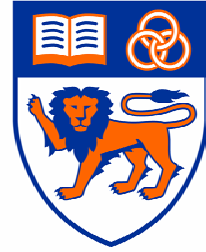


COURSE OUTLINE
BMA5505 - SERVICES MARKETING



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A. Introduction

Objectives of the Module

- To provide an in-depth appreciation and understanding of the unique challenges inherent in managing and delivering service excellence at a profit. Participants will be introduced to and have the opportunity to work with tools and strategies that address these challenges.
- To develop an understanding of the ‘state of the art’ of service management thinking.
- To promote a customer service-oriented mindset.

Expectations from Participants

- Actively participate in lectures as much of the learning will come from discussions during class. This is particularly important, as many of the participants have relevant work experience.
- Study, understand and internalise the concepts covered in the course, and be able to creatively apply them.
- Come to each class well prepared and on time to discuss the required readings and assigned cases in detail.
- Display a name sign in all sessions.

Method of Assessment

- Final Examination (open book) : 40 %
- Case Presentation : 25 %
- Class Participation : 20 %
- Case Write-up : 15 %

B. Time Table

Week 1	Introduction to Services Marketing – Trends & Opportunities
Week 2	Consumer Behaviour – Managing & Understanding the Service Experience
Week 3	Marketing Mix I: Pricing of Services & Revenue Management Marketing Mix II: Communications Mix for Services
Week 4	Marketing Mix III: Distributing Services Marketing Mix IV: Designing the Service Environment Presentation 1: Coyote Loco
Week 5	Marketing Mix V: Designing Customer Service Processes Presentation 2: TLContact.com
Week 6	Marketing Mix VI: Managing Service Personnel I Case: Bouleau & Huntley: Cross-selling Professional Services
Week 7	Marketing Mix VI: Managing Service Personnel II Presentation 3: Front Line Staff Management & Service Culture
Week 8	Marketing Implementation I: Understanding Service Quality Case: Shouldice Hospital
Week 9	Marketing Implementation II: Managing Service Quality
Week 10	Marketing Implementation III: Managing Customer Loyalty I
Week 11	Marketing Implementation III: Managing Customer Loyalty II LTV and Churn Alert-based Retention and Loyalty Programs; CRM Strategies Case: Hilton HHonors Worldwide - Loyalty Wars Presentation 4: Analysis of a Customer Feedback System
Week 12	Marketing Implementation IV: Growth Strategies for Service Organisations Presentation 5: Industry-wide Assessment of Loyalty Programs Presentation 6: Churn Diagnostic & Customer Retention
Week 13	Presentation 7: CRM Strategy Implementation Presentation 8: Six Sigma Implementation in a Service Firm Summary & Wrap-up
Week 14	Review

C. Outline of Lectures and Readings

1. Introduction to Services Marketing and Frameworks for Understanding Services

- Key Issues
 - Macroeconomics, Trends & Opportunities
 - Features of Services & The Servuction Model
 - Unique Features of Services
- Required Readings
 - Lovelock & Wirtz, Chapter 1
 - Wirtz, Lovelock, and Islam (2002): “Service Economy Asia: Macro Trends and Their Implications,” Singapore Nanyang Business Review, Vol. 1, No. 2, 5 – 18.

2. Consumer Behaviour Related to Services

- Key Issues
 - The Three-Stage Model of Consumer Behaviour Applied to Services
 - Modelling Service Satisfaction
 - Environmental Perspectives on the Service Encounter
 - Perceived Control, Script & Role Theories Applied to Services
- Required Readings
 - Lovelock & Wirtz, Chapters 2 & 3

3. Marketing Mix I: Pricing Services & Revenue Management

- Key Issues
 - Pricing Strategies Applied to Services
 - Services Specific Issues on Price Discrimination
 - Cost Accounting for Services
 - Price Bundling and Cross-Selling
 - Revenue Management
- Required Readings
 - Lovelock & Wirtz, Chapter 6
 - Wirtz, Kimes, Ho and Patterson (2003), “Revenue Management: Resolving Potential Customer Conflicts,” Journal of Pricing and Revenue Management, Vol. 2, No. 3, 216-226.

