

Chapter 2

Consumer Behavior in a Services Context

GENERAL CONTENT

Multiple Choice Questions

1. The prepurchase stage begins with _____.
 - a. perceived risk
 - b. formation of expectations
 - c. moments of truth
 - d. evoked set
 - e. need arousal(e; Moderate; p. 39)

2. 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(a; Moderate; p. 40)

3. Reliability, ease of use, and customer support are considered _____.
 - a. search attributes
 - b. experience attributes
 - c. credence attributes
 - d. satisfaction attributes
 - e. capital attributes(b; Moderate; p. 41)

4. Characteristics that customers find hard to evaluate even after consumption are termed _____.
 - a. search attributes
 - b. experience attributes
 - c. credence attributes
 - d. satisfaction attributes
 - e. capital attributes(c; Moderate; p. 42)

5. Which of the following is NOT a type of perceived risk in purchasing and using services?
- Functional
 - Permanent
 - Financial
 - Physical
 - Social
- (b; Moderate; p. 43)
6. Which of the following is NOT a model for evaluating consumers' behavior during the service encounter experience?
- Moments of Truth
 - High/Low contact service
 - Servuction System
 - Theater Metaphor
 - Zone of Tolerance
- (e; Easy; p. 48)
7. The term _____ describes that part of the service organization's physical environment that is visible to and experienced by the customers.
- Moments of Truth
 - High/Low contact service
 - Servuction System
 - Theater Metaphor
 - Zone of Tolerance
- (c; Moderate; p. 50)
8. The service delivery system is composed of
- Inanimate environment
 - Contact personnel
 - Other customers
 - Front stage
 - All of the above
- (e; Moderate; 51)
9. _____ confirmation is when the service provided was better than expected.
- Negative
 - Neutral
 - Positive
 - Potential
 - Unexpected
- (c; Easy; p. 54)

10. Customer delight is a function of three components: _____, _____, and _____.
- a. Low levels of arousal, personality, high levels of reactance
 - b. High levels of performance, arousal, positive affect.
 - c. Low levels of determination, conspicuous consumption, high levels of arousal
 - d. High levels of conspicuous consumption, reactance, satisfaction
 - e. High levels of reactance, central processing, low levels of arousal
- (b: Moderate; p. 56)

True/False

11. Evidence management is a somewhat disorganized approach to presenting customers with coherent evidence of a firm's abilities, like employee dress and furnishings.
(False; Moderate; p. 44)
12. Customers that have no relevant prior experience with a firm may base pre-purchase expectations on word-of-mouth comments, news stories, or the firm's own marketing efforts.
(True; Easy; p. 45)
13. Desired service is the minimum level of service customers will accept without being dissatisfied.
(False; Easy; p. 46)
14. The zone of tolerance is the extent to which customers are willing to accept variation in service delivery.
(True; Easy; p. 47)
15. A service encounter is a period of time during which you, as a customer, interact with a service provider.
(True; Easy; p. 48)
16. The goal of relationship marketing is to gain additional customers.
(False; Moderate; p. 48)
17. High-contact encounters between customers and service organizations differ sharply from low-contact encounters.
(True; Moderate; p. 49)
18. Many high-contact and medium-contact services are transforming into low-contact services as customers undertake more self-service.
(True; Moderate; p. 50)
19. The technical core typically is in the back-stage and is visible to the customer.
(False; Easy; p. 51)

20. Many service dramas are loosely scripted, which reduces variability and ensures uniform quality.
(False; Moderate; p. 53)

Short Answer

21. Service consumption can be divided into what three principal stages?

Prepurchase, service encounter, and post-encounter.
(Easy; p. 38)

22. Give an example of how consumers may reduce perceived risk.

Seeking information from respected personal sources (relying on a firm that has a good reputation, looking for guarantees and warranties, visiting facilities, asking knowledgeable employees, examining tangible cues, or using the Web to compare offerings).
(Moderate; p. 43)

23. Give an example of a social risk involved in using a service.

What will my friends think of me if they learned I used this service?
(Easy; p. 43)

24. Define “high-contact service.”

A high contact service entails interaction throughout the service delivery process between customers and the organization.
(Easy; p. 49)

25. What is the service delivery system?

It is the visible part of service operations system (buildings, equipment, personnel) and may also include other customers.
(Moderate; p. 51)

Essay

26. Describe what is meant by adequate service, predicted service, and zone of tolerance.

Adequate service is the minimum level of service a customer will accept without dissatisfaction. Predicted service is the level of service that the customer actually anticipates the firm will provide. The zone of tolerance is the extent of variation of service customers are willing to accept. Adequate service falls at the bottom of the zone of tolerance, whereas predicted service is likely in the middle of the zone of tolerance.

