

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FOURTH TRIMESTER (Batch 2019-21)
END TERM EXAMINATIONS, OCTOBER 2020
SET - 1

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

INSTRUCTIONS: *Please read the attached case carefully and answer the following questions based on the case.*

1. Identify which of the seven elements of the Services Marketing Mix are addressed in this case? Give examples of each "P" you identify and comment on their role in improving the service experience. 8 marks
 2. Discuss the customer participation strategies adopted by Dr. Beckett. Explain the role of service employees in enhancing the quality of service delivery with regard to Dr. Beckett's Dental office. 8 marks
 3. Classify the supplementary services into facilitating and enhancing supplementary services according to the Flower of Service concept. Explain how these services enhance the overall service delivery. 8 marks
 4. Keeping in view the Gaps Model of Service Quality, identify which of the various provider gaps have been reduced by Dr. Beckett's Dental office using their innovative strategies and discuss how it has been done. 16 marks
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CASE 3 Dr. Beckett's Dental Office

LAUREN K. WRIGHT

A dentist seeks to differentiate her practice on the basis of quality. She constructs a new office and redesigns the practice to deliver high quality to her patients and to improve productivity through increased efficiency. However, it's not always easy to convince patients that her superior service justifies higher fees that are not always covered by insurance.

Management Comes to Dentistry

"I just hope the quality differences are visible to our patients," mused Dr. Barbro Beckett as she surveyed the office that housed her well-established dental practice. She had recently moved to her current location from an office she felt was too cramped to allow her staff to work efficiently—a factor that was becoming increasingly important as the costs of providing dental care continued to rise. While Dr. Beckett realized that productivity gains were necessary, she did not want to compromise the quality of service her patients received.

The classes Dr. Beckett took in dental school taught her a lot about the technical side of dentistry but nothing about the business side. She received no formal training in the mechanics of running a business or understanding customer needs. In fact, professional guidelines discouraged marketing or advertising of any kind. That had not been a major problem 22 years earlier, when Dr. Beckett started her practice, since profit margins had been good then. But the dental care industry had changed dramatically. Costs rose as a result of labor laws, malpractice insurance, and the constant need to invest in updating equipment and staff training as new technologies were introduced. Dr. Beckett's overhead was now between 70 and 80 percent of revenues before accounting for her wages or office rental costs.

At the same time provider overhead was rising, there was a movement in the United States to reduce health care costs to insurance companies, employers, and patients by offering "managed health care" through large health maintenance organizations (HMOs). The HMOs set the prices for various services by putting an upper limit on the amount that their doctors and dentists could charge for various procedures. The advantage to patients was that their health insurance covered virtually all costs. But the price limitations meant that HMO doctors and dentists would not be able to offer certain services that might provide better quality care but were too expensive. Dr. Beckett had decided not to become an HMO provider because the reimbursement rates were only 80–85 percent of what she normally charged for treatment. She felt that she could not provide high-quality care to patients at these rates.

These changes presented some significant challenges to Dr. Beckett, who wanted to offer the highest level of dental care rather than being a low-cost provider. With the help of a consultant, she decided her top priority was differentiating the practice on the basis of quality. She and her staff developed an internal mission statement that reflected this goal.

The mission statement (prominently displayed in the back office) read, in part: *It is our goal to provide superior dentistry in an efficient, profitable manner within the confines of a caring, quality environment.*

Since higher quality care was more costly, Dr. Beckett's patients often had to pay fees for costs not covered by their insurance policies. If the quality differences weren't substantial, these patients might decide to switch to an HMO dentist or another lower-cost provider.

Redesigning the Service Delivery System

The move to a new office gave Dr. Beckett a unique opportunity to rethink almost every aspect of her service. She wanted the work environment to reflect her own personality and values as well as providing a pleasant place for her staff to work.

