

Exam

Name \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 1) For-profit firms seek to achieve \_\_\_\_\_ profits subject to \_\_\_\_\_ constraints, although not-for-profit service suppliers seek to achieve \_\_\_\_\_ profits subject to \_\_\_\_\_ constraints. 1) \_\_\_\_\_
- A) financial; transactional; social; regulatory  
B) social; financial; financial; social  
C) financial; social; social; financial  
D) social; financial; social; financial  
E) transactional; social; limited; transactional

Answer: C

- 2) The acronym for the new North American classification system that includes services is \_\_\_\_\_. 2) \_\_\_\_\_
- A) NAICS      B) NACSS      C) NAFTA      D) NEICE      E) NACS

Answer: A

- 3) Service markets are shaped by all of the following except \_\_\_\_\_. 3) \_\_\_\_\_
- A) global economic change  
B) business trends  
C) social changes  
D) government policies  
E) advances in information technology

Answer: A

- 4) Customers being turned away, or having to wait, is an implication of which aspect of services? 4) \_\_\_\_\_
- A) Customers may be involved in co-production.  
B) People may be a part of the service experience.  
C) Most services cannot be inventoried.  
D) Intangible elements usually dominate value creation.  
E) Services are often difficult to visualize and understand.

Answer: C

- 5) A useful way to distinguish between goods and services is to place them on a continuum from \_\_\_\_\_ to \_\_\_\_\_. 5) \_\_\_\_\_
- A) tangible-dominant; intangible-dominant  
B) prepared; unprepared  
C) reliable; unreliable  
D) low; high  
E) practical; impractical

Answer: A

- 6) Which of the following is an example of co-production? 6) \_\_\_\_\_
- A) Eating fast food  
B) Touring an aquarium  
C) Withdrawing from an ATM  
D) Buying a stereo  
E) Selling items on eBay

Answer: C

- 7) Service employees should have which set of the following? 7) \_\_\_\_\_

- A) Positive attitude, interpersonal skills, and technical skills
- B) Positive attitude, technical skills, and analytical skills
- C) Positive attitude, leadership skills, and analytical skills
- D) Technical skills, leadership skills, and interpersonal skills
- E) Technical skills, leadership skills, and analytical skills

Answer: A

8) Firms' market offerings are divided into \_\_\_\_\_ and \_\_\_\_\_ elements. 8) \_\_\_\_\_

- A) planning; delivery
- B) marketing; management
- C) product; delivery
- D) service; delivery
- E) core product; supplementary service

Answer: E

9) The four additional Ps of services marketing that extend the original four Ps of marketing are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. 9) \_\_\_\_\_

- A) physical environment; prosperity; planning; process
- B) physical environment; process; people; productivity and quality
- C) prosperity; process; people; promotion
- D) prospects; process; people; promotion
- E) product; price; place; promotion

Answer: B

10) What are the three management functions that are central to meeting the needs of service customers? 10) \_\_\_\_\_

- A) Marketing, finance, and accounting
- B) Finance, accounting, and human resources
- C) Marketing, operations, and human resources
- D) Marketing, operations, and finance
- E) Marketing, finance, and operations

Answer: C

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

11) Services represent less than half of the Canadian GDP. 11) \_\_\_\_\_

Answer: True ☒ False

12) In most highly developed nations, services account for between two-thirds and three-fourths of the GDP. 12) \_\_\_\_\_

Answer: ☒ True False

13) Typically service jobs are not well-paid positions and require little education. 13) \_\_\_\_\_

Answer: True ☒ False

14) Documenting performance, explaining what was done and why, and offering guarantees are additional ways to reassure customers and reduce anxiety. 14) \_\_\_\_\_

Answer: ☒ True False

15) Other customers typically do not impact the satisfaction of other consumers in service settings. 15) \_\_\_\_\_

Answer: True ☒ False

16) Failures are inevitable in service industries. 16) \_\_\_\_\_

Answer: ☒ True ☐ False

- 17) The appearance of buildings, landscaping, vehicles, and uniforms provide tangible evidence of a firm's service quality. 17) \_\_\_\_\_

Answer: ☒ True ☐ False

- 18) Marketers should not attempt to shape customer roles and behaviours. 18) \_\_\_\_\_

Answer: ☐ True ☒ False

- 19) It is often wise to invest in service quality improvements even without an understanding incremental cost and revenue tradeoffs. 19) \_\_\_\_\_

Answer: ☐ True ☒ False

- 20) Servicescape is only a consideration if customers have to enter a service factory. 20) \_\_\_\_\_

Answer: ☒ True ☐ False

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 21) What are the five broad categories within the non-ownership framework? 21) \_\_\_\_\_

Answer: Rented goods, defined space and place rentals, labour and expertise rental, access to shared physical environments, and systems and networks: access and usage.

