Service Management 9th edition Bordoloi Test Bank

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Service Management: Operations, Strategy, Information Technology, 9e **(Bordoloi)**
Chapter 2 Service Strategy

1) A characteristic of the overall cost leadership strategy is the incurring of start-up losses to build market share.

2) On-line networks between suppliers and their customers create a barrier to entry.

3) When pursuing a differentiation strategy, a service firm should work to ensure that the service being offered is standardized.

4) Service winners are the competitive dimensions used by customers to decide among qualified service providers.

5) Quality is considered to be a structural element of the strategic service concept.

6) Service industries have low entry barriers because economy-of-scale opportunities are limited.

7) The use of micromarketing has the potential to create customer concerns about invasion of privacy.

8) Implementing a low-cost strategy can sometimes revolutionize an industry.

9) A cost-leadership strategy often involves customizing a standard service.

10) The competitive dimension of dependability is a likely candidate for becoming a service loser.

11) Selling information and developing new services are examples of the role that information technology plays in generating revenue.

12) Information technology can be used to promote customer loyalty.

13) The IRS has identified frequent-user programs as anti-competitive.

14) American Airlines' early development of the SABRE reservation system became the foundation for its yield management innovation.

15) Information databases are an asset, because they represent a source of revenue.

16) Information is a substitute for inventory.

17) Focus is a competitive strategy that creates a service perceived as being unique.

18) Service encounter, quality, information, and capacity planning are all managerial elements of a strategic service concept.

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19) Ordering from L.L. Bean by telephone is an example of a service firm maximizing opportunities for economies of scale.

20) A firm facing serious competition for the first time is in the journeyman stage of a service firm's competitiveness.

21) World-class service operations strive to replace workers with enhanced automation.

22) Firms classified as "available for service" view quality improvement efforts with disdain.

23) For a firm achieving "journeyman" competitive status, the back-office function is considered an activity that plays an important role in service delivery.

24) In a world-class service firm, the front-line management controls the process.

25) The job design premise in a world-class service organization is division of labor.

26) Porter's five forces analysis is used at the industry level to determine competitive intensity.

27) SWOT analysis is objective with easily agreed upon results.

28) Scalability is a measure of how unit variable cost relates to transaction volume.

29) Infinite scalability can occur only when the variable cost is zero.

30) Healthcare is an example of a service that exhibits high scalability.

31) A highly scalable firm such as Kelly Blue Book (kkb.com) requires a call center.

32) Scalability is enhanced with self-service.

33) Customers seldom take note of firms that are leaders in the sustainability movement.

34) Recycling paper and reducing energy usage often is the first step towards sustainability.

35) Data analytics and big data are associated terms.

36) Wisdom is the last layer of the five layer data analytic model.

37) The idea of IoT is to create "swarm intelligence".

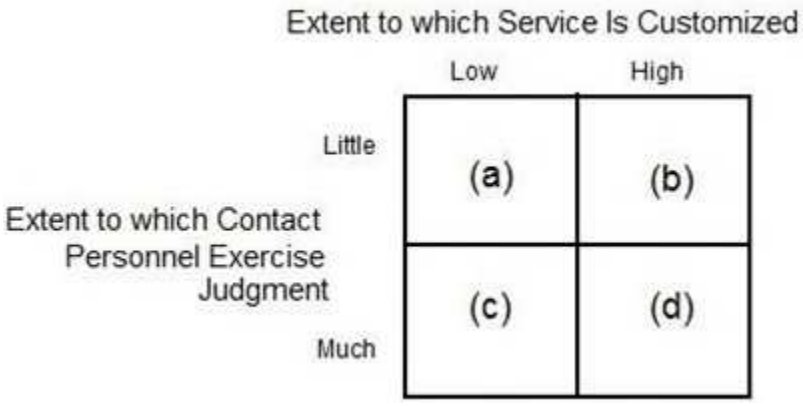
38) Adopting IoT raises privacy concerns.

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39) The qualifier for an airline offering short commuter flights is _____.
A) quality of the meals
B) safety record
C) politeness of the crew
D) on-time performance

40) Place the McDonald's fast food chain within the following matrix.



