

COURSE OUTLINE

BMU5014: CONTEMPORARY ISSUES
IN BUSINESS - SERVICES
MARKETING & CUSTOMER ASSET
MANAGEMENT



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Dear UCLA – NUS Executive MBA Participants,

Welcome to BMU5014 Contemporary Issues in Business – Services Marketing and Customer Asset Management! This module has been developed specifically for the UCLA – NUS Executive MBA Program. It contains the essential elements of the marketing and management of services.

Because of your specific backgrounds, real-life group projects are an integral part of this module. The projects are pre-module assignments, followed by a class presentation. Please form groups of around six to seven members each and email me the names of your group members and your 1st and 2nd choice of topics by 20th December 2006. The topics will be assigned based on relevant work experience as well as your preferences (and random draw if there are ties). The available topics are:

- ▶ Assessment of a CRM Strategy Design and Implementation
- ▶ Assessment and Recommendations for a Service Quality Initiative
- ▶ Evaluation and Recommendations for a Customer Feedback System
- ▶ Critique of a Revenue Management Strategy & Recommendations
- ▶ Front Line Staff Management & Service Culture
- ▶ Assessment and Recommendations for a Six Sigma Implementation or a Customer Service Process Redesign Initiative
- ▶ If you have a specific topic in mind that is not listed here but that complements this module, please let me know.

Before commencing on your assigned topic, please draft the contents, structure and approach to your assignment and then discuss it with me via email and/or phone. We can then work together to scope and focus the project.

I am very much looking forward to meeting you again for this exciting module!

Dr Jochen Wirtz
Associate Professor of Marketing

A. Introduction

This 4-day module focuses on the marketing and managing of services, and complements module BMU5006 Marketing Strategy and Policy. Creating and marketing value in today's increasingly service and knowledge-based economy requires an understanding of intangible assets (including the powerful design and packaging of 'intangible benefits/products', high-quality service operation and customer information management processes, motivated and competent front-line staff, and a loyal and profitable customer base), and the development and implementation of a coherent service strategy to transform these assets into improved business performance. This module focuses on acquiring, serving and retaining customers - the most important of these intangible assets.

Key Objectives

- To provide an appreciation and understanding of the unique challenges inherent in marketing, managing, and delivering service excellence at a profit. Participants will be introduced to and have the opportunity to work with tools and strategies that address these challenges;
- To develop an understanding of the 'state of the art' of service management thinking;
- To promote a customer service-oriented mindset.

B. Content

- Introduction to Services Marketing – Trends, Opportunities & Capturing Value
- Marketing Professional Services
- Creating Value, Branding and Positioning Services
- Pricing of Services & Revenue Management
- Understanding Service Quality and How to Pin-point Quality Shortfalls
- Improving Service Quality
- The Wheel of Loyalty – Customer Asset Management and Loyalty Programs
- CRM, Segmentation & Tiering of Services, and Churn Diagnostics and Management
- Designing Effective Customer Feedback Systems
- HRM Strategies that Lead to Loyal Employees and High Customer Orientation
- Customer Service Process Design
- Characteristics of Successful Service Firms and Lessons for Asia's Growing Champions

C. Method of Assessment

- Pre-module Assignment & Presentation : 30 %
- Class Participation : 30 %
- Final Examination (open book) : 40 %

D. Time Table and Outline of Sessions

Day 1

- Session 1 Introduction to Services Marketing – Trends, Opportunities & Capturing Value
- Read – Lovelock & Wirtz, “New Perspectives on Marketing in the Service Economy,” Chapter 1
- Session 2 Understanding Service Quality and How to Pin-point Quality Shortfalls
- Read – Lovelock & Wirtz, “Managing Relationships and Building Loyalty,” Chapter 12
- Read – Lovelock & Wirtz, “Improving Service Quality and Productivity,” Chapter 14
- Session 3 The Wheel of Loyalty – CRM, Loyalty Programs
- Case – Hilton HHonors Worldwide: Loyalty Wars
- Session 4 Customer Base Segmentation, Tiering of Service, & Churn Management
- Case – Customer Asset Management at DHL in Asia
- Group Presentation – Assessment of a CRM Strategy and Implementation

Day 2

- Session 5 Improving Service Quality I
- Session 6 Improving Service Quality II
- Group Presentation – Assessment and Recommendations for a Service Quality Initiative
- Session 7 Designing Effective Customer Feedback Systems
- Read – Lovelock & Wirtz, “Achieving Service Recovery and Obtaining Customer Feedback,” Chapter 13
- Group Presentation – Evaluation and Recommendations for a CFS
- Session 8 Creating Value and Positioning Services
- Case – Banyan Tree – Developing a Powerful Service Brand