- 22) Define services. 22) \_\_\_\_\_

Answer: Services are economic activities offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients themselves or in objects or other assets for which purchasers have responsibility.

- 23) What are the eight common differences between products and services? 23) \_\_\_\_\_

Answer: 1) Most service products cannot be inventoried, 2) intangible elements usually dominate value creation, 3) services are often difficult to visualize and understand, 4) customers may be involved in co-production, 5) people may be part of the service experience, 6) operational inputs and outputs tend to vary more widely, 7) the time factor frequently assumes great importance, and 8) distribution may take place through non-physical channels.

- 24) Provide an example of a service that lies at each end of the tangible-dominant to intangible-dominant spectrum. 24) \_\_\_\_\_

Answer: Low ☐ tailored clothing  
High ☐ Internet banking

- 25) What are the three vital roles of promotion and education? 25) \_\_\_\_\_

Answer: Providing needed information and advice, persuading target customers of the merits of a specific brand or service products, and encouraging customers to take action at specific times.

- 26) Give an example of how the Internet is changing the face of service industries. 26) \_\_\_\_\_

Answer: The Internet is transferring power from suppliers to customers, particularly in consumer markets. For example, travel agencies are being replaced by Web sites like Orbitz, Travelocity, and Priceline. These sites allow customers to shop around for the best prices with greater ease. They have in effect changed the distribution system to favor the consumer.

- 27) How do operations and human resources functions contribute to meeting the needs of service customers?

27)

Answer: Operations is responsible for managing service delivery through equipment, facilities, systems, and many tasks performed by customer contact employees. Operations managers are frequently involved in product and process design, as well as physical environment design. Human resources is typically seen as a staffing function. HR management is responsible for job definition, recruitment, training, reward systems, and quality of work life. Both operations and human resources should view their activities as strategic, involving both employees and customers in the design and delivery of the service process.

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 28) The Courtyard Marriott chain boasts that its hotels were "designed by business travelers for business travelers" is an example of customers \_\_\_\_\_. 28) \_\_\_\_\_

A) creating knowledge  
B) requesting service recovery  
C) creating competitive advantage  
D) building brand equity  
E) acting as vital sources of ideas

Answer: E

- 29) A movie theatre seat is an example of \_\_\_\_\_. 29) \_\_\_\_\_

A) renting durable goods  
B) the centrality of time to services  
C) renting portions of a larger physical entity  
D) differences in customer choice criteria  
E) closely engaging customers in the service process

Answer: C

- 30) Lexus dealers compete with \_\_\_\_\_ for service sales. 30) \_\_\_\_\_

A) Lexus manufacturers  
B) BMW dealers  
C) the best independent repair garages  
D) Toyota dealers  
E) all of the above

Answer: C

- 31) Which of the following is the best example of a supplementary service? 31) \_\_\_\_\_

A) Fast food consumption  
B) House cleaning  
C) Hotel room rental  
D) Appliance maintenance  
E) Landscaping

Answer: D

- 32) Online educational programs offered by Athabasca University are an example of \_\_\_\_\_. 32) \_\_\_\_\_

A) collective products/services  
B) core products/services  
C) revolutionary products/services  
D) additional services  
E) supplementary services

Answer: B

**TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.**

- 33) A typical college, or university, is a simple service organization that offers mainly educational services. 33) \_\_\_\_\_  
Answer: True ☒ False
- 34) Less than 15 percent of service jobs around the world are carried out remotely. 34) \_\_\_\_\_  
Answer: ☒ True ☐ False
- 35) The Internet is transferring power from suppliers to customers, especially in consumer markets. 35) \_\_\_\_\_  
Answer: ☒ True ☐ False
- 36) IBM is a good example of a firm that has shifted from manufacturing intensive operations to service intensive operations. 36) \_\_\_\_\_  
Answer: ☒ True ☐ False
- 37) The best way to help customers visualize your service is to highlight credentials/experience and educate consumers to make good choices. 37) \_\_\_\_\_  
Answer: ☒ True ☐ False

