

Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management (BBM) in Hospitality, Tourism and
Events Management

SECOND YEAR FIRST SEMESTER EXAMINATION – JULY/AUGUST 2016

HTE 212-2 Service Marketing



Answer only three (03) questions including question number one (01)

1. Read the case and answer the given questions.

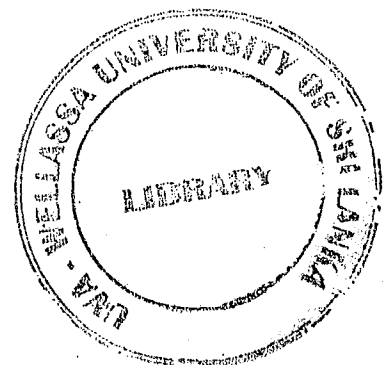
'Mogan Adventures' was founded in the middle of 1990s, when an old company, which had been one of the pioneers in nature-based activity sector in the area, had gone bankrupt. A couple of friends of the former entrepreneur bought the base of the company as well as the equipment and founded a new company to continue the operations. During the last two years the ownership as well as the operative management of the company concentrated to the two guys who run the business today. The new company had "inherited" a good and successful product line with a core product based on a certain physical plant, a river with rapids, by which they have a base with smoke sauna, shelters etc. The base is situated about 100 km from the office base, where the equipment are stored. The office situates in the town where the main demand for the corporate entertainment products is originated. At the moment the company has another base near the airport in that town. The third base is situated in a national park about 60 km from the town. According to the entrepreneurs the basis of their new-product development lies on their business mission, which refers to producing nature-based experiences for the chosen target groups in a certain area. The need for new-product development arises from the customer needs: in most of the cases the existing customers need new experiences.

The new-product ideas are in most cases based on the opportunities of the three bases or other physical plants available. The idea generation is derived from the capabilities of the owners as well as their own interests. The company has also conducted a market research on the trends in nature based activity interests in Finnish business markets. In most cases the need for new-product development comes from an existing client who wants to do something else than before. The service concept, the core product is built on an idea of e.g. hard adventure, soft adventure, water sports etc. The concept is then developed in accordance to the limiting factors of the company resources, what is possible. First the blueprint of the processes is built and then the process is tested by own staff and family members or friends. Modules such as transportation, accommodation, meals and different activities are scheduled. During this process also the costs are evaluated. After the first testing the formal tourist product for the customer, the offering, is created and the first customer testing group is invited to evaluate the product. In most cases the test groups

consist of staff from local or regional tourist organisations, which serve as intermediaries of the products. The market testing and commercialisation phases can in this company not be separated. When a new product has got its formal form, it is offered for the customers. Some products sell as such, most of the offerings have to be modified, modules have to be changed etc. The core product may live and the modifications of it, the formal products, may form a new product line. But in most cases the core as well as the formal products sell only a couple of times and the company keeps on the basic old products. The entrepreneurs do not pay much attention to the reasons of these failures but keep on generating new ideas.

- a. Distinguish service industry from manufacturing industry. (05 Marks)
- b. Explain the elements with which founders of the 'Morgan Adventures' needs to be concerned when designing their new product. (05 Marks)
- c. Critically evaluate the steps of New Product Development process of 'Morgan Adventures'. (10 Marks)
- d. Discuss how the product life cycle strategies can be applied to the hospitality and tourism industry. Illustrate your answer with appropriate examples from the tourism and hospitality industry. (10 Marks)

(Total Marks 30)



2. **Mystery shopping or a mystery consumer or secret shopper, is a tool used externally by market research companies.**

a. Briefly explain the meaning of 'Mystery Shopping'?

(03 marks)

b. Briefly explain **five (05)** of most important tools that can be used in the guest information management other than mystery shopping.

(05 Marks)

c. Marketing research is a process that identifies and defines marketing opportunities and problems, monitors and evaluates marketing actions and performance, and communicates the findings and implications to management.

Explain the marketing research process. You should provide appropriate examples from the hospitality and tourism industry.

(12 Marks)

(Total Marks 20)

3. **"Understanding customer responses to service failures are crucial for the success of a service sector business".**

a. Evidently discuss the customer complaining behavior for a service failure. Use sufficient examples from related industries to justify your answer.

(10 Marks)

b. What are the possible service recovery strategies that can be used in an effective service recovery system? Your answer should be elaborated with relevant examples from hospitality and tourism industry.

(10 Marks)

(Total Marks 20)

4. **“Pricing can be a means of competing – not only to take customers of rivals, but to prevent competition from such rivals. Pricing strategies can vary across different situations and in different time periods”.**

Discuss various pricing strategies that can be used in the hospitality and tourism industry. You are requested to provide suitable examples for each strategy driven from the industry to uphold your answer.

(20 Marks)

(Total Marks 20)

5. **Integrated Marketing Communication is a strategy that carefully integrates all external and internal communication channels to present a consistent message to customers. To succeed, all the service organizations must follow specific strategies for managing promises, managing customer expectations, educating customers, and managing internal communications.**

Do you agree with the above statement? Justify your answer with appropriate illustrations drawn from hospitality and tourism industry.

(20 Marks)

(Total Marks 20)

