TENTAMEN / EXAMINATION

8164617

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Provbenämning / *Exam name*

Service management

Oanmäld

Kurskod / *Course code*	Provkod / *Exam code*	Tentamensdatum / *Examination date*
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Jag har tagit del av regler som gäller i tentamenssalen / *I have read the current exam hall rules*   ☒ Ja / Yes

Antal inlämnade blad / *Number of sheets*   6 +4sb

6 sid. utskr.
Totalt 12

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Bedömning av uppgifter / Questions attempted

1	2	3	4	5	6	7	8	9	10	~

11	12	13	14	15	16	17	18	19	20	~

21	22	23	24	25	26	27	28	29	30	~

Totalt antal poäng / *Total points*

Examin. lärare / Kursansvarig signatur / *Signature of the examiner*

Betyg / *Grade*

Namnförtydligande / *Clarification of the signature*

Försättsbladet ska alltid lämnas in även om ingen uppgift behandlats / *Examination should always be submitted even if no questions are answered*

Utskriven 2018-12-12 kl. 11:55:51

1a

8

Question 1 (Kaisa Koskela Huotari): A)

A) There are three key element in a positioning strategy and they are: segmentation, target, positioning (STP) (also, check the handwritten paper as well for figure 1.1).
There are also three tools for the customer market driven strategy and they are customer analysis, competitor analysis, company analysis (also known as "The 3C's")

what does segmentation mean?

Customer analysis

To get an overview of the markets overall characteristics and to understand what type of potential customer to target - we may us segmentation to understand the different segment. Customer analysis have two categories (market analysis and customer analysis). Market analysis is an analyst of the market and *customer analysis* is more focused on the customer segments. There are four type of segmentation we can use to get an overview, and those four segmentations are:

Demographic segmentation: such as gender and age

Physiographic segmentation: are segments such as lifestyle

Behavioral segmentation: reflect on customers personality, if they are a light-user or a heavy-user for example.

Need-based segmentation: reflect to what costumer really need or expect from the service delivery.

Then, after we established the four segmentation, we need to define what **"Jobs-to-be-done"**. Meaning that customer wants their needs to be done as fast and smooth as possible, another example may be a new suit of luggage is lost etc. The restaurant need to hire service employee to get the job done for the customers. For an example: if me and my friend are hungry, we want the food fast and we want something good as well, we order hamburgers since it's fast and we expect friendly employees. Another example: if a customer loses its language they may want a new suit etc. And lastly, the customer is affected by different attributes such as **determine attributes and important attributes**. Determine attributes are those that literally determined a customer choice, for an example, I tend to take the bus close to "Stora torget" here in Karlstad (to the university), because they show digital timer on which time the bus comes (departure board). Finally, important attributes, a customer may want good food that have high quality or eat at a restaurant with good reviews from other previous customer - customer tend to avoid otherwise (bad reviews etc.).

Competitor analysis and company analysis

Here the restaurant will use a **competitor analysis**, which is an analysis help the restaurant to get a wider understanding of their strengths, weaknesses, opportunities and threats (SWOT) within their market. The restaurant needs to **target** the right customer for them and targeting means that the restaurant is choosing one or more segment to focus on. Also doing a **company analysis** is recommended, in order to see what they need to focus and priorities after choosing a target group, the restaurant may for an example have a few options on the menu in order *fully focus* (see figure 1.2) on its order, service and what type of food they want to serve (Thai food, Italian food etc.). Because having a huge variety can decrease the quality of the service which leads to unsatisfied customers (unfocused strategy). Having an unfocused strategy means we "jack of all things, masters at none".

which phase?

1

Your answer focuses more on the 3Cs than the actual phases of the positioning

1b

9

Question 1 (Kaisa Koskela Huotari): B)

B) So I choose six restaurants since I'm not that familiar with many restaurants here in Karlstad. These five are, Napoli, Frost, Barón, Pinchos, Vedungnen. *(See handwritten paper, figure 1.3: positioning map)*

Four principle of a positioning:
- A company position needs to be established in the minds of customers
- The positioning need to be singular, having one and a simple consistence message
- The positioning needs to set apart from its competitors.
- The company cannot be all things at once, it needs to focus its efforts.

