

Services Marketing and Management, MKT 591

Term 4/8

March 21 – May 11, 2006

Instructor: Dr. Mary Jo Bitner
Class Sections: T/TH 1:00-2:50, BA296
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Course Description

Services dominate the US economy and are becoming critical for competitive advantage in companies across the globe and in all industry sectors. For manufacturers like GE and IBM, services represent their primary growth and profitability strategies into the 21st century. Over half of IBM's current revenues and over 60 percent of GE's current profits come from services. Superior service quality drives the competitive advantage of excellent companies like Charles Schwab, Marriott Hotels, Starbucks, and FedEx—traditional service businesses. In fact, recent award-winning publications espouse the view that “all businesses are service businesses.”

The course focuses on challenges of managing services and delivering quality service to customers across industry sectors. The attraction, retention, and building of strong customer relationships through quality service (and services) are at the heart of the course content. The course is equally applicable to organizations whose core product is service (e.g., banks, transportation companies, hotels, hospitals, educational institutions, professional services, telecommunication, etc.) and to organizations that depend on services for competitive advantage (e.g., high technology manufacturers, automotive, industrial products, etc.).

In this course you will learn critical skills and gain knowledge needed to implement quality service and service strategies for competitive advantage across industries. You will learn frameworks for customer-focused management, and how to increase customer satisfaction and retention through service strategies. You will learn how to link service quality, customer lifetime value and profitability segmentation. You will learn to map services, understand customer expectations and develop service and customer-focused relationship marketing strategies. Throughout the course an emphasis is placed on the total organization and how effective marketing and customer focus must be coordinated across multiple functions.

An underlying assumption of this course is that students learn best and retain the most through active participation in the learning process. Therefore, classroom sessions will consist of a mixture of short lectures, student discussions of material and assignments, case discussions, media presentations, active learning exercises, and guest speakers.

Objectives

- to prepare for your summer internship (SM students in particular) and courses in your second year by developing a solid foundation of knowledge and skills in services marketing and management;
- to gain an appreciation for the challenges inherent in marketing and managing services, and developing/delivering quality service;
- to learn strategies, tools and approaches for addressing the challenges of services management and marketing;
- to develop essential service quality knowledge and skills and be prepared to apply them in summer internships and other business contexts;
- to become a more perceptive and effective manager and consumer through understanding the complexities of service design, delivery, and communication;
- to learn an appreciation of the inter-functional coordination necessary to deliver quality service;
- to further develop communication skills and critical thinking through written projects, cases, in-class discussions, and other assignments.

Required Text

Services Marketing: Integrating Customer Focus Across the Firm (4th edition) by Valarie A. Zeithaml, Mary Jo Bitner and Dwayne Gremler, McGraw-Hill, 2006; can be purchased at the ASU bookstore.

Required Cases and Readings

All but one of the required discussion cases can be found in the back of the text (and noted as such on the syllabus). One additional case and a few readings are found in a CoursePack for the class, published by XanEdu and available online through their website. Information for accessing the CoursePack was sent in an e-mail on March 9.

Recommended Book (not required)

Discovering the Soul of Service by Leonard L. Berry, The Free Press, 1999.

Supplemental Readings (not required)

You will be provided with a list of supplemental readings from *Fortune*, *Business Week*, and *Harvard Business Review*, *Sloan Management Review*, *Journal of Marketing* and others. Relevant readings are keyed to related topics on the syllabus. The readings are available in the library, and some are available online.

In addition, you will be provided with a book list of services marketing and management books that you may choose to read now or in the future.

You are encouraged to be current with the *Wall Street Journal* and other business periodicals where you will find many articles relevant to our course content.

Grading

Your grade will be determined based on your performance on the following assignments.

	Percent	Points	Due Date
Exam 1 (in class)	20	100	April 6
Service Encounter Journal	10	50	April 11
Team Project	30	150	May 5 (written report) May 9 (presentation)
Exam 2 (take home)	25	125	May 11
Case Participation	P/F	see below	throughout
In-class Contributions	15	75	throughout
Total	100%	500 points	

Exam 1

The purpose of the first exam is to test your understanding of fundamental course concepts and frameworks, and how to use them. The exam may include short answer, essay or short case analyses. There will be no make-up exam, except in case of illness and provided you notify Dr. Bitner prior to exam time.

Exam 2

The purpose of the second exam is for you to provide evidence of your comprehensive understanding of course concepts and your ability to apply them. The exam may involve a detailed case analysis and/or integrating questions that require critical thinking.

