

Seat No: \_\_\_\_\_

Enrollment No: \_\_\_\_\_

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA/IMBA Summer 2021 - 22 Examination**

**Semester: 4 ,10**

**Date: 24/03/2022**

**Subject Code: 06203252**

**Time: 10.30 am to 1.00 pm**

**Subject Name: Service Marketing**

**Total Marks: 60**

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Answer in Brief –Short Direct Questions (Attempt any Five out of Seven) (Each Question 3Marks) (15)**

1. Define the Characteristics of Services
2. Explain the meaning of Customer Life time Value
3. Explain Service GAP
4. Explain Relationship marketing in service marketing
5. Explain the meaning of SERVQUAL
6. Explain the importance of Positioning in Services
7. Explain the Seven P<sup>s</sup> of Service Marketing.

**Q.2 Answer the following questions.**

**(10 marks each)**

**Caselet 1**

**MOONBEAM RESORTS**

Moonbeam Resorts was founded in 1996 under a time-share agreement. Members had to pay the membership fees (1 week for 99 years) and join Moonbeam resorts as a member. Subsequently, members were entitled to one week stay annually in any of the resorts of Moonbeam in India. Moonbeam Resorts had resorts in places like Munaru, Tirupati, Mysore, Tanjore, Coorg, Yercadu, Ooty, Simla, Goa, Lonavala. Their turnover was Rs.5 crores in 1998 which grew to Rs.75 crores in the year 2009.

Moonbeam Resorts tasted success because they kept on growing their business by exploring new places, acquiring places on lease and hire. Their growth was more inorganic than organic. They also encouraged their existing members to bring in new customers and for this, the members got a few gifts and discounts during their stay in resorts. To be honest, this enticement was not great enough. One could say that Moonbeam Resorts literally took its customers for granted.

Services in Moonbeam though good in the 90's and late 90's had started deteriorating steadily. This was because though their marketing strategy was a combination of relationship marketing as well as transactional marketing, they started adopting cost cutting measures without realizing that such initiatives were actually diluting the level of customer service. Customer perceptions about Moonbeam resorts began to change rapidly. Growth in new customers began to gradually whittle down.

Swimming pools in some of the resorts were not maintained well. Salaries that Moonbeam resorts paid to permanent and temporary staff were low and not as per market conditions. Working hours of staff were excruciatingly long and some of the staff poured out their woes to guests. Guests staying in resorts were fleeced by charging exorbitant rates on almost anything that they wanted to eat. The charges were 5-star rates but the service was simply not value for money. The strategic advantage that Moonbeam always capitalized on was that their resorts were located far from the hub of main township and so those guests who

did not have their own vehicles had to depend on the transportation services of the resort. The charges were always 20% more than the prevailing market rate. To add to the woes, there was hardly any sort of communication from the Resort Management to the customers, some of whom had joined membership in 1996. Moonbeam Resorts also charged a maintenance fee during the stay of guests in the resort.

In the earlier days, Moonbeam Resorts had provided a kitchenette service whereby guests could cook a simple meal in the room itself. They could make sandwiches, noodles, cook rice and dal. A pressure cooker and a few utensils were provided. There was also a mini fridge. Soon, Moonbeam replaced the gas with an oven and customers had to bring their own microwave compatible vessels. The mini fridge continued to remain. Many customers of Moonbeam Resorts were forced to eat from the Resort Hotel where a buffet lunch for four cost Rs.2500. Soon some of the resorts used strategies like “Masti Magic” wherein customers could opt for a breakfast cum lunch cum dinner package for Rs.4000 per day. This scheme dissuaded many customers who had come in groups, so these groups started to eat out in local restaurants where quality food was affordable. Moonbeam further tried to reduce expenses by hiring graduates from hotel management institutes and labeled them as trainees. Attrition in Moonbeam resorts was high.

Even in the entertainment programs within the resort, trekking, games – all these were not that great. The department arranging for sight-seeing and tours was manned mostly by demotivated staff who had not seen a pay hike in years and the charges for sight-seeing were exorbitant too.

The only good thing was that all resorts of Moonbeam were located in natural locales so one could get lot of fresh air to breathe. But those who travelled to their resort once did not wish to travel to the same resort again. But Moonbeam resorts continued to have business from existing customers who had no choice as they had already paid the money (membership fees) in advance. Some of the local resorts in hill stations have recently revamped their pricing strategies to attract customers and this is denting the business of Moonbeam.

### **Question:**

1. Do you think Moonbeam’s marketing strategy will sustain in the long run, considering the service quality that they were delivering? Write reasons in support of your answer. If Moonbeam had commenced its business in 2012 instead of 1996, do you think it would have managed to succeed? Write reasons in support of your answer.

## **Caselet 2**

### **SSD INFOTECH**

During the boom times, many firms providing computer education to students used to survive and thrive in the Indian market. But the boom did not last forever and the bust that followed took its toll on the educational IT services sector. Aptech sold off its business to SSI and many other firms exited the business.

SSD InfoTech also found its business squeezed and had to think of new segments. The company refocused attention on the corporate segment which also requires computer training for its employees. Over a period, the business that came from the corporate sector swelled from 20% of its total to 65% of the total. At the same time, its affiliate channels through whom a lot of its consumer(student) business was done came down from 200 to 125 in number, signaling a decline in that segment.

In bad times, it makes sense to have a re-look at the segmentation and the overall marketing strategy. This may involve re-positioning yourself at times, in line with the requirements of the new segments being targeted. Also, it could involve changes in 7Ps of marketing.

