

Chapter 12 - Services and Nonprofit Organization Marketing

1. Western Union is in the business of international money transfer. An individual working in Canada can transfer a portion of his or her earnings to family members living in another country. Why has Western Union's market for wiring money grown dramatically over the last years?
 - a. It provides a good that has been declining in recent years.
 - b. It provides a tangible product that is easy to use and reliable.
 - c. It provides a service that is easy to use and reliable.
 - d. It provides a synergy that is easy to use and reliable.

ANSWER: c

2. What is the term for the result of applying human or mechanical efforts to people or objects?
 - a. application processor
 - b. profit intermediary
 - c. tangible product
 - d. service

ANSWER: d

3. Many people would like to sell and buy on eBay but are unsure how much to charge or pay. A company called Keen.com has set up a directory of specialists to whom you can address questions. Keen.com charges a per-minute fee to the person who contacts its specialist. How would Keen.com be classified?
 - a. as a tangible resource
 - b. as a tangible product
 - c. as a service
 - d. as a nonprofit organization

ANSWER: c

4. Western Union is in the business of international money transfer. An individual working in Canada can transfer a portion of his or her earnings to family members living in another country. Because a person can send money from a small town in Ontario to a small town in Mexico without worrying, what does Western Union have a high degree of?
 - a. survey quality
 - b. experience quality
 - c. research quality
 - d. credence quality

ANSWER: b

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5. Surj is a teacher. The core service he provides is knowledge and because knowledge cannot be touched, seen, tasted, heard, or felt in the same manner in which goods can be sensed, what else can it be characterized as?
- a. extraneous
 - b. synergistic
 - c. perishable
 - d. intangible

ANSWER: d

6. LaVergne had her makeup professionally applied for her prom night. She went to the beauty salon, watched as the makeup artist applied cosmetics to her face, and then went home feeling gorgeous. LaVergne's makeover illustrates which service characteristic?
- a. intangibility
 - b. inseparability
 - c. heterogeneity
 - d. flexibility

ANSWER: b

7. What is a characteristic that consumers may have difficulty assessing even after they purchase a product because they do not have the necessary knowledge or experience?
- a. variability
 - b. credence quality
 - c. intangibility
 - d. inseparability

ANSWER: b

8. Which of the following best describes services that can't be touched, seen, tasted, heard, or felt?
- a. intangibility
 - b. inseparability
 - c. perishability
 - d. simultaneous production and consumption

ANSWER: a

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9. Oliver used to sell office furniture and supplies, but he now has semi-retired and started a cleaning service specializing in cleaning fire- and water-damaged structures. Why does selling cleaning services differ greatly from selling office furniture and supplies?
- Cleaning services are homogeneous.
 - Cleaning services are unknowable.
 - Cleaning services are intangible.
 - Cleaning services are synergistic.

ANSWER: c

10. Ian has an MBA and is being recruited by an investment banking firm as a sales representative. He has had ten years of experience in selling industrial supplies. He was quite successful in this job but is worried that selling investment strategies may be more difficult. What factor would be the major reason for this worry?
- Services are intangible and, therefore, different from his previous experience.
 - His services and the products he sells are inseparable.
 - The cost inventory management system of reimbursing him may cause a problem when he makes investments.
 - The extensiveness of distribution is unimportant when selling an investment service.

ANSWER: a

11. Haim walked into a mattress store and he was able to test the softness of the mattress he was interested in. Softness, colour, shape, and size all fall under which type of characteristic?
- search quality
 - intangible attribute
 - sleep quality
 - heterogeneity feature

ANSWER: a

12. Aristide and Olga are considering attending a clinic to help them quit smoking. After they attend the clinic and learn about the techniques it uses to help customers quit smoking, what will they be better able to assess?
- the tangible attribute of the clinic
 - the experience quality of the clinic
 - the creative quality of the clinic
 - the credence quality of the clinic

ANSWER: b

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13. Andy will be selling season tickets at a football stadium. He used to sell sound systems for theatres. What is one of the key differences he can expect to find?
- a. The customer will select and evaluate entertainment on the basis of search services.
 - b. Customers are engaged in this as a low-involvement product.
 - c. A consumer will use experience qualities to evaluate the football stadium.
 - d. The consumer realizes that the selling process is difficult because of the product.

ANSWER: c

14. Which of the following services would be most likely to exhibit strong credence qualities?
- a. a math tutorial service
 - b. the repair of a leaky drain
 - c. the preparation of a dead body for burial
 - d. tax return preparation

ANSWER: c

15. Management-labour mediation, child care, and college preparation classes are all services that are produced and consumed at the same time. Which service characteristic do all of these services exhibit?
- a. inseparability
 - b. intangibility
 - c. heterogeneity
 - d. perishability

ANSWER: a

16. LouAnne had her makeup professionally applied for her prom night. She went to the beauty salon, watched as the makeup artist applied cosmetics to her face, and then went home feeling gorgeous. LouAnne's makeover illustrates which service characteristic?
- a. intangibility
 - b. inseparability
 - c. heterogeneity
 - d. flexibility

ANSWER: b

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17. A reading service for the visually impaired is interviewing readers who have similar tones and pleasing voices. The reading service is trying to limit problems associated with which service characteristic?
- a. tangibility
 - b. credence quality
 - c. inconsistency
 - d. flexibility

ANSWER: c

18. When the service being purchased requires little interaction between the service personnel and the customer, which service characteristic causes fewer problems?
- a. perishability
 - b. inseparability
 - c. intangibility
 - d. inconsistency

ANSWER: d

19. Chatha operates Rai Stables, a complete horse service that offers grooming, training, show training for handlers, boarding, and veterinary care. To maintain a quality image, Chatha insures that all employees adhere to the same performance standards. What is Chatha attempting to reduce?
- a. inconsistency
 - b. perishability
 - c. intangibility
 - d. simultaneous production and consumption

ANSWER: a

20. What are inventory services characterized by?
- a. standardized preparation procedures
 - b. standardization
 - c. storage capacity
 - d. inability to be stored

ANSWER: d

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21. Surj is a teacher and offers knowledge as a core product. Why can't knowledge be warehoused, stored, or inventoried?
- a. due to service variability
 - b. due to service intangibility
 - c. due to service inconsistency
 - d. due to service heterogeneity

ANSWER: b

22. What is one of the most important challenges in many services industries?
- a. finding ways to synchronize supply and demand
 - b. it is never consistent
 - c. it can't be assured
 - d. hiring good staff to deliver the services

ANSWER: a

23. What are services that cannot be stored or warehoused called?
- a. inventory
 - b. intangible
 - c. unstable
 - d. homogeneous

