



## COM450 Services Marketing (1.5 units) Summer Session 2000

<u>Sec</u>	<u>Instructor</u>	<u>Time</u>	<u>Room</u>	<u>Office</u>	<u>Phone</u>
01	Stephen Tax	MTh 1:00 - 2:30	CRB 125	Rm. 222	721-6417
	<u>Office hours</u>	TBA			

### Text

Services Marketing by Zeithaml and Bitner (2<sup>nd</sup> Edition, McGraw-Hill) 2000.

### Course Objective

The primary objective of this course is to help prepare you to function as effective managers in a service economy. This course will make you more aware of the nature and characteristics of services, more knowledgeable about the way services need to be marketed due to their intangible core and more conscious of service quality, the foundation of services marketing. You will also have a better understanding of the success factors in services marketing.

### Description

The Canadian, as well as much of the world economy, is dominated by services. In Canada, approximately 73% of the labour force, 70% of the GNP, 45% of an average family's budget, and 32% of exports are accounted for by services. Yet, traditionally business school courses have focused on the manufacturing sector of the economy. This course is especially designed for those students who may be interested in working in service industries and will address the distinct needs and problems of service organizations in the area of marketing.

The theme of the course is that service organizations (i.e. banks, transportation companies, hotels, hospitals, educational institutions, professional services) require a distinctive approach to marketing strategy, both in its development and execution. This is not to imply that the approach is unique, but rather distinctive. Therefore, the course will build and expand on ideas from COM 250 to make them specifically applicable in service industry settings.

Some of the topics we will cover:

- M differences between marketing in service versus manufacturing organizations;
- M expanded marketing mix for services and applications of technology to services;
- M managing service quality;
- M managing supply and demand;
- M overlap of marketing/operations/human resource systems in service organizations;
- M service as a competitive advantage in manufacturing.

## Evaluation

### Marking System

Final Exam	40%
Written Assignments (3x20)	60%
Total	100%

### Grading Scale

All courses within the School of Business are structured on the 100 grade point scale. Consequently all material including papers, exams, essays, participation, etc. is marked out of a total of 100 points for the term. On this scale:

90-100%	= A+	68-71%	= B-
85-89%	= A	64-67%	= C+
80-84%	= A-	55-63%	= C
76-79%	= B+	50-54%	= D
72-75%	= B	0-49%	= F

## WRITTEN ASSIGNMENTS

### **Service Encounter Journal** (non-credit)

The goal of this assignment is to understand and evaluate the service encounter from your own perspective as a customer. Your journals are due at the last class and must be turned in before a grade is assigned. You should, however, begin working on your journal immediately. There will be a journal progress check on **June 22**.

### **Journal Entries**

We all have a number of service encounters each week with everything from hotels, restaurants, banks, airlines and dry cleaners to hair stylists, doctors, libraries, and copy centres among others. You are required to complete 20 journal entry forms (one blank copy will be provided - make 20 copies for yourself). Each entry will correspond to one service encounter you have during the semester. The purpose of the journal is to identify sources of customer satisfaction and dissatisfaction with services. We will use these experiences as a source of class discussion.

Try to collect a variety of types of incidents (i.e. don't do all restaurants), as well as some that you find satisfying and some that are very dissatisfying. The best way to complete your journal forms is to fill one out immediately

following a particular incident, and try to do a couple per week beginning right away. If you try to do your entries from memory, or try to do too many at one time, the quality of the entries will suffer.

There will be a journal progress check on **June 22**, at which time you will be asked to turn in 10 completed forms. The forms will be returned to you. Journal entries may be typed or neatly and clearly handwritten.

### **Written Assignments** (3x20 points)

Based on course topics, you will complete three assignments (done in groups of two people) from the list that I will be handing out in class. You and your partner choose which three you want to do and select the service you want to study. If you have any questions, please see me.

### **Class Procedure**

The class consists of lectures, cases, assignments, discussions, videos, and guest speakers. In order for the experience to be valuable, it is critical that the students and the professor are prepared. Make sure you complete all assigned readings before coming to class.

### **Final Exam**

The final exam will cover issues from the text as well as discussions, videos, and guest speakers. The specific reading that will be part of the exam material will be identified as the semester progresses.

