

**Code: 14E00404**

MBA IV Semester Regular & Supplementary Examinations May 2018

**SERVICES MARKETING**

(For students admitted in 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

\*\*\*\*\*

**SECTION – A**

Answer the following: (05 X 10 = 50 Marks)

- 1 Describe the importance of services in the economic growth of a developing country.  
**OR**
- 2 Discuss about strategic responses of marketers to the distinctive characteristics of services.
- 3 Explain how companies identify attractive market segments and choose a market coverage strategy.  
**OR**
- 4 What is positioning? Discuss its importance in the success of a firm.
- 5 State the pricing objectives for services. Describe how pricing policy is formulated based on customer value.  
**OR**
- 6 Of the different promotion mix, which would you choose for a hospitality service provider and why?
- 7 Discuss the different types of distribution channels and their relative importance to a service marketer in the insurance sector.  
**OR**
- 8 Do you think that physical evidence really matters in marketing of services? Discuss with the help of examples.
- 9 Identify and explain key activities in marketing planning process.  
**OR**
- 10 Explain how understanding competitors can assist the development of marketing strategy.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Online shopping is set to account for nearly 40% of all UK retail sales by 2020, with online sales reaching £38 bn in 2009 and set to quadruple to £162 bn by 2020. According to uSwitch, 8 million UK households spend, on an average, two hours a day shopping online. The most popular online purchases are holidays, films and music.

One organization playing a key role in the facilitation of this growth of digital music sales is Apple's iTunes Music Store (iTMS). The iTunes Store is an online business run by Apple Inc., which sells media files that are accessed through its iTunes application. Opened as the iTunes Music Store on 28 April 2003, it proved the viability of online music sales. The virtual record shop sells music videos, TV shows, movies, and video games in addition to music. iTunes now has several personalization options and one of them is 'Just For You'. Apple thoroughly dominates the market, controlling more than 70% of the worldwide online digital music sales. Apple's iTunes store allows the users to purchase songs and transfer them easily to the iPod through iTunes. New songs are added to the iTunes catalogue every day, and the iTunes Store is updated each Tuesday.

Contd. in page 2

**Music Distribution in India**

The Indian music industry has witnessed a sea change in its distribution pattern in recent years. The introduction of the digital platform has helped music lovers get access to music very easily. While a significant chunk of music is still distributed through retailers, music companies have started utilizing digital channels for revenue generation to the hilt.

Prominent music companies in India include Saregama, Sony BMG, Times Music, Universal, and Tips. Music Today, a subsidiary of India Today group, markets their products online. They sell their own CDs/DVDs on the Internet, providing shipping options worldwide. Music is also available in India through various online retailers such as Flip kart, Amazon and Landmark. The companies take orders online and deliver the CDs/DVDs physically. Other online platforms such as www.gaana.com allow users to access, listen or download music via the Internet.

Saregama India Ltd is one of the biggest music companies in India. The company pioneered expansion into the digital domain in India. Way back in 2004, music from their catalogue was made available for digital download on global sites such as iTunes, MSN Music, etc. Saregama's music is also available on domestic digital stores like India times, Sify, VSNL and Bharti telecom.

Hamara CD, an innovative venture by Saregama, is a CD purchase website where one can compile one's own customized song list on CD from Saregama's extensive catalogue and have it delivered anywhere in the world. Saregama allows customers to choose from a collection of over 1,00,000 songs. The prices of these services are highly affordable, starting from Rs. 200.

**Questions:**

- (a) Why do you think iTunes has been such a success as an online music retailer?
- (b) Consider your own recent purchase of music. What retail channel did you use to purchase the music and why?
- (c) Hamara CD has come up with a music distribution model that combines the conventional and also the contemporary. Do you think this is the ideal way to go about in the present market scenario?

\*\*\*\*\*

**Code: 14E00404**

MBA IV Semester Supplementary Examinations November/December 2017

**SERVICES MARKETING**

(For students admitted in 2014 & 2015 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

\*\*\*\*\*

**SECTION – A**

Answer the following: (05 X 10 = 50 Marks)

- 1 Write short notes:  
(a) Customer relationship marketing.  
(b) Relationship marketing.
- OR**
- 2 Define complaints management. What are the basic steps for complaint management designate a location to receive complaints.
- 3 What are the approaches of market segmentation?
- OR**
- 4 Discuss about planning service product.
- 5 Define new service. What is the need for a new service?
- OR**
- 6 Define marketing communication mix. Explain the marketing communication mix elements.
- 7 Explain about word of mouth communication.
- OR**
- 8 Describe the challenges in distributing service through electronic channels.
- 9 Define service quality. Explain importance of quality in service.
- OR**
- 10 What is meant by marketing planning? How do we allocate resources and monitor marketing planning and services?

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Apple's pricing strategy for iPhone in the US.

