

Internal Assessment Test - 3

Sub: **Services Marketing**

Code: **20MBAMM303**

Date: **10/03/2023**

Duration: 90 mins

Max Marks: 50

Sem: III

Branch: MBA

OBE

MarksCO RBT


Part A -Answer Any Two Full Questions (20*02=40 Marks)				
1(a)	<p>What do you understand by non-monetary costs?</p> <p>Ans. It has been recognized that monetary price is not the only sacrifice consumers make to obtain products and services. Demand, therefore, is not just a function of monetary price but is influenced by other costs as well. Non-monetary costs represent other sources of sacrifice perceived by consumers when buying and using a service. Time costs, search costs, often enter into the evaluation of whether to buy or rebury a service, and may at times be more important concerns than monetary price.</p>	[03]	CO5	L1
(b)	<p>Describe the strategic roles of servicescape with examples.</p> <p>Ans. Strategic roles of the service-scape</p> <p>The service-scape can play many roles simultaneously. An examination of the variety of roles and how they interact makes clear how strategically important it is to provide appropriate physical evidence of the service.</p> <p style="padding-left: 20px;">1. Package:</p> <p>Similar to a tangible product’s package, the service-scape and other elements of physical evidence essentially “wrap” the service and convey an external image of what is “inside” to consumers. The service-scape is the outward appearance of the organization and thus can be critical in forming initial impressions or setting up customer expectations — it is a visual metaphor for the intangible service. This packaging role is particularly important in creating expectations for new customers and for newly established service organizations that are trying to build a particular image. The physical surroundings offer an organization the opportunity to convey an image in a way not unlike the way an individual chooses to “dress for success”.</p> <p style="padding-left: 20px;">2. Facilitator:</p> <p>The service-scape can also serve as a facilitator in aiding the performances of persons in the environment. How the setting is designed can enhance or inhibit the efficient flow of activities in the service setting, making it easier or harder for customers and employees to accomplish their goals.</p> <p>A well-designed, functional facility can make the service a pleasure to experience from the</p>	[07]	CO6	L2

	<p>customer's point of view and a pleasure to perform from the employee's. On the other hand, poor and inefficient design may frustrate both customers and employees.</p> <p>3. Socializer:</p> <p>The design of the service-scape aids in the socialization of both employees and customers in the sense that it helps to convey expected roles, behaviours, and relationships. For example, a new employee in a professional services firm would come to understand her position in the hierarchy partially through noting her office assignment, the quality of her office furnishings, and her location relative to others in the organization. The design of the facility can also suggest to customers what their role is relative to employees, what parts of the service-scape they are welcome in and which are for employees only, how they should behave while in the environment, and what types of interactions are encouraged.</p> <p>4. Differentiator:</p> <p>The design of the physical facility can differentiate a firm from its competitors and signal the market segment the service is intended for. Given its power as a differentiator, changes in the physical environment can be used to reposition a firm and/or to attract new market segments. In shopping malls the colours used in decor and displays and type of music wafting from a store signal the intended market segment. The design of a physical setting can also differentiate one area of a service organization from another. This is commonly the case in the hotel industry where one large hotel may have several levels of dining possibilities, each signed by differences in design. While it is useful from a strategic point of view to think about the multiple roles of the service-scape and how they interact, making actual decisions about service-scape design requires an understanding of why the effects occur and how to manage them.</p>			
(c) Ans.	Illustrate the broad categories of strategies to address service intangibility.	[10]	CO6	L5

(1) APPROACHES FOR ADDRESSING SERVICE INTANGIBILITY

- Use narrative to demonstrate the service experience
- Present vivid information
- Use interactive imagery
- Focus on the tangibles
- Use brand icons to make the service tangible
- Use association, physical representation, documentation, and visualization
- Feature service employees in communication
- Use buzz or viral marketing
- Leverage social media
- Aim messages to influencers
- Create advertising that generates talk because it is humorous, compelling, or unique
- Feature satisfied customers in the communication
- Generate word-of-mouth through employee relationships



	<h2>(1) APPROACHES FOR ADDRESSING SERVICE INTANGIBILITY</h2> <ul style="list-style-type: none"> ○ Use narrative to demonstrate the service experience ○ Present vivid information ○ Use interactive imagery ○ Focus on the tangibles ○ Use brand icons to make the service tangible ○ Use association, physical representation, documentation, and visualization ○ Feature service employees in communication ○ Use buzz or viral marketing ○ Leverage social media ○ Aim messages to influencers ○ Create advertising that generates talk because it is humorous, compelling, or unique ○ Feature satisfied customers in the communication ○ Generate word-of-mouth through employee relationships 			
2(a) Ans.	<p>Describe prestige pricing strategy.</p> <p>This is a special from demand – based pricing by service marketers who offer high-quality or status services. For certain services – restaurants, health clubs, airlines, and hotels – a higher price is charged for the luxury end of the business. Some customers of service companies who use this approach may actually value the high price because it represents prestige or a quality images. Others prefer purchasing at the high end because they are given preference in seating or accommodations and are entitled to other special benefits. In prestige pricing, demand may actually increase as price increases because the costlier service has more value in reflecting quality or prestige.</p>	[03]	CO5	L1
(b) Ans.	<p>Explain the various types of servicescapes with relevant examples.</p>	[07]	CO6	L3