Day 3

- Session 9 Pricing of Services & Revenue Management I
- Read – Lovelock & Wirtz, “Exploring Business Models: Pricing and Revenue Management,” Chapter 5
 - Case – Revenue Management at Prego Italian Restaurant
- Session 10 Pricing of Services & Revenue Management II
- Group Presentation – Critique of a Revenue Management Strategy & Recommendations
- Marketing Professional Services
- Case – Bouleau & Huntley – Cross-Selling Professional Services
- Session 11 Delivering Customer Service
- Case – Starbucks: Delivering Customer Service
- Session 12 Marketing High Involvement Credence Services – Consumer Behavior and Communications Mix
- Read – Lovelock & Wirtz, “Customer Behavior in Service Encounters,” Chapter 2, and “Educating Customers and Promoting the Value Proposition,” Chapter 6
 - Case – Marketing the UCLA – NUS Executive MBA Program

Day 4

- Session 13 Managing People for Service Advantage I
- Read – Lovelock & Wirtz, “Managing People for Service Advantage,” Chapter 11
 - Read – Lovelock & Wirtz, “Organizing for Change Management and Service Leadership,” Chapter 15
 - Read – Wirtz & Lovelock, “Indian Call Centres: Rising Employee Attrition,” Case 20
- Session 14 Managing People for Service Advantage II
- Group Presentation – Front Line Staff Management & Service Culture
- Session 15 Service Design & Strategy – the Formula for Success
- Group Presentation – Assessment and Recommendations for a Six Sigma Implementation or a Customer Service Process Redesign Initiative
 - Case – Shouldice Hospital (revisited – see Prof Chris Tang’s OM module)
- Session 16 Wrap-up of Module, Characteristics of Successful Service Firms and Lessons for Asia’s Growing Champions

Exam

E. Pre-Module Assignments & Group Presentations

The pre-module assignments are a group effort, and are due on the day of the group presentation. The submission should be in PowerPoint format and should be self-explanatory. All analyses, spreadsheets, and other supplementary materials should be provided in an appendix to the main PowerPoint report.

Discuss a few case context options and methodologies for analysis with me before proceeding with your project beyond the initial research stage. Feel free to use one of the current or former employers of a group member and invite their management to your presentation after discussion with me.

Group Presentation: Assessment of a CRM Strategy and its Implementation

1. Analyse the implementation of a CRM Strategy. What went right, what problems were encountered, and what are the lessons for future CRM implementations?
2. Which areas do you think the firm could further improve on, that is, what are the next steps for its CRM strategy?

Group Presentation: Assessment and Recommendations for a Service Quality Initiative

1. Analyse a Service Quality Initiative in a service firm one of your group members is familiar with. What went right, what problems were encountered and what are the lessons for other service firms interested in implementing a similar initiative?

Group Presentation: Analysis of a Customer Feedback System

1. Conduct a diagnostic analysis of the customer feedback system (CFS) of a service firm. Examine all aspects of the current CFS, including data collection, reports, and attitudes of management and frontline staff towards customer feedback.
2. Identify potential gaps that exist between current and best practice.
3. What would you recommend to the firm, to cost-effectively improve its customer-driven learning via its CFS?

Group Presentation: Revenue Management Strategy & Recommendations

1. Develop a check list of potential revenue management tools, pricing schemes, and fencing mechanisms suitable for a service industry of your choice.

2. Critique the current revenue management strategy of a firm of your choice in the selected industry, and then propose improvements to that revenue management strategy. Specifically:
 - Recommend revenue management strategies the firm could implement to maximise contribution during low as well as high demand periods. Think creatively and do not just suggest simple but usually ineffective strategies such as student discounts during off-peak hours and the like.
 - Using estimated or actual financial data to derive the potential revenue and profit impact of all short-listed revenue management measures the firm should consider implementing. Make any reasonable assumption required to do this.
 - Consider the potential customer and staff reactions to these suggested measures. Specifically, would these measures reduce customer satisfaction and jeopardise long-term profitability? If yes, how could the firm manage customer satisfaction and still implement these strategies? Would staff (especially temp staff) be able to handle the recommended measures? If not, should they be deployed or how could the firm help the staff to effectively deal with these measures?
 - Finally, given the potential profit impact and customer and staff responses, what revenue management measures would you recommend the firm to implement, and what would you recommend the firm to do to minimize possible customer and employee conflicts resulting from these measures?

