Chapter 14
Improving Service Quality and Productivity

GENERAL CONTENT

Multiple Choice Questions

1. In broad terms, ____________ focuses on benefits created for the customer’s side of the equation, and _____________ addresses the financial costs incurred by the firm.
   a. productivity; quality
   b. reliability, value
   c. security; responsiveness
   d. value; reliability
   e. quality; productivity
   (e; Moderate; p. 386)

2. The ____________ starts with the premise that quality lies in the eye of the beholder.
   a. transcendent view
   b. user-based definition
   c. manufacturing-based approach
   d. product-based approach
   e. value-based definition
   (b; Easy; p. 387)

3. The ____________ is supply based, and is concerned primarily with engineering and manufacturing practices.
   a. transcendent view
   b. user-based definition
   c. manufacturing-based approach
   d. product-based approach
   e. value-based definition
   (c; Easy; p. 387)

4. Which of the following is NOT a broad dimension of service quality?
   a. Tangibles
   b. Reliability
   c. Responsiveness
   d. Transcendence
   e. Assurance
   (d; Easy; p. 388)
5. The _____________ is the difference between what senior management believes customers expect and customers’ actual needs and expectations
   a. delivery gap
   b. standards gap
   c. knowledge gap
   d. service quality gap
   e. communications gap
   (c; Moderate; p. 388)

6. Which of the following is NOT one of the seven service quality gaps?
   a. The knowledge gap.
   b. The policy gap.
   c. The perceptions gap.
   d. The delivery gap.
   e. The standards gap.
   (e; Moderate; p. 388)

7. The _____________ is the difference between what is delivered and what customers perceive they have received.
   a. interpretation gap
   b. communications gap
   c. perceptions gap
   d. policy gap
   e. knowledge gap
   (c; Moderate; p. 390)

8. Which of the following is the proposed solution for the perception gap?
   a. Ensure the right service processes and specify standards.
   b. Ensure that performance meets standards.
   c. Learn what customers expect.
   d. Tangibilize and communicate the service quality delivered.
   e. Ensure that communications promises are realistic.
   (d; Challenging; p. 393)

9. Which of the following is one of the customer-driven approaches to improving productivity?
   a. Ask customers not to use third parties.
   b. Limiting customer involvement in production.
   c. Changing the timing of customer demand.
   d. Reducing backstage elements of production.
   e. Reducing front-stage elements of production.
   (c; Moderate; p. 406)
10. Which of the following is not a critical dimension for successful implementation of TQM in a service context?
   a. information and analysis system
   b. customer focus
   c. human resource management
   d. employee satisfaction
   e. decision centralization
   (e; Moderate; p. 414)

**True/False**

11. Making service processes more efficient results in a better quality experience for customers and ensures improved benefits for them.
   (False; Moderate; p. 386)

12. Because customers are often involved in service production, a distinction needs to be drawn between the process of service delivery and the actual output of the service.
   (True; Moderate; p. 388)

13. The policy gap is the difference between specified delivery standards and the service provider’s actual performance on these standards.
   (False; Challenging; p. 388)

14. The service quality gap is the difference between what customers expect to receive and their perceptions of the service that is actually delivered.
   (True; Moderate; p. 390)

15. The communications gap is the difference between what the company communicates and what it actually delivers to its customers.
   (True; Moderate; p. 389)

16. Hard measures are those that cannot be easily observed and must be collected by talking to customers, employees, and others.
   (False; Moderate; p. 391)

17. Organizations that are known for excellent service make use of hard measures rather than soft measures.
   (False; Moderate; p. 391)

18. The proposed solution for the communication gap is to be specific with promises and manage customers’ understanding of communication content.
   (True; Moderate; p. 393)
19. Control charts offer a simple method of displaying performance on hard measures over time against specific quality standards. 
(True; Easy; p. 400)

20. Typically the cost of an unhappy customer is lower than the cost of service recovery. 
(False; Moderate; p. 404)

**Short Answer**

21. List the four reasons why improving productivity is important to marketers.

   Helps keep costs down, improves margins, provides an opportunity to secure the firm’s long-term future, and there is often a positive impact on the customer. 
   (Challenging; p. 386)

22. Explain the transcendent view of quality.

   The transcendent view of quality is synonymous with innate excellence: a mark of uncompromising standards and high achievement. It argues that people learn to recognize quality only through the experience gained from repeated exposure. 
   (Challenging; p. 387)

23. Explain what is meant by the “user-based definition” of service quality.

   Here, quality is in the eye of the beholder. This subjective definition equates to maximum satisfaction. 
   (Moderate; p. 387)

24. List the three external gaps between the customer and the organization.

   Gap 1 - Knowledge gap
   Gap 5 - Perceptions gap
   Gap 6 - Service Quality gap 
   (Moderate; p. 390)

25. Describe one of the primary components of the proposed solutions for the communication gap.

   To educate managers responsible for sales and marketing communications about operational capabilities (to ensure that communications content sets realistic customer expectations). 
   (Moderate; p. 393)
Essay

26. Explain what SERVQUAL is and how it is used in services.

SERVQUAL is a self-report tool used to measure customer satisfaction with service encounters. Valarie Zeithaml and her colleagues developed the instrument. It is based on the premise that customers can evaluate a firm’s service quality by comparing their perceptions of its service with their own expectations. The scale contains 21 perception items and a series of expectation items that reflect the five dimensions of service quality. The scale indicates high quality when perceived performance exceeds expectations and low quality when expectations exceed perceived performance. Services can use this tool to understand the level of quality at which customers perceive them and determine which dimensions of service quality would most improve those perceptions.

