Chapter-1: Basic of Marketing of Service

Self Assessment Questions

1. What is the 5th unique characteristic of service markets?
   a. Lack of ownership
   b. Intangibility
   c. Inseparability
   d. Heterogeneity
   ________
   a. Serviceability
   b. Perishability
   c. Protractability
   d. Homogeneity

2. Which of the following are considered service organizations?
   a. HSBC Bank.
   b. The Salvation Army.
   d. All of these.

3. In terms of the traditional Marketing Mix what is the third of the additional 3Ps that have been incorporated to form the 7Ps of Services Marketing?
   a. People
   b. Process
   ______
   a. Precipitation
   b. Policies
   c. Physical evidence
   d. Progress

4. Which of the following is not one of the five characteristics of services?
   a. Perishability.
   b. Inseparability.
   c. Tangibility.
   d. Heterogeneity.

5. When discussing services, what is considered a hybrid offering?
   a. Equal parts of goods and services.
   b. Service with accompanying minor goods.
   c. Pure tangible product.
   d. Pure service.

6. Which of the following is not a mechanism for managing customer service quality?
   a. Customer focus groups.
   b. Customer surveys.
7 The ____________ reflects the view that the intangible aspects of products are becoming the key features that differentiate the product in the marketplace.
   a. Services marketing
   b. Servuction model
   c. Service imperative
   d. Benefit concept

8 Which of the following businesses would be characterized as a pure service?
   a. Insurance
   b. Farming
   c. Mining
   d. There is no such thing as a pure service

9 The marketing function’s main concern is with
   a. producing goods or providing services
   b. procuring materials, supplies, and equipment
   c. building and maintaining a positive image
   d. generating the demand for the organization’s products or services

10 Which of the following sets of terms best describes a service?
   a. Deeds, effort, and performances
   b. Effort, objects, and deeds
   c. Things, devices, and performances
   d. Objects, devices, and things

11 The service sector produces “intangible” goods, some well known government, health, education and some quite new modern communications, information, and business services.
   (a) True                   (b) False

12 The most commonly characteristics ascribed to services are:
   a. Intangibility
   b. Inseparability
   c. Heterogeneity
   d. All of these

13 Which of the following statements about services marketing is incorrect?
   a. The marketing of products and services is exactly the same.
   b. Satisfied and productive service employees will ensure the generation of greater service value to the customer.
   c. Successful service companies focus their attention on both their employees and customers.
   d. The specific nature of services marketing requires tailored marketing approaches.

14 Which are the factors or elements of internal marketing within a service firm?
   a. Investment in staff training and development programmes.
   b. Ensuring that all employees are customer oriented.
   c. Ensuring effective teamwork.
   d. All of these
15 A new entry into an industry sector that is mature in other states and, therefore, is often protected by its government is:
   a. Para-stately industry
   b. Infant industry
   c. Start-up firm
   d. Venture capital firm
   e. Service industry

16 States protect domestic industry
   a. To raise revenues through taxes.
   b. In order to protect an infant industry.
   c. Only in authoritarian systems.
   d. In order to increase imports.

17 In the services marketing triangle, _____ marketing refers to communications a firm uses to make promises to customers regarding service delivery.
   a. Internal
   b. Interactive
   c. Relationship
   d. External

18 Which is External Marketing?
   a. Marketing to employees
   b. Marketing to end-users
   c. Both (a) and (b)
   d. None of these

19 The service marketing mix is also known as an extended marketing mix and is an integral part of a service blueprint design.
   (a) True (b) False

20 The …………… in service marketing mix is intangible in nature.
   a. Process
   b. Product
   c. Pricing
   d. People

Answers for Self Assessment Questions
1. (b) 2.(d) 3.(c) 4.(c) 5.(a) 6.(d) 7.(c) 8.(d) 9.(d) 10.(a)
11.(a) 12.(d) 13.(a) 14.(d) 15.(b) 16.(b) 17.(d) 18.(b) 19.(a) 20.(b)
Chapter-2: Consumer Behavior in Services
Self Assessment Questions

1 Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behavior.
   (a) True   (b) False

2 Which of the following is NOT a barrier to excellent customer service?
   a. Moodiness
   b. Negative attitude
   c. Laziness
   d. Ability to handle stress

3 Which of the following statements is NOT true of perceptions?
   a. Perceptions are developed over a period of time.
   b. The ways we see things based on our experience are our perceptions.
   c. Sometimes perceptions are irrational.
   d. Perceptions are always the same.

4 What actions should we take in order to exceed our customers’ expectations?
   a. Maintain consistency.
   b. Be confident that you know about customers and do not need to learn about them.
   c. Don’t ask customers about their expectations.
   d. Avoid telling customers what to expect.

5 Which statement is true of ethics in customer service?
   a. Ethics are a set of principles that govern the conduct of a group or individual.
   b. Ethics are unnecessary.
   c. Ethics are unpopular choices of behavior.
   d. Ethics are never a problem because they never come up.