Facilities and Equipment

Dr. Beckett first looked into the office spaces available in the Northern California town where she practiced. She didn't find anything she liked, so she hired an architect from San Francisco to design a contemporary office building with lots of light and space. This increased the building costs by \$100,000, but Dr. Beckett felt it would be a critical factor in differentiating her service.

Dr. Beckett's new office was Scandinavian in design (reflecting her Swedish heritage and attention to detail). The waiting room and reception area were filled with modern furniture in muted shades of brown, grey, green, and purple. Live plants and flowers were abundant, and the walls were covered with art. Classical music played softly in the background. Patients could enjoy a cup of coffee or tea and browse through the large selection of current magazines and newspapers while they waited for their appointments.

The treatment areas were both functional and appealing. There was a small conference room with toys for children and a DVD player that was used to show patients educational films about different dental procedures. Literature was available to explain what patients needed to do to maximize the benefits of their treatment outcomes.

The chairs in the examining rooms were covered in leather and very comfortable. Each room had a large window that allowed patients to watch birds eating at the feeders that were filled each day. There were also attractive mobiles hanging from the ceiling to distract patients from the unfamiliar sounds and sensations they might be experiencing. Headphones were available with a wide selection of music.

The entire "back office" staff (including Dr. Beckett) wore uniforms in cheerful shades of pink, purple, and blue that matched the office décor. All the technical equipment looked very modern and was spotlessly clean. State-of-the-art computerized machinery was used for some procedures. Dr. Beckett's dental degrees were prominently displayed in her office, along with certificates from various programs that she and her staff had attended to update their technical skills (Exhibit 1).

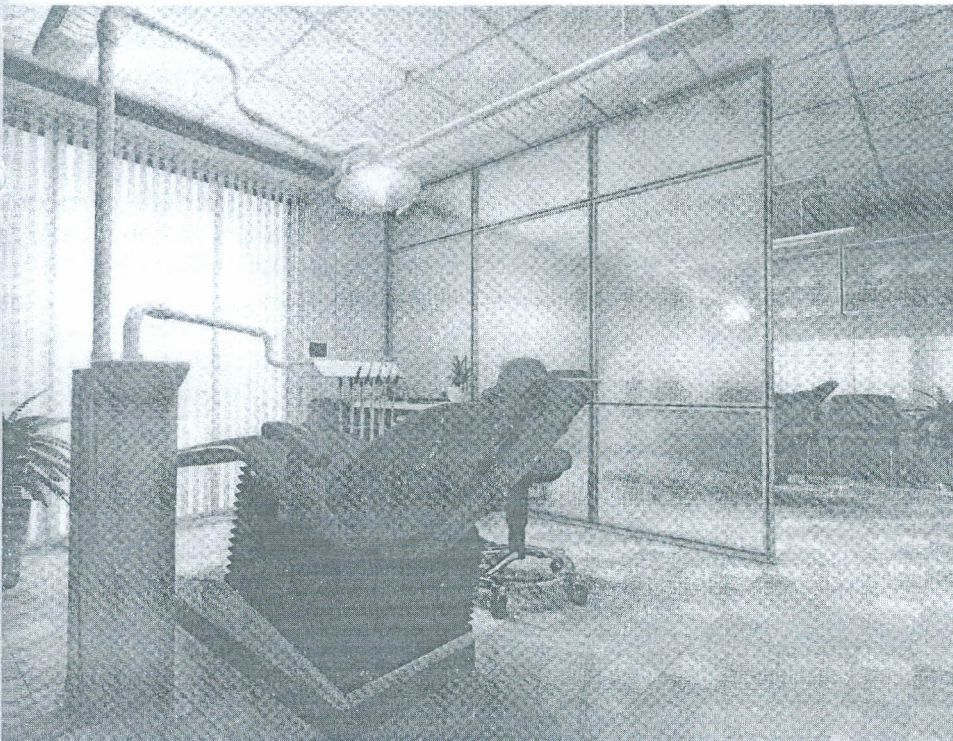


EXHIBIT 1: A Modern, State-of-the-Art Treatment Room Projects a Professional Image to Visiting Patients

Service Personnel

There were eight employees in the dental practice, including Dr. Beckett (who was the only dentist). The seven staff members were separated by job function into "front office" and "back office" workers. Front office duties (covered by two employees) included receptionist and secretarial tasks and financial/budgeting work. The back office was divided into hygienists and chair side assistants.

