenance of warm personal relationships

Answer: d
Level of Difficulty: 2
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Impact of culture
AACSBB: Diverse and multicultural work environments

11. A consumer decides she needs a haircut, so she asks a friend to tell her about her experiences at a new hairdresser. This discussion would come under which stage of the three-stage consumption model?
    a. Pre-purchase stage
    b. Experience validity stage
    c. Service experience stage
    d. Post-encounter stage
    e. Consumption stage

Answer: a
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSBB: Application of knowledge
12. Which particular attributes of services do consumers find most difficult to evaluate?
   a. Credence attributes
   b. Search attributes
   c. Service attributes
   d. Experience attributes
   e. Financial attributes

Answer: a
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

13. Attributes such as style, colour and feel are _________ properties which can be evaluated pre-purchase; __________ properties can only be evaluated during consumption and consumers may not be able to confidently evaluate __________ properties.
   a. search; experience; credence
   b. physical; experiential; value
   c. search; functional; credence
   d. tangible; physical; emotional
   e. search; experience; psychological

Answer: a
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

14. In selecting a service provider, consumers may encounter many risks. Which of the following services contains the highest level of risk?
   a. Buying a chocolate bar
   b. Hiring consultancy services
   c. Visiting a retail clothing outlet
   d. Hiring a house cleaning service
   e. Taking a coat to the dry cleaners

Answer: b
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Application of knowledge
15. Several factors may enhance risks and uncertainty in the mind of a service purchaser. Which of the following is NOT likely to be one of them?
   a. When the service is relatively new
   b. When the service is complex
   c. When the purchase is important to the customer
   d. When the customer is making a repeat purchase
   e. When the customer is relatively inexperienced

Answer: d
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

16. Which of the following factors may reduce risk and uncertainty when a consumer is looking to select a service?
   a. The intangibility of the service
   b. The consumer’s lack of experience in using that service
   c. The level of contact the consumer may have with the organisation during the purchase and consumption phase
   d. The complexity of the service
   e. The importance of the purchase to the consumer

Answer: c
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

17. For an overseas student selecting an Australian or New Zealand university, which of the following information sources are likely to be the least important to the student in making his/her decision?
   a. University websites
   b. Discussions with university staff members over the telephone
   c. Opinion of friends who have visited and experienced the university
   d. Opinion of potential employers at the student’s home country
   e. Opinion of academic staff at the student’s home school

Answer: a
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Diverse and multicultural work environments
18. All of the following are types of risk that are of concern to potential customers except:
   a. financial risk
   b. psychological risk
   c. social risk
   d. process risk
   e. functional risk

Answer: d
Level of Difficulty: 1
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

19. Consumers who are worried about what their peer groups (or other significant influences on their life) think when they purchase an item of clothing at a particular retail outlet are concerned about what type of risk?
   a. Financial risk
   b. Communication risk
   c. Performance risk
   d. Psychological risk
   e. Social risk

Answer: e
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

20. In a high-risk purchase situation, which of the following statements is incorrect?
   a. Western consumers tend to go through an extended information search process.
   b. Asian consumers tend to be more passive consumers than Western consumers.
   c. Asian consumers tend to use only internal information sources.
   d. Western consumers tend to consider all attributes of each brand.
   e. Asian consumers may prevent the problem recognition stage from occurring.

Answer: c
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Diverse and multicultural work environments
21. **All of the following are good strategies for an organisation to reduce risk on behalf of its customers except:**
   a. giving a guarantee or a warranty
   b. lowering the price of the service
   c. giving out more information on the services offered
   d. spending money on the branding of the company
   e. managing the physical evidence of the company effectively

   Answer: b
   Level of Difficulty: 3
   LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
   Topic: The three-stage model of service consumption
   AACSB: Application of knowledge

22. **Which of the following factors has the potential to influence customer satisfaction with the service purchased?**
   a. How their questions are answered
   b. How their physical possessions are treated
   c. How they are treated generally by service personnel
   d. The appearance of both the interior and exterior of service facilities
   e. All of the above

   Answer: e
   Level of Difficulty: 2
   LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
   Topic: The three-stage model of service consumption
   AACSB: Interpersonal relations and teamwork

23. **A customer going into their bank’s branch to cash an offshore cheque is an example of a __________ service, while using the bank’s ATM to withdraw cash is a(n) __________ service.**
   a. personal; automatic
   b. low-contact; medium-contact
   c. high-contact; low-contact
   d. medium-contact; high-contact
   e. personal; technology