ANSWER: a

24. Western Union is in the business of international money transfer. An individual working in Canada can transfer a portion of his or her earnings to family members living in another country. Which service quality does Western Union provide to its users?
- a. tangibility
 - b. responsiveness
 - c. assurance
 - d. reliability

ANSWER: d

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25. The service provided by employees at boutique hotels cannot be touched, seen, or felt in the same manner as the hair and bath products. How can it be described?
- a. as unknowable
 - b. as tangible
 - c. as intangible
 - d. as credible

ANSWER: c

26. To evaluate the quality provided by boutique hotels, which qualities would customers most likely depend on?
- a. experience
 - b. relational
 - c. credence
 - d. search

ANSWER: a

27. Boutique hotels are typically independently owned and/or part of small chains. People who seek out boutique hotels cannot be sure of what type of specific services will be provided. In other words, the services provided by boutique hotels tend to be relatively high in which of the following qualities?
- a. inseparability
 - b. intangibility
 - c. inconsistency
 - d. perishability

ANSWER: c

28. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. Because what Sizzlin' Shine provides cannot be touched, seen, or felt in the same manner as an automobile part such as a tire, what is considered?
- a. homogeneous
 - b. intangible
 - c. credible
 - d. perishable

ANSWER: b

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29. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. Why are the facilities at the Ritzy Canine very upscale in design?
- a. to cope with the problems of service perishability
 - b. to cope with the problems of service homogeneity
 - c. to cope with the problems of service intangibility
 - d. to cope with the problems of service inseparability

ANSWER: c

30. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. Before leaving a dog at the Ritzy Canine, its owner would more than likely inspect the facilities and use which qualities to evaluate the establishment?
- a. experience
 - b. investigative
 - c. search
 - d. standardized

ANSWER: c

31. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. Sizzlin' Shine's customers can judge the quality of the detailing services on their automobiles only after driving them for a period of time and seeing how the shine holds under various driving conditions. What can customers use to evaluate the service?
- a. cognitive perception
 - b. experience qualities
 - c. search qualities
 - d. heterogeneous perception

ANSWER: b

32. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. To maintain Sizzlin' Shine's quality image, the owner provides complete training for each employee in company operations, objectives, and performance standards. What unique aspect of services is the owner attempting to address?
- a. inconsistency
 - b. perishability
 - c. intangibility
 - d. inseparability

ANSWER: a

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33. At Home Hardware, the store manager is frustrated at the level of service employees provide to customers even after he wrote a guide to customer service and instructed each employee to read the guide. Which type of gap is this?
- a. between the service quality specifications and the service that is actually provided
 - b. between what the company provides and what the customer is told it provides
 - c. between the service customers receive and the service they want
 - d. between what customers want and what management thinks customers want

ANSWER: a

34. If a customer expects to wait one week for a pair of shoes to be mended but is told that the shoes are ready to be picked up less than 24 hours after leaving them at the repair shop, the customer's evaluation of service quality will be high. However, a two-week wait would result in a lower evaluation. Which type of gap would be illustrated by the two-week wait?
- a. between the service customers receive and the service they want
 - b. between what the company provides and what the customer is told it provides
 - c. between what customers want and what management thinks customers want
 - d. between what management thinks customers want and the quality specifications management develops to provide

ANSWER: a

35. Shack Up Hotel offers basic rooms with indoor plumbing and electricity. The owner decided this was all that guests needed. In this instance, what is the service provider likely to have a gap between?
- a. what the company tells the customer it provides and what is actually provided
 - b. service quality specifications and employee training
 - c. what customers want and what management thinks customers want
 - d. service expectations and what customers are told to expect

ANSWER: c

36. Many people would like to sell and buy on eBay but are unsure how much to charge or pay. A company called Keen.com has set up a directory of specialists to whom you can address questions. Users can see the ratings given to each specialist by previous users before they contact that specialist. Which service component does Keen.com use to help its customers evaluate its service quality?
- a. empathy
 - b. assurance
 - c. tangibles
 - d. flexibility

ANSWER: b

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37. TeamBuilds is a service organization that has corporate teams pay \$7,500 for an all-day team-building session with a management consultant while they work together on renovating a Habitat for Humanity home. What could be used to identify the problem if there were significant differences between what TeamBuilds says it provides to customers and what it actually provides?
- a. the gap model of service quality
 - b. the service pyramid
 - c. the four dimensions of service quality
 - d. the service paradigm

ANSWER: a

38. Virtual Bellhop is a service provider that ships large sporting goods to vacation destinations so its customers do not have to worry about carrying them through airports. Its record for getting the sporting equipment to the correct destination for the vacationer is perfect. This indicates the company excels at which component of service quality?
- a. empathy
 - b. reliability
 - c. flexibility
 - d. assurance

ANSWER: b

39. Sally calls a salon for an appointment and experiences prompt service. What does this exemplify?
- a. empathy
 - b. responsiveness
 - c. reliability
 - d. assurance

ANSWER: b

40. What are the five components that customers use to evaluate service quality?
- a. inseparability, inconsistency, inventory, reliability, assurance
 - b. objectively, search quality, credence quality, intangibility, experience quality
 - c. reliability, responsiveness, assurance, empathy, tangibles
 - d. endeavours, experiences, reliability, responsiveness, assurance

ANSWER: c

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41. Has someone ever repeatedly asked for your phone number and refused to take “no” for an answer? Now when that annoying individual asks for your phone number, you can give this individual the number for the Rejection Hotline, which will explain that you are not interested. The ability to give someone a phone number that tells him or her exactly what you have been unable to communicate demonstrates that Rejection Hotline would score high when what is evaluated?
- a. its assurance
 - b. its empathy
 - c. its tangibility
 - d. its reliability

ANSWER: d

42. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. Research has shown that consumers evaluate service quality on five components. When customers rate the people who supervise the dog activities as being “dog people” and having an understanding of the needs of dogs and their owners, which component are they concerned with?
- a. reliability
 - b. responsiveness
 - c. standardization
 - d. empathy

ANSWER: d

43. An Internet company, icruise.com, sold cruises by offering a “Suntan Guarantee.” The guarantee promised a full refund on a Caribbean cruise if more than one-quarter inch of rain fell from 10 a.m. to 4 p.m. for a preset number of days depending on the length of the cruise. If it rained and the Internet company failed to honour its refund policy, which type of gap would exist?
- a. between what management thinks customers want and the quality specifications that management develops to provide the service
 - b. between what the company tells the customer it provides and what is actually provided
 - c. between service quality specifications and employee training
 - d. between what customers want and what management thinks customers want

