

TEACHING NOTES FOR THE CASE STUDY: BEST AIR CATERING SERVICES COMPANY LTD.

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Introduction

This teaching note is prepared with the sole purpose of aiding/complementing the class room discussion. It is not the intention of the author to discuss the managerial weaknesses of the company but rather to stimulate the in class discussion which in return can bring about better understanding of the subject matter intended. Examples, names and data provided are all fictitious.

Summary of the case

The case describes an attempt by the CEO of the company Mr. Avitt to try and measure the quality of services offered to the customers at two major airports namely; Julius Nyerere International and Kilimanjaro international airports. Measuring the services quality is a bit complicated than measuring the quality of physical product. (Medaphnep, 2013).

According to the case the two airports are situated in the strategic regions and they are ones of the big cities of the country which depends on agriculture as the major means of economic production, mining and tourism. Dar es Salaam is the commercial city of the country and the centre of trade and Business. Major businesses have their headquarters located in this region. In essence, the city is attractive to business people, tourists and travellers. Major offices, ministries, directorates and embassies are also available in this region.

On the other hand, Arusha is the largest city in the northern zone and is the centre

of tourism in the northern zone. Many tourism attractions are located in this city and nearby towns making the area so popular to tourists who come to visit these natural attractions. Thus, the two regions are important to the country in many aspects. As the result even the airports in the two regions received good number of travellers in both local and foreign destinations.

The case also explains the complexity of obtaining contracts to offer services to the customers. Those who win the tender to run these outlets are facing competition from other service providers at the two airports. The service provided is almost similar in many aspects making the business volatile and competitive. According to CEO as quoted in the renowned weekly business newspaper-Business times as saying “serving the needs of customers in this business is very difficult as you need to keep abreast with all information of you customers. Essentially, customers from different backgrounds have different ways of looking at the quality of service provided; something makes the whole process a bit complicated”

From Mr. Avitt’s words these confectionaries are serving people from different countries that used the two airports to fly to various destinations. It was realized by the CEO that gathering information as the company had no any

insight regarding the performance of these outlets is paramount important in meeting customer expectations. Having emulated examples from competitors who have conducted a series of surveys and also banking on the words of Peter Drucker “what doesn’t get measured doesn’t get managed”, Mr. Avitt decided to distribute

the developed questionnaires to the customers who purchase services from the outlets owned by BEST AIR CATERING SERVICES LTD. The table below shows an average score for all five outlets.

Number of respondents=420, maximum score= 5

category	Transit-Dar	Airport-staff arusha		Airport staff Dar.	Snacks bar-arusha	Snacks bar-dar
Food	4.21	3.23		4.25	4.08	3.45
Menu	3.90	2.97		4.20	3.86	3.07
Services	4.52	4.07		4.09	3.52	3.87
Staff	4.59	3.90		4.16	4.24	3.94
Cleanliness	3.82	3.23		4.34	4.22	3.33
Total	21.04	17.4		21.05	19.92	17.66

Learning Objectives:

1. Learn about the significance of delivering the quality services to an overall company’s prosperity.
2. Appreciate the challenges and variability nature of managing services unlike physical products.
3. Understand the significance of carrying out research studies for sound decision making in organizations
4. Understand different methodologies that could be applied in measuring the quality of services.
5. Appreciate the significance of using research data for management actions.
6. Understand the SERVQUAL tool for measuring the quality of services in different industries.

Use of the Case

Potential fit in the curriculum: This case could be used in an MBA or undergraduate course on Services Marketing, marketing Management, Marketing Research or consumer behavior. The case can also be

used more broadly to illustrate changing consumer behavior patterns and how companies can extract value strategically from consumers, as well as how companies can make use of research data especially in the services sector to improve the way they manage services. This teaching plan is designed for a 55- to 65- minute class, but it could effortlessly be prolonged depending the class size and can take longer to up to 75 to 90 minutes.

