Services Marketing and Management, MKT 591  
Trimester 3, SLN 17975  
February 28 – May 13, 2011

Instructor: Dr. Mary Jo Bitner  
Class Meetings: T/TH 1:00-2:50, BA241  
Office Hours: BAC451, Tu 11:00-12:00 noon; Th 3:00-4:00 PM and by appointment  
Phone: 480-965-1992  
E-Mail: maryjo.bitner@asu.edu

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 many manufacturers, for example IBM, services represent primary growth and profitability strategies in the 21st century. Over half of IBM’s current revenues 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.” In addition, many governments around the world (e.g., China, Germany, Finland, and others) recognize the importance of service(s) as an important innovation and competitive platform for their countries.

This course focuses on challenges of managing service brands 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 about the strong linkages between service quality, customer lifetime value and profitability. You will learn to map services, understand customer expectations and develop service and customer-focused relationship marketing strategies that lead to strong service brands. 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 (SMSL 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—all aimed at building sustainable service brands;
- 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* (5th edition) by Valarie A. Zeithaml, Mary Jo Bitner and Dwayne Gremler, McGraw-Hill, 2009; can be purchased at the ASU bookstore. The book is also available through Amazon and in an online version through the publisher if desired. (My royalties on the purchases of these books by students in my classes are donated to United Way.)

Required Cases and Readings

Three of the five assigned cases (Jyske Bank, JetBlue, and Merrill Lynch Supernova) and can be found in the back of the text, with pages noted on the syllabus. Several assigned readings, the Michelin Fleet Solutions and Zappos.com 2009 cases are also noted on the syllabus and can be found in a CoursePack for the class. The CoursePack is published by XanEdu and available online through their website. Information for accessing the CoursePack was sent to you via e-mail on February 23.

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 many 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.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
<th>Due Date</th>
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</thead>
<tbody>
<tr>
<td>Service Encounter Journal</td>
<td>40</td>
<td>March 24</td>
</tr>
<tr>
<td>Exam 1 (in class)</td>
<td>100</td>
<td>March 29</td>
</tr>
<tr>
<td>Team Project</td>
<td>180</td>
<td>May 3 (written)</td>
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<td></td>
<td></td>
<td>May 5 (presentation)</td>
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<tr>
<td>Exam 2 (take home)</td>
<td>100</td>
<td>May 12</td>
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<tr>
<td>Case Participation</td>
<td>P/F</td>
<td>throughout</td>
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<tr>
<td>In-class Contributions</td>
<td>80</td>
<td>throughout</td>
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Total 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 will be a take-home exam and may involve a case analysis and/or integrating questions that require critical thinking.

Team Project – Service Blueprint and Brand Analysis
Working in small teams of 4 (or 5 maximum) 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 7), and to analyze the blueprint and service brand using course concepts. Insights revealed by the blueprint as well as recommendations for service improvement and brand strategy based on your analyses will be included as part of the assignment. A separate handout 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 below.

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 be assessed on a “-, √, √+” basis to assure that you are prepared. Your case participation will count as part of your overall “in-class contributions” score. 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 3 points. If you do not turn in your notes, your grade will be reduced by 3 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 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 participation, you may visit with Dr. Bitner at any time during the term.
SERVICES MARKETING AND MANAGEMENT, MKT591  
SPRING 2011 - ASSIGNMENTS AND DUE DATES

SERVICE STRATEGY

March 1  
Course Introduction and Frameworks for Services  
Read: Chapters 1-2, and all text “Part Openers”

March 3  
Gaps Model of Service Quality  
Assignment: JYSKE BANK CASE, text, pp. 569-587  
In class: Begin Forming Teams

March 8  
Financial Impact of Service and Quality  
Read: Chapter 18  
Assignment: Prepare discussion question 3, p. 566 of text (for discussion only—not to turn in)  
TEAM NAMES DUE

March 10  
All Businesses Are Service Businesses  
Assignment: MICHELIN FLEET SOLUTIONS CASE (in XanEdu CoursePack)

March 15-18  
SPRING BREAK

March 22  
All Businesses Are Service Businesses (cont’d)  
Read: “Hiding in Plain Sight”, an IBM publication (download off course BlackBoard site); Sawhney, Mohanbir, Sridhar Balasubramanian and Vish V. Krishnan (2004), “Creating Growth with Services,” Sloan Management Review (in XanEdu CoursePack);  
Executive Guest Speaker, Jay Ennesser, Vice President, Global Alliance Solutions, IBM Corporation
FOCUS ON THE CUSTOMER - THE CUSTOMER GAP

March 24

_The Customer Gap – Expectations and Perceptions of Service_

Read: Chapters 4, 5
Assignment: Review The American Customer Satisfaction Index (ACSI) website at [http://www.theacsi.org](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.)

