

Chapter 01

The Customer Service Profession

True / False Questions

1. The goals of providing customer service are similar despite the differences between organizations in their focus.

True False
2. Customer service is the ability of knowledgeable and capable employees to deliver products to their external and internal customers.

True False
3. The ultimate goal of customer relationship management is customer loyalty.

True False
4. Internet service providers are an example of organizations that provides, both, products and services.

True False
5. According to the Census Bureau and the Bureau of Labor Statistics, state and local governments are classified as the service sector while the federal government isn't.

True False
6. A manufacturer of consumer electronics, wanting to reduce costs, relocates his production facility to a rural location. This is an example of a cottage industry.

True False
7. Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.

True False
8. According to the U.S. Bureau of Labor Statistics, the long-term shift from goods-producing to service-producing employment is expected to decline.

True False
9. Rapid growth in construction is likely to increase the overall employment in goods-producing industries.

True False

10. Employees who work from their homes or satellite locations are considered to be telecommuting.
- True False
11. Workers employed in professional and business services, in financial activities, and in education and health services are least likely to work at home.
- True False
12. Instant messaging refers to a form of Internet communication where users can transmit text messages or chat in real-time via the Internet to one or more people.
- True False
13. The number of women in the workforce is projected to decrease from about 43 percent in the year 2000 to 39 percent by the year 2020.
- True False
14. The Norris-La Guardia Act allocated \$7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings.
- True False
15. Offshoring refers to the practice of contracting with third-party companies outside the organization.
- True False
16. Deregulation is the removal of government restrictions on an industry.
- True False
17. After the recession, economic reports are now indicating that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach.
- True False
18. Customer service professionals need to be abreast of current organizational policies and procedures.
- True False
19. Customer satisfaction is the feelings of a person whose needs have been met by an organization.
- True False
20. The customer is a key component of the customer service environment that is directly under the control of the service provider and staff.
- True False

21. External customers are the ones who actively seek out; research; and buy, rent or lease products or services offered by the organization.

True False

22. Motivated and competent workers, planning, policy, and procedure change or system adaptation will have a positive impact on customer service.

True False

23. Older workers are more likely than younger workers to be short-tenured employees.

True False

24. Learning organizations are businesses that use knowledge as a basis for competitive advantage.

True False

25. In a learning organization, learning from mistakes and adapting accordingly is crucial.

True False

Multiple Choice Questions

26. The ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external clients in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business is called ____.

- A. downsizing
- B. networking
- C. customer service
- D. outsourcing

27. Analog Corp., a multinational software company, spends time and takes efforts to satisfy its clients by identifying their needs and establishing policies and procedures to support excellence in service delivery. In this case, Analog Corp. is most likely to be a(n) ____.

- A. customer-focused organization
- B. offshoring organization
- C. cottage industry
- D. outsourcing organization

28. According to the Census Bureau and the Bureau of Labor Statistics, wholesale trade, retail trade, finance, insurance and the federal government are examples of the ____.
- A. service sector
 - B. primary sector
 - C. public sector
 - D. private sector
29. During the early days of business growth, many sold or bartered products from their homes in what became known as ____.
- A. outsourcing organizations
 - B. cottage industries
 - C. service industries
 - D. customer-focused organizations
30. RedAngle Corp. is a company that allows its employees to set up home offices and communicate electronically to its corporate office. This is an example of ____.
- A. downsizing
 - B. outsourcing
 - C. telecommuting
 - D. offshoring
31. The term that applies to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization is ____.
- A. offshoring
 - B. downsizing
 - C. networking
 - D. outsourcing
32. ____ is the term applied to an ongoing trend of information, knowledge and resource sharing around the world.
- A. Networking
 - B. Telecommuting
 - C. Globalization
 - D. Deregulation
33. B2B stands for ____.
- A. back-to-business
 - B. brand-to-brand
 - C. brokering-to-business
 - D. business-to-business