The case could also be used in an executive education session focused on services marketing, marketing strategy, consumer behavior, or Marketing research. For additional background, the instructor may want to read the following article to understand better how the SERVQUAL MODEL can be applied in different circumstances: Journal Article “Management Of library Quality Services in Public Universities” , ANVESHA Journal of Management, Vol 6 No. 4 October –December 2013. Accessed at http://www.ies.edu/management/uploads/1455855987_810321_abstracts_vol_6_no_4.pdf

Assignment Questions

1. In CEOs position, what questions should he be asking himself about this data /information obtained from the study conducted?
2. What management action should he take as a result of this survey?
3. Comment on the method used to develop shown on the case and how the SERVQUAL could have been used in this study?.

Discussion Plan

Theme 1: Introduction to Marketing research and services Marketing (15 minutes)

An obvious way to open the case discussion is to ask for a volunteer in the class to give the meaning of Marketing Research and Services Marketing:

Marketing research is the function that links the consumer, customer and public to the marketer through information - information used to identify and evaluate marketing opportunities and problems; generate, refine and evaluate marketing actions; monitor marketing performance and improve understanding of marketing as a process. The definition above could stimulate the students to have better understanding of the marketing research and how it is conducted. On the other hand, Marketing of services is regarded a marketing of the intangible products. A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organization and ideas. Regardless of the “product”, there is a services component to the offerings of firms in some cases, a service is the

principal purpose of the transaction, as in the insurance services, a haircut, legal services, Education, hospital services, Banking services, -- we refer to this as the core service in others, service is performed in support of the sale of a tangible product -- these are referred to as *supplementary services*.

The instructor could then proceed by asking another question to the students as follows; “In the last 6 to 12 months who has used Julius Nyerere or Kilimanjaro International airports” The instructor can then call on several students to ask questions such as:

- What is the difference between quality and satisfaction as they are used in services marketing?

Many people tend to confuse quality and satisfaction and culmination using the two interchangeably to means the same thing. Customer satisfaction is a broader term, it is an ability of the services to meet and exceed the requirements of the customers. Thus, there is a growing argument on how to differentiate the two terms. (service quality and customer satisfaction). However, consensus is growing that the two are different in their underlying causes and outcomes. We can simply say that, customer satisfaction is an outcome of the service quality, while service quality is what brings about customer satisfaction.

- What is the level of catering services quality at the two airports?

The instructor should expect different answers from different students as quality means different things to different people. The answers provided will show clearly how hard is to measure the quality of services by managers.

- Did you enjoy the services given? If no, Why? If yes, how?

Again, the answers from this part will signify how different the people are in judging quality and ultimately satisfaction. The instructor should expect different answers from the students and this will stimulate some more discussion.

- Why not everyone at the airport using the catering services provided?

There could be so many reasons ranging from the life style and background of the people travelling as people's orientation and culture could be a major factor. Another thing could be pricing of the items sold as some of the foods are regarded as expensive at the airports than outside the area. Quality perception as people's experience would be the major determinant especially when a person was treated badly in the past. In this case, doing the right thing first time matters a lot in the services industry than in any other businesses.

The instructor could deepen the discussion with the following prompts:

- Some managers usually, measure the performance of their businesses while others do not. In your own view what are the advantages of carrying out surveys for business organizations. The instructor should be able to encourage students to give their remarks on what re the benefits of conducting surveys and also the challenges of conducting them. The instructor should expect students to give the benefits as follows;

- Make better decisions

- Reduce uncertainty

- Reduce risk

- Base decisions on fact rather than intuition

- Understand our staff & the service they provide to our customers

Despite, the benefits itemized above there are also some challenges in carrying out marketing surveys as follows;

- Value of MR should be understood

- Cost of MR should be justified

- Information should be produced that is needed

- Should not be confirmatory or defensive

- Internal client for each project

- Information should be shared

- Decisions should always be made as a result of MR

- Why not everyone at the airport using the catering services provided?