4. Marketing Mix II: Designing the Communications Mix for Services

- Key Issues
 - Communication Strategies for Services
 - Guidelines for Advertising of Services

- Branding & Promotion of Services
- Required Readings
 - Lovelock & Wirtz, Chapter 5
 - Leonard L. Berry (2000), “Cultivating Service Brand Equity,” reprinted in Lovelock & Wirtz.
- 5. Marketing Mix III: Distributing Services**
- Key Issues
 - Distribution Channels for Services
 - Internationalisation of Service Firms
 - Global Distribution Systems
- Required Readings
 - Lovelock & Wirtz, Chapter 7 (read until section on Franchising)
 - Wirtz & Ho (2001), “Westin in Asia – Distributing Hotel Rooms Globally,” reprinted in Lovelock, Wirtz & Keh.
- 6. Marketing Mix IV: Designing the Service Environment**
- Key Issues
 - A Theoretical Framework for Understanding the Impact of Service Environments on Customer Behaviour and Satisfaction
 - Engineering Customer Service Experiences
- Required Readings
 - Lovelock & Wirtz, Chapter 10
 - Haeckel, Carbone and Berry (2003), “How to Lead the Customer,” reprinted in Lovelock & Wirtz.
- 7. Marketing Mix V: Designing Customer Service Processes**
- Key Issues
 - Flow Charting as a Basic Tool for Understanding & Managing Service Processes
 - Complexity and Divergence of Service Processes
 - Full-Service Versus Restricted Service Models
 - Isolating the Technical Core and Minimising the Servuction System
 - Production-Lining Services
 - Increasing Customer Participation
 - Managing Supply and Demand, Yield Management
- Required Readings
 - Lovelock & Wirtz, Chapters 4, 8 & 9

- Visit www.shouldice.com

8. Marketing Mix VI: Managing Service Personnel

- Key Issues
 - Importance of Service Personnel
 - Conflicts in Boundary-spanning Roles & Implications of Role Stress
 - Reducing Role Stress with Marketing & Creating a Climate for Service
 - Selection, Training and Motivation of Service Staff
 - The Cycles of Failure, Mediocrity and Success
 - Internal Marketing to Build and Foster a Customer Service-oriented Culture
- Required Readings
 - Lovelock & Wirtz, Chapter 11
 - Simons (2002), "The High Cost of Lost Trust," reprinted in Lovelock & Wirtz.
 - Berry (1999), "Investment in Employee Success," in: Discovering the Soul of Service, Free Press, 156-159.

9. Marketing Implementation I: Understanding Service Quality

- Key Issues
 - Defining & Measuring Service Quality
 - Importance of Quality: The Economics of Customer Retention
 - The Quality Model: Diagnosing Service Quality Failures
 - Diminishing Returns for Investment in Service Quality
- Required Readings
 - Lovelock & Wirtz, Chapter 12

10. Marketing Implementation II: Managing Service Quality

- Key Issues
 - Complaint Management, Service Recovery and Service Guarantees
 - Developing & Implementing Effective Customer Feedback Systems
 - Service Process Redesign & Six Sigma
 - TQM Tools Applicable to Services
- Required Readings
 - Lovelock & Wirtz, Chapters 12 & 13

11. Marketing Implementation III: Managing Customer Loyalty

- Key Issues
 - Loyalty Programs
 - Customer Churn Diagnostics and Retention

- CRM Strategies
- Required Readings
 - Brady (2000), “Why Service Stinks,” reprinted in Lovelock & Wirtz.
 - Epstein and Westbrook (2001), “Linking Action to Profits in Strategic Decision Making,” reprinted in Lovelock & Wirtz.