On September 5, 2007, Steve Jobs (jobs), CEO of Apple inc. (Apple), announced a steep price cut on Apple's much hyped iPhone. The price cut coming as it did within 10 weeks of the products launch, angered the early adopters who had bought their handsets at a premium price.

Some of these customers had waited in queues before Apple stores for days to buy the phone as soon as it was launched While Apple justified its price cut saying that it wanted to make the iPhone more affordable, some analysts felt that such a steep price cut within few weeks of its launch was nothing short of a public relations (PR) fiasco for the company.

The iPhone, which was launched on June 29, 2007, was available at a premium price of US\$ 599 for an 8GB version and US\$ 499 for a 4GB version.

Before the launch of the iPhone, many analyst were of the opinion that Apple had overpriced the product, which reportedly cost the company just US\$ 281 (for the 8GB version) and US\$ 246 (for the 4GB version) to produce.

**Questions:**

- (a) What are the foundations of pricing objectives of Apple iPhone?  
(b) What are the tools for public relation campaign?

\*\*\*\*\*

**SERVICES MARKETING**

(For students admitted in 2014 & 2015 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

\*\*\*\*\*

**SECTION – A**

Answer the following: (05 X 10 = 50 Marks)

- 1 Explain the consumer decision making process/consumer choice.  
**OR**
- 2 What are the strategic responses to the intangibility of service performances?
- 3 Define market segmentation. Explain the process of market segmentation.  
**OR**
- 4 Define effective positioning. Explain the positioning process.
- 5 What are the factors contributing to price sensitivity?  
**OR**
- 6 Explain publics and functions/role of public relations.
- 7 Discuss about the location of service premises.  
**OR**
- 8 Explain role of intermediaries in service delivery.
- 9 Explain elements of marketing planning.  
**OR**
- 10 Discuss the factors affecting marketing planning.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

**Customer loyalty:**

I have written recently on the all important topic of customer loyalty and lifetime value and have thrown out some kooky ideas for trying to get more out of those happy customers.

This past weekend a couple of different incidents made me think about the source of customer loyalty.

On Saturday afternoon there was no hot water at my house. In my vast experience with home improvement projects I've learned that things generally happen when I try to fix something:

- (i) I curse a lot.
- (ii) There is bloodshed.
- (iii) I end up calling someone who knows how to fix things.

I checked to make sure the circuit breakers weren't thrown, that there was voltage at the unit, I pushed a reset button. Nothing worked. Sunday afternoon I gave up and called Curtis heating & cooling. I've used Curtis for years for HVAC stuff and was delighted to see that they worked on water heaters, too.

Contd. in page 2

They suggested over the phone a couple of things to try and I'd tried those. I suggested that they'd probably need to replace the unit and he said: "Well, if wouldn't be able to fix it today anyway, and I'd have to charge you more for the visit since its Sunday. Can it wait till tomorrow"?

Curtis Morris, himself, came out first thing Monday morning and spent an hour or so diagnosing the problem. The problem was electrical after all, the circuit breaker switch was bad and wasn't providing enough current for the water heater. He suggested we call electrician he knew as he wasn't certified to do that kind of work. Curtis wouldn't accept payment for the hour he spent at our house.

This is the third or fourth opportunity Curtis heating and cooling and has had to charge me thousands of dollars to fix a problem I through I had, and instead provided a simple solution that was more than adequate. It's why I will always call them, and why I tell everyone I know to call them. (A colleague mine was talked into replacing his heat pump to the tune of dollars 3 k by another company. I suggested he call Curtis just to be sure. Curtis fixed system or dollars 73).

By looking out for his customer's interest first, his companies in the first in the short term but benefits ultimately by creating customers for life.

Also this past weekend I ran across a blog post by one of RKG's former IT developers. He left to help build a company that provides open sources software development. His article touts the merits of charging fair hourly rates instead of billing clients for on-site visits and work they don't need, suggesting that at the end of the day the strongest business model is to provide valuable service for a fair price. This is a model we have tried to follow at RKG. Where some firms seem to see themselves as commissioned broker for the engines, we take the view that focusing strictly on what serves our clients best interest regardless of near term impacts on our bottom line will lead to long term growth and prosperity.

As the economy recovers and corporate survival is no longer the only issue, I think we all do well to reflect on the lessons taught by Curtis Morris and consider what we can do engender that kind of loyalty.

**Questions:**

- (a) Analyze the case and discuss about the source of customer loyalty.
- (b) Discuss about the value of customer relationship from the case.

