

Advanced Marketing Services 463

Unit Outline 2001

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Consultancy 12-1 Wednesday, 10-11am Friday

Class: 2233 5-8pm Wednesday

INTRODUCTION

Welcome to Advanced Services Marketing. This unit aims to provide the student with an appreciation of the marketing of services using both a theoretical and practical approach to the unit. The following general areas are addressed:

- The importance of service quality to organisations
- The marketing management problems involved with implementing and maintaining service quality
- The service product as an interactive experience
- The general skills required for the marketing of services

UNIT PHILOSOPHY

The unit is student-centred. As post-graduates, students are encouraged to take responsibility for their own learning, to develop an independent research orientation and to develop intellectual independence. Intellectual independence is the factor that distinguishes universities from other tertiary institutions. Intellectual independence means developing confidence in your ability to think through a situation logically and decide whether you agree or disagree with others' viewpoints and be able to support your position. In many cases there are no right answers, only well thought out arguments supported by sound evidence.

Unit assessment will be on the basis of individual effort. What you receive from the unit will correspond to your own contribution. Pedagogy: Different modes of teaching (lecture, workshop, and seminar) will be used to achieve active learning. The class will meet weekly for a 3-hour seminar. You are expected to have some knowledge of services marketing. Anyone who needs to refer to an introductory textbook, I recommend two, Palmer (1994) and Hoffman and Bateson (1995). Both are available in closed reserve. In addition, key articles are listed at the end of this outline. Articles are available in the library.

UNIT REQUIREMENTS

Grade Composition

<i>Case writing</i>	30%
<i>Case analysis</i>	20%
<i>Case presentation</i>	10%
<i>Participation</i>	10%
<i>Web site analysis/vignette</i>	10%
<i>Exam</i>	20%

<i>Total</i>	100%

Please note that final grades of the whole class may be subject to adjustment or scaling.

Website analysis or analysis of a popular press article (10 marks) - individual

For this project (completed individually) students are to either

- a) search the web for a site; or
- b) Search the popular press (e.g. Time, Bulletin, BRW, newspapers) for an article that is relevant to any of the unit concepts (see index of Zeithaml and Bitner text for suggestions).

The project is to be presented in a week to be selected by the student in week 1. The student is to present:

a) Internet site:

- 1 The importance/relevance of the chosen concept to services marketing (i.e. regardless of the site)
- 2 The purpose of the site
- 3 How the site relates to the service concept discussed at 1 (above) (e.g. how service quality or satisfaction is assured, or evaluating the cascade of the service encounter, what market segments are catered for, what position is adopted, how the site develops a "relationship" with the customer, evaluation of the pricing strategy etc.).
- 4 Student's evaluation of the site based on the marketing perspective gained in the course so far. For example, how well or poorly the site addresses the concept, could it be better?

(note #1-3 represent the majority of the marks)

- 5 How to navigate round the site and how easy it is to do so
- 6 How attractive the site is
- 7 The target market for the site.

A written summary (just a page is sufficient) with site address and brief responses to the above 6 items should be handed out to all students and the lecturer at the commencement of the presentation.

b) Press article:

- 1 The importance/relevance of the chosen concept to services marketing (i.e. regardless of the article)
- 2 The key points of the article
- 3 How the article relates to the service concept discussed at 1 (above) (e.g. how service quality or satisfaction is assured, or evaluating the cascade of the service encounter, what market segments are catered for, what

position is adopted, how the site develops a “relationship” with the customer, evaluation of the pricing strategy etc.).

4 Student’s evaluation of the article based on the marketing perspective gained in the course so far.

For those choosing a press article a copy of the article and a written summary addressing the 4 above items are required (again a page is enough). The presentation should be about 10 minutes long.

Major project –Case writing (30 marks) - group

The major project will be done in groups of 3. It involves writing a case study, that is, creatively developing a case using both factual and perceptual information from an organisation. This creative (case writing) approach is in contrast to the analytical approach typically used in case analysis. In the first class, you will be given some good examples of cases and in the second class the approach to case writing will be collectively developed. You should also develop 5-7 questions relevant to the case for other students to answer after your presentation.