The three chair side assistants helped the hygienists and Dr. Beckett with treatment procedures. They had specialized training for their jobs but did not need a college degree. The two hygienists handled routine exams and teeth cleaning plus some treatment procedures. In many dental offices, hygienists had a tendency to act like "prima donnas" because of their education (a bachelor's degree plus specialized training) and experience. According to Dr. Beckett, such an attitude could destroy any possibility of teamwork among the office staff. She felt very fortunate that her hygienists viewed themselves as part of a larger team that worked together to provide quality care to patients.

Dr. Beckett valued her friendships with staff members and understood that they were a vital part of the service delivery. "90 percent of patients' perceptions of quality come from their interactions with the front desk and the other employees—not from the staff's technical skills," she stated. When Dr. Beckett began to redesign her practice, she discussed her goals with the staff and involved them in the decision-making process. The changes meant new expectations and routines for most employees, and some were not willing to adapt. There was some staff turnover (mostly voluntary) as the new office procedures were implemented. The current group worked very well as a team.

Dr. Beckett and her staff met briefly each morning to discuss the day's schedule and patients. They also had longer meetings every other week to discuss more strategic issues and resolve any problems that might have developed. During these meetings, employees made suggestions about how to improve patient care. Some of the most successful staff suggestions include: "thank you" cards to patients who referred other patients; follow-up calls to patients after major procedures; a "gift" bag to give to patients after they've had their teeth cleaned that contains a toothbrush, toothpaste, mouthwash and floss; buckwheat pillows and blankets for patient comfort during long procedures; coffee and tea in the waiting area; and a photo album in the waiting area with pictures of staff and their families (Exhibit 2).



EXHIBIT 2: Service Delivery Is Enhanced through Customized Interaction with Patients Both Young and Old

The expectations for staff performance (in terms of both technical competence and patient interactions) were very high. But Dr. Beckett provided her employees with many opportunities to update their skills by attending classes and workshops. She also rewarded their hard work by giving monthly bonuses if business had been good. Since she shared the financial data with her staff, they could see the difference in revenues if the schedule was slow or patients were dissatisfied. This provided an extra incentive to improve service delivery. The entire office also went on trips together once a year (paid for by Dr. Beckett); spouses were welcome to participate but had to cover their own trip expenses. Past destinations for these excursions had included Hawaii and Washington, D.C.

Procedures and Patients

With the help of a consultant, all the office systems (including billing, ordering, lab work, and patient treatment) were redesigned. One of the main goals was to standardize some of the routine procedures so that error was reduced and all patients would receive the same level of care. Specific times were allotted for each procedure and the staff worked very hard to see that these times were met. Office policy specified that patients should be kept waiting no longer than 20 minutes without being given the option to reschedule, and employees often called patients in advance if they knew there would be a delay. They also attempted to fill in cancellations to make sure office capacity was maximized. Staff members substituted for each other when necessary or helped with tasks not specifically in their job descriptions in order to make things run more smoothly.

Dr. Beckett's practice included about 2,000 "active" patients (and many more who came infrequently). They were mostly white-collar workers with professional jobs (university employees, health care workers, and managers/owners of local establishments.) She did no advertising; all of her new business came from positive word of mouth by current patients. Dr. Beckett's practice was so busy that patients often had to wait 3–4 months for a routine cleaning and exam (if they didn't have their appointments automatically scheduled every 6 months), but they didn't seem to mind the delay.