12. Marketing Implementation IV: Growth Strategies for Service Organisations

- Key Issues
 - Multisite, Multiservice and Multisegment Strategies
 - Risk/Return Considerations
- Required Readings
 - Lovelock & Wirtz, Chapter 7, (read from section Distributing Services Internationally)

D. Case Discussion/ Presentation Questions

Questions to cases and presentations are listed in order of their coverage. Please prepare each case discussion and group presentation by independently working through the discussion questions.

Group Presentation 1: Coyote Loco

1. Develop a check list of potential revenue management tools, pricing schemes, and fencing mechanisms suitable for the restaurant industry.
2. Critique Coyote Loco's current strategy, and then propose a better revenue management strategy. Specifically:
 - Recommend revenue management strategies the firm could implement to maximise contribution during low as well as high demand periods. Think creatively and do not just suggest simple but usually ineffective strategies such as student discounts during off-peak hours and the like!
 - Using estimated or actual financial data to derive the potential revenue and profit impact of all short-listed revenue management measures the firm should consider implementing. Make any logical assumptions required to do this.
 - Consider the potential customer and staff reactions to these suggested measures. Specifically, would these measures reduce customer satisfaction and jeopardise long-term profitability? If yes, how could the firm manage customer satisfaction and still implement these strategies? Would staff (especially temp staff) be able to handle the recommended measures? If not, should they be deployed or how could the firm help the staff to effectively deal with these measures?
 - Finally, given the potential profit impact and customer and staff responses, what revenue management measures would you recommend the firm to implement, and what would you recommend the firm to do to minimize possible customer and employee conflicts resulting from these measures?

Group Presentation 2: TLContact.com

1. Evaluate the evolution of TLC and identify key decisions that kept it afloat and underpinned its subsequent success.
2. How does TLC create value for (a) patients and their families, and (b) hospitals?
3. Review the five topics on Eric Langshur's rough draft of the agenda for the board meeting. As a board member, what position would you take on each and why?

Visit www.tlcontact.com to see what TLC is doing today.

Case: Bouleau & Huntley: Cross-selling Professional Services

1. What do you see as the key differences between pension fund auditing and management consulting? How good is the fit between the two?
2. What actions should Bouleau & Huntley take now?

The case is provided in your course pack.

Group Presentation 3: Front Line Staff Management & Service Culture

1. Analyse a service firm that significantly improved the service quality, productivity and sales effectiveness (if applicable) delivered by its staff. Focus on:
 - Determine the critical success factors for achieving these improvements.
 - What went wrong?
 - What could have been done better?
 - What further improvements do you recommend from the status quo?
2. Given your case analysis, determine why don't more service firms follow suit? What do you see as the main barriers of adoption for the Cycle of Success?

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

Case: Shouldice Hospital

1. How would you expand the hospital's current capacity?
2. Given that Shouldice Hospital would want to expand, how should it control and manage its service quality?
3. Would you recommend any changes to its current marketing mix?

Visit www.shouldice.com to see what Shouldice Hospital is doing today.

Case: Hilton HHonors Worldwide - Loyalty Wars

1. Who are the decision makers who determine in which hotels business travellers stay?
2. What are the loyalty drivers for each decision maker, and what is the role the Hilton HHonors Loyalty Program plays or could potentially play?
3. What recommendations would you give Diskin and why? Base your recommendations on detailed quantitative, strategic and consumer behaviour analyses making reasonable assumptions wherever necessary.

Visit www.hiltonhhonors.com to see what Hilton HHonors is doing today and how that reconciles with your recommendations.

Group Presentation 4 Analysis of a Customer Feedback System

1. Conduct a diagnostic analysis of the customer feedback system (CFS) of a service firm. Examine all aspects of the current CFS, including data collection, reports, and attitudes of management and frontline staff towards customer feedback.
2. Identify potential gaps that exist between current and best practice.
3. What would you recommend the firm to cost-effectively improve its customer-driven learning via its CFS?

