

NUS BUSINESS SCHOOL
NATIONAL UNIVERSITY OF SINGAPORE

Course Outline

MB7308 - Services Marketing

Instructor: A/P Jochen Wirtz

Office: SM2 #03-08

Telephone: 874-3656

Email: fbawirtz@nus.edu.sg

IVLE: <http://ivle.nus.edu.sg/workspace/search/template.asp?courseid=MB7308>

Table of Contents

A. Course Objectives .	2
B. Expectations from Participants	2
C. Method of Asses	2
D. Time Table	3
E. Outline of Lectures and Readings	4
F. Group Assignments & Questions for Case Discussions.....	8
G. Literature	11

2

A. Course Objectives

The objectives of the course are:

- To provide an in-depth appreciation and understanding of the unique challenges inherent in managing and delivering quality services. Participants will be introduced to and work with tools and strategies that address these challenges.
- To develop an understanding of the ‘state of the art’ of service management thinking.

B. 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 to discuss the required readings and assigned cases in detail.
- Display a name sign in all sessions.

C. Method of Assessment

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

3

D. Time Table

Session 1 Introduction to Services Marketing – Macro Trends & Opportunities

Session 2 Consumer Behaviour Related to Services – Understanding the Service Experience

Session 3 Marketing Mix I: Pricing of Services & Yield Management

Group Presentation 1: Develop a Yield Management Strategy for Marché

Session 4 Marketing Mix II: Communications Mix for Services

Group Presentation 2: Develop a Coms Strategy for an Internet Discount Broker

Session 5 Marketing Mix III: Distributing Services

Group Presentation 3: How to Distribute Singapore Hotel Rooms Globally

Marketing Mix IV: Designing the Service Environment

Session 6 Marketing Mix V: Designing Customer Service Processes

Marketing Mix VI: The Service Product

Session 7 Marketing Mix VII: Managing Service Personnel I

Session 8 Marketing Mix VII: Managing Service Personnel II

Group Presentation 4: Crosse & Whitewall: Cross-selling Professional Services

Session 9 Marketing Implementation I: Understanding Service Quality

Session 10 Marketing Implementation II: Managing Service Quality I

Session 11 Marketing Implementation II: Managing Service Quality II

Developing & Implementing Effective Customer Feedback Systems

LTV and Churn Alert-based Retention and Loyalty Programs; CRM Strategies

Group Presentation 5: Conduct a Churn Diagnostic and Retention Program for ST Mobile

Session 12 Marketing Implementation III: Growth Strategies for Service Organisations

Case: Shouldice Hospital

Session 13 **Group Presentation 6: SpaceDisk Inc.**

Group Presentation 7: I-One.

Module Wrap-up

Session 14 Review

4

E. 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
- Required Readings
 - Bateson & Hoffman, Chapter 1
 - Jochen Wirtz and Christopher H. Lovelock (2001, forthcoming): "Asia's Growing Service Sector"

2. Consumer Behaviour Related to Services

- Key Issues
 - The Three-Stage Model of Consumer Behaviour Applied to Services
 - Post-Purchase Evaluation: Modelling Consumer Satisfaction with Services
 - Environmental Perspectives on the Service Encounter
 - Perceived Control, Script & Role Theories
- Required Readings
 - Bateson & Hoffman, Chapter 2

3. Marketing Mix I: Pricing of Services

- Key Issues
 - Pricing Strategies Applied to Services

- Services Specific Issues on Price Discrimination
- Cost Accounting for Services
- Price Bundling and Cross-Selling
- Yield Management
- Required Readings
- Bateson & Hoffman, Chapter 9
- Sheril E. Kimes and Richard B. Chase (1998), "The Strategic Levers of Yield Management," *Journal of Service Research*, Vol. 1., No. 2, 156-166.

5

4. Marketing Mix II: Communications

- Key Issues
- Setting Communication Strategies for Services
- Services Specific Issues in Communication Strategies
- Guidelines for Advertising of Services
- Branding & Promotion of Services
- Required Readings
- Bateson & Hoffman, Chapter 8

5. Marketing Mix III: Distribution

- Key Issues
- Distribution Channels for Services
- Internationalisation of Service Firms
- Global Distribution Systems
- Required Readings
- Bateson & Hoffman, Article 3.1, Christopher H. Lovelock and George S. Yip, "Developing Global Strategies for Service Businesses," *California Management Review*, Vol. 38., No. 2, 64-86.
- Jochen Wirtz and Jeannette P. T. Ho (2000), "Westin Hotels in Asia – Global Distribution", in *Principles of Marketing: An Asian Case Book*, Swee Hoon Ang et al, eds., Singapore: Prentice Hall, 112-118.

