

MKT 442: SERVICES MARKETING STRATEGY

W. P. Carey School of Business
Arizona State University

Dr. Amy Ostrom

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MKT 442: SLN# 30639

Course Time/Location: TTH 12:15-1:30/BA L1-27

Office Hours: T/TH 1:45-3:00

and by appointment

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COURSE DESCRIPTION

Why study services marketing? The U.S., as well as much of the world economy, is dominated by services. In the U.S., approximately 81% of the labor force and 81% of the GDP is accounted for by services. Yet traditionally, business school courses have focused on the manufacturing sector of the economy. This course is designed especially for those students who may be interested in working in service industries and in addressing the distinct needs and challenges of managing services and delivering quality service to customers.

The primary theme of the course is that service organizations (e.g., banks, transportation companies, hotels, hospitals, educational institutions, and professional services) require a distinctive approach to marketing strategy – both in its development and execution. The course will build and expand on ideas from MKT 302 and other marketing courses to make them specifically applicable to service industry settings. Also, a second theme of the course focuses on the role of service in manufacturing businesses. Currently, many firms in the manufactured goods sector see service as the basis for attaining a sustained competitive advantage.

Course Objectives

In today's competitive environment, employers expect you to have a variety of skills when you graduate. They are consistently saying that they make hiring/promotion decisions based on:

- excellent critical thinking/problem solving skills,
- excellent written and oral communication skills, and
- good listening skills as well as a willingness to understand the viewpoint of others.

This course is designed to help you improve your skills in these areas while gaining depth of knowledge about services marketing.

To achieve these objectives, classroom sessions will involve a mixture of lecture, student discussions and presentations, videos, case analyses, applied problem solving, and guest speakers. Your active presentation in class discussion is important.

REQUIRED TEXT

Zeithaml, Valarie A. Mary Jo Bitner, and Dwayne Gremler (2006), *Services Marketing: Integrating Customer Focus Across the Firm* 4th Edition, McGraw-Hill.

Most of the reading assigned for the course will come from the textbook. However, at various times during the semester, I may provide you with handouts, articles, or cases that you will be asked to read and prepare for class.

<u>PERFORMANCE EVALUATION</u>		<u>Points</u>
Exam 1	20%	100
Exam 2	20%	100
Exam 3 (Final Exam).....	20%	100
Assignments	30%	
#1: (10%)		50
#2: (20%)		100
Class Co-Production/Participation.....	10%	<u>50</u>
TOTAL		500

Final grades will be calculated as follows:

97%-100%	A+	80%-82.99%	B-
93%-96.99%	A	77%-79.99%	C+
90%-92.99%	A-	70%-76.99%	C
87%-89.99%	B+	60%-69.99%	D
83%-86.99%	B	Below 60%	E

EXAMS

There will be three exams during the semester worth 60% of your grade. The three exams will contain multiple choice questions, short, essay-type questions as well as case-based questions. All three exams are non-cumulative. Exams must be taken during the scheduled class period. If you must miss an exam for a valid reason, see me before the day of the exam to make other arrangements.

ASSIGNMENTS

There are two assignments that will be completed during the semester. The first involves completing a service encounter journal and writing a paper based on your observations. In the second assignment, you will be designing a new service or redesigning an existing service which will include your development of a service blueprint of the service to gain expertise with using that tool. You will also be responsible for giving a short presentation to the class that highlights the key aspects of your new service that you developed in Assignment Two. More details about the assignments are included at the end of the syllabus.

