Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER – 4 – EXAMINATION – WINTERS 2016

Subject Code: 2840102 **Date: 25/10/2016**

Subject Name: Services & Relationship Marketing (SRM)

Time: 02:30 pm to 05:30 pm **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q. No. Question Text and Option **(06)**

Q.1 (a) Choose the Correct Option.

1. Delivery of the core product usually is accompanied by a variety of other service-related activities referred as _______.

A. Core Service B. Enhancing Service

C. Supplementary Service D. Service Product

2. In which of the following cost, mental effort, perceived risk, cognitive dissonance, feelings of inadequacy, or fear are attached to buying and using a particular service.

A. Time Cost B. Psychological Cost

C. Sensory Cost D. Physical Cost

3. A key tool use to design new service or redesign existing ones is known as _____.

A. Blue Printing B. Pricing Tripod

C. Yield Management D. SERVPERF

4. ________ refers to the floor plan, size, and shape of furnishings, counters, and potential machinery and equipment and the way in which they are arranged.

A. Physical Ambience B. Servicescape

C. Interior D. Spatial Layout

5. Which type of rewards provides benefits that cannot be translated directly into monetary terms?

A. Non-Financial Rewards B. Social Bond

C. Customization Bond D. Structural Bond

6. Tangibility, Reliability, Responsiveness, Assurance and Empathy are dimension of ________.

A. GAP Model B. Service Quality

C. Service Profit Chain D. Service Recovery.

(b) Explain the following terms: **(04)**
1. People Processing
2. Enhancing Services
3. Service Recovery
4. Customer Loyalty

(c) What is Zone of Tolerance? **(04)**

Q-2 (a) Explain Expanded Mix of Services with suitable example. **(07)**

(b) Discuss: "Service Quality acts as a competitive advantage to the service organization." **(07)**

OR

Q.2 (b) Explain why services are harder for customers to evaluate than goods. **(07)**

Q.3 (a) Explain the three-stage model of service consumption. **(07)**

(b) Why branding is essential in marketing services? **(07)**

OR

Q.3 (a) What is the difference between enhancing supplementary service and facilitating supplementary service? **(07)**

(b) Why the role of customer is equally important in service delivery process? **(07)**

Q.4 (a) Explain the concept of SST (Self Service Technology) with suitable example. **(07)**

(b) How physical ambience influence customer response to the service environment? **(07)**

OR

Q.4 (a) Explain the Wheel of Loyalty. **(07)**

(b) Why productivity is more difficult to measure in service than in manufacturing firms? **(07)**

Q.5 **FOR INNOVATIVE SERVICE, RUN FOR THE BORDER** **(14)**

While the vast majority of other food franchises have remained in the traditional management mode by focusing on more advertising, more promotions, more new products, and more new locations, Taco Bell has been focusing on the customer. Taco bell believes that the company should be organized to support what the customer truly values…the food and the service delivery system. Unlike other food franchises, Taco Bell has shifted its operation from manufacturing to assembly. Backroom tasks such as cleaning heads of lettuce, slicing tomatoes, shredding cheese, and making taco shells has been outsourced to other operations. As a result, labor's primary focus is now on serving customers as opposed to preparing food. In contrast, much of the remainder of the industry is expanding its on-time food manufacturing operations by offering products such as freshly baked biscuits and pizzas. Firms pursuing this strategy have complicated their operations and have placed their emphasis on production as opposed to service delivery.

Other changes within Taco Bell's operations have included a total revamping of the firm's managerial hierarchy. This change has translated into managers who coach and counsel rather than direct and control. In addition, a renewed emphasis on selecting and training public contact personnel has also occurred. An investment in advanced technology has also helped move Taco Bell and its employees to the forefront. Unlike other companies that utilize technology to monitor, control and sometimes replace their employees, Taco Bell provides technology to employees as a resource to assist them in their duties. Taco Bell has also recognized the importance of employees' morale and loyalty to customer perceptions of service quality. To enhance employee morale, Taco Bell offers frontline employees higher-than-average wages compared with those throughout the rest of the industry. Moreover, because of a generous bonus system, managers are able to make 225 percent more than their competitive counterparts. Such actions have not only improved employee morale but have resulted in lower employee turnover rates and an improved caliber of recruits.

