

**PGDM (IB) 2015-17
SERVICES MARKETING
IB-310**

Trimester – III, End-Term Examination: APRIL, 2016

Time allowed: 2Hrs 30 Min.

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
		Total Marks	50

SECTION A

- A1.** You are responsible for recruitment of hospital staff (not doctors) for a reputed chain of hospitals. Suggest ways by which you can verify the applicants 'service competencies' and test his 'service inclination' ?
- A2.** One sees long queues at the check-in counters of all airlines at the Delhi airport in the morning hours. This not only inconveniences the travelers but also puts the staff at the counters under a lot of stress. Suggest at least two measures each to reduce traveler's inconvenience and staff stress
- A3.** A friend of yours is launching a posh club offering a host of facilities like swimming, gym, tennis, billiards and cards apart from a multi cuisine bar and restaurant in New Delhi. He approaches you to help him organize a one-to-one campaign to enlist members for the club. Will customer compatibility be important? How will you take care of this?
- A4.** Servicescape could be 'lean' or 'elaborate'. In the case of which services are servicescape lean or elaborate and why?
- A5.** Non-monetary costs are other sources of sacrifice perceived by service customers. What are these? Give examples.

SECTION B

- B1.** All market offerings can be placed on a continuum ranging from 'easy to evaluate' to 'difficult to evaluate' depending upon whether they are high on search, experience and credence attributes. Explain
- B2.** Services are defined as deeds, processes and performances. This implies that intangibility is the key determinant of whether an offering is a service. However it is also true that very few products are purely tangible. Explain in light of 'tangibility spectrum'.

- B3.** The Snowwhite Drycleaners have seen very dissatisfied customers turn into satisfied loyal customers after an initial bad service experience which the company compensated with a gift voucher. They are now tempted to adopt this as a marketing strategy. Would you recommend this as a strategy? Justify giving reasons

SECTION C

Case Study . Solve the questions at the end.

Club Mediterranee or Club Med is a French company founded in 1950 by Gerard Blitz and Gilbert Trigano with the objective of offering holidays to customers with an innovative "all-inclusive" formula. The idea of happiness was at the heart of the concept. Today, Club Med has 72 resorts in more than 30 countries, including the Mediterranean, the tropics, and even the snow-covered Alps. In 2013, more than 1.5 million customers chose Club Med for their holidays.

Club Med has revolutionized holidays with its all-inclusive formula. At the time of its creation, the company aimed to give people a sense of freedom through nature and sports that allowed them to be happy and one with the others. Club Med proposed a new social link that was more festive and less binding on the client. It wanted to reconcile individual liberty and social life. At that time, in the holiday villages, customers could do what they wanted without the concept of money being present. Upon arrival, customers were provided with necklaces made out of beads that allowed customers to pay for their drinks (which would later be patented). Big tables allowed customers to share their meals and get acquainted with each other. The notions of freedom and equality were and still remain fundamental to the culture of Club Med. Since its creation, Club Med has never ceased to innovate. New and unknown destinations were added to the portfolio-Tahiti in 1955 and Leysin in Switzerland in 1956. In 1967, Club Med created the first mini clubs for children.

In the years 1980-1990, decline of the attractiveness of the concept of holiday homes and the sharp rise of competition at lower prices weakened Club Med's position. The company's strategy at that point was unclear-it was neither a volume nor a value strategy.

In addition, the economic crisis of 1993, a result of the Gulf war, and the events of September 2001 severely affected Club Med in the same way it affected all kinds of tourism.

In 2004, Club Med decided to redirect to a value strategy in order to target an international

clientele that wanted comfort, elegance, service, and customization. The holiday package offer was therefore repositioned with the closure of entry-level vacation villages (classified 2 trident), renovation of other villages in 4 trident to 5 trident, and the creation of a new range of luxury 5 trident (villages, villas, and chalets).

Club Med now offers an all-inclusive premium with a high range of services and an extension of the a la carte services that come with gourmet food and high-quality drinks. Starting at 4 trident, all clubs offer a spa in partnership with a famous brand. The shows in the resorts are all designed by specialized companies. Clubs for children have dedicated spaces with an emphasis on nature and local culture. The sports schools offer up to 10 different disciplines with qualified coaches and quality equipment.

For its 5 trident resorts, Club Med chooses sites of exception in the most beautiful destinations of the world, such as Cancun in Mexico, Punta Cana in the Dominican Republic, and Kani in the Maldives. The development of these resorts is entrusted to renowned architects and designers. The services developed are high-end with all-day room service, a concierge service, and champagne offered after 6 p.m. Private villas come with a butler.

In the 5 trident resorts in the Maldives, the villas are placed on stilts; clients have private access to the sea, and can observe marine life through a transparent floor in the room.

This repositioning to the high-end has also necessitated a change in the relationship between customers, called Gentle Members, and staff, called Gentle Organizers. Club Med has 15,000 Gentle Organizers of 100 different nationalities to meet the requirements of its international clientele. They are qualified in various fields and specialize in cooking, sport, amusement, and client-servicing. Trainings to inculcate precision and a sense of premium service have been developed. A resort school has even been created in Vittel, France; it welcomes 10,000 trainees every year. Club Med is always looking to recruit real talent and unique personalities.

The organization's customer relationship has also evolved through the development of customer relationship management tools for a finer segmentation of customers. In some agencies, a concept of sale side-by-side has been developed to allow clients to customize their holiday packages along with the sellers. Club Med's communication campaign "and what's your idea of happiness?" highlights this upmarket strategy. This campaign has been deployed in 47 countries and in 22 languages.

The positioning of Club Med's resorts, from 3 trident to 5 trident, allows for a broader coverage

of the competition field-from standardization, and luxury services to all-inclusive offers. No other company offers this. Club Med's 4 trident resorts are in competition with the Swiss M6venpick (69 hotels in 23 countries) and the Jamaican Sandals (12 resorts in Jamaica and the Bahamas). Club Med's 5 trident resorts compete with the Singaporean Banyan Tree (30 hotels and 60 spas all over the world). Finally, the Club Med luxury villas are in competition with the villas of the Mauritius company Beachcomber that works on the philosophy "dream is a serious thing" (9 hotels, resorts, and luxury villas), Aman Resorts (25 hotels in 15 countries), and the Ritz-Carlton (80 hotels in 27 countries).

With the range and quality of its service, Club Med turns holidays into a one-of-a-kind experience. The focus on a globalized customer strategy helped Club Med grow and ensured its unique positioning in the market. As of January 2015, the proposed takeover of Club Med by the Chinese investor Fosun will help accelerate the internationalization of the brand and its development in Asia.

Questions

1. How did club Med reach an upscale positioning and achieve excellence in the quality of service? (5)
2. Was Club Med's upmarket positioning the only one viable strategy? (5)
3. Do you think that Club Med takes a risk by not specializing in a particular range level, such as 4 trident or 5 trident? (5)