

XLRI JAMSHEDPUR
SERVICES MARKETING
Course Description and Schedule

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Course Objectives:

Planning and implementing the marketing strategy for service products requires a different sort of approach, which is different from the traditional goods marketing. The objective of this course is to acquaint the students to the uniqueness of the services characteristics and its marketing implications. The intent of the course is to discuss, measure and analyze several facets in the area of services marketing essential for the success of a service sector firm.

References:

1. Rust, Roland T., Anthony J. Zahorik and Timothy L. Keiningham (1999), *Service Marketing*, Addison-Wesley (658.812 RUS).
2. Zeithaml, Valerie A., A. Parasuraman and Leonard L. Berry (1990), *Delivering Quality Service: Balancing Customer Perceptions and Expectations*, The Free Press (658.812 ZEI).
3. Lovelock, Christopher H. (1991), *Services Marketing*, 2nd Ed., Prentice Hall (658.812 LOV).
4. Haksever, C., Barry Render, Roberta S. Russell and Robert G. Murdick (2000), *Service Management and Operations*, Prentice Hall (658.812 HAK).
5. Bateson, John E.G. and K.D. Hoffman (1991), *Managing Services Marketing: Text and Readings*, The Dryden Press (658.812 BAT).
6. Heskett, James L., W. Earl Sasser Jr. and Leonard A. Schlesinger (1997), *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and Value*, The Free Press (658.812 HES).
7. Zeithaml, Valerie A. and Mary J. Bitner (2003), *Services Marketing*, Tata McGraw Hill (658.812 ZEI).

Cases:

1. Club Med (A)
2. Euro Disney: The first 100 days
3. Nortel Networks
4. Bank of America
5. A Taste of Frankenmuth: About of WOM Referral
6. Logan Airport
7. ITC EChoupal
8. CMR Enterprise
9. RBC Financial Group
10. Wells Fargo Online Financial Services
11. Apollo Hospital

Readings:

1. Ofek, Ellie (2002), "Customer Profitability and Lifetime Value," HBS Note.
2. Hallowell, Roger (2002), "Word-of-Mouth Referral," HBS Note.
3. Heskett, James L. et al. (1994), "Putting the Service Profit Chain to Work," HBS Note.

4. Narayanan, V.G. (2003), "Queueing Theory," HBS Note.
5. Rust, Roland T., Anthony J. Zahorik and Timothy L. Keiningham (1995), "Return on Quality (ROQ): Making Service Quality Financially Accountable," *Journal of Marketing*, 59, 58-70.
6. Haksever et al., "Service Productivity and Measurement of Performance," from *Service Management and Operations*, Prentice Hall.
7. Hauser, John R. and Don Clausing (1988), "The House of Quality," HBR.
8. Kaplan, Robert S. and David P. Norton (1996), "Using the Balanced Scorecard as a Strategic Management System," HBR.
9. Peterborough CS Questionnaire.

Course Assignments:

1. *Case Study:* Cases will involve real life problem, which a service marketer faces. Students will analyze and present the cases. All students are expected to prepare for and contribute to the case discussion. A written report for each case has to be submitted before the discussion of that case in the class.

Case Analysis Format

- I. Problem Analysis
 - A. Assessment of organization's services marketing problems
 - B. Summary of critical environmental and situational factors indicating problem
 - C. Identification of other marketing sub-issues or sub-problems that stem from services marketing problems
 - D. Completeness of problem identification
 - II. Alternative Recommendations
 - A. Identification of alternative marketing strategies to deal with services marketing problems
 - B. Itemization of pros and cons, advantages and disadvantages of each
 - III. Selection of Best Alternative
 - A. Support for selection of alternative
 - B. Thorough discussion of alternative
 - IV. Implementation
 - V. Process Issues
 - A. Feasibility of recommendations within existing organizational and financial constraints
 - VI. Analysis of Exhibits

Analysis of exhibits, tables, charts, data to support decisions
2. *Group Project:* The group is required to study a service organization. The study should not be a pure description, but should involve critical evaluation and/or identification of key issues. It should use the concepts developed during the course where appropriate.

Some of the questions that you might ask yourself are:

At whom is this service targeted? What is the service concept, stated in terms of results produced for the customer? How is it being positioned in relation to customer needs and competitive offerings? How are the human resources managed? What is the level of customer satisfaction? Are the key service processes well designed and managed, how is performance measured and managed? To what degree does it provide value (high service at low cost) and profit? What could be the financial implications of improving the service?

Assessment:

Cases	30% (10% for group presentation, 20% for class participation)
Group Project	30%
End Term Examination	40%
Total	100%

Grading Pattern:

Range of Marks	0-34	35-40	41-45	46-50	51-60	61-70	71-80	81-90	91-100
Grades	F	D	D+	C	C+	B	B+	A	A+

Course Schedule:

Session	Topic	Books and Chapters	Cases
1	Service Marketing: Uniqueness and challenges	Book 1: Ch 1, 3, Book 3: Ch 1,2,3, Book 7: Ch 1	
2.	Service Quality	Book 2: Ch 2-7 Book 7: 3, 18	Case: Club Med
3	Customer Satisfaction and Delight	Book 1: Ch 9-11 Book 7: Ch 4	Case: Euro Disney
4	Understanding Customer Expectation through Marketing Research	Book 7: Ch 5	Case: Nortel
5	Project Presentation: Research Framework		
6	Service Development and Design	Book 3: Ch 8, Book 5: Ch 9, Book 7: Ch 8	Case: Bank of America
7	Listening to Customers	Book 1: Ch 6-8	Case: Frankenmuth
8	Managing Demand and Capacity	Book 1: Ch 2, Book 3: Ch 6, Book 7: Ch 14	Case: Logan Airport
9	Delivering of Services	Book 3: Ch 7 Book 5: Ch 6	Case: ITC eChoupal
10	Project Presentation: Instrument		
11	Employees role in services (V.F)		
12	Customers role in services (V.F)		
13	Service Recovery (V.F)		
14	Service Marketing Communication (V.F)		
15	Pricing of Services	Book 3: Ch 8, Book 5: Ch 9, Book 7: 16	Case: CMR Enterprise
16	Customer Profitability		Case: RBC Financial Group
17	Measuring Service Performance	Book 4: Ch 13	Case: Wells Fargo
18	Financial and Economic Effect of Services	Book 6: Ch 2, 3 Book 7: Ch 17	Case: Apollo Hospital
19	Project Presentation: Findings and Implications		
20	Project Presentation: Findings and Implications		