SERVICE ENCOUNTER JOURNAL DUE

March 29

EXAM 1 (in class)

MANAGING CUSTOMER REQUIREMENTS – Gap 1

March 31

_Customer Research and Building Customer Loyalty_

Read: Chapters 6, 7
Assignment: Customer Relationship Value assignment (in class)
TEAM PROJECT TOPIC DUE

April 5

_Service Recovery_

Read: Chapter 8
Assignment: JET BLUE CASE - text, pp. 609-624

ALIGNING STRATEGY AND SERVICE DESIGN - GAP 2

April 7

_Service Design and Blueprinting_

Read: Chapter 9
Bitner, Mary Jo, Amy Ostrom and Felicia Morgan, “Service Blueprinting: A Practical Technique for Service Innovation,” _California Management_
April 12

**Servicescapes and Physical Evidence of Service**

Read: Chapter 11

Assignment: Project Team Meetings & Updates (as time allows)

**DELIVERING AND PERFORMING SERVICE – GAP 3**

April 14

**Employees’ and Customers’ Roles in Effective Service Delivery**

Read: Chapter 12, 13
Assignment: Prepare Exercise 2, text page 378 (for class discussion only – not to turn in)

April 19

**Delivering Quality Service and Creating a Service Culture**

*Executive Guest Speakers: Steve Church, Senior Vice President and Chief Business Development and Process Officer, and Terry Cain, Vice President, Operational Excellence, Avnet, Inc.*

April 21

Assignment: MERRILL LYNCH: SUPERNOVA CASE, text, pp. 588-608

April 26

**Service and Technology**

Read: Chapter 14
Bitner, Mary Jo, Amy L. Ostrom and Matthew Meuter, “Implementing Successful Self-Service Technologies,” *Academy of Management Executive*, November 2002 (download off course BlackBoard site)

Assignment: ZAPPOS.COM 2009 (in XanEdu CoursePack)

**MANAGING SERVICE BRAND PROMISES – GAP 4**

April 28

**Integrated Communication and Service Branding**

Read: Chapter 16

Assignment: Come prepared to discuss an example of a company you believe does a great job of integrated services marketing communication (ISMC) and service
branding. Be prepared to discuss specifics and examples of why you believe this company has a strong ISMC strategy.

Services in China – Guest Speaker, Helen Wang, PhD student, ASU, and former FedEx Manager, Shanghai, China

THE BIG PICTURE - CURRENT AND FUTURE CHALLENGES

May 3

Service Science, Innovation and Leadership
Read: “Research Priorities for the Science of Service,” CSL Business Report 2010 (copies will be handed out); “The Service Imperative,” Business Horizons, January-February 2008 (download off course BlackBoard site)

WRITTEN TEAM PROJECTS DUE

May 5

TEAM PRESENTATIONS (note extended time)
1:00-5:00 PM
peer evaluations due
take home exam handed out

May 10

TEAM PRESENTATIONS (only if needed--see extended time on May 5)

May 12

TAKE HOME FINAL DUE IN COURSE DROP BOX
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 3:
(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 2 (e.g., what are Jyske Bank’s strategies for closing each of the 5 gaps in the model?).
(4) In your opinion can Jyske Bank sustain its growth and success? Would you invest in Jyske Bank?

Michelin Fleet Solutions – March 10:
(1) What exactly is Michelin’s Fleet Solution offering? Compare MFS to Michelin’s traditional tire-selling business model.
(2) Why should Michelin move toward solutions? Investigate internal and external drivers.
(3) Why would customers go ahead with MFS? In other words, why would they buy MFS?
(4) What causes the difficulties encountered by Michelin in deploying its solution offering?
(5) Would you recommend pursuing, repackaging, or abandoning Michelin’s solution offering?

JetBlue—April 5:
(1) Before the Ice Storm:
   - What is the “JetBlue Experience” and how is it related to the company’s overall business strategy?
   - What challenges did the airline face in managing the customer experience as the airline grew rapidly and how did they respond?
(2) During the Ice Storm:
   - What exactly went wrong? Why? Who, or what, was responsible?
   - Did the airline handle the crisis well—why or why not? What else could JetBlue have done to improve the situation?
(3) Looking Ahead:
   - What are the potential negative consequences for JetBlue resulting from the situation?
   - What do you think of the Customers’ Bill of Rights as a service guarantee? Will it help the company regain customer loyalty?
   - What further strategic and/or leadership actions should JetBlue take to ensure the company’s future success and their ability to deliver the JetBlue Experience?
Merrill Lynch: Supernova – April 21
(1) What does Supernova offer to Merrill-Lynch? Does Merrill-Lynch need Supernova to be successful or grow in the future?

(2) What is Supernova and how is it different from traditional financial advising models? What is the value proposition for customers?

(3) What changes were required to implement the Supernova process—for FAs? For Merrill-Lynch itself? What were the risks and potential benefits for both?

(4) Paint a picture of a Financial Advisor’s day using the Supernova process. How is this different from typical day under the old process?

(5) How would you recommend Merrill-Lynch as a company proceed in rolling out Supernova? What are the challenges and hurdles that must be overcome for it to succeed? How can they overcome these challenges?

(questions will be provided later)