Group Presentation: Front Line Staff Management & Service Culture

1. Analyse a service firm that significantly improved its service quality, productivity and sales effectiveness (if applicable) delivered by its front line employees. Focus on:
 - Determine the critical success factors for achieving these improvements.
 - What went wrong?
 - What could have been done better?
 - What further improvements do you recommend from the status quo?

Group Presentation: Assessment and Recommendations for a Six Sigma Implementation or a Customer Service Process Redesign Initiative

1. Analyse a Six Sigma Implementation or a Customer Service Process Redesign Initiative in a service firm one of your group members is familiar with. What went right, what problems were encountered and what are the lessons for other service firms interested in implementing a similar initiative?

F. Preparation for Case Discussions

The cases are presented in order of their coverage in the module. Please prepare each case discussion by *first working independently* through the discussion questions (i.e., form your own conclusions and recommendations), and *only then discussing* it with your study group.

Case: Hilton HHonors Worldwide - Loyalty Wars

1. Who are the decision makers who determine in which hotels independent business travellers stay?
2. What are the loyalty drivers for each decision maker, and what is the role the Hilton HHonors Loyalty Program plays or could potentially play?
3. What recommendations would you give Diskin and why?

The case is provided in Lovelock & Wirtz, Case 14

Case: Customer Asset Management at DHL in Asia

1. What do you see as the main challenges in implementing this segmentation in DHL's customer database? How would you recommend DHL to address those challenges? (Note that there is a printing error in the legend of Exhibit 5.)

The case is provided in Wirtz & Lovelock, Case 27

Case: Banyan Tree – Developing a Powerful Service Brand

1. Evaluate Banyan Tree's brand positioning and communications strategies. Can Banyan Tree maintain its unique positioning in an increasingly overcrowded resorts market?
2. Discuss whether the brand portfolio of Banyan Tree, Angsana and Colours of Angsana, as well as the product portfolio of beach resorts and city hotels, spas, galleries and museum shops fit as a family. What are your recommendations to Banyan Tree for managing these brands and products in future?

Visit www.banyantree.com. The case is provided in Wirtz & Lovelock, Case 11

Case: Revenue Management at Prego Italian Restaurant

1. What revenue management (RM) measures would you recommend Prego to implement?
2. What should Prego do to minimize potential customer and employee conflicts resulting from your recommended RM measures?

The case is provided in Wirtz & Lovelock, Case 15

Case: Bouleau & Huntley: Cross-selling Professional Services

1. What do you see as the key differences between pension fund auditing and management consulting? How good is the fit between the two?
2. What actions should Bouleau & Huntley take now?

The case is provided in Wirtz & Lovelock, Case 2

Case: Starbucks: Delivering Customer Service

1. What factors accounted for the extraordinary success of Starbucks in the early 1990s? What was so compelling about the Starbucks value proposition? What brand image did Starbucks develop during this period?
2. Why have Starbucks' customer satisfaction scores declined? Has the company's service declined, or is it simply measuring satisfaction the wrong way?
3. How does the Starbucks of today differ from the Starbucks in 1992?
4. Describe the ideal Starbucks customer from a profitability standpoint? What would it take to ensure that this customer is highly satisfied? How valuable is a highly satisfied customer to Starbucks?
5. Should Starbucks make the \$40 million investment in labour in the stores? What's the goal of this investment? Is it possible for a mega-brand to deliver customer intimacy?

The case is provided in Lovelock & Wirtz, Case 4

Case: Marketing the UCLA – NUS Executive MBA Program

1. Applying what you have learned from reading Chapters 2 and 6, critically review the marketing of the UCLA – NUS Executive MBA Program and make recommendations

on how to market the program more effectively. Note, this is a virtual case, and no write-up is provided.

Case: Shouldice Hospital

1. Assume that Shouldice Hospital wants to expand its capacity, how should it control and manage its service quality?
2. Assuming a profit maximization motive, would you recommend any changes to its current marketing mix?

Visit www.shouldice.com. The case is provided in Lovelock & Wirtz, Case 16

G. Literature

Main Texts

- Christopher Lovelock and Jochen Wirtz (2007), *Services Marketing: People, Technology, Strategy*, 6th ed., Upper Saddle River, New Jersey: Prentice Hall.
- Jochen Wirtz and Christopher Lovelock (2005), *Services Marketing in Asia – A Case Book*, Singapore: Prentice Hall.