Taco Bell's training efforts are also unique. Managers are encouraged to spend half their time on developing employees in areas such as communication, empowerment and performance management as a result, the majority of Taco Bell employees now feel they have more freedom, more authority to make decisions, and more responsibility for their own actions. Overall, the consequences of Taco Bell's restructuring efforts to improve its service delivery systems have been overwhelmingly positive. In times of stagnant market growth for the rest of the industry, sales growth at company-owned Taco Bell has exceeded 60 percent, and profits have increased by more than 25 percent per year. In comparison, McDonald's U.S. franchises have increased their profitability during this same period at a rate of 6 percent. What makes the 25 percent increase in profits even more amazing is that Taco Bell has decreased the price on most menu items by 25 percent! Strategies such as these have led to value-oriented perceptions of Taco Bell that surpass competitive offerings.

Questions:

1. In order to provide seamless service, service firms must balance the needs of their operations, marketing, and human resource departments. Discuss how improvements at Taco Bell have been shared by these three departments.
2. How do the actions taken by Taco Bell relate to the various components of the service-profit chain?

OR

Q.5 **<u>MEASURING CUSTOMER SATISACTION: THE FEDEX APPROACH</u>** **(14)**

When Federal Express first opened its doors on April 17, 1973, it shipped eight packages, seven of which were trial runs addressed from one Federal Express employee to another. No one had any idea that this event marked the birth of an entire industry – overnight mail or parcel delivery. Particularly inspiring to college students is that Fred Smith, the CEO of FedEx, had sketched out the early details of the operation in an undergraduate paper at Yale University. The paper was given a grade of "C". By 1990, the company was generating $7 billion in annual sales revenue and controlled 43 percent of the air express mail market. FedEx has two ambitious goals: 100 percent customer satisfaction with every interaction and transaction, and 100 percent performance on every package handled. In its early days, Federal Express defined service quality as the percentage of packages delivered on time. After cataloging complains for many years, it had become apparent that percentage of on-time delivery was an internal measure of service quality and did not necessarily reflect absolute service quality by customer standards.

The customer's definition of service quality, which included eight service failures to be avoided, became known as the "Hierarchy of Horrors" and included (1) wrong-day-delivery; (2) right day, late delivery; (3) pick-up not made; (4) lost package; (5) customer misinformed by FedEx; (6) billing and paperwork mistake;(7) employee performance failure; and (8) damaged packages. Based on these categories generated by customer complaints, it was readily apparent that on-time delivery was not only measure important to FedEx customers. In addition to categorizing customer complaints, FedEx measures service quality by tracking 12 service quality indicators every day, both individually and in total. Moreover, the firm conducts numerous customer research studied each year in five major categories: (1) service quality studies, conducted quarterly, of four market segments: base business that is phoned to FedEx, U.S. export customers, manned-center customers, and drop-box customer: (2) 10 targeted customer studies, conducted semiannually that conduct customer who have had an experience with one of 10 specific FedEx processes such as customer service, billing, and invoice adjustments; (3) FedEx center comment cards, which are collected and tabulated twice a year and used as feedback to the managers of each center; (4) customer automation studies of FedEx's 7600 largest customer, representing 30 percent of the company's total package volume, who are equipped with automated systems that permit package tracking and a variety of other self-service activities; and (5) the Canadian customer study conducted yearly, which is the single most frequent point of destination for FedEx packages shipped outside the United States.

How successful is FedEx? In monetary terms, its success has been history making. FedEx was the first company in U.S. history to top $1billion in revenues within its first 10 years of existence. Customer satisfaction ratings at FedEx are also legendary. The highest quarterly rating of customer satisfaction achieved thus far has been a 94 percent "completely satisfied" rating from customers on a 5-point rating scale that ranges from "completely dissatisfied" to "completely satisfied". Most firm combine "somewhat satisfied" and "completely satisfied" responses when calculating customer satisfaction ratings, but not at FedEx. Due to achievements such as these and many others. FedEx is a recipient of the Malcolm Baldrige National Quality Award.

Questions:

1. According to the case, FedEx has two ambitious goals: 100 percent customer satisfaction with every interaction and transaction, and 100 percent performance on every package handled. Using information provided in the case, should FedEx spend the money necessary to achieve these two goals?
2. Based on information provided in this case, discuss whether FedEx uses qualitative or qualitative methods to assess customer satisfaction.

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