6 Customer expectations are attitude about service deliverance that serve as standards or position points against which performance is judged.
   (a) True   (b) False

7 Which statement about customer expectations is correct?
   a. Customer expectations rarely change
   b. Customer expectations are always changing
   c. Often promising to solve a problem is enough. Customers usually forget
   d. Companies should focus on themselves and forget about what the competition is doing

8 The highest possible level of customer expectations is _____ expectations.
   a. Desired
   b. Acceptable
   c. Ideal
   d. Ego-satisfying
9 ______ services is the level of service the customer hopes to receive.
   a. Desired
   b. Adequate
   c. Functional
   d. Predictable

10 The _____ is the customer's underlying generic attitude about the meaning of service and the proper conduct of service providers.
   a. Augmented service expectation
   b. Personal service philosophy
   c. Derived service expectation
   d. Cultural service expectation

11 _____ consists of short-term, individual factors that make a consumer more aware of the need for service.
   a. Temporary service intensifiers
   b. Perceived service alternatives
   c. Customer self-perceived service roles
   d. Situational factors

12 One factor that influences adequate service is _____, the level of service that customers believe they are likely to get.
   a. Predicted service
   b. Forecasted intensity
   c. Evoked service
   d. Ego-oriented service

13 Adulteration of goods is one such problem which is faced by the consumer in day-to-day purchases.
   (a) True                (b) False

14 Which of the following can influence how satisfied a customer is with a service?
   a. Customers' emotions
   b. Product features
   c. Customers' perception of service quality
   d. All of these

15 Quality refers to how a service is delivered to the customer.
   a. Output
   b. Interaction
   c. Experiential
   d. Technical outcome
   e. Interactive

16 _____ has consistently proven to be the most important determinant of service quality.
   a. Reliability
   b. Responsiveness
c. Assurance
d. Empathy

17 From the customer's point of view, the most vivid impression of service occurs in the service _____ when the customer interacts with the service firm
a. Event
b. Socialization
c. Encounter
d. Arrangement
e. Experience

18 A service encounter that occurs without any direct human contact is a(n) _____ encounter.
a. Remote
b. Phone
c. Detached
d. Public

19 Which of the following themes is NOT a source of customer satisfaction/dissatisfaction in service encounters?
a. Recovery
b. Adaptability
c. Spontaneity
d. Credibility

20 Consumers move through a digit of stages on the way to making a purchase.
(a) True (b) False

Answers for Self Assessment Questions
1. (a) 2.(d) 3.(d) 4.(a) 5.(a) 6.(a) 7.(b) 8.(c) 9.(a) 10.(b) 11.(a) 12.(a) 13.(a) 14.(d) 15.(b) 16.(a) 17.(c) 18.(a) 19.(d) 20.(a)
Chapter-3: Relationship Marketing

Self Assessment Questions

1 Relationship marketing is focused upon the development of robust links between the company and its customers. Which of the following are value-building approaches to customer relationship marketing?
   a. Social, political and financial benefits.
   b. Financial, political and economic benefits.
   c. Financial, social and structural benefits.
   d. Structural, political and economic benefits.

2 Which of the following are examples of adding financial benefits to customer relationship?
   a. Computer programmes to improve information transfer.
   b. Frequent flyer programmes.
   c. Computer linkages to improve information transfer.
   d. Individualizing products and services for customers.

3 What is the difference between transaction marketing and relationship marketing?
   a. Transaction marketing tracks customer payments and credits.
   b. Transaction marketing tracks the customer payments.
   c. Focus upon one sales transaction at a time.
   d. None of these

4 Under which of the following conditions would relationship marketing not be suitable for a company?
   a. When a company has high switching costs.
   b. When companies use Global e-procurement systems.
   c. When a company has long time frames or 'horizons'.
   d. All of these

5 Which of the following is not a characteristic of relationship marketing?
   a. The intensity of the exchanges between customers and sellers
   b. The importance of the product in exchanges between customers and sellers
   c. The frequency of the exchanges between customers and sellers
   d. The long-term nature of exchanges between customers and sellers

6 Sesser identified that long-term relationship leads to ________ and higher profits.
   a. Lower product returns
   b. Increased customer expectations
   c. Lower relationship costs
   d. Higher retention levels

7 Which of the following is not part of the customer relationship development phases?
   a. Development,
   b. Decline
   c. Customer acquisition,
   d. Maintenance
8 Relationship marketing is an integral part of what type of marketing philosophy?
   a. Selling philosophy.
   b. Product philosophy.
   c. Production philosophy.
   d. Customer and marketing philosophy.