ANSWER: b

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44. Virtual Bellhop is a service provider that ships large sporting goods to vacation destinations so its customers do not have to worry about carrying them through airports. The care with which the items are packed and the condition of the package when it arrives indicate concern with which aspect of service quality?
- a. tangibles
 - b. responsiveness
 - c. variability
 - d. homogeneity

ANSWER: a

45. Budget airlines are a new service in China. Neither their passengers nor the airlines know what to expect from each other. When there is a gap between what customers want and what management thinks customers want, as in this case it is referred to as which of the following?
- a. gap model of service quality
 - b. service pyramid
 - c. four dimensions of service quality
 - d. service paradigm

ANSWER: a

46. TeamBuilds is a service organization that has corporate teams pay \$7,500 for an all-day team-building session with a management consultant while they work together on renovating a Habitat for Humanity home. Which category of service processing does TeamBuilds offer?
- a. possession processing
 - b. information processing
 - c. mental stimulus processing
 - d. people processing

ANSWER: c

47. TeamBuilds is a service organization that has corporate teams pay \$7,500 for an all-day team-building session with a management consultant while they work together on renovating a Habitat for Humanity home. What are TeamBuilds's improved work team relationships?
- a. its primary service
 - b. its core service
 - c. its niche service
 - d. its foundation service

ANSWER: b

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48. Which of the following is a poor example of a type of service processing that can occur?

- a. people processing
- b. product processing
- c. information processing
- d. mental stimulus processing

ANSWER: b

49. Which of the following services is an example of possession processing?

- a. a theatrical performance
- b. an X-ray of a broken bone
- c. an advertising agency
- d. a heating system repair

ANSWER: d

50. Which of the following services is an example of mental stimulus processing?

- a. taxi cab service
- b. insurance
- c. a professional tennis match
- d. veterinarian care

ANSWER: c

51. Which of the following services is an example of information processing?

- a. investment advice
- b. a funeral service
- c. pet neutering
- d. the fitting of orthodontic braces

ANSWER: a

52. The service offering of G&R Talent Agency is performers suitable for appearances on college and university campuses. This service is an example of which of the agency's services?

- a. customized
- b. supplementary
- c. core
- d. component

ANSWER: c

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53. TheKnot.com is an Internet company that is a one-stop source of all the items needed to have a successful wedding including listings of local caterers and photographers. It offers advice on what to do about “cold feet” and how to handle in-laws. Which of the following does TheKnot.com represent as a portfolio of opportunities, risks, and challenges?
- a. its component combination
 - b. its offering grouping
 - c. its service mix
 - d. its assembly process

ANSWER: c

54. Many people would like to sell and buy on eBay but are unsure how much to charge or pay. A company called Keen.com has set up a directory of specialists to whom you can address questions. Because you cannot evaluate its usefulness until after you have received and used the specialist’s advice, what is a characteristic of this service?
- a. reliability
 - b. experience quality
 - c. search quality
 - d. heterogeneous satisfaction

ANSWER: b

55. According to your textbook, what is Fluke Transportation an example of?
- a. a service provider
 - b. an aggregated market
 - c. a market niche
 - d. a possession-processing service

ANSWER: d

56. Budget airlines are a new service in China. Neither their passengers nor the airlines know what to expect from each other. Shanghai-based Spring Airlines is a start-up service with a tight budget. Which type of processing would Spring Airlines engage in?
- a. people
 - b. possession
 - c. mental
 - d. information

ANSWER: a

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57. One of the major problems faced by airlines are the tight regulatory controls governments have over route availability. For which type of strategies do governments have a major voice?

- a. distribution
- b. promotion
- c. production
- d. product

ANSWER: a

58. Shanghai-based Spring Airlines is a start-up service with a tight budget. Spring Airlines's owner boasts that his ticket prices are 40 percent cheaper than the competition's, at times even the same as train prices. Which method for pricing services is Spring Airlines most likely using?

- a. operations-oriented pricing
- b. supply/demand pricing
- c. capacity planning pricing
- d. patronage-oriented pricing

ANSWER: d

59. An Internet company, icruise.com, sold cruises by offering a "Suntan Guarantee." The guarantee promised a full refund on a Caribbean cruise if more than one-quarter inch of rain fell from 10 a.m. to 4 p.m. for a preset number of days depending on the length of the cruise. The core service offered by icruise.com is travel. The guarantee is which of the following type of service?

- a. core
- b. supplementary
- c. standardized
- d. additional

ANSWER: b

60. Which of the following is NOT an example of a type of service processing?

- a. people processing
- b. product processing
- c. information processing
- d. mental stimulus processing

ANSWER: b

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61. Has someone ever repeatedly asked for your phone number and refused to take “no” for an answer? Now when that individual asks for your phone number, you can give this bothersome person the number for the Rejection Hotline, which will explain that you are not interested. In terms of a product strategy, what is the Rejection Hotline’s telephone message?
- a. its intangible product
 - b. its core product
 - c. its relationship marketing tool
 - d. its promotion strategy

ANSWER: b

62. Has someone ever repeatedly asked for your phone number and refused to take “no” for an answer? Now when that annoying individual asks for your phone number, you can give this bothersome individual the number for the Rejection Hotline, which will explain that you are not interested. The creator of the Rejection Hotline has recently started printing fake business cards, which can be used to explain why someone is not right for you. In terms of a product strategy, what are the business cards?
- a. a supplementary product
 - b. an intangible product
 - c. a relationship marketing tool
 - d. a promotion strategy

ANSWER: a

63. Western Union is in the business of international money transfer. An individual working in Canada can transfer a portion of his or her earnings to family members living in another country. Which type of service is the wire transfer of funds provided by the company?
- a. supplementary
 - b. benchmarked
 - c. core
 - d. primary

ANSWER: c

64. Western Union is in the business of international money transfer. An individual working in Canada can transfer a portion of his or her earnings to family members living in another country. Which type of service is the wire transfer of funds provided by the company?
- a. supplementary
 - b. benchmarked
 - c. core
 - d. primary

ANSWER: c

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65. What is the name for a service that enhances the core service?

- a. complementary service
- b. secondary service
- c. supplementary service
- d. additional service

ANSWER: c

66. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. According to your text, service is a process. Which category of service processes is used at this doggy care centre?

- a. possession stimulus
- b. mental stimulus
- c. physical stimulus
- d. person stimulus

ANSWER: a

67. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. Supervised doggy care is the core service product, dog massages would be which of the following type of service products?

- a. peripheral
- b. supplementary
- c. superfluous
- d. core

ANSWER: b

68. Which type of processing occurs most often at a hotel that wants to provide personalized service directed at a customer?

