

Chapter 2

Customer behaviour, culture and service encounters

Multiple Choice Questions

- 1. The inherent social nature of services means that cultural norms will impact on consumer decision making. This is particularly noticeable in:**
 - a. high contact services**
 - b. medium contact services**
 - c. all service situations**
 - d. all of the above**
 - e. a and b only**

Answer: e

Level of Difficulty: 1

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Understanding customer behaviour

AACSB: Diverse and multicultural work environments

- 2. In a typical model of a customer's decision process, which of the following is NOT part of the pre-purchase stage?**
 - a. Mood states**
 - b. Recognition of needs**
 - c. Evaluation of alternatives**
 - d. Information search**
 - e. All of the above**

Answer: a

Level of Difficulty: 1

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 3. In a typical model of a decision making process, which of the following is NOT part of the service encounter stage?**
 - a. Mood states**
 - b. Information search**
 - c. Understanding consumer needs and values**
 - d. Control theory**
 - e. Role and script theory**

Answer: b

Level of Difficulty: 2

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 4. Understanding customers' intrinsic needs and values is part of:**
- a. pre-purchase phase**
 - b. service-encounter phase**
 - c. post-purchase phase**
 - d. all of the above**
 - e. none of the above**

Answer: b

Level of Difficulty: 3

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 5. All of the following are dimensions of Hofstede's cultural values except:**
- a. power distance**
 - b. individualism**
 - c. face**
 - d. uncertainty avoidance**
 - e. masculinity**

Answer: c

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 6. Which of the following refers to a society in which the hierarchy is strong and power is centralised at the top?**
- a. Lower power distance**
 - b. Low uncertainty risk**
 - c. Higher power distance**
 - d. Low uncertainty risk**
 - e. All of the above**

Answer: c

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 7. In a collectivist culture, the emphasis in relationship is NOT on:**
- a. dependence**
 - b. conformance**
 - c. consideration of the individual**
 - d. consideration of the ingroup to which one belongs**
 - e. interdependence**

Answer: c

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 8. As a result of being high on uncertainty avoidance, Asian consumers are likely to:**
- a. be highly brand-name conscious and brand loyal**
 - b. show a greater insistence on quality**
 - c. be active users of reference groups and opinion leaders**
 - d. a and c**
 - e. a, b and c**

Answer: e

Level of Difficulty: 3

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 9. In a(n) _____ culture, differences in social status between client and service result in reduced opportunities for client loyalty based on social bonding.**
- a. collectivist**
 - b. low power distance**
 - c. individualist**
 - d. high power distance**
 - e. low uncertainty avoidance**

Answer: d

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 10. Which of the following is NOT valued in a feminine culture?**
- a. Caring for others**
 - b. Nurturing roles and attitude**
 - c. Quality of life**
 - d. Performance**
 - e. Maintenance of warm personal relationships**

Answer: d

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

- 11. A consumer decides she needs a haircut, so she asks a friend to tell her about her experiences at a new hairdresser. This discussion would come under which stage of the three-stage consumption model?**
- a. Pre-purchase stage**
 - b. Experience validity stage**
 - c. Service experience stage**
 - d. Post-encounter stage**
 - e. Consumption stage**

Answer: a

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

12. Which particular attributes of services do consumers find most difficult to evaluate?

- a. Credence attributes**
- b. Search attributes**
- c. Service attributes**
- d. Experience attributes**
- e. Financial attributes**

Answer: a

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

13. Attributes such as style, colour and feel are _____ properties which can be evaluated pre-purchase; _____ properties can only be evaluated during consumption and consumers may not be able to confidently evaluate _____ properties.

- a. search; experience; credence**
- b. physical; experiential; value**
- c. search; functional; credence**
- d. tangible; physical; emotional**
- e. search; experience; psychological**

Answer: a

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

14. In selecting a service provider, consumers may encounter many risks. Which of the following services contains the highest level of risk?