9 Building long-term relationships with customers is essential for any business. The application of technology to achieve CRM is a key element of e-business but what does CRM stand for?
   a. Consumer relationship management
   b. Customer relationship management
   c. Customer retailing management
   d. Customer resource management

10 The four marketing activities within the customer relationship management include customer selection, customer acquisition, customer retention, plus:
   a. Customer re-sell
   b. Customer extension
   c. Customer cross-sell
   d. Customer Up-sell

11 A strength of social media and viral marketing is:
   a. Highly targeted with controlled costs
   b. It is possible to reach a large number at relatively low cost
   c. Considered credible
   d. Cannot be ignored in user’s inbox

12 Relationship marketing is an old idea but a new focus now at the forefront of services marketing practice and academic research.
   (a) True               (b) False

13 Elements of RM are the operational tools for implementing RM in an organization.
   (a) True               (b) False

14 Which of the following is central to any definition of marketing?
   a. Transactions
   b. Customer relationships
   c. Making a sale
   d. Making a profit
   e. Demand management

15 When marketers set low expectations for a market offering, they run the risk of
   a. Disappointing loyal customers
   b. Incorrectly identifying a target market
   c. Failing to understand their customers’ needs
   d. Failing to attract enough customers
16 In addition to attracting new customers and creating transactions, the goal of marketing is to ________ customers and grows their business
   a. Encourage
   b. Educate
   c. Entertain
   d. Retain

17 Which of the following marketing management concepts is most likely to lead to marketing myopia?
   a. Customer-driven marketing
   b. Production
   c. Societal marketing
   d. Selling

18 ............are more personal than organizational.
   a. Trust
   b. Financial Bonds
   c. Social bonds
   d. All of these

19 .............is tying the customers primarily through financial incentives that may be in the form of lower prices for greater volumes purchases or lower prices for customers who have been with the firm for a long time.
   a. Trust
   b. Financial bond
   c. Social bond
   d. All of these

20 Relationship Management is the strategy of consolidating, sharing and leveraging information across an organization to optimize communication and facilitate transactional interactions.
   (a) True
   (b) False

Answers for Self Assessment Questions
1. (c) 2.(b) 3.(c) 4.(b) 5.(b) 6.(b) 7.(d) 8.(d) 9.(b) 10.(b) 11.(b) 12.(a) 13.(a) 14.(b) 15.(d) 16.(d) 17.(b) 18.(c) 19.(b) 20.(a)
Chapter-4: Market Segmentation and Targeting

Self Assessment Questions

1 Market segmentation is a powerful tool which provides knowledge and further information on your existing and potential customers.
   (a) True (b) False

2 The market segments provide information on:
   a. Health indicators including obesity.
   b. Participation in wider cultural activities
   c. Participation in active recreation: walking and cycling
   d. All of these

3 The success of the "imitative" innovation strategy is dependent on achieving what?
   a. Advanced warning of new products
   b. Economies of scale
   c. A high market share
   d. All of these

4 The market "segmentation/specialist" innovation strategy is characterized by:
   a. Identifying a niche market
   b. Intensive science and technology activities
   c. Agility in design and manufacturing
   d. Limited technology base

5 The concept of the knowledge base of the firm is based on the belief that:
   a. The knowledge base can learn
   b. Organization’s have memory
   c. The knowledge base is dependent on a firm’s heritage
   d. The knowledge base is more than the sum of the individuals’ knowledge bases

6 The Profit Impact of Marketing Strategies studies have shown a strong correlation between which of the following?
   a. Profitability and partnerships.
   b. Research and development and profitability.
   c. High product quality and profitability.
   d. Profitability and marketing penetration strategies.

7 Market segmentation involves a division of the prospective market into identifiable groups.
   (a) True (b) False

8 The major variables used for segmenting the market for tourism products and services are:
   a. Geographic Segmentation
   b. Demographic Segmentation
   c. Psychographic Segmentation
   d. All of these
9 When a company identifies the parts of the market it can serve best and most profitably, it is practicing _______.
   a. Market targeting
   b. Segmenting
   c. Concentrated marketing
   d. Mass marketing

10 Demographic variables are so frequently used in market segmentation because they _______.
   a. create smaller segments
   b. do not involve stereotypes
   c. are comparatively easy to measure
   d. create more easily reached segments

11 Marketers must be careful to guard against _______ when using age and life cycle segmentation.
   a. Underestimating
   b. Cultural bias
   c. Traditional marketing
   d. Stereotyping

12 Many marketers believe that _______ variables are the best starting point for building marketing segments.
   a. Age
   b. Behavioral
   c. Beneficial
   d. Family size

13 The first step in the market segmentation process is to.
   a. Segment the market.
   b. Define the market.
   c. Position offer in the market.
   d. Target the market.

