

Services Marketing and Management, MKT 591

Trimester 3

February 26-May 9, 2001

Instructor: Dr. Mary Jo Bitner
Class Meetings: Monday/Wednesday, 1-3 PM, BA286
Office Hours: BAC489 MW 3:00-4:30 PM
and by appointment
Phone: 965-1992
E-Mail: maryjo.bitner@asu.edu

Course Description

Services dominate the US economy and are becoming critical for competitive advantage in companies across the globe and in all industry sectors. For manufacturers like GE and IBM, services represent their primary growth and profitability strategies into the 21st century. Almost 40 percent of IBM's current revenues and over 60 percent of GE's current profits come from services. Superior service quality drives the competitive advantage of excellent companies like Charles Schwab, Marriott Hotels, and FedEx—traditional service businesses. And the Internet is one big service—the success of companies using this channel will depend heavily on the quality of their services from the customer's point of view.

The course focuses on the unique challenges of managing services and delivering quality service to customers. The attraction, retention, and building of strong customer relationships through quality service (and services) are at the heart of the course content. The course is equally applicable to organizations whose core product is service (e.g., banks, transportation companies, hotels, hospitals, educational institutions, professional services, telecommunication, etc.) and to organizations that depend on service excellence for competitive advantage (e.g., high technology manufacturers, automotive, industrial products, etc.).

In this course you will learn critical skills and gain knowledge needed to implement quality service and service strategies for competitive advantage across industries. You will learn frameworks for customer-focused management, and how to increase customer satisfaction and retention through service strategies. You will learn about service quality and how to calculate customer lifetime value and profitability. You will learn to map services, understand customer expectations and develop relationship marketing strategies. Throughout the course an emphasis is placed on the total organization and how effective marketing and customer focus must be coordinated across multiple functions.

An underlying assumption of this course is that students learn best and retain the most through active participation in the learning process. Therefore, classroom sessions will consist of a mixture of short lectures, student discussions of material and assignments, case discussions, media presentations, active learning exercises, and guest speakers.

Objectives

- to prepare for your summer internship and specialized courses in your second year by developing a solid foundation of knowledge and skills in services marketing and management;
- to gain an appreciation for the unique challenges inherent in marketing and managing services, and developing/delivering quality service;
- to learn strategies, tools and approaches for addressing the unique challenges of service management and marketing;
- to develop essential service quality knowledge and skills and be prepared to apply them in summer internships and other business contexts;
- to become a more perceptive and effective manager and consumer through understanding the complexities of service design, delivery, and communication;
- to learn an appreciation of the interfunctional coordination necessary to deliver quality service;
- to further develop communication skills and critical thinking through written projects, cases, in-class discussions, and other assignments.

Required Text and Cases

Services Marketing: Integrating Customer Focus Across the Firm (2nd edition) by Valarie A. Zeithaml and Mary Jo Bitner, McGraw-Hill, 2000; can be purchased at the ASU bookstore.

Cases. Two cases (PeopleSoft; and Rosenbluth International & Biztravel.com) and one *Harvard Business School* reading (“Tales from a Nonconformist Company”) can be purchased at the ASU bookstore. The rest of the assigned cases can be found in the back of the text.

Recommended Supplemental Readings

As a services marketing and management professional, you should read widely and be well informed on your area of developing expertise. You will be provided with a list of supplemental readings from *Fortune*, *Business Week*, *Harvard Business Review*, *Journal of Marketing*, *Sloan Management Review* and others. Relevant readings are keyed to related topics on the syllabus. The readings are all easily available in any library.

In addition, you will be provided with a book list of services marketing and management books that you may choose to read now, over the summer or in the future.

Highly recommended is *Discovering the Soul of Service* by Leonard L. Berry, The Free Press, 1999.

Dr. Berry will be a guest speaker in our class on March 21.

You are encouraged to be current with the *Wall Street Journal* and other business periodicals where you will find many articles relevant to our course content.

Grading

Your grade will be determined based on your performance on the following assignments. If you have learning or physical differences which may impact your ability to complete any of these assignments, please see the instructor as soon as possible so your needs may be accommodated.

	Percent Points		Due Date
Exam	35	140	April 11
Team Project	40	160	May 7
Topic Due			March 19
Oral Progress Report			April 18
Written Report (110 pts)			May 7
Presentation (40 pts)			May 7 or 9
Peer Eval.(10 pts)			May 9
Case discussion/notes	15	60	as assigned
Participation	10	40	throughout
	Total	100%	400 points

Exam

The purpose of the exam is to test your understanding of course concepts and your ability to apply these concepts. The exam may include short answer, essay or short case analyses. There will be no make-up exam, except in case of illness and provided you notify Dr. Bitner prior to exam time.

Written Team Project, Presentation and Peer Evaluation

Students will work on a final term project in self-selected teams of 4 or 5. The purpose of the project is to apply the concepts and tools learned in class to a real business situation of your choosing. Through the project students will practice oral, written and presentation skills as well as demonstrate knowledge of core services marketing and management concepts. Project topics are due on March 19. Each team will turn in the final project and present the project in class during one of the final two class sessions. Students may select their own teams and topics within the guidelines provided. A detailed handout with project guidelines and topic parameters will be handed out separately the first day of class.