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

Group Presentation 5 Industry-wide Assessment of Loyalty Programs

1. Select an industry that uses loyalty programs. Collect key data, including the features of the loyalty program offered by key providers, and assess the effectiveness of those programs. Benchmark against key success criteria/deliverables of the programs.
2. Assess customer responses to those programs. You could use case studies/qualitative interviews, or questionnaires – on-line would be fine. Use open-ended questions, such as “why are you using this program,” “how loyal are you to that firm,” “what role does the loyalty program play in making you loyal,” “what are the three things you like best about this loyalty/membership program,” “liked least,” “suggested improvements,” etc.
3. Analyse what features of the surveyed programs make loyalty/membership programs successful, and what features do not achieve the desired results. Use framework in the Wheel of Loyalty to guide your analysis and presentation.
4. Select one main program and make recommendations to the firm on how to make their loyalty program more effective. Produce a high-level analysis of the P&L impact of your recommendations.

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

Group Presentation 6 Churn Diagnostic and Customer Retention

1. Conduct a churn diagnostic for a service firm of your choice. Identify churn drivers on a per segment (or service) basis.
2. Estimate the economic impact of the current churn level.
3. Identify potential churn reduction strategies, and conduct a cost/benefit analysis for each.
4. What would you recommend to the firm to cost-effectively reduce its churn rate?

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

Group Presentation 7 CRM Strategy Implementation

1. Analyse the implementation of a CRM Strategy. What went right, what problems were encountered, and what are the lessons for future CRM implementations?
2. Which areas do you think could the firm further improve, ie. what are the next steps for its CRM strategy?

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

Group Presentation 8 Six Sigma Implementation in a Service Firm

1. Present to the class what Six Sigma is and how it works in a services context.
2. Analyse a Six Sigma project in a service firm. What went right, what problems were encountered and what are the lessons for other service firms interested in implementing Six Sigma?

Discuss a few case context options and methodologies for analysis with the course instructor before proceeding with the case beyond the initial research stage. Feel free to use one of the current/former/potential employers of a group member and invite their management to your presentation.

E. Guidelines for Group Work

Each group is expected to present one case and to submit a case write-up for a second case.

Case Write-up

The write-up should not exceed five pages in length, excluding exhibits and appendices (much of the data and analysis should be shifted to the appendix). Cases will be graded on both style and content. Ideas should be articulated in a clear, concise, logical and organised manner.

Simple repetition of case facts is strongly discouraged. The purpose of the write-up is to use the case facts and information to justify and support your analysis, not to rehash the case background.

Group Presentation

Group presentations have a maximum presentation time of 30 minutes with some 30 minutes for discussion and Q&A. Please submit a copy of your slides before the class so that I will not pre-empt issues you wanted to present later. The following are some guidelines for your presentations:

- Make your presentation interesting and involving by:
 - Focusing on the key issues and not spending (much) time on long, detailed, complete and boring checklists and/or repetition of facts presented in the case. Please put such details into an appendix to your presentation, but do not bore the class with these.
 - Involving the class by direct questioning, discussion of problems/issues, presentation of controversial statements, etc.
- Note that class involvement (i.e. interest and participation) is a key component of your grade, accounting for 1/3 of the marks. You have to powerfully communicate your messages and involve the audience! Content of answers [identification of key problem(s), correctness and creativity of recommendations] accounts for another 1/3 of the grade. The final 1/3 is accounted for by the clarity of presentation of ideas and concepts.

F. Literature

Main Text

- Christopher H. Lovelock and Jochen Wirtz (2004), *Services Marketing*, 5th ed., Upper Saddle River, New Jersey: Prentice Hall.

