



## NAVRACHANA UNIVERSITY

School of Business & Law | MBA Programme - Semester IV | End Term Exam

Services Marketing | Subject Code: MK211 | 12.05.17 | 8.00am to 10.00am | Total Marks: 40

*The figures in the margin on the right side indicate full marks*

**Q.1 Explain GAP Model (6 gaps) in detail** **10**

**Q.2 CGH - Case study** **12**

CGH Earth (CGH), formerly the Casino Group of Hotels, began their operations in 1957 as a restaurant catering to the dock workers and commuters of Willingdon Island, Kochi (Kerala). The group grew gradually, setting up seven resorts – Coconut Lagoon, Spice Village, The Marari Beach, The Brunton Boatyard, Spice Coast Cruises, Bangaram Island Resort, and the Casino Hotel – in Kerala and Lakshwadeep. The group specialized in resorts that offered a local flavor, environmental sensitivity, and an original and quality experience as its USP.

In line with their USP, each property of CGH offered a different environment, giving the tourists varied experiences at each resort. The Coconut Lagoon, for example, offered a collection of old Kerala homes called 'tharavad', exuding a typical Kerala atmosphere. The resort also offered specialized cuisines, an exhibition of the performing arts, an Ayurveda center and the simple joys of life on the backwaters. Other services offered by the resort included sunset cruises and a visit to a bird sanctuary. Guests were also allowed to indulge in their hobby of cooking with exotic spices.

The Spice Village in Thekkady, set in the spice growing Cardamom hills, was given the shape of a tribal village in a spice garden. The roofs of the houses in the village were made of grass and one could smell the aroma of pepper, nutmeg and other spices all around. To retain the natural look of the rooms, there were no luxuries such as ACs and TVs in them. This resort offered additional services like a library, jungle treks, a special tiger room that had slide shows, and indoor games.

The Marari Beach resort was built to resemble a traditional fishing village with thatched villas designed to blend in with the local surroundings. However, for the convenience of the modern traveler, all the villas were air-conditioned with twin or double beds, a mini bar, coffee making facilities, a delightfully furnished verandah with a ceiling fan, and bathrooms built in the traditional Kerala style with an open-air courtyard, complete with a banana or papaya tree. Apart from these, extra services included an ayurveda center, exclusive seafood cuisine, an amphitheatre for cultural shows, as well as a beach volleyball court for entertainment. To add to the pleasures of local sightseeing, guests were even provided with bicycles.

The Brunton Boatyard provided visitors an insight into Kerala's colonial history. The resort was built in the shape of a ship, complete with arches and ancient fans. A special feature of this hotel was the king-sized beds made of rosewood and teak. The Lakshwadeep resort, apart from offering the ambience of a village, had various sports for their customers such as scuba diving, snorkeling, deep sea fishing, kayaking, and so on.

CGH took advantage of the beautiful backwaters of Kerala, offering cruises on houseboats that were equipped with basic facilities like a bedroom with attached bathroom, and a kitchen. The services of a guide were also provided. Emphasizing the importance of ambience, Jose Dominic, Managing Director, CGH, commented, "I believe that the ambience that will succeed in an enduring manner is one that would capture the local ethos". This product differentiation was targeted at the leisure



traveler who wanted to connect with nature. CGH maintained its customer base by its innovative concepts backed by competent staff, which provided good customer service.

CGH tied up with various travel agents like Kanoo Holidays, Akshaye Holidays etc., to have an assured supply of visitors. A variety of packages were offered, including an eight-day tour of Kerala that covered a stay in all their resorts. As an innovative measure, the packages had names like the Coconut Holiday, Curry and Rice Holiday, etc. Apart from this, CGH also used ayurvedic treatments to target foreign travelers. In a focused re-branding exercise, they changed their name from Casino Hotels to CGH Earth, which stood for Clean Green Home, to signify the natural theme of all their resorts. To offer more variety to their customers, they embarked on an expansion plan, starting three projects in Karnataka to cash in on the local environment. Starting with the Gokarna beach resort, they planned to offer yoga as the theme of the hotel, in line with the local practices around that area. Further, CGH started organic farming in Kerala's Idukki district with the idea of attracting tourists during the harvest season.

In addition to providing good ambience and cuisine, the frontline staff of CGH was given the opportunity of taking the initiative in managing the resorts. This encouraged good performance, which translated into better customer service. In recognition for his unique products, Jose Dominic, Managing Director, CGH received a special award in 2002-2003 from the Union Ministry of Tourism for his pioneering efforts in resort development. In the same year, Marari Beach Resort won an award for the best threestar hotel.

Questions:

1. CGH stands for clean green home. How has CGH Earth integrated this concept with their various services and leveraged on it to offer a unique experience in each of their resorts?
2. What were the various services offered by CGH resorts in addition to the local ambience and cuisine, which were in line with the locational preferences targeting specific tourist segments?

