

BUMK 736
SERVICE MARKETING
SG WINTER 2008
PRELIMINARY SYLLABUS

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Course Meetings: January 5-6 and 19-20; 8:30 a.m.-6:30 p.m.

Textbook: Zeithaml, Valarie, Mary Jo Bitner, and Dwayne D. Gremler, Services Marketing, 4th ed.

Readings: Relevant readings are assigned from the *Harvard Business Review*, *Business Horizons*, *California Management Review*, and other business periodicals. Articles and cases are in your course packet.

Course Description and Objectives: Service is a growing share of both developed and developing economies. This includes growth of both the service sector and the growth in importance of customer service in the manufacturing sector. In the service economy, customer relationships, rather than individual transactions, are the key to long-term profitability. Building effective customer relationships requires a "customer orientation," seeing the world from the customer's eyes. It also requires willingness to take educated risks in order to provide a continuous flow of innovative services to customers. Management must measure the impact of service quality over time, to determine the financial return to be gained from improvements in service.

While this is a marketing course, we will also address cross-functional problems. Service marketing does not operate in isolation from other functional areas. Rather, it also has implications for human resources, operations, and financial management.

In this course you will learn:

- What makes a service different from a good
- How marketing in service-producing organizations differs from marketing in manufacturing organizations.
- Strategies and tactics for addressing these challenging differences.
- How to use the "GAPS" model to identify and analyze service problems, ascertain alternative solutions, and choose and implement the best solution.
- Marketing research techniques and tools unique to service marketing. In particular, you will learn how to conduct research on customer satisfaction, value, and loyalty.
- How to build and maintain profitable customer relationships

- Techniques for designing new services and improving existing services
- How to “recover” from a service failure
- The role of an integrated marketing communication strategy in building a service brand
- The importance of value pricing in service marketing
- How to use hard and soft customer metrics in evaluating service performance

Organization of Class Time:

This course will include a combination of lecture, discussion, case study analysis, and simulation-based decision-making.

Requirements:

Class participation	20%
Service marketing simulation	30%
Team case presentation	20%
Individual written cases	
Northwest Airlines	15% (Due January 13)
BBC WW: Global Strategy	15% (Due January 27)
<u>TOTAL</u>	<u>100%</u>

Class Participation:

Participation in class discussion is very important! Please prepare for class by reading the assigned material as well as the cases. Also, many of you are working in service firms. Please share your experiences with the class.

Your grade for class participation will be based on my judgment of the consistency with which you *participate constructively* and *show leadership* in class discussion. Please note that class discussion includes interacting with your classmates.

When I am leading case discussions, I may “cold call.” Please be prepared for this.

Keep in mind that if you aren’t in class, you aren’t participating.

Service Marketing Simulation:

We will be using the LINKS Service Marketing simulation. I will give you details on how to register for the simulation via the LINKS website at least a week before class starts. The registration fee is \$30.

Team Case Presentations:

You will work in your team to analyze, present, and lead discussion in class on one case. When it is your team’s turn to present, you will role play as consultants, and your classmates will role play as the management team. Please see “Grading of Team Case Presentations.”

I will assign each of you to a team ahead of time, and will ask each team to send me ahead of time a list of the cases in order of preference. I will try to give each team its

first choice, but may not be able to do so. We will allow two hours in class for analysis and discussion of each case. The first hour will be for teams to prepare for the discussion. The “consulting” team that is presenting should update its analysis and revise its slides, if necessary, based on new material. The “management” teams should discuss the case and prepare to question the consulting team.

Written Cases:

Your analyses of the Northwest Airlines (due January 13) and BBC WW (due January 27) cases will be presented in 5-page written documents. Please use the “Guidelines for Case Analysis” to help you with these assignments. These assignments should be done individually. This means that you should not discuss or work with anyone else in the class on the assignments. If you do so, you will be in violation of the University of Maryland’s Code of Academic Integrity. Please see the section on “Academic Integrity” at the end of this document.