CLASS CO-PRODUCTION/PARTICIPATION

IMPORTANT PTS:

- As with most courses, the benefits of the course can only be realized when students are excellent co-producers and actively participate in the classroom experience (e.g., are prepared for class, contribute to in-class discussion, offer examples, ask questions when course concepts are not understood, etc.). Class co-production/participation grades will be based on each student's contribution to the class. Active co-production and participation is expected and is essential for success in the course.
- Class attendance is a necessary, but not a sufficient, condition for you to do well in terms of class co-production.
- Bringing in real world examples from outside reading (e.g., *WSJ*, *BusinessWeek*, *Fortune*, *Fast Company*) that highlight course concepts, service innovations etc. is highly encouraged and will be considered an example of class co-production/participation. You should be prepared to discuss how the article relates to course concepts/services marketing.
- During the semester, we will be doing a number of in-class activities involving the application of services concepts. In addition, you may be asked to complete 'homework' activities (e.g., read and analyze a case, visit a retail establishment, etc.) that will be discussed in class. Active participation in in-class activities and other activity-related discussions during class will play a significant role in determining class participation grades. For the cases, you will be given a set of questions ahead of time to help you prepare for class discussion of the case. The questions are to guide your thinking but actual discussion of each case will be flexible. Feel free to bring up issues that you feel are relevant, including your own experiences.

The following are guidelines concerning how you should think about class co-production. This list is not exhaustive but will give you a sense of my criteria for evaluating your co-production during the semester. At a minimum, co-production in this setting would consist of the following:

Participation

- consistently contributes to class discussion
- provides examples of personal experiences to illustrate services marketing concepts
- asks questions when a topic or concept is not understood
- actively engages in in-class activities
- prepares other cases, articles, and activities that are assigned
- attends each class

Professionalism

- is attentive, curious, enthusiastic, and willing to learn
- comes to class prepared
- takes pride in the quality of work produced for the course

At the end of the semester, you will be asked to evaluate your own co-production in the course and assign yourself a score. The day of the final exam (exam 3), you will turn in a one page write-up in which you give yourself an explicit percentage (from 100% to 0%) that reflects your perception of your level of co-production as well as justification for the percentage you have given yourself. To give you an idea of how you might go about evaluating your level of co-production, I will give you an example of how I would assign a typical class participation score. A 100% would be given to someone who is an outstanding leader in class discussion who is always prepared, in class, frequently initiates stimulating and thought-provoking questions, often brings outside articles and examples that illustrate course concepts, and serves as a role model for other students. A consistent contributor to class discussion who responds to instructor questions and comments would receive an 85%. Someone who regularly attends class but does not take part in class discussions would receive a 50%. Be sure to keep track of class periods where you took a significant leadership role in class participation and other evidence of excellent co-production. I reserve the right to make adjustments to your suggested co-production grade if I think it is warranted.

COURSE SYLLABUS -- MARKETING 442*

<u>Wk</u>	<u>Date</u>	<u>Topic</u>	<u>Reading/Assignment</u>
I. FOUNDATIONS			
1	1/15	Course Introduction Why study services?	
	1/17	Introduction to services The Gaps Model of Service Quality	Chapter 1 Chapter 2
II. FOCUS ON THE CUSTOMER			
2	1/22	Consumer behavior in services	Chapter 3
	1/24	Consumer expectations	Chapter 4
3	1/29	Consumer perceptions of service	Chapter 5
	1/31	Consumer perceptions of service	Chapter 5

		III. UNDERSTANDING CUSTOMER REQUIREMENTS	
4	2/5	Listening to customers through research	Chapter 6
	2/7	Listening to customers through research	Chapter 6 ASSIGNMENT 1 DUE
5	2/12	Building customer relationships	Chapter 7
	2/14	EXAM 1	
6	2/19	Building customer relationships	Chapter 7
	2/21	Building customer relationships Service recovery	Chapter 8 ASSIGNMENT 2 ABSTRACT DUE
		IV. ALIGNING SERVICE DESIGN & STANDARDS	
7	2/26	Service development and design	Chapter 9
	2/28	Service development and design	Chapter 9
8	3/4	Customer-defined service standards	Chapter 10
	3/6	Physical evidence and the servicescape	Chapter 11
9	3/11 & 3/13	SPRING BREAK – NO CLASS!!!	
		V. DELIVERING & PERFORMING SERVICE	
10	3/18	Employees role in service delivery	Chapter 12
	3/20	EXAM 2	
11	3/25	Employees role in service delivery	Chapter 12
	3/27	Employees role in service delivery	Chapter 12
12	4/1	Customers' roles in service delivery	Chapter 13
	4/3	Customers' roles in service delivery	Chapter 13
13	4/8	Delivering service through electronic channels	Chapter 14
	4/10	Managing demand and capacity	Chapter 15
		VI. MANAGING SERVICE PROMISES	
14	4/15	Integrated services marketing communications	Chapter 16
	4/17	Pricing of services	Chapter 17
15	4/22	The financial and economic impact of service Course wrap-up	Chapter 18 ASSIGNMENT 2 DUE
		Service Design Presentations	
	4/24	Service Design Presentations	
16	4/29	Service Design Presentations	