The dentist believed that referrals were a real advantage because new patients didn't come in "cold." She did not have to sell herself because they had already been told about her service by friends or family. All new patients were required to have an initial exam so that Dr. Beckett could do a needs assessment and educate them about her service. She believed this was the first indication to patients that her practice was different from others they had experienced.

The Biggest Challenge

"Redesigning the business was the easy part," Dr. Beckett sighed. "Demonstrating the high level of quality to patients is the hard job." She said this task was especially difficult since most people disliked going to the dentist or felt that it was an inconvenience and came in with a negative attitude. Dr. Beckett tried to reinforce the idea that quality dental care depended on a positive long-term relationship between patients and the dental team. This philosophy was reflected in a section of the patient mission statement hanging in the waiting area: *We are a caring, professional dental team serving motivated, quality-oriented patients interested in keeping healthy smiles for a lifetime. Our goal is to offer a progressive and educational environment. Your concerns are our focus.*

Although Dr. Beckett enjoyed her work, she admitted it could be difficult to maintain a positive attitude. The job required precision and attention to detail, and the procedures were often painful for patients. She often felt as though she were "walking on eggshells" because she knew patients were anxious and uncomfortable, which made them more critical of her service delivery. It was not uncommon for patients to say negative things to Dr. Beckett even before treatment began (such as, "I really hate going to the dentist—it's not you, but I just don't want to be here!"). When this happened, she reminded herself that she was providing quality service whether patients appreciated it or not. "The person will usually have to have the dental work done anyway," she



EXHIBIT 3: A Team of Closely-Knit Professionals Working Under the Guidance of a Clear, Common Mission Statement Can Help Overcome the Most Negative Preconceived Notions About Visiting the Dentist

remarked, “so I just do the best job I can and make them as comfortable as possible.” Even though patients seldom expressed appreciation for her services, she hoped that she made a positive difference in their health or appearance that would benefit them in the long run.



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SET - 2

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

INSTRUCTIONS: *Please read the attached case carefully and answer the following questions based on the case.*

1. Examine the physical environment of the Accra Beach Hotel in terms of the three categories of servicescape dimensions: ambient conditions; spatial layout and functionality; and signs, symbols and artifacts. 12 marks
 2. Discuss the challenges faced by Accra Beach Hotel regarding demand fluctuations and capacity constraints. Recommend suitable demand-oriented and capacity-oriented strategies to smooth the peaks and valleys of demand during peak and slow periods. 12 marks
 3. Elaborate on the five dimensions of service quality with reference to Accra Beach Hotel. 10 marks
 4. Identify and explain which of the pricing approaches (cost-based, competition-based or demand-based) has been adopted by Accra Beach Hotel. 6 marks
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CASE 8 The Accra Beach Hotel: Block Booking of Capacity During a Peak Period

SHERYL E. KIMES, JOCHEN WIRTZ, AND CHRISTOPHER LOVELOCK

Cherita Howard, sales manager for the Accra Beach Hotel, a 141-room hotel on the Caribbean island of Barbados, was debating what to do about a request from the West Indies Cricket Board. The Board wanted to book a large block of rooms more than six months ahead during several of the hotel's busiest times and was asking for a discount. In return, it promised to promote the Accra Beach in all advertising materials and television broadcasts as the host hotel for the upcoming West Indies Cricket Series, an important international sporting event.

The Hotel

The Accra Beach Hotel and Resort had a prime beachfront location on the south coast of Barbados, just a short distance from the airport and the capital city of Bridgetown. Located on 3½ acres of tropical landscape and fronting one of the best beaches on Barbados, the hotel featured rooms offering panoramic views of the ocean, pool, or island.

The centerpiece of its lush gardens was the large swimming pool, which had a shallow bank for lounging plus a swim-up bar. In addition, there was a squash court and a fully equipped gym. Golf was also available only 15 minutes away at the Barbados Golf Club, with which the hotel was affiliated.