The reason why I choose price (expensive and less expensive) is because for many people, price can be a deciding factor for an individual when it comes to choosing a restaurant. A higher priced restaurant also signals a potential higher quality in food which can help them to evaluate the decision before going to the restaurant. Furthermore, I choose service quality, because having a high or low service quality can be a huge deciding factor if they want to return, service quality is defined as a service performance that meets and even exceeds customer expectations. Such as tangibles (physical environment), reliability (credibility), responsiveness (promptness to helpfulness), assurance (safety) and empathy (staff the understand customers' needs etc.).

good justification

So where should the upcoming restaurant position itself?
The upcoming restaurant should focus highly on its service quality and at the same time set a reasonable price (se figure 1.3: positioning map). Having a high quality service will mostly likely guarantee that the customer will return, having a high service quality will create a positive disconfirmation, which means that the service was better than they initially expected. Which will further create loyal customers and loyal customer is, according to the Wirtz et al. (2017), profitable in the long run. Moreover, since the resturant is new, they need to set a price that isn't that expansive (reasonable price), since customer have no knowledge about the new resturant (besides price, not many search attributes available), therefore they need to build up customer trust and the demand before they can increase the pricing.

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Answer

Course: FEGC46 Service Management

Question 1

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Lärarens anteckning
Examiner's remarks:

Positioning Strategy : key element

S   T   P

Segmentation   Target   Position

3C's

Customer analysis   Competitor analysis   Company analysis

Jobs-to-be-done   Focus Strategy   Positioning Map
Service attributes

Figure 1.1

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3

Breadth of service offering

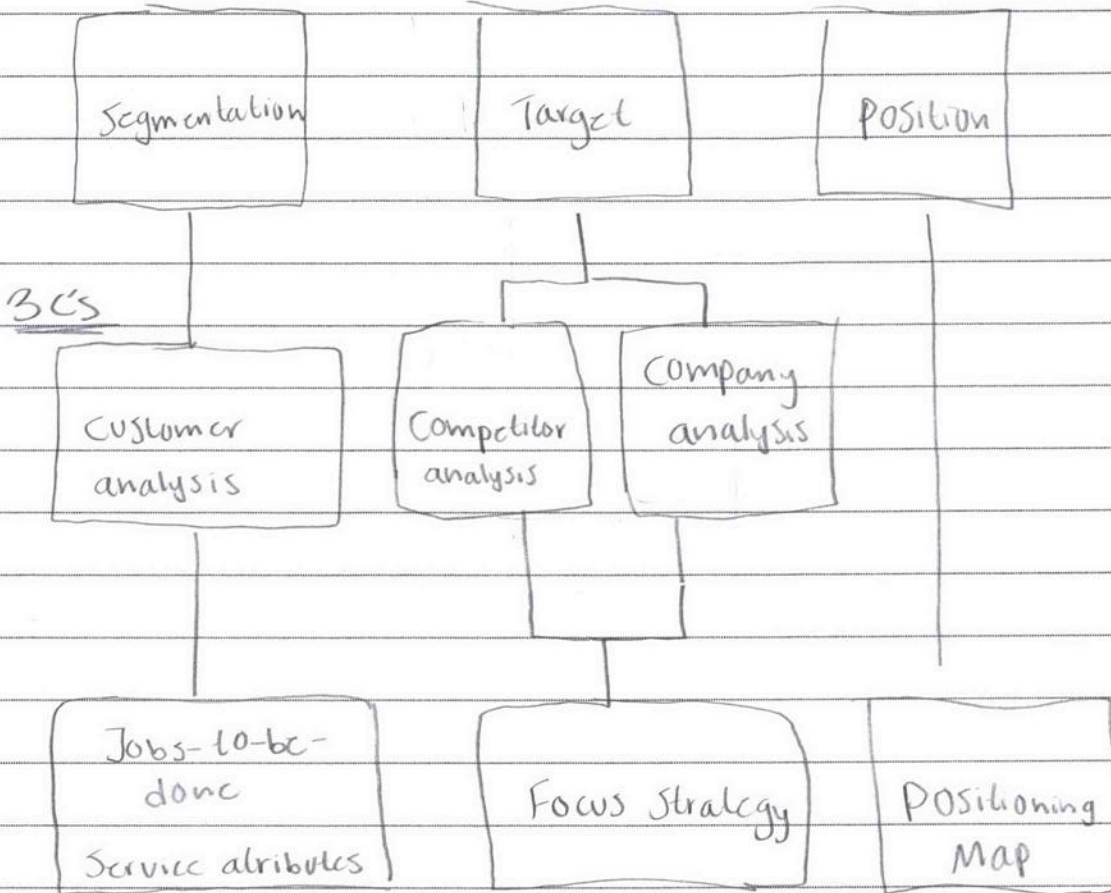|	Wide	Narrow
Few	Market focus	Fully focuse
Many	Unfocused	Service focus

Marked Served

Figure 1.2

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Lärarens
anteckning
Examiner's remarks:

Positioning Map

Expensive

Pinchos

Frost

Napoli

Baron

Lower Service quality

Vedungnen

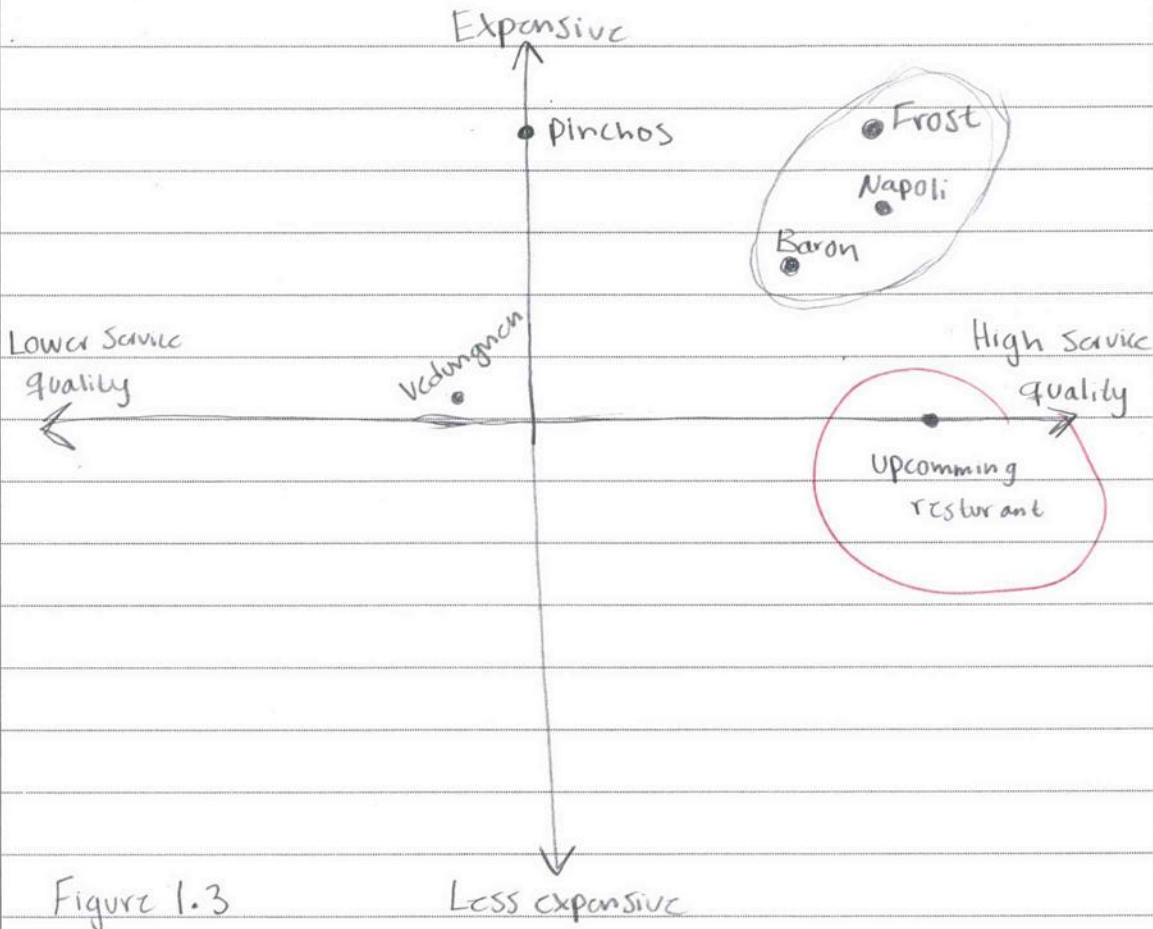High Service quality

Upcomming resturant

Figure 1.3

Less expensive

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Examiner's remarks:

Total : 17

Question 2 (Jana Huck)

A) The pros with creating a service blueprint is that I help the hotel to locate the potential fail points. By being able to get an overview of all the different step, we can try to improve the service at those processes were fail can occur (be prepared). However, the cons with a service blueprint, is that it can take a long time to make since there are a lot of different components to include. It is also hard to keep the map "alive", since services may change fast, therefore the hotel needs to change and make a new map which can take time. Moreover, sometimes not all actor are included in the map.

B) Design characteristics the needs to be presented in a typical service blueprinting (See handwritten paper on how a blueprint may look like):

Pre-process stage: these are the processes which are happening before they (in this case) eat the breakfast, such as entering the breakfast dining room, seating and ordering breakfast.

