



Internal Assessment Test - 2

Sub: **Services Marketing**

Code: **20MBAMM303**

Date: **25/01/2022**

Duration: 90 mins

Max Marks: 50

Sem: III

Branch:

MBA

OBE

Marks CO RBT

Part A -Answer Any Two Full Questions (20*02=40 Marks)			
1(a)	What do you mean by Yield Management in the context of services?	[03]	CO3 L1
Ans.	<p>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. 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. Mathematically yield is calculated as below:</p> <p>Yield = Actual revenue/Potential revenue</p> <p>Where actual revenue = actual capacity used * average actual price and</p> <p>Potential revenue = total capacity * maximum price</p>		
(b)	Explain the types of customer defined service standards with suitable examples.	[07]	CO3 L2
Ans.	<p>Two major types of customer defined service standards: -</p> <ul style="list-style-type: none"> • Hard customer defined standards • Soft customer defined standards <p>“Hard” & “Soft” standards</p> <p>—’ Hard’customer defined standards: Things that can be counted, timed, or observed through audits (time, numbers of events). These can include the amount of time it takes to complete an inspection or the time required to provide a customer with an answer. Other Hard Standards can include the amount of time it takes for your team to answer the phone or greet customers upon arrival.</p> <p>—’ Soft’customer defined standards: Opinion-based measures that cannot be observed and must be collected by talking to customers (perceptions, beliefs)</p> <ul style="list-style-type: none"> • Hard customer defined standards <p>– Hard standards and measures, things that can be counted, timed, or observed through audits.</p> <p>– To ensure speed or promptness, handle complaints, answer questions, arrive for repair calls etc.</p>		

	<ul style="list-style-type: none"> • <i>Soft customer defined standards</i> – All customer priorities cannot be counted, timed, or observed through audits. – It provides guidance, direction, and feedback to employees in ways to achieve customer satisfaction. These soft standards can be gathered by speaking to customers via a variety of tools including reviews, call backs or surveys. 			
(c)	What are boundary spanning roles? What are the sources of conflict for boundary-spanning workers?	[10]	CO4	L2
Ans.	<p>Job positions where individual employees are required to come in direct contact with the public or employees of other firms are called boundary spanning roles. Boundary spanning roles interact with individuals and groups outside the organization to obtain valuable information to help the innovation process. Boundary spanning roles allow a company to gain more innovation information from other businesses. It's useful to gain insight from other organizations that you may not be aware of. Not just management is involved in boundary spanning; all employees can get information from one or more companies and bring information back to their business to help improve innovation.</p> <p>Sources of Conflict</p> <ul style="list-style-type: none"> <input type="checkbox"/> Person/Role Conflicts: Arises when employees are required to wear specific clothing or change some aspect of their appearance to conform to the job requirements. A young lawyer, just out of school, may feel an internal conflict with his new role when his employer requires him to cut his long hair & trade his casual clothes for a three-piece suit. <input type="checkbox"/> Organizational/Client conflicts: A common type of conflict for front line service employees is the conflict between their two bosses, the organization and the individual customer. Service employees are rewarded for following certain standards, rules, & procedures. Ideally these rules and standards are customer based. For Eg, employees who depend on tips or commission are likely to face greater levels of organization/client conflict because they have greater incentives to identify with the customer. <input type="checkbox"/> Inter-client Conflict: Sometimes conflict occurs for boundary spanners when incompatible expectations and requirements arise from two or more customers. This situation occurs most often when the service provider is serving customers in turn (a bank teller, a ticketing agent, a doctor) or is serving many customers simultaneously (teachers, entertainers). 			
2(a)	What is service encounter?	[03]	CO3	L1
Ans.	<p>Service encounters are transactional interactions in which one person (e.g., a vendor, office clerk, and travel agent) provides a service or good (e.g., a product, an appointment, airline tickets) to another person.</p> <ul style="list-style-type: none"> <input type="checkbox"/> A customer's overall service quality evaluation is the accumulation of 			

evaluations of multiple service experiences.

□ Service encounters are the building blocks for service quality and the component pieces needed to establish service standards in a company

□ The service encounter view provides information that allows service companies to better diagnose their strengths and weaknesses, translating requirements into specific behaviors customers are expecting.