Finally, the instructor might ask: "Is there anyone who has used the catering services provided by Best Catering Ltd in any of the two airports ?" the comments will likely range from those who have utilize the services offered to those who have not so far enjoyed the meals at the particular airports mentioned. Again, for those who have utilized the services offered will differ significantly on whether the services are superb or not and this is something normal in type of business.

Theme 2: In CEOs position, what questions should he be asking himself about this data /information obtained from the study conducted? (20-30-minutes)

The instructor might find it helpful now to focus on the study and the data obtained from the study and start deducing them for decision making. There should be clear incongruities amongst the students in the class. At this point in time, there could be some students who believe that the study was conducted properly and those who tend to have confidence in that the study

was not meticulous enough to spawn the reasonable conclusion. The instructor should leave the discussion to go interminably as this is a methodological thing and different people might have different opinions. However, the following questions would be asked by the CEO about the information obtained from the study.

-First and far most, can I rely on the data obtained given the size of the sample and the method used in carrying out the research/survey?

-Is the information obtained from the study a true representative of the entire customers' base of the company?

-Is this study conclusive enough to draw any managerial actions?

- Why the food and menu services are poor in Airport staff at Arusha and snack bar at Dar?

-What could be the reasons for Transit and Airport staff Dar to score high in food service?

-Why Airport staff - Arusha is performing badly in almost all aspects, i.e. food, menu, staff and cleanliness. What could be the reasons for this failure?

-Is there any unstudied/uncovered area that needs to be surveyed?

Basically, before one is looking forward to draw any conclusion in scientific studies, there should be a clear justification of the methodology used/applied. Otherwise the entire process could be regarded as wasteful. Instructor should be in a position to guide the discussion on the significance of using the right methodology in carryout research studies. Survey is all about getting expedient information for decision making and according to Crisnal (2005), the useful information is characterized by;

- Relevant for task
- Accurate
- Current
- Cost-effective to collect
- Complete / sufficient
- Verifiable
- Reliable
- Clear

Theme 3: What management action should he take as a result of this survey?(15-20 minutes).

The instructor should appreciate the fact that, catering services remain one of the fastest growing areas of the restaurant industry and represent a critical source of revenue for restaurants. Still, catering service providers should always be looking for ways to diversify their business. Below are essential best-practices that should be taken to develop or expand upon and build a winning catering and delivery program.

a) *A dedicated catering platform to ensure proper execution from order to delivery.*

The Best catering service ltd should use POS system for counter and table sales with a food costing and inventory system in place to keep track of material usage and to watch over your cost of goods sold. If the service has a catering sales team in place and maintains a separate menu for that business, such as platters and box lunches instead of individual menu items, then a dedicated catering platform will ensure that they maintain proper control and visibility over this segment of the business, rather than treating it as an afterthought to dining room sales. A catering platform should seamlessly integrate with other catering service systems and business intelligence tools, including inventory and costing systems, so that the corporate office and investors

can view the "big picture" while store managers focus on day-to-day operational priorities. Medaphnep, 2013,

b) Pursue a balance between centralized control and store-level execution.

To successfully manage a high-volume catering program, a catering service with multiple locations needs to manage both global and store-level business data. A distributed management system with store-level log will be easily access the information for their location in order to execute their catering operations more efficiently. Each location should have the ability to use different features and configuration settings and since system access can be tailored to each job function, the amount of training and available information is much less overwhelming.

c) Consolidate orders to maximize production efficiency.

In today's economy, maximizing efficiency has never been more important. Catering businesses should consolidate daily production requirements so that they produce across all of their daily demand, not just one order at a time. Through your catering solution, operations and production sheets should be grouped by menu item and work flow to reflect the kitchen design. These production sheets should include precise lists of every item included in the order, down to the number of utensil packets, boxes and bags that will be needed. Having these items already in place frees up time for the kitchen and restaurant managers to focus their efforts on higher-level operations like customer service, instead of worrying about the logistical details.

d) Keep business clients happy with streamlined, customized service.

