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Name:_____ Class:_____ Date:_____

Chapter 01: An Introduction to Services

1. Which of the following reflects the view that the intangible aspects of products are becoming the key features that differentiate the products in the marketplace?
   a. Services marketing
   b. Servuction model
   c. Service imperative
   d. Servicescape

ANSWER: c

2. A viewpoint where manufacturing is king, and services are viewed as subservient to goods, is known as _____.
   a. service imperative
   b. materialismo snobbery
   c. manufacturing dominant
   d. bundle of benefits

ANSWER: b

3. General Motors' largest supplier is _____.
   a. Blue Cross-Blue Shield Insurance
   b. GMAC Financing
   c. a parts supplier
   d. a legal firm

ANSWER: a

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

ANSWER: d

5. On the scale of market entities, with tangible-dominant to the extreme left and intangible-dominant to the extreme right, investment management services would appear _____.
   a. to the extreme left
   b. mid-left
   c. in the middle
   d. mid-right

ANSWER: d

6. The continuum that ranges from tangible-dominant to intangible-dominant is referred to as the _____.
   a. services triangle
   b. servuction model
   c. scale of market entities
   d. service-profit chain

ANSWER: c

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7. On the scale of market entities, where would businesses such as fast-food restaurants fall?
   a. On the extreme end of the intangible-dominant side
   b. On the extreme end of the intangible-dominant side
   c. In the middle of the continuum
   d. Left of the middle toward the tangible-dominant side

ANSWER: c

8. Which of the following fields would be least likely to be described as intangible-dominant?
   a. Manufacturing
   b. Education
   c. Insurance
   d. Banking

ANSWER: a

9. Which of the following is an example of intangible-dominant?
   a. A steakhouse
   b. A car rental agency
   c. Math tutoring
   d. A magazine subscription

ANSWER: c

10. Which of the following statements is true?
   a. Consumers evaluate goods and services the same.
   b. Goods are intangible-dominant.
   c. Goods are tangible-dominant.
   d. Consumers evaluate goods based on the experiential aspects provided.

ANSWER: c

11. The economic value of transforming goods into services is illustrated by paying _____.
   a. $3 for a pound of coffee beans at the market
   b. $6 for getting your car washed
   c. $7 for a cup of coffee in a five-star restaurant
   d. $7 to have your dog walked

ANSWER: c

12. A condition of firms that define their businesses too narrowly is known as _____.
   a. marketing myopia
   b. market-focused
   c. scale of market entities
   d. tangible-dominant

ANSWER: a

13. A conceptual model of the relationship between the tangible and intangible components of a firm's operations as experienced by the customer is known as the _____.

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a. servuction model
b. molecular model
c. servicescape model
d. e-service model

ANSWER: b

14. The encapsulation of the remunerations of a product in the consumer's mind is called the _____.
a. servuction model
b. benefit concept
c. service triangle
d. service-profit chain

ANSWER: b

15. According to the servuction model, factors that influence the customer's service experience include all of the following *except* _____.
a. price
b. contact personnel/service providers
c. other customers
d. servicescape

ANSWER: a

16. Which of the following components of the servuction model is invisible to consumers?
a. Servicescape
b. Organization and systems
c. Other customers
d. Contact personnel

ANSWER: b

17. A customer who notices dirty silverware and a dirty floor in their favorite restaurant and loses their appetite has been influenced by which of the following components of the servuction model?
a. Servicescape
b. Organization and systems
c. Other customers
d. Contact personnel

ANSWER: a

18. Servicescape consists of which of the following features?
a. Contact personnel
b. Inanimate objects
c. Employees
d. Service providers

ANSWER: b

19. The component of the servuction model over which most service firms have the least control is _____.

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a. servicescape
b. organization and systems
c. other customers
d. contact personnel

ANSWER: c

20. If an office did not schedule as many people as were needed during a busy period, which of the following components of the servuction model has negatively influenced the customer's experience?
a. Servicescape
b. Organization and systems
c. Other customers
d. Contact personnel

ANSWER: b

21. A customer attempted to pay his bill with his American Express credit card; however, the service firm did not accept American Express. Which of the servuction model components negatively influenced the customer's experience?
a. Servicescape
b. Organization and systems
c. Other customers
d. Contact personnel

ANSWER: b

22. Traditionally, economies throughout the world tend to transition from _____.
a. a service economy to an agricultural economy to an industrial economy
b. a service economy to an industrial economy to an agricultural economy
c. an agricultural economy to an industrial economy to a service economy
d. an agricultural economy to a service economy to an industrial economy

ANSWER: c

23. Ranking from highest to lowest, the first three countries with the largest service sector employment by the percentage of GDP are _____.
a. the United Kingdom, the United States, Japan
b. Macao, Hong Kong, Luxembourg
c. Macao, Guam, Hong Kong
d. Hong Kong, the United Kingdom, Luxembourg

ANSWER: b

24. In regards to sector employment in the United States, which of the following is ranked number one?
a. Elementary and secondary schools
b. Real estate
c. Offices of physicians
d. Full-service restaurants

ANSWER: a

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25. What is the approximate percentage of the U.S. gross domestic product generated by the service sector?
    a. 59%
    b. 67%
    c. 79%
    d. 87%

ANSWER: c

26. Which of the following was the first economy in the modern world to transition from an agricultural economy to an industrial economy to a service economy?
    a. Hong Kong
    b. The United States
    c. The United Kingdom
    d. The Bahamas

ANSWER: c

27. A technology-based service that completes tasks, solves problems, and/or conducts transactions is called a(n) _____.
    a. servicescape
    b. service providers
    c. service economy
    d. e-service

ANSWER: d

28. Which of the following refers to programmable machines designed to perform a series of repetitive tasks?
    a. Artificial intelligence
    b. Self-service technologies
    c. Robotics
    d. e-Service

ANSWER: c

29. Identify the term most people associate with being “green” and protecting the environment.
    a. Sustainability
    b. Tangibility
    c. Intangibility
    d. Social responsibility

ANSWER: a

30. Which of the following areas is a sustainable business practice that companies hope to pursue as a source of competitive advantage?
    a. Eco-efficiency
    b. e-Payments
    c. e-Service
    d. Eco-service

ANSWER: a

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31. What are the fundamental differences between goods and services?

