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Internal Assessment Test - II

Sub:	Services Marketing						Code:	18 MBA MM 303	
Date:	15.10.19	Duration:	90 mins	Max Marks:	50	Sem:	III	Branch:	MBA

		Marks		OBE	
		CO	RBT		
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)					
1 (a)	Define Demand in Services Marketing.	[03]	CO1	L1	
<p>The factors contributing to uneven demand are more complex and difficult to predict. The components of demand may be seen as comprising long term demand patterns (trends), short term seasonal fluctuations and irregular effects. [35]</p> <p><i>Long-term demand patterns:</i> Most industries exhibit underlying trends in demand over longer time frames. A trend is the long term direction in a time-series. Are sales growing, declining or stable? Often the trend in sales is related to the stage of the product life cycle. For example, industries in growth stages exhibit rapid increases in sales while industries in maturity may find that sales figures reach a plateau. Long-term demand patterns are stable and relatively easy to predict.</p> <p><i>Seasonal Factors:</i> Seasonal components are systematic, calendar-related movements in sales. Seasonal factors are recurring and relatively easy to predict. Seasonal factors might include peak and off peak seasons for a tourist resort. For a restaurant, however, peak seasons might coincide with main meal periods on a daily basis. Other seasonal factors include trading day trading day effects and holiday periods.</p> <p><i>Irregular Fluctuations:</i> Irregular fluctuations are unsystematic, short term fluctuations. Irregular effects are highly unpredictable. e.g. inclement weather closes an airport, forcing local hotels to accommodate thousands of guests with minimal advance warning; an unexpected thunder storm leads to a surge in demand for umbrellas</p>					
(b)	Discuss Yield Management in Services Sector	[07]	CO1	L2	
<p>In simple terms, yield management is a strategy based on selling to the right customer, at the right time, for the right price. Within the hotel industry this typically means selling the right room, to the right guest(s), at the best possible time, for the highest amount, in order to maximise the revenue earned.</p> <p>Yield management shares many similarities with the concept of revenue management but has actually existed for longer. Nevertheless, it is important to note that yield management has a more narrow focus and is concerned only with the selling price and the volume of sales, so that the best possible revenue yield can be achieved.</p> <p>The basic concept behind yield management is that certain fixed, time-limited resources, such as hotel rooms, can be sold for different prices, based on the time of year, the level of demand, the number of rooms already sold and a wide range of external factors besides.</p> <p>The same product (i.e. a hotel room) can be sold to two different customers for entirely different prices, because of the amount of variables involved in the process. Yield management strategies take a data-driven approach to ensuring pricing is adjusted in order to maximise business results.</p>					

(c) Explain the Challenges in Matching Supply, Demand and Capacity of Services with Examples

[10]

CO1

L4

Discrepancies between the capacity of an organisation and the demands of its customers result in inefficiency, either in underutilised resources or dissatisfied customers. The former may be a serious cost but the latter may result in lost sales, lost customers and potentially loss of reputation. The ability of the operation to adjust the key resources will minimise these discrepancies. Some capacity changes can happen almost instantly, others may take longer time to put in place. The capacity of an operation is a complicated mix of resources. These resources are inputs to the process that allow capacity to be expanded or contracted, by changing the inputs into the process. How flexible the resource is depends on how quickly it can be altered. Capacity can be increased using a number of methods which involve adjusting the resources and inputs into an organisation such as:

- Introducing new approaches and materials
- Increasing the number of service providers or machines
- Increasing the number of operational hours
- Acquiring additional facilities.

Decreasing capacity can be more difficult or expensive; it tends to rely on the operations ability to sell or reduce resources as cost effectively as possible. There are usually costs involved in reducing resources, for example if the resource is staff there may be redundancy costs, or closing facilities may incur significant costs. Therefore the decision to alter capacity has to be taken carefully in line with future predictions of demand.

