

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

**Third Year/First Semester Examination in Business Administration –
Specialization in Marketing Management- 2009/2010 (Proper)**

MKT 3013 Service Marketing

Answer all five (5) questions

Time: 03 hours

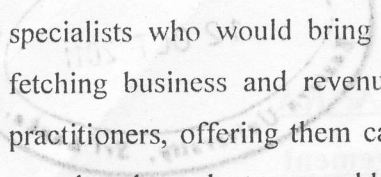
Q1) Read the following Case Study and answer the questions given below

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 speciality 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 cut-throat 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, for doctors at Karuna slowly took to enhancing each others' 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 very bad. With a view to keeping costs low, nurses, house-keeping 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: "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 :

(a) What are the drawbacks that you could observe from the administration of Karuna Nursing Home and Hospital?

(07 Marks)

(b) Suggest a positioning strategy for Recovery Clinics and Hospitals.

(07 Marks)

(c) Explain why it would be necessary for doctors as well as nursing staff to be marketing oriented.

(07 Marks)

(d) Identify and discuss the service quality dimensions which Recovery Clinics and Hospitals can use for measuring its service quality.

(07 Marks)

(Total 28 Marks)

Q2) (a) Why it is important for a firm to *blueprint* its services? What are the six steps that are involved in building a service blue print?

(07 Marks)

(b) Define *service quality* and describe the various services quality dimensions.

(05 Marks)

(c) The fundamental characteristic of services differs from those of manufactured goods. Explain the implications of *service characteristics* on the marketing strategies adopted by the service organizations

(06 Marks)

(Total 18 Marks)

Q3) (a) 'If service providers want to gain customers' loyalty, they should constantly meet *customers' expectation* by performing consistently'. Customer expectations of service can be of two types: desired and adequate. List out and briefly describe the *factors* that determine customer expectations for the above said two types.

(06 Marks)

(b) "Understanding the *criteria* helps a company to choose the ones most appropriate research objective". State four of these criteria and explain them.

(06 Marks)

(c) *Physical evidence* has great significance in marketing services, owing to their essential intangibility. By providing physical evidence to customers and adding tangibility to their services, service providers can derive many benefits. Briefly explain how Physical evidence affects *employees* and *customers* and *their interactions*?

(06Marks)

(Total 18 Marks)

Q4) (a) Describe the four common *service encounter themes*.

(06 Marks)

(b) 'Customers in service settings contribute to their own satisfaction and what they bring to the situation and how they behave will influence outcome'. Briefly describe the three *customer roles* in service delivery.

(06 Marks)

(c) Explain the risks of attempting to describe services in words alone

(06 Marks)

(Total 18 Marks)

Q5) (a) "*Relationship Marketing* focuses on keeping and improving current customers than on acquiring new customers". Identify the relationship strategies for different levels.

(05 Marks)

(b) Describe the *role of culture* in service.

(04 Marks)

(c) State the benefits and challenges in *Electronic distribution of services*.

(05Marks)

(d) List out the main approaches adopted while *pricing* services? Explain each of them.

(04 Marks)

(Total 18 Marks)