14 Which one of the following is not a geodemographic basis for market segmentation?
   a. Marital status
   b. Postcode
   c. Occupation
   d. Personality

15 Psychographic segmentation categorizes markets according to ...
   a. Preference to behave in certain ways.
   b. Characteristics of the organisation.
   c. People’s product usage patterns.
   d. None of the above.
16 Which of the following could be used as a basis for segmenting business-to-business markets?
   a. Frequency of purchase
   b. Number of employees.
   c. Industry type.
   d. All of these

17 Which of the following should not a lifestyle segmentation factor?
   a. An interest in sports.
   b. Stamp collecting.
   c. The growth rate of the segment.
   d. The buyers interest in cars.

18 Positions are described by variables and within parameters that are significant to the customers.
   (a) True  
   (b) False

19 The market for any product is normally made up of several segments.
   (a) True  
   (b) False

20 The place the product occupies in consumers’ minds relative to competing products is __________
   a. Positioning
   b. Perceptual mapping
   c. Merchandising
   d. Competitive strategy

Answers for Self Assessment Questions
1. (a)  2.(d)  3.(d)  4.(a)  5.(d)  6.(c)  7.(a)  8.(d)  9.(a)  10.(c)  
11.(d)  12.(b)  13.(b)  14.(d)  15.(a)  16.(d)  17.(c)  18.(a)  19.(a)  20.(a)
Chapter-5: Service Recovery
Self Assessment Questions

1 _____ describes what the owner of the rehabilitation center did when he gave a customer who was complaining that his therapist was an hour late for their appointment a credit for one free hour of therapy.
   a. Service recovery
   b. Service paradox
   c. Service inconsistency
   d. Procedural recovery

2 A person who is a _____ is a type of complainer who is unlikely to say anything to the service provider. This type of complainer often doubts the effectiveness of complaining because of a belief that the consequences will not merit the time and effort they will expend complaining.
   a. Irate
   b. Passive
   c. Aggressive
   d. Activist

3 Which of the following is NOT an example of a commonly used service recovery strategy?
   a. Learn from recovery experience
   b. Act quickly
   c. Encourage and track complaints
   d. Implement the service paradox

4 The empowerment of employees makes which of the following service recovery strategies easier to implement?
   a. Make the service fail safe
   b. Learn from lost customers
   c. Encourage and track complaints
   d. Act quickly

5 We define a ______ as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.
   a. Service variability
   b. Private brand
   c. Service encounter
   d. Product

6 Service recoveries are very imperative for the companies in the perspective of customer loyalty.
   (a) True               (b) False

7 Recovery and intervention Services Include the Following:
   a. Day Support Mental Health Programs
   b. Community Support
c. Emergency Assistance
d. All of these

8 The goal of service recovery is not to identify customers with issues and then to address those issues to the customers’ satisfaction to promote customer retention.
(a) True (b) False

9 ________ is defined as the use of commercial marketing concepts and tools in programs designed to influence individuals’ behavior to improve their well-being and that of society.
   a. Internal marketing
   b. Unsought product marketing
   c. Interactive marketing
   d. Social marketing

10 Developing a product or service involves defining the benefits that it will offer. These benefits are communicated and delivered by ________ such as quality, features, and style and design.
   a. Marketing tools
   b. Private brands
   c. Product mixes
   d. Product attributes

11 ________ is an approach in which all the company’s people are involved in constantly improving the products, services, and business processes.
   a. Positioning
   b. Brand equity
   c. Total quality management
   d. Product quality

12 A service failure, minimally defined, is service presentation that fails to meet
   a. Customer cross-sell
   b. Customer Up-sell
   c. Customer expectations
   d. All of these

13 Service marketing literature has distinguished between two types of service failure: process and__________
   a. Income
   b. Outcome
   c. Both (a) and(b)
   d. None of these

14 Maturity Or Maturity date refers to the final imbursement date of a loan or other financial apparatus, at which point the principal (and all remaining interest) is due to be paid.
(a) True (b) False
15 In the services marketing triangle, _____ marketing refers to communications a firm uses to make promises to customers regarding service delivery.
   a. Internal
   b. Interactive
   c. Relationship
   d. External

16 All of the following could be classified as internal customers of a hospital EXCEPT:
   a. Patients
   b. Doctors
   c. Nurses
   d. Bookkeepers who work in the hospital’s billing office
   e. Anesthesiologists

17 The frontline service employees are referred to as:
   a. Gatekeepers
   b. Control centers
   c. Boundary spanners
   d. Service encounter experts
   e. External service providers

18 Which type of conflict results from the fact that Sullins Cleaning requires its employees to wear uniforms?
   a. Person/role
   b. Vertical
   c. Organization/client
   d. Interfluent
   e. Horizontal

19 Service recoveries have received concentration for over 20 years within service management and service marketing.
   (a) True         (b) False

20 What are the Stages of Service Recovery Maturity?
   a. Moribund
   b. Active Listening
   c. Solicitous
   d. All of these

