

Code: 17BA3T4MA

**II MBA - I Semester-Regular/Supplementary Examinations  
November 2019**

**SERVICE MARKETING**

Duration: 3 hours

Max. Marks: 60

**SECTION - A**

**1. Answer the following:**

**5 x 2 = 10 M**

- a) Nature of services.
- b) Customer loyalty.
- c) Pricing of educational services.
- d) Word of Mouth Communication.
- e) Service delivery.

**SECTION – B**

**Answer the following:**

**5 x 8 = 40 M**

2. a) What is service marketing? Explain the role of services in modern economy.

OR

b) How are the services classified? Explain.

3. a) “It is very important to select appropriate customers before offering services to them”. Explain the strategies of Targeting in the light of above statement.

OR

b) “Grouping of buyers or segmenting the market is described as market segmentation”. What are the steps involved in market segmentation for services?

4. a) What are the factors affecting the pricing policy of services?

OR

b) Explain various methods for Pricing of services.

5. a) What are the various types of marketing communication in service marketing?

OR

b) What is Marketing Communication mix? Explain with examples.

6. a) “Physical evidence management is important for success in a service business”. Briefly write about the elements of physical evidence.

OR

b) How does the corporates are designing service delivery system? Explain with suitable case.

## SECTION-C

### 7. Case Study

**1x10=10 Marks**

Oxygen Gym began operations in 1995 in a large city. The company's objective was to meet the fitness needs of a diverse clientele, from the professional body builder to the overweight person. Oxygen Gym's pricing plan was to have a fitness facility that targeted the common person - a fitness facility that was not on the high end or the low end, but in the middle price range. In the beginning it planned to challenge the price of the top-of-the-line facilities. It offered its services in big spacious centre in a high-traffic area, a part of city that was becoming gentrified. There was little competition in the area. The establishment's large space, with natural light coming in, set it apart from competitors. The company expected its members to come from other clubs and facilities not only in the immediate neighbourhood, but all around the city. It saw its trade area as the neighbourhoods within an 8-10 minute drive. The company decided to begin by marketing its product to people who were already working out but wanted something unique. When the company opened its fitness facility, consumers readily accepted it. Its membership far exceeded expectations. It now has 3,000 members. As many as 2,000 people come on a given day. For years Oxygen Gym had few serious competitors. In the city, permits are required to open a gym and thus are an obstacle to potential competitors. And the cost of opening a 35,000-square-foot facility is an additional barrier to entry.

Questions:

- i) Was Oxygen Gym's pricing plan appropriate in a market where there was a relatively low supply of services?
  
- ii) Over time Oxygen Gym's membership exceeded expectations. Demand was strong and constant. What impact might this situation have on the company's pricing strategy?
  
- iii) Suppose the company learns that two new competitors plan to open fitness facilities within a mile of Oxygen Gym. How might the increased supply of services affect Oxygen Gym's pricing policy?