EXAM 3 (FINAL EXAM):
Tuesday, May 6, 12:20-2:10

* *This is a tentative course outline.*

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**MKT 442**  
**Assignments**

**Objective For Assignments**

An underlying assumption of the services marketing course is that students learn best and retain more when they actively apply and work with the concepts presented in the course materials rather than simply read about them or hear the professor talk about the ideas. The purpose of these assignments is for you to apply concepts and tools learned in class to real situations. In general, each of the assignments will be graded according to the following criteria:

- Evidence of understanding and ability to apply course concepts, and
- Quality (depth, creativity, clarity) of analysis and expression.

There are two main assignments for the course. The first is an individual assignment and the second one can be done individually or you may work with a partner. The second one will also include a presentation to the class. The two assignments are described in detail below:

**ASSIGNMENT 1: Service Encounter Journal and Paper**

The purpose of this assignment is for you to understand and evaluate service encounters from your perspective as a customer. We all have a number of such encounters each week, including (but not limited to) restaurants, banks, airlines, dry cleaners, doctors, dentists, libraries, travel agencies, phone companies, auto mechanics, and copy centers. During the first part of the semester, you are to keep a "journal" of your service encounter experiences. The purpose of this journal is to identify sources of customer satisfaction and dissatisfaction with services.

Journal Entries. You will complete eight journal entry forms. One blank copy is attached. Each entry will correspond to one service encounter. Your journal may be written (if you have neat, legible handwriting) or typed. Be sure to completely answer the questions on the journal entry form. You may write on the back of the form or attach an additional page if you need more room. Your inclusion of the important details of the service encounter will help in writing your service encounter paper explained below.

Try to record an assortment of encounters from a variety of service industries (i.e., don't do all restaurants), as well as some that you found satisfying and some that were very dissatisfying. The best way to complete your journal is to fill out a form immediately following a particular incident. Try to write up two service encounters per week, beginning right away, because we will be discussing them in class.

Service Encounter Paper. The purpose of the service encounter paper is to analyze service encounters from a customer's point of view. This paper, which is limited to 8 typewritten, double-spaced pages, will consist of three parts.

In the first part of the paper, write about the organization from your journal that has the *worst service* of any you encountered. Based on your reading of the textbook and issues we discussed in class, diagnose the problem(s) with the service and then recommend the most important actions management should take to improve the service. Use concepts from the class to support your diagnosis and suggestions. Be selective and focus on the most important issues.

In the second part of the paper, write about an organization from your journal that is doing an *excellent overall job of services marketing*. Again, base your analysis on the textbook and class discussions. Demonstrate your knowledge of services marketing concepts by discussing what this organization does that makes it successful.

In the third part of the paper, please describe the *lessons you learned* by addressing the following two questions:

What did you learn from this assignment about yourself as a consumer?

What did you learn from this assignment that will help you be a better manager?

To aid in both your diagnosis of problems and understanding of what is driving excellent service, it may help you, when possible, to spend additional time observing the service in action. You might also talk with a service manager/owner to get additional insight into the service operation from his/her point of view.

The paper will be evaluated based on the following: the depth and substance of your observations, your ability to diagnose probable causes of problems and match them with appropriate solutions based on material discussed in class and/or in your readings, as well as the quality of writing.