- a. Buying a chocolate bar**
- b. Hiring consultancy services**
- c. Visiting a retail clothing outlet**
- d. Hiring a house cleaning service**
- e. Taking a coat to the dry cleaners**

Answer: b

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 15. Several factors may enhance risks and uncertainty in the mind of a service purchaser. Which of the following is NOT likely to be one of them?**
- When the service is relatively new**
 - When the service is complex**
 - When the purchase is important to the customer**
 - When the customer is making a repeat purchase**
 - When the customer is relatively inexperienced**

Answer: d

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 16. Which of the following factors may reduce risk and uncertainty when a consumer is looking to select a service?**
- The intangibility of the service**
 - The consumer's lack of experience in using that service**
 - The level of contact the consumer may have with the organisation during the purchase and consumption phase**
 - The complexity of the service**
 - The importance of the purchase to the consumer**

Answer: c

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 17. For an overseas student selecting an Australian or New Zealand university, which of the following information sources are likely to be the least important to the student in making his/her decision?**
- University websites**
 - Discussions with university staff members over the telephone**
 - Opinion of friends who have visited and experienced the university**
 - Opinion of potential employers at the student's home country**
 - Opinion of academic staff at the student's home school**

Answer: a

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Diverse and multicultural work environments

- 18. All of the following are types of risk that are of concern to potential customers except:**
- a. financial risk**
 - b. psychological risk**
 - c. social risk**
 - d. process risk**
 - e. functional risk**

Answer: d

Level of Difficulty: 1

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 19. Consumers who are worried about what their peer groups (or other significant influences on their life) think when they purchase an item of clothing at a particular retail outlet are concerned about what type of risk?**
- a. Financial risk**
 - b. Communication risk**
 - c. Performance risk**
 - d. Psychological risk**
 - e. Social risk**

Answer: e

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 20. In a high-risk purchase situation, which of the following statements is incorrect?**
- a. Western consumers tend to go through an extended information search process.**
 - b. Asian consumers tend to be more passive consumers than Western consumers.**
 - c. Asian consumers tend to use only internal information sources.**
 - d. Western consumers tend to consider all attributes of each brand.**
 - e. Asian consumers may prevent the problem recognition stage from occurring.**

Answer: c

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Diverse and multicultural work environments

- 21. All of the following are good strategies for an organisation to reduce risk on behalf of its customers except:**
- a. giving a guarantee or a warranty**
 - b. lowering the price of the service**
 - c. giving out more information on the services offered**
 - d. spending money on the branding of the company**
 - e. managing the physical evidence of the company effectively**

Answer: b

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 22. Which of the following factors has the potential to influence customer satisfaction with the service purchased?**
- a. How their questions are answered**
 - b. How their physical possessions are treated**
 - c. How they are treated generally by service personnel**
 - d. The appearance of both the interior and exterior of service facilities**
 - e. All of the above**

Answer: e

Level of Difficulty: 2

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 23. A customer going into their bank's branch to cash an offshore cheque is an example of a _____ service, while using the bank's ATM to withdraw cash is a(n) _____ service.**
- a. personal; automatic**
 - b. low-contact; medium-contact**
 - c. high-contact; low-contact**
 - d. medium-contact; high-contact**
 - e. personal; technology**

Answer: c

Level of Difficulty: 3

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 24. For a high-contact service, which of the following is the least important in shaping customer perceptions?**
- a. Ability of customer service personnel to answer questions**
 - b. Authority of customer service personnel to rectify problems**
 - c. Cleanliness of service facility**
 - d. Corporate websites**
 - e. Comfortable seating**

Answer: d

Level of Difficulty: 1

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 25. Consumer expectations include a zone of tolerance, which falls between which service levels?**
- a. Desired service and adequate service**
 - b. Desired service and predicted service**
 - c. Adequate service and predicted service**
 - d. Desired service and individual needs**
 - e. Adequate service and situational factors**

Answer: a

Level of Difficulty: 2

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 26. How does role and script theory apply to services marketing?**
- a. It says service employees should learn lines to deliver, rather than using their own words.**
 - b. It says each service encounter is like a drama in which service employees and customers have roles to play.**
 - c. It says service encounters are artificial situations, like plays or cinema.**
 - d. It says services marketers should prepare scripts for their employees to follow.**
 - e. It says service encounters should be dramatic events that are exciting every time.**

