



Internal Assessment Test - 2

Sub: **Services Marketing**

Code: **20MBAMM303**

Date: **08/02/2023**

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)	Describe Compatibility Management in the context of services?	[03]	CO3	L2
Ans.	<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>			
(b)	<p>“Supply of services is reflected in the capacity of the service organization”. Justify the statement with proper explanation and with relevant examples.</p>	[07]	CO3	L5
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.Optimal versus maximum use of capacity: To fully understand capacity issues, it is important to know the difference between optimal and maximum use of capacity. Using capacity at optimal level means that resources are fully employed but not overuse and that customer are receiving quality service in timely manner. Maximum capacity, on the other hand, represents the absolute limit of service availability.</p>			

<p>(c)</p> <p>Ans.</p>	<p>Illustrate the various roles of customers in any service delivery and how they contribute to the efficiency of the service.</p> <p>The following sections examine in more detail three major roles played by customers in service co-creation and delivery:</p> <p>1. Customers as a productive process</p> <p>Service customers are referred to as “partial employees” of the organization. They are human resources who contribute to the organization’s productive capacity. In other words, if customers contribute effort, time or other resources to the service production process, they should be considered as part of the organization.</p> <p>Customer inputs can affect the organization’s productivity through both quality and quantity of output. E.g. research suggest that in an IT consulting context:</p> <ul style="list-style-type: none"> • Clients who clearly articulate the solution they desire. • Provide needed information in a timely manner. • Communicate openly. • Gain the commitment of key internal stakeholders. • And raise the issues during the process before it is too late will get better service. <p>2. Customers as quality contributors to service delivery and satisfaction</p> <p>Another role customers play in service delivery is that of the contributor to their own satisfaction and the ultimate quality of the services they receive. Customers may care little that they have increased the productivity of the organization through their participation. But they likely care a great deal about whether their needs are fulfilled. Effective customer participation can increase the likelihood of service delivery that their needs are met and that benefits the customer seeks</p>	<p>[10]</p>	<p>CO4</p>	<p>L4</p>

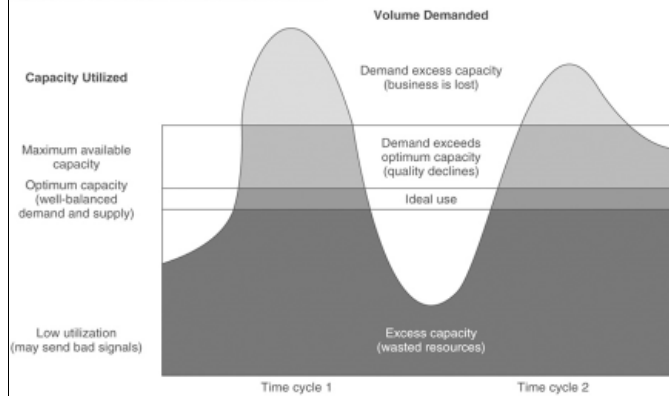
	<p>are attained. Services such as health care, education, personal fitness, and weight loss, where the service outcome is highly dependent on the customers participation. In such services unless the customers perform their roles effectively, the desired service outcomes cannot be achieved.</p> <p>Research has shown that in education, active participation by students — as opposed to passive listening — increases learning the desired service output significantly.</p> <p>3. Customers as competitors</p> <p>A final role played by service customers is that of a potential competitor. If self-service customers can be viewed as resources of the firm, or as “partial employees,” self-service customers in some cases. They can partially perform the service or the entire service for themselves and may not need the provider at all. Customers thus in that sense are competitors of the companies that supply the service. Whether to produce a service for themselves (<i>internal exchange</i>). E.g. child care, home maintenance i.e. have someone else provide home services for them (<i>external exchange</i>) is a common dilemma for consumers. Similar internal versus external exchange decisions are made by organizations. Firms frequently choose to outsource service activities such as payroll, data processing, research, accounting, maintenance, and facilities management. They find that it is advantageous to focus on their core businesses and leave these essential support services to others with greater expertise. Alternatively, a firm may decide to stop purchasing services externally and bring the service production process in-house.</p>			
2(a)	What do you understand by Yield Management?	[03]	CO3	L1
Ans.	Yield management is based on supply and demand. Prices tend to rise when demand exceeds supply; prices tend to fall when supply exceeds demand. Pricing is the key to profitability. To increase revenue, the hospitality industry is			

	<p>attempting to develop new forecasting techniques that will enable it to respond to changes in supply and demand with optimal room rates. The hospitality industry's focus is shifting from high – volume bookings to high – profit bookings. By increasing bookings on low – demand days and by selling rooms at higher prices on high – demand days, the industry improves its profitability. In general, room rates should be higher when demand exceeds supply. They should be lower (in order to increase occupancy) when supply exceeds demand.</p>			
<p>(b) Ans.</p>	<p>Demonstrate the key reasons for GAP 2.</p> <div data-bbox="203 535 1023 1207" data-label="Diagram"> <p style="text-align: center;">Key Factors Leading to Provider Gap 2</p> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <p>GAP 2</p> </div> <div style="text-align: center;"> <p>Customer-Driven Service Designs and Standards</p> <ul style="list-style-type: none"> ▫ <i>Poor Service Design</i> <ul style="list-style-type: none"> Unsystematic new service development process Vague, undefined service designs ▫ <i>Absence of Customer-Driven Standards</i> <ul style="list-style-type: none"> Lack of customer-driven service standards Absence of process management to focus on customer requirements Absence of formal process for setting service quality goals ▫ <i>Inappropriate Physical Evidence and Servicescape</i> </div> <div style="text-align: center;"> <p>Management Perceptions of Customer Expectations</p> </div> </div> </div>	<p>[07]</p>	<p>CO3</p>	<p>L3</p>
<p>(c) Ans.</p>	<p>At any given moment, what are the conditions faced by a service firm with a fixed capacity? Illustrate with relevant example.</p> <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>	<p>[10]</p>	<p>CO3</p>	<p>L4</p>

