

**PGDM (IB) 2016-18**  
**Services Marketing**  
**IB333**

**Trimester – III, End-Term Examination: March 2017**

Time allowed: 2 Hours 30 minutes

Max Marks :50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		<b>Total Marks</b>	<b>50</b>

**Section A**

- A1.** It is summer vacations and you have enrolled for a weight loss program at a nearby gym. You have also engaged a local house painting service company to get your house painted. Will your role as a customer affect the service outcomes in both of these cases? How?
- A2.** The Manager HR of the Shalimar Hotels Shimla recruits fresh management graduates from well known hotel management institutes in Delhi. He is of the opinion that he wishes young management recruits to possess 'service competencies' on recruitment and acquire 'services skills' during their posting as a management trainee. Do you agree? Why?
- A3.** 'Physical evidence' is a very important tool to tangibilize the intangible in the marketing of services? Do you agree? Give examples to support your answer
- A4.** Asian Paints Colour Shastra 'clubs the science of Vaastu Shastra with the aesthetics of Colours to enhance the positive energy flow in your home'. Suggest a plan to promote the Service offering within the constraint of limited budgets.
- A5.** Services are said to be rich in 'experience' and 'credence' attributes. How does this impact Marketing of services?

**Section B**

- B1.** Describe the five principles of service encounter management given by Richard Chase with appropriate examples.



- B2. Explain the concept of 'recovery paradox'? Would you recommend its usage as a strategy towards customer satisfaction? Justify
- B3. Some of the key factors leading to the Provider Gap 3 are 'Deficiencies in Human Resource Policies' and 'Failure to match Demand and Supply'. Suggest some ways a company take care of the two factors to reduce Gap 3.

### Section C

#### Case Study

Read the case and answer the questions at the end. Each question carries 7.5 marks

#### Home maintenance goes corporate

A slew of companies are trying to organize the home-focused services sector and bring in professionalism. Banking on the growing purchasing power and busy lifestyles of urban, dual-income families, many firms are now offering to help them run their homes, attempting to bring a measure of professionalism to a largely unorganized sector.

While there's no dearth of cook's cousins or aunt's office assistants who will repair a ceiling fan, wash the car and even fix software bugs, entrepreneurs are now seeing an opportunity to step in with streamlined services for affluent professionals who want to avoid the uncertainties of the informal ecosystem. People in the middle and upper-middle classes are now ready to pay to get professional service and peace of mind

Home maintenance services are starting to go corporate. One service in Chennai is promising busy professionals comprehensive services for their homes, minus the hassles of dealing with an informal sector.

The move to organize the home-focused services sector is prompted by the same economics that drives the retail industry, which has seen mega malls and hypermarkets springing up in anticipation of the increase in the disposable income of India's burgeoning middle class.

According to a recent report by the National Council for Applied Economic Research, India's middle class, defined as families with an annual income between Rs. 3.4 lakh and Rs. 17 lakh, will grow 67% from the current level to 53.3 million households or 267 million people in the next five years. Further, according to the report, the typical middle class household spends half its income on basic daily expenses, leaving the other half for saving or discretionary spending.

Along with the growing affluence, however, comes increasing demands on the time of upwardly mobile professionals, which is where those who seek to organize the home-directed services economy come in. "Our target is the typical working couple that doesn't have the time to deal with (service-related) issues at the end of the day," said CEO of Chennai-based company which offers professional home cleaning service.



charges Rs. 5-7 per sq. ft for cleaning services including specialized floor care, carpet care and glass cleaning.

However, there seems a gap between the demand and most efforts so far to tap it. Most of the companies rely on a network of individuals as subcontractors, and there are gaps in terms of filtering these individuals for skill level, there is little or no roster management, and the result is highly inconsistent customer service. Therefore, customer retention for repeat contracts is an issue, and with time, if the poor reputation spreads, new customer acquisition will also become difficult.

The companies, naturally, insist that their services beat what's currently available. "Personally, as a working woman living alone, I found it very difficult to repair a broken tap or flush—just waiting for the guys—and safety was an issue," said the founder of Delhi-based Hassel Free Solutions, which provides plumbing, electrical and carpentry solutions. The company checks recruits' background, technical competency and basic reading skills needed to help them check and reply to mobile text messages. They also undergo behavioural training to make customer interaction smoother. Hassel Free, which charges a minimum of Rs. 100 per visit, has had about 1,300 customers in the National Capital Region, and plans to expand to Mumbai, Bangalore and Hyderabad soon.

The company however admitted that handling a large group of workers—24 in its case—was a significant challenge, one that probably has kept the sector mostly free of corporatization.

Spick-n-span Facilities of Chennai, which provides cleaning services for residences and vehicles, combines attractive employee benefits with a micro-management system to stay in control of its workforce of 40 full-time employees. The company's cleaning staff earn about Rs. 7,500 a month as salary, besides conveyance fare and a customer-referral bonus, plus tips. Employees must check in to the company with missed calls when they reach a customer's residence, when they finish the job and when they leave.

The company offers several cleaning packages—entire residence, kitchen, fans and fittings, windows—of which the bathroom cleaning service begun two years ago has been the most in demand. For a minimum of Rs. 5,500 per year, the company cleans two bathrooms twice a month. Of 9,000 households that use the company's services in Chennai, about 60% are dual-income families. The company gets occasional complaints too. Most of these are from clients who feel 'my bathroom does not look NEW as was promised in the company promos.

C1. Evaluate the business idea of professional home services.

C2. Do you see a 'cause' for most of the customer complaints such companies have been receiving. What solution do you suggest?

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