- a. people processing
- b. possession processing
- c. information processing
- d. equipment processing

ANSWER: a

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69. In an industry where guests are tired of cookie-cutter hotels, some consumers are looking for personalized service, which can be found in boutique hotels. There are no generally recognized rules for boutique hotels, but they tend to be small and service oriented, with high-style decor and top-notch restaurants. Within the promotion of the hotels, what do the amenities provided by boutique hotels represent?
- a. empathetic stimuli
 - b. tangible cues
 - c. prestige stimuli
 - d. intangible cues

ANSWER: b

70. The Ritzy Canine Carriage House is a doggy hotel. The lobby features a crystal chandelier, brocade-patterned wallpaper, gold-framed mirrors, and antique chairs. What type of promotion strategy would you expect the Ritzy Canine to use?
- a. forging prepurchase commitments
 - b. using motivational behaviour
 - c. creating a strong organizational image
 - d. using outsourced information sources

ANSWER: c

71. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. When a customer first patronizes Sizzlin' Shine's complete detailing service, he or she receives a handwritten thank-you note and a coupon for the next visit from the owner. What do the thank-you note and coupon represent?
- a. functional tactics
 - b. tangible cues
 - c. intangible cues
 - d. manipulation tactics

ANSWER: b

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72. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. The owner prices her detailing service higher than her competition because she uses only the best materials, and they cost more than the materials used by her competitors. Her goal is to maximize profits.

How is the owner's pricing objective for Sizzlin' Shine best characterized?

- a. as sales oriented
- b. as quality oriented
- c. as revenue oriented
- d. as patronage oriented

ANSWER: c

73. Paramount Canada's Wonderland, an amusement park in Ontario, offers reduced rates on weekdays and higher prices for those who want to attend on weekends. It also offers lower prices for patrons who enter the park after 4 p.m. Because the park is focusing on coordinating supply and demand by varying prices, which type of pricing objective for service firms is it using?

- a. revenue oriented
- b. operations oriented
- c. image focused
- d. equity oriented

ANSWER: b

74. Which of the following is NOT a key factor in the distribution strategy for services?

- a. customization
- b. convenience for customers
- c. scheduling of service deliveries
- d. location

ANSWER: a

75. Marriott Hotels has expended many resources in developing websites that allow prospective customers to learn all that is necessary before selecting a hotel destination. The sites then allow individuals to make reservations at the hotel that best satisfies their requirements. Which of the following reflects the distribution strategy used by these hotel chains?

- a. the consideration of the storage of the service
- b. the development of a long channel of intermediaries
- c. the decision to use direct distribution
- d. the physical appearance of a particular outlet

ANSWER: c

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76. Which of the following is NOT a promotion strategy for dealing with the unique features of services?

- a. using personal sources of information
- b. stressing tangible cues
- c. using post-purchase communication
- d. satisfying patronage-oriented objectives

ANSWER: d

77. You have just started a limousine service and strive for an image of quality and luxury. Your limos are always spotlessly clean on the inside, freshly waxed, and stocked with flowers, champagne, free car phones, and televisions. What is your promotional strategy stressing?

- a. patronage-oriented objectives
- b. tangible cues
- c. prestige prompts
- d. physiological prompts

ANSWER: b

78. Boutique hotels are the perfect hotels for people who are tired of traditional cookie-cutter hotels that all look alike. One boutique hotel chain calls its staff its cast and has them wear fashionable solid black outfits. Its corridors are softly lit, and suite doors are arches lit with recessed blue lighting. What is the promotional strategy for this boutique hotel?

- a. to create a strong organizational image
- b. to separate the point of production from the point of service consumption
- c. to emphasize postpurchase communication
- d. to stress intangible cues

ANSWER: a

79. What are the three categories of pricing objectives for services?

- a. sales, quality, and location oriented
- b. quality, value, and consumer oriented
- c. revenue, operations, and patronage oriented
- d. turnover, volume, and capacity oriented

ANSWER: c

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80. What type of pricing objective focuses on maximizing the surplus of income over costs for service firms?
- a. revenue oriented
 - b. operations oriented
 - c. market-share oriented
 - d. service oriented

ANSWER: a

81. Determining costs can be extremely difficult for a service provider that has adopted this type of pricing objective and may limit the usefulness of the objective. What is the pricing objective?
- a. market share
 - b. revenue oriented
 - c. patronage oriented
 - d. breakeven

ANSWER: b

82. A continuing problem for most Minor League Baseball (MiLB) teams is low attendance. Event and venue sponsors want to see fans in the stadiums, and the players appreciate fan support. Given this information, which pricing strategy would you recommend MiLB teams use?
- a. operations oriented
 - b. patronage oriented
 - c. supply oriented
 - d. revenue oriented

ANSWER: b

83. Julio Orbison recently opened up a coffee shop. His main objective was to maximize the number of customers visiting the store. Which type of pricing objective should he use?
- a. revenue oriented
 - b. patronage oriented
 - c. profitability oriented
 - d. operations oriented

ANSWER: b

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84. The Royal Ontario Museum in Toronto offers discount ticket prices to students and senior citizens. Which type of pricing objective does this illustrate?
- a. revenue oriented
 - b. operations oriented
 - c. profitability oriented
 - d. patronage oriented

ANSWER: d

85. Mountain Express provides a grocery delivery service to several small communities. The company gives a 2 percent discount on all food orders to customers after they have used the service 10 times. What is the relationship marketing strategy used by Mountain Express based on?
- a. following service delivery paradigms
 - b. building social bonds
 - c. building financial bonds
 - d. opening personal communication channels

ANSWER: c

86. Sally has recently opened a daycare business. She realizes that this shall involve a process of continuous interaction between the daycare, children, and parents. Bearing this in mind, which type of marketing is an important strategy for her?
- a. interactive marketing
 - b. relationship marketing
 - c. patronage marketing
 - d. affiliation marketing

ANSWER: b

87. Sally has recently opened a daycare business. Positive word-of-mouth will be important in helping the business to grow. Thus, what type of marketing should she use to attract, develop, and retain customers?
- a. interactive marketing
 - b. affiliation marketing
 - c. patronage marketing
 - d. relationship marketing

ANSWER: d

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88. Often, once graduated, a former university student is thought of only as an alumnus or alumna, not as someone who can again benefit from further education. Which type of marketing would be useful in retaining this long-term custom?
- a. relationship
 - b. patronage
 - c. nonprofit
 - d. affiliation

ANSWER: a

89. One of the main responsibilities of sport marketers is to keep their loyal customers as heavy users and escalate lower-level users into loyal customers. Which type of marketing would be an effective tool for accomplishing this goal?
- a. interactive
 - b. relationship
 - c. patronage
 - d. affiliation

ANSWER: b

90. Raymond runs a social media consulting company. He is in the process of deciding on his competitive advantage. He has been advised that one of the following would NOT help to build a long-term advantage. Which one would NOT help?
- a. personal communications
 - b. social bonds
 - c. pricing incentives
 - d. structural bonds

