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B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.

Fifth Semester

Business Administration — Main

CASE ANALYSIS

(For those who joined in July 2017 onwards)

Time : Three hours   Maximum : 75 marks

CASE ANALYSIS

Read the following case and answer the questions given below:

NOT DELIVERED AS PROMISED : DON'S PAY FOR IT

Sunny and his wife Rekha both had degrees in Hotel management with specialisation in catering and hospitality respectively. Both were working at Host, a restaurant located in the midst of the busy business locality. Just hundred meters away was the stock-exchange where hundreds of people gathered everyday to exchange business transactions. The one kilometer of market had

offices of many prestigious companies of India, reputed business houses, consultants, multinational companies and industrial houses. The area was known as the financial district of the city.

Because of the educational and work experience, sunny worked in the restaurant kitchen and Rekha supervised the dining area and handled the billing and cash register. The restaurant having space limitations had no scope of expanding its operations. So, for the past ten years they were doing same routine work.

Sunny and Rekha were keen on starting a enterprise of their own and were looking for the right of business and opportunity. Rekha being in the dining area was always observing the guests coming to the Host. She observed that most of the guests coming for lunch were people belonging to the financial trade like investors, stock brokers, bankers and their business operations were concentrated at the stock exchange. Since the lunch break was only for half an hour, half of the break time went in the to and fro movement to the eating place. They were always found to be intent on finishing their lunch rather than enjoying it. Many of the guests were seen talking on their cellular phones even while eating.

Sunny and Rekha once visited the stock exchange to know the work place of their guests and realized how hard pressed for time they were.

They were convinced that if they could offer these customers an appealing lunch at their workplace, they can certainly develop a clientele. Moreover, the customers will be able to relish the lunch as they will be able to utilize the to and fro movement to the restaurant profitably.

They started talking to a select list of potential customers about the service they wanted to introduce. They found that their concept was acceptable to most of them. A demand for onsite food service was established. Sunny and Rekha worked on the economies of this service and established that they could build a very profitable business.

They decided to quit their jobs and open a small kitchen at their home exclusively to cater to customers requiring onsite food delivered as per their requirement. The focus of the service 'quality food delivered on time'.

The operational strategy was very simple. They had met the potential clients and asked them to giving their requirements by 10 a.m. and also the time at which they would like the food to be delivered in their office. Normally 1.00 to 1.30 p.m. being lunch time gave them enough time to prepare food and deliver the packets.

The procedure followed by Sunny and Rekha was this.

(i) The service delivery start time fixed at 11.00 a.m. so all food must be filled, packed, labeled and sorted by this time.

(ii) The delivery boys must report at 11.00 a.m. to pick up their packs. The delivery boys were selected on the basis of their location in the customer area, their knowledge about topography and distribution skills.

(iii) The client base of 70 people located at seven different places was served by seven delivery boys such handling 10 customers whose offices were located either in the same building or in the immediate vicinity. The distribution strategy and mode was designed on the basis of client dispersion in the segment. On average, one delivery boy was supposed to handle 8 to 10 clients.

(iv) The work study has indicated that each delivery boy can deliver the food and drop back the empty cases within one and half hour from the start of service. The kitchen as located five kilometers from the business offices.

In the same area there are four more organisations providing similar food delivery service and Sunny and Rekha has to compete with them in the same area. To have a proactive approach they started providing a service guarantee stating "Not delivered as promised - don't pay for it". Their main focus was speed of service.

As a consequence of this service their service started getting recognition and gained the reputation of reliability, accessibility and responsiveness. More and more customers were willing to enroll themselves as regular members for this service. The other suppliers in the same area not willing to match service and guarantee offers of sunny and Rekha. Their customers started defecting thereby causing economic strain on their business. "How long can they offer this guarantee", commented one supplier as he felt it would as she was incharge of customer management and sunny was looking after the kitchen management.

The increased flow of customers was alluring them to expand the business but the type of guarantee was forcing them not to expand. But the experience of both convinced them to go ahead for expansion and cater to the segments they has identified and they are sure of winning without problems.

Questions:

1. How could sunny and Rekha create a market niche for their service offerings?

2. What are the characteristics of the niche? What is the customer base?

3. What value-added services did they start offering the clients? Explain at least three of them

4. What distribution strategies were adopted by them to deliver the food within the promised schedule? Did this build up customer satisfaction?

5. Explain how customers and service providers benefited?

6. How could Sunny and Rekha tackle the competitors?

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