34. _____ refers to the relocation of business services by an organization from one country to another.
- A. Offshoring
 - B. Insourcing
 - C. Deregulation
 - D. Outsourcing
35. _____ occurs when organizations decide to have its own employees assume functions and perform work instead of contracting out to third parties.
- A. Insourcing
 - B. Deregulation
 - C. Outsourcing
 - D. Offshoring
36. Which of the following countries is a part of the North American Free Trade Agreement (NAFTA)?
- A. Mexico
 - B. Costa Rica
 - C. Bermuda
 - D. Greenland
37. Which of the following statements best describes the term "e-commerce?"
- A. It refers to an entire spectrum of companies that market products and services on the Internet and through other technology.
 - B. It is a trade agreement entered into by the United States, Canada, and Mexico to help them eliminate barriers to trade.
 - C. It is a process by which employees are terminated or empty positions are left unfilled once someone leaves an organization.
 - D. It refers to the group of companies operated by the federal government that sells products for free of cost.
38. Which of the following statements is true of the impact of the economic recession on consumers' mindset?
- A. A majority of consumers have started to act on impulse and buy whatever they desire to buy.
 - B. Consumers have begun to reevaluate their paradigm or the way they look at products.
 - C. A large number of consumers are opting to buy rather than rent homes, cars, and clothes.
 - D. Consumers have begun to shift from a cautious spending approach to a cutting back mentality.

39. Service providers invest large amounts of money in training employees because ____.
- A. they lose business and revenue if they do not meet the service expectations of customers
 - B. they are unaffected by the economic recession and massive job losses
 - C. a larger number of consumers are opting to buy rather than rent homes and cars
 - D. consumers act on impulse and purchase any product or service that they desire to buy
40. Which of the following is a component of a customer service environment?
- A. Technical know-how
 - B. Suppliers
 - C. Delivery systems
 - D. Management
41. Those who actively seek out, research and buy, rent or lease products or services offered by a business are its ____.
- A. external customers
 - B. internal customers
 - C. investors
 - D. suppliers
42. Who among the following is an example of external customers?
- A. Subordinates
 - B. Suppliers
 - C. Co-workers
 - D. Security personnel
43. Employees of other departments or branches, co-workers and other people who work within the same organization are ____.
- A. external customers
 - B. internal customers
 - C. online customers
 - D. current customers
44. Who among the following is an example of internal customers?
- A. Vendors
 - B. Suppliers
 - C. Potential clients
 - D. Subordinates

45. The _____ includes an element of an organization that a customer experiences.
- A. human resource
 - B. organizational culture
 - C. service environment
 - D. service recovery
46. _____ undertakes activities such as recruiting, selecting, training, and retaining qualified people.
- A. Human resource
 - B. Delivery system
 - C. Service recovery
 - D. Organizational culture
47. _____ refers to the products or services offered by an organization.
- A. Outsourcing
 - B. Offshoring
 - C. Deliverable
 - D. Networking
48. The manner in which a company and its employees treat its customers when delivering the company's products or other deliverables is known as _____.
- A. outsourcing
 - B. offshoring
 - C. service
 - D. training
49. _____ is a term that describes an organization that uses knowledge as a basis for competitive advantage.
- A. Learning organization
 - B. Customer-focused organization
 - C. Service industry
 - D. Cottage industry
50. The process of correcting something that has gone wrong involving provision of a product to a client is called _____.
- A. service recovery
 - B. delivery system
 - C. downsizing
 - D. deregulation

Short Answer Questions

51. Define the service sector and list a few industries that it covers.

52. Distinguish between offshoring and outsourcing.

53. Define e-commerce.

54. Discuss the term organizational culture.

55. Explain the term service recovery.

Chapter 01 The Customer Service Profession **Answer Key**

True / False Questions

1. The goals of providing customer service are similar despite the differences between organizations in their focus.
(p. 6)

FALSE

The goals of providing customer service may vary depending on an organization's focus.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

2. Customer service is the ability of knowledgeable and capable employees to deliver products to their external and internal customers.
(p. 6)

TRUE

Customer service is defined as the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

3. The ultimate goal of customer relationship management is customer loyalty.
(p. 7)

TRUE

The concept of identifying customer needs, understanding and influencing customer behavior through on-going communication strategies in an effort to acquire, retain and satisfy the customer is known as customer relationship management. The ultimate goal is customer loyalty.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

4. Internet service providers are an example of organizations that provides, both, products and services.
(p. 7)

FALSE

Internet service providers, association banks, banks and credit unions, consulting firms are examples of organizations that specialize in providing only services.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 2 Medium
Topic: Defining Customer Service

5. According to the Census Bureau and the Bureau of Labor Statistics, state and local governments are classified as the service sector while the federal government isn't.
(p. 8)

FALSE

The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes transportation companies, communication companies, utilities companies, federal government, state, and local governments.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

6. A manufacturer of consumer electronics, wanting to reduce costs, relocates his production facility to a rural location. This is an example of a cottage industry.
(p. 8)

FALSE

Cottage industry is the term adopted in the early days of customer service when many people started small businesses in their homes or cottages and bartered products or services with neighbors.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

7. Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.