A) (a)
B) (b)
C) (c)
D) (d)

41) A difficult economic environment exists for service industries for all but one of the following reasons.
A) Relatively high overall entry barriers.
B) Product substitution.
C) Minimal opportunities for economies of scale.
D) Exit barriers.

42) A personal training facility that is located in the exclusive Beverly Hills area with only one other competitor could adopt a service strategy that emphasizes _____.
A) overall cost leadership
B) differentiation
C) focus
D) personalization

43) Of the nine dimensions of service competition, three are regarded as most likely to become service losers. Which of the following is not one of those three vulnerable dimensions?
A) Speed
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C) Dependability
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44) Which of the following is not identified as a strategy common to many successful service providers?
A) Close coordination between the marketing and operations.
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45) Which of the following usually is not a good idea with respect to an overall cost leadership strategy?
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D) a full-service car wash

47) Which one of the following is not a key characteristic that leads to a difficult competitive environment for service industries?
A) Low barriers to entry.
B) Lack of sustainable competitive advantage.
C) Lack of government regulation and oversight.
D) Low switching costs for customers.

48) In which of the following cases does the use of information raise ethical issues?
A) Yield management.
B) Selling information.
C) Micromarketing.
D) All of the above.

49) American Airlines' SABRE reservation system fills the following strategic role of information _____.
A) revenue generation
B) productivity enhancement
C) creation of barriers to entry
D) data base asset

50) Services can create barriers to entry by_____.
A) using economies of scale
B) creating switching costs
C) using databases and information technology
D) all of the above

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51) Which of the following is an example of the competitive use of information in generating revenue?
A) Reservation systems.
B) Data envelopment analysis.
C) Micromarketing.
D) Expert systems.

52) Which of the following is not a role of information technology?
A) Creating a barrier to entry for competitors.
B) Generating revenues.
C) Displacing workers.
D) Managing multisite operations.

53) Using the dimensions of strategic focus and competitive use of information can identify four strategic roles of information. Which of the following is not a strategic role of information?
A) Create barriers to entry.
B) Generate revenue.
C) Create a data base asset.
D) Provide global communications.

54) Real-time information technologies that have a focus on internal operations can play a competitive role in increasing revenue opportunities. Which one of the following uses of information does not play a role in generating revenue?
A) Yield management.
B) Point of sale.
C) Expert systems.
D) Sale of information.

55) Bar coding and checkout scanner technology have created a wealth of consumer buying information that can be used to target customers with precision. This process is an example of _____.
A) service development
B) micromarketing
C) data envelopment analysis
D) point of sale

56) _____ is not a component of big data.
A) Value
B) Volume
C) Velocity
D) Variety

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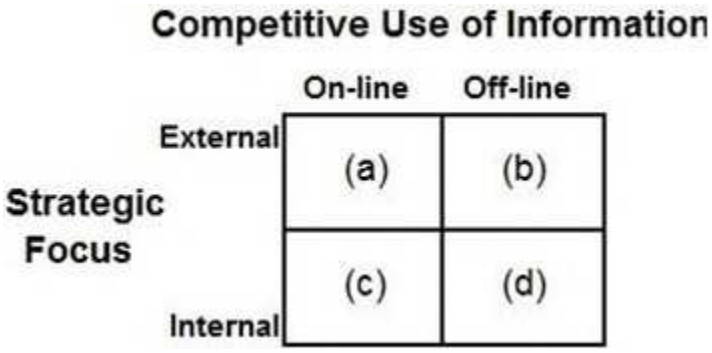
57) Which one the following is not a subordinate area of data analytics?
A) Descriptive analytics.
B) Diagnostic analytics.
C) Predictive analytics.
D) Disruptive analytics.

58) The Internet of Things (IoT) trajectory begins with _____.
A) surveillance
B) RFID tags
C) monitoring
D) location

59) Internet of Things (IoT) involves a convergence of multiple technologies but not _____.
A) GPS positioning
B) wireless communications
C) commodity sensors
D) machine learning

60) Kraft targeted its cream cheese flavors to match the tastes of a store's customers using off-line analysis of POS (point-of-sale) data. This is an example of _____.
A) yield management
B) expert systems
C) data envelopment analysis
D) micromarketing

61) Service firms use information technology to create barriers to entry, generate revenue, enhance productivity, and serve as data base assets. Which cell in the matrix below is productivity enhancement?