**Question:**

1. What changes should SSD InfoTech make in its positioning and its 7Ps to successfully serve the corporate market? Why do you think that services' marketing needs the expanded marketing mix? (i.e. Additional 3Ps – People, Process, Physical Evidence). Explain.

**Caselet 3****EAST WEST AIRLINES**

In April 1990, after the open sky policy, many entrepreneurs backed by NRIs entered the aviation scene. In 1994, there were 4 private operators – Damania, Jet, Modiluft, East West. Private strategies used strategies to retain customer like:

- Return Air Tickets
- Price undercutting
- Free Gifts
- Hotel Discounts
- Luck draws
- Pamper passengers in all possible ways

East West had a large network of efficient air service. Damania gave first class service at economy fare. Jet Airways offered service of international standards. ModiLuft offered personalized service. Indian Airlines gave complimentary tours for package travel, point to point fares.

**Characteristics****of Airline Services Marketing**

Intangibility – Passengers look for better service – good interiors  
speedy grievance handling, hospitality.

Inseparability – Ground and inflight service in an airline is produced and consumed at the same time. The service can't be kept in the inventory to be used at a later time. Since client and service provider interact face to face, service efficiency matters a lot.

Personalized attention – Service is person dependent

Perishability – Timely Service is important

Irreplaceability – A bad service once offered cannot be replaced.

Subjectivity – Service can be tested only by experiencing it.

East West was a Mumbai based company with an investment of Rs 70 crores. It operated 68 flights per day to 24 destinations across the country. In Feb 1992 it had a single Boeing 737 but in Dec 1993, it had 8 Boeings, 3 Fokker F-27s. It had 2387 staff with 292 engineers, 96 cockpit crew, 198 cabin crew. It had 26 offices all over India. It had better check-in facilities. It had a tie up with a foreign company for assistance in maintenance and spares. East West Airlines had a novel inflight entertainment, lucky draws and it planned to start frequent flier programs too. Capacity utilization was 75-80%. There were 63 agents in Bangalore (highest than others) and they had suggestion cards where customers could give feedback. No feedback was obtained from Agents.

**Survey Results**

36% Indian Airlines

35% Damania

15% Modi Luft

2% East West Airlines

The check-in system and in-flight service in East West Airlines was poor. In 1993, there was a strike by Indian Airlines pilots and at that time, East West created a not-so-clean image in the minds of most respondents. 33% said that their inflight service was good, 46% said it was fair and 21% said it was poor.

Best Service prior to boarding Damania – 38%

Indian Airlines – 22%

East West – 3% Others – 37%

**Question:**

From a customer's point of view, what went wrong with the service of East West? Was it marketing strategy or its implementation? What should EW Airlines have done to remain in business? How could it have refurbished its image?

**Q.3 Case Study****Taj west end hotel case study**

In Bangalore there are 5 major players in 5-star hotel category.

These are

- a. Windsor Manor Hotel, Near Palace Road / Sivananda Circle
- b. Oberoi, M G Road
- c. Ashok, an ITDC run hotel
- d. Le Meridien (earlier it was called Hotel Holiday Inn)
- e. Taj West End, Race Course Road – Part of Taj Group of Hotels, 5-star deluxe category hotel in Bangalore.

Competitive Strategy of West End Hotel:

1. Target Customer – domestic and foreign business travelers, the elite, top management.
2. Positioning – office away from office to service the business customer and for non-business travelers, it is a home away from home.
3. Differentiation – this is through physical ambience. Natural Green Environment gives a relaxed atmosphere to business travelers.
4. Marketing Mix
  - a. Product: The Service Offer has tangible products in it. There are 6 types of rooms. Club rooms, normal rooms, superior cottages, suites, deluxe rooms & old British Raj ambience rooms.
  - b. Restaurants – Thai food served in Paradise, Italian food in Island Café. Banquet halls with capacities ranging from 10 to 1000. Hotel has a business center with facilities like Internet, interview center, Fitness center and laundry.
  - c. Pricing – Differential pricing for different rooms. Hotels have an unofficial cartel for deciding the room tariff.
  - d. Place – Race Course Road – away from city, less pollution, relatively less traffic congestion. The USP is 23 acres of beautiful landscape.
  - e. Promotion: West End is not into heavy promotion. But the Group advertises via magazines, hoardings. Some amount of event sponsoring too. They rely more on direct marketing sans any channels.
  - f. Physical ambience: Maintains its natural environment and latest state of the art facilities
  - g. People – They understand the role played by people in a service organization and market their service offer to their own employees so that the employees understand the need for maintaining high quality and standards.
  - h. There are seasonal variations in demand [peak season, off season]: More demand in the beginning of the week as business travelers tend to go back during weekends.

To meet these variations, Taj West End is:

- Doing tie ups with corporate clients for regular inflow of clientele, attractive discounts are offered.
- Regular sales calls to potential and existing customers.
- Intra-Group tie ups: West end has tie ups with other Taj Group Hotels in Bangalore
- International Tie ups with hotels like Shangri-La in Middle East.
- Benchmarking of its operations against Ritz Scaldon of UK as this is the hotel that has got a Quality Award.
- Training of employees
- Improve quality of service
- Earn Loyalty – Retention of Customers
- Increase revenue and profitability
- Have regular customer feedback
- Data mining (details of customers)

**Questions:**

1. Analyze why and how West End is different from other hotels. How should the services be changed or developed if Taj wants to achieve world class status and fight competition? (05 Marks)
2. Can capacity and supply be balanced better? Suggest solutions. (05 Marks)
3. Do you agree with the statement? Explain the rationale behind your decision. “Soft aspects of TQM – Behaviors, attitudes, leadership, Customer Focus, Empowerment – all these have better chances of implementation of TQM in services. (05 Marks)