

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER MAY 2008

TITLE OF PAPER : SERVICES MARKETING
COURSE CODE : BA 424
DEGREE AND YEAR : B. COM. IV & IDE - LEVEL 6
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS: 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
2. SECTION A IS COMPULSORY. ANSWER ANY TWO QUESTIONS FROM SECTION B
3. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALONGSIDE THE QUESTION

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR THE USE OF RELEVANT EXAMPLES

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A: ANSWER BOTH QUESTIONS FROM THIS SECTION

QUESTION ONE

CASE STUDY: IS THIS ANY WAY TO RUN AN AIRLINE?

Source: Hoffman, D. K. & Bateson, J. E. G. (2007), Services Marketing: Concepts, Strategies & Cases, 3rd edition.

The following letter is a detailed account of an actual service encounter.

July 23, 200x

Dear Customer Service Manager:

Through the Carolina Motor Club my wife and I booked round-trip first-class and clipper-class seats on the following World Airlines flights on the dates indicated:

1 July World Airlines 3072 Charlotte to Kennedy
1 July World Airlines 86 Kennedy to Munich
21 July World Airlines 87 Munich to Kennedy
21 July World Airlines 3073 Kennedy to Charlotte

We additionally booked connecting flights to and from Wilmington and Charlotte on Trans Air flights 263 (on 1 July) and 2208 (on 21 July). The outbound flights 3072 and 86 seemed pleasant enough, especially since World Airlines had upgraded our clipper-class seats on flight 86 to first class. However, mid-flight on 86 we discovered that we had been food poisoned on flight 3072, apparently by the seafood salad that was served in first class that day (it seemed warm to us and we hesitated to eat it but unfortunately did so anyway). My wife was so ill that, trying to get to the restroom to throw up, she passed out cold, hitting her head and, we discovered over the next few days, apparently damaging her back. The flight attendants were very concerned and immediately tried to help her, but there was nothing they could do except help her clean herself up and get the food off her from the food trays she hit. In addition to the nausea and diarrhea, she had a large knot on her head and headaches for several days. Her lower back has been in constant pain ever since. I, too, was very ill for several days. A nice start for a vacation! But it gets worse.

During the long layover between flights at Kennedy, there was a tremendous rainstorm, and our baggage apparently was left out in it, a situation we discovered when we arrived at our first night's lodging and discovered ALL of our clothing was literally wringing wet. In addition, four art prints we were bringing as gifts for friends were ruined.

The return flights were better only in that we did not get poisoned; instead we did not get fed! Flight 87 out of Munich was apparently short-handed and due to our seating location, the flight attendant who had to do double duty always got to us last. We had to ask for drinks; there were no hot towels left for us; the meals ran out and we were given no choice but an overdone piece of gray meat with tomato sauce on it. We tasted it, but it was odd tasting and given our experience on flight 3072, we were afraid to eat it.

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Flight 87 was delayed in boarding due to the slowness in cleaning the aircraft (according to an announcement made) and also due to the late arrival of the crew. In addition, the flight was further delayed due to a heavy rainstorm, which backed up traffic for takeoff. However, had the flight boarded on time it would have not lost its takeoff priority and could likely have taken off two hours sooner than it did. We might have been able to make our connection in Charlotte. Onboard the flight, the plane was the dirtiest and in the most disrepair of any aircraft I have ever flown on - peeling wall coverings, litter on floor, overhead bins taped shut with duct tape, etc. As a first class passenger I asked for some cold beer while we were waiting for the rest of the passengers to board; it was warm. We were quite hungry, having not eaten much in the past 12 hours, and asked for some peanuts; there were none; the plane had not been stocked. I asked for a pillow and blanket for my wife; there was none. What a great first-class section! There were only three flight attendants for the whole plane, and I felt sorry for the pregnant one who had to do double duty in first class and the rear cabin. She was very sympathetic to the poor conditions; I don't see how you keep employees when they are treated like that.