A) (a)
B) (b)
C) (c)
D) (d)

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62) Which of the following service quality descriptions would be considered "World Class"?
A) It raises the customer's expectations and improves continuously.
B) It exceeds the customer's expectations and is consistent on many dimensions.
C) It is less important than cost and is highly variable.
D) It contributes to service and plays an important role in total service.

63) Not satisfied with just meeting customer expectations, this category of service firms expands upon the expectations to levels that competitors find difficult to meet.
A) Available-for-service.
B) Journeyman.
C) Distinctive competence achieved.
D) World class service delivery.

64) The innovation of moving from a "country" store where the proprietor fills the shopper's list with items from behind the counter to a self-service supermarket where the shopper fills a cart with items represents a move between which of the following pairs of competitive stages?
A) From available-for-service to journeyman.
B) From available-for-service to distinctive competence achieved.
C) From journeyman to distinctive competence achieved.
D) From distinctive competence achieved to world class service delivery.

65) Which of the following stages of a firm's competitiveness describes customers who seek out a firm based upon its sustained reputation for meeting customer expectations?
A) Available-for-service.
B) Journeyman.
C) Distinctive competence achieved.
D) World class service delivery.

66) Which one of the following does SWOT analysis not have as its aim?
A) Reveal competitive advantages.
B) Determine the competitive intensity.
C) Analyze prospects.
D) Development of contingency plans.

67) Porter's five forces analysis does not include which one of the following considerations?
A) Pricing power.
B) Potential new entrants.
C) Threat of substitutes.
D) Bargaining power of suppliers.

68) Which one of the following is not a dimension of scalability?
A) Information vs. goods content.
B) Degree of self-service.
C) Cost of after-sales service.
D) Shipping and handling costs.

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69) Which of the following is not considered a criterion for evaluating the triple bottom line?
A) Social progress.
B) Economic growth.
C) Environmental stewardship.
D) Market share.

70) Service innovation is driven by which factor listed below?
A) New product technology.
B) Customer needs.
C) Observant contact employee.
D) All of the above.

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Answer: TRUE
Difficulty: 1 Easy
Topic: Competitive Service Strategies
Learning Objective: 02-02 Describe how a service competes using the three generic service strategies.
Bloom's: Remember
AACSB: Communication
Accessibility: Keyboard Navigation

2) On-line networks between suppliers and their customers create a barrier to entry.

Answer: TRUE
Difficulty: 1 Easy
Topic: The Strategic Service Vision
Learning Objective: 02-01 Formulate a strategic service vision.
Bloom's: Remember
AACSB: Communication
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3) When pursuing a differentiation strategy, a service firm should work to ensure that the service being offered is standardized.

Answer: FALSE
Difficulty: 1 Easy
Topic: Competitive Service Strategies
Learning Objective: 02-02 Describe how a service competes using the three generic service strategies.
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4) Service winners are the competitive dimensions used by customers to decide among qualified service providers.

Answer: TRUE
Difficulty: 2 Medium
Topic: Competitive Service Strategies
Learning Objective: 02-02 Describe how a service competes using the three generic service strategies.
Bloom's: Understand
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5) Quality is considered to be a structural element of the strategic service concept.

Answer: FALSE
Difficulty: 1 Easy
Topic: The Strategic Service Vision
Learning Objective: 02-01 Formulate a strategic service vision.
Bloom's: Remember
AACSB: Communication
Accessibility: Keyboard Navigation

6) Service industries have low entry barriers because economy-of-scale opportunities are limited.

Answer: FALSE
Difficulty: 1 Easy
Topic: The Strategic Service Vision
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7) The use of micromarketing has the potential to create customer concerns about invasion of privacy.

Answer: TRUE
Difficulty: 2 Medium
Topic: The Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
Bloom's: Understand
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Accessibility: Keyboard Navigation

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8) Implementing a low-cost strategy can sometimes revolutionize an industry.

Answer: TRUE
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Topic: Competitive Service Strategies
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Bloom's: Understand
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9) A cost-leadership strategy often involves customizing a standard service.

