

Reg. No. \_\_\_\_\_ No. \_\_\_\_\_

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**  
FOURTH TRIMESTER MBA DEGREE EXAMINATION MAY 2018

**MKT-T4-4 SERVICES MARKETING**

Max. Marks: 60

Duration: 3 Hours

**Part A**

*Answer all questions. Each question carries 2 marks*

1. What is meant by Recovery Paradox?
2. Explain the concept of Endorsed Brands with suitable illustrations.
3. Differentiate between Service Blue Print and Service scape with suitable examples.
4. Differentiate between Service Encounter and Moments of Truth.
5. Enlist and provide a suitable example for various types of Service Failures.

(5x2 marks = 10 marks)

**Part B**

*Answer any 3 questions. Each question carries 10 marks*

6. Elaborate on the various Service Positioning Strategies and Service Differentiation Strategies with due reference to a Retail Outlet.
7. Elaborate on strategies adopted by a Service Provider for managing Demand and Capacity.
8. Explain the determinants of Minimum Service Level and Maximum Service Level.
9. Elaborate on the various Service Gaps with suitable illustrations.
10. A Service provider adopts the Extended Service Marketing Mix. Elaborate with suitable illustrations.

(3x10 marks = 30 marks)

**Part C**

*Compulsory question, the question carries 20 marks*

**11. Case Analysis: Flipkart- India's Most Valuable Online Retailer**

Flipkart is a home grown company founded by former IITians-Binny Bansal and Sachin Bansal. It became a part of Singapore-based holding company after its 2012 restructuring. According to a company spokesperson, the Bansals, along with senior management, control about 25% of Flipkart, pegging their net worth at around \$375 million (₹2,250 crore) at current valuation. Flipkart.com was valued at about Rs. 9,900 crore in November 2013, thus becoming India's most valuable online retailer. It has over 10 million registered users and ships over 130,000 items a day. Over the past five years nearly \$550 million have poured into Flipkart by the investors, thus reposing faith into the winner-takes-it all strategy of the company and rapidly growing retail online market. In other words, investors such as Accel partners and Tiger global have turned a blind eye to the environment characterized by poor storage facilities, transportation bottlenecks, and suppliers from the unorganized retail sector.

E-commerce flourished because of limited reach of the brick and mortar retailers, and also because people outside the large cities were jumping on the bandwagon of personal computer and mobile-based access to the internet. Hence, what started as a website that would sell books

online enterprise offering electronics and mobiles, apparel, footwear, toys, accessories, sports e-books, and fitness equipment along with baby products, kitchen, travel gear, and home products thrown in with good measure. Expansion and growth meant that there was a constant requirement for capital infusion. In October, Flipkart raised \$60 million mostly from a new set of investors such as Morgan Stanley Investment management, Sofina SA, Vulcan Capital Management Inc., and Dragoneer Investment Group Llc. In all, Flipkart has raised \$360 million in a climate where e-commerce investors have hesitated to fund start-ups or existing sites, having burned their fingers earlier by placing their bets on the sector. Founders Binny Bansal and Sachin Bansal have, as part of their business strategy, insisted on using the invested money for scaling infrastructure and building capacities, which has delayed the profitability of the business.

With an eye on the future, the e-commerce market is expected to grow from current \$1 billion to \$56 billion by 2018, of which they hope to be a large part. Flipkart has decided to grow horizontally by focusing on the niche markets such as lingerie and baby products. The hallmark of such a strategy is low margin of profits and capital-intensive nature of business. This gives Flipkart a limitless ability to raise money, gain a significant edge over the rivals in the business, besides an opportunity of acquiring smaller firms, such as weRead, a social media-based book recommendation and reviewing site, which it acquired in 2010, Letsbuy, an electronic portal in 2012 and finally considering the acquisition of online fashion portals such as Zovi, Myntra and Yepme. In order to become a money spinning enterprise in line with the Chinese e-commerce firms, Flipkart needs to address the several challenges, namely change the economics by bringing down the delivery costs like the Chinese firms. At present, most of the online companies in India suffer losses because of high delivery costs.

Binny Bansal says developing the market will be done by pampering customers so that they are unable to find a better service and catering to every demand that comes their way. For sellers, PayZippy acts a marketplace. PayZippy is Flipkart's payment solution open to other online sites and their customer. This ties very well with the 'philosophy of pampering customers'. Flipkart proposes to develop into an ecosystem and not just remain a seller. This idea is to create technology solutions that can then be used to solve multiple problems. Therefore PayZippy is open to be used by other merchants for payment purposes by overcoming internal challenges ranging from managing a growing company, diminishing stake of the promoter, being continuously motivated, and hiring right kind of talent.

### Questions

1. Analyse the service flower concept for an online platform like Flipkart (10)
2. Discuss 'Flipkart is actually selling convenience, through horizontal growth' (10)

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