Types of Service Encounter

A service encounter occurs every time a customer interacts with the service organization.

There are three general types of service encounters – remote encounters, phone encounters, and face-to-face encounters. A customer may experience any of these types of service encounters, or a combination of all three in his/her relations with a service firm.

1. Remote Encounter: Encounter can occur without any direct human contact is called as Remote Encounters. Such as, when a customer interacts with a bank through the ATM system, or with a mail-order service through automated dial-in ordering. Remote encounters also occur when the firm sends its billing statements or communicates others types of information to customers by mail. Although there is no direct human contact in these remote encounters, each represents an opportunity for a firm to reinforce or establish perceptions in the customer. In remote encounter the tangible evidence of the service and the quality of the technical process and system become the primary bases for judging quality. Services are being delivered through technology, particularly with the advent of Internet applications. Retail purchases, airline ticketing, repair and maintenance troubleshooting, and package and shipment tracking are just a few examples of services available via the Internet. All of these types of service encounters can be considered remote encounters.

2. Phone Encounters: In many organizations, the most frequent type of encounter between a customer and the firm occurs over the telephone is called as phone encounter. Almost all firms (whether goods manufacturers or service businesses) rely on phone encounters in the form of customer-service, general inquiry, or order-taking functions. The judgment of quality in phone encounters is different from remote encounters because there is greater potential variability in the interaction. Tone of voice, employee knowledge, and effectiveness/efficiency in handling customer issues become important criteria for judging quality in these encounters.

3. Face-to-Face Encounters: A third type of encounter is the one that occurs between an employee and a customer in direct contact is called as Face-to-Face Encounter. In a hotel, face-to-face encounters occur between customers and maintenance personnel, receptionist, bellboy, food and beverage servers and others. Determining and understanding service equality issues in face-to-face context is

	<p>the most complex of all. Both verbal and nonverbal behaviours are important determinants of quality, as are tangible cues such as employee dress and other symbols of service (equipment's, informational brochures, physical settings). In face-to-face encounters the customer also play an important role in creating quality service for her through his/her own behavior during the interaction. For example, at Disney theme parks, face-to-face encounters occur between customer and ticket-takers, maintenance personnel, actors in Disney character costumes, ride personnel, food and beverage servers, and others. For a company such as, IBM, in a business-to-business setting direct encounters occur between the business customers and salespeople, delivery personnel, maintenance representatives, and professional consultants.</p>			
(b)	Describe the concept of compatibility management in the context of services.	[07]	CO4	L2
Ans.	<p>Compatibility Management or Managing the Variety of Customer Profiles</p> <p>Service marketers are challenged during their service delivery, when handling groups of customers, like in a restaurant, airline flight, a concert or in tourism. The customers come from different backgrounds having different needs and characteristics. This alone makes the service marketer orient more towards customisation and veer away from standardisation. Adding to the challenge of mass customisation is the fact that the groups of customers tend to interact amongst themselves, influencing each others experience of the service.</p> <p><i>Example:</i> In a restaurant there could be two families whose adult members are having a quiet dinner while, simultaneously, there could be a group of noisy collegians intent on having their brand of fun. The restaurant manager would have to give the best customer satisfaction to both the groups. The two groups could create images of the restaurants themselves. The adult family group might get disturbed and irritated and come to the conclusion that the restaurant patronizes the college crowd; conversely, the youthful diners, seeing the adult group, might perceive the restaurant to be .not a cool place.</p> <p>Similar would be the case for an airline or a bank when it strives to serve a wide cross-section of customers. The language of communication (for example, in a bank) and the product-mix on offer (like vegetarian and non-vegetarian food for airlines) are just two examples that might challenge service providers.</p> <p>Compatibility management is all about the process of managing a variety of customer segments that might be radically different from each other in profiles. Martin and Pranter defined it thus:</p> <p>It is the .process of first attracting homogenous consumers to the service environment, then actively managing both the physical environment and customer-to-customer encounters in such a way as to enhance satisfying encounters and minimize dissatisfying encounters.</p> <p>A service marketer should seek homogenous audience, and serve distinctive segments separately.</p> <p>The segment that Kishore Biyani is targeting through Pantaloons is different from</p>			

