

Re-Exam: Business Administration in the Service Industry (BASI 1.1)

Code: E_BK1_BASI

Coordinator: dr. M. J. Flikkema

Date: Wednesday October 24th 2012

Time: 8:45 – 10:45 hrs

Duration: 2 hours

Calculator allowed: Yes

Graphical calculator
allowed: No

Number of questions: 60

Type of questions: Multiple choice

Answers: Use the provided form to mark the answers
Don't forget to mark the version letter on your form: **This is version A!**

Note: The exam is governed by the Academic and Examination Regulations and the Regulations and Guidelines for (interim) examinations of the Faculty of Economics and Business Administration.

Credit score: Scoring 36 out of 60 questions means a grade of at least 5 (five); scoring 38 out of 60 questions means a grade of at least 5,5 (five-and-half).

Grades: The exam results will be made public via Blackboard on: November 7th 2012 at the latest. The overall credit score for BASI 1.1, with working group results included (if applicable), will be distributed later, individually, through VUNet.

Inspection: For this exam no review session is scheduled. Issues with respect to the outcome of the exam may be directed via email to the coordinator of the course.

Number of pages: 11 (including front page).

Success!

1. Which of the following is - according to Van Looy *et. al* (2003) - a distinctive service characteristic?
 - A. Humility
 - B. Authenticity
 - C. Empathy
 - D. **Neither A, nor B, nor C.**

2. Who is NOT a stakeholder of the BASI course?
 - A. The BASI coordinator
 - B. The students involved in the BASI course
 - C. The IT services department of the VU university
 - D. **The manager of the Basket restaurant at the VU campus**

3. Services provided by a law firm are?
 - A. Mass services
 - B. Service shop services
 - C. Maintenance interactive services
 - D. **Professional services**

4. A *business process* is
 - A. a sequence of departments
 - B. a sequence of responsibilities
 - C. **a sequence of activities**
 - D. neither A, nor B, nor C

5. *Servitization* implies...
 - A. the combination of products
 - B. the configuration of products
 - C. **the combination of products and services**
 - D. the combination of services

6. Which of the following activities is indicated by Van Looy *et al.* as relevant to make a smooth transition towards servitization?
 - A. Install a detailed customer information system
 - B. In the organization: replace vertical structures by horizontal structures
 - C. Induce in the employees a service orientation
 - D. **Both A, and B, and C.**

7. Which of the following statements is/are correct?
 - I By definition, a customer having a positive buying pattern and a positive attitude towards a provider is a 'true loyal' customer.
 - II Different types of loyalty –for example “barnacles” or “true friends”- are characterized by differences in frequency and profundity of the relationship between customer and service provider.

- A. Statement I and statement II are false
 - B. Statement I is false and statement II is correct
 - C. Statement I is correct and statement II is false
 - D. Statement I and II are correct.**
8. Which type of actors is represented in Heskett's service profit chain?
- A. venture capitalists
 - B. suppliers
 - C. managers
 - D. employees**
9. Which of the following is not a school of thought concerning 'value'?
- A. Value = price
 - B. Value is the price quality trade-off
 - C. Value is what you get for what you give
 - D. Value is added value**
10. When customers are aware of a new service as a consequence of communication efforts by its provider, but don't buy it yet, these efforts have, ultimately, led to
- A. cognitive effects**
 - B. affective effects
 - C. behavioral effects
 - D. neither A nor B nor C
11. Customer needs are addressed in advertisements in different ways. Negatively oriented buying motives are addressed effectively through
- A. messages focusing on problem solving and problem prevention**
 - B. messages focusing on exploration and enjoyment
 - C. messages focusing on problem solving and enjoyment
 - D. messages focusing on exploration and problem prevention
12. When drawing up a promotion plan, the second stage of a systematic approach to promotion is;
- A. assigning budgets
 - B. setting objectives
 - C. determining audiences**
 - D. selecting channels
13. Making decisions on discounting prices for a certain customer is part of the
- A. pricing objective
 - B. pricing strategy
 - C. pricing structure
 - D. pricing tactic**