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

- 38) Give an example of an industry where the Internet has transferred power from suppliers to customers. 38) \_\_\_\_\_  
Answer: The travel industry.
- 39) Give an example of a government policy that has stimulated the transformation of a service industry. 39) \_\_\_\_\_  
Answer: Deregulation of the telecommunications industry has stimulated competition and has resulted in the offering of service options which did not exist a few years ago.
- 40) Give an example of an industry where production and consumption are separable. 40) \_\_\_\_\_  
Answer: Dry cleaning, lawn mowing, weather forecasting, etc.
- 41) Give an example of a service that offers labour and expertise rental. 41) \_\_\_\_\_  
Answer: Car repair, surgery, management consultancy, etc.
- 42) Give an example of a service that offers access to physical environments as a form of rental. 42) \_\_\_\_\_  
Answer: Museums, theme parks, trade shows, gyms, zoos, ski resorts, golf courses, toll roads, etc.

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

- 43) Describe the possible differences in customer choice criteria between car rentals and outright purchases.  
Answer: Renters typically reserve a specific vehicle class or category rather than a specific brand or model. For example, rental car companies offer sub-compact, compact, mid-size, and luxury models. The brand of a subcompact may be a Volkswagen Beetle or a Geo Metro. Physical characteristics like colour, upholstery, and the number of cup holders are more important to buyers. Consumer consideration of rental locations, insurance coverage, cleanliness of the vehicle and facilities, and ease of the reservation system are also considerations for rental services that differ from car dealerships.
- 44) Provide an example of a service industry where customers are involved in co-production and explain the implications and marketing-related tasks that would be associated with that service.  
Answer: Theme parks are a good example of customer co-production services. Implications include customers

having to visit the facility and participate in rides, shows, and other activities to benefit from the service. Picking the wrong ride at the wrong time may cause the customer to wait in a long line and decrease the value of their service experience. Marketing-related tasks include developing user-friendly equipment and facilities and training customers to perform effectively. For example, theme parks can provide schedules and maps to assist customers in making better and more efficient plans.

45) Describe the eight Ps of service that would be involved in a banking service.

Answer: Product elements of banking would include aspects like checks and plastic ATM cards. Place and time would concern issues of teller and office accessibility along with 24-hour access to ATMs for certain smaller transactions. Price and user outlays would include costs incurred traveling to the bank or ATMs and making tradeoffs with fees incurred from out of network bank use. Promotion and education include television commercials, free checking offers, and notifications of account changes in the mail. Physical environment aspects include facility layouts and tellers dressing in business attire. Process elements include efficient and correct handling of transactions by both employees and ATMs. People aspects include the friendliness of tellers and other customer service representatives, as well as other customers. Finally, productivity and quality refers to the customer satisfaction builders, like friendly and knowledgeable staff.

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

46) Discuss the importance of studying services marketing.

46) \_\_\_\_\_

Answer: Reasons for the importance of studying services include: services dominate the economy in most developed nations (almost 71% of GDP in Canada); most new jobs are generated in the services sector; powerful forces are changing the services sector, and to remain competitive one must be aware of these trends; and, knowing services marketing can give you an advantage in designing marketing strategy in that you may include a services element (thereby increasing customer value) in plans whether your core product is services or goods based.

47) Describe how NAICS codes are designed to help researchers to find specific information, and subsequently, what can this information be used for?

47) \_\_\_\_\_

Answer: The codes are designed in such a way that researchers can "drill down" within broad industry sectors to obtain information on tightly defined types of service establishments. By looking at changes over time in current dollars (adjusted for inflation) it's possible to determine which industries have been growing and which have not. The codes may also be used to categorize employment statistics.

48) Discuss the marketing implications of renting versus owning.

48) \_\_\_\_\_

Answer: The marketing implications include: there is a market for renting durable goods rather than owning them; renting portions of a larger physical entity can form the basis for services; customers need to be more closely engaged with service suppliers; time plays a central role in most services; customer choice criteria may differ between rentals and outright purchases; and, services offer opportunities for resource sharing.

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

49) The text provides five categories of factors stimulating the transformation of the service economy: select one factor from each of the five categories, and discuss the impact of the respective factor on the service economy.