Elements of Physical Evidence

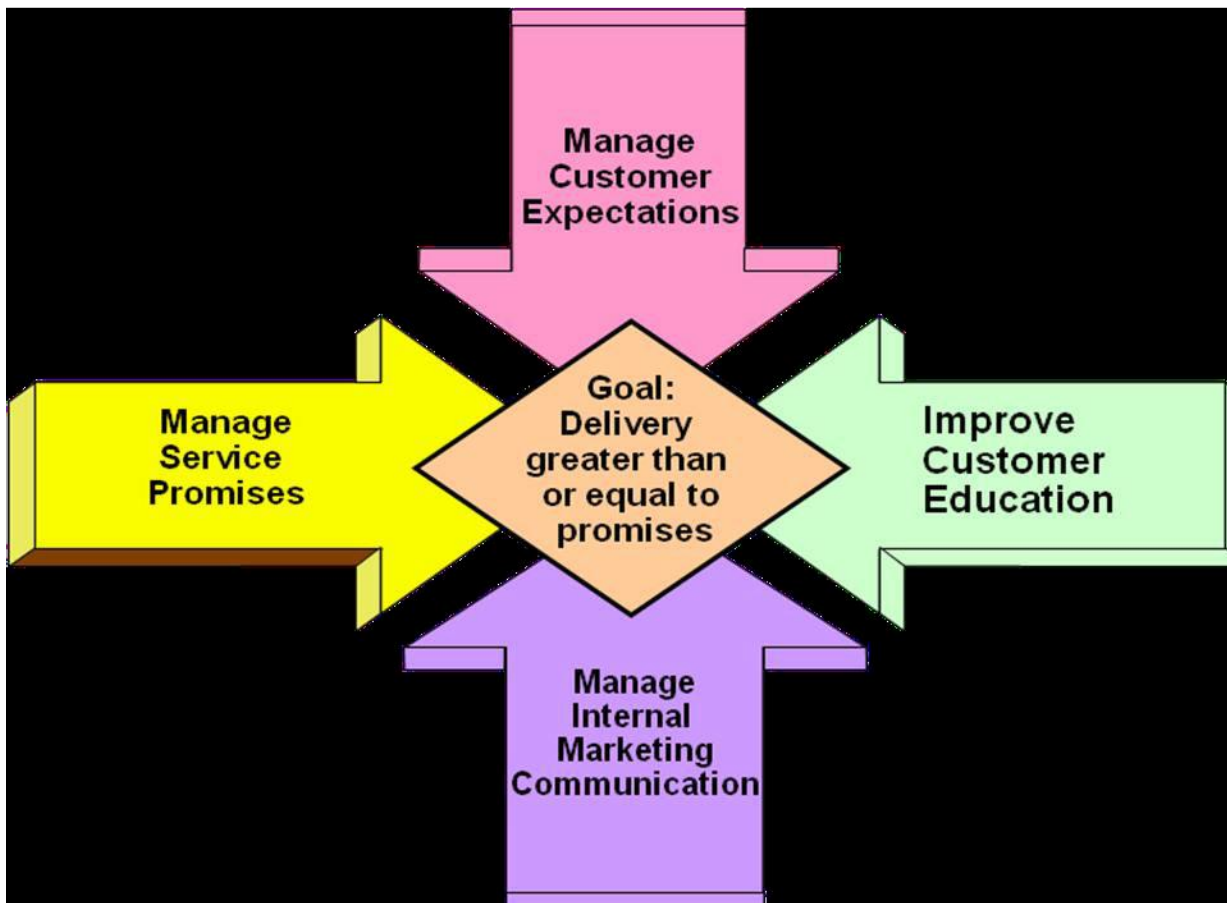


Servicescape	Other tangibles
Facility exterior	Business cards
Exterior design	Stationery
Signage	Billing statements
Parking	Reports
Landscape	Employee dress
Surrounding environment	Uniforms
	Brochures
Facility interior	Web pages
Interior design	Virtual servicescape
Equipment	
Signage	
Layout	
Air quality/temperature	



(c) Ans. Illustrate the different approaches for integrating services marketing communications.

[10] CO5 L5



3(a) Discuss Penetration Pricing.