6. Marketing Mix IV: Designing Customer Service Processes

- Key Issues
- Trade-off between Marketing Effectiveness and Operations Efficiency
- Full-Service Models 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
- Flow Charting as a Basic Tool for Understanding & Managing Service Processes
- Two Basic Strategies: Complexity and Divergence of Service Operations
- Required Readings
- Bateson & Hoffman, Chapters 3 & 5

6

- Richard Chase and Douglas M. Stewart (1994): "Making Your Service Fail-Safe," *Sloan Management Review*, Spring, p. 35-44.
- Lily Chang (1993), "Improving Service Quality: The NTUC Income Experience," *Productivity Digest*, April, p 20-23

7. Marketing Mix V: 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
 - Bateson & Hoffman, Chapter 6
 - Carbone, Lewis P and Stephan H. Haeckel (1994): "Engineering Customer Experiences," Marketing Management, Vol. 3, No 9, p 9-19

8. Marketing Mix VI: The Service Product

- Key Issues
 - The Flower of Service - Core and Supplementary Services
 - Adding Value via Supplementary Services

9. Marketing Mix VII: Managing Service Personnel

- Key Issues
 - Importance of Service Personnel
 - Conflicts in Boundary-spanning Roles & Implications of Role Stress
 - Reducing Role Stress with Marketing and Creating a Climate for Service
 - Selection, Training and Motivation of Service Staff
 - Internal Marketing to Build and Foster a Customer Service-oriented Culture
- Required Readings
 - Bateson & Hoffman, Chapters 4 & 7
 - Leonard A Schlesinger and James L Heskett (1991), "Breaking the Cycle of Failure in Service," in Sloan Management Review, Spring, 17-28.

7

10. Marketing Implementation I: Understanding Service Quality

- Key Issues
 - Importance of Quality: The Economics of Customer Retention
 - The Quality Model: Diagnosing Service Quality Failures
 - Dimensions of Quality
 - Relationship between Service Quality, Productivity and Profitability
 - Effective Membership and Customer Retention Programs
- Required Readings
 - Bateson & Hoffman, Chapters 11,13 & 14
 - Frederick F. Reichheld and Phil Schefter (2000), "E-Loyalty: Your Secret Weapon on the Web," in: Harvard Business Review, Volume 78, No. 4 (July/August), pp 105.

11. Marketing Implementation II: Managing Service Quality

- Key Issues
 - Complaint Management, Service Guarantees and Service Recovery
 - TQM Tools Applicable to Services
 - Developing & Implementing Effective Customer Feedback Systems
 - Customer Churn Diagnostics and Retention Programs
 - CRM Strategies
- Required Readings
 - Bateson & Hoffman, Chapter 12

- James L. Heskett, Thomas O. Jones, Gary W. Loveman, W. Earl Sasser, and Leonard A. Schlesinger (1994), "Putting the Service-Profit Chain to Work," Harvard Business Review, March-April, in Lovelock, pp. 582-593
- Jochen Wirtz and Monica Tomlin (2000), "Institutionalizing Customer-driven Learning Through Fully Integrated Customer Feedback Systems," Managing Service Quality, Vol. 10, No. 4, 205-215.

12. Marketing Implementation III: Growth Strategies for Service Organisations

- Key Issues
 - Multisite, Multiservice and Multisegment Strategies
 - Risk/Return Considerations
- Required Readings
 - Bateson & Hoffman, Chapter 10

8

F. Group Assignments & Questions for Case Discussions

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

The write-up should be typed and may not exceed five pages in length, excluding exhibits and

appendices (much of the analysis should be shifted to the appendix). Cases will be graded on

both style and content. Consequently, 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. Case analyses should be structured as follows, using appropriate headings:

1. Clear and concise definition of the problem (max ¼page);
2. Identification and analysis of the major issues (max 1 page);
3. Evaluation of alternative solutions;
4. Recommendations.

The group presentations have a maximum presentation time of 30 minutes (ie. about 10 slides

@ 3 minutes each), with some 15 minutes for discussion and Q&A. Please submit a copy of

your slides before the class to me, so that I will not pre-empt issues you wanted to present later

anyway. The following are some guidelines for your presentations:

- Make your presentation interesting and involving by:
 - focus on the key issues and do not spend (much) time on long, detailed, complete and boring checklists and/or repetition of facts presented in the case. Please put those details into an appendix to your presentation, but do not bore the class with these.
 - Encourage class participation via direct questioning, discussion of problems/issues, presentation of controversial statements, etc.
- The focus of the case discussions should be on alternative problem resolutions and your

recommendations, and not the situation analysis! First, identify the problem and prove that this is the key problem (not more than 25% of the presentation or about 2 slides), and then tell us what your options are and what you recommend to solve the problem (75% of the presentation).