In-process stage: this is the stage where they "experience" the breakfast, interacting with each other

Post-process stage: the stage where they pay and leave the breakfast room

Customer action: refers to all the stages where the customer goes through between pre-post-process stage.

Physical evidences: are those that the customer and even employee can see and even feel. For an example, how the breakfast room is designed, such as: table size, lightning, smell, noise, sound and music, air quality etc. this is in the front stage of the blueprint.

Line of interaction: This is also in the front-stage where customer can see, and where the customer and the employee meet and interact with each other. Here, they greet each other, take customer orders, serve them breakfast, give them the bill etc.

Line of visibility: this is between the front and backstage, this is where the staff delivers the breakfast from the kitchen to the table/customer.

Line of internal: this is the line between where the backstage employee operates under, after is the IT

Physical interaction: where the backstage employee are stationed, where they prepare the breakfast and interact with each other.

IT support: Here is all the database saved such as capacity/reservation, customer records, order and billing, inventory/purchases.

Two examples of *fail points* can occur between line of interaction and line of visibility (customer action): one is when choosing a table to sit on, all the table might be full and therefore the customer potentially have to wait. Another is when the customer is ordering breakfast, the hotel doesn't have the things they want, such as apple juice, some sort of bread etc. (see handwritten paper also). This can harmful to the service experiences, because people don't like to wait for a table to be available. People don't like to wait in a line because it's boring, which can cause a feeling of unhappiness about the service experiences. They can try to make sure that the breakfast room is bigger with more table. Also quing system become problematic, to counter this, they can use these different type of method:

- **Rethinking the design of the queuing system:**

- **Tailoring the queuing system to a different market segment:** (people who pay more are priorities)

3

Question 2 (Jana Huck): B) continuing

- **Managing customer behaviors to change their perception of the wait** (use physiology to make the wait more pleasant)
- **Installing a reservation system** (booking table beforehand will reduce the line since the booking a table will make the customer aware which time they should come.
- **Redesigning the service process for each transaction**

Lastly, not having enough obtain means that the customer will choose other substitute alternative (orange juice instead of apple juice). This can be harmful since this is a luxury hotel, the customer expects to have broad variations to choose from. And since the hotel cannot include everything on the menu, there will always be customer that will be dissatisfied with the lack of their wished product. It is therefore important to help and ask customer try to fulfill their needs. Being Helpful and supportive to the customer will make them feel and view the customer service more positively, which lead to returning customer despite the lack of their preferred choice.

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Answer

Course: FEGC46 Service Management

Question 2

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Post – Stage

Paying and leaving

Customer pays and then leaves

in – stage

Eating

Customer eats

Order taking

Customer order breakfast

Maintaining order

waiting (w)

