

MKTG 579: Service Marketing & Management Syllabus Autumn 2011

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Services dominate the economies of developed nations. Services account for over 80% of GDP and 90% of employment in these countries. In the US and most developed countries services produce virtually 100 % of the new job growth. When you graduate most if not all of the jobs that are open will be jobs in service-oriented businesses.

Services are becoming critical for competitive advantage in companies across the globe and across industry sectors. Services represent the primary growth and profitability strategies for many traditional manufacturing companies like GE and IBM. Almost 40 percent of IBM's current revenues and over 60 percent of GE's current profits come from services.

Boeing stated a goal of achieving \$10B in service revenue. Even high-tech companies like Microsoft, Google, Hewlett Packard, eBay and Real Networks are moving downstream to provide services directly to customers

Knowing how to market services will give you a competitive advantage in the job market and position you for new market growth opportunities in traditional product based companies.

*Every business is a service
business;
You are not a chemical
company. You are a
chemical services business."*

Philip Kotler, On Marketing

Nature & Objective of the Course

The course focuses on the unique challenges of marketing and managing services versus marketing products. We will cover:

- How services are different than products;
- What it takes to deliver quality service to customers;
- The 5 attributes of service that are the key drivers of customer satisfaction in across a variety of service businesses;
- How to address the intangibility of services that makes it hard for customers to

- decide between service company offerings;
- The customer's role in service creation and how to use it to lower cost and build competitive advantage;
 - How to design new services and expand into new markets with services;
 - Going beyond service to create customer experiences;
 - Technology's impact on services;
 - How to manage customer service expectations.

The course is equally applicable to organizations that sell products but depend on service excellence for competitive advantage (e.g., high technology manufacturers, automotive, industrial products, etc.).

Service Marketing & Management is an elective and assumes that the student has taken the Core Marketing classes. It focuses on how the marketing of services is different than the fundamental 4Ps approach to marketing.

*“What the customer
buys and considers
value is never a
product.
It iswhat the
product does for him.”*

Peter Drucker

In this course you will gain the knowledge and develop the critical skills needed to implement quality service and service marketing strategies for competitive advantage across industries. You will learn frameworks for customer-focused service management, and how to increase customer satisfaction and retention through service strategies. You will learn how customer expectations affect customer perceptions of service quality and how to 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 functions in a service business.

Course Organization & Class Materials

The course is built with:

- A focus is on business decisions at real companies.
- An emphasis on strategic marketing issues not just tactics.
- Assignments that require application of the concepts taught a critical step in learning how to use the concepts presented in the course.

In the readings and the lectures we will review and discuss the concepts, tools, and ideas that will shape marketing decisions in service businesses. The individual and team assignments focus on applying these concepts to real marketing problems.

Required Reading: A textbook is not assigned for this class. The Course Packet contains readings that represent the best thinking on a topic from the top scholars and practitioners.

- **Course Packet** contains the readings and cases assigned for each class period.
- **Calendar** outlines the topics covered each week in the course, the readings and cases assigned, and the questions for discussion of each week's case study.
- **Instructor Handouts** in class. For example, a Bibliography of Books on Service Marketing and Management is available.

Optional Readings: You are also encouraged to keep up with business periodicals that track the developments in service industries -- BusinessWeek, Forbes, Fortune, Fast Company, Harvard Business Review and the Wall Street Journal for example. These periodicals will be a good source for ideas and material you can use in your team and individual projects.

Use of Cases: Case studies are presented and used throughout the course. Cases illustrate how the concepts presented in class are used in business. And they illustrate how companies have used marketing to address real business problems. The cases used involve real decisions at real companies. They illustrate the kinds of decisions businesses face in marketing services. And, they give the student the opportunity to practice using the concepts and tools introduced in the course to help make marketing decisions in a service business.

The Course Calendar includes study questions on each assigned case and are listed immediately following a brief description of the case in the Course Calendar. These questions should serve as a starting point for discussing the issues in the case. All class members are expected to have read the case assigned for each class. Furthermore, class members will be assigned a case to present in class. Teams are encouraged to apply concepts from the assigned readings to their analysis of the case.

