

SERVICE MARKETING & MANAGEMENT
MK463
FALL 17

COURSE CONTENT

For the past decade, growth in the service sector across all developed economies has far exceeded growth of expenditures on tangible goods. This trend is expected to continue in the future (<http://www.afr.com/leadership/workplace/services-sector-growth-will-see-worker-shortage-labour-share-of-income-to-rise-20160617-gplolq>)

Service jobs still account for around 80% of all employment within most developed economies. Alongside the figures relating to employment growth, the services sector contributes around 75% of the Gross Domestic Product.

Projections for the five fastest growing jobs in the year 2016 are all in service industries: physicians assistants, physical therapists, manicurists and pedicurists, environmental science technicians, and gaming and sports book writers and runners (Sources: Bureau of Labor Statistics' Occupational Outlook Handbook and Career Guide to Industries.)

This course will focus on the role of marketing in managing services. You should, however, expect to be addressing human resources, information management, operational, and financial overlaps with marketing throughout the course. The strategic application of marketing requires cross-functional integration; this is particularly true when one speaks about the marketing of services.

Consider:

- Because so many service employees have direct contact with customers, the development of technical, face-to-face communication and customer service skills among employees may become necessary in order to deliver a service seen as desirable by the marketplace;
- The fact that the same person may produce and sell a service means that both operations and marketing capabilities must be expected of many service employees;
- The successful marketing of geographically far-flung multi-site operations, sometimes connected by franchising arrangements, will often rely upon information systems and network capabilities;
- Finally, the varying degrees of customization which various markets and services require places demands upon the human resource management function in terms of recruitment, selection, training and development, motivation, and job design.

Also, as you will soon find, there is no hard and fast line drawn between products and services. No product is sold without supporting services (the sales function, after-sales

support services, etc.). Similarly, many services rely on product support (e.g., textbooks to support educational services). Therefore, while the focus of the course is clearly on services, there will be discussion of how services support products as well.

COURSE PEDAGOGY

- Lecture and discussion
- Related article and discussion
- Application of theory
- Applied service marketing team project

This course will consist of discussion (cases and articles), lectures, and an applied services marketing team project. Chapters are assigned that will help you understand the underlying concepts that are raised in the case discussions. This is also a case course and full preparation of the cases is required for each class in which a case is assigned.

TEXT AND ARTICLES

The required textbook for this course is

Lovelock, Christopher et al; Services Marketing: An Asia-Pacific and Australian Perspective (5e) Edition, Pearson Australia, 2010

ACADEMIC HONESTY

Students are expected to recognize and uphold standards of intellectual and academic integrity. The university assumes as a minimum standard of conduct in academic matters that students be honest and that they present for credit only the results of their own efforts. Students should be familiar with the university's policy on issues such as plagiarism, cheating on examinations, unauthorized collaboration, falsification, and multiple submissions. Lack of knowledge of this policy is not an acceptable defense to any charge of academic dishonesty. If you are unsure of the School of Management's policy on academic conduct, please visit <http://smgworld.bu.edu/acc/academic-conduct-code/>.

Please note that in MK463, students are allowed and even encouraged to work together on assigned work including case preparation, discussion of articles and the text, in advance of class meetings. The individual concept papers are however meant to be individual contributions (i.e., do not work together on these). Also, even though the consulting report is not an academic paper, per se, you will be citing secondary sources and concepts learned in this and possibly other courses. The same standard for plagiarism exists here as it has elsewhere.

ASSESSMENT

| | | |
|---------------------|--------------------------------|-----|
| Class participation | | 20% |
| Final examination | | 20% |
| Major Assignment | (Report Applied Project) | 40% |
| Minor Assignment | (Presentation Applied Project) | 20% |

1. SERVICES MARKETING APPLIED PROJECT (Part 1 – Major assessment)

This project is worth 40% of the total grades for this unit

You will be working in teams of two students

- Select a service industry. Examples might be telecommunications, health, education, transportation, banking, insurance or professional services.
- Choose three competitors that operate within your selected industry.
- Using the data provided on your selected companies website you are required to answer the following questions.
 1. Define the core benefit offering of each company
 2. Describe the target market as evidenced by the website
 3. Identify how the core benefit might differ between the market segments
 4. Describe how each company might manage service quality
 5. Ascertain if and how each of the respective companies manage customer satisfaction
 6. Describe how each company uses their website to manage the intangibles of the service
 7. Describe how each company manages their customer expectations
 8. Describe how the company communications reflects their core value proposition
 9. Prepare a blueprint of the service offer
 10. Describe the servicescape
 11. Identify the position each of the selected companies on a positioning map

Notes

Feel free to visit the company's premises if this is appropriate
Review any other accessible advertising and communications
It is not permissible to interview company employees for this assessment

2. SERVICE MARKETING APPLIED PROJECT (Part 2 – Minor assessment)

This project is worth 20% of the total grades for this unit

Each team will be required to present the findings in a formal presentation to the class.

Each team member will be required to present a part of the assignment.

Your presentation will be evaluated on the basis of both instructor review and peer review.

All class members will be expected to participate in a peer review process of the presentations

3. CLASS PARTICIPATION & LETTER WRITING ASSIGNMENT

This project is worth 20% of the total grades for this unit

Class Participation

The success of this course depends on the quality and thoroughness of your preparation. Case data should be studied in detail, analyzed, and a realistic course of action, supported by case facts and reasoning, developed. Evaluation of class participation takes into consideration depth of analysis, realism, clarity of presentation, application of the concepts discussed in the text, and integration of comments into the ongoing discussion (i.e., willingness to listen to classmates).

