

Services Marketing

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Course Background

The phenomenal growth of the service industry, the rapid development of new services, and the increasing competition between service organisations call for supreme grounded in depth insight into the behaviour of customers and markets. The marketing of services is qualitatively different from the marketing of goods. In the course we treat differences between goods and services, and the implications of these differences for the behaviour of customers and markets, and for the marketing of services. Central in the course is a model of profit generation in the chain from service strategy development to marketing program implementation and evaluation. Service marketing to private and industrial customers, by profit and non-profit organisations, is covered. Among others, topics such as service process blueprinting, balanced score cards, customer loyalty programs, unconditional service guarantees, service quality in e-commerce are covered in detail.

Course Goals

Gain insight in the process of services marketing planning for profit and non-profit organisations, in the decisions and behaviours of private and industrial service customers, and in the development of mutually profitable long-term relationships between service organisations and their customers.


Develop skills in analysing and representing the process of service delivery, in analysing expectation and experience formation of service customers and providers, and in formulating service marketing strategy and tactics.



Dates of the final examination:

12-01-2005 (first opportunity),

02-08-2005 (second opportunity).



Textbook and Other Literature


Required Textbook

Zeithaml, Valarie A. and Mary Jo Bitner (2003), "Services Marketing," International edition New York: McGraw Hill, third edition. ISBN 0-07-119914-4

The second edition of the book (2000) is still quite usable, but there are important differences. Tests and evaluations are based on the information in the third edition.

During the course, extensive use is made of additional literature. The additional literature is not mandatory, but it is recommended. Only the Zeithaml and Bitner (ZB) book is mandatory. Below is some of the additional literature used.

Papers from journals mentioned during the lectures could provide additional information on the topic being discussed.



GROUP PROJECT SERVICES MARKETING

Development and Evaluation of your own Service Company

Students execute in a group of 4-6 students a project in the domain of the development and evaluation of a service company: They deliver a report of the project (about 15 –20 pages, without appendices) to the course instructor in his post-box. This has to be done on the due date before 16.30 hour. Every day the project is handed in late 1 point will be deducted.

Part 1 => Service Development

STEP 1: Select a Service Domain

First a domain should be selected in which you would like to operate. Potential services and service providers are florists, hairdressers, electronic and/or regular banks, first aid posts in hospitals, fiscal advice and counselling services, dentists, travel agencies, architect agencies, realtors, mortgage advice, advertising agencies, movie theatres. Any service delivery process could be appropriate. Select a service or provider that is sufficiently specific. Choose a service provider that you or people you know are familiar with. This makes it easier when gathering information.

The following domains are **NOT** to be used

- Taxi's
- Restaurants
- Air flight Companies

Describe in your report which service you selected and why so that it is clear which specific service you are dealing with.

STEP 2: Analyse chosen Domain/Customer

Before step three the development of your service can be executed it is very important to know more about the environment your company will be competing in. This means that you have to describe in detail what the boundaries are of the domain and who the players are in the domain and how they differ from each other. What also is important is which segments are available and what they desire (which dimensions are important to them). Also other environmental aspects as trends, employee aspects, technologies etcetera can be used to describe the domain. After a clear examination of your domain you have to choose where in the domain you would like to operate and why and what the implications are of this choice for your specific service.

Make a Service Delivery Positioning Map (see book and course information) and indicate on the axes of Divergence and Complexity where exactly you want to position your service and where your competitors are positioned and what causes this specific position. Describe very clearly who the competitors are and why you position them relatively to you service in the positioning map. For the competition you probably must make some assumptions. Be aware that the why of the description is specific enough and that you use that objective position and not the relative one.

STEP 3: Make a Service Blueprint

Based on your intended position design a blueprint of how your service should operate and look like. Use the literature and the information from the class meeting to "draw" the service delivery process of your company. Not only draw, but also describe the total service process. Take into account the possible fail-points and the different lines that have been discussed during the lecture. The blueprint should be logically following from the position you have chosen in STEP 2. This means you have to make the blueprint for your new company described in step 2. Be aware that the blueprint is composed from the service providers' point of view and that it is detailed enough.

Use a software program to draw the process.

Part 2 => Service Evaluation

It is important to keep the quality of your service on a high level so that your customers stay satisfied and loyal in the future.

STEP 4: Service Quality and Requirements

In the literature a lot of different tools are available to measure service quality, satisfaction and loyalty. Give a good theoretic foundation based upon the literature of service quality, satisfaction and loyalty on what tools are available. Clearly state what the comparisons and differences are between the tools en theories available. Based upon the available information choose your measurement tool to measure the domain chosen. Keep in mind in which industry you are and how you designed your blueprint!!!!!! As an extension of the theoretic foundation formulate the requirements of good companies in the selected domain, with respect to their service. Use the service papers, insights from the textbook, the classroom lectures, additional readings and so forth. Think carefully, perhaps your service requires additional service quality dimensions or constructs that are missing from the current model/theory. Think what is crucial for success in your domain, and formulate the conceptual dimensions/criteria underlying this model very detailed (think carefully of what good dimensions and measurements are).