ANSWER: c

91. A management consulting business stays in touch with its business customers with phone calls and greeting cards. It periodically sends out needs-assessment questionnaires and designs new services to meet the needs revealed in these surveys. What is this relationship marketing based on?
- a. financial bonds
 - b. social bonds
 - c. service bonds
 - d. structural bonds

ANSWER: b

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92. When a business builds into the delivery system, value-added services that are not readily available from other firms, its relationship marketing is based on the creation of which of the following?
- a. financial bonds
 - b. social channels
 - c. personal communication channels
 - d. structural bonds

ANSWER: d

93. Hyatt Regency's Platinum Card Program allows members to bypass any line at the check-in desk and get immediate check-in service. In this example, what are developed by offering value-added services that are not readily available from other hotel chains?
- a. social bonds
 - b. service delivery paradigms
 - c. personal communication channels
 - d. structural bonds

ANSWER: d

94. Relationship marketing programs that have the strongest potential for sustaining long-term relationships with customers are based on which type of bonds?
- a. financial and individual
 - b. financial, communication and structural
 - c. financial, social, and structural
 - d. financial and patronage

ANSWER: c

95. Sizzlin' Shine is a company that uses trained detailing professionals to apply wax to automobiles by hand and utilize mechanical polishing equipment. The owner has just initiated a frequent-shine card for customers who purchase her shop's services at least once a quarter. What do frequency programs like this one use to implement relationship marketing?
- a. homogeneous bonds
 - b. social bonds
 - c. financial bonds
 - d. structural bonds

ANSWER: c

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96. John has just taken over as CEO of TechSys, an Edmonton-based computer manufacturer. It is currently suffering from low employee morale. He has decided that he needs to treat employees as customers and must develop systems and that empower employees. What type of marketing is this?
- a. organizational quality marketing
 - b. relationship marketing
 - c. internal marketing
 - d. job-satisfaction marketing

ANSWER: c

97. The Container Store's CEO believes the company has a moral obligation to ensure employees are provided with an exciting and secure atmosphere to work in on a daily basis. What is he concerned about?
- a. internal marketing
 - b. service quality
 - c. relationship marketing
 - d. patronage quality

ANSWER: a

98. Boutique hotels not only call their employees cast members, but also compete for their talent, provide them with all the training needed, stress teamwork, and give employees freedom to make decisions. In order to provide the level of service guests require, which type of marketing do boutique hotels need to engage in?
- a. interactive
 - b. relationship
 - c. internal
 - d. affiliation

ANSWER: c

99. Dogs with Wings trains seeing-eye dogs. It seeks to achieve some goal other than the usual business goals of profit, market share, or return on investment? What else is this type of organization known as?
- a. a nonprofit organization
 - b. a synergistic entity
 - c. a company with no equity
 - d. a patronage-oriented organization

ANSWER: a

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100. Emmy award–winning actress Kirstie Alley became the spokesperson for Narconon International in 1990. Narconon International’s goal is to provide treatment and rehabilitation to young people before they become hardened criminals. What would Narconon International be classified as?

- a. a nonprofit organization
- b. a synergistic entity
- c. a service provider
- d. a patronage-oriented organization

ANSWER: a

101. Which of the following is NOT an example of a nonprofit organization?

- a. Royal Sun Alliance, an insurance company
- b. Canadian Heart & Stroke Association
- c. Toronto Humane Society
- d. Rotary Club, a service organization

ANSWER: a

102. Which of the following includes marketing activities conducted by individuals and organizations to achieve some goal other than normal business goals, such as profit, market share, or return on investment?

- a. cause-related sponsorship
- b. nonprofit organization marketing
- c. service marketing
- d. social sponsorship

ANSWER: b

103. Which of the following refers to the efforts of public and private nonprofit firms to bring about mutually satisfying exchanges with their target markets?

- a. autonomous marketing
- b. public affairs marketing
- c. social marketing
- d. nonprofit organization marketing

ANSWER: d

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104. Habitat for Humanity renovates vacant houses and sells them at no-interest mortgage rates to low-income homebuyers. The organization relies on volunteers to provide the labour and funding for its renovations. How would Habitat for Humanity be classified?
- a. as an image-oriented organization
 - b. as a for-profit organization
 - c. as a nonprofit organization
 - d. as a service organization

ANSWER: c

105. Which of the following statements best describes the marketing activities of a nonprofit organization?
- a. Nonprofit organizations use the same terminology as for-profit companies when talking about their customers.
 - b. Nonprofit organizations do not charge a price.
 - c. Nonprofit organizations express their objectives in terms of profit.
 - d. Nonprofit organizations often use undifferentiated segmentation strategies.

ANSWER: d

106. What is one of the consequences of the Canadian Red Cross's nonprofit orientation?
- a. The success of the Red Cross cannot be measured in financial terms.
 - b. The Red Cross will not make as much money as a profit-oriented firm.
 - c. The Red Cross is not expected to be as efficient as a for-profit firm.
 - d. The Red Cross's success is based on how much money is donated to it.

ANSWER: a

107. The International Society of Hospitality Purchasers raised \$62,000 in donated goods for Gifts in Kind International, a nonprofit group that gathers and distributes new and used merchandise to charities nationwide. What do the society and its members, as well as the charities who are beneficiaries of the merchandise, compose?
- a. the organization's target markets
 - b. the organization's service providers
 - c. the organization's market segment
 - d. the organization's niche

ANSWER: a

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108. Which of the following is NOT a strategy for nonprofit organizations?

- a. identifying the customers they want to target
- b. specifying objectives
- c. deciding on prices to charge
- d. making profits for the employees

ANSWER: d

109. Why do nonprofit organizations face a unique challenge in terms of their target market?

- a. It is often the community in which it is located.
- b. It is often the people who provide the funding.
- c. It is often made up of apathetic or strongly opposed individuals.
- d. It is often the government.

ANSWER: c

110. The Bridgespan Group is a not-for-profit strategic consulting firm dedicated to providing guidance for nonprofits. Which of the following would NOT be considered its target markets?

- a. its own administrative board
- b. a group devoted to helping homeless people find jobs
- c. adults interested in improving educational opportunities for children
- d. community members who are interested in starting a museum

ANSWER: a

111. According to your text, which of the following statements best describes how a nonprofit organization should design its product offering?

- a. The organization should try to create products it can inventory.
- b. The organization should remember the product offering is not as crucial to organizational success as the other elements of the service mix.
- c. The product offering should be kept as simple as possible.
- d. The organization will need to satisfy the needs of the target market or it will fail.