Answer: FALSE
Difficulty: 2 Medium
Topic: Competitive Service Strategies
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10) The competitive dimension of dependability is a likely candidate for becoming a service loser.

Answer: TRUE
Difficulty: 2 Medium
Topic: Winning Customers in the Marketplace
Learning Objective: 02-04 Explain what is meant by qualifiers, service winners, and service losers.
Bloom's: Understand
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11) Selling information and developing new services are examples of the role that information technology plays in generating revenue.

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12) Information technology can be used to promote customer loyalty.

Answer: TRUE
Difficulty: 2 Medium
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13) The IRS has identified frequent-user programs as anti-competitive.

Answer: FALSE
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Answer: TRUE
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15) Information databases are an asset, because they represent a source of revenue.

Answer: TRUE
Difficulty: 2 Medium
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16) Information is a substitute for inventory.

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Topic: The Competitive Role of Information in Services
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17) Focus is a competitive strategy that creates a service perceived as being unique.

Answer: FALSE
Difficulty: 2 Medium
Topic: The Competitive Role of Information in Services
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18) Service encounter, quality, information, and capacity planning are all managerial elements of a strategic service concept.

Answer: FALSE
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20) A firm facing serious competition for the first time is in the journeyman stage of a service firm's competitiveness.

Answer: TRUE
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
Learning Objective: 02-09 Categorize a service firm according to its stage of competitiveness.
Bloom's: Understand
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21) World-class service operations strive to replace workers with enhanced automation.

Answer: FALSE
Difficulty: 2 Medium
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22) Firms classified as "available for service" view quality improvement efforts with disdain.

Answer: TRUE
Difficulty: 2 Medium
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Answer: FALSE
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24) In a world-class service firm, the front-line management controls the process.

Answer: FALSE
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
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25) The job design premise in a world-class service organization is division of labor.

Answer: FALSE
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26) Porter's five forces analysis is used at the industry level to determine competitive intensity.

Answer: TRUE
Difficulty: 1 Easy
Topic: Strategic Analysis
Learning Objective: 02-03 Perform a SWOT and Five Forces Analysis.
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27) SWOT analysis is objective with easily agreed upon results.

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28) Scalability is a measure of how unit variable cost relates to transaction volume.

Answer: TRUE
Difficulty: 1 Easy
Topic: Economics of Scalability
Learning Objective: 02-08 Explain what features of a service firm lead to economics of scalability.
Bloom's: Remember
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29) Infinite scalability can occur only when the variable cost is zero.

Answer: TRUE
Difficulty: 2 Medium
Topic: Economics of Scalability
Learning Objective: 02-08 Explain what features of a service firm lead to economics of scalability.
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30) Healthcare is an example of a service that exhibits high scalability.

Answer: FALSE
Difficulty: 2 Medium
Topic: Economics of Scalability
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31) A highly scalable firm such as Kelly Blue Book (kkb.com) requires a call center.

Answer: FALSE
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32) Scalability is enhanced with self-service.

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33) Customers seldom take note of firms that are leaders in the sustainability movement.

Answer: FALSE
Difficulty: 2 Medium
Topic: Sustainability in Services
Learning Objective: 02-07 Discuss service firm sustainability and the triple bottom line impact.
Bloom's: Understand
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34) Recycling paper and reducing energy usage often is the first step towards sustainability.

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35) Data analytics and big data are associated terms.

Answer: TRUE
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36) Wisdom is the last layer of the five layer data analytic model.

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37) The idea of IoT is to create "swarm intelligence".

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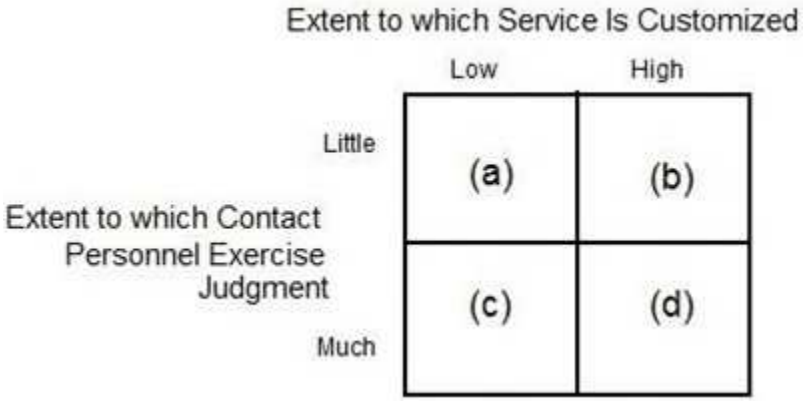
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B) Selling information.
C) Micromarketing.
D) All of the above.