It is suggested at this stage that cases are 1,500 words long (+/- 500), excluding questions. You may include tables and charts in addition.

I prefer you to concentrate on a case that addresses **satisfaction, value** or **the customer’s role in service delivery** (lectures weeks 3 and 5). Often a case will address several concepts, such as satisfaction and internal marketing, this is fine.

Due date:

Please hand in the week before your presentation. A copy will be given to each student to read and to address the questions that you pose.

Proposal - Due date: Friday of week 3 (9th August)

You should hand in a written summary (2-3 pages) of:

Selected organisation

How information will be collected to develop case

Summary of problem/issue facing organisation

Presentations (10 marks)

The cases will be presented in weeks 8-13. The groups will be sorted out in the first session.

Project – case analysis (marks 20) - individual

You are asked to read a case study on Perth Zoo (in set of readings) and analyse it using the case study approach (see readings for outline for case analysis). Word limit 3,000 words. **Due date: class in week 8.**

Participation (10 marks)

There are 13 3-hour seminars. Attendance is formally required. More than three absences (without adequate explanations) will result in a lower grade and may lead to a failing grade. Each topic of this unit requires a substantial amount of reading and preparation thus it is essential to keep up to date with the schedule. Students are expected to participate. For discussion purposes all students, whether presenting or not are required to read and analyse the case study and also summarise all set readings.

Services Diary Assignment

In addition, I would like you to keep a diary of your most satisfactory/dissatisfactory service encounters, with both profit and not-for-profit organisations. Include in-person and telephone encounters. You should record factual information (where, when, nature of transaction, circumstances that led to the event) as well as your perceptions and feelings about the service experience (see form at end of unit outline). You should make your diary entries on the same day as your satisfactory/dissatisfactory service encounters.

An example record sheet is in the front of your readings.

ACADEMIC DISHONESTY

All forms of cheating, plagiarism and copying are condemned by this University as unacceptable behaviour. This Faculty's policy is to ensure that no student profits from such behaviour. Generally a failure will be recorded for the subject in which the cheating has occurred. Serious cases shall be referred to the University's Board of Discipline. All students should note that cases of copying are automatically reported to the Sub-dean and documentary evidence along with associated correspondence is placed on the student's permanent record.

PRIMARY TEXT

ZEITHAML Valarie A. and BITNER Mary Jo (2000) Services Marketing: Integrating Customer Focus across the Firm. 2nd edition New York: McGraw-Hill. (website: <http://www.mhhe.com/marketplace> for some details about the text book).

TEXTS PLACED IN CLOSED RESERVE

BATESON John E. G. (1995) Managing Services Marketing. Second edition. Fort Worth, Texas: Dryden Press.

BERRY Len and PARASURAMAN A. (1991) Marketing Services. New York, The Free Press.

CHRISTOPHER, M. PAYNE, A., PECK H. and CLARKE M. (1999) Relationship Marketing: Strategy and Implications. Oxford, Boston: Butterworth-Heinemann.

CRANE Fred G. (1993) Professional Services Marketing. New York: Haworth Press.

GRONROOS Christian (1990) Service Management and Marketing: Managing the Moments of Truth in Service Competition Lexington, Massachusetts: Lexington Books.

HOFFMAN K. Douglas and BATESON John E. G. (1997) Essentials of Services Marketing. Fort Worth: the Dryden Press.