**Answers for Self Assessment Questions**
1. (a) 2.(b) 3.(d) 4.(d) 5.(d) 6.(a) 7.(d) 8.(b) 9.(d) 10.(d) 11.(c) 12.(c) 13.(b) 14.(a) 15.(d) 16.(a) 17.(c) 18.(a) 19.(a) 20.(d)
Chapter-6: Service Development and Design
Self Assessment Questions

1. Total product concept is used by the customers when evaluating the products among different brands and they distinguish benefits and go for the product which provides them with best value for the money paid.
   (a) True  (b) False

2. Psychological ring is formed by benefits resulting from the consumer’s feelings associated with owning/using the product.
   (a) True  (b) False

3. What has caused the rise in services within developed economies?
   a. More demand for coffee bars and smoothie bars
   b. Decrease in unemployment levels
   c. Increase in GDP
   d. Increase demand in specialist business services

4. According to Johnson & Clark (2005) Information and communication technologies (ICT) have contributed to the development of new services by?
   a. Decreasing volumes per unit and increasing costs
   b. Decreasing unit costs and increasing volumes per unit
   c. Developing capabilities and developing commodity services
   d. Reducing complexity and thereby improving capability

5. Services have characteristics which distinguish them from physical products such as:
   a. Services are not perishable
   b. Services are co-produced by the consumer
   c. Services are homogenous
   d. Services are tangible

6. Within the new service development process which of the following is part of the realization stage?
   a. Formulation of new service strategy
   b. Concept development
   c. Business analysis
   d. Service design & testing

7. Johnson et al (2000) argue that new service development should be viewed as a cycle. What are the four key pieces at the centre of the cycle?
   a. Technology-people-systems-service
   b. People-product-systems-service
   c. Technology-product-systems-quality
   d. People-product-systems-technology

8. Which of the following is not a factor which can significantly reduce time to market for a product or service?
a. An early resolution of design conflict and uncertainty
b. Separation of the design of products and services from the design of the processes which will produce them
c. An organizational structure which reflects the development project
d. Simultaneous development of the various stages in the overall process

9 There are 5 main stages in design of products or services. Which is the correct sequence?
   a. Preliminary design, Screening, concept generation, prototyping and final design, evaluation and improvement
   b. Concept generation, Screening, Preliminary design, Evaluation and improvement. Prototyping and final design
   c. Concept generation, Screening, Preliminary design, Prototyping and final design, Evaluation and improvement
   d. Preliminary design, Screening, Concept generation, Evaluation and improvement. Prototyping and final design

10 Supplementary aids and services include which of the following?
   a. Universal design for learning
   b. Classroom ecology
   c. Educational and assistive technology
   d. All of these

11 ___________________ refers to the design of instructional materials and activities to make content information accessible to all children.
   a. Accommodations
   b. Universal design for learning
   c. Goals and objectives
   d. Content standards

12 Universal designs for learning promote flexibility in representing content, presenting content, and ___________________.
   a. Demonstrating content mastery
   b. Accommodations
   c. Grading
   d. Assessment

13 Different formats for representing and presenting content include which of the following?
   a. Performance formats
   b. Text formats
   c. Digital formats
   d. All of these

14 A market-product grid is a framework to relate:
   a. Estimated expenses for products sold to various market segments.
   b. Total anticipated revenue for each product to market segments.
c. Total anticipated profit for each product to segments.
d. The segments of a market to products offered or potential marketing actions by the firm.

15 A perceptual map is most like a:
   a. Consumer map of likes and dislikes.
   b. Two-dimensional graph.
   c. Pyramid design.
   d. Three-dimensional cube.

16 The benefits of the “Product Audit” are:
   a. Excellent way to confirm compliance
   b. Develops stronger “Due Diligence”
   c. Isolates specific materials that may be considered “high risk
   d. All of these

17 A service product consists of two components, the core invention and supplementary services.
   (a) True (b) False

18 The design of the service opening must address the following issues:
   a. How the different service components are delivered to the customer.
   b. The nature of the customer’s role in those processes.
   c. How long delivery lasts
   d. All of these

19 Positioning strategies cannot be conceived and developed in a diversity of ways.
   (a) True (b) False

20 The delivery processes surrounding this core product are:
   a. Nature of the process—people processing in this instance
   b. Service level—what level and style of service
   c. Both (a) and (b)
   d. None of these

Answers for Self Assessment Questions
1. (a) 2.(a) 3.(d) 4.(a) 5.(b) 6.(d) 7.(d) 8.(b) 9.(b) 10.(d)
11.(b) 12.(a) 13.(d) 14.(d) 15.(b) 16.(d) 17.(a) 18.(d) 19.(b) 20.(c)
Chapter 7: Services capes
Self Assessment Questions

1. All aspects of the organization’s physical facility are collectively referred to as the:
   a. Service span
   b. Service encounter arena
   c. Services cape
   d. Service encounter place