Answer: D
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
Bloom's: Understand
AACSB: Communication
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49) American Airlines' SABRE reservation system fills the following strategic role of information _____.
A) revenue generation
B) productivity enhancement
C) creation of barriers to entry
D) data base asset

Answer: C
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
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50) Services can create barriers to entry by_____.
A) using economies of scale
B) creating switching costs
C) using databases and information technology
D) all of the above

Answer: D
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
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51) Which of the following is an example of the competitive use of information in generating revenue?
A) Reservation systems.
B) Data envelopment analysis.
C) Micromarketing.
D) Expert systems.

Answer: C
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
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52) Which of the following is not a role of information technology?
A) Creating a barrier to entry for competitors.
B) Generating revenues.
C) Displacing workers.
D) Managing multisite operations.

Answer: C
Difficulty: 2 Medium
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53) Using the dimensions of strategic focus and competitive use of information can identify four strategic roles of information. Which of the following is not a strategic role of information?
A) Create barriers to entry.
B) Generate revenue.
C) Create a data base asset.
D) Provide global communications.

Answer: D
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
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54) Real-time information technologies that have a focus on internal operations can play a competitive role in increasing revenue opportunities. Which one of the following uses of information does not play a role in generating revenue?
A) Yield management.
B) Point of sale.
C) Expert systems.
D) Sale of information.

Answer: C
Difficulty: 2 Medium
Topic: Competitive Role of Information in Services
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55) Bar coding and checkout scanner technology have created a wealth of consumer buying information that can be used to target customers with precision. This process is an example of _____.
A) service development
B) micromarketing
C) data envelopment analysis
D) point of sale

Answer: B
Difficulty: 1 Easy
Topic: Competitive Role of Information in Services
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56) _____ is not a component of big data.
A) Value
B) Volume
C) Velocity
D) Variety

Answer: A
Difficulty: 2 Medium
Topic: The Virtual Value Chain
Learning Objective: 02-06 Explain the concept of the virtual value chain and its role in service innovation.
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57) Which one the following is not a subordinate area of data analytics?
A) Descriptive analytics.
B) Diagnostic analytics.
C) Predictive analytics.
D) Disruptive analytics.

Answer: D
Difficulty: 2 Medium
Topic: The Virtual Value Chain
Learning Objective: 02-06 Explain the concept of the virtual value chain and its role in service innovation.
Bloom's: Understand
AACSB: Communication
Accessibility: Keyboard Navigation

58) The Internet of Things (IoT) trajectory begins with _____.
A) surveillance
B) RFID tags
C) monitoring
D) location

Answer: B
Difficulty: 2 Medium
Topic: The Virtual Value Chain
Learning Objective: 02-06 Explain the concept of the virtual value chain and its role in service innovation.
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59) Internet of Things (IoT) involves a convergence of multiple technologies but not _____.
A) GPS positioning
B) wireless communications
C) commodity sensors
D) machine learning

Answer: A
Difficulty: 2 Medium
Topic: The Virtual Value Chain
Learning Objective: 02-06 Explain the concept of the virtual value chain and its role in service innovation.
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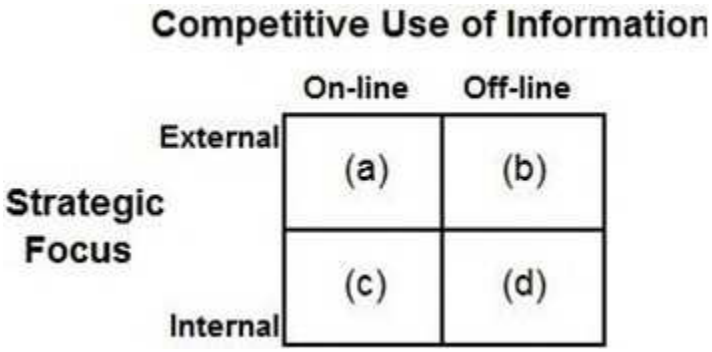
60) Kraft targeted its cream cheese flavors to match the tastes of a store's customers using off-line analysis of POS (point-of-sale) data. This is an example of _____.
A) yield management
B) expert systems
C) data envelopment analysis
D) micromarketing

Answer: D
Difficulty: 1 Easy
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
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61) Service firms use information technology to create barriers to entry, generate revenue, enhance productivity, and serve as data base assets. Which cell in the matrix below is productivity enhancement?



