

EASTERN UNIVERSITY, SRI LANKA

Faculty of Commerce and Management

Third Year/Second Semester Examination in Business Administration (BBA) – 2012/2013

(Specialization in Marketing Management) – July/August 2015

(Proper/Repeat)

MKT 3013 Service Marketing



Time: 03 Hours

Answer all questions

Q1) Read the case study and answer the questions given below:

McDonald's is a leading international fast food restaurant chain with 30,000 restaurants spread across the globe. In India, it launched its operations in 1996, with two stores. As per the Informal Eating Out (EO) survey involving the survey of branded food chains in India, conducted by ACNielsen, McDonald's was found to be the leader in fast food chains. Many factors can be attributed to the success of McDonalds Indian operations.

First, McDonalds has focused on products and changed its menu to suit the tastes of Indian consumers. It launched India specific items including McVeggie burger, McAioo Tikki burger, Veg. Pizza McPuff and Chicken McGrill burger. French Fries prepared by McDonald are served in less time and are fresh and hot, for which they follow line operation. Considering the Indian preferences and sensibilities, the company doesn't offer pork and beef items in India. It offers egg-less sandwich sauces for vegetarian customers and vegetarian items are prepared at a separate counter at the outlets.

On the pricing front, McDonalds has adopted customized pricing for each of the cities depending upon the tax structure, demand, and purchasing power of the population. However, to attract mass-market customers it has launched a new menu called Happy Price Menu in which selected items are priced at Rs 20 across all the outlets in the country.

As McDonalds is into the food business, establishing an efficient supply chain infrastructure is of great importance. McDonalds has, therefore focused on setting up an efficient and effective supply chain. Its supply chain is three tiered, consisting of farms, processing plants, and distribution centers. The company has selected the farmers who can meet its quality and supply standards and directly sources the produce from them. They are supported by McDonalds in terms of seed technology and latest irrigation methods to enable them to obtain higher yields and better produce. The next level of supply chain activities involves the processing of farm produce. For this, the company has tied up with various local suppliers like Vista Processed Foods Pvt Ltd. a joint venture of OSI Industries Inc., USA, and McDonald's India Pvt Ltd that processes chicken and vegetarian food products at its plant situated at Taloja, Maharashtra. Dynamics' Dairy supplies cheese, butter, ghee, and milk products and Amrit Food supplies long life UHT Milk and Milk

Products for Frozen Desserts from its fully automated plant situated at Ghaziabad, Uttar Pradesh. The next level of supply chain activity is the distribution of processed food to the outlets. For this, the company has tied up with Radhakrishna Foodland, which is into food products distribution. Foodland provides logistics support to McDonalds by providing cold storage facilities and transporting the processed foods to the outlets using temperature controlled transport vehicles.

To maintain the service standards, the company has made it mandatory for personnel to undergo periodic training programs. The core principles of McDonald's that are, Quality, Service, Cleanliness, and Value (Q.V.C&V), guide its training programs. The company's highly structured training programs are conducted at four levels: crew development program, restaurant management program, mid management program, and executive development program. Entry-level workers are trained under the basic crew development program. The training is conducted at each restaurant. Crew members are given on-the-job and off-the-job training. The next level of training is the management development program. This training program is devised for the employees in the restaurant management team. The program ranges from the basic level to the advanced level.

McDonalds also focused on creating a right ambience in the outlet. Since it has been positioned as a family restaurant, McDonalds ensured that the physical environment reflected that image. The outlets are spaciouly designed, well lit and has an informal atmosphere, so that kids can play around and families have the opportunity to conduct events like birthday parties. Besides, no-smoking zones have been set-up in the outlets, taking into account the sensibilities of families. The company has also laid special emphasis on the convenience of kids. The height of the counters at some outlets is lower than normal, so that they are easily accessible to kids. In addition, was net savvy, young and upwardly mobile, with a propensity to spend. McDonalds has made use of vibrant and pleasing colors, and paintings based on different themes, which children can relate to. McDonalds has also created localized advertisements titled "What Your Bahana". The ads have the same theme as the "I'm lovin it" global campaign. The characters in the ads cite weird reasons for eating out at McDonalds. Humor has been used to put across the message to the consumers.

To keep up the interest in the brand, McDonalds also ran various sales promotion activities targeting the children and family, such as offering toys and conducting contests.

Questions

(a) What are the Service Marketing concepts that could be identified through this case study?

(06 Marks)

(b) How McDonald was able to utilize the additional three service marketing mix elements to market its services?

(07 Marks)

(c) How has the traditional marketing mix supported this company to keep its market share in the industry? (05 Marks)

(d) What are the challenges this company has to confront in identifying the customer expectations and what are the methods that are available to do so? (05 Marks)

(e) What are the mechanisms available to evaluate the customer satisfaction and propose service improvements for the future? (05 Marks)

(Total 28 Marks)

Q2) a) What is the difference between **Desired services** and **Adequate services**? What are the sources that contribute in determining these two levels? (06 Marks)

b) Explain the **three-stage model of service consumption** with consumer behaviour and key concepts that are exclusive for each stages? (07 Marks)

c) **Search attributes, experience attributes** and **credence attributes** are considered by consumers in purchase of either goods or services. Explain how they are different from each other and relate it with service marketing (05 Marks)

(Total 18 Marks)

Q3) a) What are the challenges the service marketers face with the **unique characteristics** of services. (06 Marks)

b) Describe a **remote encounter**, a **telephone encounter** and a **face-to-face encounter** that you have had recently. How did you evaluate the encounter, and what were the most important factors determining your satisfaction/dissatisfaction in each case? (06 Marks)

c) How does **blueprinting** help in designing, managing and redesigning service processes (06 Marks)

(Total 18 Marks)

- Q4)** a) The **gap model** is a conceptual tool to identify and correct service quality problems. In this juncture identify the **seven service quality gaps** and give the **reasons** for the **formation of gaps**. (07 Marks)
- b) There are main four purposes served by **service environment**. Identify and briefly describe about them. (05 Marks)
- c) Why **service personnel** are so important for the success of service organization and state what are the **three main causes** for **role stress** (Role conflict) (06 Marks)

(Total 18 Marks)

- Q5)** a) List the actions the customers may take in response to **service failure** and what are the strategies available for the company to **recover**? (06 Marks)
- b) What actions the firm can take to match the **demand** with **capacity**? (06 Marks)
- c) What is the role played by **integrated marketing communication** in Service Marketing? (06 Marks)

(Total 18 Marks)