Assignments & Grading

The course will include both individual and team assignments. Grading will be determined as:

Individual Assignments

- | | |
|---|-----|
| • Class Participation | 10% |
| • Case Q Write-Ups (2 pages) 5@10% | 25% |
| • Personal Branding Plan (8 pages) | 20% |

Team Assignments

- | | |
|---|------------|
| • Case Analysis & Presentation | 15% |
| • Experience Economy Field Trip Write-up | 10% |
| • Final Project Report (8 pages) | <u>20%</u> |
| | 100% |

Individual Class Participation: Active class contribution is a must because your learning depends on it. Active participation involves: (i) preparation – reading and understanding the assigned materials before arriving in the class and developing a well-informed opinion on the content, (ii) participation – actively expressing and defending your opinion (succinctly) during the class discussion, (iii) respect – listening and responding constructively to your peers in class. Your class participation grade will be based on (a) evidence of careful preparation of the case and the readings assigned, (b) the clarity, and (c) the conciseness of your recommendations based on convincing qualitative and quantitative thought and analysis. Quantity does not equate to quality. It is crucial that your participation be consistent and thorough for each class. This includes reviewing the assigned readings, cases and case questions before class.

Individual Case Q Write Ups: You are required a written assignments on each of the cases in the course packet. Each write up should not exceed a maximum of 2 pages. You may pick one question from all the questions listed for each case and provide a succinct well supported answer to that question. Each write up should be no more that 2 pages. You do not have to submit a write-up for the case your team will analyze and present in class.

Case Q write ups are due the day the case is discussed in class. Your write up should be emailed or handed to the instructor before the case is discussed in class.

The write up should provide a critical analysis of the question using the ideas and frameworks presented in the class and the readings for the course. Your analysis should: (i) focus on addressing the question or making a recommendation or decision where appropriate; (ii) provide the logic/rationale for your conclusion; (iii) provide the support for your decision, applying the concepts and tools discussed in the course

Individual Mid-Term Project Report: Each student will be responsible for completing an individual midterm report. A project report of 8 pages not counting exhibits and attachments. The report may be submitted by hand or email.

Your assignment is to apply the concepts of marketing a service to the development of your own personal brand. Selling yourself to an employer is a lot like selling a professional service. It exhibits many of the same characteristics. Your assignment is to develop a branding strategy for selling your services.

A more detailed description will be handed out separately.

Team Case Analysis & Presentation: Several cases will be discussed throughout the quarter. Prior to each case discussion, one team will be selected to present their answers to the case questions, identify and discuss the key issues in the case, and make recommendation to the management of the company/organization. These presentations are informal – teams need not prepare slides or PowerPoint presentations. But each team should be prepared to present their main conclusions and recommendations. Answering

the case questions requires that the teams not only generate answers to the strategy questions, but also make specific recommendations for the implementation strategy. After the team presents, the rest of the class will probe the rationale behind the team's analysis and recommendations. Since these projects will involve some classroom presentation of the team's work, it is recommended that the team members sit close together within the classroom on the day they present their analysis.

Your team should submit the Team Case Preferences Worksheet as soon as possible. I will make every effort to assign the team one of their top choices for their team presentation assignment.

Team Experience Economy Field Trip: The team's assignment is to learn what customers are exposed to in the marketplace of services. In their booklet Field Guide for the Experience Economy authors Pine and Gilmore list ten tools you can use to explore and learn from experiences encountered across the economic landscape. Each tool aims to provide a framework to help you maximize the lessons you glean from taking the time to observe the experiences customer's get when they receive service from a company. Your team should choose a company or a business you wish to learn from. Take a tour and visit the business. Consider using one or more of the tools in the Field Guide on your trip. Set aside time immediately after your visit to reflect and focus on specific lessons learned. Then submit a 4 page write-up that summarizes what new ideas and possibilities you can share that could help other companies extend their products/services into new "experiences."

I'm not interested in a description of what you did and what you saw. Your report should be focused on the lessons learned about creating customers experiences. Detail will be provided in a separate handout.

Team Term Project Report: You will be required to submit a written report on a term project. The term project due date will be at the end of the quarter. The project is an opportunity to use and apply the concepts discussed in the course to real-life marketing problems/issues facing a service business of your choice. The company chosen and the topic are to be agreed on with the instructor in advance.

A more detailed description of the assignment will be handed out in class.

The analysis should focus on applying the concepts presented in the course to a current or prospective company/service. The goal of the project is to facilitate learning by applying the concepts discussed in class to a real world example that is of interest to you. The experience should allow you to use your skill of analysis and integration to develop a report that reveals your understanding of the concepts covered in the course. The write up will be limited to no more than 10 pages in length (not including exhibits or attachments).