For most catering-based catering operations, a significant number of customers are businesses. Because these businesses place much larger orders than your typical to-go customer, the order-taking, production and delivery processes must be especially timely and efficiently. A key component to achieving this knows your customers well. Keeping track of all customer information, preferences, special requests, previous orders, delivery notes, billing information and other customer data will make the service more personalized and accurate. Another feature that is popular is "group ordering," enabling multiple people to place an online order, but consolidating those entries into a single order when it hits the restaurant. B2B clients are some of the most loyal and high-value you'll find, so ensuring that their orders are perfect and on-time every time is essential. Medaphnep, 2013,

The above points are for the best practices in managing the catering services that the company can emulate from. The instructor could then zero in the findings summarized on the table above to recommend the management actions that could be applied from the data provided.

-Making improvement to the areas where the company is not doing fine as per the information available on the table above.

-Get rid/turnaround to some outlets as discussed in the case.

-Rewarding staff that are doing fine and making incessant improvement as quality is like a marathon which has got no finishing touchline. Here the instructor should focus on the rewarding systems of the organizations. Different motivational theories could be discussed in the class.

Theme 4: Comment on the method used to develop shown on the case and how the SERVQUAL could have been used in this study?(25-35 minutes).

The instructor should be aware that, the method/questionnaire used to collect data was not comprehensive enough to collect used information as it is lacking or could not include some important aspects in measuring services quality. In view of this, experts in the area of services have designed different mechanisms of measuring the quality of services for different organizations. The SERVQUAL model could have been used in this study as a way of trying to measure service quality by examining the five dimensions of service quality which are Reliability, Responsiveness, Assurance, Empathy, and Tangibility.

- Tangibles - Physical facilities, equipment and appearance of personnel.
- Reliability Ability to perform the promised service dependably and accurately
- Responsiveness. Willingness to help customers and provide prompt service
- Assurance (including competence, courtesy, credibility and security).
- Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- Empathy (including access, communication, understanding the customer).Caring and individualized attention to its customers. (Shannin A., 2005).

The questions could be prepared to fit in the dimension of service quality above where the SERVQUAL model could measures both the expectation and perception of the service on a scale of 1 to

7, 22 questions in total. Then, each of the five dimensions would be weighted according to customer importance, and the score for each dimension would be multiplied by the weighting. Following this, the Gap Score for each dimension would be calculated by subtracting the Expectation score from the Perception score. A negative Gap score would indicates that the actual service (the Perceived score) was less than what was expected (the Expectation score). SERVQUAL is a ready-made questionnaire and scientifically accepted

Theme 5: Wrap-Up (5–10 minutes)

The instructor can wrap up the discussion by acknowledging that the business environment is changing intensely in almost every type of businesses. There will be winners and losers, and organizations that can be agile and carve out compelling strategic positions will be most successful. In other words, those companies which put the needs and requirements of their customers first should be able to enjoy competitive advantages than those doing the reverse.

Finally, the instructor might ask: “What are key lessons that you might take away from this case?” The instructor could also return to the case itself and ask: “Let’s assume for a moment that the data obtained are true representative of the situation at the company and its outlets, what could be your responses/actions as the CEO of Best Catering Services Company?. What do you see as emerging threats or opportunities going forward in this industry?”

The industry is awash in innovations introduced over the past decade in areas that include payments, fulfillment and

customer recommendations. The instructor can conclude that this pace of innovation is likely to continue and perhaps accelerate and that catering companies with agile strategies and disciplined execution will be the winners.

Managing the services is all about measuring the level of quality as perceived by the customers. Quality means different to different people and there is no single way of measuring the quality of services. Experts and practitioners believe that SERVQUAL is one of the best ways of measuring the quality of services as it focuses on the five core dimensions to compare the expectations against the perception in 22 questions each. The appendix 1 attached: SERVQUAL

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