   Answer: c
   Level of Difficulty: 3
   LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
   Topic: The three-stage model of service consumption
   AACSB: Application of knowledge
24. For a high-contact service, which of the following is the least important in shaping customer perceptions?
   a. Ability of customer service personnel to answer questions
   b. Authority of customer service personnel to rectify problems
   c. Cleanliness of service facility
   d. Corporate websites
   e. Comfortable seating

Answer: d
Level of Difficulty: 1
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

25. Consumer expectations include a zone of tolerance, which falls between which service levels?
   a. Desired service and adequate service
   b. Desired service and predicted service
   c. Adequate service and predicted service
   d. Desired service and individual needs
   e. Adequate service and situational factors

Answer: a
Level of Difficulty: 2
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

26. How does role and script theory apply to services marketing?
   a. It says service employees should learn lines to deliver, rather than using their own words.
   b. It says each service encounter is like a drama in which service employees and customers have roles to play.
   c. It says service encounters are artificial situations, like plays or cinema.
   d. It says services marketers should prepare scripts for their employees to follow.
   e. It says service encounters should be dramatic events that are exciting every time.

Answer: b
Level of Difficulty: 3
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Analytical thinking
27. Which of the following is a disadvantage of highly scripted roles?
   a. They ensure uniform quality.
   b. They can lead to creative solutions in unfamiliar situations.
   c. They can lead to mindless service performance, rather than attention to customer needs.
   d. They can be attractive to employees who prefer the freedom of an ad lib approach.
   e. They make it impossible to achieve role congruence during service encounters.

Answer: c
Level of Difficulty: 2
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

28. In a service encounter, customers as well as employees have a role to play and the satisfaction of both parties depends on:
   a. role ambiguity
   b. role conflict
   c. cognitive effort
   d. role congruence
   e. scripts

Answer: d
Level of Difficulty: 2
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork

29. Which of the following is NOT a disadvantage of a highly scripted service?
   a. Consumers often see it as a set of ‘mindless behaviours’.
   b. Customer requests are often not appropriate for highly scripted responses.
   c. It is good for responding quickly to varying customer needs.
   d. Often little attention is paid to incoming information.
   e. Some customers prefer unscripted encounters.

Answer: c
Level of Difficulty: 1
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Analytical thinking
30. A website offers viewers the option of customising the information provided to include local time and weather, local currency rates and local events. This is an example of:
   a. comfort
   b. behavioural control
   c. cognitive control
   d. value for money
   e. negative experience reduction

Answer: b
Level of Difficulty: 3
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

31. When the pilot realises during a flight that the plane will arrive late at the scheduled destination, passengers are immediately notified of the length of the delay. This is an example of giving customers:
   a. informational assistance
   b. behavioural control
   c. cognitive control
   d. customer service
   e. value for money

Answer: c
Level of Difficulty: 2
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

32. Which of the following is NOT considered as a fundamental need that a customer may have in a service setting?
   a. Fairness
   b. Respect
   c. Mood
   d. Security
   e. Esteem

Answer: c
Level of Difficulty: 1
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Analytical thinking
33. When a customer contacts their bank, travel agent or telephone company, respect can be demonstrated (or violated) by various things. Which of the following may NOT be one of them?
   a. Customer’s knowledge of script
   b. The waiting time to be served
   c. How pleasant the waiting time is viewed as
   d. The product knowledge of the staff
   e. The convenience of operating hours or locations

Answer: a
Level of Difficulty: 2
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

34. A customer who has many dealings with his/her bank over a year has many encounters with them. All of the following events may violate his/her respect if the customer encountered it except:
   a. long waiting time to be served
   b. unfriendly customer service personnel
   c. bank staff’s unreliability in returning phone calls
   d. preferential treatment given to another customer
   e. lack of product knowledge of the staff when asking about particular services

Answer: e
Level of Difficulty: 3
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

35. __________ represents the dignity based on a correct relationship between a person and the groups to which that person belongs.
   a. Dignity
   b. Self-esteem
   c. Face
   d. Status
   e. Pecking order

Answer: c
Level of Difficulty: 2
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork
36. A psychological contract is an implicit agreement between parties concerning what each party gives and gets in the relationship. A psychological contract is an example of:
   a. distributional fairness
   b. legal fairness
   c. process fairness
   d. procedural fairness
   e. none of the above

Answer: a
Level of Difficulty: 3
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Ethical understanding and reasoning

