

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

BACHELOR OF COMMERCE (HONOURS) DEGREE IN MARKETING

SERVICES MARKETING – CBU 4105

SUPPLEMENTARY EXAMINATION – AUGUST 2013

TIME ALLOWED: 3 HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES

Answer question **one** and any other **three** questions from section B.

INFORMATION TO CANDIDATES

- (i) Question **one** carries **40** marks.
- (ii) Questions in Section B carry **20** marks each.
- (iii) Questions may be answered in any order.
- (iv) As much as possible, use relevant examples.
- (v) This paper contains **seven** questions.

SECTION A

Question 1

Marketing of Health Services

Pulin Kayastha was simply amazed. He had seen all forms of hostility and marketing warfare in the consumer goods industry, but to see similar warfare in the health industry fascinated him. Clearly, he told himself, doctors had found consumers in their patients. At least, that's what the concept note sent by Dr. Ajit Varman, country manager of Recovery Clinics & Hospitals, seemed to indicate. Varman and seven other senior

doctors had left Karuna Nursing Home and Hospital to set up Recovery, which, as the note said. ".... would be entirely devoted and dedicated to customer responsiveness."

Pulin was a management consultant and was recommended to Recovery by the marketing director of Regrow Pharma, a large pharmaceuticals company in Mumbai. In fact, the suggestion to set up Recovery came from a non-resident patient, Dinesh Shah, who was undergoing treatment at Karuna's large specialty hospital in Central India. It was in the course of his interaction with the doctors that Shah sensed their unhappiness with the system. This prompted him to suggest the idea of Recovery. Varman had joined Karuna 10 years ago, assured of a challenging career in a hospital that was promising to be different. But over time, disillusionment set in as Karuna's image and response to the environment diluted its equity.

"Now that we have decided to do this, we do not want to repeat old mistakes," Varman had told Pulin during their first meeting. "Having worked at Karuna, we can see its weaknesses and why it's losing saliency. Ten years ago, when it was established, we believed it was going to add value to our careers. We became a part of it because we were told that we are specialists who would bring exclusivity to the hospital. But soon, the focus shifted to fetching business and revenues. The management started hiring specialists and private practitioners, offering them cabins and consultancy arrangements at Karuna. The strategy was that these doctors would bring in their patients and use the infrastructure so that the hospital would start earning money."

The Karuna management wanted to derive short-term benefits, than gradually build up clientele. But the strategy, it appeared, did not pay off. As Varman said: "Because there were many doctors and the business was not large enough in the first few months. consequently, competition for business became cut-throat between doctors."

Despite modern amenities, state-of-art systems and numerous doctors, the image of the hospital was that of being too commercial - a fallout of the stigma of being a private hospital. It was common among doctors to slot every hospital under either category - a place where you get neglected to death or a place where you get researched to death. Karuna earned a new label - a place where you got cross-referred to death, for doctors at Karuna slowly took to enhancing each others' earnings as they sent patients back and forth to doctors and specialists. At the end of his diagnoses, the patient ended up paying a huge amount of money for this treatment.

According to Varman, the high-cost, high-expectation syndrome hit the hospital. The initial promise of exclusivity and quality was lost. Karuna had the best doctors. but after-care was abysmal. With a view to keeping costs low, nurses, house-keeping staff and even the front office staff were hired cheap, training was virtually absent, and no attention was paid to end-user needs.

Kayastha could see Recovery trying to be all that Karuna was not and desiring not to be all that Karuna was. If Kayastha thought Varman was hiring him for routine systems design and a patient management manual, he was mistaken. For Varman said : "We

want to get Recovery's positioning platform right and work on a sound marketing plan. What we want you to do is to help us build this brand, help ordinary doctors like us understand what brand-building entails and how it is managed in a service industry."

Source: Managing Knowledge Work: Sue Newell et al (2002:60:65)

Required:

(a) Using the extended services marketing mix elements, analyse and explain the marketing problems at Karuna that led to doctors like Ajit Varman quitting to create Recovery Clinics and Hospitals.

(10 marks)

(b) Suggest a positioning strategy for Recovery Clinics and Hospitals. **(5 marks)**

(c) Explain how Recovery Clinics and Hospitals can go about implementing the new service positioning strategy to avoid the pitfalls experienced by Karuna.

(10 marks)

(d) Discuss the service quality dimensions which Recovery Clinics and Hospitals could use for measuring its service quality.

(15 marks)

SECTION B

Question 2

Using the 'servicescape' dimensions, discuss the influence of physical evidence on customer perceptions of a service.

(20 marks)

Question 3

"There are no such things as service industries. There are only industries whose service components are greater or less than those of other industries" (Levitt, 1972). Discuss this statement with reference to Shostack's Molecular Model.

(20 marks)

Question 4

(a) Why is service recovery important for a service business? **(8 marks)**

(b) Outline the steps required to win back customers following a service failure.
(12 marks)

Question 5

Critically assess the usefulness of the SERVQUAL technique for measuring quality in an industry of your choice. **(20 marks)**

Question 6

(a) Discuss the situations in which a service organisation is likely to prefer dealing directly with its customers rather than through intermediaries. **(10 marks)**

(b) Critically evaluate the role of the Internet as a tool to enhance efficiency and effectiveness of service delivery. **(10 marks)**

Question 7

‘Services require an operating and a delivery system.’ Discuss the design elements that an entrepreneur venturing into the services industry would need to address.
(20 marks)

END OF EXAMINATION