Team Project – Service Blueprint and Analysis

Working in teams of 3-4 people, you will choose a real service to analyze. You will be asked to develop a service blueprint for the service (see chapter 9 and class session on April 18), and to analyze the blueprint using course concepts. Insights revealed by the blueprint as well as recommendations for service improvement based on your analyses will be included as part of the assignment. A separate sheet describing the details of this assignment will be provided.

Case Participation

We will discuss five cases during the course. **Case preparation questions for each case are included at the end of the syllabus.** You will be given credit for your participation in each case session. Cases will be assessed on a pass/fail basis according to your level of participation—points will be deducted from your grade for non-participation as described in the next paragraphs.

To get full credit for each case, you must participate meaningfully in the discussion and turn in your written preparation notes for each case. Written preparation notes will address the case questions provided and will be turned in at the beginning of the case discussion (make a copy for yourself so you will have something to refer to during class). Your notes should be typed. Notes will not be graded, but will be evaluated on a P/F basis to assure that you are prepared. Turning in notes written by someone other than you is considered plagiarism and is unacceptable.

If you are absent during a case discussion, your course grade will be reduced by 5 points. If you do not turn in your notes, your grade will be reduced by 5 points for each missing case.

In-Class Contributions

Active student participation in class is essential for your learning and to the success of the class. Therefore, you will be evaluated on your individual overall participation including regular attendance, contributions to class and case discussions, and completion of exercises in class. Your primary attention should be to the quality of your participation, not simply quantity. To make quality comments you must carefully read text chapters and readings and complete any out-of-class assignments prior to class time. In addition, you will need to attentively follow the discussion in class so that your comments will build from what others have said. Clarity and conciseness will be highly valued. If you wish feedback on your level of participation, you may visit with Dr. Bitner at any time during the term.

Services Marketing and Management, MKT591
Term 4/8, Spring 2006
Assignments and Due Dates

SERVICES STRATEGY

- March 21 *Course Introduction and Frameworks for Services*
Read: Chapters 1-2, and all text “Part Openers”
- March 23 *Gaps Model of Service Quality*
Read: “2005 Customers First Awards” by Fast Company Magazine
 (in Fast Company Archives, Oct 2005):
 <http://www.fastcompany.com/customer/2005/index.html>
Assignment: JYSKE BANK CASE, text, pp. 582-601
In class: Begin Forming Teams
- March 28 *Financial Impact of Service and Quality*
Read: Chapter 18
 Rust, Roland, Christine Moorman and Peter R. Dickson
 (2002), “Getting A Return on Quality” *Journal of Marketing*
 (in CoursePack; focus on pp. 1-10 and 19-21; skim pp. 10-
 18)
Assignment: Prepare discussion question 3, p. 528 of text (for discussion
 only—not to turn in)
 TEAM NAMES DUE
- March 30 *All Businesses Are Service Businesses*
 Executive Guest Speaker, Sara Moulton-Reger, IBM
Read: Berry, Leonard, et al. (2006), “Creating New Markets
 Through Service Innovation,” *Sloan Management Review* (in
 CoursePack)
Assignment: GE MEDICAL SYSTEMS CASE, text, pp. 647-663

FOCUS ON THE CUSTOMER - THE CUSTOMER GAP

- April 4 *The Customer Gap – Expectations and Perceptions of Service*
Read: Chapters 4, 5 (focus on chapter 5, skim chapter 4)
Assignment: Service Journals – bring at least three journal entries
 Review The American Customer Satisfaction Index (ACSI)
 website at <http://www.theacsi.org> (Consider the following
 questions: What is ACSI? What is the trend in customer
 satisfaction in service businesses? How do services compare
 to tangible products in terms of customer satisfaction?
 Choose one service industry in the ACSI and review the
 trends in that industry since the ACSI was created.)

- April 6 **EXAM 1 (in class)**
- Friday, April 7 TEAM PROJECT TOPIC DUE (can be sent via e-mail)
- MANAGING CUSTOMER REQUIREMENTS – Gap 1**
- April 11 *Customer Research and Building Customer Loyalty*
 Read: Chapters 6-7
 Assignment: Research Vignettes Exercise (in class)
- SERVICE ENCOUNTER JOURNAL DUE
- April 13 *Service Recovery*
 Read: Chapter 8
 Assignment: NORTHWEST AIRLINES CASE (in CoursePack)
- ALIGNING STRATEGY AND SERVICE DESIGN - GAP 2**
- April 18 *Service Design, Blueprinting, and Standards*
 Read: Chapters 9 (skim chapter 10)
 Assignment: Service Blueprinting exercise (in class)
- April 20 *Servicescapes and Physical Evidence of Service*
 Read: Chapter 11
 Assignment: EASYCAR.COM CASE, text, pp. 572-581
 Berry, Leonard and Neeli Bendapudi, “Clueing in
 Customers”, *HBR*, February 2003 (in CoursePack)
- April 25 *Segmentation, Profitability and Service Strategy*
Guest Speaker: Thomas Hollmann, Sun Life Insurance, Canada
 Assignment: Customer Relationship Value assignment (in class)
- DELIVERING AND PERFORMING SERVICE – GAP 3**
- April 27 *Employees’ Roles in Effective Service Delivery*
Executive Guest Speaker: Dr. Victor Trastek, MD, CEO, Mayo Clinic
Scottsdale
 Read: Chapter 12
- May 2 *Customers’ Roles in Effective Service Delivery*
 Read: Chapter 13
 Assignment: SHOULDICE HOSPITAL CASE, text, pp. 682-694

