**Answers**

1. c) Service value is a mere trade-off between consumers’ evaluation of the benefits and cost involved in using the service.
2. a) Effectiveness of service does NOT affect customers’ evaluation of service value. It is the efficiency of service that affects customers’ evaluation of service value.
3. b) Services can either be provided to consumers in their own right (such as entertainment or passenger transport) or they can be a significant part of a tangible good (such as car insurance or a finance package that adds value to car offers).
4. d) Availability is NOT a characteristic of services, while intangibility, inseparability, perishability and heterogeneity ARE the characteristics of services.
5. d) Packaging is NOT one of the additional Ps for services, while physical evidence, people and process are.
6. a) ‘Employees’ is NOT one of the marketing mix for services, while numbers of steps, customer involvement and flow of activities are.
7. c) According to Asubonteng et al. (1996), service quality is the difference between the ­­­­­­­­­­­­­­­­­­­“customer expectations” for service performance prior to the service encounter and their perceptions of the service received.
8. b) Five dimensions of service quality in the acronym of RATER are: Reliability, Assurance, ­­­­­­­­*Tangibility*, Empathy and Responsiveness.
9. d) Customer perceptions are influenced by a series of ‘gaps’, including: Gap 1 (the service gap), Gap 2 (the­­­­­­­­­­­­ ­­­­­­­­­­­­­­­­­*knowledge* gap), Gap 3 (the standards gap), Gap 4 (the delivery gap), and Gap 5 (the communications gap).
10. a) Four elements of the core product are the nature of the service process, the role of the customer, the *scheduling* and the level of service.
11. c) Blueprinting and *servicescapes* are two approaches for the service delivery process.
12. b) The four key zones of blueprinting include: (1) Service functions and *stages* in the process, (2) Timing and sequences of process, (3) Participants involved, both staff and customers, and (4) Visible front-office activities and invisible back-office activities.
13. d) The four key roles of servicescapes are package of a service, *facilitator* of a service, socializer of a service, and differentiator of a service.
14. b) Relationship marketing is most applicable to services if the following three conditions are fulfilled: (1) ongoing need for the service from the service customers; (2) service customers have control over the *selection* of service providers, and (3) a number of service providers exist in the market, the cost of switching from one to another is low and switching is commonplace.
15. a) One of the gaps in the SERVQUAL is the delivery gap. This is the difference between the quality standards set out by *management* for service delivery and the actual quality of service delivery.