

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Winter 2019-20 Examination

Semester: 4
Subject Code:06203252
Subject Name: Services Marketing

Date:12/12/2019
Time:02:00 pm to 04:30 pm
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 Questions (Attempt any Five out of Seven) (15)

1. Customer Life time Value
2. Explain Service Blue Print
3. Explain Moment of Truth
4. Explain the Expanded Marketing Mix
5. Explain Relationship Marketing
6. Explain Service Delivery Gap
7. Explain Quality Specification Gap

Q.2 Answer the following Questions All 3 (10 Marks Each) (30)

1. Premier Courier Ltd.

Premier Courier Ltd. (PCL) is an innovative overnight delivery company that helped change the way companies do business. It was the first company to offer an overnight delivery system, but the company markets more than just a delivery service. What PCL really sells is on-time reliability. The company markets risk reduction and provides the confidence that people shipping packages will be "Absolutely, positively, certain their packages will be there by 10.30 in the morning".

In fact, PCL sells even more than reliable delivery. It designs tracking and inventory management systems for many large companies. In other words, its customers buy more than just delivery service they buy a solution to their distribution problems. For example, a warehouse designed and operated by PCL is part of the distribution center for a very large computer firm. In other organizations, customers can place an order for inventory as late as midnight, and the marketer, because of PCL's help, can guarantee delivery by the next morning. PCL has positioned itself as a company with a service that solves its customers' problems,

Question

1. What is PCL's product? What are the tangible and intangible elements of this service product? In what way does technology influence PCL's service quality?

2. World Gym

World Gym began operations in 1995 in a large city. The company's objective was to meet the fitness needs of a diverse clientele, from the professional body builder to the overweight person,

World Gym's pricing plan was to have a fitness facility that targeted the common person - a fitness facility that was not on the high end or the low end, but in the middle price range. In the beginning it planned to challenge the price of the top-of-the-line facilities. It offered its services in big spacious center in a high-traffic area, a part of

city that was becoming gentrified. There was little competition in the area. The establishment's large space, with natural light coming in, set it apart from competitors.

The company expected its members to come from other clubs and facilities not only in the immediate neighborhood, but all around the city. It saw its trade area as the neighborhoods within an 8-10-minute drive.

The company decided to begin by marketing its product to people who were already working out but wanted something unique. When the company opened its fitness facility, consumers readily accepted it. World Gym membership far exceeded expectations. It now has 3,000 members. As many as 2,000 people come on a given day.

For years World Gym had few serious competitors. In the city, permits are required to open a gym and thus are an obstacle to potential competitors. And the cost of opening a 35,000-square-foot facility is an additional barrier to entry,

Questions

1. Was World Gym's pricing plan appropriate in a market where there was a relatively low supply of services?
2. Suppose the company learns that two new competitors plan to open fitness facilities within a mile of World Gym. How might the increased supply of services affect World Gym's pricing policy?

3. Define service quality. Explain the SERVQUAL scale given by Parasuraman, Zeithaml and Berry with reference to an airline industry.

Q.3 Case Study

(15)

Marketing of Health Services

Pulin Kayastha was simply amazed. He had seen all forms of hostility and marketing warfare in the consumer goods industry, but to see similar warfare in the health industry fascinated him. Clearly, he told himself, doctors had found consumers in their patients. At least, that's what the concept note sent by Dr. Ajit Varman, country manager of Recovery Clinics & Hospitals, seemed to indicate. Varman and seven other senior doctors had left Karuna Nursing Home and Hospital to set up Recovery, which, as the note said, "... would be entirely devoted and dedicated to customer responsiveness."

Pulin was a management consultant and was recommended to Recovery by the marketing director of Regrow Pharma, a large pharmaceuticals company in Mumbai. In fact, the suggestion to set up Recovery came from a non-resident patient, Dinesh Shah, who was undergoing treatment at Karuna's large specialty hospital in Central India. It was in the course of his interaction with the doctors that Shah sensed their unhappiness with the system. This prompted him to suggest the idea of Recovery. Varman had joined Karuna 10 years ago, assured of a challenging career in a hospital that was promising to be different. But over time, disillusionment set in as Karuna's image and response to the environment diluted its equity.

Now that we have decided to do this, we do not want to repeat old mistakes," Varman had told Pulin during their first meeting. "Having worked at Karuna, we can see its weaknesses and why it's losing saliency. Ten years ago, when it was established, we believed it was going to add value to our careers, we became a part of it because we were told that we are specialists who would bring exclusivity to the hospital. But soon, the focus shifted to fetching business and revenues. The management started hiring specialists and private practitioners, offering

them cabins and consultancy arrangements at Karuna. The strategy was that these doctors would bring in their patients and use the infrastructure so that the hospital would start earning money."

The Karuna management wanted to derive short-term benefits, than gradually build up clientele. But the strategy, it appeared, did not pay off. As Varman said: "Because there were many doctors and the business was not large enough in the first few months. Consequently, competition for business became cutthroat between doctors.

Despite modern amenities, state-of-art systems and numerous doctors, the image of the hospital was that of being too commercial - a fallout of the stigma of being a private hospital. It was common among doctors to slot every hospital under either category - a place where you get neglected to death or a place where you get researched to death. Karuna earned a new label - a place where you got cross-referred to death, {or doctors at Karuna slowly took to enhancing each other's earnings as they sent patients back and forth to doctors and specialists. At the end of his diagnoses, the patient ended up paying a huge amount of money for this treatment.

According to Varman, the high-cost, high-expectation syndrome hit the hospital. The initial promise of exclusivity and quality was lost. Karuna had the best doctors, but after-care was abysmal. With a view to keeping costs low, nurses, housekeeping staff and even the front office staff were hired cheap, training was virtually absent, and no attention was paid to end user needs.

Kayastha could see Recovery trying to be all that Karuna was not and desiring not to be all that Karuna was. If Kayastha thought Varman was hiring him for routine systems design and a patient management manual, he was mistaken. For Varman said r "We want to get Recovery's positioning platform right and work on a sound marketing plan. What we want you to do is to help us build this brand, help ordinary doctors like us understand what brand-building entails and how it is managed in a service industry."

Questions

1. Suggest a positioning strategy for Recovery Clinics and Hospitals.
2. Explain why it would be necessary for doctors as well as nursing staff to be marketing oriented.
3. identify and discuss the service quality dimensions which Recovery Clinics and Hospitals can use for measuring its service quality.