

**Read the questions carefully and justify all your answer.
You cannot use any class or personal materials.**

1.

“I just hope the quality differences are visible to our patients,” said Dr. Barbro Beckett as she looked to the office of her well-established dental practice. She had recently moved to her current location from an office she felt was too small to allow her staff to work efficiently—a factor that was becoming increasingly important as the costs of providing dental care continued to rise. While Dr. Beckett realized that productivity gains were necessary, she did not want to compromise the quality of service her patients received.

The dental care industry was changing dramatically. Costs rose as a result of labor laws, malpractice insurance, and the constant need to invest in updating equipment and staff training as new technologies appear. Due rising costs there was a movement in the United States to reduce health care costs to insurance companies, employers, and patients by offering “managed health care” through large health maintenance organizations (HMOs). The HMOs set the prices for various services by putting an upper limit on the amount that their doctors and dentists could charge for various procedures. The advantage to patients was that their health insurance covered virtually all costs. But the price limitations meant that HMO doctors and dentists would not be able to offer certain services that might provide better quality care but were too expensive. Dr. Beckett had decided not to become an HMO provider because the reimbursement rates were only 80–85 percent of what she normally charged for treatment. She felt that she could not provide high-quality care to patients at these rates.

These changes presented some significant challenges to Dr. Beckett, who wanted to offer the highest level of dental care rather than being a low-cost provider. With the help of a consultant, she decided her top priority was differentiating the practice on the basis of quality. Since higher quality care was more costly, Dr. Beckett’s patients often had to pay fees for costs not covered by their insurance policies. If the quality differences weren’t substantial, these patients might decide to switch to an HMO dentist or another lower- cost provider.

The move to a new office gave Dr. Beckett a unique opportunity to rethink almost every aspect of her service. Dr. Beckett hired an architect to design a contemporary office building with lots of light and space and parking space for patients. She felt it would be a critical factor in differentiating her service. The new office waiting room and reception area were filled with modern furniture. Live plants and flowers were abundant, and the walls were covered with art. Classical music played softly in the background. Patients could enjoy a cup of coffee or tea and browse through the large selection of current magazines and newspapers while they waited for their appointments. The treatment areas were both functional and appealing. There was a small conference room with toys for children and a DVD player that was used to show patients educational films about different dental procedures. Literature was available to explain what patients needed to do to maximize the benefits of their treatment outcomes.

The examining rooms were very comfortable and adjacent to one another. There were also attractive artifacts hanging from the ceiling to distract patients from the unfamiliar sounds and sensations they might be experiencing, or even overhear other people’s conversations and bad reactions to procedures. Headphones were available with a wide selection of music. State-of-the-art computerized machinery was used for some procedures. All the technical equipment looked very modern and was spotlessly clean. Dr. Beckett’s dental degrees were prominently displayed in her office, along with certificates from various programs that she and her staff had attended to update their technical skills.

There were eight employees in the dental practice, including Dr. Beckett (who was the only dentist). The seven staff members were separated by job function into “frontoffice” and “backoffice” workers. Front office included a receptionist and a secretary. The back office was divided into hygienists and chair side assistants. The entire “back office” staff wore uniforms in cheerful colors.

Dr. Beckett valued her friendships with staff members and understood that they were a vital part of the service delivery. “90 percent of patients’ perceptions of quality come from their interactions with the front desk and the other employees—not from the staff’s technical skills,” she stated. When Dr. Beckett began to redesign her practice, she discussed her goals with the staff and involved them in the decision-making process. The changes meant new expectations and new office procedures, and the current group works very well as a team. Dr. Beckett and her staff have meetings every other week to discuss strategic issues and resolve problems. During these meetings, employees made suggestions about how to improve patient care. Some of the most successful staff suggestions include: “thank you” cards to patients who referred other patients; follow-up calls to patients after major procedures; a “gift” bag to give to patients after they’ve had their teeth cleaned that contains a toothbrush, toothpaste, mouthwash and floss; and coffee and tea in the waiting area.

The expectations for staff performance (in terms of both technical competence and patient interactions) were very high. But Dr. Beckett provided her employees with many opportunities to update their skills by attending classes and workshops. She also rewarded their hard work by giving monthly bonuses if business had been good. Since she shared the financial data with her staff, they could see the difference in revenues if the schedule was slow or patients were dissatisfied. This provided an extra incentive to improve service delivery. The entire office also went on trips together once a year with expenses paid expenses by Dr. Beckett.

Dr. Beckett’s practice included about 2,000 “active” patients (and many more who came infrequently). They were mostly white-collar workers with professional jobs (university employees, health care workers, and managers/owners of local establishments.) She did no advertising; all of her new business came from positive word of mouth by current patients. All new patients were required to have an initial exam so that Dr. Beckett could do a needs assessment and educate them about her service. She believed this was the first indication to patients that her practice was different from others they had experienced.