(Moderate; p. 46)

27. Describe the servuction system for a high-contact service like an upscale restaurant.

The servuction system includes a technical core (food preparation) and a service delivery system (physical environment and wait staff). In a restaurant, this would consist, in part, of the kitchen and cooks at its technical core that would be backstage. The interior and exterior of the facility, visible equipment, and wait staff are also part of the servuction system, but are visible to the customer. Other customers who would also patronize the restaurant at the same time might also have an impact on customer perceptions. Finally, other contact points that may impact the consumer include television commercials, word-of-mouth from friends, and driving by the exterior of the facility.

(Challenging; p. 50-51)

APPLICATION CONTENT

Multiple Choice Questions

28. To develop effective marketing strategies, marketers must understand how people make decisions about buying and using service and _____.
- how they evaluate competitors
 - what determines their satisfaction with it after consumption
 - how often they utilize competitors
 - how often they complain to the service firm
 - the length of their relationship with the service firm

(b; Challenging; p. 38)

29. Developed nations are seeing increased spending on which of the following services at the expense of physical goods?
- Extreme sports
 - Financial advising
 - Urban planning
 - Medical
 - Consulting

(a; Moderate; p. 39)

30. Professionals such as doctors and lawyers display their degrees and certifications because _____.
- a. they want to build personal relationships with their clientele and generate a moment of truth.
 - b. they want customers to “see” their credentials that qualify them to provide the service.
 - c. they want to provide detailed information about their core values.
 - d. they want to provide a visual example of their prowess and enhance experiential attributes.
 - e. These items act as an advertisement that highlights important aspects of their company.

(b; Moderate; p. 44)

31. Jan Carlzon, the former CEO of Scandinavian Airlines System, used the _____ metaphor as a reference point for transforming the airline into a customer-driven business.
- a. service-perspective
 - b. comparative-analysis
 - c. systems-of-exchange
 - d. moment-of-truth
 - e. great-wall

(d; Moderate; p. 48)

32. Dental customers _____ to avoid delays and ensure effective use of dental professionals’ time.
- a. sit quietly in the waiting room
 - b. commit positive word-of-mouth
 - c. confirm and honor appointments
 - d. should get to know hygienists
 - e. provide accurate histories

(c; Easy; p. 53)

True/False

33. Progressive Auto reduces its costs primarily through a shortened response time, which decreases the likelihood of legal involvement.

(True; Moderate; p. 57)

34. AOL uses free trials to create more search attributes to assist prospective customers.

(True; Easy; p. 44)

35. Airlines are considered a low-contact service when compared to auto repair.

(False; Moderate; p. 50)

36. A dental hygienist confirming needs and setting appointment dates with patients is part of the service script for teeth cleaning.
(False; Moderate; p. 54)
37. Despite the ease of information accessibility via the Internet, patients and parents of patients tend not to seek additional information prior to consulting with doctors. They simply trust that the doctor is always right.
(True; Easy; p. 45)

Short Answer

38. High-contact services differ greatly from low-contact services. Give two examples of each.

High-contact service- nursing home, four-star hotel

Low-contact service- online banking, cable tv

(Moderate, p. 50)

39. Give an example of a service's search attribute.

Restaurant—restaurant positioning (type of food, location, parking availability).

(Easy; p. 40)

40. Give an example of a restaurant's credence attribute.

Kitchen hygiene.

(Moderate; p. 42)

41. What types of risks might be inherent in making an online textbook purchase?

Financial—extra fees or failure to receive the book.

Physical—book shows up damaged.

Temporal—book does not show up before class starts.

Functional—book does not help the student pass the class.

(Moderate; p. 43)

42. What type of risk reduction strategy would you suggest a golf course employ to reduce customer fears about rain cancellations?

Provide rain checks that allow consumers to continue play at a later date.

(Easy; p. 43)

Essay

43. Describe how the three-stage model of service consumption could explain consumer behavior in a low-contact service like investing.

The three-stage model of service consumption begins with the prepurchase stage where consumers become aware of a need. Also in this stage is information search, where needs are clarified, possibly through surfing the Web and making phone calls. In the case of an investing service this might involve reading the Web site information for various Web sites like eTrades or Schwab. Evaluating alternatives is also in this stage. In the investment scenario this might involve more Web site analysis, phone calls and e-mail with account representatives. The second stage is the service encounter stage. Here, service is requested from the supplier, in this case via e-mail or Web site transaction. The final stage is the post-encounter stage. Here the investor determines how well the firm performed over a period of time and makes a determination about future transactions with the firm.

(Challenging; p. 38)

44. Describe how a firm like AOL can reduce customer perceptions of risk?

AOL can create more search attributes by offering free trials. The Internet provider offers potential customers free service for a limited time. This allows consumers to utilize the service without cost with the hope that consumers will be hooked on the service by the end of the free trial period.

(Moderate; p. 44)

45. How can advertising help reduce customer risk perceptions of a service firm like a credit card?

Advertising helps customers visualize service benefits. The only tangible thing a credit card consumer receives is a plastic card. The advertisements therefore tend to highlight intangible aspects of the card. Advertisements may show exciting products and vacations that can be bought with the card. More tangible components like low interest rates or fees are also advertised to highlight service performance outcomes.

(Moderate; p. 44)