Answer: b

Level of Difficulty: 3

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 27. Which of the following is a disadvantage of highly scripted roles?**
- a. They ensure uniform quality.**
 - b. They can lead to creative solutions in unfamiliar situations.**
 - c. They can lead to mindless service performance, rather than attention to customer needs.**
 - d. They can be attractive to employees who prefer the freedom of an ad lib approach.**
 - e. They make it impossible to achieve role congruence during service encounters.**

Answer: c

Level of Difficulty: 2

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 28. In a service encounter, customers as well as employees have a role to play and the satisfaction of both parties depends on:**
- a. role ambiguity**
 - b. role conflict**
 - c. cognitive effort**
 - d. role congruence**
 - e. scripts**

Answer: d

Level of Difficulty: 2

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 29. Which of the following is NOT a disadvantage of a highly scripted service?**
- a. Consumers often see it as a set of 'mindless behaviours'.**
 - b. Customer requests are often not appropriate for highly scripted responses.**
 - c. It is good for responding quickly to varying customer needs.**
 - d. Often little attention is paid to incoming information.**
 - e. Some customers prefer unscripted encounters.**

Answer: c

Level of Difficulty: 1

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 30. A website offers viewers the option of customising the information provided to include local time and weather, local currency rates and local events. This is an example of:**
- a. comfort**
 - b. behavioural control**
 - c. cognitive control**
 - d. value for money**
 - e. negative experience reduction**

Answer: b

Level of Difficulty: 3

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 31. When the pilot realises during a flight that the plane will arrive late at the scheduled destination, passengers are immediately notified of the length of the delay. This is an example of giving customers:**
- a. informational assistance**
 - b. behavioural control**
 - c. cognitive control**
 - d. customer service**
 - e. value for money**

Answer: c

Level of Difficulty: 2

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 32. Which of the following is NOT considered as a fundamental need that a customer may have in a service setting?**
- a. Fairness**
 - b. Respect**
 - c. Mood**
 - d. Security**
 - e. Esteem**

Answer: c

Level of Difficulty: 1

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 33. When a customer contacts their bank, travel agent or telephone company, respect can be demonstrated (or violated) by various things. Which of the following may NOT be one of them?**
- Customer's knowledge of script**
 - The waiting time to be served**
 - How pleasant the waiting time is viewed as**
 - The product knowledge of the staff**
 - The convenience of operating hours or locations**

Answer: a

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 34. A customer who has many dealings with his/her bank over a year has many encounters with them. All of the following events may violate his/her respect if the customer encountered it except:**
- long waiting time to be served**
 - unfriendly customer service personnel**
 - bank staff's unreliability in returning phone calls**
 - preferential treatment given to another customer**
 - lack of product knowledge of the staff when asking about particular services**

Answer: e

Level of Difficulty: 3

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 35. _____ represents the dignity based on a correct relationship between a person and the groups to which that person belongs.**
- Dignity**
 - Self-esteem**
 - Face**
 - Status**
 - Pecking order**

Answer: c

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 36. A psychological contract is an implicit agreement between parties concerning what each party gives and gets in the relationship. A psychological contract is an example of:**
- a. distributional fairness**
 - b. legal fairness**
 - c. process fairness**
 - d. procedural fairness**
 - e. none of the above**

Answer: a

Level of Difficulty: 3

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Ethical understanding and reasoning

- 37. Which of the following statements is true?**
- a. Satisfactorily resolved critical incidents can enhance brand loyalty.**
 - b. Critical incidents have a significant impact on customer satisfaction.**
 - c. Customers are not always right and can exhibit bad behaviour.**
 - d. Critical incidents can occur pre- and post-consumption and during the service process.**
 - e. All of the above**

Answer: e

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Reflective thinking

- 38. Why is it important to acknowledge the employee's viewpoint when examining service encounters?**
- a. Bad customer behaviour is often a problem.**
 - b. Customers are not always right.**
 - c. Customers do not always obey instructions.**
 - d. All of the above**
 - e. a and b**

Answer: d

Level of Difficulty: 1

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 39. Satisfaction is an attitude judgement based on the customer's experience of the service encounter. Which of the following is not a satisfaction judgement?**
- a. Positive disconfirmation**
 - b. Negative disconfirmation**
 - c. Confirmation**
 - d. All of the above**
 - e. None of the above**