\*\*\*\*\*

**Code: 14E00404**

MBA IV Semester Supplementary Examinations November 2016

**SERVICES MARKETING**

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

\*\*\*\*\*

**SECTION – A**

Answer the following: (05 X 10 = 50 Marks)

- 1 Why is it important to learn about services marketing?  
**OR**
- 2 Explain the factors that influence customer expectations of services.
- 3 What is a service blue print? What are the key components of service blue print?  
**OR**
- 4 Explain the application of positioning maps for the manager of service firms.
- 5 What are the key decisions, managers need to make as they prepare to develop and implement a well-thought out pricing strategy.  
**OR**
- 6 Explain the role of advertising, personal selling and public relations in attracting a customer to a service firm.
- 7 Explain the relevance and role played by marketing intermediaries in service organizations.  
**OR**
- 8 Discuss the different roles played by the servicescape and how it affects employees and customers and their interaction.
- 9 Formulate tactical marketing programmes for a service organization of your choice.  
**OR**
- 10 Budgets are a necessary step to tying the marketing programmes to, the economic realities of business. Justify.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

- 11 **Case study:**  
Whether the financial markets to up or down, BuyanHold.com's strategy of targeting smaller, more cost-conscious investors is paying dividends. Headed by CEO and cofounder Peter E. Breen, New York-based BuyandHold.com launched its online brokerage site in 1999 with the goal of offering consumers affordable access to stocks and mutual funds. "Wall Street put up a lot of different barriers for people", Breen notes. "BuyanHold/com came along and took all those barriers down".  
The financial barriers are all but gone thanks to Buyandhold.com's bargain pricing: low even when compared with the commissions charged by deep-discount web-only brokers. Customers pay as little as \$ 1.99 per trade when they buy or sell securities, and they can open an account with just \$20. Moreover, customers can buy securities according to the amount they have to invest, even if this means buying a fraction of a share. In contrast, traditional brokerages prefer trades made in 100-share blocks or at least full-share lots.

Contd. in page 2

Pricing isn't the only difference between BuyandHold.com and other brokerage firms. The company also focuses on an unusual target market. Merrill Lynch and other full-service firms generally target investors with larger portfolios who want considerable investment advice and personal assistance; DirecTrade and competing online brokers target day traders and other active investors who frequently buy and sell. In contrast, BuyandHold.com aims for lower-income consumers who can afford to build a portfolio only little by little and see investing as a way to meet a long-term need such as financing a child's college education or saving for retirement. "Most of our customers embrace the BuyandHold philosophy of investing", explains CEO Breen. "They invest regularly, adding to their portfolios weekly, monthly, or quarterly, regardless of market conditions". In fact, during a recent market dip, BuyandHold.com's customers kept right on buying, even as customers of other firms, concerned about short-term losses, frantically sold their holdings.

The only way BuyandHold.com can offer rock-bottom pricing to serve its target segment is to keep costs as low as possible. One way it does this is by bundling all the orders it receives and going into the market to buy and sell just twice a day, once in mid-morning and again in mid-afternoon. Although this process minimizes trading costs, it also limits the customer's ability to take advantage of changing market conditions and place trades at specific prices. Another way BuyandHold.com keeps costs down is by limiting its selection of stocks and mutual funds. Unlike mainstream brokers, which allow investors to choose from a much wider selection of securities, BuyandHold.com offers stock from fewer than 5,000 public companies.

However, low cost doesn't mean no service. BuyandHold.com maintains an online library for customers who want to learn more about investing and to investigate particular securities. It also promotes an automated plan that enables customers to electronically transfer funds and make small investments on a set schedule throughout the year. And the company has won several "Best of the Web" awards from business and financial services publications.

By targeting just one consumer segment, BuyandHold.com's management has the opportunity to learn a great deal about its market. Breen and his senior managers, for example, found out through feedback that some customers wanted a pricing alternative for more active trading. As a result, the firm changed its pricing strategy to add a \$9.99 flat monthly fee covering unlimited trades.

Management also realized that many cost-conscious investors were saving money by buying shares directly from public companies rather than through brokers. In response the firm established the Virtual Direct Stock Purchase Plan. Under this plan, participating companies like Walt Disney post an online link to a special BuyandHold.com webpage where consumers can set up accounts and buy stock. The companies save money because they don't have to prepare and mail customer statements and consumers can stick with their investment choices or trade in additional securities at a low price.

Through careful targeting and ongoing innovation, BuyandHold.com attracted 200,000 accounts in its first 15 months of operation. However, the firm now faces increased competitive pressures. ShareBuilder.com, which also targets buy-and-hold investors, offers low buying commissions and more securities. On the other hand, it charges much more for sell orders and executes trades just once a week, further limiting customers' flexibility. Other rivals are entering the market with their own versions of affordable investment services. In the coming years, BuyandHold.com will have to use all its marketing savvy to continue attracting cost-conscious consumers who want to invest for the long term.

**Questions:**

- (a) What type of general targeting strategy is BuyandHold.com using? Explain.
- (b) What segmentation variables does BuyandHold.com use?
- (c) As more competitors start marketing to the cost-conscious segment, would you recommend that BuyandHold.com change its targeting strategy? Why or why not?

\*\*\*\*\*