### **Reading Assignments and Due Dates**

May 8	Introduction to the Course  Services Marketing Triangle Video: Services marketing mix
May 11	Goods vs. Services Marketing  Characteristics of services (Servuction Model) Production versus performance (in class exercise) Text Chapters 1 and 2 Handout: Regis College reading for next class
May 15	Service Orientation  Exercise: Elements of service orientation (in class) Case: Regis College (handed out in class May 11, see questions at the end of the article for class discussion) Text Chapter 6
May 18	Service Strategy  Video: Marriott  Check out the Saturn website- <a href="http://www.saturn.com">www.saturn.com</a> and go into the Homecoming link. What do you think of the Homecoming@concept? What else have you heard about the Saturn company? What do you think of their commercials? .
May 22	No Class (Victoria Day)

- May 25 Service Quality/Customer Expectations
- Text: Chapters 3 and 4  
 Video: Disney, Stu Leonard's Grocery  
 SERVQUAL Model (in text), Baldrige Framework
- May 29 Service Encounters (moments of truth)
- Issue: Singapore airlines (Moments of truth in class exercise). Visit [www.singaporeair.com](http://www.singaporeair.com) and assess how they use technology and other tools to improve service experiences  
 Text: Chapter 5
- June 1 Service Quality Measurement
- Text: Chapter 9  
 Examples: Motorola, Royal Bank
- June 5 Return on Quality/Financial Effect of Service Quality
- Text: Chapter 17
- June 8 Service Design I
- Text: Chapter 8  
 Blueprinting exercise: Diet food delivery (handed out in class)  
 Video: K-Mart
- Visit the Lands End website-[www.landsend.com](http://www.landsend.com) and go into **A** your personal model. @ If you are female create a model of yourself and try on some clothes. Since they currently only have female model building technology, if you are a male you will need to construct the model based on a friend or other reasons and try the clothes on that individual.
- June 12 Service Design II
- Examples: Courtyard by Marriott
- June 15 Internal Marketing
- Text: Chapter 11  
 Video: Cadillac  
 Example: Sears
- ASSIGNMENT 1 DUE**
- June 19 Case: AT&T (C) Employees as Customers
- Questions will be handed out in advance
- June 22 Service Technology Issues (**Note: 10 Journal entries due**)
- Compare the following websites related to pharmacy sales over the internet [www.drugstore.com](http://www.drugstore.com), [www.planetrx.com](http://www.planetrx.com), [www.riteaid.com](http://www.riteaid.com) . Which is most effective?

Why? Do you think the companies will be successful? Why or why not? Also visit a Shopper's Drug in-person. What are the key differences between shopping at a pharmacy and shopping on-line.

Video: Mail order pharmacies, auto sales

Examples: Cisco Systems

June 26 Customer's Role in Service Delivery

Text: Chapter 12

June 29 Managing Demand and Capacity

Text chapter 14

Examples: General Electric

July 3 Reading Break

July 6 Service Pricing

Text: Chapter 16

Value-based pricing

**ASSIGNMENT 2 DUE**

July 10 Communication Strategy

Find a hotel **website** that you think is doing an excellent job communicating to customers. Be prepared to discuss it in class..

Video: Mercedes Benz/American Express

Text: Chapter 15

July 13 The Servicescape

Text: Chapter 10

July 17 Service Guarantees

Text: Chapter 7

July 21 Service Recovery

Recovering and Learning from Service Failure model

Video: Sears Appliances

July 24 Guest Speaker (TBA)

July 27 CASE TBA

July 31 Service Encounter Discussions

Be prepared to discuss some of your exceptional (both good and bad) service experiences.

**ASSIGNMENT 3 DUE**

August 3 Review

### **SERVICE ORIENTATION ASSIGNMENT**

Select an organization involved in marketing a service (e.g., hotel, bank, supermarket, etc.) and assess their level of service orientation. This would involve:

Getting approx. 10 front-line employees (doing the same job) to fill out the service orientation form.

This form can be adapted to reflect the nature of the organization.

Analyze (basic statistics) the results.

Use the results, along with some discussions with the employees, to assess the nature of the organization's service orientation.

Provide some recommendations regarding maintaining or improving the service orientation.

Grading based on:

Introduction of the research- purpose and potential value

Adaptation of the instrument

Clarity of the discussion- does the discussion of the results reflect the data

Most importantly are the recommendations something that a manager can use.