(Moderate; p. 411)

27. Discuss what could be involved in the proposed solutions for “The Delivery Gap.”

The delivery gap can be rectified by ensuring that customer service teams are motivated and able to meet service standards. This can be accomplished by improving recruitment in human resources and selecting employees that fit the necessary skill set and abilities to perform the job well. Once hired, employees need to be well trained on the technical and soft skills needed to perform effectively. Employee roles also should be clarified, ensuring that employees understand how their job contributes to customer satisfaction. Cross-functional service teams and empowered managers can better offer customer-centric service delivery and problem resolution. Finally, performance should be measured and regular feedback should be provided to continue the cycle of excellence.

(Moderate; p. 392)

APPLICATION CONTENT

Multiple Choice Questions

28. FedEx approaches quality management from which of the following perspectives?
   a. Percent of packages on time
   b. Percent of flights arriving safely
   c. Baseline of zero failures
   d. Low turnover
   e. High Turnover

(c; Challenging; p. 398)
29. Which of the following is the best example of the source of a delayed flight caused
by procedures?
   a. Cutoff too close to departure time
   b. Late cabin crews
   c. Late cabin cleaners
   d. Weather
   e. Oversize baggage
   (a; Moderate; p. 401)

30. Which of the following is the best example of the source of a delayed flight caused
by front-stage personnel?
   a. Air traffic
   b. Late food service
   c. Late fuel
   d. Gate agents cannot process passengers quickly enough
   e. Poor announcement of departures
   (d; Moderate; p. 401)

31. Which of the following is one of Holiday Inn’s hotel areas that show a particularly
   strong impact on revenue per available room?
   a. Dining facilities
   b. The lobby
   c. The exterior
   d. Public restrooms
   e. Kitchen facilities
   (c; Moderate; p. 403)

32. ____________ is the authentication or identification of individuals based on physical
   characteristics or traits.
   a. Service amping
   b. Decryption
   c. Biometrics
   d. Encryption
   e. Electronic access
   (c; Easy; p. 408)

**True/False**

33. FedEx was one of the first company’s to understand the need for a firm-wide index
   of service quality that embraced all the key activities that had an impact on
   customers.
   (True; Moderate; p. 398)

34. To ensure continuing focus in a few key components of SQI, FedEx established six
   Quality Action Teams.
   (False; Challenging; p. 400)
35. A study by Holiday Inn actually showed that as the number of defects per hotel increase, the amount of revenue per room increases.
(False; Easy; p. 403)

36. The Return on Quality perspective from Holiday Inn suggests that the focus of preventative maintenance should be on the hotel exterior, the guest rooms, and guest bathrooms.
(True; Moderate; p. 403)

37. Self-service pumps with credit card readers increase gas station productivity, but lead to higher costs because of additional fees.
(False; Easy; p. 407)

**Short Answer**

38. What service imperative was described as receiving only secondary consideration at Sealink British Ferries?

   Quality of customer experience

   (Challenging; p. 384)

39. Describe what is meant by the 80/20 rule in the context of an airline.

   The 80/20 rule refers to 80 percent of failures being explained by 20 percent of causal variables. In an airline this would mean that late flights are caused by only four or five factors.

   (Moderate, p. 401)

40. Give an example of an application of biometrics to services?
   - Controlling access to service facilities (used by Disneyland to provide access to season pass holders)
   - Voice recognition at call centers (used by Home Shopping Network and Charles Schwab)

   (Moderate; p. 408)

41. What is ISO 9000?

   ISO 9000 is a certification that a company meets a predetermined set of quality management standards that are independently assessed.

   (Challenging; p. 414)
42. List a major service firm from the chapter that has received the Malcolm-Baldrige National Quality Award.

   The Ritz-Carlton (FedEx, and AT&T).
   (Challenging; p. 415)

**Essay**

43. Describe what is involved when an auditor conducts a quality analysis at Holiday Inn hotels.

   The franchisor’s quality assurance reports examine 19 different areas of each hotel. Two of the areas relate to the guest rooms (bedroom and bathroom) and ten relate to the commercial areas (exterior, lobby, public restrooms, dining facilities, etc). Each area typically has 10–12 items that can pass or fail inspection and inspectors note the number of defects in the entire hotel.
   (Challenging; p. 403)

44. Discuss the advantages of using a customer’s physical characteristics to increase productivity in the delivery of service quality.

   Biometrics refers to the practice of using physical characteristics to identify an individual. In the context of service productivity, its use provides several advantages. Customer processing can be more secure and accurate, as physical characteristics are more difficult to replicate than account/access numbers and passwords. Biometrics allow for more thorough use of self-service options, as it is more difficult to lose physical characteristics (e.g. a fingerprint) than it is to forget a password or account number. Other applications include voice recognition for call-centers, self-service banking, and home shopping.
   (Challenging; p. 408)

45. Discuss what the six-sigma approach is and how it can be applied to service quality and productivity.

   Six-sigma was originally developed by Motorola to improve product quality and reduce warranty claims. Six-sigma, statistically, means achieving a quality level of only 3.4 defects per million opportunities. Over time six-sigma has evolved from a defection reduction approach to an overall business improvement approach that can now be applied to services. Process improvements and process design/redesign form the cornerstone of the six-sigma approach. Many services use this strategy to reduce defective encounters, reduce cycle times, and improve productivity. For example, GE Capital applied six-sigma to reduce the backroom costs of selling consumer loans, credit card insurance, and payment protection.
   (Challenging; p. 416)