A set of guidelines for case study analysis is attached to this document. (See Guidelines for Case Analysis, pp. 8-9.)

Course Materials Available on Blackboard: Students can login to their course(s) by going to <http://bb.rhsmith.umd.edu> . A University ID and password is required to access Blackboard courses. Information on changing or resetting your University ID is available from <https://ldap.umd.edu/cgi-bin/chpwd> . Students are required to maintain their current e-mail address in Testudo as Blackboard uses this address to send course related e-mail. (Since e-mail addresses are imported from Testudo into Blackboard, it is not possible to update e-mail addresses from within Blackboard). Additional information about R. H. Smith Blackboard is available from: <http://www.rhsmith.umd.edu/blackboard>

COURSE OUTLINE

Date	<u>Topic/Reading/CASE</u>
January 5: Morning (8:30-1:00)	<p><u>Introduction to Service Marketing and the GAPS Model</u></p> <ul style="list-style-type: none"> • Chapters 1 and 2, Zeithaml <i>et al.</i> • Ford, Richard C., Cherrill Heaton, and Stephen Brown (2001), “Delivering Excellent Service: Lessons from the Best Firms,” <i>California Management Review</i>. <p><u>How Customers Evaluate Service</u></p> <ul style="list-style-type: none"> • Chapter 3 - 4, Zeithaml <i>et al.</i> • Pine, Joseph B. II and James H. Gilmore, “Welcome to the Experience Economy,” <i>Harvard Business Review</i>, July-August 1998. <p><u>How to Analyze a Service Marketing Case</u></p> <p>CASE: “Starbucks: Delivering Customer Service,” (HBS 9-504-016) Purpose: To illustrate the importance of the customer experience in service marketing</p>
January 5: Afternoon (2:00-6:30)	<p><u>Professional Service Providers</u></p> <ul style="list-style-type: none"> • Nanda, Ashish (2005), “Who is a Professional?” (HBS 9-904-047) <p><u>Service Marketing Research</u></p> <ul style="list-style-type: none"> • Chapter 6, Zeithaml <i>et al.</i> • Optional: http://www.whatisasurvey.info/ <p>TEAM CASE: “Customer Value Measurement at Nortel Networks.” (HBS 501050) Purpose: to illustrate the importance of marketing research in delivering customer service</p> <p>Service Marketing Simulation: Round 1</p>

<p>January 6: Morning (8:30-1:00)</p>	<p><u>Customer Relationships and Customer Relationship Management (CRM)</u></p> <ul style="list-style-type: none"> • Chapter 7, Zeithaml <i>et al.</i> • Winer, Russell S. (2001), “A Framework for Customer Relationship Management,” <i>California Management Review</i>, 43 (4), pp. 89-104. • “Biogen-Idec: Growing a Customer-Focused Supply Chain” (Tuck Case #6-0022)¹ <p>TEAM CASE: “Infosys Consulting in 2006: Leading the Next Generation of Business and Information Technology Consulting.” (SM 151) Purpose: To illustrate the importance of the “People P” and customer metrics in building and maintaining customer relationships.</p> <p>Service Marketing Simulation: Round 2</p>
<p>January 6: Afternoon (2:00-6:30)</p>	<p><u>Service Recovery</u></p> <ul style="list-style-type: none"> • Chapter 8, Zeithaml <i>et al.</i> <p>TEAM CASE: “Customer Profitability and Customer Relationship Management at RBC Financial Group.” (HBS 102072) Purpose: To illustrate the importance of customer relationships in profitable service operations</p> <p>Service Marketing Simulation: Round 3</p>
<p>January 7-18</p>	<p>CASE: “Northwest Airlines and the Detroit Snowstorm” (HBS 800053) Purpose: To illustrate the importance of having a service recovery strategy.</p> <p>Written case due January 13 in the Digital Drop Box</p>

¹ This case is for illustrative purposes only.