STEP 5: Development of Questionnaire and Related Methodology

Based upon step four develop a specific measurement tool (questionnaire) that measures service quality, satisfaction and loyalty for your company. Be very clear why specific questions (and how they are stated) are used for the different constructs and what they add to fulfil the goals of your research. Keep in mind what you have found and stated in step 3 + 4!!! Also describe very clearly the methodology you will be using when executing the questionnaires, because this should be in line with the questionnaire and what you want to evaluate. Mention clearly what is important when the questionnaire will be conducted, like where, who, when and more of these kind of aspects. Keep in mind that your company wants to improve the loyalty towards your company and you should be able to specifically give advise how they would be able to do this.

STEP 6: Role of Physical Evidence

- a. Describe the servicescape in terms of style and appearance of the physical surroundings that constitute the frontstage environment of the service (this does not always have to be a building but also other tangibles), which you would like to use for your particular company. Be very clear why you think this particular servicescape + other tangibles (and they way you want to use it) are important. Specify if you think that the physical evidence can be used as a competitive advantage within your industry? Use the different levels of competitive advantage of the theory to describe on which level it could or could not lead to competitive advantage? If not, what needs to be done here?
- b. Explain the role of the business's servicescape - what are the physical elements of the service and how do Customers and Employees respond to the physical evidence (in both positive and negative way). Positive effects might include pleasure, relaxation, warmth and excitement; while negative effects might include crowding, psychic stress, agitation or fatigue. Use theory from classes and the papers in explaining the role of the servicescape and be aware of enough depth and structure.

Read and have a good working knowledge of the following articles:

Lynn Shostack (1987), "Service Positioning Through Structural Change," Journal of Marketing, 34-43.

Bitner, Mary Jo, Evaluating Service Encounters: The Effects of Physical Surroundings on Employee Responses, *Journal of Marketing* (April, 1990), pp. 69-82

Bitner, Mary Jo, Servicescapes: The Impact of Physical Surroundings on Customers and Employees, *Journal of Marketing* (April, 1992), pp. 57-72

Grading

20% Market Analyses + positioning (step 2)

20% Blueprint + description (step 3)

20% Theoretic foundation and requirements for selected domain (step 4)

20% Questionnaire + methodology (step 5)

20% Servicescape (step 6)

During the course, students perform a project. The results of the course project are presented and discussed during regular classroom meetings.



Grading Policies

Final Grade

Score Group Project (30%)

Score Final Examination (70%)

The score for the final exam has to be at least a 5.

SCHEDULE

Class	Day	Date	Content	Book
1	Tuesday	07-09	Service Conceptualisation	ZB1
2	Thursday	09-09	Service Customer	ZB2
3	Tuesday	14-09	Customer Expectations	ZB3
4	Thursday	16-09	Customer Perceptions	ZB4
5	Tuesday	21-09	Preparation Group Project	-----
6	Thursday	23-09	Services marketing Research	ZB5
7	Tuesday	28-09	Preparation Group Project	-----
8	Thursday	30-09	Relationship + Complaint Man.	ZB6+7
9	Tuesday	05-10	Preparation Group Project	-----
10	Thursday	07-10	Intermediaries	ZB13
11	Tuesday	12-10	Preparation Group Project	-----
12	Thursday	14-10	Geen college door treinstaking	
13	Tuesday	19-10	Service Design + Standards	ZB8+9
14	Thursday	21-10	Physical Evidence	ZB10
	Tuesday	26-10	Holiday	No class
	Thursday	28-10	Holiday	No class
15	Tuesday	02-11	Employee roles	ZB11
16	Thursday	04-11	Managing Demand: Yield	ZB14
17	Tuesday	09-11	Preparation Group Project	-----
18	Thursday	11-11	Managing Demand: Wait	ZB14
19	Tuesday	16-11	Preparation Group Project	-----
20	Thursday	18-11	Preparation Group Project	-----
21	Tuesday	23-11	Preparation Group Project	-----
22	Thursday	25-11	Services Communication	ZB15
23	Tuesday	30-11	Guest lecture by Toine Naber	-----
24	Thursday	02-12	Pricing and Financial Implicat.	ZB16+17
Note	Thursday	02-12	Due date Group Project	-----
25	Tuesday	07-12	Presentations Group Project	-----
26	Thursday	09-12	Service Marketing Integration + Wrap Up (old exam)	

ZB = Zeithaml and Bitner

All Tuesday classes will be in CZ 101 (14.45 - 16.30)

All Thursday classes will be in AZ 115 (08.45 - 10.30)

During the preparation classes the lecturer will be available for questions.