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MBA  
MGT 305A

Third Semester Regular Examination – 2014

SERVICES MARKETING (SM)

BRANCH : MBAR

QUESTION CODE : H 427

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 which is compulsory and any five from the rest.  
The figures in the right-hand margin indicate marks.



1. Answer the following questions :

2 × 10

- Technical quality vs. functional quality.
- Loss leader pricing.
- Franchising
- Line of interaction.
- High contact service vs. arm's length service.
- Service blueprinting.
- Five dimensions of service quality
- Customers as co producers.
- Service marketing triangle.
- Customization of services.

2 **Case study :**

Southwest Airlines entered the Airline industry in 1971 with little money, but lot of personality. Marketing itself as the LUV airline, the company featured a bright red heart as its first logo. In the 1970s, flight attendants in red-orange hot pants served love bites (peanuts) and love potions (drinks). With little money for advertising in the early days southwest relied on its outrageous antics to generate word of mouth advertising.

P.T.O.

Later ads showcased Southwest's low fares, frequent flights, ontime arrivals and top safety records. Throughout all the advertising, the spirit of fun pervades. For example, one TV spot showed a small bag of peanuts with the words 'this is what our meals look like at Southwest Airlines. It is also what our fares look like.' Southwest used ads with humor to poke fun at itself and to convey its personality. Southwest's fun spirit attracts customers and employees alike. Although Southwest does not take itself seriously; it does take its work seriously. Southwest's strategy is to be the low cost carrier. Indeed, the strategy takes on the epic proportions. An internal slogan, 'It's not just a job, it's a crusade.' embodies the company mission to open up the skies, to give ordinary people a chance to fly by keeping costs so low that it competes with ground transportation like cars and buses. Employees see themselves as protecting small business and senior citizens who count on us for low fares.

Southwest can offer low fares because it streamlines operations, for example, it only flies one type of aircraft, Boeing 737s, which have all been fitted with identical flight instruments. This saves time and money by simplifying training. Pilots, flight attendants and mechanics only need to know procedures for a single model of Boeing 737. Management can substitute aircraft, reschedule flight crews or transfer mechanics. The tactics also saves money through lower spare parts inventories and better deals when acquiring new planes. Southwest also bucks the traditional hub-and-spoke system and offers only point to point service. It prefers to fly to smaller airports that have lower gate fees and less congestion. Southwest's turnaround time i.e. time taken for flight landing to departure is half the industry average, giving it better asset utilization opportunity. Southwest grows by entering new markets that are overpriced and underserved by current airlines. The company believes it can bring fares down by one-third to one half whenever it enters a new market and it grows the market in every city it serves by making flying affordable to people who previously could not afford to fly.

Southwest has pioneered many additional services and programs like same day flight service, fun packs etc. it has been ranked no. 1 in terms of customer service consistently for 12 years in a row. It has been ranked by Fortune magazine as America's most admired airline and one of the top five best places to work in America. Following 9/11, it has been the only airline to report profits every quarter and one of the few airlines that has had no layoffs. The employees of the

company are so involved that it is stated in the company's booklet, "Our fares can be matched, our airplanes and routes can be copied, but we pride ourselves on our customer service." That's why Southwest looks for and hires people who generate enthusiasm. Its COO was quite confident and optimistic about the company and said "What we do is very simple, but it is not simplistic".

**Questions :**

- (a) What are the key success factors for Southwest Airlines ?
- (b) Is there any weak area in Southwest's operation ? What should it watch out ? 10
- 3 Discuss important characteristics of services with suitable examples ? Also discuss what challenges they pose before service marketers. 10
- 4 Elaborate the various steps involved in consumer decision making process for services. 10
- 5 Companies often find pricing of services more difficult than pricing of goods. Why ? Explain the approaches for pricing of services. 10
- 6 What do you mean by relationship marketing ? How is it different from transactional marketing ? As a service marketer what essential steps would you take to design an effective relationship marketing strategy ? 10
- 7 Analyze the opportunities available to a new company entering tourism and hospitality services industry. How can the company strategise its marketing mix to attain the maximum customer satisfaction ? 10
- 8 Why customers complaint ? How do they respond to service failures ? Discuss the principles of effective service recovery system. 10