

UNIVERSITY OF BOLTON
BOLTON BUSINESS SCHOOL
BUSINESS MANAGEMENT/MARKETING PATHWAY
SEMESTER 2 EXAMINATIONS 2008/2009
SERVICES MARKETING
MODULE NO: MKT2503

Date: Tuesday 26th May 2009

Time: 10:00 – 12:00

INSTRUCTIONS TO CANDIDATES:

There are TWO Sections to this paper, Section A and Section B.

The Section A question is COMPULSORY.

You must also answer ONE question from Section B.

Section A carries 60 marks and Section B carries 40 marks.

This examination assignment accounts for 50% of the final grade in this module.

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Section A – COMPULSORY question

Q1.

UK banks provide poor levels of online customer service: 53% of organisations fail to respond to online queries; 35% do not provide an email address; only 29% provide secure email facility

A new study of 52 leading European financial services companies reveals poor levels of online customer service provided by UK banks and building societies. The study, commissioned by IBM and KANA Software, couldn't happen at a much worse time, not only are they very bad at customer service but they're also having the worst year of their lives thanks to Northern Rock, defaulting mortgages and over zealous French traders. The study, "Online Customer Service: International Financial Services. KANA and IBM" revealed significant shortcomings in the online customer service experience, with many top British banks and building societies offering only limited web self-service options and failing to respond to email queries.

Researchers conducted a mystery shopping study of 52 major financial services companies across the UK and Germany. They tested the quality of online customer service offered by each organisation by attempting to find the answer to a typical customer query through the available online channels. These included any help facilities offered on the companies' websites and, where available, customer service email channels. Simple queries were used, such as "What savings accounts do you offer? What are the interest rates?" or "How do you ensure that the internet banking you provide is secure?"

In the UK, 53% of financial institutions failed to correctly answer a simple enquiry through any online channel, either providing an incorrect answer or no answer at all. Meanwhile over a third (35%) of those surveyed did not provide a contact email address on their website and almost a fifth (18%) did not respond to an email enquiry at all. The study revealed opportunities for banks to significantly upgrade their online experience by blending communication channels with knowledge capabilities to provide customers with consistent, accurate answers.

The mystery shopping exercise also reveals that more work needs to be done to provide channels that protect modern consumers; with only 29% of banks surveyed providing encrypted and secure communication channels and over two-thirds providing non-encrypted communication; leaving consumers vulnerable to online theft and cyber eavesdropping.

With regards to speed and accuracy of response, 47% of UK banks and building societies provided a satisfactory response; with a woeful 53% of companies unable to answer the test query via online channels.

**Section A continued over
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Section A continued

Marchai Bruchey, Chief Marketing Officer at KANA said, "We were surprised at the poor level of customer service revealed by the study, especially with UK banks and building societies being so reliant on a superior customer experience to differentiate their brands. With internet access in nearly 16 million UK households, there is growing consumer demand for a quality online experience, and more consistency between Web and branch. Any business that ignores online communication channels does so at their peril – in the competitive world of retail banking, this is especially true."

Austin M. (Web Editor) *UK banks provide poor levels of online customer service* [Online]
Available from: <<http://www.internetretailing.net/news/uk-banks-provide-poor-levels-of-online-customer-service>> [Accessed 28 January 2009]

Required (answer both parts):

- a. You might think that such poor service levels are likely to lead to complaints. However, many unhappy customers do not bother. Explain why some customers complain and some do not even if they are dissatisfied. What expectations can customers have about their complaints?

(30 marks)

- b. Including *mystery shopping* put forward and justify a mix of three customer feedback collection tools which could be used in this case?

(30 marks)

TOTAL 60 marks

Section B - Answer ONE question from this section

Q2.

Explain how ambient conditions can influence customer responses to a service environment of your choice.

(40 marks)

Q3.

Explain why the objectives of services communications differ substantially from those of goods marketing.

(40 marks)

**Section B continued over
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Section B continued

Q4.

Explain the role of service personnel in creating or destroying customer loyalty.

(40 marks)

Q5.

How do supplementary services relate to marketing strategy?

(40 marks)

END OF QUESTIONS