TRUE

Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 2 Medium
Topic: Defining Customer Service

8. According to the U.S. Bureau of Labor Statistics, the long-term shift from goods-producing to service-producing employment is expected to decline.

FALSE

The employment shift in the U.S. economy away from goods-producing in favor of service-providing industries is expected to continue.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.
Level of Difficulty: 2 Medium
Topic: Growth of the Service Sector

9. Rapid growth in construction is likely to increase the overall employment in goods-producing industries.

TRUE

Overall employment in goods-producing industries is expected to increase by 1.7 million new jobs, driven largely by rapid growth in construction.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.
Level of Difficulty: 2 Medium
Topic: Growth of the Service Sector

10. Employees who work from their homes or satellite locations are considered to be
(p. 14) telecommuting.

TRUE

A trend seen that allows employees to set up home offices and from there electronically communicate and forward information to their corporate offices is called telecommuting.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.
Level of Difficulty: 2 Medium
Topic: Growth of the Service Sector

11. Workers employed in professional and business services, in financial activities, and in
(p. 15) education and health services are least likely to work at home.

FALSE

From an industry perspective, workers employed in professional and business services, in financial activities, and in education and health services are among the most likely to work at home.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.
Level of Difficulty: 2 Medium
Topic: Growth of the Service Sector

12. Instant messaging refers to a form of Internet communication where users can transmit text
(p. 15) messages or chat in real-time via the Internet to one or more people.

TRUE

Instant messaging refers to a form of Internet communication where users can transmit text messages or chat in real-time via the Internet to one or more people.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.
Level of Difficulty: 1 Easy
Topic: Growth of the Service Sector

13. The number of women in the workforce is projected to decrease from about 43 percent in the year 2000 to 39 percent by the year 2020.
(p. 19)

FALSE

The number of women in the workforce continues to grow and is projected to increase from about 39 percent in 2000 to approximately 32 percent in 2020.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 2 Medium
Topic: Societal Factors Affecting Customer Service

14. The Norris-La Guardia Act allocated \$7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings.
(p. 20)

FALSE

The Recovery Act allocated \$7 billion toward upgrading and expanding broadband access nationwide in order to provide access to rural areas and increase Internet capacity in schools, libraries, public safety offices, and other community buildings.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 2 Medium
Topic: Societal Factors Affecting Customer Service

15. Offshoring refers to the practice of contracting with third-party companies outside the organization.
(p. 21)

FALSE

Offshoring refers to the relocation of business services by an organization from one country to another.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 2 Medium
Topic: Societal Factors Affecting Customer Service

16. Deregulation is the removal of government restrictions on an industry.
(p. 21)

TRUE

Deregulation is the removal of government restrictions on an industry.

AACSB: Analytic

Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

17. After the recession, economic reports are now indicating that people have begun to shift from a
(p. 28) "cutting back" mentality to a slightly more optimistic "cautious spending" approach.

TRUE

After the recession, economic reports are now indicating that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service.
Level of Difficulty: 2 Medium
Topic: Consumer Behavior Shifts

18. Customer service professionals need to be abreast of current organizational policies and
(p. 29) procedures.

TRUE

The expectation of quality service that most consumers have also creates a need for better-trained and better-educated customer service professionals. They need to be abreast of current organizational policies and procedures.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service.
Level of Difficulty: 2 Medium
Topic: Consumer Behavior Shifts

19. Customer satisfaction is the feelings of a person whose needs have been met by an
(p. 30) organization.

TRUE

Customer satisfaction refers to the feeling of a person whose needs have been met by an organization.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service.
Level of Difficulty: 2 Medium
Topic: Consumer Behavior Shifts

20. The customer is a key component of the customer service environment that is directly under
(p. 31) the control of the service provider and staff.

