

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER
MAY 2013

TITLE OF PAPER : SERVICES MARKETING
COURSE CODE : BA 424 I.D.E.
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS :

- 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)**
- 2. SECTION A IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B**
- 4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONGSIDE THE QUESTION.**

NOTE:

MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

CLIENT WALKS AWAY AFTER BAD SERVICE

RETIRED BANKER ANGERED BY HERTZ'S HANDLING OF SPEEDING FINE SHE DID NOT KNOW OF

I was raised on the generations old adage that "manners maketh the man". Or woman, in my case. Common courtesy and respect are basics most of us expect from others – particularly in the workplace and the wider business world. But I've learnt that no amount of impressive mission statements and honourable pledges can make up for an organization lacking a culture of decency. You can't fake a traditional value system, it's either there or it isn't. And it has to filter through a business from top to bottom. If it does not or even if there is a perception that it doesn't, the damage is done.

Take KwaZulu-Natal South Coast reader Aneska du Pont's recent run in with car hire company Hertz. Even though it involved a small amount of money, her bad customer experience is enough to ensure she avoids it in future. So what did Hertz do to lose Du Pont's support? Simple really. It treated her like a number, not a customer.

In March, the retired banker used her American Express card to hire a car in Cape Town. At the end of the trip, payment was made and she flew home. What she did not know was that she'd incurred a R200 speeding fine during the trip and that an attempt by Hertz to debit her card with a R200 fine admin fee in August had been unsuccessful.

Fines are redirected by Hertz to traffic authorities and the fee is automatically deducted from the card used for original payment. Du Pont was none the wiser until she picked up a garbled cellphone message in September that took her 20 minutes to decipher. It turns out she'd been handed over by Hertz to Blake Collections. Blake had not been given any information from Hertz what the debt was for said Du Pont who was concerned the unpaid R220 would affect her credit rating.

After several attempts to get answers, she was finally e-mailed an explanation from Hertz's customer relations administrator, Mica Jones. Our fines department regretfully does not notify clients about any fine admin transactions or if their credit card transactions have been declined, the email read. Jones said the fee was processed in line with the terms and conditions and any payments declined were handed over to two companies contracted to handle their debtors books. Appalled, Du Pot emailed me. I have been hiring cars for about 30 years and have never had such a shocking experience. Why could Hertz not send me an invoice or just advise me of the fine? Consumers should know about Hertz policy to hand you over when you get a fine.

When I approached Hertz a different version of its policy was given. Claims and fines manager Mirna Hiscock said the correct procedure was to contact a customer about the fine and also if there was a problem with processing the debit. In this case, the client's credit card declined and after an

unsuccessful attempt to contact the client, the invoice was handed over for collection, said Hiscock. She said Blake was part of the Hertz group and assisted in the recovery process.

“The handing over for collection will have no bearing on the clients credit rating and we will never engage in a legal process for a fine handling fee”. Hiscock said Hertz made at least two attempts to reach a client but, because it handled about 400 fines a day, it was not always possible to continuously phone after the second attempt. But exactly what attempts did Hertz which had Du Pont’s home and cell numbers make to reach her? Unfortunately our telephone management system is not recorded which means it’s impossible for me to pull calls to verify said Hiscock. And why did Jones give Du Pont a different version of Hertz policy? Mica works in customer relations and does not have in depth knowledge of the procedures that we follow in the fines department, Hiscock replied. Huh? A senior employee who responds to customer complaints but does not know company procedures? There is a red flag right there. Said Du Pont : I don’t think they tried to get hold of me. They could have just picked up the phone and called me that was all Blake did. Last month when in Struisbaai in the Western Cape, for a wedding she opted instead for Europcar and was very impressed. So how does Europcar handle fines? Fairly efficiently it seems. When a fine is received an automated SMS is sent to the customer, stating a R190 fee will be debited and giving an online link to view the fine. After the debit is processed a system generated invoice is emailed to the customer. If an admin fee is rejected, the accounts team contacts the customer to arrange settlement.

Ditto at Avis, where affected customers are contacted by email are contacted by email, SMS, or phone. A debit note is posted when the R235 fee is processed. If the fee cannot be recovered, it’s written off. Budget, which receives up to 8 000 fines a month, sends an SMS when a card is debited the R220 fee, but due to high fine volumes there are instances where this does not happen. It sends copies of fines to customers on request and if payment is declined it makes alternative arrangements with the customer.

SECTION A

Q. 1 Aneska du Pont walked away. Why did she? (15 marks)

Q. 2 Why did she not walk away from the second company? (15 marks)

Q. 3 Hertz competitors treat claims differently. In your opinion which company has the best system and why? [10 marks]

SECTION B

Q. 1 The pre-purchase stage includes the stimulus stage, and is important in the consumer decision process. Discuss with examples (20 marks)

Q. 2 A number of factors contribute to consumer vulnerability in the service industry. With examples discuss these. (20 marks)

Q. 3 Given that services are intangible, Customers tend to rely on tangible cues or physical evidence to evaluate the service before it is purchased and satisfaction with the service during and after consumption. Discuss with relevant examples. (20 marks)

Q. 4 Discuss with examples the different types of service failures any company can encounter as it goes about doing its business. (20 marks)

Q. 5 With the use of relevant examples discuss the tactics a company can put in place as a Customer retention strategy. (20 marks)