2. In a _____ environment, the services cape must be planned to attract, satisfy, and facilitate the activities of both customers and employees simultaneously.
   a. Saleable service
   b. Self-service
   c. Customized services
   d. Interpersonal services

3. The services cape plays all of the following roles EXCEPT:
   a. Package
   b. Boundary spanner
   c. Differentiator
   d. Facilitator

4. The employees at Franklin Credit Union correspond to the ____ in the stimulus-organism-response model.
   a. Organic motivator
   b. Stimulus
   c. Organism
   d. Referent

5. The first step in developing an effective physical evidence strategy is to:
   a. Map the physical evidence of the service
   b. Assess and identify physical evidence opportunities
   c. Clarify roles of the services cape
   d. Recognize the strategic impact of physical evidence

6. Once an organization that is developing a physical evidence strategy has recognized the strategic impact of physical evidence, it must next:
   a. Clarify the tactical roles of the services cape
   b. Create a cross-functional work team
   c. Blueprint the physical evidence of service
   d. Map the service encounter points

7. The design of the service site has the potential to help or hinder service delivery
   (a) True  (b) False

8. The role of the services cape is functional rather than strategic in nature
   (a) True  (b) False

9. Behavioral responses to the services cape are attraction and repulsion
   (a) True  (b) False
10 Self service environments require a complex servicescape compared to full service environments
(a) True (b) False

11 The term “servicescape” refers to which of the following?
   a. The schematic diagram of the service flows of material, information and customers
   b. The emergency exit plan from a service facility
   c. The physical surroundings in which the service takes place
   d. The network of government rules regulating the service

12 Services are often intangible, and customers cannot assess quality well.
(a) True (b) False

13 When customers are actively involved in service production, they need ______ to help them perform well.
   a. Choice
   b. Incentives
   c. Training
   d. Qualifications

14 The physical design of the service outlet is called the _____________.
   a. Service scene
   b. Service landscape
   c. Service design
   d. Servicescape

15 In _______ marketing, customers agree to learn more about a company and its products.
   a. Permit
   b. Services
   c. two-way
   d. Permission

16 A useful checklist for marketing-communications planning is provided by the ___ Ws model.
   a. 3
   b. 5
   c. 6
   d. 4

17 ___________ are often designed to facilitate the service encounter and to increase productivity.
   a. Saleable service
   b. Self-service
c. Customized services
   d. Service environments

18 Feelings as a Key Driver of Customer Responses to Service Environments
   a. The Mehrabian–Russell Stimulus–response Model
   b. The Russell Model of Affect
   c. Drivers of Affect
   d. All of these

19 A ............is not a passive setting it plays an important role in service transactions.
   a. Service span
   b. Service encounter arena
   c. Services cape
   d. Service encounter place

20 Customer performs most of the activities and few if any employees are involved.
   (a) True                    (b) False

Answers for Self Assessment Questions
1. (c)  2.(d)  3.(b)  4.(c)  5.(d)  6.(c)  7.(a)  8.(b)  9.(b)  10.(b)
11.(c)  12.(a)  13.(c)  14.(d)  15.(d)  16.(d)  17.(d)  18.(d)  19.(c)  20.(a)
Chapter-8: Managing Demand and Capacity
Self Assessment Questions

1. The fundamental issue underlying supply and demand management in services is the lack of _____ capability.
   a. Inventory
   b. Customization
   c. Automation
   d. Standardization

2. At any given time, the lack of inventory capability in service firms can result in all of the following scenarios EXCEPT:
   a. Demand that exceeds maximum capacity
   b. Demand that exceeds optimum capacity
   c. Supply and demand balanced at the level of optimum capacity
   d. Demand that is below minimum capacity

3. Organizations have four approaches for capacity expansion. Which of the following is not one of them?
   a. lead demand with incremental expansion
   b. lag demand with one-step expansion
   c. lag demand with incremental expansion
   d. lead demand with one-step expansion
   e. average capacity with incremental expansion

4. Which of the following is false regarding capacity expansion?
   a. Average capacity sometimes leads demand, sometimes lags it.
   b. If "lagging" capacity is chosen, excess demand can be met with overtime or subcontracting.
   c. Total cost comparisons are a rather direct method of comparing capacity alternatives.
   d. Capacity may only be added in large chunks.

5. A mathematical expression relating the amount of output produced to quantities of capital and labor utilized is the
   a. Real interest rate
   b. Productivity relation
   c. Production function
   d. Marginal product

6. If it is observed that, in a particular market, price has risen and quantity exchanged has increased, it is likely that:
   a. Supply has increased
   b. Supply has decreased
   c. Demand has increased
   d. Demand has decreased

7. The first steps of capacity planning and control do not include:
a. Studying the effect of queuing theory
b. Measuring aggregate demand and capacity?
c. Choosing the most appropriate capacity plan?
d. Identifying the alternative capacity plans?

