

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Third Year /First Semester Examination in Bachelor of Business

Administration Honours in Marketing Management - 2021/22 (February 2024)

Proper/Repeat

MKT 3023 Service Marketing

Answer all five (5) questions

Time: 03 hours

Q1) Read the following case and answer the questions given below.

Service Marketing Strategies: Enhancing Customer Experience at PI-O's

For over 35 years, PI-O's has held its position as a premier venue for children's birthday parties and family outings, with a presence spanning 47 states in the USA and 10 foreign countries. With the motto "Where a kid can be a kid," PI-O's has prioritized providing a fun and safe environment for children under 12 to play and for families to create lasting memories. However, in 2015, recognizing a gap in their customer experience, PI-O's embarked on a strategic initiative to address the needs of parents, who often hold veto power over their children's entertainment choices.

Tom Leverton, CEO of LEL Entertainment, Inc., the parent company of PI-O's, highlighted the discrepancy between children's desire to visit PI-O's frequently and the limited frequency of their visits due to parental vetoes. Leverton emphasized the importance of addressing parental needs to enhance the overall customer experience. To achieve this goal, PI-O's expanded its menu offerings to cater to more sophisticated adult tastes while maintaining the fun and playful atmosphere cherished by children.

The introduction of items such as the Cali Alfredo pizza, BBQ Chicken Pizza, Caesar and Club whole-wheat wraps, BBQ Chicken Ciabatta sandwiches, and dessert churros with salted caramel and white chocolate icing aimed to provide parents with a diverse and appealing selection.

Leverton emphasized that while children are at the heart of PI-O's offerings, parents play a crucial role in shaping their children's experiences, especially when it comes to food choices.

The initial success of the revamped adult menu encouraged PI-O's to continue innovating. In 2016, the company began testing additional menu items in select markets to further enhance its offerings. Giant chocolate chip cookies were introduced in the Orlando, Florida market, along with new wing sauce flavours, multigrain Italian Chicken and Chicken Caesar flatbreads, and gluten-free pizza dough options. These additions reflected PI-O's commitment to continually adapting to evolving consumer preferences and culinary trends.

Recognizing the importance of customer frequency in driving business growth, PI-O's introduced several initiatives to encourage repeat visits. The launch of a lunchtime all-you-can-eat buffet in March 2016, priced at \$3.99 for children and \$5.99 for adults, aimed to provide families with a value-driven dining option. Additionally, PI-O's tested half-priced games on Tuesday evenings in the Dallas market to attract customers during off-peak hours.

To further incentivize customer loyalty, PI-O's introduced a loyalty card program offering free entry after five visits and a 10% discount on food for regular customers. This initiative aimed to reward loyal patrons while fostering a sense of belonging and appreciation within the PI-O community.

In conclusion, PI-O's strategic initiative to cater to parental needs through menu diversification and customer-focused initiatives has positioned the company for sustained growth and success. By prioritizing the overall customer experience and continuously innovating to meet evolving consumer preferences, PI-O remains a leader in the competitive family entertainment industry.

Required:

I. How did PI-O's identify and address the gap in their customer experience, particularly concerning parental needs, through their service marketing strategy?

(03 Ma

II. Discuss the significance of menu diversification in enhancing the overall customer experience at PI-O's, and how it contributes to the service marketing efforts of the company.

(04 Ma

III. Evaluate the effectiveness of PI-O's initiatives such as the lunchtime all-you-can-eat buffet and half-priced games in the Dallas market from a service marketing perspective.

(04 Marks)

IV. Explore the role of the loyalty card program introduced by PI-O's in fostering customer retention and loyalty. How does this program contribute to the company's service marketing objectives?

(04 Marks)

(Total 15 Marks)

Q2) I. What are the implications of the **Service-Profit Chain** for service management?

(04 Marks)

II. Describe the four broad "**processing**" categories of services, and provide the justification for considering the **service triangle** for service marketing.

(06 Marks)

III. Why do consumer's **perceptions of risk** play an important role in choosing between alternative service offers? How can firms **reduce** consumer risk perceptions?

(05 Marks)

IV. Describe the difference between **high-contact** and **low-contact** services, and explain how the nature of a customer's experience may differ between the two. Describe the relationship between customer **expectations** and **customer satisfaction**.

(05 Marks)

(Total 20 Marks)

Q3) I. Describe the role of **3Cs** in **positioning the services** in competitive markets. What are the most common bases to use in **segmentation**, and provide examples for each of these bases?

(06 Marks)

II. Describe the concepts of **Zone of Tolerance** and **Flower of Service**, what insights does these concepts provide for service marketers?

(06 Marks)

III. How **branding** is used in services marketing? What is the distinction between a **corporate brand** and other categories of brands?

(04 Marks)

IV. Why is **franchising** a popular way to expand distribution of an effective service and distinguish between **Mystery shopping** and **Lost customer research**.

(04 Marks)

(Total 20 Marks)

Q4) I. Why is the **pricing** of services more difficult as compared to the pricing of goods and How can the **pricing tripod** approach to service pricing be useful to come to a good pricing point for a particular service. (05 Marks)

II. What is **revenue management**? Explain the difference between **physical** and **non-physical rate fences** using suitable examples. (05 Marks)

III. What are the **5 Ws** along which the **Integrated Service Communications Model** is structured? and who are the three broad **target audiences** of service communications? (05 Marks)

IV. How does **blueprinting** help us to better understand the service process from the perspective of the key actors and What are the typical **design elements** of a service blueprint? Why is it necessary to periodically **redesign** service processes? (05 Marks)

(05 Marks)

(Total 20 Marks)

Q5) I. What actions can firms take to adjust **capacity** to be more closely matched to demand? What are the different **types of queues** available for an organization serving large numbers of customers? (05 Marks)

(05 Marks)

II. What are the four main purposes **service environments** fulfil? Explain the dimensions of ambient conditions and how each can influence customer responses to the service environment (05 Marks)

(05 Marks)

III. Explain why **service employees** are so important to the success of a firm and Describe the cycles of failure, mediocrity, and success in human resources for service firms (05 Marks)

IV. How can customer loyalty be build using **Wheel of Loyalty**? (05 Marks)

V. Recognize the actions that customers may take in response to a **service failure** and state the power of **service guarantees**. (05 Marks)

(Total 25 Marks)