

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FOURTH TRIMESTER (Batch 2017-19)
END TERM EXAMINATIONS, OCTOBER 2018

Course Name	Services Marketing	Course Code	MKT 407
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: *Answer the following questions.*

1. "How Airlines Match Capacity to Demand

When we think of capacity issues at airlines, it is often in the context of buying enough planes to meet forecast demand. But the *Wall Street Journal* (Feb.29, 2012) makes the important point that "many fewer people fly in the winter than during school breaks, major holidays and summer vacations." In fact, US airlines filled just 77% of their seats last January, compared to 87% in July. Basically, for decades, airlines have earned a lot of money in summer and then lost it in winter when they had too many planes, gates, and employees. With fuel prices hitting record highs (fuel is more than 1/3 of operating expenses), "it becomes more and more important not to fly that airplane if there's no demand," says Alaska Air's VP-Revenue Management. Delta has made a goal of providing 20-25% less capacity in winter than in summer—a big oscillation by industry standards. But seasonal downsizing is tricky. Airlines can't afford to park their planes in low season, and union contracts don't allow them to impose staff cuts. Alaska Air smoothed out its schedule recently when it added flights to Hawaii from its Seattle hub in winter. Delta loads up on sports charter flights and adds more flights to the Caribbean, Mexico, and Australia in the slow season. US Airways offers red-eye flights from its Phoenix hub in summer, squeezing more hours a day out of its planes, then discontinues the flights in winter. Ryanair, Europe's big discount carrier, simply parks 80 of its 280 planes from November to March. It still bears the ownership costs, but doesn't have to fuel up." (Source: <https://heizerrenderom.wordpress.com/2012/03/02/om-in-the-news-how-airlines-match-capacity-to-demand>)

Question: With reference to the above article, explain and give examples of how you might use both demand-oriented and capacity-oriented strategies to smooth the peaks and valleys of demand during peak and slow periods in the Airline sector. **12 marks**

2. "Months ahead of opening its first India store, the world's largest furniture retailer, IKEA, is trying to find a way around a tricky issue: getting Indians to assemble its signature do-it-yourself (DIY) furniture. Sweden-based IKEA is one of the world's most popular proponents of DIY, where all the required components and a detailed manual for assembly are provided to customers."

Question: Explain the role of customer participation in services. Point out strategies for IKEA to enhance customer participation so that customer needs are met and that benefits the customer seeks are attained. **8 marks**

3. "Indigo Airlines – Indigo online ticket: Money deducted and ticket not generated

Hi, I was booking a ticket from indigo website by SBI net banking. While I was paying then it went to bill desk and after it came back to indigo site it showed a message saying transaction not successful. However, money got deducted from bank account. I called up indigo and they are expecting me to provide one order no that opened in another browser. I don't have that number and I didn't get any email or SMS from indigo on that transaction. I am giving below details. Please refund my money back." Source: Indian Consumer Complaints Forum website, <https://www.consumercomplaints.in/complaints/indigo-airlines-indigo-online-ticketmoney-deducted-and-ticket-not-generated-c855139.html>)

Question: The above complaint was lodged by an aggrieved customer regarding the services of Indigo Airlines. Suggest appropriate service recovery strategies to the airline. **8 marks**

4. Please read the attached case carefully and answer the given question:

Question: Keeping in view the Gaps Model of Service Quality, identify the various provider gaps and discuss strategies for closing the gaps. **12 marks**

CASE STUDY

Day One

Maria Martin had recently transferred to the Libertador Hotel to improve the level of service quality. She had been with the company for five years and had been quite successful in improving the level of service quality at the two previous Chilean hotels to which she had been assigned. Maria knew that the Libertador was going to be a real challenge. The mix of business was 60 percent individual transient guests, due to its proximity to the airport, and 40 percent group business. Of this group business, about one-third was motor coach tour groups.

On her first day on the job, Maria Martin witnessed quite a sight. There was a line of about 20 guests waiting to check in when two motor coaches arrived and more than 80 additional guests and guides walked into the lobby to check in. Needless to say, the two front desk agents had a look of terror in their eyes as they worked diligently to process the registrations for those waiting to check in. Some 40 minutes later, everyone had been checked in, but the general manager said to Maria, "I'm glad that you are here; we need to work out a better system. Let's meet for lunch tomorrow to discuss your initial ideas." Maria had just picked up a pen to start brainstorming ideas to present to the general manager when a guest approached her desk.

"Hello, my name is Juan Diaz, and I stayed at your hotel last night with my family. We really did not have a good experience, and I want to tell you about it. I want to make sure that this does not happen again, to me or anyone else." Mr. Diaz then proceeded to tell Maria his account of the events. "I was traveling with my wife and our son, who is four years old. Our LAN connecting flight was delayed, so we did not arrive at our final destination until 10 p.m. The Libertador had an advertised check-in facility at the airport, and I assumed that I would be able to secure my room while waiting for the luggage. When I approached the employee at the hotel's airport facility, I was told that check-in service was not available at that time of the day. I found this to be surprising, since this was the very type of situation in which an airport facility would be beneficial.

"Next, my family took a shuttle van from the airport to the hotel, where we were given directions to the front desk. Two front desk clerks were on duty when the passengers from the airport shuttle arrived a little before 11 p.m. However, one of the front desk clerks was apparently going off duty at 11, and she proceeded to close her drawer at that exact moment. This left a line of approximately 10 or 12 guests to be checked in by one clerk. Needless to say, it took some time to process all of the guests, and we had

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to wait 20 or 30 minutes for our turn. We were assigned to a room, but at this point we had a few bags and my son was fast asleep and had to be carried. When I asked for assistance with our luggage, I was told that no one was available at that time of night. The hotel was large, having over and the rooms were spread out among several adjacent buildings. Our room was two buildings away from the lobby area. My wife and I struggled to carry the luggage and our son to the room. We arrived there about 11:30 and attempted to enter the room. The key unlocked the door, but the door would not open. After a couple of attempts, we heard a woman's voice in the room. Obviously, the room had been double-booked and the woman woken from her sleep. I used the house phone to call the front desk and explain the predicament. The front desk manager offered a quick apology and said that she would send someone with a key to a nearby room. About ten minutes later, a housekeeper happened to be going through the hallway, and she let my family into the room that I had been given over the phone. However, the housekeeper had no idea what was going on and took my word. After we had been in the room for ten minutes, the phone rang and I spoke with the front desk manager. She acted as though she had sent the housekeeper to open the room, but she still needed to send someone with the room keys. She apologized one last time and told me to call the front desk if I had any other problems." Maria went home that night and began to think about all the challenges the Libertador was currently facing.

Day Two

When Maria met with the General Manager the next day, Maria was presented with a set of service quality data that was collected earlier in the year. Hotel guests participating in the survey were asked to record their perceptions pertaining to the hotel's service quality on all five service quality dimensions. Respondents were asked to rate the hotel on a 1 to 7 likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Typically, the higher the number guests' recorded, the more favorable the perception of the hotel's service quality on each dimension. Guests were asked to rate the hotel on their perception of the hotel's tangibles (rooms, dining facilities, lounges, etc.), reliability, responsiveness, empathy, and assurance. Results were presented as follows:

	Customer Perceptions
Tangibles	6.2
Reliability	5.8
Responsiveness	6.1
Empathy	5.3
Assurance	5.0