14. Flat-rate pricing is an example of
- A. Experience-curve pricing
 - B. Going-rate pricing
 - C. Price signaling
 - D. Neither A nor B nor C.**
15. Walking proudly through the streets with a Starbucks coffee indicates that Starbucks products also bring
- A. Social value**
 - B. Functional value
 - C. Emotional value
 - D. Neither A nor B nor C
16. For most customers a carpenter primarily creates
- A. Social value
 - B. Epistemic value
 - C. Functional value**
 - D. Hedonistic value
17. Getting the owner of a Rembrandt painting creates
- A. Utilitarian value
 - B. Functional value
 - C. Escapism
 - D. Rarity value**
18. Price discrimination is possible under certain circumstances. Which is a valid one?
- A. Varying sensitivity to prices in the different customer segments.
 - B. Access to lower prices cannot easily be passed to other segments.
 - C. Offer with different prices does not confuse customers.
 - D. Both A and B and C**
19. Which of the below alternatives does *not* apply to Management Accounting?
- A. Management Accounting collects, processes and distributes information to make decisions.
 - B. The Aim of Management Accounting is to support decision making in order to realize corporate strategy and objectives.
 - C. Users of Management Accounting information are shareholders, suppliers, customers and other external parties.**
 - D. Management Accounting assists managers in achieving the maximum value of their firm.
20. The Balanced Scorecard (BSC) has several merits over traditional performance measurement in order to balance certain aspects in operations. Which of the following does *not* belong to these merits?

- A. The BSC measures indicators on different dimensions.
 - B. The BSC measures leading indicators and lagging indicators.
 - C. The BSC measures financial and non-financial indicators.
 - D. The BSC measures the relation between management style and operational results.**
21. Which of the following conclusions *cannot* be attributed to Value-based Management (VBM) Control as found by Claes?
- A. Implementation of VBM resulted in a common language throughout the company.
 - B. Managers and employees are held accountable for activities (value drivers) within their control.
 - C. A change in awareness and behavior of the managers and employees when making decisions to consider implications on the profit and loss account as well as on the balance sheet.
 - D. More attention was paid to financial measures and indicators.**
22. QFD is a tool for....
- A. improving both business process efficiency and quality
 - B. improving business process efficiency
 - C. improving business process quality**
 - D. neither A nor B nor C
23. Adequately dealing with complaints is very important. Which of the following factors helps to establish satisfaction with complaint handling?
- A. Reducing the number of frontline staff
 - B. Ignoring the receipt of a complaint
 - C. Prioritizing complaints.**
 - D. Neither A nor B nor C
24. In assessing whether a complaint should receive priority or not, the criterion should be the business at risk. This depends NOT on the following factor:
- A. Service firm characteristics**
 - B. Customer characteristics
 - C. Expected action by the complainer
 - D. Problem characteristics
25. Which of the listed characteristics moderate the antecedents-customer experience relationship in the Verhoef *et al.* (2009) model discussed in one of the BASI lectures?
- A. Situational and group characteristics
 - B. Situational and personal characteristics**
 - C. Personal and group characteristics
 - D. Price and customer experiences(t-1)
26. Which of the following promises could not function as a service guarantee in the BASI course?
- A. At least 75% of the lectures will start on time.
 - B. None of the lectures in the BASI course will be postponed.

- C. **At least 80% of the students involved in the BASI course will pass their BACHELOR exam within 3 years.**
- D. At least 75% of the students will be very satisfied about the BASI course.
27. Which of the following indicators could be included in an Service Level Agreement for the BASI course?
- A. The average % of students present in every lecture.
- B. The number of professors in the BASI course divided by the number of lectures.
- C. **The average satisfaction of the students involved in the BASI course.**
- D. Neither A, nor B, nor C.
28. Common pitfalls when implementing service level agreements are NOT:
- A. Unclear definition of 'availability'
- B. Inadequate definitions and poor measurements
- C. **Monopolies of internal suppliers**
- D. Lack of mutual benefits
29. The most prominent lesson of the 'cycle of failure' and the 'cycle of success' is the relationship between
- A. **Service capability and loyal customers**
- B. Customer satisfaction and employee retention
- C. Customer satisfaction and customer retention
- D. Employee satisfaction and employee retention
30. Which of the following statements is false?
- A. Behavioral repertoire is situated 'on the surface' of a person.
- B. Empowerment involves giving more autonomy, more freedom to employees
- C. Personal characteristics are - on average- equally important in each type of service.
- D. Autocratic leadership is displayed by leaders who look for sole possession of power and control
31. What's NOT a cost based pricing method?
- A. Mark-up pricing
- B. **Benefit driven pricing**
- C. Target return pricing
- D. Neither A, nor B, nor C
32. How much do service industries contribute to our Gross National Product
- A. 20 % < contribution < 50%
- B. > 50%
- C. > 90%
- D. not at all
33. Which of the following statements is/are correct?

