



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 305: MARKETING OF SERVICES

DATE: 13/8/2021

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer question one and any other two questions.

QUESTION ONE (30 MARKS) (COMPULSORY)

Read the following case carefully and answer Question One that follows.

THE BIRTH AND GROWTH OF NATH SERVICES LTD

Nath Services Ltd started as an indigenous African based company providing taxi, tourism and car hire services in the city of Nairobi in the mid-1990s. The promoters of the company had acquired relevant wealth of experience in the operations of this industry from their previous employment in one of the public funded companies operating in Nairobi. Owing to the new government move to divest from direct business involvement, some of the senior managers opted instead of acquiring this company, to venture into a new enterprise in a related business under what they thought would satisfy a long-cherished desire to set a corporate spin off. At the back of their minds, they had fully understood the key prerequisites for success in an industry mostly dominated by firms mostly with a foreign origin.

At the start of operations, there were reservations as to whether this new company would penetrate into a market long dominated by companies owned by business people of the Asian and European descent and controlling a huge financial base. This company however proved the converse was the case in that in its first year of operation, it had managed to win a 13% of the consumer customer base for this industry. The quality of services offered were impressive and in subsequent years contributed to the company's emergence as the dominant player in both consumer and corporate business in the industry. The fame grew far and wide that it became a household name and to most customer and industry groups was the first name that came to mind and the company from whom majority preferred to use for transportation, tour, taxi and car hire services. Profits grew to

unexpected levels with customer bookings surpassing the company's capacity. This trend continued for several years up to the late 2000's when the company started to experience challenges. Business had expanded with branch network in the major cities of Nairobi, Mombasa and Kisumu. However, while this was taking place, little was being done to establish stable work systems, management succession and a basic philosophy distinguishing the company from others in the industry. Workers are frequently heard complaining of the short term focus by those in management and inability to put long term plans to face the future.

From the market side, the earlier registered impressive trend has begun to change in the last few years with customers complaining seriously about lack of attention by staff and poor maintenance of vehicles. Some customers have shifted loyalty to rival companies and the members of staff supporting customer service activities are beginning to show signs of apathy as uncertainty builds. At first management reacted with a wait and see attitude until when a major client threatened to withhold a monthly payment of Ksh40M.

- a) Rhett and his family used Nath Services Ltd to go for a holiday in Zanzibar. Describe the process he went through before he settled on using the company's services. (10 marks)
- b) Explain any five secondary service level elements and indicate how they have been used in the case study. (10 marks)
- c) Discuss the key characteristics of the services offered that make it difficult for the company to market its services in the highly competitive market. (10 marks)

QUESTION TWO (20 MARKS)

- a) You are given an opportunity to develop a promotional message for Machakos University. Explain the promotional appeals that you would use to provoke customers' reactions. (10 marks)
- b) Using viable examples for each, analyse any five roles of internal marketing. (10 marks)

QUESTION THREE (20 MARKS)

- a) Soliana is interested in starting a business in a service industry. She approaches you to prepare a report of the service mix categories that she is likely to base her business on. Describe the elements that you will include in your report. (10 marks)
- b) At the purchase decision stage, the decisions are made by an individual but not in total isolation of other people since they play various roles. Explain briefly the roles played by various people at this stage. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain any five significance of market segmentation for a service organization. (10 marks)
- b) Describe any five factors that affect the pricing policy of a service firm. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Assume that you are working in a hospital where a lot of supplies are bought regularly. Evaluate the buying situations that the hospital will face in buying services under the following circumstances:
 - i. When the hospital is sourcing for a new Management system that it has never used before. (3 marks)
 - ii. When the hospital is contacting the firm that does regular maintenance for its various machines and equipment every year. (3 marks)
- b) Describe any two service quality gaps. (4 marks)
- c) You have been appointed by the Advertising Manager to come up with a promotional message. Explain any five aims that you will have in mind while designing the message. (10 marks)