The Accra Beach had two restaurants and two bars as well as extensive banquet and conference facilities. It offered state-of-the-art conference facilities to local, regional, and international corporate clientele and had hosted a number of large summits in recent years. Three conference rooms, which could be configured in a number of ways, served as the setting for large corporate meetings, training seminars, product displays, dinners, and wedding receptions. A business center provided guests with Internet access, faxing capabilities, and photocopying services.

The hotel's 122 standard rooms were categorized into three groups—Island View, Pool View, and Ocean View—and there were 13 Island View Junior Suites and 6 Penthouse Suites, each decorated in tropical pastel prints and hand-crafted furniture. All rooms were equipped with cable/satellite TV, air conditioning, ceiling fans, a hair dryer, a coffee maker, direct-dial telephone, a bathtub/shower, and a balcony.

Standard rooms were configured with either a king-size bed or two twin beds in the Island and Ocean View categories, while the Pool Views had two double beds. The six Penthouse Suites, which all offered ocean views, contained all the features listed for the standard rooms plus added comforts. They were built on two levels, featuring a living room with a bar area on the third floor of the hotel and a bedroom accessed by an internal stairway on the fourth floor. These suites also had a bathroom containing a Jacuzzi, shower stall, double vanity basins, and a skylight.



EXHIBIT 1: Beach View of the Accra Beach Hotel



EXHIBIT 2: Pool View of the Accra Beach Hotel

The 13 Junior Suites were fitted with a double bed or two twin beds, plus a living room area with a sofa that converted into another bed.

Hotel Performance

The Accra Beach enjoyed a relatively high occupancy rate, with the highest occupancy rates achieved from January through March and the lowest generally during the summer (Exhibit 3). Their average rate followed a similar pattern, with the highest room rates (\$150–\$170) achieved from December through March but relatively low rates (\$120) during the summer months (Exhibit 4). The hotel's RevPAR (revenue per available room—a product of the occupancy rate times the average room rate) showed even more variation, with RevPARs exceeding \$140 from January through March but falling to less than \$100 from June through October (Exhibit 5). The rates on the Penthouse suites ranged from \$310 to \$395, while those on the Junior Suites ranged from \$195 to \$235. Guests had to pay Barbados Value-Added Tax (VAT) of 7.5 percent on room charges and 15 percent on meals.

The hotel has traditionally promoted itself as a resort destination, but in the last few years, it has been promoting its convenient location and has attracted many business customers. Cherita works extensively with tour operators and corporate travel managers. The majority of hotel guests were corporate clients from companies such as Barbados Cable & Wireless and the Caribbean International Banking Corporation (Exhibit 6). The composition of hotel guests had changed drastically over the past few years. Traditionally, the hotel's clientele had been dominated by tourists from the UK and Canada, but during the past few years, the percentage of corporate customers had increased dramatically. The majority of corporate customers come for business meetings with local companies.

Sometimes, guests who were on vacation (particularly during the winter months) felt uncomfortable finding themselves surrounded by businesspeople. As one vacationer put it, "There's just something weird about being on vacation and going to the beach and then seeing suit-clad businesspeople chatting on their cell phones." However, the hotel achieved a higher average room rate from business guests than

EXHIBIT 3: Accra Beach Hotel: Monthly Occupancy Rate

Year	Month	Occupancy (%)
2 Years Ago	January	87.7
2 Years Ago	February	94.1
2 Years Ago	March	91.9
2 Years Ago	April	78.7
2 Years Ago	May	76.7
2 Years Ago	June	70.7
2 Years Ago	July	82.0
2 Years Ago	August	84.9
2 Years Ago	September	64.7
2 Years Ago	October	82.0
2 Years Ago	November	83.8
2 Years Ago	December	66.1
Last Year	January	87.6
Last Year	February	88.8
Last Year	March	90.3
Last Year	April	82.0
Last Year	May	74.7
Last Year	June	69.1
Last Year	July	76.7
Last Year	August	70.5
Last Year	September	64.7
Last Year	October	71.3
Last Year	November	81.7
Last Year	December	72.1

vacationers and had found the volume of corporate business much more stable than that from tour operators and individual guests.