	that of Big Bazaar. Customers can also be made to adhere to certain norms and code of conduct like adhering to Silence and No Smoking instructions.			
(c)	As a service marketer for a chain of multi-cuisine restaurants, how can you assure that customer participation increases service delivery efficiency?	[10]	CO4	L2
Ans.	<p>Customers' Roles in Service Delivery: Strategies for Enhancing Customer Participation:</p> <p>1. Define customers' jobs: The organization first determines what types of participation it wants from customers, thus beginning to define the customer's job. Identifying current level of customer participation can serve as a starting point. Once the desired level of participation is clear the organization can define more specifically what the customer's job entails. The customer job description will vary with the type of service & the organizations desired position within its industry. The job might entail.,</p> <p>Helping oneself</p> <p>Helping others</p> <p>Promoting the company</p> <p>2. Recruit, Educate and Reward Customers: Once the customer role is clearly defined the organization can think in terms of facilitating that role. In a sense the customer becomes a —partial employee of the organization at the same level. As with the employees customer participation in service production & delivery will be facilitated when.</p> <p>Recruit the right customers</p> <p>Educate and train customers to perform effectively</p> <p>Reward customers for their contributions</p> <p>Avoid negative outcomes of inappropriate customer participation</p> <p>3. Manage the customer mix: Eg: Single college students who want to party & families with small children who want quiet-it may find two groups do not merge. The process of managing multiple & sometimes conflicting segments is known as compatibility management (C.M). Compatibility management will be critically important for some businesses (such as Public transportation, hospitals & clubs)</p>			
3(a)	What do you mean by Emotional Labour?	[03]	CO4	L1
Ans.	Emotional labour is a requirement of a job that employees display required emotions toward customers or others. More specifically, emotional labour comes into play during communication between worker and citizen and between worker			

	<p>and worker.</p> <p>This includes analysis and decision making in terms of the expression of emotion, whether actually felt or not, as well as its opposite: the suppression of emotions that are felt but not expressed. Roles that have been identified as requiring emotional labour include but not limited to those involved in public administration, flight attendant, day-care worker, nursing home worker, nurse, doctor, store clerk, call centre worker, teacher, social worker, as well as most roles in a hotel, motel, tavern/bar/pub and restaurant, as well as jobs in the media, such as TV and radio.</p> <p>As particular economies move from a manufacturing to a service-based economy, many more workers in a variety of occupational fields are expected to manage their emotions according to employer demands.</p>			
(b)	What are the different capacity constraints and how do they vary across different service settings?	[07]	CO3	L2
Ans.	<p>For many firms, service capacity is fixed, critical fixed-capacity factors can be depending on the type of service-time, labor, equipment, facility, or a combination of these.</p> <p>Time, Labor, Equipment and Facility: For some business, the primary constraint on service production in <i>time</i>. For example, a lawyer, a hairdresser, a plumber, and a psychology counselor all primarily sell their time. In such contexts, if the service worker is not available or if his or her time is not used productively, profits are lost. Students are supposed to give examples of these constraints for different services settings.</p>			
(c)	At any given moment, what are the conditions faced by a service firm with a fixed capacity? Explain with relevant example	[10]	CO3	L2
Ans.	<p>The lack of inventory capability combined with fluctuating demand leads to a variety of potential outcomes. There are basically four scenarios that result from difference in combination of capacity and demand:</p> <ul style="list-style-type: none"> • Excess Demand: In this situation some customers will be turned away, resulting in the lost business opportunity. • Demand exceeds optimum capacity: No one is being turned away, but the quality of service may still suffer because of overuse, crowding, or staff being pushed beyond their abilities to deliver consistent quality. • Demand and supply are balanced at the level of optimal capacity: Staff and facilities are occupied at an idea level. No one is over worked, facilities can be maintained, and customers are receiving quality service without undesirable delays. • Excess capacity: Demand is below the optimal capacity. Productive 			