Variations in Demand Relative to Capacity

FIGURE 15.1 Variations in Demand Relative to Capacity

Source: Reprinted from C. Lovelock and J. Wirtz, *Services Marketing: People, Technology, Strategy* (Upper Saddle River, NJ: Pearson Prentice Hall, 2007), chap. 9, p. 261. Reprinted by permission of Pearson Prentice Hall.



- **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.

3(a) What do you mean by Emotional Labour?

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 and worker.

[03]

CO4

L1

	<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>			
<p>(b) Ans.</p>	<p>Examine how, you would set a process for customer defined service standards.</p> <p>Customer service standards are a set of policies and expectations that have been created and adopted by a company. The standards cover all the points of contact the business may have with the customer. In a sense, they are the expectations or rules for conduct in any customer transaction and how you want customers to feel about their experience with your company. After all, customers buy based on emotions rather than logic or reason. Exceptional customer care inspires future purchasing behavior more than data and facts.it can be classified into two types</p> <p>Hard and Soft Standards</p> <p>Things that can be counted, timed, or observed through audits are known as hard standards this includes</p> <ul style="list-style-type: none"> • delivery time • response time <p>Standards that must be documented using perceptual measures is known as a soft standards this includes</p> <ul style="list-style-type: none"> • Courteous • Trustworthy • Communication skills 	<p>[07]</p>	<p>CO3</p>	<p>L3</p>

Measures of Service Quality

Hard Measures

- Can be counted, timed or measured through audits
- Typically operational processes or outcomes
- Standards often set with reference to percentage of occasions on which a particular measure is achieved.

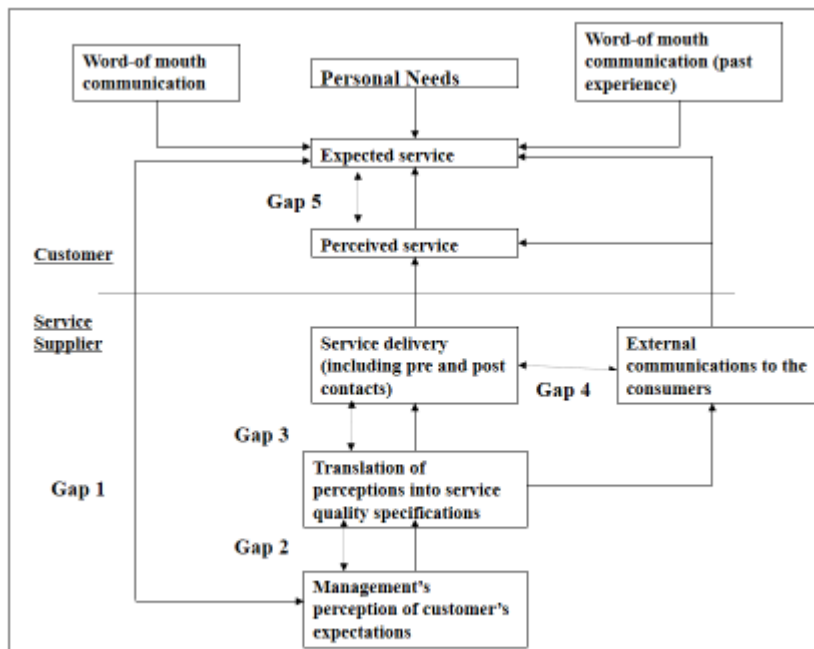
Soft Measures

- Not easily observed, must be collected by talking to customers, employees or others
- Provide direction, guidance and feedback to employees on ways to achieve customer satisfaction
- Can be quantified by measuring customer perceptions and beliefs
- E.g., SERVQUAL, surveys and customer advisory panel.

(c) Illustrate and explain the Gap Model of services.

[10] CO3 L4

Ans.



Part B - Compulsory (01*10=10marks)

4 You are the marketing manager of a renowned beach resorts in Goa. You witness sharp rise in demand for your resorts during mid-June to October. Recommend strategies to match the supply of your resorts during this period when the demand is high.

[10] CO3 L5

Ans.	Students are expected to apply the concept of strategies of shifting the supply/constraints with the changing demand.			
------	---	--	--	--

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1	Define the service marketing concept, and service marketing triangle, GAP Model, as consumer behaviour in services.	0	0	0	0	0
CO2	Explain the customer expectation by undertaking market research	0	0	0	0	0
CO3	Apply the knowledge of service standards in the domain of their choice.	1a,2a,2b,2c,3c	1b	3b	0	4
CO4	Explain the role of employee in service designing	1c,3a,	0	0	0	0
CO5	Develop suitable marketing communication strategy for service organization	0	0	0	0	0
CO6	Explain the importance of physical evidence and service escapes	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

CI

CCI

HOD