Report Grading: Criteria for evaluating the written assignments include:

- A. Content: Clear statement of the purpose/problem/issue being addressed; how does the author convince the reader that the paper is worth reading? Presentation

- of data/evidence. Evidence of data/material collected and analyzed on the company/product reviewed. A clear presentation of the relevant issues facing the company. An adequate focus on the chosen problem. Information provided to familiarize the reader with the problem. Is the presentation easy to follow and well organized? Does the author summarize adequately? Is the case conclusion/summary directly related to the question posed in the introduction?
- B. Connection to the class: Evidence that class materials have been read and understood. Clear application of concepts discussed in class or found in the assigned readings and cases.
 - C. Form: Spelling and grammar. Are the ideas presented in a coherent order? Are the exhibits, footnotes, etc. consistent and relevant to the content?

Because this is a team project, I will also ask everyone on the team to assess the relative contributions of each team member.

Team Formation: Teams will be formed the first week of class. The number of teams will be decided based on class size. However, several guidelines should be followed: (i) teams should include no more than 4 people; (ii) every team should include at least one member from outside the Day MBA program. This improves diversity within the teams.

Team Case Presentation Preferences Sheet

Each team should complete and submit a Team Case Preferences Sheet as soon as possible!

TEAR OUT & COMPLETE

SUBMIT TO INSTRUCTOR

AS SOON AS POSSIBLE

Team Members:

Name

1.

2.

3.

4.

5.

Top Three Cases Your Team Would Like to Present

1.

2.

3.

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Autumn 2011 Course Pack Table of Contents

Sept 29	
Oct 4	<p>Introduction to Services The Nature of Services Putting the Service Profit Chain To Work</p>
Oct 11	<p>The Gaps Model of Service Quality The Profitable Art of Service Recovery <i>Case: JetBlue: High-Flying Airline Melts Down in Ice Storm</i></p>
Oct 18	<p>Twelve Keys to Effective Professional Services Management <u>True Professionalism</u>, Ch. 17-21 <u>Professional Services Marketing</u>, Ch. 8, 9, 10 <i>Case: Charles Schwab & Co.Inc.</i></p>
Oct 25	<p>Understanding Customer Experience Clueing in Customers <i>Case: Westin Hotels Operations of a Lifetime Experience?</i></p>
Nov 1	<p>Cultivating Service Brand Equity Selling the Brand Inside How Companies Are Benefiting from Web 2.0 Marketing in the Groundswell (Book sold separately) Managing Beyond Web 2.0</p>
Nov 8	<p><u>Discovering the Soul of Service</u>, Chap. 12 Manage Your Human Sigma <i>Case: The Ritz Carlton Hotel Company</i></p>
Nov 15	<p>The Contribution Revolution How to Prevent Customers From Failing Technology Infusion in Service Encounters <i>Case: tbd</i></p>
Nov 22	<p>Capture and Communicate Value in the Pricing of Services <i>Case: Progressive Insurance: Pay-as-you-go</i></p>
Nov 29	<p>Creating New Markets Through Service Innovation Teaching an Old Service New Tricks <i>Case: Netflix, E-Harmony,</i></p>
Dec 6	<p>Delivering Service Excellence</p>

9/19/11

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Calendar

Services Marketing & Management Overview

Oct 4 **Course Introduction**
Review of Assignments & Expectations
The Role of Services
How Marketing Services is Different than Marketing Products

Readings: Syllabus & Calendar
 "Introduction to Services"
 "The Nature of Services"

Assignment: Form Teams & Submit a [Team Case Presentation Preferences](#) during class.

Service Marketing: Fundamentals

Oct 11 **What Drives Customer Perceptions of Service Quality? A Model for Measuring, Monitoring, & Delivering Quality Service...Consistently.**

Readings: Delivering Quality Service Ch. 1, 2, 3
 "Zappos's CEO on Going to Extremes for Customers"
 "Stop Trying to Delight Your Customers"

Oct 18 **What do I do when Service Fails? The Recovery Paradox!**

Readings: "The Profitable Art of Service Recovery"
 "Focus or Falter"
 Case: "JetBlue: High-Flying Airline Melts Down in Ice Storm"

New York based JetBlue entered the budget air travel business in 1998 with the goal "making the experience of flying happier and easier for everyone." They were succeeding until Wednesday, February 14, 2007 when an ice storm hit JFK International airport.

Q1. Describe the "JetBlue Experience." How is it related to the company's overall business strategy?

Q2. What challenges did David Neeleman and his team face in managing the customer experience as the airline grew rapidly? How well did they respond to those challenges?

Q3. What exactly went wrong? Why did it go wrong? What else could Jet Blue have done to improve the situation?

Q4. Did the company take the right steps to regain customer loyalty? What do you think of the Customer's Bill of Rights as a service guarantee?