ANSWER: d

112. What is a unique aspect of nonprofit organizational marketing strategies?

- a. user base
- b. internal marketing
- c. sponsoring organizations
- d. setting objectives

ANSWER: d

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113. Dogs with Wings is a non-profit that trains seeing-eye dogs. It regularly asks for donations. When someone donates, the benefits of these donations are indirect to the donators. Bearing this in mind, what do the fundraisers from Dogs with Wings regularly face?
- a. high benefit complexity
 - b. high feature charisma
 - c. low benefit strength
 - d. high personalization

ANSWER: c

114. Gifts in Kind International is a nonprofit organization that gathers new and used merchandise and distributes it to charities nationwide. Why might traditional promotional tools be inadequate to motivate its target markets?
- a. because of nonprofit product volunteer policies
 - b. because of the absence of consumer involvement
 - c. because of lack of prices for the products
 - d. because of direct distribution

ANSWER: b

115. Lululemon has grown into an international company specializing in athletic clothing for yoga and running. Lululemon's goal is to raise public awareness of the benefits of active living through building community hubs around the discussion of fitness techniques. What type of strategy is used by Lululemon?
- a. distribution
 - b. product
 - c. promotion
 - d. direct marketing

ANSWER: c

116. International Readers is a not-for-profit that helps teach immigrants to Canada to read and write in English. They have been told that they can advertise on local TV and not be charged money. What is this also known as?
- a. nonsponsored advertising
 - b. public service advertising
 - c. cause-related marketing
 - d. social advertising

ANSWER: b

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117. McMaster Children's Hospital in Hamilton, Ontario, wants to notify the community about its upcoming rummage sale. As an experienced marketer and director of the program, what would you request when you visit several local radio and television stations?

- a. nonsponsored advertising
- b. advocacy marketing
- c. public service advertising
- d. societal marketing

ANSWER: c

118. In a nonprofit organization, which of the following are often concerned with partially or fully defraying costs rather than achieving a profit?

- a. pricing objectives
- b. cause-related goals
- c. equity earnings
- d. liquidity fees

ANSWER: a

119. Mandeep is a local lawyer. She adopts underprivileged children based in Africa and pays for their health care and education. What is this also known as?

- a. nonfinancial pricing
- b. the Robin Hood principle
- c. indirect payment
- d. separation between payers and users

ANSWER: d

120. One feature that distinguishes nonprofit organization pricing decisions from profit-sector pricing decisions is which of the following?

- a. below-cost pricing
- b. indirect payment
- c. separation between payers and users
- d. the lost pricing objective

ANSWER: a

121. Insurance companies are examples of service organizations.

- a. True
- b. False

ANSWER: True

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122. Services are considered intangible because most services cannot be felt or touched in the same way most goods can be sensed.

- a. True
- b. False

ANSWER: True

123. Greta Rojas, owner of House Mouse Cleaning Services, must be physically present when she cleans a house or office. The need for her presence as the service is performed is an example of the intangibility of services.

- a. True
- b. False

ANSWER: False

124. Inconsistency of services means the quality of a service may not be tangible.

- a. True
- b. False

ANSWER: False

125. Often hotels will offer deep discounts on weekends and during the off-season; for the same reason, airlines will adopt a similar pricing strategy during off-peak hours. These services cannot be stored, warehoused, or inventoried because they are perishable.

- a. True
- b. False

ANSWER: True

126. The speed with which an ambulance can get to an accident site is an indication of the reliability dimension of service.

- a. True
- b. False

ANSWER: False

127. The gap model of service quality shows how customers can be trained to respond more appropriately to the service being offered.

- a. True
- b. False

ANSWER: False

128. The only type of service processing required for a comedian entertaining at a local club is information processing.

- a. True
- b. False

ANSWER: False

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129. The service offering can be viewed as a bundle of activities that includes the core service.

- a. True
- b. False

ANSWER: True

130. Vera is designing a promotional strategy for a company that provides premium boarding services for pampered animals. Her promotions should use personal information sources and stress the tangible cues associated with the service.

- a. True
- b. False

ANSWER: True

131. Service firms may adopt patronage-oriented pricing to try to maximize the surplus of income over costs.

- a. True
- b. False

ANSWER: False

132. Virtual Bellhop is a company that ships your skiing equipment and your golf clubs to a vacation site so they are there when you arrive and you don't have to carry them through the airport. There is no way this company could institute relationship marketing.

- a. True
- b. False

ANSWER: False

133. The Bay offers its corporate employees flexible work hours, work-at-home programs, on-site child care, and travel benefits that reward quality performance. The Bay's approach illustrates relationship marketing in action.

- a. True
- b. False

ANSWER: False

134. Canada's nonprofit and voluntary sector is the second largest in the world.

- a. True
- b. False

ANSWER: True

135. The only marketing mix component nonprofit organizations do not use is price.

- a. True
- b. False

ANSWER: False

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136. Identifying the customers they want to serve or attract is a nonprofit strategy.

- a. True
- b. False

ANSWER: True

137. Public relations is a valuable tool for nonprofits.

- a. True
- b. False

ANSWER: True

138. An example of below-cost pricing is college tuition.

- a. True
- b. False

ANSWER: True

139. Nonprofit organizations may or may not require special facilities for distribution of their services.

- a. True
- b. False

ANSWER: True

140. Advertisements that promote programs, activities, or services of nonprofit organizations are called PSAs (public service advertisements) if there is no charge to the sponsor of the message.

- a. True
- b. False

ANSWER: True

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141. Most products are actually a combination of goods and services. Describe the service benefits that might have led to the purchase of each of the following products:

- a. a new car from a local dealership
- b. hamburger meat from the grocery store
- c. a delivered pizza to be eaten at home

ANSWER: *a. Car:* A car is usually accompanied by a service warranty provided by the manufacturer. The dealership performs services on the car (such as waxing, window tinting, options installation, and upholstery protection) and for the consumer (such as filling the gas tank; providing financing; and performing tax, title, and license services). Additionally, the local dealership may provide repair and maintenance service to the car at a later time.

b. Hamburger: The grocer performs the service of obtaining government-approved beef as well as cutting, trimming, and grinding the beef. Finally, the ground beef is packaged in sizes convenient for the consumer and displayed in a refrigerated case.

c. Pizza: The local pizza restaurant obtains the ingredients for pizza and prepares, assembles, and bakes the pizza. Delivery service to the home soon after order placement is one of the most important components of the pizza sale.

142. The marketing mix for services is markedly different than the marketing mix for a tangible product. Using a specific example, demonstrate the differences.

