

## Chapter 2 Customer Behavior in a Services Context

### GENERAL CONTENT

#### Multiple Choice Questions

1. The three stages in the consumer decision making process are \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
  - a. pre-awareness stage, pre-purchase, purchase stage
  - b. pre-purchase stage, awareness stage, post-purchase stage
  - c. service encounter stage, pre-purchase stage, post-purchase stage
  - d. pre-purchase stage, awareness stage, purchase stage
  - e. pre-purchase stage, service encounter stage, post-purchase stage(e; Easy; p. 34)
2. The key concepts in the pre-purchase stage include all the following except \_\_\_\_\_.
  - a. servuction system
  - b. evoked set
  - c. perceived risk
  - d. zone of tolerance
  - e. credence attributes(a; Easy; p. 34)
3. 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. 35)
4. 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. 36)

5. Characteristics that customers find hard to evaluate even after consumption are termed \_\_\_\_\_.
- search attributes
  - experience attributes
  - credence attributes
  - satisfaction attributes
  - capital attributes
- (c; Moderate; p. 36)
6. Which of the following is NOT a type of perceived risk in purchasing and using services?
- Functional
  - Permanent
  - Financial
  - Physical
  - Social
- (b; Moderate; p. 37)
7. Consumer preferences for involvement in the service process may reflect which of the following factors?
- Variability in price structures.
  - Willingness to travel to a service facility.
  - Desire to be served by employee's face-to-face.
  - A and C only.
  - B and C only.
- (e; Moderate; p. 40)
8. The service operations system does not include \_\_\_\_\_.
- physical facilities
  - equipment
  - other customers
  - technical core
  - personnel
- (c; Moderate; p. 47)
9. In the theater metaphor, the elements include all but the following \_\_\_\_\_.
- positions
  - roles
  - scripts
  - service facilities
  - personnel
- (a; Easy; p. 48)
10. During the post-purchase stage, consumers may make satisfaction judgments that \_\_\_\_\_ their experience.
- negatively confirm, positively confirm, disconfirm

- b. positively disconfirm, confirm, negatively disconfirm
  - c. disconfirm, positively confirm, negatively disconfirm
  - d. negatively disconfirm, positively disconfirm, positively confirm
  - e. positively confirm, negatively confirm, negatively disconfirm
- (b; Moderate; p. 50)

### **True/False**

11. The evoked set can be derived from past experience or competing firms.  
(False; Moderate; p. 36)
12. Credence attributes are the characteristics that can only be assessed after customers have gone through the service.  
(False; Easy; p. 36)
13. Everything else being equal, when customers are risk-averse, they will choose the service with the lowest risk perception.  
(True; Easy; p. 38)
14. 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. 39)
15. 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. 40)
16. Consumers will desire a particular level of service, but are willing to accept an adequate level of service and the gap between the two levels is called the zone of acceptance.  
(False; Easy; p. 42)
17. A service encounter is a period of time during which you, as a customer, interact with a service provider.  
(True; Easy; p. 43)
18. High-contact encounters between customers and service organizations differ sharply from low-contact encounters.  
(True; Moderate; p. 45)
19. Experience shows that successful personal relationships, built on trust, cannot be created and maintained simply through telephone and e-mail contact.  
(False; Challenging; p. 45)

20. Service personnel may play roles that are very different from their own personalities. (True; Moderate; p. 48)

### **Short Answer**

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

Prepurchase, service encounter, and post-purchase.  
(Easy; p. 34)

22. Give an example of a prepurchase risk-reduction strategy.

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. 36)

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. 37)

24. Define “high-contact service.”

A high contact service entails interaction throughout the service delivery process between customers and the organization.  
(Easy; p. 45)

25. What is the service delivery system?

The visible part of service operations system as well as the customer and other customers make up the service delivery system.  
(Moderate; p. 47)

### **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. 42)

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

The service operations system of a restaurant would consist 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 service operations system, but are visible to the customer. Other customers would also patronize the restaurant at the same time and might have an impact on customer perceptions. The visible facilities, backstage technical core, staff, and other customers comprise the service delivery system. Together, they make up the service system.

(Challenging; p. 46)

## **APPLICATION CONTENT**

### **Multiple Choice Questions**

28. To develop effective marketing strategies, marketers must understand how people make decisions about buying and using service, what the experience of service delivery and consumption is like for customers, and \_\_\_\_\_.

- a. how they evaluate competitors
- b. how they evaluate the experience
- c. how often they utilize competitors
- d. how often they complain to the service firm
- e. the length of their relationship with the service firm

(b; Challenging; p. 36)

29. An example of a service high in credence attribute is \_\_\_\_\_.

- a. Extreme sports
- b. vacation
- c. spa
- d. musical performance
- e. surgery

(e; Moderate; p. 36)

30. XL Capital portrays its logo as a giant obelisk between cliffs and a lighthouse to \_\_\_\_\_.

- a. build trust with its clientele and generate a moment of truth.
- b. demonstrate its size and fundamental strength in protecting companies from risk.
- c. provide detailed information about its financial solubility.
- d. provide a visual example of its prowess to enhance experiential attributes.
- e. act as an advertisement that highlights important aspects of the company.

(b; Challenging; p. 38)

31. For customers of credit card companies, which of the following statements are true?
- a. When they make calls to the call center, these are usually the few moments of truth.
  - b. There is very little of the theater performance.
  - c. They usually experience high-contact with the service personnel.
  - d. Only A and B.
  - e. All of the above.
- (d; Challenging; p. 47)

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. 49)

### **True/False**

33. For B2B services, trade shows can be a way to create a need and engage customers' interest.  
(True; Easy; p. 35)
34. McAfee uses free trial to create more search attributes to assist prospective customers.  
(True; Easy; p. 38)
35. Airlines are considered a low-contact service when compared to auto repair.  
(False; Moderate; p. 45)
36. Thoughtful banks place a telephone beside their ATMs so that customers can call a real person.  
(True; Easy; p. 45)
37. A dental hygienist confirming needs and setting appointment dates with patients is part of the service script for teeth cleaning.  
(False; Moderate; p. 49)

### **Short Answer**

38. How many needs be triggered in the pre-purchase stage?

People's unconscious mind      (dreams, ego need, personal identity etc.)  
Physical conditions              (hunger, thirst, pain etc.)  
External sources                  (firm's advertising, third party websites etc.)

(Moderate, p. 35)

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

Restaurant—restaurant positioning (type of food, location, parking availability).  
(Easy; p. 36)

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

Kitchen hygiene.  
(Moderate; p. 36)

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. 37)

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.  
(Moderate; p. 38)

### **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. 34)

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. 38)

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

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. Supplementary services like low interest rates or fees are also advertised.

(Moderate; p. 38)