FALSE

The customer is a component of the customer service environment but the customer is the only component that is not directly under the control of the service provider and staff.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

21. External customers are the ones who actively seek out; research; and buy, rent or lease
(p. 32) products or services offered by the organization.

TRUE

External customers are the ones who actively seek out; research; and buy, rent or lease products or services offered by the organization.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

22. Motivated and competent workers, planning, policy, and procedure change or system
(p. 33) adaptation will have a positive impact on customer service.

TRUE

Without motivated, competent workers, any planning, policy, and procedure change or systems adaptation will not make a difference in customer service.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: Human Resources

23. Older workers are more likely than younger workers to be short-tenured employees.
(p. 35)

FALSE

Younger workers are more likely than older workers to be short-tenured employees.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 2 Medium

Topic: The Customer Service Environment

24. Learning organizations are businesses that use knowledge as a basis for competitive advantage.
(p. 37)

TRUE

Learning organizations are businesses that use knowledge as a basis for competitive advantage.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector.

Level of Difficulty: 1 Easy

Topic: Addressing the Changes

25. In a learning organization, learning from mistakes and adapting accordingly is crucial.
(p. 37)

TRUE

Learning from mistakes, and adapting accordingly, is crucial in a learning organization.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector.

Level of Difficulty: 1 Easy

Topic: Addressing the Changes

Multiple Choice Questions

26. (p. 6) The ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external clients in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business is called ____.

A. downsizing
B. networking
C. customer service
D. outsourcing

Customer service is the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

27. (p. 7) Analog Corp., a multinational software company, spends time and takes efforts to satisfy its clients by identifying their needs and establishing policies and procedures to support excellence in service delivery. In this case, Analog Corp. is most likely to be a(n) ____.

A. customer-focused organization
B. offshoring organization
C. cottage industry
D. outsourcing organization

A customer-focused organization is a company that spends energy and effort on satisfying internal and external customers by first identifying customer needs, then establishing policies, procedures, and management and reward systems to support excellence in service delivery.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 3 Hard
Topic: Defining Customer Service

28. (p. 8) According to the Census Bureau and the Bureau of Labor Statistics, wholesale trade, retail trade, finance, insurance and the federal government are examples of the ____.

A. service sector
B. primary sector
C. public sector
D. private sector

The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes wholesale trade, retail trade, finance, insurance, and federal government.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

29. (p. 8) During the early days of business growth, many sold or bartered products from their homes in what became known as ____.

A. outsourcing organizations
B. cottage industries
C. service industries
D. customer-focused organizations

In the past, many people made and sold or bartered products from their homes in what came to be known as cottage industries.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 1 Easy
Topic: Defining Customer Service

30. (p. 14) RedAngle Corp. is a company that allows its employees to set up home offices and communicate electronically to its corporate office. This is an example of ____.

A. downsizing
B. outsourcing
C. telecommuting
D. offshoring

Telecommuting is a trend seen in many organizations that allows employees to set up home offices and from there electronically communicate and forward information to their corporate offices.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Apply

Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.

Level of Difficulty: 3 Hard

Topic: Growth of the Service Sector

31. The term that applies to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization is ____.

(p. 15)

- A. offshoring
- B. downsizing**
- C. networking
- D. outsourcing

Downsizing is the term applied to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-02 Describe factors that have impacted the growth of the service sector in the United States.

Level of Difficulty: 1 Easy

Topic: Growth of the Service Sector

32. ____ is the term applied to an ongoing trend of information, knowledge and resource sharing around the world.

(p. 21)

- A. Networking
- B. Telecommuting
- C. Globalization**
- D. Deregulation

Globalization is the term applied to an ongoing trend of information, knowledge, and resource sharing around the world.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.