ANSWER: Answers should be based around the following elements:

- Process strategy
- People strategy
- Place strategy
- Physical evidence strategy
- Promotion strategy
- Price strategy
- Productivity strategy

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143. Services have four unique characteristics that distinguish them from goods. Name and briefly define each of these four characteristics. Use the example of an airline to help describe each of the four characteristics.

ANSWER: Intangibility:

Services are intangible; that is, they cannot be touched, seen, tasted, heard, or felt in the same manner in which goods can be sensed. An airline provides travel services. Although there are some aspects that are tangible (such as the plane, the staff, and the food), the service benefit of fast travel is intangible.

Inseparability:

Services are often sold and then produced and consumed at about the same time. For airline service, first the ticket is sold. At some later time, the service is produced and consumed simultaneously as the airplane flies to the destination point.

Inconsistency

Consistency and quality control are often difficult to achieve in a service because services are dependent on their labour force, and services are produced and consumed at the same time. In airline travel, a passenger cannot get exactly the same service experience from flight to flight. The length of the flight, flight comfort, flight attendants' service, food, neighbouring passengers, and many other factors will vary.

Inventory:

Services cannot be stored, warehoused, or inventoried. An empty airline seat produces no revenue and cannot be saved for the next flight. However, by overbooking flights, passengers can be saved up and used to fill later flights.

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144. Services have four unique characteristics that distinguish them from goods: intangibility, inseparability, inconsistency, and inventory. These characteristics can make the marketing of services more difficult. What special strategies should marketers adopt for services to address each of the four characteristics?

ANSWER: Intangibility:

Marketers should rely on tangible cues to communicate a service's nature and quality. This includes creation of the right environment and atmosphere at facilities that customers visit.

Inseparability:

Because services are often sold and then produced and consumed at the same time, customers are involved in production and interact with service staff and other customers. Care must be taken that staff are courteous and comfort is provided for all customers. Additionally, inseparability implies that services cannot be produced in a centralized location and distributed at decentralized locations convenient to the consumer. Service production facilities should be located in areas most convenient to the consumer.

Inconsistency:

Consistency and quality control are often difficult to achieve in a service, because services are dependent on their labour force, and services are produced and consumed at the same time. Standardization and training help increase consistency and reliability. Another way to increase consistency is to mechanize the service process.

Inventory:

Services cannot be stored, warehoused, or inventoried. Therefore, marketers must synchronize supply with demand. This may be accomplished by using differential pricing to encourage demand during nonpeak periods.

145. What are the three evaluation qualities of goods or services that are used by consumers? Give an example of a service that exhibits each quality.

ANSWER: Search qualities are characteristics that can be easily determined before purchase. The emphasized tangible characteristics of a service are evaluated by the consumer in this case. Automatic versus standard transmission in a car, the colour of the new paint on a house, or the size of a hamburger at a fast-food restaurant are all examples of search components.

Experience qualities are those that can be discerned only after purchase or during consumption. Services such as restaurants, housecleaning, and haircuts would fit in this category.

Credence qualities are associated with specialized services for which the consumer might not have the experience or expertise to evaluate service quality even after consumption. Legal, tax, and medical services have credence qualities.

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146. What is the model of service quality called? Identify the five gaps that can cause problems in service delivery and influence customer evaluations of service quality.

ANSWER: The gap model is the model of service quality.

Gap 1 is the gap between what customers want and what management thinks customers want.

Gap 2 is the gap between what management thinks customers want and the quality specifications that management develops to provide the service.

Gap 3 is the gap between the service quality specification and the service that is actually provided.

Gap 4 is the gap between what the company provides and what the customer is told it provides.

Gap 5 is the gap between the service that customers receive and the service they want.

147. Define core and supplementary services. Give an example of each for the following services: a wedding consultant, a lawn care service, and a tutoring service.

ANSWER: The service is made up of a bundle of activities that include the core service (the most basic benefit being purchased), and supplementary services are services that support or enhance the core service.

A wedding consultant's core service would be planning a wedding. A supplementary service might be promising an error-free wedding. The wedding consultant could also include additional services such as honeymoon planning.

The core service for a lawn care service is a green, mowed yard. Supplementary services could include cleaning the driveway, planting and maintaining flower borders, and watering when the homeowner is out of town.

The core service for a tutoring service is education. Supplementary services could include mentoring, improvement in other classes than the one for which tutoring is needed, and a better self-image.

Students, of course, will generate many different answers.

148. What are the five key issues to remember when developing distribution strategies for service organizations?

ANSWER:

- convenience to customers
- enough outlets to satisfy customers' needs
- whether to provide direct or indirect distribution
- location of service
- scheduling of when services will be available

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149. There are four promotional strategies for dealing with the unique features of services. Name these strategies, and give examples of each, using Air Canada (or another air carrier you are familiar with) as your example service.

ANSWER: Stressing tangible cues:

The most obvious tangible cue is the aircraft itself because this is an equipment-based service. Other tangible cues can be stressed during in-flight service, such as special meal and beverage services, provision of promotional items such as playing cards featuring the Air Canada logo, or other methods of making intangible services more tangible.

Using personal information sources

Personal sources of information can help to reduce a customer's perceived risk in choosing a service. An endorsement by a famous actor or political figure who prefers to use Air Canada would be beneficial. The airline should also seek to stimulate positive word-of-mouth communication among present and prospective customers.

Creating a strong organizational image:

Service marketers should attempt to create strong organizational images. One way to create an image is to manage the evidence of the service. This would mean Air Canada should create a good appearance of the flight crews and other employees, keep aircraft clean, and provide other tangible goods (items featuring the airline logo).

Using postpurchase communications:

Postpurchase communication can be accomplished with postcard surveys, in-flight brochures, or personal interviews. Customers should be shown their feedback is sought and their patronage is appreciated.

150. Describe the two unique challenges faced by service providers as they decide on a pricing strategy to use.

ANSWER: In order to price a service, it is important to define the unit of service consumption. For example, should pricing be based on completing a specific service task or should it be time based?

For services that are composed of multiple elements, the issue is whether pricing should be based on a bundle of elements or whether each element should be priced separately.

151. Name and briefly describe the three categories of pricing objectives for services.

ANSWER: Revenue-oriented pricing focuses on maximizing the surplus of income over costs. A limitation of this approach is that, for many services, determining costs can be difficult.

Operations-oriented pricing seeks to match supply and demand by varying prices. Prices can be increased during peak times and decreased during slow times.

Patronage-oriented pricing tries to maximize the number of customers using the service. Pricing according to different market segments' abilities to pay and offering methods of payment that increase the likelihood of purchase are strategies used for this pricing objective.

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152. Relationship marketing can be practised at three levels, each level adding a new kind of bond with the customer. Name and describe each of these levels, using a legal service to illustrate each level.