### **BLUEPRINTING ASSIGNMENT**

Blueprint a "relatively" simple service. You can do a part of a service (e.g., the check-in of a hotel) or the entire service if it is not too complex. The chapter in the text containing a discussion of blueprinting will be very helpful.

Explain the basic service as it stands. Identify changes in the complexity and/or divergence that could improve service. Provide a second blueprint containing the service changes that you recommend.

What benefits and costs might changes have for (1) the service provider and (2) the customer.

Approx. 5 pages (blueprints plus 4 text)

Grading based on :

The logic and flow of the blueprints  
Identification of areas for improvement  
Discussion of the implications of the service changes

### **SERVICE GUARANTEE EXERCISE**

#### Part 1

Find a local service company that offers a service guarantee (there are lots). Analyze the effectiveness of this guarantee using the criteria from the textbook **and** any other criteria that you think is relevant.

#### Part 2

Identify a local service company that does not offer a service guarantee. Develop a guarantee and justify your proposal.

Grading based on:

Clarity of writing  
Thorough and thoughtful application of the criteria for effective guarantees  
Creativity

Approx. 6 pages

### **NEW SERVICE CONCEPT**

Select a relatively new service and assess whether it will be successful or not. Consider the following issues:

What are the Benefits provided to a market segment (think about Saturn's strategy)? Are the benefits attractive?  
How do they compare with the competition?

Operations strategy- think in terms of how well the moments of truth are designed. Is the service provision designed to be reliable (think in terms of whether any GAPS are identifiable).

Other factors that may impact success:

location  
service orientation (see handout with the factors of a service orientation)  
quality/service standards (are the firms useful)  
price  
human resources (do they have the right people, etc...)

Be sure to identify the criteria that to be used in evaluating a service concept.

Approx. 6 pages

### **COMMUNICATION THROUGH THE SERVICE ENVIRONMENT**

Choose one type of service provider (e.g., dentist, hotel, restaurant, hair stylist). After obtaining permission, take photographs of a number of aspects of the service environment (e.g., the dentist's waiting room, examination room, employee attire). These photos are to be shown to 15 consumers who are users of services in this category. Short interviews are to be conducted to obtain reactions about the service environment (e.g., what they like/dislike, what they infer about prices, expertise, personality, etc...) Care should be taken to avoid having information in the photos that would allow for respondents to identify the service provider.

Analyze whether the cues communicated by the service environment are consistent with the intentions of the service provider. If appropriate, recommend changes in the environment.

Approx. 5 pages

Grading Based on:

Development of the set of questions  
Analysis and interpretation of the data (basic analysis-mean, standard deviation, cross-tabs if useful)  
Value of the recommendations

### **SERVICE COMPARISON ASSIGNMENT**

Select 2 (or 3 if you wish) service providers offering a similar service to a similar target audience (e.g., Walmart versus Zellers, or Wendy's versus McDonald's or the Coast Harbourside versus the Grand Pacific). Compare and contrast the organizations on the key moments of truth and what the company is doing to support them. You may consider things such as:

Employee hiring and training  
Differences in service processes/delivery (i.e., compare the check-in processes at 2 hotels)  
Pricing differences  
Level of customer service (what services are offered)  
Assessment of quality differences (is one performing better at the moments of truth and, if so, why)  
Differences in their service orientation

It is up to you develop the aspects of the services that you are going to compare. They should be things that are important to the customer and have an impact on the success of the firm. Also the greater the detail on each element that you compare the better (e.g., if you compare employee training programs provide as much detail as possible).

### **SERVICE POSITIONING ASSIGNMENT**

Using the Figure on Page 294 of the text and the associated discussion on prior pages, select a service and demonstrate how it could change its positioning, first through adding dimensions of complexity and divergence, and second how it could change its positioning through reducing aspects of its complexity and divergence. You may not use a restaurant for this assignment.

Begin by identifying the key elements of the current process then create the lower complexity/divergence model and the higher complexity/divergence model as in the figure in the text. In your write-up address the implications for service strategy (i.e., human resource issues, pricing and promotion, target audience, etc.) for the current process and for the 2 that you create. Note, if you choose something like a hotel you can focus on 1 or 2 key processes rather than the entire hotel.