Oct 25 Marketing Professional Services.

Readings: True Professionalism, Ch. 17-21
The Trusted Advisor, Ch. 2-5, 16
Harnessing the Power of Persuasion

Nov 1 Managing Service Brands: Promises, Perceptions, & Intangibility.

Readings: “Cultivating Service Brand Equity”
 “Selling the Brand Inside”
 “Clueing in Customers”
Case: Charles Schwab & Co.: The “Talk to Chuck” Ad Campaign

Management is evaluating the success of the recently launched “Talk to Chuck” campaign that is designed to differentiate Schwab from its competitors in a cluttered financial services market.

Q1. How important are the innovations Schwab has made over the years? Explain why.

Q2. How well does the “Talk to Chuck” advertising address the service intangibility issue?

Q3. Why has Schwab’s differentiation deteriorated? What alternatives could Schwab pursue to once again be different from competitors?

Q4. Should Charles Schwab further increase its investment in advertising for 2006 & 7?

Nov 4 Assignment Due: Midterm Individual Report

Nov 8 Going Beyond Service. Delivering Customer Experiences.

Readings: “Welcome to the Service Economy”
 “Understanding Customer Experience”
 “The Show Must Go On”.

**Nov 8 Assignment Due: The name of the company you are thinking about visiting for your Team Field Trip.
Assignment Due: A brief description of the company you will use for your team final report.**

Nov 15 Continual Service Innovations & Improvement. The Impact of People & Technology.

Readings: “Creating New Markets Through Service Innovation”
 “Teaching an Old Service New Tricks”
Case: Bank of America: Mobile Banking

Bank of America launched mobile banking in 2007, and had 4 million active users within three years. This success prompted other managers to ask that the mobile platform be extended to support the bank’s credit card and mortgage businesses.

Q1: What benefits does mobile banking offer to consumers? Why haven't all customers adopted mobile banking?

Q2: What is the bank's motivation to offer mobile banking to its customers? What are the associated costs and risks?

Q3: How is mobile technology likely to influence the banking industry in the future?

Q4: How should Brown and McDonald respond to the other managers' requests to include more functions in the bank's mobile platform?

Case: eHarmony

Greg Waldorf, CEO needs to decide how to respond to competitors who have launched new features that copy almost all of eHarmony's and are priced below them. Four options are under consideration.

Q1. Why do people want to meet others on-line instead of finding them in the real world? Describe the value proposition that on-line dating sites offer.

Q2. What differentiates eHarmony from its competitors? Calculate an estimate of the size of eHarmony's competitive advantage (vs. Match and Yahoo!) e.g. Revenue/subscriber. How important is Guided Communications to the service?

Q3. How serious is the competitive threat to eHarmony? How much of a threat is Chemistry?

Q4. Which option would you recommend they pursue? Why?

Nov 22 Investing in Employee Performance

Readings: "Manage Your Human Sigma"
Case: The Ritz Carlton Hotel Company

In just seven days, the company transforms newly hired employees into "Ladies and Gentlemen Serving Ladies and Gentlemen." The hotel owner wants to modify this proven effective training program.

Q1. "Service can be an elusive concept. What is The Ritz-Carlton selling to its customers? Describe the brand's service concept.

Q2: What is the service that McBride is delivering his customer? Outline the key elements of the service he delivers.

Q3. How should McBride respond to Collins request to lengthen the 7 Day Countdown?

Q4. Is it time for McBride to consider an overhaul of the hotel operating process? What is different about experimenting in a service business?

Nov 22 Assignment Due: Team Field Trip Assignment

Nov 29 Pricing Services. The most often used & misused Marketing Tool

Readings: "Capture and Communicate Value in the Pricing of Services"
"Yield Management"

Case: Innovation at Progressive: Pay-as-you-go Insurance.

Progressive is considering the national rollout of another new service innovation. Historically, Progressive has succeeded by focusing on the ‘high risk’ segment of the market. The Pay-as-you-go initiative represents a new market segment for the company strategy.

Q1. What is the value of auto insurance to the customer?

Q2. How has Progressive differentiated themselves from other insurance service companies? How has this impacted their financial performance?

Q3. What kinds of customer reaction do you expect if Autograph is introduced? What can/should Progressive do to accelerate adoption? Should Autograph be expanded nationwide?

Q4. Compare/contrast Autograph to Progressive’s current “Name Your Price” marketing campaign strategy.

Dec 6 Wrap Up

Readings: “Delivering Excellent Service”

Dec 10 Team Final Project due before midnight.

09/30/11