We rely heavily on class participation to make this course successful. I would like to ask that students contribute to class discussion:

- Get the discussion off to a productive start by going beyond merely reporting case facts; reporting case facts tells your classmates that you have read the case but it does not tell us that you have analyzed the case and thought through its implications in a meaningful manner;
- Shape the discussion through the use of service marketing and management concepts and frameworks; and
- Provide enlightening quantitative analysis where appropriate.

For classes both with and without an assigned case, you are expected to be able to discuss the assigned chapters and articles.

Letter Writing

A number of popular magazines, including some directed to the business market, have published articles entitled, roughly, "Why is Service So Bad?" reflecting a pervasive feeling that service quality is not what it should be.

http://boss.blogs.nytimes.com/2009/08/04/why-customer-service-is-so-bad/?_r=0

<http://money.usnews.com/money/blogs/alpha-consumer/2009/04/06/why-customer-service-has-gotten-so-bad>

<http://www.bbc.com/news/magazine-12123463>

<http://www.thelondoneconomic.com/tle-pick/why-is-british-customer-service-so-bad/13/06/>

<http://themattwalshblog.com/2013/08/18/maybe-you-get-bad-customer-service-because-youre-a-bad-customer/>

One of the reasons that customer service may be of poor quality is that people who are dissatisfied with a service rarely complain to the appropriate individuals. They are more likely to leave the service and not return than they are to complain about it, other than to the front line personnel who may be in no position to address and solve the problem. The result is that information that the service organization could have gained from the complaint is lost, and the organization, having offended a customer, is in no better position to serve the next customer. Similarly, customers whose expectations of a service are more than met rarely write letters of praise to the service organization.

Your assignment is to write two letters, one a letter of praise for a service well done, and the other a letter of complaint for a service that did not live up to your expectations. Not only does this allow you to apply analytically what you are learning in the course to a real situation, but also it will force you to examine services that you

have received or are receiving from a more reasoned and systematic standpoint than you have previously.

These letters should be sent to the appropriate organizations. In addition, please submit a copy of each of your two letters to me. If you receive any response from the organization during the course of the semester, please submit that to me, along with any further contact you may have with the organizations to which you sent the letters. If your response comes in the form of a letter or email, please bring or email me a copy. If the response comes in the form of a phone call, please take notes about the call and provide me a copy of the notes.

As a general guideline, your letters should be roughly two pages. They should state the actions and events leading up to the praise or complaint. The letters should also state:

- what you expected versus what you experienced
- why your expectations were what they were, and
- what recommendations you can offer for improvement, if any.

Selected letters and responses may be read in class at the end of the semester, when I summarize for you the nature of the praises and complaints, the types of industries selected for these letters, and the responsiveness of the organizations, where a response exists.

4. FINAL EXAMINATION

The final examination is worth 20% of the final grades for this unit.

The final examination will consist of a two hour closed book examination to be undertaken during the examination period.

COURSE GUIDE

| DATE | LECTURE TOPIC | DISCUSSION ARTICLES | CLASS ACTIVITY | LOCKLOCK READING |
|-----------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------|
| Monday August 28 | The nature of service products | | Class Introduction | Chapter 1 |
| Tuesday August 29 | Consumer behaviour in service settings | Are Some Customers More Equal than Others? HBR, 1990/10 https://hbr.org/2001/11/are-some-customers-more-equal-than-others | Development of the core value proposition model | Chapter 2 |
| Monday September 4 | Understanding service quality | Zero Defections: Quality Comes to Services HBR 1990/09 https://hbr.org/1990/09/zero-defections-quality-comes-to-services | Calculate the lifetime value of a customer | Chapter 11 |
| Tuesday September 5 | Customer Satisfaction | Driving Customer Satisfaction HBR 2002/07 https://hbr.org/2002/07/driving-customer-satisfaction Beating the Market with Customer Satisfaction HBR 2007/03 https://hbr.org/2007/03/beating-the-market-with-customer-satisfaction | Developing a customer satisfaction survey | Chapter 11 |
| Monday September 11 | The Servicescape & Blueprinting | Scott McCartney, "So Who Gets the Armrest?" WSJ, 2011 http://www.wsj.com/articles/SB10001424052748704396504576204442583904246 | Developing a blueprint | Chapters 4, 5, & 6 |
| Tuesday September 12 | The Service Profit Chain | Putting the Service Profit Chain to Work, HBR 2008/07 https://hbr.org/2008/07/putting-the-service-profit-chain-to-work | Discussion of the letters | |
| Monday September 18 | Delivering value | Capturing the Value of Supplementary Services, HBR 1995/01 https://hbr.org/1995/01/capturing-the-value-of-supplementary-services | Exercise on "Wet N Wild" World Sydney | Chapter 9 |

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| <p>Tuesday September 19</p> | <p>Designing and implementing service strategy</p> | <p>The Four Things a Service Business Must Get Right, HBR 2008/04</p> <p>https://hbr.org/2008/04/the-four-things-a-service-business-must-get-right</p> | <p>Class Presentations</p> | <p>Chapter 10</p> |
| <p>Tuesday October 3</p> | <p>Service Failure and Recovery</p> <p>Services and Technology</p> | <p>Profitable Art of Service Recovery, HBR Zero Defections, HBR April 2008</p> <p>https://hbr.org/1990/07/the-profitable-art-of-service-recovery</p> <p>Williams and Cothrel, Four Smart Ways to Run Online Communities, SMR, 2000</p> <p>http://sloanreview.mit.edu/article/our-smart-ways-to-run-online-communities/</p> | <p>Class Presentations</p> | <p>Chapter 13</p> |