

Internal Assessment Test - I

Sub: **Services Marketing**

Code: **20MBAMM303**

Date: **28/12/2022**

Duration: 90 mins

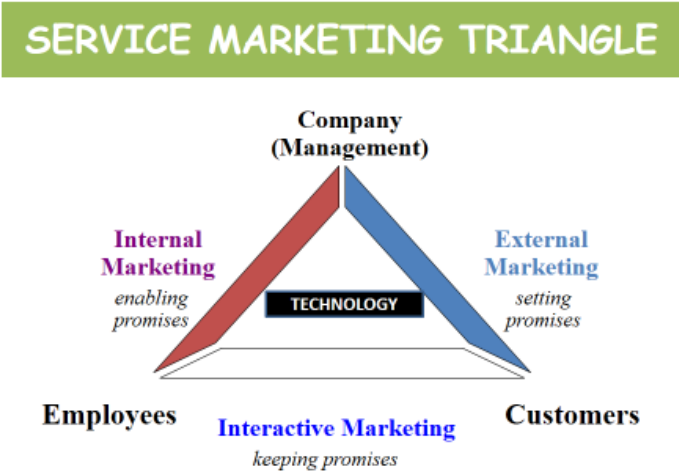
Max Marks: 50

Sem: III

Branch: MBA

OBE

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Part A -Answer Any Two Full Questions (20*02=40 Marks)																									
1(a)	Define services and how are they different from physical products.	[03]	CO1	L1																					
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(b)	Demonstrate with a diagram the Services Marketing Triangle with its components.	[07]	CO1	L3																					
Ans.	 <p>The diagram illustrates the Service Marketing Triangle. At the top vertex is 'Company (Management)'. At the bottom-left vertex is 'Employees'. At the bottom-right vertex is 'Customers'. The left side of the triangle is labeled 'Internal Marketing' with the subtext 'enabling promises'. The right side is labeled 'External Marketing' with the subtext 'setting promises'. The bottom side is labeled 'Interactive Marketing' with the subtext 'keeping promises'. A central box labeled 'TECHNOLOGY' is positioned between the internal and external marketing sides.</p> <p>Source: Adapted from Mary Jo Bitner, Christian Gronroos, and Philip Kotler</p> <p>The service marketing triangle or the Service triangle as it is commonly called,</p>																								

underlines the relationships between the various providers of services, and the customers who consume these services. As we know, relationships are most important in the services sector. The service triangle outlines all the relationships that exist between the company, the employees and the customers. Furthermore, it also outlines the importance of systems in a services industry and how these systems help achieve customer satisfaction. As the name suggests, the service marketing triangle can also be used to market the service to consumers. The marketing completely depends on the interaction going on between the customer and the service provider. We will look at each of these interactions in detail, and also read on how to market to your customer based on the interaction.

There are 3 types of marketing which happen within the service marketing triangle

1. Internal marketing – Marketing from the company to the employees
2. External marketing – Marketing from the company to the customers
3. Interactive marketing – Marketing between the customers and the employees

#### **1) Internal marketing in the service triangle**

Holistic marketing is most used when internal marketing is in effect. An advertising firm always tries to keep its own employees motivated. They are given a hell lot of parties and outings just so that they are in a jovial mood. And they need to be in a jovial mood because the rest of the times they are using their creative brains very hard to give the ultimate service to their customers. Furthermore, these same advertising companies empower their employees to take the right decisions in front of customers. This empowerment goes a long way in building motivation and confidence. And that's what internal marketing based on the service triangle is all about. Building confidence and motivation in your employees, so that they build excellent relationships with the end customers and the company gets the money.

**2) External Marketing** -Marketing from the company to the customers. This is the most common type of marketing which we, as customers, encounter in the market. The various types of service marketing can be advertising,