9

- Note that class interest and participation created are a key component of your grade, accounting for 1/3 of the marks. You have to communicate your messages and involve your 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.

Case Discussion Questions:

Case 1: Apply Yield Management Strategies to Marché

1. Look into the yield management literature and develop a yield management strategy for

Marché in Orchard Road. Specifically, what yield management strategies should the restaurant put in place to maximise contribution during low and high demand periods. How would diners react to these policies and how should the restaurant manage customer satisfaction. Please note that a case write-up is not available.

Case 2: Develop a Coms Strategy for an Internet Discount Broker

2. The Singapore security market is being liberalised rapidly and will offer tremendous opportunities for Internet-based discount brokers (e.g., Charles Schwab) entering the retail market. Imagine you work for a large international broker entering the Singapore market with the objective to achieve market leadership. Which market segments would you target and why, and how would you attract these segments.

3. Develop a communications strategy targeted at these segments.

Case 3: How to Distribute Singapore Hotel Rooms Globally

1. Please read the Westin case study. Raffles Holding will take back the management of the currently Westin managed properties in Singapore. How would you recommend Raffles Holdings to market its hotel rooms given these latest global trends in hotel room booking and reservations.

Case 4: Crosse & Whitewall: Cross-selling Professional Services

2. What do you see as the key differences between pension fund auditing and management consulting? How good is the fit between the two?

3. Evaluate the visit to Francaise des Metaux. What happened?

4. What actions should C&W take now?

10

Case 5: Conduct a Churn Diagnostic and Retention Program for SingTel Mobile

1. Conduct a churn diagnostic. Based on the findings from this diagnostic, develop a 'zero

defections strategy for SingTel Mobile's GSM service. Conduct a brief churn diagnostic (do a few in-depth case studies of current & churned customers) and then develop your strategies to reduce key churn drivers.

Case 6: Shouldice Hospital

1. What is the market potential for Shouldice Hospital in Canada and the US?
 2. How does Shouldice Hospital control and manage service quality?
 3. How would you expand the hospital's current capacity?
 4. Would you recommend any changes to its current marketing mix?
- After working through the case and dealing with the questions, have a look at Shouldice Hospital's Website at: www.shouldice.com, to see how they are doing today.

Case 7: SpaceDisk Inc.

1. Read the case and conduct an extensive information search on SpaceDisk, its competitors and trends in its world-wide market place. Armed with this information, analyse the case write-up and address the following questions:
2. Develop the value-propositions for end users (SMEs, SOHOs and private home users), ISPs and ASPs.
3. Develop a market penetration strategy for SpaceDisk.
4. How can SpaceDisk develop an effective long-term competitive advantage over potential competitors?

Case 8: I-One

1. Conduct qualitative research on the adoption and use of I-One's multimedia kiosks, and conduct a world-wide search on the adoption of similar services across the world. Based on the results of this research and your own conceptual and strategic thinking, develop value propositions for potential user segments, and develop a business model that allows to serve these segments profitably.

G. Literature

Required Text

- John E.G. Bateson and K. Douglas Hoffman (1999), *Managing Services Marketing*, 4th edition, London: Dryden Press.

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

- Leonard L. Berry (1999), *Discovering the Soul of Service: The Nine Drivers of Sustainable Business Success*, Free Press.
- James L. Heskett, W. Earl Sasser, Jr., and Leonard A. Schlesinger (1997), *The Service Profit Chain*, Free Press.
- 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.
- Christopher H. Lovelock (2001), *Services Marketing*, 4th edition, Prentice-Hall International Editions.
- Ron Zemke and John A. Woods (1999), *Best Practices in Customer Service*, Amacom.

Useful Services-related Websites:

Singapore-based Sites: International Service-related Sites

SQ Centre: www.sqcentre.com.sg Vanderbilt University: www.vanderbilt.edu

Productivity & Standards Board:

www.psb.gov.sg

Arizona State University: www.asu.edu

International Service Quality Specific Sites: Warwick Business School:

www.wbs.warwick.ac.uk

www.customer-service.com American Marketing Association:

<http://www.amabaltimore.org/links.htm>

www.service-quality.com Good Search engines for academic purposes:

www.northernlight.com