

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Third Year/Second Semester Examination in Business

Administration –Specialization in Marketing Management-

2007/2008 (March/April 2009)

(Proper/Repeat)

MKT 3113 Service Marketing

Answer all five (5) questions

Time: 03 hours

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

Village Volvo

Village Volvo is the “new kid in town” .It represents an effort by two former authorized Volvo dealer mechanics to provide quality repair service on out-of-warranty Volvos at a reasonable cost. On the basis of their 22 combined years of training and experience with the local Volvo dealer, they have earned a respected reputation and a following of satisfied customers, which make an independent service operation feasible. Village Volvo occupies a new Butler building (i.e., a prefabricated metal structure) that has four work bays in addition to an office, waiting area, and storage room.

The owners feel they have designed their operation to provide clients with a custom car care service that is unavailable at the local dealer. They have set aside specific times each week when clients may drive in for quick, routine services such as tune-ups and oil changes, but they encourage clients to schedule appointments for the diagnosis and repair of specific problems.

At the time of the appointment, the mechanic who will be working on the vehicle and the client discuss the problems the client has noticed. On occasion, the mechanic may take a short test drive with the client to be certain that both understand the area of concern.

Another source of information for the mechanic is the Custom Care Vehicle Dossier (CCVD). Village Volvo maintains a continuing file on each vehicle it services. This history can help the mechanic to diagnose problems and also provides a convenient record if a vehicle is returned for warranty service on an earlier repair. The owners are considering use of the CCVD as a way of “reminding” customers that routine maintenance procedures may be due.

After the mechanic has made a preliminary diagnosis, the service manager gives the vehicle owner an estimate of the cost and the approximate time when the repair will be completed if no unexpected problems arise. Company policy states that the owner will be consulted before any work other than the agreed-on job is done. Although the customer may speak with the mechanic during the repair process, the service manager is the main point of contact. It is the service manager's responsibility to be sure the customer understands the preliminary diagnosis, to advise the customer of any unexpected problems and costs, and to notify the customer when the vehicle is ready for pickup.

Village Volvo has no provisions for alternate transportation for customers at this time. A shuttle service two or three times a day is being considered, because the owners think their suburban location may deter some clients. The waiting room is equipped with a television set, comfortable chairs, coffee, a soft-drink vending machine, magazines, and the local newspaper. This facility is used almost exclusively by clients who come during the "drop-in" times (3 to 5 PM Wednesdays and 8 to 10 AM Thursdays) for quick, routine jobs such as tune-ups and buyer checks of used cars.

The owner-mechanics do no repairs between 7 and 8 AM and 5 and 6 PM, because these are heavy customer contact hours. They believe it is just as important to discuss with the client the repairs that have been done as it is to discuss what problems exist before that work is done. As repairs are made, the owner-mechanic notes any other problems that might need attention in the future (e.g., fan and alternator belts show some wear and may need to be replaced in about 6,000 miles). These notes are brought to the customer's attention at pickup time and also are reordered in the CCVD for future use, perhaps in the form of a reminder postcard to the owner.

All small worn-out parts that have been replaced are put in a clean box inside the car. More cumbersome replaced parts are identified and set aside for the client's inspection. Care is taken throughout the repair process to keep the car clean, and the inside is vacuumed as a courtesy before pickup. After the repairs are finished, the vehicle is taken for a short test drive. Then it is parked, ready for pickup.

The Village Volvo owners see their responsibility as extending beyond immediate service to their clients. The owners have developed a network of other service providers who assist in recycling used parts and waste products and to whom they can refer clients for work that is not part of Village Volvo's services (e.g., body work, alignments, and reupholstering). The owners also are considering the possibility of offering a minicourse one Saturday morning each month to teach clients what they can do to attain their 200,000-mile Volvo medals.

Questions:



(a) Describe Village Volvo's service package. (05 Marks)

(b) How are the distinctive characteristics of a service firm illustrated by Village Volvo? (05 Marks)

(c) Characterize Village Volvo in regard to the nature of the service act, the relationship with customers, customization and judgment, the nature of demand and supply and the method of service delivery. (08 Marks)

(d) How could Village Volvo manage its back office (i.e., repair operations) like a factory? (05 Marks)

(e) How can Village Volvo differentiate itself from Volvo dealers? (05 Marks)

(Total 28 Marks)

Q2) (a) The arrays of strategic tools available to service marketers tend to be broader than found in the marketing of manufactured products. What is *distinctive about service marketing* that it requires a special approach? (06 Marks)

(b) Service performance can be difficult for customers to evaluate, both in advance of purchase and even afterwards. Explain this by taking into consideration the *search attributes, experience attributes and credence attributes*. (06 Marks)

(c) The *Servicescape model* by *Bitner* gives a comprehensive framework that explains how customers and service staff respond to service environment, identify the elements of this model and give the relationships among them in a graphical way. (06 Marks)

(Total 18 Marks)

Q3) (a) Briefly describe the *criteria* for an *effective services research program* for a company to evaluate different types of research and choose the ones most appropriate. (06 Marks)

(b) What are the possible *evidence*(3*supportive evidence*) through which the critical *importance of service employees* could be identified?

(06 Marks)

(c) Briefly explain the *factors* that have contributed to *discrepancies* between *service delivery and external communications*?

(06Marks)

(Total 18 Marks)

Q4) (a) Describe the importance of each *stages* in the *new service development* and give a brief account how it is *different* from the *new product development*.

(06 Marks)

(b) What are the effect of selecting *profitable customers*? Explain briefly by taking into consideration the **80/20 Customer Pyramid and the Extended Customer Pyramid**

(06 Marks)

(c) Briefly give an account on the *four provider gaps* and state separately the *reasons* for each of these gaps?

(06 Marks)

(Total 18 Marks)

Q5) (a) “*Relationship Marketing* focuses on keeping and improving current customer”. Why this relationship marketing is important for customers and service organizations?

(05 Marks)

(b) List out the process for setting *customer-defined standards*.

(05 Marks)

(c) Describe the *role of intermediaries* in service delivery with the support of “*flower of service*’ frame work.

(05Marks)

(d) In what ways *pricing of service* is different from *pricing of goods*.

(03 Marks)

(Total 18 Marks)