[03] CO5 L2

Ans	<p>Penetration pricing is a strategy in which new services are introduced at low prices to stimulate trial and widespread use. The strategy is appropriate when (1) sales volume of the service is very sensitive to price, even in early stages of introduction (2) a service faces threats of strong potential competition very soon after introduction; and (3) there is no class of buying willing to pay a higher price to obtain the service. (2) pricing strategies when the customer means -value is everything I what in a servicell when the customers is concerned principally with the- getl components of a service, monetary price is not of primary concern.</p>			
(b)	<p>Explain the pricing strategies linking it with at least one of the Value Definitions.</p> <p>1. Pricing Strategies: When the customer means —Value Is Low Pricell Some of the specific pricing approaches appropriate when customers define value as low price include discounting, odd pricing, synchro pricing, and penetration pricing.</p> <p>Discounting Service providers offer discounts or price cuts to communicate to price sensitive buyers that are receiving value.</p> <p>Odd Pricing This is the practice of pricing services just below the exact Rupee amount to make buyers perceive that they are getting a lower price Rs.199.90</p> <p>Syncro – Pricing Synchro –pricing is the use of price to manage demand for a service by using customer sensitivity to prices. Certain services, such as tax preparation, passenger transportation, long – distance telephone, hotels, and theaters have demand that fluctuates over time as well as constrained supply at peak times. For companies in these and other industries, setting a price that provides a profit over time can be difficult. Pricing can however, play a role in smoothing demand and synchronizing demand and supply.</p> <p>Place differentials are used for services where customers have a sensitivity to location. The front row at concerts, the 50 – yard line in foot ball, center court in tennis or basketball, ocean – side rooms in resort hotels – all these represent place differentials that are meaningful to customers and that therefore command higher prices. Time differentials involve price variations that depend on when the service in consumed. Telephone service after 11 p.m., hospital rooms on weekends, airline tickets that include a Saturday night stay, are time differentials that reflect slow periods of service. By offering lower prices for under used time periods, a service company can smoothen demand and also gain incremental revenue.</p> <p>Penetration Pricing: Penetration pricing is a strategy in which new services are introduced at low prices to stimulate trial and widespread use. The strategy is appropriate when (1) sales volume of the service is very sensitive to price, even in early stages of introduction (2) a service faces threats of strong potential competition very soon after introduction; and (3) there is no class of buying willing to pay a higher price to obtain the service. (2) pricing strategies when the customer means —value is everything I what in a servicell when the customers is concerned principally with the —getl components of a service, monetary price is not of primary concern.</p>	[07]	CO5	L3

(c) Ans	<p>Illustrate the physical evidence guidelines and the strategies with relevant examples.</p> <p>Guidance for Physical Evidence Strategies</p> <ol style="list-style-type: none"> 1. Recognize the Strategic Impact of Physical Evidence: For an evidence strategy to be effective it must be linked clearly to the organization's overall goals and vision. Thus, planners must know what those goals are and then determine how the evidence strategy can support them. At a minimum, the basic service concept must be defined, the target markets (both internal and external) identified, and the firm's broad vision of its future known. Because many evidence decisions are relatively permanent and costly (particularly servicescape decisions), they must be planned and executed deliberately. 2. Map the Physical Evidence of Service: Everyone should be able to see the service process and the existing elements of physical evidence. An effective way to depict service evidence is through the service map, or blueprint. From the map one can read the actions involved in service delivery, the complexity of the process, the points of human interaction that provide evidence opportunities, and the tangible representations present at each step. To make the map even more useful, photographs or videotape of the process can be added to develop a photographic blueprint. 3. Clarify Roles of the Servicescape: Sometimes the servicescape may have no role in service delivery or marketing from the customer's point of view. This is essentially the case for telecommunication services or express mail services. Clarifying the roles played by the servicescape in a particular situation will aid in identifying opportunities and deciding just who needs to be consulted in making facility design decisions. 4. Assess and Identify Physical Evidence Opportunities: Once the current forms of evidence and the roles of the servicescape are understood, possible changes and improvements can be identified. A strategy might be developed to provide more evidence of service to show customers exactly what they are paying for. Or the pricing or the facility design would need to be changed, depending on the restaurant's overall strategy. 5. Be Prepared to Update and Modernize the Evidence: Some aspects of the evidence, particularly the servicescape, require frequent or at least periodic updating and modernizing. Even if the vision, goals, and objectives of the company don't change, time itself takes a toll on physical evidence, necessitating change and modernization. There is clearly an element of fashion involved, and over time different colours, designs, and styles may come to communicate different messages. Organizations obviously understand this when it comes to advertising strategy, but sometimes they overlook other elements of physical evidence. 6. Work Crossfunctionally: In presenting itself to the consumer, a service firm is concerned with communicating a desired image, with sending consistent and compatible messages through all forms of evidence, and with providing the type of service evidence the target customers want and can understand. 	[10]	CO6	L2
	Part B - Compulsory (01*10=10marks)			
4 Ans	<p>Recommend servicescape strategies for improvement of CMRIT existing college canteen. Support your answer with the servicescape framework and its impact on behavior of people involved in service settings.</p> <p>Students are expected to apply the concept of servicescape and its framework and accordingly are required provide their suggestions.</p>	[10]	CO6	L5

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	0	0	0	0	0
CO4	Explain the role of employee in service designing	L2	0	0	0	0	0
CO5	Develop suitable marketing communication strategy for service organization	L3	1a,	2a,2c, 3a,3b	0	0	0
CO6	Explain the importance of physical evidence and service scapes	L2	0	1b,1c,2b,3c	0	0	4

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