The West Indies Cricket Board

Cherita Howard, the hotel's sales manager, had been approached by the West Indies Cricket Board (WICB) about the possibility of the Accra Beach Hotel serving as the host hotel for next spring's West Indies Cricket Home Series, an important international sporting event among cricket-loving nations. The location of this event rotated among several different Caribbean nations and Barbados would be hosting the next one, which would feature visiting teams from India and New Zealand.

Cherita and Jon Martineau, general manager of the hotel, both thought the marketing exposure associated with hosting the teams would be very beneficial for the hotel but were concerned about accepting the business because they knew from past experience that many of the desired dates were usually very busy days for the hotel. They were sure the rate that the WICB was willing to pay would be lower than the average rate of \$140-\$150 they normally received during these times. In contrast to regular guests, who could usually be counted on to have a number of meals at the hotel, team members and officials would probably be less likely to dine at the hotel because they would be on a per diem budget. On average, both corporate customers and vacationers spend about \$8 per person for breakfast and about \$25 per person for dinner (per person including VAT). The contribution margin on food and beverage is approximately 30 percent. About 80 percent of all guests have breakfast at the hotel and approximately 30 percent of all guests dine at the hotel (there are many other attractive restaurant options nearby). Martineau thought only about 25 percent of the cricket group would have breakfast at the hotel and maybe only about 10 percent would dine at the hotel. Also, they worried about how the hotel's other guests might react to the presence of the cricket teams. Still, the marketing potential

EXHIBIT 4: Accra Beach Hotel: Average Daily Room Rate

Year	Month	Average Room Rate (U.S.\$)
2 Years Ago	January	159.05
2 Years Ago	February	153.73
2 Years Ago	March	157.00
2 Years Ago	April	153.70
2 Years Ago	May	144.00
2 Years Ago	June	136.69
2 Years Ago	July	122.13
2 Years Ago	August	121.03
2 Years Ago	September	123.45
2 Years Ago	October	129.03
2 Years Ago	November	141.03
2 Years Ago	December	152.87
Last Year	January	162.04
Last Year	February	167.50
Last Year	March	158.44
Last Year	April	150.15
Last Year	May	141.79
Last Year	June	136.46
Last Year	July	128.49
Last Year	August	128.49
Last Year	September	127.11
Last Year	October	132.76
Last Year	November	141.86
Last Year	December	151.59

Note: Average room rate is inclusive of VAT.

for the hotel was substantial. The WICB had promised to list the Accra Beach as the host hotel in all promotional materials and during the televised matches.

The West Indies Home Series was divided into three parts, and each would require bookings at the Accra Beach Hotel. The first part pitted the West Indies team against the Indian team and would run from April 24 to May 7. The second part featured the same two teams and would run from May 27 to May 30. The final part showcased the West Indies team against the New Zealand team and would run from June 17 to June 26.

The WICB wanted 50 rooms (including two suites at no additional cost) for the duration of each part and was willing to pay \$130 per night per room. Both breakfast and VAT were to be included, and each team had to be housed on a single floor of the hotel. In addition, the WICB insisted that laundry service for team uniforms (cricket teams typically wear all-white clothing) and practice gear be provided at no additional charge for all team members. Cherita estimates that it will cost the hotel about \$20 per day if they can do the laundry in-house, but about \$200 per day if they have to send it to an outside source.

Cherita called Ferne Armstrong, the reservations manager of the hotel, and asked her what she thought. Like Cherita, Ferne was concerned about the possible displacement of higher-paying customers, but offered to do further investigation into the expected room sales and associated room rates for the desired dates. Since the dates were more than six months in the future, Ferne had not yet developed forecasts. But she was able to provide data on room sales and average room rates from the same days of the previous year (Exhibit 7).