- KOTLER and BLOOM (1984) Marketing Professional Services. Englewood Cliffs, NJ: Prentice-Hall.
- LOVELOCK, C. H (1991) Services Marketing, 2nd ed. Englewood Cliffs, New Jersey: Prentice Hall.
- LOVELOCK, C. H (1992) Managing Services. Englewood Cliffs, New Jersey: Prentice Hall.
- LOVELOCK Christopher, PATTERSON Paul and WALKER Rhett (1998) Services Marketing: Australia and New Zealand. Sydney, Prentice-Hall
- MASSINGHAM L. (1995) Marketing Case Studies: How to Tackle Them, How to Answer Them. Butterworth-Heinemann.
- MCDONALD, Malcolm (1995) Marketing Plans: How to Prepare Them, How to Use Them. Oxford, Boston: Butterworth-Heinemann.
- MCDONALD, Malcolm and PAYNE, Adrian (1996) Marketing Planning for Services. Oxford, Boston: Butterworth-Heinemann.
- MCGUIRE, L. (1999) Australian Services: Marketing and Management. Melbourne: Macmillan Education Australia.
- PALMER Adrian (1994) Principles of Services Marketing. Maidenhead, Berkshire: McGraw-Hill Book Co.
- WHEATLEY Edward W (1983) Marketing Professional Services. Englewood Cliffs, NJ: Prentice-Hall.

To summarise some background theory of services, a brief lecture will be conducted in class. Not all aspects of these chapters will be incorporated. However, the essential points will be selected from each. You are expected to read the full chapter, unless otherwise stated in class.

Week 1	Understanding the nature of services, distinctive aspects of services (inc. 7 Ps)	Z and B ch 1, 2 and 3	
Week 2	Exploring basic concepts (p20 IM) The customer – behaviour and expectations	Z and B ch 2, 3	
Week 3	Customers’ and employees’ roles in delivering services	Z and B ch 11, 12	Major project - written summary (2-3 pages due Friday) 3 website/article presentations
Week 4	The customer – perceptions (inc. service encounters, perceived service quality)	Z and B ch 4	3 website/article presentations
Week 5	The customer – perceptions (satisfaction and perceived value)	Z and B ch 4, 18	3 website/article presentations
Week 6	Debate: customer loyalty/lifetime value of a customer Listening to the Customer (inc. relationship marketing, customer retention, segmentation)	Z and B ch 5-7	3 website/article presentations
Week 7	Experience economy/experiences in services		3 website/article presentations
Week 8	Service design and positioning (inc. blueprints)	Z and B ch 8	Written case (scenario) presentation
Week 9	Visit to Hyatt (perth.hyatt.com)		
Week 10	Integrated Services Marketing Communication and delivery Pricing	Z and B ch 13, 15, 16	Written case (scenario) presentation
Week 11	Physical evidence	Z and B ch 10	Written case (scenario) presentation
Week 12	International services	Z and B ch 15	Written case (scenario) presentation

SEMINAR SCHEDULE

Seminar 1

1. Introduction
2. Allocation of website/article presentations
3. Developing groups for case assignments (writing)
4. Discussion of case presentation dates (weeks 8-13)

Seminar 2

- Read cases (Rakaia River Runners etc.) given out in readings. Discussion of major project (what makes a good case).
- Shostack, G. Lynn (1977). "Breaking Free from Product Marketing." *Journal of Marketing*. 41 (Summer), 73-80.
- Parasuraman, A., Leonard L. Berry and Valarie A. Zeithaml (1991) "Understanding Customer Expectations of Service." *Sloan Management Review*, (Spring), 39-48.
- Zeithaml, Valarie A. (1981). "How Consumer Evaluation Processes Differ between Goods and Services." In *Marketing of Services*, eds. J. H. Donnelly and W. R. George, Chicago, IL: American Marketing Association, 186-190.

Hafner, Kate (1996) "The Doctor is On" *Newsweek*., 127 (22), 77-78.

Purvis, Andrew (1991) "Reach out and Cure Someone" *Time*, July 22, 54.

- 1 Discussion of articles
- 2 Case study: Club Med Sales Inc.

Seminar 3

- Kelley, Scott W., Donnelly, James H. Jr. and Skinner, Steven (1990) "Customer Participation in Service Production and Delivery" *Journal of Retailing*, 66 (3):315-335
 - Moon, Youngme and Frances X. Frei (2000) "Exploding the Self-Service Myth". *Harvard Business Review*, (May-June):26-27.
1. Discussion of articles
 2. 2-3 website/news article presentations

Hand in case study written summary - brief overview on Friday (see above).