	<p>sales promotions, public relations, direct marketing, or more prominently, internet marketing in today's age.</p> <p><b>3) Interactive Marketing</b></p> <p>The marketing which happens on a retail store, in a restaurant, in a mall, in a bank, or in any format where the customer comes in touch with the employee, is known as interactive marketing. This marketing within the service triangle happens between the customers and the employees. Interactive marketing is also a strong way to influence customers. It is most commonly used to help customers come to a decision with regards to their purchase decision. If a retail executive has received orders that he has to liquidate stock of Samsung, he will only tell you the positive things about Samsung and try to convert your decision into buying Samsung. The various forms of interactive marketing include personal selling, servicing the customer and interacting with customers on social media or other such interactive platforms.</p>			
<p>(c)</p> <p>Ans.</p>	<p>Elaborate the different factors contributing to the growth of services industry in Indian economy.</p> <p>The following environmental factors are responsible to make a new service.</p> <p>(i) <b>Consumer affluence:</b> Due to the fast rise in the income of consumers, they are attracted towards the new areas like clubs, health clubs, domestic services, travel and tourism, entertainment, banking, investment, retailing, insurance, repairs, etc. and these are growing much faster than ever before. There is a significant change in the pattern of family expenditure.</p> <p>(ii) <b>Working women:</b> During the recent times a large number of women have come up in a variety of professions. The work performance of women in most of services sector like bank, insurance, airlines, etc. is highly appreciable. In short, women are getting involved in almost all male dominated activities. Due to increasing involvement of women in commercial activities, the services like domestic activities, fast food restaurants, marriage counselling, personal care, financial services, retailing, etc. have emerged in the recent times.</p> <p>(iii) <b>Double income no kids (DINK):</b> Dinks are the working couples who have consciously postponed parenthood plans indefinitely or in an increasing number</p>	<p>[10]</p>	<p>CO1</p>	<p>L2</p>

of cases, have decided not to have any children ever. The dink culture is getting stronger and spreading wider day by day. The realisations that parenthood is likely to result in more commitments at home and demands on their time, thereby slowing down their career plans and ambitions, make them postpone their parenthood plans. Whatsoever be their life style, they have double income and no kids, resulting in the emerging and enhancing of services like, entertainment, hotels and restaurants, career institutes, domestic services, travel resorts, personal care, etc.

(iv)**Leisure time:** People do get some time to travel and holiday, and therefore, there is a need for travel agencies, resorts, hotels and entertainment. There are others who would like to utilise this time to improve their career prospects, and therefore, there is a need for adult education, distance learning, part time courses, etc.

(v)**Greater life expectancy:** According to the World Development Report and World Human Resource Index, the life expectancy of people has increased significantly all over the world barring few developing countries. It may be due to the advancement in the medical technology, and greater awareness about health and education. Greater life expectancy invites opportunities in services like hospitals, Nursing Homes, entertainment, leisure services, investment banking and so on.

(vi)**Product innovations:** In the changing time the consumers have become more conscious of quality than cost. They need high quality goods at par with international standards. Having this in mind the manufacturers have focused their attention on quality improvement, innovations, etc. In this process many more services have emerged on account of product innovation. Some of them are servicing services, repairs, computer, training and development, education, etc.

(vii) **Product complexity:** A large number of products are now being purchased in households which can be serviced only by specialised persons e.g. water purifiers, microwave oven, computers, etc., giving rise to the need for services. The growing product complexities create greater demand for skilled specialists to provide maintenance for these complex products and brings out other services like expert advise, consultancy services, etc.

(viii) **Complexity of life:** Certain product and services have made human life

	<p>more comfortable and complex as well. Also, life itself has become more complex due to the socio-economic, psycho-political, technological and legal change. This has brought about the emergence of services like legal aid, tax consulting, professional services, airlines, courier services, insurance, banking, etc.</p> <p>(ix) <b>New young youth:</b> Every new generation has its own characteristics and enjoys a different life style. There is a lot of difference between the generations in respect to their living conditions/ styles, maturity, thinking, attitudes, behaviour, beliefs, satisfactions, performance values and so on. Today's generation with all these changes provide more opportunities to services like entertainment, fast food, computers, travel, picnic resorts, educational institution, counselling, retailing, etc.</p> <p>(x) <b>Resource scarcity and ecology:</b> As the natural resources are depleting and need for conservation is increasing, we have seen the coming up of service providers like pollution control agencies, car pools, water management, etc.</p> <p>(xi) <b>Corporate crowd:</b> The phenomena of globalisation, privatisation and liberalisation coupled with faster urbanization have created the corporate world crowd and its support services. This crowd is responsible in bringing the new services, and redefining the old ones. The services like hotels and restaurants, banking, insurance, travel and tourism, advertising, airlines, courier services, marketing research, health care, legal services, etc. will emerge and flourish more and more.</p>			
2(a) Ans.	<p>What is heterogeneity in services? Give example.</p> <p><b>Heterogeneity:</b> Since services are performances, frequently produced by human beings, no two services will be precisely alike. The human element is very much involved in providing and rendering services and this makes standardization a very difficult task to achieve. The doctor who gives us complete attention in one visit may behave a little differently in next visit. The new bank clerk who encashes our cheques may not be as efficient as the previous one and we may have to spend more time for the same activity. This is despite the fact that rules and procedures have been laid down to reduce the role of the human element and ensure maximum efficiency. Services are heterogeneous across time,</p>	[03]	CO2	L1

