**Chapter 7: BUILDING AND MAINTAINING CUSTOMER RELATIONSHIPS**

1. A form of marketing that seeks to attract and retain customers through enhancing satisfaction is referred to as:

*A: Satisfaction marketing*

*B: Enhancement marketing*

*C: Targeted marketing*

*D: Relationship marketing*

*E: Retention marketing*

Answer: D

2. For an organization, a key outcome of retention strategies should be to convince customers of which of the following:

*A: They are getting a good deal*

*B: They won’t find better services elsewhere*

*C: They are being singled out for attention*

*D: They are industry trendsetters*

*E. They are making good choices*

Answer: C

3. Loyalty programs in the tourism and hospitality sector, especially in the USA, have become:

*A: Increasingly selective*

*B: Extremely common*

*C: Less prevalent*

*D: Obsolete*

*E. Too costly*

Answer: B

4. Complete the following sentence by selecting the best option from the list below. Greater attention to the needs of individual customers is based upon a number of studies that have demonstrated dramatic increases in profits as a result of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ customer retention rates.

*A: Large increases in*

*B: Small increases in*

*C: Stabilizing*

*D: Enhancing*

*E. Sustained increases in*

Answer: B

5. According to Winer’s (2001) model, the first step in managing customer relationships is the construction of a customer database to include all of the following information EXCEPT:

*A: Customers’ transaction history*

*B: Customer contact information*

*C: Descriptive information about customers*

*D: Customers’ family and social relationships*

*E: Customer responses to marketing stimuli*

Answer: D

6. Which of the following is NOT considered one of the four retention strategies defined by Zeithaml and Bitner (2000):

*A: Personal bonds*

*B: Customization bonds*

*C: Social bonds*

*D: Financial bonds*

*E: Structural bonds*

Answer: A

7. Complete the following sentence by selecting the best option from the list below. Thomas Cook Travel was one of the first tourism organizations to calculate the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of its customers.

*A: Loyalty*

*B: Expendability*

*C: Profitability*

*D: Marketability*

*E: Manageability*

Answer: C

8. A trend in customer loyalty programs whereby single-brand loyalty programs are turned into corporate-wide programs, or businesses partner with other businesses in offering points and associated benefits, is captured in the:

*A: Partnership model*

*B: Bonus reward model*

*C: Coalition model*

*D: Point swap model*

*E: Loyalty model*

Answer: C

9. Strategies to increase loyalty through intimate knowledge of individual customers and development of one-to-one solutions that meet individual customer’s needs is referred to as mass customization or:

*A: Customer advocacy*

*B: Loyalty techniques*

*C: Personalized service*

*D: Customized strategies*

*E: Customer intimacy*

Answer: E

10. According to Dick and Basu’s (1994) framework, latent loyalty best describes customer who exhibits which of the following behaviors:

*A: Strong brand preference but situational or environmental constraints*

*B: High frequency purchases of a brand and low motivation to search for alternatives*

*C: High frequency purchases of a brand but low brand differentiation*

*D: Low frequency purchases of a brand and low brand differentiation*

*E: Low brand preference but no situational or environmental constraints*

Answer: A

11. Customer benefits from long-term associations with companies include all of the following EXCEPT:

*A: Special treatment*

*B: Lower costs*

*C: Reduced risk*

*D: Increased value*

*E: Customized services*

Answer: B

12. Finish the following sentence by selecting the best phrase from the list below. A key role of marketing is to identify customers with value-creating potential and target them with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to reduce the risk of defection.

*A: Management strategies*

*B: Marketing strategies*

*C: Promotional offers*

*D: Retention strategies*

*E: Sales strategies*

Answer: D

13. The 80/20 customer pyramid proposed by Zeithhaml and Bitnen (2000) suggests which of the following regarding customer behavior over time:

*A: 80% spread positive word of mouth*

*B: 20% complain the most*

*C: 80% cost the least to maintain*

*D: 80% are the most profitable*

*E: 20% are the most profitable*

Answer: E

14. In Kumar and Rajan’s 2009 classification scheme on loyalty and profitability management, ‘Butterflies’ are described as customers who:

*A: Have consistent profit potential*

*B: May have high profit potential*

*C: Have the highest profit potential*

*D: Have the lowest profit potential*

*E: May have low profit potential*

Answer: B

15. In Watson and Kale’s (2003) taxonomy of casino customer segments, customers with high future relationship value as well as high profitability are referred to as:

*A: Lucrative customers*

*B: Prime customers*

*C: Valued Customers of Tomorrow*

*D: Incidental Customers*

*E: Mobile Customers*

Answer: B