8 Which of the following alternative methods of responding to demand fluctuations is not appropriate?
   a. Attempt to change demand to fit available capacity using demand management?
   b. Ignore the fluctuations and apply a level capacity plan?
   c. Adjust capacity to reflect the fluctuations through a chase demand plan?
   d. Increase marketing activity and develop a chase demand plan?

9 Yield management is not especially useful where:
   a. The service cannot be sold in advance
   b. Capacity is relatively fixed
   c. The market can be fairly clearly segmented
   d. The service/product can be stored

10 Which of the following is not a measure of utilization?
   a. Number of hours available for production
   b. Room occupancy level in hotels
   c. Uptime in a factory
   d. Load factor for aircraft

11 Capacity is usually expressed in terms of:
   a. The Master Production Schedule
   b. The design life of an operations process
   c. A production forecast
   d. Potential output from an operations system

12 The maximum output of a system in a given period is called:
   a. The breakeven point
   b. The designed capacity
   c. The production efficiency
   d. The economic order quantity

13 With a ‘chase demand’ strategy, which one of these statements is correct?
   a. Outputs are stored until required
   b. Staff turnover is likely to be high
   c. Processes are buffered through inventory
   d. Throughput rates respond to changes in demand

14 With a ‘level capacity’ plan, which one of these statements is correct?
   a. Processes are buffered through inventory
   b. Processing capacity will vary according to demand
   c. Throughput rates respond to changes in demand
   d. Outputs are stored until required
15 Productivity is defined as the ratio between output and input.
(a) True (b) False

16 The main benefits of good capacity management are:
   a. The performance of IT resources is optimized.
   b. Insufficient information for realistic capacity planning.
   c. Unnecessary expenses caused by “last minute” purchases are avoided.
   d. All of these

17 The main activities involved in capacity management may be summarized as:
   a. Developing the capacity plan.
   b. Monitoring the use and performance of the IT infrastructure.
   c. Demand Management.
   d. All of these

18 The CDB must cover all the business, financial, technical and service information received and generated by capacity management in relation to the capacity of the infrastructure and its elements.
(a) True (b) False

19 Managers are not generally conscious that capacity and record policies must concurrently be determined for arm to be optimally managed.
(a) True (b) False

20 Customers arrive; waiting lines can still form if the arrival and service processes are arbitrary.
(a) True (b) False

Answers for Self Assessment Questions
1. (a) 2. (d) 3. (b) 4. (d) 5. (c) 6. (c) 7. (a) 8. (d) 9. (d) 10. (a)
11. (d) 12. (b) 13. (d) 14. (d) 15. (a) 16. (d) 17. (d) 18. (a) 19. (b) 20. (a)
Chapter-9: Services Marketing Communication Mix

1 A useful mnemonic in marketing communications is ‘DRIP’. In this mnemonic what does the letter D stand for?
   a. Differentiate
   b. Distribute
   c. Deliver
   d. Demonstrate

2 One of the tasks of marketing communications is to reassure customers.
   (a) True  (b) False

3 Price, Promotion, Product & Place are the defining elements of the:
   a. Marketing Mix
   b. Marketing Communications Mix
   c. Promotional Mix
   d. All of these

4 Buying the same brand of toothpaste every month is a typical:
   a. Reciprocal exchange
   b. Redistributive exchange
   c. Market exchange
   d. Relational exchange

7 Marketing communications is a subset of the overall subject area known as marketing.
   (a)True  (b) False

6 Which marketing communications tool is characterized by low interaction, high credibility, low costs and high wastage?
   a. Direct marketing
   b. Public relations
   c. Personal selling
   d. Sales promotion

7 Which marketing communications tool is best for awareness?
   a. Personal selling
   b. Advertising
   c. Direct marketing
   d. Public relations
   e. Sales promotion

8 Which marketing communications tool best encourages action?
   a. Public relations
   b. Advertising
   c. Personal selling
   d. Sales promotion

9 Sales Promotion is regarded as an above-the-line tool.
10 Effective marketing communications is:
   a. A two-way process
   b. It depends on the needs of the audience
   c. A dialogue between two or more participants
   d. A simple, one-way process

11 Business to business marketing communications are usually:
   a. Formal
   b. Informal
   c. Both (a) and (b)
   d. None of these

12 Personal selling is most dominant in the:
   a. Business to business market (b2b)
   b. Business to consumer market (b2c)
   c. Both (a) and (b)
   d. None of these

13 Most of the marketing communications budget in the b2b market is likely to be allocated to:
   a. Media costs
   b. Sales management
   c. Brand management
   d. Agency fees

14 The impact of negative communications is potentially greater in:
   a. Business to consumer contexts (b2c)
   b. Business to business contexts (b2b)
   c. Business to consumer market (b2c)
   d. All of these

15 Post-industrial societies are currently witnessing a move:
   a. From market to relational exchanges
   b. From relational to market exchanges
   c. Both (a) and (b)
   d. None of these