	organisations, and people and as a result, it is very difficult to ensure consistent service quality.			
<p>(b)</p> <p>Ans.</p>	<p>Differentiate search, experience and credence property in services with examples.</p> <p><b>Search attributes-</b> Physical goods tend to emphasize those attributes that allow customers to evaluate a product before purchasing it. Features such as style, color, texture, taste, and sound allow prospective consumers to try out, taste-test, or test-drive the product prior to purchase. These tangible attributes help customers understand and evaluate what they will get in exchange for their money and reduces the sense of uncertainty or risk associated with the purchase occasion. Goods such as clothing, furniture, cars, electronic equipment, and foods are high in search attributes.</p> <p><b>Experience attributes-</b> These are properties that can't be evaluated prior to purchase. Customers must experience these features to know what they are getting. Holidays, live entertainment performances, sporting events, and restaurants fall into this category. Although people can examine brochures, scroll through Web sites that explain the features of a holiday destination, view travel films, or read reviews by travel experts, they can't really evaluate or feel the dramatic beauty associated with hiking in the Canadian Rockies or the magic of scuba diving in the Caribbean until they actually experience these activities. And neither can customers always rely on information from friends, family, or other personal sources when evaluating these or other types of services. Consider your own experiences in following up recommendations from friends to see a particular film. Although you probably walked into the theater with high expectations, you would have felt disappointed after viewing the film if it did not live up to your expectations. Different people may interpret or respond to the same stimuli in different ways.</p> <p><b>Credence attributes-</b> Product characteristics that customers find impossible to evaluate confidently even after purchase and consumption are known as credence attributes because the customer is forced to trust that certain benefits have been delivered even though it may be hard to document them. For example, relatively few people possess enough knowledge about financial markets to assess whether their stock broker got the best possible returns on their invested funds. Patients can't usually evaluate how well their dentists have performed complex dental procedures.</p>	[07]	CO1	L2

	<p>And most college students must simply have faith that their professors are providing them with a worthwhile educational experience.</p> <p>In summary, most service tend to be located from the center to the right of the continuum, reflecting two of the basic differences between goods and services, intangibility of service performances and variability of inputs and outputs (which often leads to quality control problems). These characteristics present special challenges for service marketers, requiring them to find ways to reassure customers and reduce the perceived risks associated with buying and using services whose performance and value can't easily be predicted.</p>			
<p>(c)</p> <p>Ans.</p>	<p>Elaborate the key characteristics of services and what are the challenges posed by them for the service providers.</p> <p>Some of most commonly accepted characteristics are as follows:</p> <p><b>Intangibility:</b> The most basic and universally cited characteristic of services is intangibility, because services are performances or actions rather than objects, they cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible goods. For example, when we buy a cake of soap, we can see, feel, smell and use to check its effectiveness in cleaning. But, when we pay fees for a semester in the university, we are paying for the benefits of deriving knowledge, skills and education which is delivered to us by teachers. Teaching is an intangible service. When we travel by a plane, the benefit which we are deriving is a service (transportation) but, it has some tangible aspects such as the particular plane in which we fly (Boeing, Avro, Concorde, etc.) and the food and drink which are served.</p> <p><b>Inseparability:</b> In most cases a service cannot be separated from the person or firm providing it. A service is provided by a person who possesses a particular skill (singer, doctor, etc.), by using equipment to handle a tangible product (dry cleaning) or by allowing access to or use of a physical infrastructure (hotel, train, etc.). Services are typically produced and consumed at the same time. The relationship between production and consumption, therefore, dictates that production and marketing are highly integrated processes. The telephone company produces telephone service while the telephone user consumes it. A plumber has to be physically present to provide the service, the beauty- cian has</p>	<p>[10]</p>	<p>CO2</p>	<p>L2</p>