Note: while you are given feedback on this, no marks will be allocated. It is to ensure that you have a viable project.
Length of overview - 2-3 pages.

Seminar 4

- Winsted, Kathryn Frazer (1997). "The Service Experience in Two Cultures: A Behavioral Perspective," *Journal of Retailing*, 73 (3). 337-360.
- Sergeant, Andrew and Stephen Frankel (2000). "When do Customer Contact Employees Satisfy Customers?" *Journal of Service Research*. 3 (August), 18-34.
- Ruyter, Ko de et al. (1997). "The Dynamics of the Service Delivery Process: A Value-Based Approach," *International Journal of Research in Marketing*, 14. 231-243.

- 1 Discussion of articles
- 2 2-3 website/news article presentations

Seminar 5

- Iacobucci, Dawn, Grayson, Kent and Ostrom, Amy "Customer Satisfaction Fables" in *Managing Services Marketing* (1999) by Bateson, John E. and Hoffman, K. Douglas.
- Oliver, Richard L. (1980). "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions." *Journal of Marketing Research*. 17 (November), 460-469.
- Zeithaml, Valarie A. (1988). "Consumer Perceptions of Price, Quality and Value: A Means-End Model and Synthesis of Evidence." *Journal of Marketing*. 52 (July), 2-22.
- Sweeney, Jillian C. and Geoffrey N. Soutar (2001). "Consumer Perceived Value: The Development of a Multiple Item Scale." *Journal of Retailing*. 77 (forthcoming)

- 1 Discussion of articles
- 2 2-3 website/news article presentations

Seminar 6

- Reinartz, Werner, J. and V. Kumar (2000). "On the Profitability of Long-Life Customers in a Non-Contractual Setting: An Empirical Investigation and Implications for Marketing." *Journal of Marketing*. 64 (October), 17-35.
- Reicheld, Frederick E. (1994). "Loyalty and the Renaissance of Marketing." *Marketing Management*. 2 (4), 10-22.

- 1 Debate: Customer loyalty/lifetime value of a customer (based on articles)
- 2 2-3 website/news article presentations

Seminar 7

- Arnould, Eric J. and Linda L. Price (1993). "River Magic: Extraordinary Experience and the Extended River Encounter." *Journal of Consumer Research*. 20 (June), 24-45.
- Pine II, B. Joseph and James H. Gilmore (1998). "Welcome to the Experience Economy." *Harvard Business Review*. 76 (July/August), 97-105.
- Pine II, B. Joseph and James H. Gilmore (1999). "What Business are You Really In?" *Chief Executive*. 148 (October), 62-66.

- 1 Discussion of articles
- 2 2-3 website/news article presentations

Seminar 8

- Tax, Stephen S. and Ian Stuart (1997), "Designing and Implementing New Services: The Challenges of Integrating New Service Systems," *Journal of Retailing*, 73 (1), 105-34.
- Berry, Leonard and Sandra K. Lampo (2000). "Teaching an Old Service New Tricks." *Journal of Service Research*. 2 (February), 265-275.
- -43.

- 1 Discussion of articles
- 2 One case study (scenario) presented.

Seminar 10

- Mortimer, Kathleen and Brian Matthews (1998). "The Advertising of Services: Consumer's Views v Normative Guidelines." *Service Industries Journal*. 18 (3), 4-19.
- Fortune (1999) "Handling Customer Service on the Web". March 1, 204, 208.
- Anderson, James C. and James A. Narus (1995), "Capturing the Value of Supplementary Services," *Harvard Business Review* (Jan-Feb), 75-83.

1. Discussion of articles.
2. One case study (scenario) presented.

Seminar 11

- *Fortune - Technology Buyers' Guide* (1999) "Virtual Mall: A Guide to Websites for Consumer Services". 262-265.
- *Time* (1998) "That's Retail-tainment" Dec 7:40-41.
- Aubert-Gamet, Veronique and Bernard Cova (1999). "Servicescapes: From Modern Non-Places to Postmodern Common Places," *Journal of Business Research*, 44 (1). 37-46.