Due to the excess delay at Kennedy, flight 87 was very late and we could not make our connection from Charlotte to Wilmington. As it turned out, we would have barely been able to make it if the flight had been on time because World Airlines had changed not only the flight numbers but also the flight times on the Kennedy-Charlotte leg of our journey - AND WE WERE NEVER NOTIFIED OF THIS CHANGE UNTIL WE ARRIVED AT THE AIRPORT! I deplaned in Raleigh to try to alert the people meeting us in Wilmington that we would not be in that night; however, it was too late and they had already gone to the airport. The gate attendant at Raleigh assured me that World Airlines would put us up for the night in Charlotte, so I returned to the plane. However, when we arrived in Charlotte, the World Airlines representative refused to take care of us stating that, since we had not booked the Wilmington-Charlotte portion of our trip through World Airlines, "it is not our problem." Furthermore, he tried to wash his hands of it, saying we had an "illegal connection" due to the times between flights and that he wouldn't provide lodging and meals. After I pointed out to him at least three times that the connection was not illegal when booked and World Airlines changed its flight times without notifying us, and further made it clear that not only was I not going to go away, but that there was going to be a lot more said about the matter, he finally capitulated and gave us a voucher.

After travelling for 24 hours, receiving lousy service, poor food, no amenities, it is a real pleasure to run into an argumentative SOB like your agent in Charlotte. He should be fired!!! As first-class passengers we have been treated like cattle! But, it does not end here.

Upon arriving in Wilmington the next morning, only two of our four bags arrived with us. We had to initiate a baggage trace action. Our missing bags were finally delivered to our house around 3:00 p.m. on 23 July. And SURPRISE, they were left out in the rain at Kennedy again and EVERYTHING was so wet that water poured out of the pockets. I poured water out of the hair dryer. All of our paper purchases, maps, guide books, photos, souvenir brochures, etc. are ruined. I don't know yet if the dryer, radio, electric toothbrush, voltage converters, etc., will work - they are drying out as this is being written. In addition, my brand new bag now has a hole in the bottom of a corner where it was obvious that World Airline baggage handlers dragged it on the tarmac (obviously a water-logged dufflebag-size piece of luggage is too heavy to lift).

As near as I can figure, we have lost at least a roll of colour prints (irreplaceable); approximately \$100.00 in travel guides and tour books, many souvenir booklets, brochures, menus, etc.; \$100.00 in art prints; \$50.00 in damage to luggage; an unknown amount in electronics that may not work; a lot of enjoyment due to pain and suffering resulting from illness and injury (bill for x-rays enclosed); and all sense of humour and patience for such inexcusable treatment by an airline.

If there is to be any compensation for what we have suffered it should be in monetary form. There is no recapturing the lost time and pleasure on the vacation. The art, book, etc. (except for the photos) can be replaced ... assuming we should make such a trip again. But if we do, you can be assured we would not choose World Airlines.

In closing, I am particularly angry and adamant about this whole fiasco as we wanted this vacation to be special and treated ourselves to the luxury of first-class treatment ... which we got everywhere except on World Airlines ... it is almost unbelievable how poorly we were treated by your airline, almost a perfect negative case study in customer service. I have purposely tried to mention every little nit-picky thing I can recall because I want you to realise just how totally bad this whole experience has been!

In Disgust,
J. Q. Customer.

QUESTIONS

- a) Discuss the service failures that occurred in this case. In your discussion, highlight the failures by service failure types you have learned in this course. **(15 marks)**
- b) As the Customer Services Manager for World Airlines, write a response to Mr. Customer's letter, addressing all the points raised and explaining exactly what you plan to do to recover from the failure. **(15 marks)**
- c) If you were Mr. Customer, and you received a satisfactory response from World Airlines, would you use their services again? Discuss this with reference to the service recovery paradox. **(10 marks)**

QUESTION TWO

- a) Why is internal marketing communications so important in service firms? Is it as important for physical goods firms? Explain your responses. **(5 marks)**
- b) Discuss the eight categories of consumer waiting and show why the management of consumer waits is so critical to service firms. **(15 marks)**

SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION THREE

- a) Using examples from your environment, discuss why customer retention is such a vital aspect of services marketing. In your discussion, show the benefits of customer retention to the service firm. **(15 marks)**
- b) Briefly discuss the emerging customer retention programmes **(5 marks)**

QUESTION FOUR

- c) Discuss the strategic role of physical evidence **(10 marks)**
- d) Assume you have been hired as a consultant by a local health club. Use your knowledge of servicescapes to advice on how the club can implement an effective physical evidence strategy. **(10 marks)**

QUESTION FIVE

- a) Discuss the various types of risk that service consumers perceive services to have **(10 marks)**
- b) Develop a series of positioning maps for a new brand of washing detergent. Position your brand against several competitors and highlight both the importance and determinance attributes **(10 marks)**

QUESTION SIX

- a) Explain the relevance of the terms predicted service, desired service, and adequate service as they pertain to customer satisfaction and service quality. **(5 marks)**
- b) Discuss the factors that influence service expectations. **(15 marks).**