Supplementary Texts on Services Marketing (in order of relevance to the course)

- Christopher H. Lovelock, Jochen Wirtz, and Tat Hean Keh (2002), *Services Marketing in Asia: Managing People, Technology, and Strategy*, Singapore: Prentice Hall.
- Leonard L. Berry (1995), *On Great Service - A Framework for Action*, Free Press.
- Benjamin Schneider and David E. Bowen (1995), *Winning the Service Game*, Harvard Business School Press.
- Roland T. Rust, Valarie A. Zeithaml, Katherine N. Lemon (2000), *Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy*, Free Press
- Leonard L. Berry (1999), *Discovering the Soul of Service: The Nine Drivers of Sustainable Business Success*, Free Press.
- Valarie Zeithaml and Mary Jo Bitner (2003), *Services Marketing*, 3rd ed., Boston: McGraw-Hill.
- John E.G. Bateson and K. Douglas Hoffman (1999), *Managing Services Marketing*, 4th edition, London: Dryden Press.
- James L. Heskett, W. Earl Sasser, Jr., and Leonard A. Schlesinger (1997), *The Service Profit Chain*, Free Press.

G. Assessment Forms

Services Marketing

Student Self-Assessment of Group Presentation

Please submit *one form per group* immediately after your presentation.

Names of Group Members:

_____	_____
_____	_____
_____	_____

Group Presentation (specify case/presentation title): _____

Self-Assessment of Group Presentation (please assess and give grades from E to A+):

Assessment Criteria	Weighting	Suggested Grade
• Content of answers (identification of key problem(s), correctness and creativity of recommendations)	33%	_____
• Clarity in presentation of ideas and concepts	33%	_____
• Class interest and discussion generated	33%	_____

Overall, our presentation deserves a grade of: _____

Describe two ways in which your presentation was good:

Describe two ways in which your presentation could have been improved:

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Peer Evaluation Form of Group Assignments

This form is for you to evaluate your group members. Please submit the completed form to me at the end of your presentation in a sealed envelope.

Your name: _____

Group Presentation (specify case/presentation title): _____

Name of Project Group Member	No contribution			Average contribution			Outstanding contribution	
	1	2	3	4	5	6	7	
1.	1	2	3	4	5	6	7	
2.	1	2	3	4	5	6	7	
3.	1	2	3	4	5	6	7	
4.	1	2	3	4	5	6	7	
5.	1	2	3	4	5	6	7	

Please elaborate on your evaluation for group members who scored exceptionally low (2 marks or less) or high (6 marks or more):

Your signature: _____

Date: _____

Student Assessment of Group Presentations – Part I

This form is for each audience member to evaluate one of the presenters.

Instructions: One objective of the group presentations is to improve and fine-tune our presentations skills. For this, we need your feedback on what is good, and what can be improved. Please select one group member and provide feedback on the effectiveness of his/her presentation style and make suggestions for improvement.

Please note – all feedback is *confidential* and will only be given to the presenter him/herself. The instructor will not see your feedback, and the group presentation grade will therefore be independent from your feedback. The sole purpose of this feedback is to help your class mates to develop their presentation skills.

NAME OF PRESENTER: _____

Describe two ways in which his/her presentation was good:

Describe two ways in which his/her presentation could have been improved:

P.T.O.

Student Assessment of Group Presentations – Part II

Please circle: E = Excellent; S = Satisfactory; N = Needs Improvement

Organization of His/Her Section:			
Well thought-out and rehearsed opening	E	S	N
Good structure and logical flow	E	S	N
Used hot spice to get attention and keep interest	E	S	N
Good summary, with strong close	E	S	N
Began on time, finished on time	E	S	N
His/Her Preparedness:			
Well prepared, well rehearsed, knows material	E	S	N
Presentation Skills:			
Friendly, relaxed, confident	E	S	N
Enthusiastic, inspiring	E	S	N
Good questions and audience participation	E	S	N
Used good examples and analogies	E	S	N
Strong audible voice with variations	E	S	N
Good eye contact	E	S	N
Natural stage movement	E	S	N
Smooth, strong gestures	E	S	N
No bad habits or distracting mannerisms	E	S	N
			You have the following bad habits: _____ _____ _____
Visual Aids			
Used to clarify, simplify and emphasize	E	S	N
Used multiple visual media/aid devices	E	S	N
Good use of pictures, diagrams, graphs	E	S	N

Source: Adapted from David A. Peoples, Presentations Plus, John Wiley & Sons.