Answer: e

Level of Difficulty: 2

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 40. Smart firms manage customer's _____ at each step in the _____ encounter so that customers expect what a firm can _____.**
- a. expectations; service; deliver**
 - b. needs; service; deliver**
 - c. expectations; initial; deliver**
 - d. expectations; service; organise**
 - e. needs; initial; organise**

Answer: a

Level of Difficulty: 2

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 41. The pre-purchase stage begins with _____.**
- a. perceived risk**
 - b. formation of expectations**
 - c. moments of truth**
 - d. evoked set**
 - e. need arousal**

Answer: e

Level of Difficulty: 2

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 42. 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**

Answer: a

Level of Difficulty: 1

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 43. Customer delight is a function of three components: _____, _____, and _____.**
- a. personality; arousal; positive affect**
 - b. unexpectedly high performance; arousal; positive affect**
 - c. low expectations; arousal; personality**
 - d. satisfaction; high expectations; arousal**
 - e. arousal; unexpectedly high performance; satisfaction**

Answer: b

Level of Difficulty: 3

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 44. How do customers measure their satisfaction with a service's credence attributes?**
- a. By comparing perceived performance with desired performance**
 - b. By comparing perceived performance with their zone of tolerance**
 - c. By determining whether tangible cues contradict their expectations**
 - d. By measuring their levels of arousal and positive affect**
 - e. By measuring the outcome of the search and choice process**

Answer: c

Level of Difficulty: 3

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

45. **A customer pays extra for the best seats in a theatre. How will that decision affect the customer's expectations for the show?**
- The customer will consider fewer credence attributes.**
 - The customer will expect positive disconfirmation.**
 - The customer's zone of tolerance will be wider than usual.**
 - The customer will not take it lightly if his view of the stage is obstructed.**
 - The customer will not give much thought to the seating.**

Answer: d

Level of Difficulty: 2

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

True/False Questions

1. **Consumer evaluation processes in terms of service differ from those used when evaluating consumer goods.**
- True**
 - False**

Answer: True

Level of Difficulty: 1

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

2. **Hofstede identified the following aspects of culture: collectivism/individualism; uncertainty avoidance; power distance; masculinity/femininity.**
- True**
 - False**

Answer: True

Level of Difficulty: 1

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Diverse and multicultural work environments

3. **All consumers are the same so all will have the same expectations of service encounters.**
- True**
 - False**

Answer: False

Level of Difficulty: 1

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Understanding customer behaviour

AACSB: Diverse and multicultural work environments

- 4. An individual's attitude towards change, risk and ambiguous situations is called 'uncertainty acceptance'.**
a. True
b. False

Answer: False

Level of Difficulty: 3

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Impact of culture

AACSB: Analytical thinking

- 5. The extent to which a culture exhibits feminine or masculine traits is one of Hofstede's dimensions of cultural values.**
a. True
b. False

Answer: True

Level of Difficulty: 1

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Diverse and multicultural work environments

- 6. The consumer decision making process has been identified as having three principal stages which can further be divided into a number of steps within the process.**
a. True
b. False

Answer: True

Level of Difficulty: 2

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Analytical thinking

- 7. Experience attributes can be evaluated prior to purchase while search properties can only be evaluated during consumption.**
a. True
b. False

Answer: False

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 8. The awareness of a need will drive an information search on behalf of the consumer before a decision has been made.**
a. True
b. False

Answer: True

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 9. Credence attributes are those attributes which are easiest to assess during the service encounter.**
a. True
b. False

Answer: False

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 10. 'Perceived risk' refers to a consumer's judgement of the likelihood of negative outcomes and the importance of these outcomes to the consumer.**
a. True
b. False

Answer: True

Level of Difficulty: 1

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 11. Customers often remain with a service provider out of inertia rather than loyalty.**
a. True
b. False

Answer: True

Level of Difficulty: 1

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 12. In Eastern cultures, risk aversion is likely to be orientated towards monetary or functional risk.**
a. True
b. False

Answer: False

Level of Difficulty: 2

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Diverse and multicultural work environments