May 4

Technology's Role in Services

Read: Bitner, Mary Jo, Amy L. Ostrom and Matthew Meuter, "Implementing Successful Self-Service Technologies," *Academy of Management Executive*, November 2002 (copies will be provided); "The Toll of a New Machine", <http://www.fastcompany.com/magazine/82/kinetics.html>; "The Quality Improvement Customers Didn't Want", text pp. 621-626.

THE BIG PICTURE – PULLING IT ALL TOGETHER

May 5 (Friday)

TEAM PROJECT DUE BY 5PM

May 9

TEAM PRESENTATIONS
peer evaluations due

May 11

TAKE HOME FINAL DUE
no regular class session

CASE DISCUSSION QUESTIONS

(questions to be prepared in advance of each case discussion; turn in your answers at the beginning of class, keeping a reference copy for yourself to use during the discussion)

Jyske Bank questions—March 23:

- (1) What is Jyske Bank's new positioning or competitive differentiation strategy?
- (2) What changes did the bank make to get to its new position? What effect did these changes have?
- (3) Analyze Jyske Bank's success using the Service Quality Gaps Model—Chapter 18 (e.g., what are Jyske Bank's strategies for closing the 5 gaps in the model?).
- (4) In your opinion can Jyske Bank sustain its growth and success? Would you invest in Jyske Bank?

GE Medical case questions—March 30:

- (1) Why are GE and other manufacturing firms focusing on services as high-priority growth strategies?
- (2) What are the services offered by GE Medical Systems? Who are their customers?
- (3) Describe TiP and the philosophy/strategy behind it. What are the goals of TiP? How does it fit GEMS overall strategy? What are the benefits to customers?
- (4) Although TiP-TV can be purchased on a stand-alone basis, the majority (80%) of subscriptions sold include a GEMS service contract that "masks" the fee for TiP-TV. What must GEMS do to transition its customers from a "free" to a "fee" mentality? What are the arguments for and against "free" vs. "fee"? [This is one of the biggest issues for firms moving into services as a profit strategy.]

Northwest Airlines case questions—April 13:

- (1) Review the following concepts in your text in preparing this case: service recovery (ch 8), service encounter satisfaction (ch 5), service quality dimensions (ch 5), and lifetime value of the customer (ch 7).
- (2) What exactly went wrong? Why did it go wrong? Who, or what, is responsible—the weather, a particular organization, several organizations?
- (3) What are the potential negative consequences for Northwest resulting from the situation?
- (4) Could this situation have been avoided? If not could it have been mitigated (and if so, how)? What roles did Northwest frontline employees and customers play?
- (5) What should Northwest Airlines do in response to this situation?

easyCar.com – April 20:

- (1) What is EasyCar's positioning/competitive differentiation strategy? What is the value proposition offered to customers?
- (2) Using the expanded marketing mix (7 Ps—see chapter 1 for an overview) analyze the specific implementation strategies EasyCar has employed to support their positioning strategy. Be as detailed as you can, demonstrating your knowledge of SMM strategies and tactics.
- (3) Based on your analyses, what challenges will EasyCar face in achieving its rapid expansion goals? How would you recommend they address these challenges?

Shouldice Hospital Limited (Abridged)—May 2

- (1) What is the bundle of benefits purchased by clients (patients) at Shouldice? In other words, what is the Shouldice value proposition?
- (2) What is the target group of clients and what do they have in common, apart from a hernia?
- (3) How are the benefits delivered to those clients—how does the production process work? You might like to think of this as a factory with people as the work in process. Consider blueprinting a portion of the process. Does the production or delivery process match the value proposition?
- (4) Does Shouldice offer a superior value proposition relative to its competitors? How successful is the Shouldice Hospital? How do they balance low cost with high quality?
- (5) What is it like to work there? How does the work environment compare to a typical hospital?
- (6) What are the growth alternatives available to Shouldice? What would you recommend?