All team members are expected to contribute to the final project. Peer evaluations will be included as part of each team member's final project grade.

Cases

We will discuss five cases during the trimester. Case questions are attached at the end of this syllabus. You will be given points for your oral participation (quality of contributions rather than quantity of speaking) in each case session. Each case will be worth a maximum of 12 points.

To get full credit for the case, you must contribute meaningfully to the discussion and turn in your written preparation notes at the beginning of the case discussion. Your notes can be handwritten in any form that is useful to you; the notes will not be graded, but rather reviewed to ensure that everyone comes prepared. Your oral participation score may be increased by 1-2 points if your notes reflect a significantly different level of preparation than you were able to demonstrate in class.

(If you must be absent from a case discussion, you may turn in the answers to the case questions in writing for a maximum of 8 points.)

Participation

In-Class Participation. Active student participation in class is essential to the learning process and to the success of the class. Therefore, you will be evaluated on your individual overall participation including regular attendance, contributions to class discussions, and completion of exercises in class. To participate effectively students will read assigned text chapters and complete any out-of-class assignments prior to class time.

Guest Speakers/Executive Panel/Team Presentations. Out of courtesy and respect for guests, and fellow classmates, attendance is required for guest speakers, at the executive panel, and for team project presentations. Your participation grade will be reduced by 5 points if you do not attend an event.

Services Marketing and Management, MKT591
Trimester 3, Spring 2001
Assignments and Due Dates

INTRODUCTION TO SERVICES

- Feb 26 *Course Introduction*
 Introduction to SMM
 Team and Project Discussion
- Feb 28 *Frameworks for Services Marketing & Management*
Read: Chapters 1,18
 Optional Reading #1, #2
Assignment: Begin forming teams

FOCUS ON THE CUSTOMER

- Mar 5 Assignment: PEOPLESOFT CASE
- Mar 7 *Customer Expectations and Perceptions of Service*
Read: Chapters 3, 4 (2 optional)
 Optional Reading: #3, #4
Assignment: Service Encounter exercise (in class)

Mar 12-16 SPRING BREAK

LISTENING TO CUSTOMER REQUIREMENTS

- Mar 19 *Understanding Customers through Research*
Read: Chapter 5, 6
 Optional Reading #5-#11
Assignment: Research Vignettes exercise (in class)
 PROJECT TOPICS DUE
- Mar 20 (Tuesday) *SMM Executive Presentation*
(afternoon, place TBD) *Patti Lewis, Vice President of Global Sales and Marketing*
(make up for 4/30) *Sun Microsystems*

- Mar 21 ***Relationship Marketing***
Read: Chapter 6 (cont'd)
SMM Guest Speaker:
Dr. Leonard L. Berry, author of “Discovering the Soul of Service”, the Free Press, 1999.
- Mar 26 ***Customer Lifetime Value/Service Recovery***
Read: Chapter 6, 7
 Optional Reading #12, #13
Assignment: Lifetime value exercise (in class)
- Mar 28 ***Economic and Financial Impact of Service***
Read: Chapter 17
Assignment: CUSTOM RESEARCH CASE
 Custom Research (B) – in class handout

ALIGNING STRATEGY AND SERVICE DESIGN

- April 2 ***Service Design and Mapping***
Read: Chapter 8 (9,10 optional)
 Optional Reading: #14, #15
Assignment: Mapping exercise (in class)

DELIVERING AND PERFORMING SERVICE

- April 4 ***Employees’ Roles in Effective Service Delivery***
Customers’ Roles in Effective Service Delivery
Read: Chapters 11, 12
 Optional Reading #16-#20
- April 9 ***Employees’ and Customers’ Roles (cont’d)***
Assignment: ROSENBLUTH INTERNATIONAL AND
 BIZTRAVEL.COM CASE
 “Tales from a Nonconformist Company”
- April 11 **EXAM**

April 12 (Thursday)
1:30-3:00, BAC216
(make up for 5/2)

SMM Executive Presentation
Andy Miller, Vice President and General Manager
Cisco Systems, Inc.