<p>January 19: Morning (8:30-1:00)</p>	<p><u>New Service Development and Design</u></p> <ul style="list-style-type: none"> • Chapters 9-10, Zeithaml <i>et al.</i> • Thomke, Stefan (2003), “R&D Comes to Services: Bank of America’s Pathbreaking Experiments,” <i>Harvard Business Review</i>, April, 3-11 (3426) <p>CASE: “Northwest Airlines and the Detroit Snowstorm” (HBS 80053)</p> <p><u>Physical Evidence and the Servicescape</u></p> <ul style="list-style-type: none"> • Chapter 11, Zeithaml <i>et al.</i> • Berry, Leonard L. and Neeli Bendapudi (2003), “Clueing in Customers,” <i>Harvard Business Review</i>, pp. 2-7. (Reprint R0302H) <p>Service Marketing Simulation: Round 4</p>
<p>January 19: Afternoon (2:00-6:30)</p>	<p>TEAM CASE: “Pharmacy Service Improvement at CVS,” HBS 606015 Purpose: To illustrate how to use service blueprints in improving the design of customer service</p> <p><u>Employees’ and Customers’ Roles in Service Delivery</u></p> <ul style="list-style-type: none"> • Chapters 12-13 Zeithaml <i>et al.</i> <p>Service Marketing Simulation: Round 5</p>
<p>January 20: Morning (8:30-1:00)</p>	<p>TEAM CASE: “The Ritz-Carlton Hotel Company,” HBS 9-601-163 Purpose: To illustrate best practices in customer service.</p> <p><u>Integrated Services Marketing Communication</u></p> <ul style="list-style-type: none"> • Chapter 16, Zeithaml <i>et al.</i> <p><u>Pricing Services</u></p> <ul style="list-style-type: none"> • Chapter 17, Zeithaml <i>et al.</i> • Pitt, Berthon, Watson, and Ewing (2001), “Pricing Strategy and the Net,” <i>Business Horizons</i>, March-April, 45-54.

<p>January 20: afternoon (2:00-6:30)</p>	<p>Course Evaluation</p> <p>TEAM CASE: “Wal-Mart Everyday Low Pricing in China,” (HKU592) Purpose: To illustrate a) the need to modify a western service business model in global markets and b) the importance of a customer orientation in a service business.</p> <p><u>The Financial Effects of Service</u></p> <ul style="list-style-type: none"> • Chapter 18, Zeithaml <i>et al.</i> • Heskett <i>et al</i> (2000), “Putting the Service-Profit Chain to Work,” <i>Harvard Business Review Onpoint Article</i> (4460) <p>Service Marketing Simulation Final Reports</p>
<p>January 21-27</p>	<p>CASE: BBC WW: Global Strategy (9-507-034) Purpose: To explore opportunities for extending a service brand in the global market. Written case due January 27 in the Digital Drop Box</p>

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GUIDELINES FOR CASE ANALYSIS
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A case is a situation analysis that yields a recommendation or set of recommendations for strategy. While there may be more than one solution to a case, there is one solution that is better than others. Your job is to convince me, using information from class and the case, that your recommendations are better than any other alternative.²

Your grade will be based primarily on the rigor with which you analyze the case (including your use of concepts from class) and the strength of your recommendations. Please structure your analysis as follows:

I. Statement of problem or problem(s) facing the firm. State the problem(s) clearly and succinctly. Explain why you believe it (or they) is important. Include information on concepts from class as needed. (10%)

II. Summary of the situation analysis. This is the section in which your SWOT analysis should appear. Present a thorough analysis of this information in an Exhibit at the end of the document. Keep in mind that Strengths and Weaknesses are internal to the company, and Opportunities and Threats are external to the company. Strengths and Weaknesses include the 7 Ps (see your reading) as well as other strategic and financial considerations. Opportunities and Threats are economic, competitive, social, technological, or political factors that influence the firm's strategy. To help you with the SWOT, I suggest preparing a matrix (see example at end of document).