Services Marketing Case Questions:**A. Club Med**

1. In what areas has Club Med developed a competitive advantage. How defensible are they?
2. Analyze the success of Club Med in terms of financial performance, non-financial performance?
3. What areas should Jacques Giraud be most concerned about. What changes would you recommend to have the most leverage on performance?

B. Euro Disney

1. Assess Disney's decision to build a theme park in Europe?
2. Assess the implementation of Euro Disney's service delivery system. What could the company have done differently?
3. What lessons has Euro Disney learned which could be applied to the development of the second theme park. Should the park follow U.S. model, and if so in what ways. What recommendations would you make regarding staffing, training and general management?

C. Customer Value Measurement at Nortel

1. Evaluate the CVM approach?
2. What is your assessment of the proposed RCV approach?
3. What should be the plan of action to manage customers in this case?

D. Bank of America

1. How would you characterize Bank of America's system for developing new services?
2. Compare Bank of America's approach to other product development systems? Does it matter if it is a product or service that is being developed?
3. Should Butler and Brady accept ten additional bank branches into its experimentation portfolio?

E. Frankenmuth- WOM Referral

1. Calculate the value of WOM?
2. How is WOM related to lifetime value of an incremental customer?
3. How should Rummel recommend the Frankenmuth 2000 budget be spent?

F. Logan Airport

1. Answer the questions in the Problem Set.
2. What is your overall recommendation to the FFA for the city of Boston – allow Massport to build a new runway? Insist that Massport institute peak period pricing? Do both? Do neither?

G. ITC eChoupal

1. What was ITC's motivation for creating the eChoupal?
2. What barriers did ITC face in embarking on this project?
3. How should ITC develop this platform for the future?

H. CMR Enterprise

1. What should CMR do about the Blackstone account now?
2. How much profit is being generated by CMR's commercial relative to its residential business? By the Blackstone account?
3. Why did CMR persist in the Blackstone relationship? How would you remedy such a situation?

I. RBC Financial Group

1. Evaluate RBC's strategy and organizational structure. Is RBC well equipped to compete with Niche Operators such as Internet only Banks with focused product offerings?
2. What should RBC do about customers who are unprofitable because they use the retail branches and ABM machines for bill payments?

3. What additional insights are likely to come from lifetime value computations for customers as opposed to annual customer profitability numbers. Should RBC compute lifetime values at the segment level or the individual customer level for strategy formulation? How about strategy execution?

J. Wells Fargo Online Financial Services

1. Develop the objective, linkage map and measures for
 - a. Increase revenue per customer
 - b. Reduce cost per customer

K. Apollo Hospitals

1. What are the key elements in Apollo's strategic marketing vision?
2. What accounts for Apollo Hyderabad's disappointing performance?
3. What should be their future expansion strategy?

Tentative Project Topics (along with references)

- A. Customer satisfaction with technology interface
 1. Bitner, M.J., S.W. Brown and M.L. Meuter (2000), "Technology infusion in service encounters," *Journal of the Academy of Marketing Science*, 28(1), 138-149.
 2. Meuter, M.L., A.L. Ostrom, R.I. Roundtree and M.J. Bitner (2000), "Self-service technologies: Understanding customer satisfaction with technology based service encounters," *Journal of Marketing*, 64 (July), 50-64.
- B. Service orientation in retail setting
 1. Dabholkar, P.A., D.I. Thorpe and J.O. Rentz (1996), "A measure of service quality for retail stores: Scale development and validation," *Journal of the Academy of Marketing Science*, 24(1), 3-16.
 2. Homburg, C., W.D. Hoyer and M. Fassnacht (2002), "Service orientation of a retailer's business strategy: Dimensions, antecedents and performance outcome," *Journal of Marketing*, 66 (Oct), 86-101.
- C. Relationship between satisfaction and repurchase intention
 1. Zeithaml, V.A. (2000), "Service quality, profitability and economic worth of customers: What we know and what we need to learn," *Journal of the Academy of Marketing Science*, 28(1), 67-85.
 2. Olsen, S.O. (2002), "Comparative evaluation and the relationship between quality, satisfaction and repurchase loyalty," *Journal of the Academy of Marketing Science*, 30(3), 240-249.
- D. Linkage between market orientation and firm performance in service setting
 1. Narver, J.C. and S.F. Slater (1990), "Effect of market orientation on business profitability," *Journal of Marketing*, 54, 20-35.
 2. Kohli, A.K., B.J. Jaworski and A. Kumar (1993), "MARKOR: A measure of market orientation," *Journal of Marketing Research*, 30, 467-477.
- E. Why a customer switch
 1. Jones, T.O. and W.E. Sasser Jr. (1995), "Why satisfied customers defect," *Harvard Business Review*, 73(1), 88-99.
 2. Burnham, T.A., J.K. Frels and V. Mahajan (2003), "Consumer switching costs: A typology, antecedents and consequences," *Journal of the Academy of Marketing Science*, 31(2), 109-126.