	resources in the form of labor, equipment, and facilities are underutilized, resulting in low productivity and lower profile.			
	Part B - Compulsory (01*10=10marks)			
4	Suppose you are the marketing manager of a healthcare firm. What would you do to manage excess demand if you have capacity constraints which you cannot change?			
		[10]	CO3	L3
Ans.	<p>Altering Demand to Match Capacity (Supply)</p> <p>A service firm should make efforts to understand the demand patterns and its capacity constraints to effectively formulate strategies that can match demand and capacity. To match its demand and capacity, there are two options for an organization. It can either opt to shift the demand to meet the capacity or to increase or decrease the capacity to match the demand fluctuations. When the demand for a particular service is higher than its capacity at a given point in time, organizations adopt the demand shift strategy wherein they shift their customers to use their services at a later period when the demand is low.</p> <p><i>Example:</i> The telephone tariffs are low in the early mornings and late nights to shift some of the demand from the peak hours to these slots. However, some customers may not be willing to shift and in these cases, an organization will lose business as it is unable to accommodate these customers.</p> <p><i>Example:</i> A crowded restaurant that is operating at its full capacity cannot accommodate more people. These customers might go to another restaurant, which means lost business for this restaurant.</p> <p>An organization tries harder to attract customers during periods of low demand, in order to operate at its full capacity. Organizations opt for various methods to increase or shift demand in order to meet their capacity. Some of these methods are discussed below:</p> <p>A Variation in the Original Service Offer</p> <p>Here, an organization adopting this method, changes its service offering to suit the seasonal, weekly, or daily demand fluctuations.</p> <p><i>Example:</i> Caterers who serve at marriages may choose to serve at birthday parties or business gatherings during the non-marriage season.</p> <p>Thus, the core benefits associated with a service can be altered to match the demand and the organization's capacity to meet the same. However, organizations should weigh the pros and cons before changing the original service offering, as it requires</p>			

<p>changing the marketing mix elements like staffing, promotion, and pricing.</p> <p>Communicating with Customers</p> <p>A service firm must inform the customers about the peak rush hours that will help them understand the pattern and shift their business hours accordingly. Some customers may not be interested in conducting their business during peak hours as the service delivery may get delayed or the service might not meet the expected standards.</p> <p><i>Example:</i> Bankers are usually very busy during first few days of the month and on Mondays because banks reopen after a day.s leave, so they can inform the customers about this, some of them may prefer to carry out their transactions with the bank later in the month and on other days than Monday.</p> <p>Altering the Timings of Service Delivery</p> <p>Service organizations should note the periods when the customers need to or want to deal with the service provider. Maintaining business hours accordingly would help the customers as well as the service provider.</p> <p><i>Example:</i> On Sundays, usually there is heavy rush at salons, therefore, they can start their operations a bit early and close late on Sundays.</p> <p>Difference in Prices</p> <p>Some service organizations may choose to vary their prices with the intention of shifting demand from high-demand periods to low-demand periods.</p> <p><i>Example:</i> Theatre owners often reduce the rates of morning shows to attract crowds in that show or fast food joints reduce the rates during noon. However, this call for cautious approach by companies as the customers might expect the same prices during their next interaction with the service company. Also, there is the danger of the service firm ending up attracting other segments instead of their target market segment.</p> <p>The students are supposed to provide above mentioned strategies in the context of healthcare.</p>					
--	--	--	--	--	--

Course Outcomes		Blooms Level	PO1	PO2	PO3	PO4	PO5
CO1	Define the service marketing concept, and service marketing triangle, GAP Model, as consumer behaviour in services.	L1	0	0	0	0	0
CO2	Explain the customer expectation by undertaking market research	L2	0	0	0	0	0

CO3	Apply the knowledge of service standards in the domain of their choice.	L3	1a,1b,2a,3b,3c,4	0	4	0	0
CO4	Explain the role of employee in service designing	L2	1c,2b,2c,3a	0	0	0	0
CO5	Develop suitable marketing communication strategy for service organization	L3	0	0	0	0	0
CO6	Explain the importance of physical evidence and service spaces	L2	0	0	0	0	0

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities; PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship

Prof. Rema Gopalan

Prof. Prakash B Yaragol

CI

CCI