“Redesigning the business was the easy part,” Dr. Beckett sighed. “Demonstrating the high level of quality to patients is the hard job.” She said this task was especially difficult since most people disliked going to the dentist or felt that it was an inconvenience and came in with a negative attitude. Dr. Beckett tried to reinforce the idea that quality dental care depended on a positive long-term relationship between patients and the dental team. This philosophy was reflected in a section of the patient mission statement hanging in the waiting area: *We are a caring, professional dental team serving motivated, quality-oriented patients interested in keeping healthy smiles for a lifetime. Our goal is to offer a progressive and educational environment. Your concerns are our focus.*

Although Dr. Beckett enjoyed her work, she admitted it could be difficult to maintain a positive attitude. The job required precision and attention to detail, and the procedures were often painful for patients. She often felt as though she were “walking on eggshells” because she knew patients were anxious and uncomfortable, which made them more critical of her service delivery. It was not uncommon for patients to say negative things to Dr. Beckett even before treatment began (such as, “I really hate going to the dentist—it’s not you, but I just don’t want to be here!”). Even though patients seldom expressed appreciation for her services, she hoped that she made a positive difference in their health or appearance that would benefit them in the long run.

a) Characterize Dr. Beckett’s practice service concept. [3,5]

Marketing concepts	Application to case
<p>The service concept defines the set of benefits that the service is expected to offer to the customer; defines the overall offering .</p> <p>The five product/service levels of Kotler can be used. Each level adds more customer value.</p>	<p>Both core and supplementary services add value to the core and distinguish Beckett's practice from those of competing dentists.</p> <p>Core benefit: dentistry services</p> <p>Basic product: good dentistry services</p> <p>Expected product:</p> <ul style="list-style-type: none"> • staff tells patients about dental procedures and costs before treatment occurs. During treatment, patients are advised about what is happening and how long the procedure will take to complete. • patients can make an appointment for dental care • billing and different payment methods are provided <p>Augmented product:</p> <ul style="list-style-type: none"> • Beckett and her staff consult with patients both before and after treatment. They try educating patients about proper maintenance (like flossing, brushing, and regular checkups), future corrective procedures can be avoided. They also discuss non-routine treatments with patients and provide counseling about how to maximize their treatment outcomes. • Beckett's office is designed to maximize guests' comfort. Patients can have coffee or tea. Mobiles hang from the ceiling to distract patients from the unfamiliar sounds and sensations they are experiencing. Headphones are available with a wide selection of music. • Children can play in a room under the supervision of front office staff while their parents receive treatment • Parking is available. • Emergency procedures are handled immediately • Service failures of any kind are corrected immediately (e.g., replacing a broken temporary tooth or refitting a crown). <p>Potential product:</p> <ul style="list-style-type: none"> • These include follow-up calls to patients after major procedures; a "goodie box" for patients that contains a toothbrush, toothpaste, mouthwash, and floss; buckwheat pillows and blankets for patient comfort during long procedures; and a photo album in the waiting area with pictures of staff and their families.

- b) How can dental services customers be segmented? Characterize the segment(s) that Dr. Beckett's practice targets. [3]

Marketing concepts	Application to case
Segmentation - >Target segments	Socio demographic segmentation (high income and qualifications): white-collar workers with professional jobs (university employees, health care workers, and managers/owners of local establishments.) single segment specialization: Target: people that value high quality dental services and are willingly to pay for better care
Value proposition	Value proposition: <i>caring, professional dental team serving motivated, quality-oriented patients interested in keeping healthy smiles for a lifetime.</i>
Points of difference	Points of parity: similar to other offers dental care services
Points of parity	Points of difference: quality reputation, good experience, comfortable facilities (music, tea, coffee), headphones with music, place for children play, parking, “gift” bag

- c) Explain the price Elasticity of Demand (EPD) concept. What do you expect the price Elasticity of Demand to be for Dr. Beckett’s customer segment? Do you believe that EPD is the same for all customer segments in dental care services? [3,5]

Marketing concepts	Application to case
Pricing strategy 1. Pricing objective 2. demand 3. costs 4. competitor analysis 5. price method 6. select final price	Dr. Beckett’s tries to manage prices in a way that improves profitability. Dr. Beckett’s overhead expenses was now between 70 and 80 percent of revenues before accounting for her wages or office rental costs. high prices to overcome high costs of high quality dental services price objective: product quality leadership price method: perceived value
Explain the concept of Price elasticity of demand. Explain what $EPD > 1$ and $EPD < 1$ means Explain the impact EPD on sales	Explain that Dr. Beckett’s patients have $EPD < 1$ Low price sensitivity, value quality and prefer to pay for better services. Dr. Beckett’s patients often had to pay fees for costs not covered by their insurance policies. If the quality differences weren’t substantial, these patients might decide to switch to an HMO dentist or another lower-cost provider.

