



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMKT 408: SERVICES MARKETING

END OF SECOND SEMESTER EXAMINATIONS

MAY 2021

LECTURER: MRS SANGO

TIME :7 HOURS

INSTRUCTIONS

You are required to answer questions as instructed in each section

Start **each** question on a new page

Answer all questions in **Section A**

Answer any **TWO** questions from **Section B**

Credit will be awarded for logical, systematic and neat presentations

Section A

Bad Customer care ruins trust

A lot of businesses take an unnecessarily long time to resolve complaints the customer-business relationship is really no different to any other. Just like a good personal partnership, it needs mutual respect, trust and integrity. And as in a personal relationship, if these values are missing, the association is doomed. So why does business regularly treat customers badly, ruining relationships and risking brand and reputational damage in the process? It's been said before but I'll say it again. Mistakes happen; products fail; systems come unstuck. It's the way in which these issues are handled, however, that determines whether consumers champion or bad-mouth a brand.

Business should be upfront and honest, and ready to apologise. (Excuses can be left to cabinet ministers.) If suppliers offered more empathy when things go wrong, the volume of complaints from consumers would probably halve overnight. Its customer service 101: listen, empathise and resolve. And do it quickly. I'm amazed at how readers who send me their complaints are so grateful just to get a response from me, much less a resolution. They're so relieved to have finally been heard. Whatever the merits of a complaint, something has caused a customer distress. And that should be enough to trigger action from a supplier. But it's all too often ignored. As happened to Pretoria resident Adele Hosken who had a problem with Hyundai. "I must be honest with you," the 35-year old wrote to Hyundai after the issue was recently solved, "that I am left with the overwhelming impression that if it wasn't for the Sunday Times' intervention I would still be without any recourse from Hyundai." A sad indictment on a company that says it wants to become the lib EST loved brand "in South Africa.

Hosken's case was not complicated. In fact, it's one of the most simple care complaints I've had. In a nutshell, Hosken took her 2010 Hyundai i30 for its scheduled 45 000km service at Hyundai Menlyn, Pretoria, in June. When she collected it later that day, there was a crack of about 40cm across the middle of the windscreen. My windscreen had no crack whatsoever when I delivered my car in the morning", said Hosken, a programme coordinator and knowledge analyst for an international aid organisation. She reported it immediately to the service adviser and service foreman, who agreed the crack, had not been noted on the check sheet that morning. The check sheet lists existing damage to the body of the car, mileage and fuel level before servicing. The service manager said that if there had been an existing chip on the windscreen when the car was raised off the floor for servicing, it could have caused a crack to develop. He said Hyundai was not liable for the damage and advised Hosken to ask Glasfit to provide an

i report on whether the chip was a new or existing one. If new, Hyundai would pay for Hosken's insurance excess when she claimed for a new windscreen. "What utter rubbish!" said Hosken. iii took the car to Glasfit knowing full well that there is no way to verify whether it was an existing or new chip.

The service consultant said that they had found that when windscreens got damaged in the service process, it was sometimes caused by the fact that the wipers were raised and the bonnet was opened without putting the wipers down, which caused the wipers to come crashing down on the windscreen" Hosken never got any further on her own, despite twice alerting customer care to the problem - at both dealership and national level - and sending dealer principal an e-mail complaint. It was only after she sent her complaint to the Sunday Times that Hyundai apologised and offered to replace her windscreen. According to general manager of corporate communications, Deon Sonnekus, the dealer principal had not been aware of the case. On being presented with the facts, (he) investigated it and it was decided to replace the windscreen. I do not know why this was not done in the first instance," he said. A few days later, Hyundai's national customer care manager, Corne Theron, apologised to Hosken for the way its dealer had handled the complaint and the "non-resolution". "This is definitely not the level of service we expected our dealers to give our valued customers and appropriate action will be taken against the parties involved. i "After all, Hyundai wants to become the 'best loved brand' in south Africa but regrettably we fall far short of that if our dealer network continues to render this level of service ...". Theron said. As far as Hosken is concerned there's "much larger systemic problem/ in the company; its customer service procedure is "broken" . . ."I really love my i30 but I am serious when I say that if someone asks me if I would recommend Hyundai I would think twice.

Follow-up service is just as important as the actual product, "said Hosken. My mother is in the market for a new car. It's a tossup between Ford and Hyundai. My advice would be (for her) to look into Ford as a first choice." Ouch Hyundai, that's got to hurt. -Megan Power. Consumer Advice, Business and Careers, Sunday Times, July 29, 2012

Question One

- a) The relationship between a company and a customer must be long term not a fling. Discuss the values that are paramount in this regard. **(10 marks)**
- b) Customer complaint handling is crucial. What is the customer handling triangle recommended by the author? **(5 marks)**

- c) What can we learn and conclude about agents/intermediaries in this case. **(5 marks)**
- d) Comment on costs of bad customer service in this case. **(3 marks)**
- e) Illustrate the power of word of mouth. **(2 marks)**
- f) In this example, how can you ensure that the company has a culture of excellent customer service? **(15 marks)**

Section B

Question Two

Ethics and ethical decision making are paramount in today's and future business. With reference to a company you are familiar with, discuss strategies that can be used to enhance ethical decision making.

(20 marks)

Question Three

Select an organization in the service sector and another in the goods retail sector. Compare and contrast the fundamental differences.

(20 marks)

Question Four

The growth of the services sector is to a large extent influenced by several key forces. Based on a listed company of your choice, illustrate how they have been influenced by these forces. **(20 marks)**

Question Five

Anchoring on empirical examples define and explain why market segmentation is crucial in services marketing.

(20 marks)

END OF EXAMINATION
