

Course: MBA

Subject: Marketing of Services

Maximum Marks: 60

Semester: IV

Subject code: MGM09

Maximum Time: 3 hours

Note: Answer all three questions. Some questions have a choice and each answer must be marked with the appropriate question number for the choice of question attempted.

Questions have to attempted based on the case situation given below:

Case:

The hassle of buying: A customer interview

The shop floor design of the Scandinavian home goods stores forces you to walk through every single display area. You have to spend hours there, even if you just want to buy a single piece of furniture. Customer services are very limited, and once you've selected items from the huge storage area, managed to put them in or on your cart, waited in the long queue to check out and arranged any delivery and installation, you still wait for another week to get your furniture fixed and ready for use. There's even another stop if you need an official invoice of your purchase. It is an inconvenient and time-consuming in-store experience.

Every time I shop at this store I swear I won't be back again. But I keep coming back.

"Peak-end rule"

In what has come to be known as his "peak-end rule," Noble prize-winning psychologist Daniel Kahneman pointed out people could remember only two things during an experience process: how we feel at the peak (no matter whether the ultimate experience was good or bad) and at the end. These peak-end feelings summarize our whole experience process and are stored in our brain at a subconscious level. These feelings will eventually direct our next buying decisions; whereas, the proportion and duration of pleasure or pain throughout the whole experience process do almost nothing to our memories. We remember only the peak and the end.

Think about my experience at this store. Though my disappointments make absolute sense, it's actually my peak-end experience that takes charge and drives me to go back again. So what's my peak-end? To me, it's the value of the products for the money I pay, the free-to-trial shopping experience and the effective display that demonstrates practical and efficient use of the products. What's more, the canteen is good, as is the 10-cent ice-cream I buy at the exit counter! In my case, my peak-end memories override any unpleasant feelings and evolve into a positive experience that drives me back.

There are three essential elements: the peak and end (most memorable) experiences; brand values; and consumer needs. I would expect any brand that wants to get my business would have to deliver your most unique brand values and meet (or exceed) the most critical needs and expectations of your target customers through peak and end experiences.

Q1. Which theory of services domain would help frame an effective experience for this customer, as described in the first paragraph of the case?

- a) Name the theory and its broad characteristics 12 marks
- b) Describe the relevant parts of that theory which relate to the situation in this paragraph 12 marks

Q2. If you were to design a store experience for the above situation, describe the following:

- a) How would you create a service blueprint or servicescape? Describe the process and key elements. 12 marks

Or

- b) What is the process of creating a new service product? Describe all stages briefly 12 marks

Q3. Answer any two of the following questions, in terms of your managerial response to the above situation:

- a) What would be the key aspects of mapping service touchpoints when designing the experience for above situation, given the "peak end" experience framework? How does this relate to identification of key attributes, using the quality theory/practices? 12 marks
- b) How would Russell's framework help design such a service? How does that help design delight points and manage expectations? 6 + 6 marks
- c) What is the concept of service value? How does the concept explain why the customer would keep going back to the store? 6+6 marks
- d) Explain through the gap model, which service gap areas the store should focus on if they want to create a service delivery that exceeds expectations at every service touchpoint at all stages of the customer journey through the store.