



UNIVERSITY EXAMINATIONS: 2013/2014

EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION

MKT 509 SERVICE MARKETING (EVENING)

DATE: APRIL, 2014

TIME: 3 HOURS

INSTRUCTIONS: Answer Question One and Any Other Three Questions

QUESTION ONE (31 MARKS)

SERVQUAL: Review, Critique and Research Agenda

SERVQUAL provides a technology for measuring and managing service quality (SQ). Since 1985, when the technology was first published, its innovators Parasuraman, Zeithaml and Berry, have further developed, promulgated and promoted the technology through a series of publications (Parasuraman *et al.*, 1985; 1986; 1988; 1990; 1991a; 1991b). Service quality (SQ) has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzell and Gale, 1987; Rust and Zahorik, 1993; Zahorik and Rust, 1992), customer satisfaction (Bolton and Drew, 1991; Boulding *et al.*, 1993), customer retention (Reichheld and Sasser, 1990), and positive word of mouth. SQ is widely regarded as a driver of corporate marketing and financial performance.

SERVQUAL is founded on the view that the customer's assessment of SQ is paramount. This assessment is conceptualized as a gap between what the customer expects by way of SQ from a class of service providers (say, all opticians), and their evaluations of the performance of a particular service provider. SQ is presented as a multidimensional construct. In their original formulation Parasuraman *et al.* (1985) identified ten components of SQ. In their 1988 work these components were collapsed into five dimensions: reliability, assurance, tangibles, empathy, responsiveness. Reliability, tangibles and responsiveness remained distinct, but the remaining seven components collapsed into two aggregate

dimensions, assurance and empathy. Parasuraman *et al.* developed a 22-item instrument with which to measure customers' expectations and perceptions (E and P) of the five dimensions. Four or five numbered items are used to measure each dimension. The instrument is administered twice in different forms, first to measure expectations and second to measure perceptions. Carman (1990) and Cronin and Taylor (1992) took issue with the conceptualization of SERVQUAL. They formulated SERVPERF and argued that SERVPERF outperformed SERVQUAL.

Extracts from: Buttle, F. (1996). SERVQUAL: Review, Critique and Research Agenda. European Journal of Marketing, 30 (1), 8-31.

Required

- a) Based on the case study, answer the following questions
 - i) Describe SERVQUAL and SEVPERF as tools for measuring service quality.[10 Marks]
 - ii) Distinguish between the two key paradigms of measuring service quality. [6 Marks]
 - iii) The use of SERVQUAL model is assessing service quality is widespread amongst firms; however this model has been questioned by scholars. Buttle (1996) is a serious critique of the SERVQUAL model. From your readership of the articles Buttle (1996), Carman (1990) and Cronin and Taylor (1992) explain the limitations of the SERVQUAL instrument. [17 Marks]

QUESTION TWO

- a) The results of a service research survey commissioned by the management of Aga Khan Hospital reveal the existence of provider Gap 3. Explain to the management of the hospital the meaning and possible causes of Gap 3. [10 Marks]
- b) A management report presented by a consulting firm to Qatar Airways shows that the customers of this airline service provider experience service differentials attributable to services heterogeneity. Explain the meaning and implications of this trait. Describe the strategic options that management of Qatar Airways can employ to employ to mitigate on the service differentials. [13 Marks]

QUESTION THREE

- a) Matching demand and capacity is a major challenge faced by service providers. Explain the capacity constraints likely to be faced by a hotel. Describe how yield management and waiting line strategies can be applied to match demand to supply by service firms. [10 Marks]

- b) Customers of 680 Hotel have registered their dissatisfaction with the environmental dimension of the servicescape at the hotel. Interpret to the management of 680 hotel what the customers are complaining about and explain how the management can establish a physical evidence strategy that satisfies the customers. [13 Marks]

QUESTION FOUR

- a) You own a gym and massage parlour located at the Central Business District in Nairobi city. Explain the type of pricing strategies that you can adopt given the type of clientele that may patron gym and massage parlour. [13 Marks]
- b) The human resources manager at ABC Ltd. Does not have employees interest at heart and instead argues that there are so many jobless graduates. However service employees play a critical role in the process of service delivery. Describe the strategic roles of the service employees. [10 Marks]

QUESTION FIVE

- a) Intangibility of services makes analysis of the service offer different from analysis of product offer. Describe the service offer based on this understanding. [13 Marks]
- b) Distinguish between technical service qualities and functional service qualities, clearly describing the factors that a service designer should consider when developing customer defined service standards. [10 Marks]

QUESTION SIX

- a) Mary received an invitation from Steve for a dinner date at the Lyco Regency Hotel. As a result, Mary's desired services were heightened. Explain the meaning of desired services and describe the possible sources of desired services. [13 Marks]
- b) Service research is an essential step towards understanding service customers. Describe the critical areas of service marketing research to a banking service provider. [10 Marks]