In the text, discuss only the information most relevant to the case. In explaining your analysis, be sure to use relevant concepts from class! This means that you should consult the text, lecture material, and readings. Keep in mind that this is a marketing course; however, service marketing has cross-functional implications (e.g., human resources, operations) that will usually have to be considered. (45%)

III. Strategic alternatives and recommendations for strategy. Focus on marketing strategy (e.g., targeting, positioning, communications, and distribution) and tactics. Present a set of strategic alternatives, evaluate them, and then decide which is (are) best. This will be your recommendation. Your recommendation should follow logically from the statement of the problem and the situation analysis.

Defend your recommendation using concepts from class and data from the case. Make suggestions for specific programs to implement your recommendations. Again, use relevant information from class. Consult the text, lecture material, and readings. (45%)

Grading of the analysis will be based on the following considerations:³

² Use this format to organize your written case analysis as well as your team's case presentation.

³ These criteria will also be factored into the overall grade for your team-led case.

1. Thoroughness and accuracy (quality) of the analysis.
2. The appropriateness of the recommendations and your defense of them.
3. **The extent to which you have applied concepts from class and used them appropriately. Show me that you have read the book, paid attention in class, and done the readings!**

TEAM CASE PRESENTATIONS

The quality of the case analysis will be determined using the criteria described in the Guidelines for Case Analysis. I assume your presentation will be well-organized, professional in appearance, and timed appropriately (about 45 minutes). In managing class discussion, it's important to be equitable, encourage interactivity (discussion within the class) and keep the discussion moving. If the quality of either the presentation or the discussion leadership isn't adequate, it will detract from your grade.

Individual grades will be calculated as follows: 1) An average team evaluation will be calculated for each team member; 2) The score of the student with the highest average will be set to 100; 3) The scores of other students will be rescaled accordingly; 4) The rescaled numbers will be used as weights against the overall group grade.

If the project grade is a 95, the individual with the highest average team evaluation will receive a 95 (95×1.0). If the average of your team's evaluation of your work is a .95, your individual grade will be a 90.25 ($95 \times .95$).

GRADING OF WRITTEN CASES

Your case write-ups should be **NO MORE** than 5 pages long, excluding exhibits. Please use double-spacing, with standard margins (1") and a 12 pt. Font.

I assume that you will all use good grammar. However, here are some "helpful hints."

- The word "it's" means "it is." "Its" (no apostrophe) is the possessive of "it."
- A singular noun (e.g., customer) requires a singular pronoun, such as "he," "she," "his" or "hers." In spoken English, people often pair singular nouns with plural pronouns (e.g., "the customer...they"). However, this is not correct written English.
- Keep in mind that spell check doesn't catch all errors in spelling.
- Please use headings and subheadings.

We want you to graduate from Smith with outstanding written communication skills, so please pay attention to these. I will deduct points if you don't.

Academic Integrity: The University's Code of Academic Integrity prohibits academic dishonesty. **ACADEMIC DISHONESTY** is defined by the University to include: 1) **CHEATING:** intentionally using or attempting to use unauthorized materials, information, or study aids in any academic exercise. 2) **FABRICATION:** intentional and unauthorized falsification or invention of any information or citation in an academic

exercise. 3) FACILITATING ACADEMIC DISHONESTY: intentionally or knowingly helping or attempting to help another to violate any provision of this Code. 4) PLAGIARISM: intentionally or knowingly representing the words or ideas of another as one's own in any academic exercise. Violations of academic integrity will be prosecuted in accordance with University policy. For more information, consult:

<http://www.inform.umd.edu/CampusInfo/Departments/PRES/policies/iii100a.html>

On each exam or assignment you will be asked to write out and sign the following pledge. *“I pledge on my honor that I have not given or received any unauthorized assistance on this exam/assignment.”*

