**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**SIXTH TRIMESTER (Batch 2019-21)**

**END TERM EXAMINATION, MAY-2021**

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| Course Name | **Managing Service Operations** | Course Code | **OM402** |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

Each question in Section A carries 7 marks. Section B is a case and carries 12 marks.

**Section A**

**Q.1)** Select a bad and a good waiting experience, and contrast the situations with respect to the aesthetics of the surroundings, diversions, people waiting, and attitude of servers.

**Q.2)** How can we design for self-recovery when self-service failure occurs?

**Q.3)** Give an example of a firm that began as world-class and has remained in that category?

**Q.4)** What contributions to the management of professional service firms can a business school graduate provide?

**Section B**

Attempt the question given at the end of the case:

Yield management, the notion of charging higher prices when demand is high and offering discounts at times of low demand, has traditionally been applied in reservations- based industries such as airlines, hotels and car rental agencies. Managers at the Kowloon Hotel in Hong Kong felt that it might offer them the solution to improving their restaurant revenues.

The Kowloon Hotel on Nathan Road in Hong Kong is well known for its sumptuous all-day buffet. The buffet, which includes a selection of sashimi, oysters, salads and desserts, is open from midday to midnight. As is typical with most restaurants, customers only wanted to dine at particular times of day, and the restaurant was often empty in the late afternoon and late evening. To deal with this problem, the Kowloon Hotel’s managers decided to move away from a single price for its buffet and charge different prices depending on when customers arrive. When guests arrive (check-in) they now receive a ‘buffet zone pass’. The cost of the pass varies depending on their arrival time. At noon, the price is HK$118. It increases to $128 at 1.00 p.m., but then drops back to $118 at 2.00 p.m. The 3.00 p.m. price is even lower ($108), but then progressively increases from $128 at 4.00 p.m., to $168 at 5.00 p.m., $208 at 6.00 p.m. and $248 at 7.00 p.m. Following this peak, the price gradually decreases back to $138 at 10.00 p.m. and to only $98 at 11.00 p.m.

Not only has this new pricing system resulted in a 33 per cent increase in revenue – which was attributed to a fuller utilisation of the restaurant space, hence an increase in revenue per available seat hour (RevPASH) –it has also proved to be a hit with customers, with extremely positive customer reaction. As a result, the management has decided to continue the time-of-day pricing for an indefinite period.

**Question:**

What are the advantages and disadvantages of this approach for the organization and the customer?