Soon after Cherita returned to her office to analyze the data, she was interrupted by a phone call from the head of the WICB wanting to know the status of his request. She promised to have an answer for him before the end of the day. As soon as she hung up, Martineau called and chatted about the huge marketing potential of being the host hotel.

Cherita shook her head and wondered, "What should I do?"

EXHIBIT 5: Accra Beach Hotel: Revenue per Available Room (RevPAR)

Year	Month	Revenue per Available Room (in U.S.\$)
2 Years Ago	January	139.49
2 Years Ago	February	144.66
2 Years Ago	March	144.28
2 Years Ago	April	120.96
2 Years Ago	May	110.45
2 Years Ago	June	96.64
2 Years Ago	July	100.15
2 Years Ago	August	102.75
2 Years Ago	September	79.87
2 Years Ago	October	105.80
2 Years Ago	November	118.18
2 Years Ago	December	101.05
Last Year	January	141.90
Last Year	February	148.67
Last Year	March	143.02
Last Year	April	123.12
Last Year	May	105.87
Last Year	June	94.23
Last Year	July	98.55
Last Year	August	90.59
Last Year	September	82.24
Last Year	October	94.62
Last Year	November	115.89
Last Year	December	109.24

Note: RevPAR refers to revenue per available room and is computed by multiplying the room occupancy rate (see Exhibit 1) with the average room rate (Exhibit 2). Revenue per available room is inclusive of VAT.

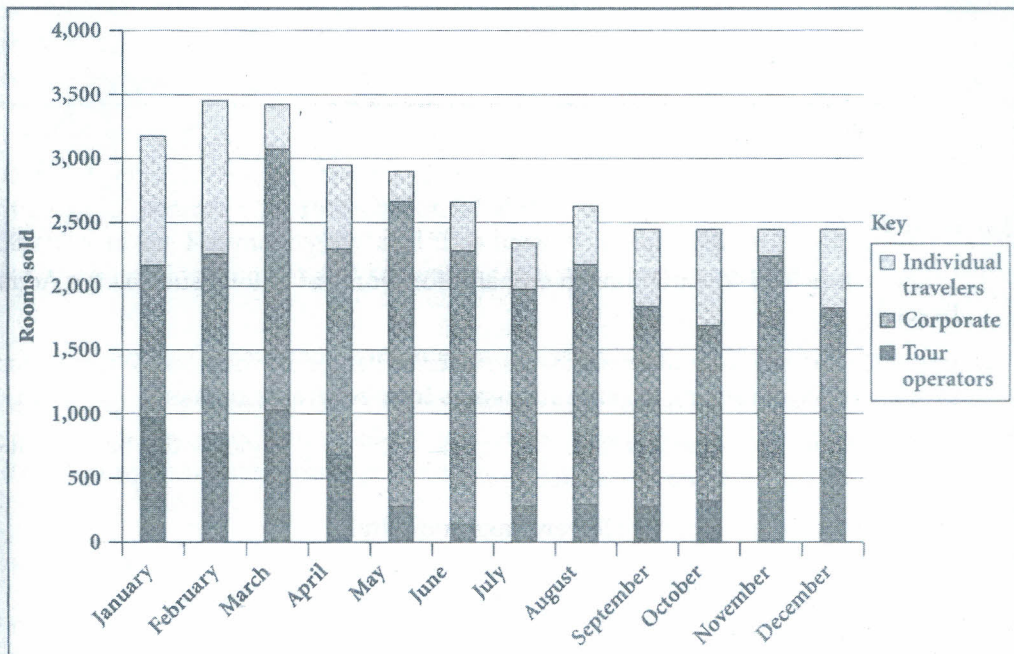


EXHIBIT 6: Market Segments as per Last Year