ANSWER: The term *product* is used as an umbrella descriptor for "goods" (e.g., automobiles, smartphones), "services" (e.g., financial, health care), "people" (e.g., politicians, celebrities), "places" (e.g., tourist destinations), and "ideas" (energy conservation, sustainability).

Despite the confusion, the following definitions should provide a sound starting point in developing an understanding of the differences between goods and services. In general, *goods* can be defined as "objects, devices, or things," whereas *services* can be defined as "deeds, efforts, or performances." Ultimately, the primary difference between goods and services is the property of intangibility.

32. What are the seven categories of complaints that customers say irritate them most about service providers?

ANSWER:

- **Apathy:** What comedian George Carlin refers to as DILLIGAD-Do I look like I give a damn?
- **Brush-off:** Attempts to get rid of the customer by dismissing the customer completely—the "I want you to go away" syndrome
- **Coldness:** Indifferent service providers who could not care less what the customer really wants
- **Condescension:** The "you are the client/patient, so you must be stupid" approach
- **Robotism:** When the customers are treated simply as inputs into a system that must be processed
- **Rulebook:** Providers who live by the rules of the organization even when those rules do not make good sense
- **Runaround:** Passing the customer off to another provider, who will simply pass them off to yet another provider

33. Discuss the components of the servuction model. What does the model attempt to explain?

ANSWER:

- The components of the servuction model include other customers, contact personnel/service providers, servicescape, and organization and systems (the rules, regulations, schedules, and all other behind-the-scenes activities that influence the customer's service experience).
- The first three components are visible to the consumer, but the invisible organization and systems are not.
- The servicescape refers to the use of physical evidence to design service environments.
- The service providers are the employees who perform the core service, and the contact personnel are other employees who briefly interact with the customer.
- The other customers are those who share the primary customer's service experience, and they can enhance or detract from that experience.
- The model attempts to explain that the four components of the servuction model combine to create the experience for the consumer, and it is that experience that creates the bundle of benefits that the consumer receives.
- The most profound implication of the servuction model is that it demonstrates that consumers are an integral part of the service process.

34. Discuss the four types of artificial intelligence.

ANSWER:

- **Reactive machines:** Reactive machines react to input by providing output. They do not learn from past experiences and cannot form memories. IBM's chess-playing supercomputer, Deep Blue, is a classic example of a reactive machine.
- **Limited memory:** This type of artificial intelligence (AI) analyzes previous recent experiences to make better predictions. For example, self-driving cars use limited memory AI to navigate city streets.
- **Theory of Mind:** Yet to be developed, *Theory of Mind* AI would recognize that humans have thoughts and feelings, and the AI should respond accordingly. For example, a user can yell at Google

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Maps' recommendations all day long; however, Google Maps is unaware that the user is frustrated. As a result, Google Maps does not reply with an empathetic response; the AI will continue to provide the same directional advice repeatedly.

- **Self-awareness:** This type of AI takes the development of *Theory of Mind* AI one step further. In this case, the AI would not only recognize the feelings and behavior of users but also would have its own human-level consciousness, including the capabilities to think, desire, and understand its own feelings.

35. Discuss the growth of the global service economy.

ANSWER:

- New technology has led to considerable changes in many services and the development of new services.
- Higher disposable incomes have led to a proliferation of personal services, particularly in the entertainment sector.
- All developed economies now have large service sectors.

36. Describe the four areas of improvement in which a company can achieve sustainability.

ANSWER:

- Eco-efficiency focuses on the concept of the "double dividend." Companies attempting to reduce waste and inefficiencies within the system see both financially and environmentally positive results.
- Environmental cost leadership involves developing a radical innovation that will allow the company to be more environmentally friendly while maintaining cost competitiveness.
- Beyond compliance, leadership involves companies wanting to increase their sustainability efforts but also wanting these efforts to be acknowledged by the public. These companies often spend money on environmental certifications, such as LEEDS building certifications. The first movers in an industry, in this case, have the greatest advantage. Those who take the first initiative are seen as innovative, whereas the rest of the companies within the industry are forced to follow suit.
- Eco-branding strategies focus on marketing differentiation based on the environmental attributes (e.g., organic, vegan, or fair-trade status) of products. There are three basic prerequisites that often exist for firms to successfully execute this approach: consumers must be willing to pay for the costs of ecological differentiation; reliable information about a product's environmental performance must be readily available to the consumer; and the differentiation must be difficult to imitate by competitors.

37. Most people tend to associate sustainability with being "green" and protecting the environment.

a. True

b. False

ANSWER: True

38. One reason why studying services marketing is important is to understand how consumers evaluate services differently than goods, and service marketers must effectively manage the experiential aspects of the service product.

a. True

b. False

ANSWER: True

39. Macroenvironmental forces include internal culture, employees, and managers.

a. True

b. False

ANSWER: False

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40. A service is used as an umbrella descriptor for goods, services, people, places, and ideas.
    a. True
    b. False

ANSWER: False

41. The servuction model includes the servicescape, contact personnel/service providers, and other customers.
    a. True
    b. False

ANSWER: False

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