



UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Postgraduate & Mid-career Development Unit

Master of Business Administration 2014-2016 Weekday Programme (Semester III Second half)
Examination– July 2016

MBAMK 620 Services Marketing

Three (03) Hours

Answer any **four (04)** questions

This is an open book examination

1. “It is claimed that customers are always co-creators of value.... The expression “the customer is always a co-creator of value” indicates, on an abstract, overarching level, that the customer is involved in a process-labelled value creation. However, the knowledge on how value is created, by whom and for whom is scarce. Accordingly, the expression causes confusion as to what it really means and to the customer’s and supplier’s roles in value co-creation, respectively. According to Vargo et al. (2008, p. 146), the roles of producers and consumers in a goods-dominant logic are distinct, whereas they in a service-dominant logic perspective are not. It is viewed that a clarification of the roles of different actors in value creation is necessary considering the implications for practice in marketing”.

Comment taking services marketing challenges into account.

(25 marks)

2. “The term “servicescape” denotes a physical setting in which a marketplace exchange is performed, delivered, and consumed within a service organization (Zeithaml et al., 2009). In addition, Bitner (1992) conceptualized the existence of three types of objective, physical, and measureable stimuli that constitute a servicescape. These stimuli are characterized as being organizationally controllable and able to enhance or constrain

employee and customer approach/avoidance decisions and to facilitate or hinder employee/customer social interaction (Parish et al., 2008). Bitner consolidated these environmental stimuli into three dimensions”.

Discuss what could be in order to attract and retain customers given these different dimensions.

(25 Marks)

3. “Electronic commerce (e-commerce) has witnessed extensive growth. Dozens of Internet-only companies have surfaced in many industries and numerous conventionally-operated companies have adopted the Internet. Accordingly, competition among online companies has become rigorous. Most online companies publish price information and feature price in their advertising campaigns. Therefore, customers can become informed of the optimal prices for sought products/services. To offset this price-transparency disadvantage, competitors have utilized three primary strategies”.

Explain these strategies drawing relevant examples whilst focusing on a specific business sector.

(25 marks)

4. “...service-dominant (S-D) logic model emphasizes the role of value as a customer experiential phenomenon. This model sees customers as experiencing “value-in-use” during interactions with service or product bundles rather than value being embedded in products or services themselves (Woodruff and Flint, 2006). This means that companies can only make value propositions and “at best create the potential for value” while it is the customer who decides what is of value to them”.

In line with the “value-in-use” approach, explain what can be done in order to address customer concerns. Cite relevant examples.

(25 Marks)

5. “Service firms find it difficult to envision and understand what aspects connote high quality to consumers, and the levels of those aspects that are required to deliver high quality service. Only when a service provider has a fairly definite knowledge on how the service would be perceived by the customer, would he/she be able to direct these assessments in the preferred direction. The significance of developing worthy

associations with customers has been acknowledged by many firms. But what the firms lack is the competence to create and sustain such good relationships. Service quality is, by character, an abstruse concept, which means that ably managing service quality obligates a lucid discernment of what precisely service quality alludes to customers (Rust and Oliver, 1994). Rationally managing a service interaction also calls for comprehending the much complicated behaviours of employees that will have a telling effect on the customer perceptions of service quality. Such behaviours help the consumers to differentiate a gratifying service encounter from a dissatisfactory one. Firms need to train, motivate, and reward employees for demonstrating the desirable behaviours in service encounters”.

Comment citing challenges and opportunities.

(25 Marks)

6. “Complaint management is one special customer relationship management (CRM) area where capabilities can be manifested to act on service failure in order to generate superior customer and organization value. As new technology is constantly challenging assumptions about customer service and pushing the frontier of what firms can do (Brohman et al., 2009), self service recovery and agent-based complaint management system (ACM) oriented by web application will be prevalent to differentiate firms with superior responsiveness.... Firms that used to focus on developing their service recovery strategy, widely defined as actions that an organization takes in order to rectify failures (Kelly and Davis, 1994), are now confronted with the challenge of identifying, developing, and deploying knowledge resources and capabilities in ways that create sustainable competitive advantage”.

What will you suggest in order to address these concerns?

(25 marks)

7. “Enterprises have also perceived the strategic importance of logistics services to an organizations’ overall success, beyond just the notion of providing superior delivery processes to customers as a way to create a competitive advantage in dynamic markets. This idea has been discussed extensively in previous studies (Kahn and Mentzer, 1996; Mentzer and Williams, 2001). Christopher (1992) probed into the purpose of logistics service to establish an advantageous state based on value advantage. What is more, in order to improve customer satisfaction, Kearney (1991) deemed firms should offer

discriminated and value-added services. Cairns (1996) investigated the issue of providing the home delivery service (HDS) for grocery industry, observing that the HDS for grocery stores can play a critical role in reducing delivery distances. Furthermore, as suggested by Smaros et al. (2000), grocers have to shift from simply trading physical goods to providing convenient services for their customers in order to achieve profit growth. Consequently, HDS is a compelling vehicle for busy people and organizations that have limited time for shopping at stores”.

Discuss as to how discriminated and value added services could be provided with customers focusing a sector at your choice.

(25 marks)