16 Public relations and advertising functions often are performed by outside agencies that specialize in these areas while the marketing functions are usually performed within a large or midsize company or corporation.
   (a) True          (b) False

17 Direct marketing is considered as costing/contributing:
   a. Through-the-line
   b. Below-the-line
c. Above-the-line

d. None of these

18 Marketing communications with an audience known to be seeking information are termed:
   a. Intervention-based
   b. Permission-based
   c. Both (a) and (b)
   d. None of these

19 Which of the following is regarded as a key criterion when selecting a marketing communications tool?
   a. Level of available human resources
   b. Level of agency influence
   c. Level of available financial resources
   d. Level of competitor activity

20 Which of the following is a key characteristic of business-to-business marketing communications?
   a. Short purchase decision times
   b. Use of information-based and rational messages
   c. Informality of communications
   d. Small number of people involved with the decision

Answers for Self Assessment Questions
1. (a)   2.(a)   3.(a)   4.(d)   5.(a)   6.(b)   7.(b)   8.(c)   9.(b)   10.(b)
11.(a)   12.(a)  13.(b)  14.(b)  15.(a)  16.(a)  17.(a)  18.(b)  19.(c)  20.(b)
Chapter-10: Value and Price
Self Assessment Questions

1 What is the impact, all else equal, of an increasing volatility of the stock price on the value of an option?
   a. Increase the value
   b. Decrease the value
   c. Leave the value unchanged
   d. The impact is indeterminate with the information given

2 The market price of a convertible security minus its conversion value is known as the __________.
   a. Premium over conversion value
   b. Conversion ratio
   c. Conversion price
   d. Conversion value

3 ________ is the amount of money charged for a product or service.
   a. Wage
   b. Salary
   c. Price
   d. Experience curve

4 Consumer perceptions of the product’s value set the ________ for prices.
   a. image
   b. variable cost
   c. demand curve
   d. ceiling

5 Which of the following is a customer-oriented approach to pricing?
   a. Value-based pricing
   b. Target profit pricing
   c. Sealed-bid pricing
   d. Break-even pricing

6 In ________, price is considered along with the other marketing mix variables before the marketing program is set.
   a. Target pricing
   b. Value-based pricing
   c. Variable costs
   d. Price elasticity

7 Underpriced products sell very well, but they produce less revenue than they would have if price were raised to the ________ level.
   a. Perceived value
   b. Demand curve
   c. Value-based
   d. Price-floor

8 Which of the following is a cost-based approach to pricing?
a. Value-based pricing  
b. Break-even pricing  
c. Going-rate pricing  
d. Good-value pricing

9 Which of the following is an external factor that affects pricing decisions?  
a. The company’s overall marketing strategy  
b. The salaries of production management  
c. Overall pricing objectives  
d. Competition

10 When companies set prices, the government and social concerns are two _______ affecting pricing decisions.  
a. External factors  
b. Temporary influences  
c. Economic conditions  
d. Internal factors

11 The market price of a convertible security minus its conversion value is known as the _______.  
a. Premium over conversion value  
b. Conversion ratio  
c. Conversion price  
d. Conversion value

12 In marketing terms, _________ refers to what we get for what we pay:  
a. Revenue  
b. Cost  
c. Value  
d. Product

13 This is the amount the customer has to pay to receive a good or service:  
a. Price  
b. Relative price  
c. Product price  
d. Display price

14 Strike price is the contracted price that would be exchanged in the event of the exercise of the option by the buyer of the contract.  
(a) True  
(b) False

15 Volatility is the standard deviation of the price of the underlying over a defined period of time.  
(a) True  
(b) False
16 The pricing approach where prices are set based on what customers believe to offer value is called the:
   b. Demand-oriented approach.
   c. Competitor-oriented approach.
   d. Value-oriented approach.

17 With this pricing approach, the pricing process begins with the customer; not the cost of the product offering:
   a. Value-based pricing
   b. Cost-based pricing.
   c. Customer-led pricing.
   d. Sales pricing.

18 Value-based pricing is a method of pricing products in which companies first try to determine how much the products are worth to their customers.
   (a) True   (b) False

19 Strategic pricing group is a consulting firm that helps corporations design and implements value-based pricing strategies.
   (a) True   (b) False

20 ………………or expected dividends of an underlying stock impacts in a peculiar way the pricing of its derivative be it futures or options.
   a. Volatility of Underlying
   b. Dividends
   c. Rental Equivalent
   d. All of these

Answers for Self Assessment Questions
1. (a) 2.(a) 3.(c) 4.(d) 5.(a) 6.(b) 7.(a) 8.(b) 9.(d) 10.(a)
11.(a) 12.(c) 13.(a) 14.(a) 15.(a) 16.(c) 17.(a) 18.(a) 19.(a) 20.(b)