Level of Difficulty: 1 Easy

Topic: Societal Factors Affecting Customer Service

33. B2B stands for _____.
(p. 21)

- A. back-to-business
- B. brand-to-brand
- C. brokering-to-business
- D. business-to-business**

B2B refers to business-to-business customer service.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

34. _____ refers to the relocation of business services by an organization from one country to another.
(p. 21)

- A. Offshoring**
- B. Insourcing
- C. Deregulation
- D. Outsourcing

Offshoring refers to the relocation of business services by an organization from one country to another.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

35. _____ occurs when organizations decide to have its own employees assume functions and perform work instead of contracting out to third parties.
(p. 21)

- A. Insourcing**
- B. Deregulation
- C. Outsourcing
- D. Offshoring

Offshoring refers to the relocation of business services by an organization from one country to another.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

36. Which of the following countries is a part of the North American Free Trade Agreement (NAFTA)?
(p. 22)

- A.** Mexico
- B. Costa Rica
- C. Bermuda
- D. Greenland

North American Free Trade Agreement (NAFTA) was a trade agreement between the United States, Canada, and Mexico.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

37. Which of the following statements best describes the term "e-commerce"?
(p. 27)

- A.** It refers to an entire spectrum of companies that market products and services on the Internet and through other technology.
- B. It is a trade agreement entered into by the United States, Canada, and Mexico to help them eliminate barriers to trade.
- C. It is a process by which employees are terminated or empty positions are left unfilled once someone leaves an organization.
- D. It refers to the group of companies operated by the federal government that sells products for free of cost.

E-commerce refers to an entire spectrum of companies that market products and services on the Internet and through other technology, and the process of accessing them by consumers.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

38. Which of the following statements is true of the impact of the economic recession on consumers' mindset?
(p. 28)

- A. A majority of consumers have started to act on impulse and buy whatever they desire to buy.
- B.** Consumers have begun to reevaluate their paradigm or the way they look at products.
- C. A large number of consumers are opting to buy rather than rent homes, cars, and clothes.
- D. Consumers have begun to shift from a cautious spending approach to a cutting back mentality.

Economic reports are now starting to show that people have begun to shift from a "cutting back" mentality to a slightly more optimistic "cautious spending" approach. Part of their new strategy is to reevaluate their paradigm or the way they look at products.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service.
Level of Difficulty: 2 Medium
Topic: Consumer Behavior Shifts

39. Service providers invest large amounts of money in training employees because _____.
(p. 29)

- A.** they lose business and revenue if they do not meet the service expectations of customers
- B. they are unaffected by the economic recession and massive job losses
- C. a larger number of consumers are opting to buy rather than rent homes and cars
- D. consumers act on impulse and purchase any product or service that they desire to buy

Companies recognize that if they do not meet the service expectations of customers, they lose business and revenue. Thus, the superior service providers invest large amounts of money in training employees.

AACSB: Analytic
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 01-04 Recognize the changes in consumer behavior that are impacting service.
Level of Difficulty: 2 Medium
Topic: Expectation of Quality Service

40. Which of the following is a component of a customer service environment?
(p. 30)

- A. Technical know-how
- B. Suppliers
- C.** Delivery systems
- D. Management

The six key components of a customer service environment are customer, organizational culture, human resources, products, delivery systems and service.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

41. Those who actively seek out, research and buy, rent or lease products or services offered by a business are its _____.
(p. 31)

- A.** external customers
- B. internal customers
- C. investors
- D. suppliers

External customers may be current or potential customers or clients. They are the ones who actively seek out; research; and buy, rent, or lease products or services offered by an organization.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

42. Who among the following is an example of external customers?
(p. 31)

- A. Subordinates
- B.** Suppliers
- C. Co-workers
- D. Security personnel

External customers are the people outside the organization who purchase or lease products and services. This group includes vendors, suppliers, and others not from the organization.

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Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

43. Employees of other departments or branches, co-workers and other people who work within the same organization are ____.

(p. 31)

- A. external customers
- B. internal customers**
- C. online customers
- D. current customers

Internal customers are co-workers, employees of other departments or branches, and other people who work within the same organization.

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Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

44. Who among the following is an example of internal customers?

(p. 31)

- A. Vendors
- B. Suppliers
- C. Potential clients
- D. Subordinates**

Internal customers include peers, co-workers, bosses, subordinates, and people from other areas of the organization.

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Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

45. The ____ includes an element of an organization that a customer experiences.

(p. 33)

- A. human resource
- B. organizational culture**
- C. service environment
- D. service recovery

Put simply, organizational culture is what the customer experiences.

