

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2023-25)

END TERM EXAMINATION, September 2024

Course Name	Services Marketing	Course Code	20123
Max. Time	2 Hours	Max. Marks	40 MM

INSTRUCTIONS:

- Please answer all questions and all sub parts.
- Please write in point form where ever possible

Q1. Read the following news piece carefully and answer the questions below

There are several instances of FMCG companies entering service business that didn't work for them on expected lines. In 2009, Jyothy Labs launched a laundry business through a chain called Fabricspa, with an investment of Rs 40 crore. Over the years, the business grew at a slower pace compared to the rest of the business. It contributed 2% of the total revenue of Jyothy Labs in FY24.

In 2002, Parachute maker Marico ventured into skincare clinics under the brand name Kaya. In 2013, Kaya skincare business was demerged from Marico and listed separately. Since its listing in August 2015, the Kaya stock has depreciated 57%.

Godrej Consumer Products acquired a stake in the salon business BBlunt in 2013. A year later it also launched hair care products under the BBlunt brand. In 2022, the company sold the BBlunt business to Honasa Consumer, the parent company of Mamaearth.

(Source: <https://retail.economictimes.indiatimes.com/news/>)

With reference to the above article

Elaborate why these services failed in context of characteristics of services that differentiate them from goods AND give one example of how a FMCG firm can enter a service business (which is different from the examples given above) (4*3=12 +1= 13 marks)

Q2. How Airlines Match Capacity to Demand

In early 2024, several major airlines are grappling with significant fluctuations in passenger demand between peak and off-peak seasons. For instance, according to a recent report, *United Airlines* faced a 25% drop in occupancy rates during January, compared to the surge in summer months and holiday periods. This discrepancy has forced airlines to rethink their strategies to maintain profitability while managing high operational costs, particularly with fuel prices making up more than a third of their expenses.

To mitigate the effects of low winter demand, *United Airlines* announced a reduction of up to 20% in its winter flight schedules, particularly cutting routes in less-traveled regions. However, like many in the industry, the airline faces challenges: aircraft maintenance, staff contracts, and airport fees continue to incur fixed costs regardless of demand. Instead of grounding planes, *United Airlines* has shifted

focus to expanding its flights to warmer international destinations like the Caribbean and South America during the off-peak season.

Another strategy comes from *Delta Airlines*, which has started offering more cargo services in traditionally underutilized routes, optimizing its cargo hold capacity to offset the loss of passenger revenue. Additionally, *Ryanair*, Europe's budget carrier, has continued its practice of parking up to 80 aircraft during the winter months, absorbing ownership costs while avoiding high fuel expenses. These strategies highlight the delicate balancing act airlines must perform to manage seasonal demand and maintain profitability amidst fluctuating market conditions.

(Source: <https://centreforaviation.com/>)

With reference to the above article

- a) **Choose** 3 ways service firms can manage demand during peak and slow periods (3*3=9 marks)
- b) **Choose** 2 ways service firms can manage capacity during peak and slow periods (2*3=6 marks)

Q3. From Passive Consumers to Active Contributors:

In today's service-driven economy, customers have increasingly become integral to service delivery, evolving into "partial employees" due to the rise of self-service technologies. The use of kiosks, mobile apps, and AI-powered systems is becoming more widespread due to their efficiency, convenience, and cost-effectiveness. For example, restaurants have adopted kiosks for self-ordering and mobile payment options to enhance customer experience and reduce wait times. In addition, ATMs and self-service check-ins at airports are now integrated with advanced technologies, allowing quicker and more personalized customer interactions. Many banks have upgraded their ATMs to allow not only cash withdrawals but also cash deposits. These deposit-enabled ATMs allow customers to insert cash directly into the machine, and the amount is automatically credited to their account without needing to visit a bank branch. A recent report indicates that the global self-service technology market is projected to grow at a rate of 8.6% annually, reaching nearly \$77.7 billion by 2032. Factors such as AI integration and the proliferation of contactless services, fueled by the pandemic, have accelerated this adoption (GlobeNewswire). Customers now also contribute to service quality and satisfaction by taking on roles traditionally handled by service providers. For instance, Big Bazaar and Reliance Fresh use self-checkout systems, while HDFC and ICICI Bank offer online banking for autonomous financial management. OYO Rooms and MakeMyTrip enable self-service booking, Zomato and Swiggy facilitate online ordering, and Airtel and Jio provide customer service portals. Apollo Hospitals and Fortis Healthcare use patient portals, and IndiGo and Air India employ self-service kiosks at airports. Additionally, customers are now competitors in deciding whether to manage services themselves or outsource them, thereby influencing service quality and operational efficiency. This shift not only enhances service efficiency but also empowers customers to directly impact their service experiences.

As customers increasingly play a crucial role in service delivery, enhancing their participation becomes vital for service success. Keeping in mind above article answer the following questions:

- a) **Discuss** 4 benefits to service firms on increasing customer participation in service delivery (4*2=8 marks)
- b) **Discuss** 2 problems that can be encountered by service firms while increasing customer participation in service delivery (2*2=4 marks)

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