Answer: The forces of transformation include: government policies; social changes; business trends; advances in information technology; and, globalization. One of these forces is to be selected, and discussed in terms of its relative impact on the service economy.

50) The text provides five categories of benefits within the non-ownership framework: discuss these five categories of benefits without ownership

Answer: Benefits without ownership include: service may consist of rented goods - goods which they may prefer to not own (like a tuxedo or a boat); defined space and space rentals (like a hotel room); labour and expertise rentals (like an accountant to calculate a tax return); access to shared physical environments (like theme parks and museums); and, access to, and use of, systems and networks (like banks and internet service providers).

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

51) To reduce perceived risk (and build confidence) for customers, service marketers may use all of the following tactics except: \_\_\_\_\_ 51) \_\_\_\_\_

- A) provide education on what to expect from the service
- B) document performance
- C) offer guarantees
- D) lower prices
- E) none of the above

Answer: D

52) The distribution channel which is driving significant change within the services sector is the: \_\_\_\_\_ 52) \_\_\_\_\_

- A) retail
- B) telephone
- C) internet
- D) home delivery
- E) none of the above

Answer: C

53) Which of the following is one of the four additional Ps of services marketing which extends the original four Ps of marketing: \_\_\_\_\_? 53) \_\_\_\_\_

- A) prosperity
- B) perseverance
- C) people
- D) positioning
- E) prospects

Answer: C

54) According to the text, the services sector (private and public providers combined) represents approximately what percentage of the Canadian GDP? 54) \_\_\_\_\_

- A) 73
- B) 48
- C) 71
- D) 64
- E) 57

Answer: C

55) From an international perspective, which country in the world has the largest service sector, as expressed as a percentage of its GDP? 55) \_\_\_\_\_

- A) Nigeria
- B) Bahamas
- C) Cayman Islands
- D) Portugal
- E) Japan

Answer: C

- 1) C
- 2) A
- 3) A
- 4) C
- 5) A
- 6) C
- 7) A
- 8) E
- 9) B
- 10) C
- 11) FALSE
- 12) TRUE
- 13) FALSE
- 14) TRUE
- 15) FALSE
- 16) TRUE
- 17) TRUE
- 18) FALSE
- 19) FALSE
- 20) TRUE
- 21) Rented goods, defined space and place rentals, labour and expertise rental, access to shared physical environments, and systems and networks: access and usage.
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- 28) E
- 29) C
- 30) C
- 31) D
- 32) B
- 33) FALSE
- 34) TRUE
- 35) TRUE



- 36) TRUE
- 37) TRUE
- 38) The travel industry.
- 39) Deregulation of the telecommunications industry has stimulated competition and has resulted in the offering of service options which did not exist a few years ago.
- 40) Dry cleaning, lawn mowing, weather forecasting, etc.
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- 43) Renters typically reserve a specific vehicle class or category rather than a specific brand or model. For example, rental car companies offer sub-compact, compact, mid-size, and luxury models. The brand of a subcompact may be a Volkswagen Beetle or a Geo Metro. Physical characteristics like colour, upholstery, and the number of cup holders are more important to buyers. Consumer consideration of rental locations, insurance coverage, cleanliness of the vehicle and facilities, and ease of the reservation system are also considerations for rental services that differ from car dealerships.
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- 47) The codes are designed in such a way that researchers can "drill down" within broad industry sectors to obtain information on tightly defined types of service establishments. By looking at changes over time in current dollars (adjusted for inflation) it's possible to determine which industries have been growing and which have not. The codes may also be used to categorize employment statistics.
- 48) The marketing implications include: there is a market for renting durable goods rather than owning them; renting portions of a larger physical entity can form the basis for services; customers need to be more closely engaged with service suppliers; time plays a central role in most services; customer choice criteria may differ between rentals and outright purchases; and, services offer opportunities for resource sharing.
- 49) The forces of transformation include: government policies; social changes; business trends; advances in information technology; and, globalization. One of these forces is to be selected, and discussed in terms of its relative impact on the service economy.
- 50) Benefits without ownership include: service may consist of rented goods - goods which they may prefer to not own (like a tuxedo or a boat); defined space and space rentals (like a hotel room); labour and expertise rentals (like an accountant to calculate a tax return); access to shared physical environments (like theme parks and museums); and, access to, and use of, systems and networks (like banks and internet service providers).
- 51) D
- 52) C
- 53) C

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54) C

55) C