2.2 Capacity Constraints

A constraint on capacity is a resource that is less capable, of increasing its throughput over the given time period, than other parts of the operation. A number of machines may be in sequence on a manufacturing line yet one may not be able to process as many units per hour as the other machines. The capacity will be constrained by this under producing machine and this may create a ‘bottle neck’ in the process. By increasing the capacity of this machine the capacity of the overall facility will also increase. Capacity is always constrained by the lowest producing part of the process. In layman’s terms an operation will ‘always go at the pace of the slowest walker’.

Identifying a restrictive part of the process and adding resources that can increase its capacity will improve the overall capacity of the operation. The resource mix that can be potentially constraining to an operation could include;

- Staff/Skill levels: Staff can be trained over time to be more flexible in their contribution to the process. The operation can benefit from the learning curve, where a new employee can become more efficient at a given process and therefore be quicker at their job, which can increase the capacity of the operation.
- IT facilities/Technology: This can be a small or very significant improvement to a process. The investment in ICT can reduce process time or even completely change the nature of the process itself. Online banking has been a significant improvement in the finance sector by reducing the number of staff required to process a transaction and therefore massively increasing the capacity of the bank to deal with its customers.
- Materials availability: A change in the supply of raw materials can increase the capacity potential of an operation. If there is a restriction in availability of materials or a timing problem and this is released, the capacity could be improved.
- Product or service mix: Adjustments in the other products or services made by the facility can restrict the capacity of the operation. This is because different products and services may use different quantities of resources per unit; therefore a change in the product mix may result in a change in capacity.
- Storage: This can affect the capacity of an operation if there is a resource constraint that is affected by timing in the process. If the operation has the ability to store work in progress or finished goods it can improve the capacity of the process in the short term. The swings and fluctuations in demand can be mitigated by the ability to store products and allow the full capacity of the operation to flow.
- Working schedules and access to facilities: This can also dictate the full availability of capacity. A lecture theatre that can accommodate 100 students at a time could operate beyond a standard working day; however both staff and students may have an issue regarding 6am lectures! These factors should be considered in a short-term, medium-term and long-term time frame to establish their ability to be changed over time. A short term strategy for expanding capacity in a cafe, would be to put a few extra tables outside or extend the staff working hours to cope with the extra demand, in the medium term the cafe owner would have more options available to increase the capacity, such as hiring more staff or having additional cooking facilities in the kitchen to cope with extra demand. In the long-term the possibilities can be much greater, the premises could be expanded, better equipment, more staff and so on. The

options available to an operation are greater the more time it has to plan them.

2 (a) What is meant by Hard Standards?

Hard standards are readily accepted by management as they can be easily measured, help in observing employees, are time bound and are committed towards company excellence and delivery high end **service quality standards** to customers

[03]

CO1

L1

(b) Discuss Services Quality with Examples.

[07]

CO1

L2

SERVQUAL

SERVQUAL is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

- **Tangibles:** appearance of physical facilities, equipment, personnel, and communication materials.
- **Reliability:** ability to perform the promised service dependably and accurately.
- **Responsiveness:** willingness to help customers and provide prompt service.
- **Assurance:** knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy:** the caring, individualized attention the firm provides its customers.

These five SERVQUAL dimensions are used to measure the gap between customers' expectations for excellence and their perception of the actual service delivered. The SERVQUAL instrument, when applied over time, can help you understand both customer expectations, perceptions of specific services, and areas of needed quality improvements.

SERVQUAL has been used in many ways, such as identifying specific service elements that need improvement, and targeting training opportunities for service staff.

Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager.

The service quality dimensions evaluated by SERVQUAL should be adjusted for optimal performance in different industries, including public and private sector applications.

SERVQUAL scores are highly reliable, but when used in different industries may fail to produce a clear delineation of the five basic dimensions. Other measures, such as the Six Sigma model should be considered for applicability in quantifying the gap between service expectations and perceptions.

(c) Explain the key reasons for GAP 2 and means of overcoming them.