**Note: Given the main purpose of this assignment is to evaluate your understanding of course concepts, be sure that you use services marketing concepts in your discussion.**

Your service encounter paper is due on: **February 7**. Please turn in both the paper and your journal entries at this time. Your journal entries should be included as an appendix to your paper.

### **ASSIGNMENT 2: Service Design Project**

This assignment gives you the opportunity to design a new service or redesign an existing service based on your newly acquired services marketing expertise and put together a marketing plan to launch the new service or make the redesign changes. You may choose to do this assignment on your own or with a partner.

There are many things to consider and decisions to make when designing a new service. To be complete, your marketing plan should include the following:

- You should describe which market segment(s) you want to target and how you want your service to be positioned relative to the competition. You should provide justification for why this service idea would be valued by your target and why your service will be able to serve the needs of this group better than competitors (this may require doing primary or secondary research). Be sure that you sufficiently investigate competitors that exist. Please include a SWOT analysis.
- The key components of your service and all of your tactic decisions (the 7 Ps) should then be based on the above marketing strategy.
- In your plans, be sure to include a thorough description of the service and how it will work. In order to fully describe the processes involved, you should illustrate the service you have created (or redesigned) by developing a blueprint of your proposed new service. If you are redesigning an existing service, you should also include a blueprint of the original service.
- You should use appropriate services marketing concepts to describe your service and your proposed marketing strategy.
- You may not have all of the information that you would like at your disposal, especially if you are doing a technology-oriented or Web-based service. Do the best you can and be sure to explicitly state any assumptions you are making. If there is information that you cannot find but would want to obtain before starting the service such as additional consumer research, competitor information, cost information, technology capabilities, etc., be sure to specify that in your paper.
- An executive summary that highlights the key aspects of your new service or redesign should also be included at the beginning of the plan.

Your paper will be evaluated based on the quality of your justification for the decisions you make about your service, your consistency in linking marketing strategy and tactic decisions, the depth of knowledge about services marketing you demonstrate based on your discussion of course concepts, the level of detail provided, and the quality of the writing.

Your report should be typed and be a maximum of 12 pages. You may put the blueprint in an appendix as well as any other related materials that help support the decisions made in the report. There is no limit to the number of pages included in the appendices.

**Due Dates:**

An abstract (or outline of your paper if you prefer) describing the basic idea for your new service (including a description of the target and the proposed positioning) or redesign (including the rationale for the redesign) is due **February 21**.

The paper is due on **April 22**.

You will also have the opportunity to present your new service or service redesign to the class. Each person (or partners) will give a short presentation (10 minutes) describing the key elements of his/her service and the related service marketing concepts. Think of the presentation as a brief pitch you are giving to get funding for your new service idea or to convince your boss of a needed redesign in the company's service. Presentations will take place the last few class periods in the semester.

**NOTE:** Feel free to discuss your ideas with me at any point during the semester. Also, I would be happy to read and give feedback on a draft of your paper prior to the due date (turn in by **Friday, April 11**).

## Service Journal Entry Form

Your Name:

Name of Firm:

Type of Service (industry):

Date of Encounter:

Time of Encounter:

How did the encounter take place (e.g., in person, by phone, via a self-service technology)?

What specific circumstances led to this encounter?

Exactly what did the firm/employee say or do?

How would you rate your level of satisfaction with this encounter? (Circle the most appropriate number).

|                           |   |   |   |   |   |                        |
|---------------------------|---|---|---|---|---|------------------------|
| 1                         | 2 | 3 | 4 | 5 | 6 | 7                      |
| Extremely<br>Dissatisfied |   |   |   |   |   | Extremely<br>Satisfied |

What exactly made you feel this way?

What could the employee/firm have done to increase your level of satisfaction with the encounter?  
What improvements need to be made to this service system?

How likely is it that you will go back to this service firm?

|                       |   |   |   |   |   |                     |
|-----------------------|---|---|---|---|---|---------------------|
| 1                     | 2 | 3 | 4 | 5 | 6 | 7                   |
| Extremely<br>Unlikely |   |   |   |   |   | Extremely<br>Likely |

ADDITIONAL COMMENTS: