

Service Management: Operations, Strategy, Information Technology, 9e (Bordoloi)
Chapter 1 The Service Economy

1) Services are deeds, processes, and performances.

Answer: TRUE

Difficulty: 1 Easy

Topic: Facilitating Role of Services in an Economy

Learning Objective: 01-01 Describe the central role of services in an economy.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

2) The Clark-Fisher hypothesis notes the shift of employment from one sector of the economy to another.

Answer: TRUE

Difficulty: 1 Easy

Topic: Economic Evolution

Learning Objective: 01-02 Identify and differentiate the five stages of economic activity.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

3) The fall in employment in the agricultural sector is the primary reason for the increase in service sector employment.

Answer: FALSE

Difficulty: 2 Medium

Topic: Economic Evolution

Learning Objective: 01-02 Identify and differentiate the five stages of economic activity.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

4) The consumer participates in the service process, which is not the case in manufacturing.

Answer: TRUE

Difficulty: 2 Medium

Topic: Economic Evolution

Learning Objective: 01-02 Identify and differentiate the five stages of economic activity.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

5) The classification of service systems using the "service process matrix" is based on two considerations: degree of labor intensity, and the degree of service customization.

Answer: TRUE

Difficulty: 1 Easy

Topic: Grouping Services by Delivery Process

Learning Objective: 01-08 Use the service process matrix to classify a service.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

6) From an open-systems view, the output of a service system consists of satisfied customers.

Answer: TRUE

Difficulty: 1 Easy

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Remember

AACSB: Communication

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7) The service experience defined as escapism requires the most commitment from the customer.

Answer: TRUE

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

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8) A study of service systems must begin with the fundamental idea that the basic inputs are supporting facility, facilitating goods, labor, and capital. The output is the service offered.

Answer: FALSE

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

9) In contrast to manufacturing, the aesthetics of the environment play a major role in the customer's perception of the service.

Answer: TRUE

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

10) The fact that services can be inventoried is an important characteristic, which distinguishes them from manufacturing.

Answer: FALSE

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

11) Reduction of the role played by the consumer is an effective way of improving productivity and decreasing the cost of the service.

Answer: FALSE

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

12) Services are time-perishable. An opportunity to provide a service, if forgone, is lost forever.

Answer: TRUE

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

13) Both manufacturing and services can suffer from technological obsolescence.

Answer: TRUE

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

14) Retail and wholesale trade had the greatest percentage of U.S. employment by industry in 2014.

Answer: TRUE

Difficulty: 1 Easy

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

15) From a marketing perspective, services, unlike goods, involve transfer of ownership.

Answer: FALSE

Difficulty: 1 Easy

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

16) It is convenient and often necessary to combine the operations and marketing functions for service organizations.

Answer: TRUE

Difficulty: 1 Easy

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

17) Sharing service resources among customers presents a challenge for managers.

Answer: TRUE

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

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18) Little or no interaction between customer and service provider is required when the service is customized.

Answer: FALSE

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

19) Personnel training is a criterion for evaluating the explicit services feature of the service package.

Answer: TRUE

Difficulty: 2 Medium

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

20) The decrease in the proportion of income spent on the basic necessities of life has encouraged the demand for more services and accelerated the transition to post-industrial society.

Answer: TRUE

Difficulty: 2 Medium

Topic: Stages of Economic Development

Learning Objective: 01-03 Describe the features of preindustrial, industrial, and postindustrial societies.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

21) Marketing helps smooth demand to match capacity in service operations.

Answer: TRUE

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

22) Service-dominant logic is the foundation of "service science."

Answer: TRUE

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

23) Value for the "business service experience" is derived from co-creation.

Answer: TRUE

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

24) A standardized experience is a feature of the new experience economy.

Answer: FALSE

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

25) A business service experience (B2B) has three dimensions: co-creation of value, relationships, and sustainability.

Answer: FALSE

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

26) The service package consists of five features. Which one of the features listed below is not included in the package?

A) Explicit services.

B) Supporting facility.

C) Information.

D) Cost of service.

Answer: D

Difficulty: 1 Easy

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

27) The major input into a large public hospital from a service point of view would be _____.

A) physicians' services

B) patients

C) nursing services

D) federal reimbursement (Medicare/Medicaid)

Answer: B

Difficulty: 1 Easy

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

- 28) Which of the following is not true of services?
- A) The customer is the input.
 - B) The customer takes an active part in the service.
 - C) A service can be inventoried.
 - D) Production and consumption occur simultaneously.

Answer: C

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 29) Which of the following is not a type of service in the non-ownership classification?
- A) Goods rental.
 - B) Information.
 - C) Labor and expertise.
 - D) Network usage.

Answer: B

Difficulty: 2 Medium

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 30) The service process matrix classification consists of four categories of services. Which one of the four features listed below is not included in this classification?
- A) Service factory.
 - B) Service shop.
 - C) Public service.
 - D) Professional service.

Answer: C

Difficulty: 1 Easy

Topic: Grouping Services by Delivery Process

Learning Objective: 01-08 Use the service process matrix to classify a service.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

31) Which service offering is best described by the following service mix: a high degree of customer interaction and a high degree of labor intensity?

- A) Public university.
- B) Cruise ship.
- C) Plumbing repair.
- D) Chiropractor.

Answer: D

Difficulty: 1 Easy

Topic: Grouping Services by Delivery Process

Learning Objective: 01-08 Use the service process matrix to classify a service.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

32) Division of labor is the central concept of _____.

- A) industrial societies
- B) preindustrial societies
- C) agrarian societies
- D) postindustrial societies

Answer: A

Difficulty: 2 Medium

Topic: Stages of Economic Development

Learning Objective: 01-03 Describe the features of preindustrial, industrial, and postindustrial societies.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

33) An empty airline seat or hotel room not occupied best illustrates the characteristic of a service's _____.

- A) time perishability
- B) labor intensity
- C) intangibility
- D) simultaneous production and consumption

Answer: A

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

34) Which type of service falls under the category of "high labor intensity/low interaction and customization?"

- A) Service factory.
- B) Service shop.
- C) Mass service.
- D) Professional service.

Answer: C

Difficulty: 2 Medium

Topic: Grouping Services by Delivery Process

Learning Objective: 01-08 Use the service process matrix to classify a service.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

35) Which one of the following is not a value-added service provided by a manufacturer to increase profits?

- A) Financing or leasing.
- B) Customer-support call center.
- C) After-sales maintenance.
- D) Network and communication services.

Answer: B

Difficulty: 2 Medium

Topic: Facilitating Role of Services in an Economy

Learning Objective: 01-01 Describe the central role of services in an economy.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

36) Which of the following is not a feature of the new experience economy?

- A) The experience is memorable.
- B) The experience is customized.
- C) The customer is treated as a guest.
- D) The experience is staged.

Answer: B

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

37) The key technology of a postindustrial society is _____.

- A) machines
- B) energy
- C) information
- D) intellectual capital of the workers

Answer: C

Difficulty: 2 Medium

Topic: Stages of Economic Development

Learning Objective: 01-03 Describe the features of preindustrial, industrial, and postindustrial societies.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

38) Capital decisions, technological advances, and managing demand are some managerial challenges for a _____.

- A) service factory
- B) service shop
- C) mass service
- D) professional service

Answer: A

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

39) Which among the following strategies is used by fast-food restaurants to reduce costs?

- A) Increase advertising via the Internet.
- B) Allowing the customer to play an active part in the service process.
- C) Increase prices.
- D) Increasing menu items to cater to varying tastes.

Answer: B

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 40) Which one of the following reasons best explains the recession-resistant nature of services?
- A) Services cannot be inventoried.
 - B) Many services, such as healthcare, are essential.
 - C) Many service employees, such as those who work on commission, do not need to be laid off during recessions.
 - D) The number of jobs in maintenance and repair services increases during recessions.

Answer: A

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 41) The concept of economies of scale is best described as _____.
- A) the replacement of fixed costs with variable costs
 - B) selling a wider range of products
 - C) a synonym for economies of scope
 - D) the replacement of variable costs with fixed costs

Answer: D

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 42) The presence of a friendly desk clerk in a budget hotel is an example of which of the four features of a service package?
- A) Supporting facility.
 - B) Facilitating goods.
 - C) Explicit services.
 - D) Implicit services.

Answer: D

Difficulty: 2 Medium

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 43) The concept of economies of scope is best described as _____.
- A) a synonym for economics of scale
 - B) the use of brand extensions
 - C) using existing channels of distribution to introduce a new product
 - D) extending existing distribution channels to reach new customers

Answer: C

Difficulty: 2 Medium

Topic: Distinctive Characteristics of Service Operations

Learning Objective: 01-06 Identify and critique the six distinctive characteristics of a service operation, and explain the implications for managers.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 44) Which of the following is not a principle on which service experience design is based?
- A) Theme the experience.
 - B) Eliminate negative cues.
 - C) Mix in memorabilia.
 - D) Encourage customer feedback.

Answer: D

Difficulty: 2 Medium

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

- 45) _____ is a foundation premise of Service-Dominant Logic
- A) The customer is always right
 - B) Only post-industrial economies are service economies
 - C) Goods are distribution mechanisms for service provision
 - D) Money is the fundamental basis of exchange

Answer: C

Difficulty: 2 Medium

Topic: Service-Dominant Logic

Learning Objective: 01-05 Explain the essential features of the service-dominant logic.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

46) Which of the following does not describe a business service experience?

- A) Themed.
- B) Co-creation.
- C) Collaboration.
- D) Problem solving.

Answer: A

Difficulty: 1 Easy

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

47) The realms of an experience include all but one of the following.

- A) Entertainment.
- B) Education.
- C) Estheticism.
- D) Elation.

Answer: D

Difficulty: 1 Easy

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

48) Which one of the following is not a dimension of a business service experience?

- A) Co-creation of value.
- B) Problem solving.
- C) Relationships.
- D) Service capability.

Answer: B

Difficulty: 1 Easy

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Remember

AACSB: Communication

Accessibility: Keyboard Navigation

49) Which of the following is an example of a business service (B2B)?

- A) Communications.
- B) Auditing.
- C) Retailing.
- D) Leasing.

Answer: B

Difficulty: 2 Medium

Topic: The Experience Economy

Learning Objective: 01-04 Describe the features of the experience economy contrasting the consumer (B2C) with the business (B2B) service experience.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation

50) In an experience economy the method of supply is _____.

- A) revealed over time
- B) stored in bulk
- C) delivered on demand
- D) inventoried

Answer: A

Difficulty: 2 Medium

Topic: The Service Package

Learning Objective: 01-07 Describe a service using the five dimensions of the service package.

Bloom's: Understand

AACSB: Communication

Accessibility: Keyboard Navigation