37. Which of the following statements is true?
   a. Satisfactorily resolved critical incidents can enhance brand loyalty.
   b. Critical incidents have a significant impact on customer satisfaction.
   c. Customers are not always right and can exhibit bad behaviour.
   d. Critical incidents can occur pre- and post-consumption and during the service process.
   e. All of the above

Answer: e
Level of Difficulty: 2
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Reflective thinking

38. Why is it important to acknowledge the employee’s viewpoint when examining service encounters?
   a. Bad customer behaviour is often a problem.
   b. Customers are not always right.
   c. Customers do not always obey instructions.
   d. All of the above
   e. a and b

Answer: d
Level of Difficulty: 1
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork
39. Satisfaction is an attitude judgement based on the customer’s experience of the service encounter. Which of the following is not a satisfaction judgement?
   a. Positive disconfirmation
   b. Negative disconfirmation
   c. Confirmation
   d. All of the above
   e. None of the above

Answer: e
Level of Difficulty: 2
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

40. Smart firms manage customer’s _______ at each step in the _______ encounter so that customers expect what a firm can _______.
   a. expectations; service; deliver
   b. needs; service; deliver
   c. expectations; initial; deliver
   d. expectations; service; organise
   e. needs; initial; organise

Answer: a
Level of Difficulty: 2
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork

41. The pre-purchase stage begins with ___________.
   a. perceived risk
   b. formation of expectations
   c. moments of truth
   d. evoked set
   e. need arousal

Answer: e
Level of Difficulty: 2
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACSB: Analytical thinking
42. Tangible characteristics that customers can evaluate prior to purchase are termed ____________.
   a. search attributes
   b. experience attributes
   c. credence attributes
   d. satisfaction attributes
   e. capital attributes

Answer: a
Level of Difficulty: 1
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: Understanding customer behaviour
AACSB: Analytical thinking

43. Customer delight is a function of three components: ___________, ___________, and ___________.
   a. personality; arousal; positive affect
   b. unexpectedly high performance; arousal; positive affect
   c. low expectations; arousal; personality
   d. satisfaction; high expectations; arousal
   e. arousal; unexpectedly high performance; satisfaction

Answer: b
Level of Difficulty: 3
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork

44. How do customers measure their satisfaction with a service’s credence attributes?
   a. By comparing perceived performance with desired performance
   b. By comparing perceived performance with their zone of tolerance
   c. By determining whether tangible cues contradict their expectations
   d. By measuring their levels of arousal and positive affect
   e. By measuring the outcome of the search and choice process

Answer: c
Level of Difficulty: 3
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Analytical thinking
45. A customer pays extra for the best seats in a theatre. How will that decision affect the customer’s expectations for the show?
   a. The customer will consider fewer credence attributes.
   b. The customer will expect positive disconfirmation.
   c. The customer’s zone of tolerance will be wider than usual.
   d. The customer will not take it lightly if his view of the stage is obstructed.
   e. The customer will not give much thought to the seating.

Answer: d
Level of Difficulty: 2
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

True/False Questions

1. Consumer evaluation processes in terms of service differ from those used when evaluating consumer goods.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACSB: Analytical thinking

2. Hofstede identified the following aspects of culture: collectivism/individualism; uncertainty avoidance; power distance; masculinity/femininity.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Impact of culture
AACSB: Diverse and multicultural work environments

3. All consumers are the same so all will have the same expectations of service encounters.
   a. True
   b. False

Answer: False
Level of Difficulty: 1
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Understanding customer behaviour
AACSB: Diverse and multicultural work environments
4. An individual’s attitude towards change, risk and ambiguous situations is called ‘uncertainty acceptance’.
   a. True
   b. False

Answer: False
Level of Difficulty: 3
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: Impact of culture
AACS: Analytical thinking

5. The extent to which a culture exhibits feminine or masculine traits is one of Hofstede's dimensions of cultural values.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
Topic: The three-stage model of service consumption
AACS: Diverse and multicultural work environments

6. The consumer decision making process has been identified as having three principal stages which can further be divided into a number of steps within the process.
   a. True
   b. False

Answer: True
Level of Difficulty: 2
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACS: Analytical thinking

7. Experience attributes can be evaluated prior to purchase while search properties can only be evaluated during consumption.
   a. True
   b. False

Answer: False
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACS: Analytical thinking

8. The awareness of a need will drive an information search on behalf of the consumer before a decision has been made.
   a. True
   b. False

Answer: True
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACS: Analytical thinking
9. **Credence attributes are those attributes which are easiest to assess during the service encounter.**
   a. True
   b. False

Answer: False
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

10. ‘**Perceived risk**’ refers to a consumer’s judgement of the likelihood of negative outcomes and the importance of these outcomes to the consumer.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