Seating

Choosing a table

Maintaining table

Capacity / Reservation
Customer Records
Order and billing
Inventory / Purchases

Pre – Stage

Dining room

Physical arrangement

Line of interaction

Enter Hotel dining room

Line of visibility

Preparation

Line of internal
Physical interaction

Line of internal
IT

Front – Stage

Back – stage

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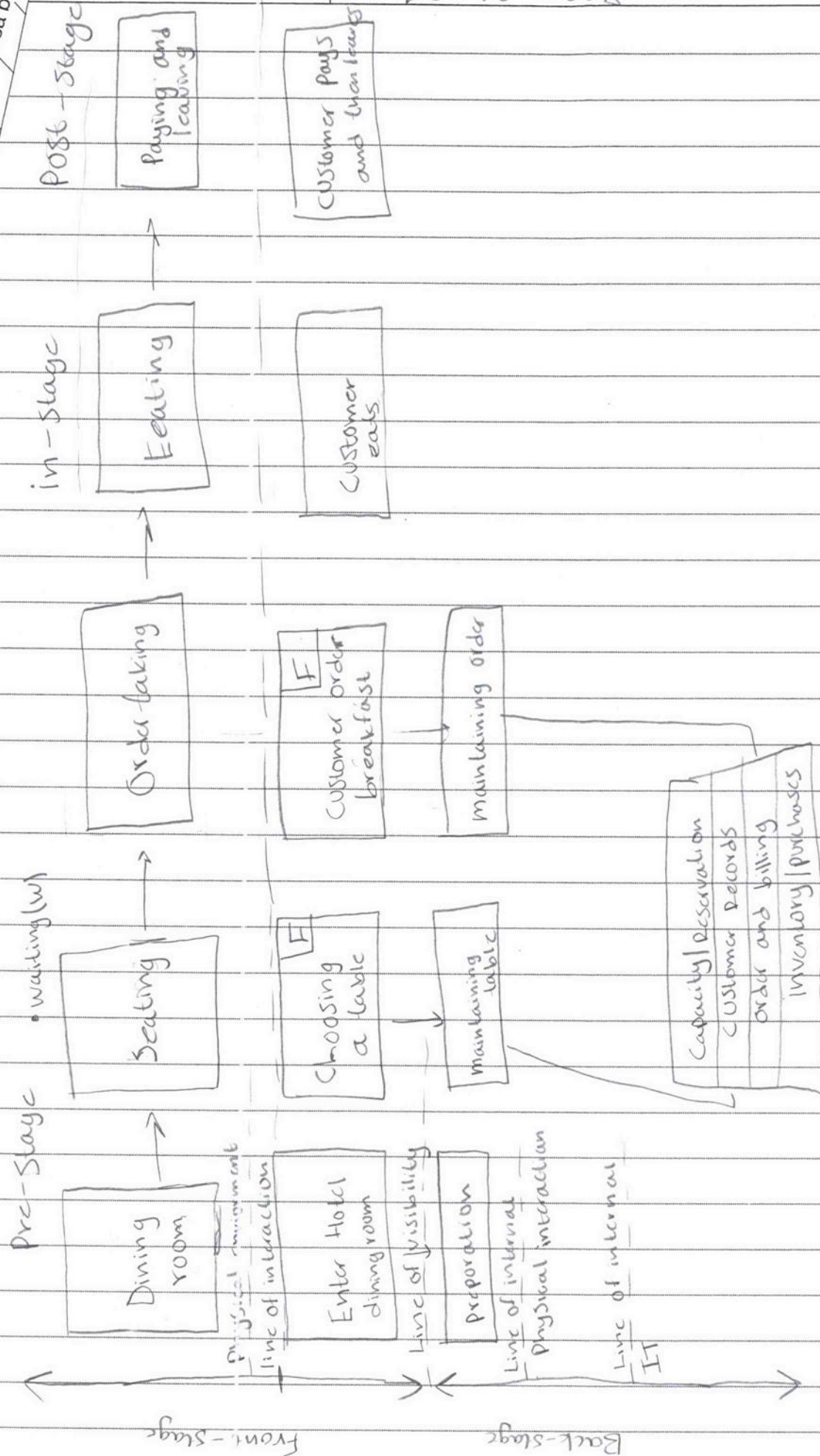
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7p.

Question 3 (Maria Åkesson)

A) The three main dimensions in service environments are

Ambient conditions: refers to the five senses, such as: smell, noise, sound and music, air quality, temperature. People easily get affected by their environment and will avoid places with unpleasant noise. Another example: You (Maria) told us in Organization 1 (FEGA01) that when you entered a store in New York, you went in to a shop where the music was so loud and the smell of perfume (?), was so intense that the smell/perfume could still be felt after the visit. This kind of unpleasant experience will most likely draw away majority of the customer.

Spatial layout and functionality: *spatial layout* refers to the size of the furniture, building size etc. These are what the customers and the employees sees, having an unpleasant building with bad furnisher will create a less likelihood to come back. Some people refuse to go back to a resturant because they didn't like the chairs and its size, despite having good food at that particular resturant. *Functionality* refers to how that particular item or thing works – for an example, my phone is supposed to be available for calling, SMS, apps etc.

Signs, symbol and artifact: are those that people can see and are those that we first thing of when we think about a specific organization. For an example, when I think about Karlstad University the symbol I think about is a sun.

6

B) Having a servicescape **holistically** means that we make all of the customer experiences more pleasant. For an example, by adding color scheme to make it feel more welcome and open in the service environment. Designing the servicescape from the **customer's perspective** means that we get a better understanding to the customer's point of view whenever they enter our facility. Such as having an arrow on where to go (IKEA), so they don't get lost etc.

/

Question 4 (Jasenko Arsenovic)

A) **Customer complaining behaviors:** according to literature, complaining behaviors occurs whenever a customer is dissatisfied with the service. And according to the PowerPoint and the lecture, around 20% voice there complain when they are dissatisfied with the service. Why some people voice their complain is because they want compensation, release their anger, improve their service or even out of concern for others.

Service recovery: refers to phenomena where the service firm tries to recover a customer received or perceived bad experiences, or a bad product with the company. By giving them compensation or discount etc.

B) *The three responses are:*

Taking public action: these include complaining directly to the service firm, taking third party action, taking some sort of legal action against the firm

Taking private action: this includes spreading negative word of mouth and/or switching service firm.

Take no action: (as mentioned above, around 20% don't voice their complain)