	<p>to be available to perform the massage. The service provider and the client are often physically present when consumption takes place.</p> <p><b>Heterogeneity:</b> Since services are performances, frequently produced by human beings, no two services will be precisely alike. The human element is very much involved in providing and rendering services and this makes standardization a very difficult task to achieve. The doctor who gives us complete attention in one visit may behave a little differently in next visit. The new bank clerk who encashes our cheques may not be as efficient as the previous one and we may have to spend more time for the same activity. This is despite the fact that rules and procedures have been laid down to reduce the role of the human element and ensure maximum efficiency. Services are heterogeneous across time, organisations, and people and as a result, it is very difficult to ensure consistent service quality.</p> <p><b>Perishability:</b> Perishability refers to the fact that services cannot be saved, stored, resold, or returned. Since services are deeds, performances or acts whose production and consumption takes place simultaneously, they tend to perish in the absence of consumption. Goods can be stored and sold at a later date in the absence of a customer. Services, on the other hand, go waste if they are not consumed. A seat on an airplane or in a restaurant, an hour of a professor's time, or telephone line capacity not used cannot be reclaimed and used or resold at a later time. A primary issue that marketers face in relation to service perishability is the inability to hold inventory. Demand forecasting and creative planning for capacity utilisation are, therefore, important and challenging decision areas. The fact that services cannot typically be returned or resold also implies a need for strong recovery strategies when things do go wrong.</p>			
3(a)  Ans.	<p>What do you mean by Service Encounter? Give example.</p> <p>Service encounter is generally defined as a consumer's direct contact with a service provider, including both face-to-face interaction and experience Service encounters are transactional interactions in which one person (e.g., a vendor, office clerk, travel agent) provides a service or good (e.g., a product, an appointment, airline tickets) to another person.</p>	[03]	CO2	L1



<p>(b)</p>	<p>Explain the two levels of customer expectations and what are the factors influencing them?</p> <div data-bbox="235 304 836 766" data-label="Diagram"> <h3 style="text-align: center;">Factors Influencing Customer Expectations of Service</h3> <p style="font-size: small;">Source: Adapted from Valerie A. Zeithaml, Leonard A. Berry, and A. Parasuraman, "The Nature and Determinants of Customer Expectations of Service," <i>Journal of the Academy of Marketing Science</i> 21, no. 1 (1993): pp 1-12.</p> </div>	<p>[07]</p>	<p>CO1</p>	<p>L2</p>																		
<p>(c) Ans.</p>	<p>Describe the importance of service research. What are the types of service research?</p> <div data-bbox="235 997 917 1480" data-label="Table"> <h3 style="text-align: center;">Portfolio of Services Research</h3> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Research Objective</th> <th style="text-align: left;">Type of Research</th> </tr> </thead> <tbody> <tr> <td>Identify dissatisfied customers to attempt recovery; identify most common categories of service failure for remedial action</td> <td> Customer Complaint Solicitation</td> </tr> <tr> <td>Assess company's service performance compared to competitors; identify service-improvement priorities; track service improvement over time</td> <td> "Relationship" Surveys</td> </tr> <tr> <td>Obtain customer feedback while service experience is still fresh; act on feedback quickly if negative patterns develop</td> <td> Post-Transaction Surveys</td> </tr> <tr> <td>Use as input for quantitative surveys; provide a forum for customers to suggest service-improvement ideas</td> <td> Customer Focus Groups</td> </tr> <tr> <td>Measure individual employee service behaviors for use in coaching, training, performance evaluation, recognition and rewards; identify systemic strengths and weaknesses in service</td> <td> "Mystery Shopping" of Service Providers</td> </tr> <tr> <td>Measure internal service quality; identify employee-perceived obstacles to improve service; track employee morale and attitudes</td> <td> Employee Surveys</td> </tr> <tr> <td>Determine the reasons why customers defect</td> <td> Lost Customer Research</td> </tr> <tr> <td>To forecast future expectations of customers To develop and test new service ideas</td> <td> Future Expectations Research</td> </tr> </tbody> </table> </div>	Research Objective	Type of Research	Identify dissatisfied customers to attempt recovery; identify most common categories of service failure for remedial action	Customer Complaint Solicitation	Assess company's service performance compared to competitors; identify service-improvement priorities; track service improvement over time	"Relationship" Surveys	Obtain customer feedback while service experience is still fresh; act on feedback quickly if negative patterns develop	Post-Transaction Surveys	Use as input for quantitative surveys; provide a forum for customers to suggest service-improvement ideas	Customer Focus Groups	Measure individual employee service behaviors for use in coaching, training, performance evaluation, recognition and rewards; identify systemic strengths and weaknesses in service	"Mystery Shopping" of Service Providers	Measure internal service quality; identify employee-perceived obstacles to improve service; track employee morale and attitudes	Employee Surveys	Determine the reasons why customers defect	Lost Customer Research	To forecast future expectations of customers To develop and test new service ideas	Future Expectations Research	<p>[10]</p>	<p>CO2</p>	<p>L2</p>
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<p><b>Part B - Compulsory (01*10=10marks)</b></p>																						
<p>4 Ans.</p>	<p>Your company has been appointed as a marketing and operations consultant for a new Online retailer. Outline a strategy for the online retailer to overcome the challenges posed by the unique characteristics of its offers. The students are expected to apply the service marketing characteristics concept to the real time settings.</p>	<p>[10]</p>	<p>CO1</p>	<p>L4</p>																		

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