- 1 Discussion of articles
- 2 One case study (scenario) presented.

Seminar 12

- McLaughlin, C. and Fitzsimmons, J. (1996) Strategies for Globalizing Service Operations, *International Journal of Service Industry Management*, vol 7, no 4, pp. 43-57

- 1 Discussion of articles
- 2 One case study (scenario) presented.

Seminar 13

- Zeithaml, V. A. (2000), "Service Quality, Profitability and the Economic Worth of Customers: What we Know and What we Need to Know," *Journal of the Academy of Marketing Science*, 28 (1), 67-85.
- Wheeler, Jim (1996). "Build Business on Service Contracts." *Supply House Times* (November): 49-50.

- 1 Discussion of articles
- 2 One case study (scenario) presented.

For those who have not previously studied services marketing, these are some classic articles that you should read:



General

- Magrath, A. J. (1986). "When Marketing Services, 4 P's are Not Enough". *Business Horizon*, 29 (May-June), 44-50
- Levitt, T. (1981). "Marketing Intangible Products and Product Intangibles". *Harvard Business Review* 59 (May-June), 94-102.
- Shostack L. G. (1977) *Breaking Free from Product Marketing* (1977). *Journal of Marketing*, 41 (April):73-80.
- Lovelock (1992) "Are Services Really Different?" in *Managing Services* p 1-8.
- Lovelock (1983) *Classifying Services to Gain Strategic Marketing Insights*. *Journal of Marketing*, 47 (Summer):9-20
- Heskett, James L. et al. (1994) *Putting the Service-Profit Chain to Work*. *Harvard Business Review* (March-April): 165-174.
- Berry, L. L. and A. Parasuraman (1993), "Building a New Academic Field - The Case of Services Marketing," *Journal of Retailing*, 69 (Spring) 13-60.
- Brown S. W., Fisk, R. P. and Bitner. (1994), "The Development and Emergence of Services Marketing Thought," *Journal of Service Industry Management*, 5(1): 21-48.

Customer Perceptions

- Solomon M. R., Surprenant C., Czepiel J. A. and Gutman E. G. (1985) "A Role Theory Perspective on Dyadic Interactions: The Service Encounter". *Journal of Marketing*, 49 (Winter): 99-111.
- Zeithaml, Valarie, Leonard Berry and A. Parasuraman (1993). "The Nature and Determinants of Customer Expectations of Service," *Journal of the Academy of Marketing Science*, 21 (1). 1-12.
- Bitner, M. J. Booms, B., & Tetreault, M. S. (1990). *The Service Encounter: Diagnosing Favourable and Unfavourable Incidents*. *Journal of Marketing*, 54, 71-84.
- Carlzon J (1991) "Putting the Customer First: the Key to Service Strategy". Reprinted in Lovelock C. (1991) *Services Marketing*, Englewood Cliffs, NJ.: 424-432.

- Parasuraman, A., Zeithaml V. A. and Berry L. (1985) A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, 49 (Fall): 41-50.
- Parasuraman, A., Valarie A. Zeithaml and Leonard L. Berry (1988). "SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," *Journal of Retailing*, 64 (Spring). 12-40.
- Cronin J. Joseph and Taylor, Steven A. (1992) Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, 56 (July): 55-68.

Relationships and Switching

- Gwinner, Kevin P., Dwayne D. Gremler and Mary Jo Bitner (1998). "Relational Benefits in Service Industries: The Customer's Perspective," *Journal of the Academy of Marketing Science*, 26 (2). 101-114.
- Keaveney, Susan M. (1995). "Customer Switching Behavior in Service Industries: An Exploratory Study," *Journal of Marketing*, 59 (April). 71-82.

Strategies

- Zeithaml V. A., Parasuraman, A. and Berry L. L. (1985) Problems and Strategies in Services Marketing, *Journal of Marketing*, 49 (Spring): 33-46.
- Shostack G. L. (1987) Service Positioning through Structural Change. *Journal of Marketing*, 51 (January): 34-43.