A) (a)
B) (b)
C) (c)
D) (d)

Answer: D
Difficulty: 1 Easy
Topic: Competitive Role of Information in Services
Learning Objective: 02-05 Discuss the competitive role of information in services and its limits.
Bloom's: Remember
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62) Which of the following service quality descriptions would be considered "World Class"?
A) It raises the customer's expectations and improves continuously.
B) It exceeds the customer's expectations and is consistent on many dimensions.
C) It is less important than cost and is highly variable.
D) It contributes to service and plays an important role in total service.

Answer: A
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
Learning Objective: 02-09 Categorize a service firm according to its stage of competitiveness.
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63) Not satisfied with just meeting customer expectations, this category of service firms expands upon the expectations to levels that competitors find difficult to meet.
A) Available-for-service.
B) Journeyman.
C) Distinctive competence achieved.
D) World class service delivery.

Answer: D
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
Learning Objective: 02-09 Categorize a service firm according to its stage of competitiveness.
Bloom's: Understand
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64) The innovation of moving from a "country" store where the proprietor fills the shopper's list with items from behind the counter to a self-service supermarket where the shopper fills a cart with items represents a move between which of the following pairs of competitive stages?
A) From available-for-service to journeyman.
B) From available-for-service to distinctive competence achieved.
C) From journeyman to distinctive competence achieved.
D) From distinctive competence achieved to world class service delivery.

Answer: B
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
Learning Objective: 02-09 Categorize a service firm according to its stage of competitiveness.
Bloom's: Understand
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65) Which of the following stages of a firm's competitiveness describes customers who seek out a firm based upon its sustained reputation for meeting customer expectations?
A) Available-for-service.
B) Journeyman.
C) Distinctive competence achieved.
D) World class service delivery.

Answer: C
Difficulty: 2 Medium
Topic: Stages in Service Firm Competitiveness
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66) Which one of the following does SWOT analysis not have as its aim?
A) Reveal competitive advantages.
B) Determine the competitive intensity.
C) Analyze prospects.
D) Development of contingency plans.

Answer: B
Difficulty: 2 Medium
Topic: Strategic Analysis
Learning Objective: 02-03 Perform a SWOT and Five Forces Analysis.
Bloom's: Understand
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67) Porter's five forces analysis does not include which one of the following considerations?
A) Pricing power.
B) Potential new entrants.
C) Threat of substitutes.
D) Bargaining power of suppliers.

Answer: A
Difficulty: 2 Medium
Topic: Strategic Analysis
Learning Objective: 02-03 Perform a SWOT and Five Forces Analysis.
Bloom's: Understand
AACSB: Communication
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68) Which one of the following is not a dimension of scalability?
A) Information vs. goods content.
B) Degree of self-service.
C) Cost of after-sales service.
D) Shipping and handling costs.

Answer: B
Difficulty: 2 Medium
Topic: Economics of Scalability
Learning Objective: 02-08 Explain what features of a service firm lead to economics of scalability.
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69) Which of the following is not considered a criterion for evaluating the triple bottom line?
A) Social progress.
B) Economic growth.
C) Environmental stewardship.
D) Market share.

Answer: D
Difficulty: 2 Medium
Topic: Sustainability in Services
Learning Objective: 02-07 Discuss service firm sustainability and the triple bottom line impact.
Bloom's: Understand
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70) Service innovation is driven by which factor listed below?
A) New product technology.
B) Customer needs.
C) Observant contact employee.
D) All of the above.

Answer: D
Difficulty: 2 Medium
Topic: The Virtual Value Chain
Learning Objective: 02-06 Explain the concept of the virtual value chain and its role in service innovation.
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