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Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

46. _____ undertakes activities such as recruiting, selecting, training, and retaining qualified people.
(p. 33)

- A.** Human resource
- B. Delivery system
- C. Service recovery
- D. Organizational culture

To make the culture work, an organization must take great care in recruiting, selecting, training, and retaining qualified people. This is the core concept of human resources, a component of customer service environment.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

47. _____ refers to the products or services offered by an organization.
(p. 36)

- A. Outsourcing
- B. Offshoring
- C.** Deliverable
- D. Networking

A deliverable may be a tangible item or a service available to the customer. In either case, there are two potential areas of customer satisfaction or dissatisfaction—quality and quantity.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Understand

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 2 Medium

Topic: The Customer Service Environment

48. The manner in which a company and its employees treat its customers when delivering the company's products or other deliverables is known as _____.
(p. 36)

- A. outsourcing
- B. offshoring
- C.** service
- D. training

Stated simply, service is the manner in which a company and other employees treat its customers and each other as they deliver the company's deliverables.

AACSB: Analytic
Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

49. _____ is a term that describes an organization that uses knowledge as a basis for competitive advantage.
(p. 37)

- A.** Learning organization
- B. Customer-focused organization
- C. Service industry
- D. Cottage industry

Basically, a learning organization is one that uses knowledge as a basis for competitive advantage.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector.

Level of Difficulty: 1 Easy

Topic: Addressing the Changes

50. The process of correcting something that has gone wrong involving provision of a product to a client is called _____.
(p. 37)

- A.** service recovery
- B. delivery system
- C. downsizing
- D. deregulation

Service recovery is the process of righting a wrong or correcting something that has gone wrong involving provision of a product or service to a customer.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector.

Level of Difficulty: 1 Easy

Topic: Addressing the Changes

Short Answer Questions

51. Define the service sector and list a few industries that it covers.
(p. 8)

Service sector refers to organizations and individuals involved in delivering service as a primary product. The term service sector as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes:

- Transportation, communication, and utilities
- Wholesale trade
- Retail trade
- Finance, insurance, and real estate
- Federal government
- State and local governments

In addition, there are people who are self-employed and provide various types of services to their customers and clients.

AACSB: Analytic
Blooms: Understand
Learning Objective: 01-01 Define customer service.
Level of Difficulty: 2 Medium
Topic: Defining Customer Service

52. Distinguish between offshoring and outsourcing.
(p. 21)

Offshoring refers to the relocation of business services by an organization from one country to another. The work may be kept in another entity of the organization that is located in another country or contracted to a third party. Typically, this is done to cut costs with cheaper worker salaries or tax savings. Outsourcing refers to the practice of contracting with third party companies or vendors outside the organization to deliver products and services to customers or produce products.

AACSB: Analytic
Blooms: Understand
Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 2 Medium
Topic: Societal Factors Affecting Customer Service

53. Define e-commerce.
(p. 27)

E-commerce refers to the entire spectrum of companies that market products and services on the Internet and through other technology, and the process of accessing them by consumers.

AACSB: Analytic
Blooms: Remember
Learning Objective: 01-03 Identify societal factors that have influenced customer service.
Level of Difficulty: 1 Easy
Topic: Societal Factors Affecting Customer Service

54. Discuss the term organizational culture.
(p. 32)

Organizational culture is what the customer experiences. This culture is made up of a collection of subcomponents, each of which contributes to the overall service environment made up of factors including: the customer, organizational culture, human resources, products or deliverables, delivery systems and service.

AACSB: Analytic

Blooms: Remember

Learning Objective: 01-05 List the six major components of a customer-focused environment.

Level of Difficulty: 1 Easy

Topic: The Customer Service Environment

55. Explain the term service recovery.
(p. 37)

If a service breakdown does occur, managers in truly customer-focused organizations should empower employees at all levels to do whatever is necessary to satisfy the customer. For this to happen, management must educate and train staff members on the techniques and policies available to help serve the customer. They must then give employees the authority to act without asking first for management intervention in order to resolve customer issues. This concept is known as service recovery.

AACSB: Analytic

Blooms: Remember

Learning Objective: 01-06 Explain how some companies are addressing the changes impacting the service sector.

Level of Difficulty: 1 Easy

Topic: Addressing the Changes