- I The Warwick University approach is a process oriented view of HRM in which the importance of context is also stressed
 - II Of the three HRM models presented in the textbook the Warwick model is the most context-specific one
 - A. Statement I and statement II are both correct
 - B. Statement I is false and statement II is correct
 - C. Statement I is correct and statement II is false
 - D. Statement I and II are both false.
34. In service process design several variables have to be taken into account to determine the type of service to be designed. Services that are people/equipment focused, with a medium degree of customization, and a medium proportion of back office staff and medium front office staff and process/product orientation are labeled (by Silvestro *et. al*):
- A. professional services
 - B. service shop
 - C. mass services
 - D. general services
35. Re-engineering service processes entails rethinking the existing situation, using several considerations. What consideration is of overarching importance to decide whether an activity should be maintained or deleted (as 'waste') from the process?
- A. The cost of this activity
 - B. The added value of this activity.
 - C. The employee satisfaction with this activity
 - D. The time required for this activity
36. Which one is NOT a particular problem of managing capacity in service organizations?
- A. Capacity cannot be stored
 - B. Production and consumption are simultaneous
 - C. Service is intangible
 - D. Service is expensive.
37. Which of the following statements is/are correct?
- I. Capacity management consists of capacity planning and capacity scheduling
 - II. Yield management is the process of allocating the right type of capacity to the right kind of customer at the right price so as to maximize revenue
 - A. Statement I and statement II are both correct
 - B. Statement I is false and statement II is correct
 - C. Statement I is correct and statement II is false
 - D. Statement I and statement II are both false.
38. Please identify whether the following questions are true or false
- I. Operations management deals with planning, implementing and controlling the forward and reverse flows and storage of products and services and related information

- II. Logistics consists of reverse logistics, distribution logistics, production logistics and purchasing logistics
- A. Statement I and statement II are both correct
B. Statement I is false and statement II is correct
C. Statement I is correct and statement II is false
D. Statement I and statement II are both false.
39. The operations of McDonalds and Burger King were both discussed during the lectures. Please identify for both companies whether the following statements are true or false:
- I. Both McDonalds and Burger King are an example of a mass service
II. Despite the differences in equipment to prepare products (McDonalds: hot plate vs Burger King: broiler) both companies have always been able to provide exactly the same products to consumers.
- A. Statement I and statement II are both correct
B. Statement I is false and statement II is correct
C. Statement I is correct and statement II is false
D. Statement I and statement II are both false.
40. Please identify whether the following statements are true or false:
- I. Capacity is part of the service experience
II. The so-called “chase” capacity strategy is used in situations where capacity cannot be changed easily.
- A. Statement I and statement II are both correct
B. Statement I is false and statement II is correct
C. Statement I is correct and statement II is false
D. Statement I and statement II are both false.
41. What is NOT part of a servicescape?
- A. Ambient conditions
B. Signs symbols and artifacts
C. Capacity planning strategy
D. Spatial layout.
42. In a break-even model the ultimate decision is based on:
- A. The point where's no profit nor loss
B. The intersection of two revenue lines
C. The intersection of two total cost lines
D. The intersection of fixed cost lines.
43. Which is a design consideration for the front office?
- A. Focus on the needs and wants of the customer
B. Focus on efficiency

- C. Appeal to employees
- D. Low-cost strategy

44. Which description best characterizes social media?

- A. Internet-based applications that are used for social purposes.
- B. Internet-based applications that enable users to interact with each other.
- C. Internet-based applications that bring large numbers of users together.
- D. Internet-based applications that enable users to generate and exchange user-generated content with each other.