Report of critical incident:
(separate report and analysis for each of the encounters)

Name of firm:

Type of service

Date and time of encounter

What specific circumstances led up to this encounter? (Report events and behaviour factually and objectively)

Exactly what did the firm/employee say or do? (Report behaviour factually and objectively)

How would you rate your level of satisfaction with this encounter? (1=extremely dissatisfied, 7= extremely satisfied)

What exactly made you feel this way? (Including verbal and or non-verbal behaviour)

(For dissatisfied incidents) What could the employee/firm have done to make you feel happier with the encounter?

How likely is it that you will go back to this service firm? (1=extremely unlikely, 7=extremely likely)

Why is that?

Other comments that you feel are appropriate.

Analysis (May be done in class):

Use the following framework for the **dissatisfying** incidents:

- a) a description of the performance problem as a gap between expected and actual service performance
- b) perceived consequences of taking no action to correct the performance gap
- c) perceived general benefits to the organisation, customer and employee of correcting the performance gap
- d) assessment of causes of problem (include relevant course concepts)
- e) alternatives for operational corrections and/or training needs assessment
- f) other information that would be desirable to have for making improved decisions with regard to this service incident

An example is attached.

For the **satisfying** incidents:

describe in your own words the sources and actions that seem to account for satisfaction with the service, **include relevant course concepts**. Include a description of the performance problem as a gap between expected and actual service performance

Sample Service Process Analysis by Student

Description of Performance Gap(s) or Service Problems

- 1) The service took longer than desirable, both in the greeting and during the table service.
- 2) There was no consistent server interaction as multiple service staff were serving us.
- 3) Coffee was not delivered as expected.

Perceived Consequences of Taking No Corrective Action

- 1) Customers would not return to the restaurant.
- 2) Customers would spread their experience by word of mouth, which results in bad press relations.
- 3) Waitresses may be suffering role conflict among the tasks of greeting customers at the door, serving tables, and filling salad bar stations. This could result in increased personnel stress levels.

Perceived General Benefits of Correcting Performance Gaps

- 1) Improved service time handling would increase customer satisfaction levels and provide sufficient time for possible additional food ordering and consumption, which would increase total purchases on the restaurant check.
- 2) Consistent service interaction with one primary server would build rapport between the customer and the server and potentially result in increased gratuity for that server.
- 3) Delivery of the second cup of coffee would enhance the customer's perception of value for purchase price, which would motivate the customer to return again to the restaurant and to speak favourably about the restaurant to other potential customers.

Assessment of Causes of Performance Problems

- 1) Scheduling difficulties may have occurred with employee lunch breaks, especially the case of filling in for the hostess in the duty of greeting customers at the door.
- 2) Job duties may not have been evenly divided among service staff, and the waitress assigned to our table may have borne the heaviest set of duties, including the refilling of the salad bar station.
- 3) Communication breakdown occurred among service staff during the initial assignment of our table. Also, no specific waitress was identified to us as our server, so little rapport was developed; this speaks of another failure to communicate.

- 4) Service staff showed a lack of attention to the needs of the customer in terms of timely delivery of service and completeness of service delivery (for example, coffee). This implies a lack of knowledge or attention to appropriate service standard levels.

Alternatives for Operational Corrections

- 1) Scheduling of service staff work and lunch breaks during the lunch hour period should be improved.
- 2) Job task assignments should be checked for balanced division of duties.
- 3) Employees should be asked if they understand what their tasks are during their shifts.

Training Needs Assessment

- 1) Training is needed in the areas of communication skills.
- 2) Training and testing are needed in the areas of service observation skills and knowledge operational standards with regards to service time and coffee service procedures.

Other Information or Facts That Would Be Desirable to Know

- 1) How does service staff function during other meal periods and on other days of the week?
- 2) How many tables are assigned to each service staff person?
- 3) Is there normally a hostess to greet customers in that restaurant?