11. **Customers often remain with a service provider out of inertia rather than loyalty.**
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

12. **In Eastern cultures, risk aversion is likely to be orientated towards monetary or functional risk.**
   a. True
   b. False

Answer: False
Level of Difficulty: 2
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Diverse and multicultural work environments
13. As a way of reducing risk and uncertainty, consumers often rely on the reputation of the service organisation prior to making their purchase decision.
   a. True
   b. False

Answer: True
Level of Difficulty: 3
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

14. Lack of prior experience with the service often decreases a consumer’s perceived risk in purchasing and using that service.
   a. True
   b. False

Answer: False
Level of Difficulty: 1
LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

15. Many high-contact services are being changed into low-contact services through the use of technology or the Internet.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

16. To ensure consistent quality, McDonald’s gives detailed instructions for how to deliver services in its restaurants. This approach to service illustrates a benefit of applying role and script theory.
   a. True
   b. False

Answer: True
Level of Difficulty: 1
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Application of knowledge
17. Customers’ needs for security against physical and financial harm are difficult to violate.
   a. True
   b. False

Answer: False
Level of Difficulty: 1
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Reflective thinking

18. Customers will put up with a lot of negative customer service from service businesses as they are reluctant to find new service providers.
   a. True
   b. False

Answer: False
Level of Difficulty: 3
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
Interpersonal relations and teamwork

19. Critical incidences can occur both pre- and post-consumption as well as during the process of delivery.
   a. True
   b. False

Answer: True
Level of Difficulty: 2
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Analytical thinking

20. In terms of customer satisfaction, if a consumer has a better than expected experience this can be referred to as ‘positive disconfirmation’.
   a. True
   b. False

Answer: True
Level of Difficulty: 3
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Analytical thinking
Essay Questions

1. Think of a service that you have recently bought. Discuss the stages that you went through in making that purchase and relate your experience with a typical model of a customer’s decision process.

   Level of Difficulty: 2
   LO: 2.1 Explain the three-stage model of service consumption
   Topic: Understanding customer behaviour
   AACSB: Reflective thinking

2. Compare and contrast how Western and Asian consumers might make the decision to purchase a particular service and evaluate the resulting service encounter.

   Level of Difficulty: 2
   LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings
   Topic: Understanding of customer behaviour
   AACSB: Diverse and multicultural work environments

3. After graduation, you and your friend plan to start a marketing consultancy business. Discuss the risks your potential customers may perceive about buying services from your business and how you may try to reduce those risk perceptions.

   Level of Difficulty: 3
   LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process
   Topic: The three-stage model of service consumption
   AACSB: Application of knowledge

4. Discuss role, script and control theories. How might a marketer incorporate insights gained from these theories into their service offering and delivery?

   Level of Difficulty: 3
   LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
   Topic: The three-stage model of service consumption
   AACSB: Application of knowledge

5. Discuss, using examples from your own experiences, the concept of ‘critical incident technique’ (CIT).

   Level of Difficulty: 2
   LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
   Topic: The three-stage model of service consumption
   AACSB: Reflective thinking
6. **When attempting to buy a gift at an exclusive jewellery store, you notice that older well-dressed individuals are being served before you. Discuss this situation in terms of ‘understanding customer’s psychological needs and values’.

Level of Difficulty: 3
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Application of knowledge

7. **Apply the three-stage model of consumption to a consumer who is making a decision on whether to go on a cruise liner or fly to a resort they have visited previously for their vacation.

Level of Difficulty: 2
LO: 2.1 Explain the three-stage model of service consumption
Topic: Understanding customer behaviour
AACSB: Application of knowledge

8. **Discuss the concept that Westerners are as vulnerable to a loss of self-esteem and ego as a member of an Asian culture is to the loss of face in service encounters.

Level of Difficulty: 2
LO: 2.5 Explain why it is necessary to understand customers’ psychological needs and values
Topic: The three-stage model of service consumption
AACSB: Diverse and multicultural work environments

9. **How important is the treatment of service personnel by other employees, the organisation and consumers to the efficient running of a service organisation?

Level of Difficulty: 1
LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings
Topic: The three-stage model of service consumption
AACSB: Interpersonal relations and teamwork

10. **The evaluation of a service is ongoing during the process but the most significant evaluation can only take place after the event. What factors can be used to assess the post-encounter stage of the service?

Level of Difficulty: 2
LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations
Topic: The three-stage model of service consumption
AACSB: Analytical thinking