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UNIVERSITY OF RUHUNA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 2000 Level

Second Semester End Examination -March 2022

Academic Year 2021/2022

MKT 22153: Services Marketing

Duration: Three hours

The Question Paper contains 03 questions.

Answer All Questions

Question 01

Ranidu, a recent graduate from a prominent university in Sri Lanka, decides to move back to his hometown of Moratuwa, Sri Lanka to take over his family business, which is branded as HairCare that serves hair care services including hair cutting and all other treatments to hair. Customers of HairCare come from surrounding towns such as Moratuwa, Ratmalana, and Panadura, and they are regular customers of the salon.

Ranidu is eager to put into practice all the business knowledge he acquired during his BBA program. In his first-month managing HairCare, he has identified several aspects of the business that could be improved, and he thinks that two of the most important aspects, in need of immediate attention, are the saloon atmosphere and service quality. Based on the marketing concepts he learned in his BBA program, and his unpleasant experiences in many saloons located in Matara, where he studied, he contemplates redesigning the saloon to improve its atmosphere and service quality. HairCare salon atmosphere is not well designed. There is not enough space to accommodate customers who want services other than hair cutting, as hair cutting has occupied most of the space. The most profitable services, such as Keratin Treatment, Scalp Treatment, Hot Oil Treatment, Moisture Treatment, Detox Treatment, Relax Treatment, Toning Treatment, and Hair Glossing Treatment, are placed just in the corner of the salon. The existing layout is not attractive. The movement of customers and employees is severely restricted. However, the salon looks clean as the staff cleans it

daily. There is no music, TV, or air conditioning inside the store. The cashier is located on the right side of the salon next to the only entrance and exit available to the salon.

Ranidu also believes that salon employees should be trained more to provide quality service, as service quality and customer satisfaction depend on the memorable impressions that employees make on customers during interactions, which eventually influence the potential for return visits. However, he realizes that due to the employees' age and experience of doing the work more traditionally, this might create potential human resource problems shortly, particularly if the forecasted future behaviour of the employees is not as expected.

- a) How would you define "excellent service quality" for an organization like HairCare. Describe an unsatisfactory encounter you recently experienced with a service organization and advice Ranidu to redesign the salon to provide an excellent service in the future.
- b) Using appropriate models, explain to Ranidu, why designing an effective servicescape must be done holistically and from the customer's perspective.
- c) Advice Ranidu on the key areas in which service employees need training.

(10 Marks Each: Total 30 Marks)

Question Two

- a) Why is capacity management particularly important for service firms?
- b) What is revenue management? How does it work?

(10 Marks Each: Total 20 Marks)

Question Three

- a) What are the different options for service delivery? What factors do service firms need to consider when using each of these options?
- b) Describe search, experience, and credence attributes of a service, and give examples of each.

(10 Marks Each: Total 20 Marks)