45. As discussed in Chapter 17 of van Looy *et al.*, there are three ways to make use of information in order to create value in the digital world. One of this ways is known as “virtual value creation”. Which one of the following social media examples is a typical example of virtual value creation?

- A. Using a community of practice as innovation platform with customers.
- B. Using YouTube to provide insight into the employees of the organization.
- C. Using a blog to distribute company news.
- D. Using voice over IP (Skype) to talk to customers.

46. The characteristics of services have been discussed in the lecture on social media. Why do consumers consider social media to be of high relevance when buying services?

- A. Because services are tangible and social media will help consumers to visualize services.
- B. Because services are tangible and can easily be compared by making use of social media.
- C. Because services are intangible and social media provide consumers with the opinions and experiences of other consumers.
- D. Because services are intangible and social media add to the intangibility of services.

47. In the lecture on the role of social media, the generation of new knowledge used for service innovation was discussed as one of the consequences of social media. Which social medium best fits the goal of generating new knowledge for service innovation?

- A. YouTube
- B. Twitter
- C. A customer community
- D. A blog

48. The performance of a service innovation project depends, among others, on

- A. customer involvement and supplier involvement
- B. the influence, vision and skills of the project leader
- C. clear objectives and emphasis on performance measures
- D. both A and B

49. Airbnb.com is a company set up to use the free living space of somebody for a low rate in order to keep travel cost low for their clients. Which of the below items are the drivers for internationalization for this growing company?

- A. Leisure travelling to exotic destinations and mobile internet
- B. Global customers, information technology, growth and economies of scale
- C. Local/regional wars and global NGO's (non-governmental organizations)
- D. English as common language and international culinary tastes

50. Which of the following tests is NOT in Flikkema's list of service design tests?

- A. The feasibility test
- B. The market advantage test
- C. The sustainability test
- D. The mother-in-law test

51. Schein's culture model gives three levels in the structure of culture:

- A. Artifacts, norms and values, basic assumptions
- B. Artifacts, norms and values, individualism
- C. Achievement, future, basic assumptions
- D. Artifacts, behavior, basic assumptions

52. What should a bank charge to their borrowers on top of the funding costs?

- A. a spread reflecting credit loss, costs of capital and operational costs
- B. a spread reflecting credit loss and costs of capital
- C. a spread reflecting credit loss and operational costs
- D. a spread reflecting credit loss, costs of debt and operational costs

53. What is contributing mostly to the total spread for European Banks before the banking crisis in 2008?

- A. Asset spread (Lending rate – Euribor)
- B. Funding spread (Funding rate – Euribor)
- C. Interest rate
- D. Euribor

54. How would you describe the banking business model BEFORE and AFTER the banking crisis in 2008?

- A. Before crisis: volume driven After crisis: margin driven
- B. Before crisis: margin driven After crisis: volume driven
- C. Before crisis: cost driven After crisis: margin driven
- D. Before crisis: margin driven After crisis: cost driven

55. The VOICE OF HOLLAND is a good illustration of

- A. product innovation
- B. service innovation
- C. process innovation
- D. organizational innovation

56. Applying the *mother-in-law test* to a new service design means according to Flikkema testing the

- A. complexity of the design
- B. compatibility of the design
- C. trialability of the design
- D. neither A nor B nor C

57. Which of the following verbs is NOT in Flikkema's definition of customer experience management?

- A. evaluating
- B. designing
- C. delivering
- D. neither A nor B nor C

58. Innotown is a great example of a company which

- A. ignores customer feedback
- B. manages human resources effectively
- C. capitalizes on customer feedback
- D. neither A nor B nor C

59. What's the first stage of the traditional innovation process?

- A. pilot production
- B. development
- C. mass production
- D. research

60. A customer experience is

- A. strictly personal
- B. strictly cognitive
- C. strictly emotional
- D. strictly fun

Don't forget to mark the version letter on the form

This is version A !