ANSWER:

Level One—Financial bonds:

This level of relationship marketing is based mainly on pricing incentives that encourage customers to continue doing business with a firm. A legal service could offer discounts to long-term customers or to customers that use the service frequently or regularly.

Level Two—Social bonds:

This level also uses pricing incentives, but also seeks to build social bonds with customers. This means staying in touch with clients, learning about their needs, and designing the service to meet those needs. For example, the legal service could send thank-you cards or call clients to see if they were satisfied and ask about other desired services.

Level Three—Structural bonds:

This level of relationship marketing uses financial and social bonds but adds structural bonds. Structural bonds are developed by building value-added services that are not readily available from other firms into the service. This might include exclusive after-hours phone numbers for special clients; transportation services to and from legal hearings or the legal offices; fax, computer, or express document services; or permanent office space reserved for special clients' use.

153. What is the difference between internal marketing and relationship marketing? Why are these types of marketing important to service marketing?

ANSWER: Internal marketing means treating employees as customers and developing systems and benefits that satisfy their needs. A firm that engages in internal marketing practises activities such as competing for talent, offering a vision, training employees, stressing teamwork, giving employees more freedom to make decisions, measuring and rewarding quality, and knowing employees' needs. The quality of a firm's employees is an important part of service quality. Employees who like their jobs and are happy with their company are more likely to deliver high-quality service. Internal marketing provides a strong foundation for the external marketing of services.

Relationship marketing is a means for attracting, developing, and retaining customer relationships. Satisfied customers who are loyal will buy additional services from the firm and are unlikely to switch to a competitor. Satisfied customers are also likely to engage in positive word-of-mouth communications, thereby bringing in new customers. Because many services involve a process of continuous interaction between the service organization and the customer, relationship marketing is an important strategy. It is often more cost-effective to hang onto existing customers than to attract new ones.

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154. What is nonprofit organization marketing? How does nonprofit marketing affect economic activity in Canada?

ANSWER: Nonprofit organization marketing is the effort by nonprofit organizations to bring about mutually satisfying exchanges with target markets by using the same marketing activities as for-profit businesses. Unlike for-profit organizations, nonprofits do not have a bottom-line orientation.

Canada's nonprofit and voluntary sector is the second largest in the world, behind the Netherlands. In Canada, more than two million people are employed in the nonprofit sector, representing 11.1 percent of the economically active population. The nonprofit sector represents \$79.1 billion or 7.8 percent of Canada's gross domestic product (GDP), which is larger than the manufacturing or automotive industries.

The nonprofit sector includes many organizations that support those who are disadvantaged, as well as hospitals, colleges, and universities. If these organizations are removed from the picture, the remaining organizations are what Statistics Canada calls the core nonprofit sector. The core nonprofit sector accounts for about 2.4 percent of GDP, which is more than three times that accounted for by the motor vehicle industry.

155. Nonprofit organizations include a wide variety of entities ranging from the government to private, not-for-profit churches. Although nonprofit organizations differ substantially in size and purposes and operate in quite different environments, most perform common marketing activities. List four of these common activities.

ANSWER:

- identify customers (such as clients, patients, members, or sponsors) they wish to serve or attract
- explicitly or implicitly specify objectives
- develop, manage, and eliminate programs and services
- decide on prices (such as fees, donations, tuition, fares, or rates) to charge
- schedule events or programs and determine where they will be held or where services will be offered
- communicate availability through brochures, signs, public service announcements, or advertisements

156. Two target market issues are unique to nonprofit organizations. Name these two issues, and provide one specific example of each of these issues.

ANSWER: *Apathetic or strongly opposed targets:*

While private-sector organizations develop market segments that are most responsive to their offerings, nonprofit organizations must develop marketing programs aimed at relatively unresponsive targets or people strongly opposed to receiving the service. This includes targets for services such as vaccinations, family planning, aid for substance abuse, and psychological counselling.

Pressure to adopt undifferentiated segmentation strategies:

Some nonprofit organizations fail to recognize the advantages of segmentation, or they use an undifferentiated approach for apparent economies of scale and low per-capita costs. Other organizations are required to serve the maximum number of people by targeting the average user. Unfortunately, there are few "average" users, and most nonprofit organizations benefit from differentiated strategies.

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157. Nonprofit organizations do not make product decisions the same way that profit-oriented service providers do. List and briefly describe each of the three product-related decisions that are unique to nonprofit organizations.

ANSWER: Benefit complexity:

Nonprofit organizations market complex behaviours and ideas, such as the need to exercise or to stop smoking. The benefits are complex, long term, and intangible.

Benefit strength:

The benefit strength of many nonprofit offerings is weak or indirect. Most private-sector service organizations can claim direct, personal benefits.

Involvement:

Nonprofit organizations market products that elicit a wide range of involvement levels, from very low involvement (don't litter) to very high involvement (stop smoking). Traditional promotional tools may be inadequate to motivate product adoption in either of these extreme cases.

158. Nonprofit marketers face several limitations when making promotion decisions. What are some of these limitations? What two unique advantages for nonprofit organizations can help firms overcome these limitations?

ANSWER: Many nonprofit organizations are prohibited from advertising, thus limiting their range of promotion options. Most federal agencies fall into this category. Other nonprofit organizations do not have the resources to retain advertising agencies, promotion consultants, or marketing staff members.

Despite these limitations, nonprofit organizations sometimes have access to professional volunteers or donated media time or space. Professionals at advertising agencies or market research firms can donate services. Sales promotion activities that make use of other existing services or resources can be used. Public service announcements (PSAs) are similar to advertisements, but the media donate time/space.

159. You have been hired to promote the work of a local organization that provides services to troubled teenagers. Before beginning your job, you have been told that the organization cannot engage in advertising due to the sources of its funding. What three promotional options can you use in spite of the lack of budget?

ANSWER: Professional volunteers: You can get professionals to donate their time and help. This allows the volunteers to become familiar with and supporters of the organization.

Sales promotion activities: You could team up with a local bank or industry to draw attention to the organization through a sponsored event, or ask retailers to donate a portion of a day's or a week's sales to the cause.

Public service announcements: This is not advertising because it is not paid for, but it can be used to communicate with the organization's target market.

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160. Explain how non-profit organizations are using social media to promote their organizations.

ANSWER:

Nonprofits generally want to promote a message so that people will come together bound by a common goal. Social media can amplify the message by its ability to connect groups of people. Social media allows nonprofits to share their message to build community and to create action. Nonprofits are embracing podcasting, blogging, and social networking because, for very little money, they allow nonprofits to build relationships and engage with their stakeholders. As more and more social media tools are created to make the use of various social media sites easier and increasingly more measureable, nonprofits' ability to maximize the potential of social media for engagement and relationship building will continue.