**Q.3. WaMu - Case study**

**12**

Washington Mutual (WaMu), which first started as a regional player in the early 1990's, became the seventh largest bank in USA with \$275.18 billion worth of assets in its fold by 2003. WaMu was the second largest player in the mortgage loans market, next only to Wells Fargo. Its aggressive acquisition strategy enabled it to penetrate the market and acquire nearly 30 banks since it started operations in 1990. WaMu targeted the middle class customers and offered products such as free checking of accounts and home mortgages, which other bigger banks had largely ignored. The bank positioned its branches as 'retail banking stores' instead of traditional bank branches.

WaMu tried to create brand awareness through innovative promotional strategies. It used humour in its advertisements to promote its products and services. The bank participated in various community development programs and this helped enhance its corporate image. In the year 1998, it announced an outlay of \$ 120 billion for community needs and issues over a ten-year period. These funds were mainly used to offer loans and financial support (affordable housing and small business loans) to under-served communities such as ethnic groups, and low and middle-income groups. The bank also ran community relations programs to improve public education by offering grants to K-12 schools and running 'School savings programs'. Through the 'School savings programs', which were established in 1923, elementary school children were taught the value of savings.

In July 2002, the bank entered New York City through the acquisition of Dime Bancorp, which had 125 offices in New York and New Jersey (NJ). WaMu lacked brand awareness in the New York market, which was dominated by well-established banks like J.P.Morgan Chase and Citigroup. It launched a promotional campaign to create brand awareness and convey to the customers the conversion of Dime Bancorp's branches to Washington Mutual. In a bid to create an image of a bank with a customer-oriented approach, combined with commitment to community development, it launched a unique sales promotion campaign titled "Spotlight on Teachers". As part of this sales promotion campaign the bank offered 14,000 pairs of tickets for a matinee show on November 16th 2002 at Broadway for New York K-12 school teachers. The program was conceptualized in December 2001, through which 14,000 school teachers were to be selected randomly from those nominated by



students, their parents and fellow colleagues. The top management evaluated the proposed program and approved the campaign in February 2002. WaMu then negotiated with the theatre owners regarding the reservation and the pricing for the shows.

The bank launched the campaign in August for a three-month period from August - October 2002. A teacher was to be nominated by a past or present student, student's parents or by their fellow colleagues. In order to nominate the nominators had to either fill the form (which contained details such as nominated teacher's name and school, what did he like about their teacher) that was made available at any of the Washington Mutual Financial Centres or could be downloaded from its website. These filled -in forms were given to the respective teachers who in turn entered their contact information and dropped the forms in the mailboxes or at any of the Washington Mutual Financial Centres located in New York and New Jersey. At the end of the nomination period, the bank drew lots to select 14,000 candidates from among the nominated teachers. The selected teachers were sent the notification packs containing Mayoal Proclamation from Michael Bloomberg, and a congratulatory letter from WaMu. The pack also had an information booklet that provided information about the Broadway shows as well as the pre-show gathering event, Times Square merchant discount coupons and a unique ID number. The teachers could book their tickets by calling the toll-free number provided in the booklet and specify the show they wanted to see. Tickets with details of the show and the travel directions were sent to their homes.

To gain good publicity, WaMu had bought all the tickets for every show on Broadway, which was the largest single buy-out in the history of Broadway. A preshow event was conducted at the Times Square. Leading personalities of New York City including the Washington Mutual Bank President Deanna Oppenheimer and Deputy Mayor Dennis Walcott and the NJ Teacher of the Year were invited to address the crowd. Later, Broadway kids and Broadway legend Joel Grey gave performances. The teachers were sent to the shows with confetti consisting of WaMU colors being showered on them.

Following this event, leading newspapers carried cover stories. New York Times ran a photo feature. Local news television channels Fox 5 news, Eyewitness News and ABC 7 covered the event. The post-event survey conducted by Beta Research Corp revealed that unaided awareness among customers about WaMu had increased from 18% to 56%. Nearly 42% of the sample respondents had voted the bank as "a bank that gives to the community." Nearly 97% of the teachers had rated this as an excellent program. This program influenced some of the teachers who won tickets to open an account with WaMu. Janice Wilson, a second grade Teacher in Avenel, NJ, said, "I often feel appreciated by my students, but rarely by the 'real world'... If I didn't already have an account at Washington Mutual, I would transfer my money there to show you how much I appreciate you for showing that you appreciate me."

Questions:

1. What could have been the objectives of WaMu's sales promotion campaign - "Spotlight on Teachers"? Comment on the success of the sales promotion campaign in reaching the target audience.
2. What are the other ways through which Washington Mutual can increase brand awareness and gain 'initial push' in the New York market?

**Q 4. - A**

**3**

ABN-Amro Bank has surprised the banking industry by announcing the lowest interest rate of 6.5% for its housing loans, which is 1% less than what other banks are offering. What kind of pricing strategy has ABN-Amro Bank adopted in this case? Describe the pricing strategy.

**Q 4. - B**

**3**

Charms Spa, a Spa chain having branches all over India is setting up its new branch at Hyderabad. As the spa concept is new to many Indian customers, it is planning to run a sales promotion campaign to attract customers and create awareness about its service offerings. What are the various sales promotion schemes that Charms Spa can adopt?