April 16

Technology's Role in Services
Read: Optional Reading, Chapter 13, #21-#25
Assignment: ERNST & YOUNG and
THE QUALITY IMPROVEMENT CUSTOMERS
DIDN'T WANT CASES

MANAGING SERVICE PROMISES

April 18

Integrated Services Marketing Communication
Read: Chapter 15
Optional Reading #26-#28
Assignment: ORAL PROGRESS REPORTS
Team meetings (in class)

April 23

Service Pricing
Read: Chapter 16
Optional Reading #29
Assignment: GE MEDICAL SYSTEMS CASE
Business Week cover story on GE (Reading #30)

THE BIG PICTURE – PULLING IT ALL TOGETHER

April 25

SMM Annual Executive Forum

April 30, May 2

NO CLASS DUE TO CASE COMPETITION
See make-up classes on March 20 and April 12

May 7

WRITTEN PROJECTS DUE
PROJECT PRESENTATIONS

May 9

PROJECT PRESENTATIONS
PEER EVALUATIONS DUE

CASE QUESTIONS

PeopleSoft case questions :

- (1) What is PeopleSoft's product? Based on the case information, why was PeopleSoft so successful?
- (2) Analyze PeopleSoft's success using the Service Quality Gaps Model—Chapter 18 (e.g., evaluate PeopleSoft's strategies for closing the 5 gaps in the model).
- (3) In your opinion, how can PeopleSoft sustain its growth and success? What challenges does the company face?

Custom Research Case questions:

- (1) What is CRI's business? How do market research firms serve their customers, grow and make profits?
- (2) What are the primary issues CRI needs to address at the time of the case? What decisions are they faced with?
- (3) In a situation such as this, why not keep all clients that cover direct costs? On the other hand, what are the problems associated with serving clients based on their profitability?
- (4) Has Custom Research correctly analyzed what is causing their problems in improving profitability? Analyze data presented in the case and exhibits to come to your own conclusion regarding customer segments and customer profitability. What alternatives to you see given your analysis?
- (5) What should Jeff Pope and Judy Corson do? Which customers do you recommend they keep? How would you decide which customers to keep? How would you deal with the customers you don't want to keep?
- (6) What do you recommend be done about the organizational issue facing the company?

Rosenbluth International and Biztravel.com case questions:

- (1) Why has Rosenbluth International been successful in its corebusiness? Relate what Rosenbluth has done to the Service-Profit chain discussed in your text (pp. 287-88). The HBR article "Tales from a Nonconformist Company" (in your readings packet) is also helpful for understanding Rosenbluth's history and culture.

- (2) Why has Biztravel been successful to date, and what will it take to keep it successful going forward? What is important to customers doing business with an e-commerce firm like Biztravel?
- (3) What (if anything) does Biztravel.com do for Rosenbluth International? What (if anything) does Rosenbluth International do for Biztravel.com? Which company does more for the other?
- (4) What role does the customer play with Biztravel? How is this different from traditional travel services?
- (5) Compare the “per ticket” economics for Biztravel, Rosenbluth, and Preview Travel. What are the implications of the differences? What will it take for Biztravel to become profitable?
- (6) Should Bibeau “blow out” the high-service strategy? Why or why not? If not, what should he do? If he should blow it out, how should he do it?

Ernst & Young and Quality Improvement case questions:

Background and issues

- (1) Describe the concept behind “Ernie” (customer benefits, market segment, positioning within E&Y’s service offerings, goals). What services are offered through Ernie?
- (2) How was Ernie developed? Compare the process used to the new service development steps described in Chapter 10.
- (2) What are some of the challenges in marketing a totally new concept like Ernie? What lessons did E&Y learn along the way?
- (4) Examine the pricing strategies for Ernie. How do you believe prices for this type of service should be determined?
- (5) Describe the basic situation in the Quality Care case. What decision is Allan Moulter facing? What are the issues, challenges and tradeoffs?
- (6) Information technology is a powerful force in shaping service strategies. Used appropriately, it can increase customer satisfaction, improve efficiency, reduce costs, support front line staff, and even radically change how services are delivered.

Compare and contrast the use of technology in the Ernst & Young case with the proposed computerized reception system in the Quality Care case.

Decisions

- (7) What would you do if you were Allan Moulter at Quality Care?
- (8) Much of Ernie’s success is credited to the uniqueness of the service and the intense interest in the Internet. It is likely that competitors will introduce offerings similar to Ernie. How can Ernst & Young sustain its competitive advantage and differentiation? What role will marketing play?

GE Medical case questions:

- (1) What are the primary components of Jack Welch's current growth strategy, or the "Third Revolution" at GE? Why is GE shifting into services? What are the challenges GE faces in its "Third Revolution"?
- (2) What are the services offered by GE Medical Systems? Who are their customers? What trends in the industry will affect their future growth?
- (3) Describe TiP and the philosophy/strategy behind it. What are the goals of TiP? How does it fit GEMS overall strategy?
- (4) Why has TiP TV been so successful? What are the benefits to customers? Does GEMS have a sustainable competitive advantage in TiP TV?
- (5) Analyze the effectiveness and benefits of GEMS' service guarantee for on-site applications training.
- (6) Although TiP-TV can be purchased on a stand-alone basis, the majority (80%) of subscriptions sold include a GEMS service contract that "masks" the fee for TiP-TV. What must GEMS do to transition its customers from a "free" to a "fee" mentality? How can it overcome customer (and sales person) resistance to accept the need to pay for educational services? What are the arguments for and against "free" vs. "fee".
- (7) Should GEMS consider moving the TiP customer education organization from a cost center (with the primary goal of customer satisfaction) to a P&L center? What are the implications and challenges?