[10]

CO1

L4

Gap 2 Prescription: Establish the Right Service Quality Standards:

a. Ensure that top management displays ongoing commitment to quality as defined from the customer's point of view

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b. Get middle management to set, communicate, and reinforce customer-oriented service

standards for their work units

c. Train managers in the skills needed to lead employees to deliver quality service

d. Become receptive to new ways of doing business that overcome barriers to delivering quality service

e. Standardize repetitive work tasks to ensure consistency and reliability by substituting hard technology for human contact and improving work methods (soft technology)

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f. Establish clear service quality goals that are challenging, realistic, and explicitly designed to meet customer expectations

g. Clarify to employees which tasks have the biggest impact on quality and should receive the highest priority

h. Ensure that employees understand and accept goals and priorities

i. Measure performance and provide regular feedback

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j. Reward managers and employees for attaining quality goals.

3 (a) What is Emotional labour?
Emotional labor is the process of managing feelings and expressions to fulfill the **emotional** requirements of a job. More specifically, workers are expected to regulate their **emotions** during interactions with customers, co-workers and superiors

[03]

CO1

L1

(b) Analyze Sources of conflict.
poor management.
unfair treatment.
unclear job roles.
inadequate training.
poor communication.
poor work environment.
lack of equal opportunities.
bullying and harassmen

[07]

CO1

L4

	<p>(c) Summarize on the Role of Service Intermediaries. Service intermediaries discharge many important functions for the service principal.</p> <ol style="list-style-type: none"> 1. Service intermediaries co-produce the service and make the service available to customers at a place and time of their choice, thus fulfilling the promises made by the service firms to customers. 2. The Franchisee uses the process developed by the service principal and renders satisfying service to customers. 3. Service intermediaries also make service locally available. 4. Intermediaries act as multiple service principals. Intermediaries such as travel agents and insurance agents provide retailing function to customers. 5. In many financial or professional services, <u>intermediaries</u> build a relationship based on trust which is essential in a complex service offering. 6. Services are intangibles and perishables and inventories do not exist. Therefore, service distribution focuses on identifying ways to bring the customer and principal together. Service intermediaries such as franchisees agents, brokers, etc., act as a connecting link between the service firm and customers. 7. Service intermediaries deliver services according to the specifications of the principals. 8. Service intermediaries are in direct contact with the customers. So, they are in a position to determine the way customers perceive the quality of the service. 9. Service intermediaries advise the customers on the choice of the service which satisfies their needs. 10. Intermediaries provide after sales support to the customers. For example, an insurance agent guides the policy holder in making a claim and goes through the procedural formalities in connection with that claim. 11. An intermediary, as a co-producer of a service shares the risks of providing services by contributing their own capital to acquire the equipment needed for the delivery of service. 12. A service provider sells only his own services. But consumers prefer to buy service from an intermediary who offers a wide variety of services including these offered by competing service principals. The advantage of intermediaries is that they offer different services at one location. 13. Intermediaries relieve the service principal from the botheration of making huge investment on his own. As intermediaries operate at different places, a service principal can invest his funds in core services. <p>Part B - Compulsory (01*10=10 marks)</p> <p>4 Customer Service Representatives(CSR) cater to Customers who can Queries and Clarifications.</p> <p>(a) What is the Boundary Spanning role of CSRs? Based on examples</p> <p>(b) Asses the Process, People and Physical Evidence mix in CSR. 3 Ps of Service applied in CSR roles</p>	[10]	CO1	L2
		[]	CO1	L1
		[]	CO1	L5

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	To acquaint the students with the characteristics of services and their marketing implications.	1a,1c,2a,2b,2c,3a,3c	1b,3b,4a,4b			
CO2:	To discuss and conceptualize the service quality, productivity in services, role of personnel in service marketing and to manage changes in the environment.				-	
CO3:	To familiarize the students with the GAPS model and strategizing towards closing the GAPS for effective services marketing					

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - Knowledge application; PO2 - Analytical and logical thinking; PO3 - Team work;
 PO4 - Leadership; PO5 - life-long learning; PO6 - Analyze and practice aspects of business; PO7- Personal and Societal growth;