- 13. As a way of reducing risk and uncertainty, consumers often rely on the reputation of the service organisation prior to making their purchase decision.**
a. True
b. False

Answer: True

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 14. Lack of prior experience with the service often decreases a consumer's perceived risk in purchasing and using that service.**
a. True
b. False

Answer: False

Level of Difficulty: 1

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 15. Many high-contact services are being changed into low-contact services through the use of technology or the Internet.**
a. True
b. False

Answer: True

Level of Difficulty: 1

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Information technology

- 16. To ensure consistent quality, McDonald's gives detailed instructions for how to deliver services in its restaurants. This approach to service illustrates a benefit of applying role and script theory.**
a. True
b. False

Answer: True

Level of Difficulty: 1

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 17. Customers' needs for security against physical and financial harm are difficult to violate.**
a. True
b. False

Answer: False

Level of Difficulty: 1

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Reflective thinking

- 18. Customers will put up with a lot of negative customer service from service businesses as they are reluctant to find new service providers.**
a. True
b. False

Answer: False

Level of Difficulty: 3

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 19. Critical incidences can occur both pre- and post-consumption as well as during the process of delivery.**
a. True
b. False

Answer: True

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Analytical thinking

- 20. In terms of customer satisfaction, if a consumer has a better than expected experience this can be referred to as 'positive disconfirmation'.**
a. True
b. False

Answer: True

Level of Difficulty: 3

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

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AACSB: Analytical thinking

Essay Questions

- 1. Think of a service that you have recently bought. Discuss the stages that you went through in making that purchase and relate your experience with a typical model of a customer's decision process.**

Level of Difficulty: 2

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Reflective thinking

- 2. Compare and contrast how Western and Asian consumers might make the decision to purchase a particular service and evaluate the resulting service encounter.**

Level of Difficulty: 2

LO: 2.2 Describe the impact of culture upon consumer behaviour in service settings

Topic: Understanding of customer behaviour

AACSB: Diverse and multicultural work environments

- 3. After graduation, you and your friend plan to start a marketing consultancy business. Discuss the risks your potential customers may perceive about buying services from your business and how you may try to reduce those risk perceptions.**

Level of Difficulty: 3

LO: 2.3 Explain the relevance of perceived risk and information search at the pre-purchase stage of the buying process

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 4. Discuss role, script and control theories. How might a marketer incorporate insights gained from these theories into their service offering and delivery?**

Level of Difficulty: 3

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 5. Discuss, using examples from your own experiences, the concept of 'critical incident technique' (CIT).**

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Reflective thinking

- 6. When attempting to buy a gift at an exclusive jewellery store, you notice that older well-dressed individuals are being served before you. Discuss this situation in terms of 'understanding customer's psychological needs and values'.**

Level of Difficulty: 3

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Application of knowledge

- 7. Apply the three-stage model of consumption to a consumer who is making a decision on whether to go on a cruise liner or fly to a resort they have visited previously for their vacation.**

Level of Difficulty: 2

LO: 2.1 Explain the three-stage model of service consumption

Topic: Understanding customer behaviour

AACSB: Application of knowledge

- 8. Discuss the concept that Westerners are as vulnerable to a loss of self-esteem and ego as a member of an Asian culture is to the loss of face in service encounters.**

Level of Difficulty: 2

LO: 2.5 Explain why it is necessary to understand customers' psychological needs and values

Topic: The three-stage model of service consumption

AACSB: Diverse and multicultural work environments

- 9. How important is the treatment of service personnel by other employees, the organisation and consumers to the efficient running of a service organisation?**

Level of Difficulty: 1

LO: 2.4 Describe why role and script theory and control theory are central to understanding customer behaviour in service settings

Topic: The three-stage model of service consumption

AACSB: Interpersonal relations and teamwork

- 10. The evaluation of a service is ongoing during the process but the most significant evaluation can only take place after the event. What factors can be used to assess the post-encounter stage of the service?**

Level of Difficulty: 2

LO: 2.6 Describe the basic mechanism that underpins the formation of post-purchase satisfaction evaluations

Topic: The three-stage model of service consumption

AACSB: Analytical thinking