

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

- 1) The fact that services cannot be seen, tasted, felt, or smelled relates to which service characteristic? 1) \_\_\_\_\_  
A) perishability B) intangibility  
C) inseparability D) variability
- 2) The fact that a business traveler will have a very positive check-in experience during one stay at a hotel and then a very negative check-in experience the next time is an issue related to which service characteristic? 2) \_\_\_\_\_  
A) variability B) inseparability  
C) perishability D) intangibility
- 3) If you manage a 200-room hotel, and only sell 150 rooms tonight, you can't stockpile the extra 50 rooms to sell tomorrow. This is a problem with the \_\_\_\_\_ of services. 3) \_\_\_\_\_  
A) inseparability B) perishability  
C) variability D) intangibility
- 4) We as customers cannot take service on a "test drive," meaning we cannot evaluate them before we use them. This is a problem with the \_\_\_\_\_ of the service. 4) \_\_\_\_\_  
A) inseparability B) variability  
C) intangibility D) perishability
- 5) Because services are characterized by the issue of inseparability, service providers will often have to: 5) \_\_\_\_\_  
A) lower their prices.  
B) train the customers.  
C) reduce inventory.  
D) minimize the inseparability issue.
- 6) Which of the following is NOT a link in the service-product chain? 6) \_\_\_\_\_  
A) greater service value  
B) satisfied and productive service employees  
C) increasingly intangible services  
D) healthy service profits and growth
- 7) Perhaps the best measure of service quality is: 7) \_\_\_\_\_  
A) low employee turnover. B) customer retention.  
C) profitability. D) total sales.
- 8) Which of the following statements is FALSE? 8) \_\_\_\_\_  
A) CRM combines marketing, business strategy and information technology to better understand customers.  
B) One goal of CRM is to make switching costs high.  
C) CRM calls for developing unique and lasting relationships with costumers.  
D) The use of CRM in the hospitality industry appears to be strong.

- 9) A casino employee's uniform or a restaurant's fancy front lobby are a means of: 9) \_\_\_\_\_
- A) overspending on the part of the service provider.
  - B) tangibilizing the service.
  - C) paying attention to the perishability of the service.
  - D) creating overly high expectations on the part of the customer.
- 10) Studies have shown the best way to deal with service failure is to: 10) \_\_\_\_\_
- A) give the unhappy customer timely information regarding the failure.
  - B) refund the customer's money whenever a failure occurs.
  - C) replace the unhappy customer with a happier one.
  - D) ignore the failure in the hopes the customer will forget about it.

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

- 11) In general, government-run tourism promotion organizations have not assumed responsibility for the quality of the services they promote. 11) \_\_\_\_\_
- 12) It is no longer possible for one restaurant to sue another over the "trade dress" issue. 12) \_\_\_\_\_
- 13) Empowering employees in part means giving them the authority to tend to customer needs. 13) \_\_\_\_\_
- 14) The perishability of a service is especially a problem when demand fluctuates. 14) \_\_\_\_\_
- 15) So long as a company sets high standards for service quality, it is not necessary to evaluate its actual performance. 15) \_\_\_\_\_
- 16) Bill Marriott would say that the first set of people you need to satisfy are your customers. 16) \_\_\_\_\_
- 17) To reduce uncertainty caused by service intangibility, buyers look for whatever tangible evidence they can find that will provide information about the service. 17) \_\_\_\_\_
- 18) Within the realm of Customer Relationship Management (CRM) switching costs are only monetary in nature. 18) \_\_\_\_\_
- 19) Most restaurant kitchens would be considered examples of invisible organizations. 19) \_\_\_\_\_

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

- 20) Service marketers must be concerned with four characteristics of services. What are they? Describe each. 20) \_\_\_\_\_
- 21) Describe three steps hospitality firms can take to reduce variability and create consistency. 21) \_\_\_\_\_

- 22) Successful service companies focus their attention on both their employees and customers. They understand the service profit chain, which links service from profits with employee and customer satisfaction. List and describe the five links that make up the service profit chain. 22) \_\_\_\_\_
- 23) Resolving customer complaints can sometimes be a difficult scenario in the hospitality industry. Service quality will always vary, depending on the interactions between employees and customers. Problems inevitably will occur. As the manager of a high volume establishment what measures will you take to resolve customer complaints? 23) \_\_\_\_\_
- 24) How can managing the customer relationship be used to enhance revenues and retain customers? 24) \_\_\_\_\_

- 1) B
- 2) A
- 3) B
- 4) C
- 5) B
- 6) C
- 7) B
- 8) D
- 9) B
- 10) A
- 11) TRUE
- 12) FALSE
- 13) TRUE
- 14) TRUE
- 15) FALSE
- 16) FALSE
- 17) TRUE
- 18) FALSE
- 19) TRUE

20) Service intangibility; unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before they are purchased. In the hospitality industry, many of the products sold are intangible experiences or great memories. To reduce the uncertainty caused by service intangibility, buyers look for tangible evidence that will provide information and confidence about the service.

Service inseparability; in most hospitality services, both the service provider and the customer must be present for the transaction to occur. The food in a restaurant may be superior, but if the service is off customers will not be satisfied. Service inseparability also means that customers are part of the product.

Service variability; Services are highly variable, their quality depends on who provides them and when and where they are provided. There are several causes of service variability. Services are produced and consumed simultaneously, which limits quality control. Fluctuating demand makes it difficult to deliver consistent products during periods of peak demand. The high degree of contact between the service provider and the guest means that product consistency depends on the service providers skills and performance at the time of the exchange.

Perishability; services cannot be stored for future use, an empty seat or room is revenue lost forever. Because of this perishability, some hospitality businesses are charging guests that hold reservations even when they fail to arrive.

21) Invest in good hiring and training procedures; recruiting the right employees and providing them with excellent training is crucial.

Standardize the service-performance process throughout the organization; diagramming the service delivery system in a service blueprint can simultaneously map out the service process, the points of customer contact and the evidence of service from a customers point of view.

Monitor customer satisfaction; Employee suggestion and complaint systems, customer surveys, and comparison shopping. Hospitality companies have the advantage of knowing their customers.

22) 1. Healthy service profits and growth—superior service firm performance. 2. Satisfied and loyal customers—satisfied customers who remain loyal, repeat purchase, and refer other customers.

3. Greater service value—more effective and efficient customer value creation and service

delivered and productive service employees—more satisfied, loyal, and hard-working employees.

4. 5. Internal service quality—superior employee selection and training, a high-quality work environment, and strong support for those dealing with customers.

23) In order to have effective complaint resolution managers must empower frontline service employees—to give them the authority, responsibility, and incentives they need to recognize, care about, and tend to customers needs. Empowered employees can act quickly and effectively to keep service problems from resulting in lost customers. In complaint resolution there are two important factors. First, resolve complaints quickly and second, seek out complaints—fix them before they happen. Most customers do not complain—they just never come back, so empowering service employees with the authority to deal with complaints will enhance communication with customers and management—giving management information necessary to reduce or maybe even eliminate complaints.

24) Customer relationship management is a managerial philosophy and practice that has received widespread acceptance in many industries. It combines marketing, business strategy, and information technology to better understand the customers, to custom develop products for key customers, and to develop closer relationships with key customers.