- d) People are an important component in services. Which elements Dr. Beckett's practice take into account when managing people in service delivery? What are the Dr. Beckett main challenges? [3,5]

Marketing concepts	Application to case
<p>Explain the role of employees and customers in service provision. The importance of employees in services, especially contact employees</p> <p>Explain that this is the reason for the P-People in the services marketing mix.</p> <ul style="list-style-type: none"> • The service employees who are in direct contact with the customers have a crucial impact on the service delivered. • Frontline employees are a source of customer loyalty and competitive advantage. • Other customers play an important role and may damage or improve the service experience 	<p>The importance of the role of employees – need for good service provision before and during the consultations.</p> <p>Eight employees, including Dr. Beckett (who was the only dentist).</p> <p>Dr. Beckett understood that employees are a vital part of the service delivery and crucial to customer satisfaction and loyalty. -“90 percent of patients’ perceptions of quality come from their interactions with the front desk and the other employees—not from the staff’s technical skills,”</p> <p>To ensure their motivation she: discuss her goals with the staff; involves them in the decision-making process.; has meetings every other week to discuss strategic issues; tries resolve any problems that might have developed; embraces employees suggestions about how to improve patient care.</p> <p>Training is important so she provides her employees with many opportunities to update their skills by attending classes and workshops. She also rewarded their hard work by giving monthly bonuses if business had been good. The entire office also went on trips together once a year with expenses paid expenses by Dr. Beckett.</p> <p>The importance of the role of customers – they must comply with treatments and follow medical instructions.</p> <p>Challenge: Most people disliked going to the dentist or felt that it was an inconvenience and came in with a negative attitude. Most patients were anxious and uncomfortable, which made them more critical of her service delivery - “Demonstrating the high level of quality to patients is the hard job.”</p> <p>Dr. Beckett tried to reinforce the idea that quality dental care depended on a positive long-term relationship between patients and the dental team.</p> <p>Other customer perception of dental services can have negative influence- screaming while being taken care</p>

- e) Characterize the main dimensions of the physical elements of Dr. Beckett's practice. Why are they so important for the service that Dr. Beckett's provides to its customers (use Russel's Model of Affect to explain)? [3,5]

Marketing concepts	Application to case
<p>Explain the intangibility of services and the importance of the physical evidence.</p> <p>Russell separated the cognitive part of emotions from these two emotional dimensions</p> <p>Emotional responses to environments can be described along two main dimensions:</p> <p>Pleasure: Direct, subjective response, depending on how much individual likes or dislikes environment</p> <p>Arousal: How stimulated individual feels, depends largely on information rate or load of an environment</p> <p>Exterior facilities: Architectural style, size of the building, gardens...</p> <p>General interior: Color, sound, light, floor, walls...</p> <p>Address the different elements of physical evidence:</p>	<p>Explain how the physical evidence of the office is a key element of the service experience and service positioning to transmit the service quality.</p> <p>She wanted the work environment to reflect her own personality and values as well as providing a pleasant place for her staff to work</p> <p>Comfortable scandinavian design waiting room and reception area: with modern furniture, nice colors, live plants and flowers, art in the walls, and classical music. Coffee, tea and magazines available for patients. Functional and appealing treatment areas. Small conference room with toys for children and a DVD player that was used to show patients educational films about different dental procedures. Literature was available to explain what patients needed to do to maximize the benefits of their treatment outcomes.</p> <p>The examining rooms were very comfortable and adjacent to one another, with large window that allowed patients to watch birds eating at the feeders. Attractive artifacts hanging from the ceiling to distract patients from the unfamiliar sounds and sensations they might be experiencing, or even overhear other people's conversations and reactions to procedures. Headphones were available with a wide selection of music. Technical equipment looked very modern and was spotlessly clean: state-of-the-art computerized machinery. Dr. Beckett's dental degrees were displayed in her office, along with certificates from various programs that she and her staff had attended to update their technical skills.</p> <p>The entire "back office" staff wore uniforms in cheerful shades of pink, purple, and blue that matched the office décor.</p> <p>Physical evidence impacts behavior so all elements are designed to provide relaxing environment, while also conveying the value proposition showing superior</p>

Environment physical conditions Temperature, air, noise, music, scent.. Functional space ^{[1][2]} Layout, equipment, furniture... ^{[1][2]} Signs, symbols and artifacts Signaling, personal artifacts, decor...	dentistry services in a quality, caring environment Russel model avoid distressing environment to be relaxing. People don't like and feel afraid to go to a dentistry so the physical environment provides a relaxing environment.
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- f) Suppose that Dr. Beckett's intends to launch a communication campaign to enhance its image and positioning with customers who use HMO dental service providers. Develop a communication strategy, justifying your choices. [3,0]

Use of marketing concepts	Application to case
Cover the main topics of defining the communication strategy <ol style="list-style-type: none"> 1. Identify target audience 2. Determine objectives 3. Design communications 4. Select channels 5. Establish budget 6. Decide media mix 7. Measure results 	Apply the 7 topics (especially 1-4) to the case. Propose a communication campaign that is consistent with the company positioning and with the other elements of the marketing mix. Topic 5 and 7 – you may say we do not have information for these topics