Services Marketing and Customer Relationship Management

Course Title	:	Services Marketing and Customer Relationship Management
Course Code:	:	MIB 505
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional approach
Class Contact Hours	:	42 hours / 3 hours per week
Category	:	Required
Discipline*	:	Marketing
Prerequisite(s)	:	Introduction to Marketing

Brief Course Description:

Services dominate the U.S. economy as well as much of the world economy. Services are critical to your future, your country' future, and the success of the world economy. For this reason, service marketing is more critical than ever before. In fact, many governments round the world including China, Germany, Finland, etc. recognize the importance of services as an important innovation and competitive platform for their countries and strive to provide the latest services marketing and management education. ***The theme of this course focuses on challenges of managing service brands and delivering quality service to customers across industry sectors.*** The course is designed and relevant not just for students with careers in services industries (e.g. banks, telecommunications, retailing, airlines, hotels, hospitals, education institutions, professional services, etc.) but also for all students, particularly those who intend to have careers in goods industries with high services components (e.g. business-to-business consulting, manufacturing and high-tech industries).

Aims:

The primary objective of this course is to help prepare students to function as effective managers in a service economy. ***In this course, students will learn about the critical skills and gain knowledge needed to implement quality service and service strategies for competitive advantage across industries.*** Specifically, students will learn about frameworks for customer-focused management and the strong linkages between service quality, customer lifetime value and profitability. Students will learn to understand customer expectations, align customer requirements with service design, and develop customer-focused relationship marketing strategies that lead to strong service brands. Throughout the course, a holistic approach is emphasized in how effective marketing and customer focus must be coordinated across multiple functions.

Indicative Contents:

<u>Understand Service Products, Customer Expectations, Satisfaction and the Gap Model</u>
Recognize characteristics of service, justify the requirement of a distinct approach to marketing of services, comprehend an organization's service strategy using the Gaps Model of Service Quality

<u>Develop a Customer-Focus by locating the Customer Gap</u>
Identify factors that influence customer expectations of service, explain the potential gap between expected quality and actual/perceived quality that affects service satisfaction, identify service quality dimensions, illustrate how service encounters function as building blocks for customer perceptions

<u>Manage Customer Requirements by Customer Research and Relationship Building</u>
<u>(Provider Gap 1: Listening Gap)</u>
Outline elements in an effective service marketing research program, analyzing customer research findings with reference to zones of tolerance, diagnosis profitability tiers with the aid of the customer pyramid tool, state different relationship development strategies, differentiate service recovery strategies

<u>Align with Customer Requirements by Service Design and Standards</u>
<u>(Provider Gap 2: Design Gap)</u>
Distinguish different types of service innovation, present service blueprinting as a technique for service design, identify different types of customer-defined service standards, explain how physical evidences affect customer experience, recognize the strategic role of servicescape and guidelines for physical evidence strategy

<u>Match Customer Requirements by Delivering and Performing Services</u>
<u>(Provider Gap 3: Service Performance Gap)</u>
Exemplify the role of service leadership and service culture with example, explain the critical boundary-spanning roles of service employees, present different strategies for delivering quality service through people, identify the critical roles of customers in service delivery, present different strategies for enhancing customer participation in service co-creation

<u>Manage Service Brand Promises by Integrated Communication and Value-based Pricing Strategies</u>
<u>(Provider Gap 4: Communication Gap)</u>
Restate key service communication challenges, illustrate with examples for five

categories of strategies to match service promises with delivery, explain why service prices are different for customers, present pricing strategies that link to four different types of value definitions

Learning Outcomes:

Upon completion of this course, students will be able to:

1. Effectively describe and utilize key service frameworks and concepts including the Gaps Model, the Service-Profit Chain, and the Service Quality measurement concepts to address problems commonly encountered in the marketing of services;

2. Efficiently apply service marketing research techniques to measure service quality and facilitate well-informed decisions being made leading to customer satisfaction and long-term success of the company;

3. Competently apply techniques for designing new services and improving existing services, utilize tools for recovering from a service failure, and construct an appropriate mix of integrated marketing communication strategies in building a service brand; and

4. Confidently become a perceptive consumer as well as an effective manager through understanding the complexities of service design, delivery, and communication.

Teaching Method:

Presumably, students learn best and retain the most through active participation in the learning process. Therefore, classroom sessions will consist of a mixture of short lectures, student discussions on assignments, case discussions, active learning exercises, and guest lectures. The intent is for students to demonstrate their understanding of course concepts. Thus, when appropriate, **students should use *services marketing concepts* in their discussion to provide evidence of their knowledge and understanding of these concepts.**

Course Materials:

Required/Essential Readings

Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne Gremler, Services Marketing: Integrating Customer Focus across the Firm, seventh edition, McGraw-Hill, 2018.

Course Related Link

Supplementary course materials including the syllabus, assignment exercises, PPT slides, and other materials are posted on **http://www.ln.edu.hk/mkt/courses/mib505**

Assessment Methods and Tasks:

Assessment Methods/Tasks	Weight	Intended Learning Outcomes			
		1	2	3	4
Class participation *	10%	X	X	X	X
Individual assignment **– Service Encounters Paper	25%	X			
Group project – Service Design Blueprinting Report Oral Presentation	35%		X	X	X
Final End-of-Term Assessment	30%	X	X	X	X
TOTAL	100%				

<u>*Class participation (10%) involves a large number of in-class learning activities including but not limited to the followings</u>:

- Oral presentation of using different service organizations as examples to illustrate different gaps in service quality and how "closing the gaps" can be worked out.

- Application of "SERVQUAL: service quality measurement scale" in designing a questionnaire for the particular service firm under study in your term project is required. An oral presentation would be conducted to reveal how the firm's service quality can be measured, used to determine its strengths and weaknesses, and set up its brand positioning.

- Hands-on experience of "Service Blueprinting technique" is to be conducted for the particular service firm under investigation in your term project. An oral presentation would take place for revealing the project firm's fail-points and developing corresponding improvement plans.

<u>Individual assignment (25%) – Service Encounters Paper</u>**

A briefing session for an individual-based assignment namely: Service Encounters Journal will be held to overview the assessment rubric. Students will be trained to evaluate their personal service experience with reference to concepts and skills covered from the Services Marketing subject. They will also be provided with examples on outstanding analyses and reports of such journals from previous students.

NOTE: Students shall be aware of the University regulations about dishonest practice in course work and the possible consequences as stipulated in the Regulations Governing University Examinations.

Measurement of Learning Outcomes:

Class Participation (10%)

Class discussion is a major component of all postgraduate courses. It is very important to be well prepared for class by reading the assigned materials as well as the cases. Grade for individual participation will be based in the instructor's judgment on consistency meaning the individual student participates constructively and shows leadership in class discussion. Class participation is graded on the following scale:

10	(A) High quality comments or questions nearly every class, but without dominating the conversation. Positive leadership role in the class. Perfect or near-perfect attendance.
9	(A-) Good quality comments most classes evidencing interest and enthusiasm in the case. Comments grounded in services marketing theories and case data. Contributes to a positive learning atmosphere. Perfect or near-perfect attendance.
8	(B+ to B-) Relevant comments most classes, evidencing interest and enthusiasm in the topic. Comments tend to be more anecdotal (i.e. reflective of general business practice) than theoretical (i.e. being derived from services marketing concepts and theories). Contributes to a positive learning atmosphere. Reasonably good attendance (i.e. messed no more than 15% classes)
7	(C+ to C-) Attentive and interested, but relative infrequent participation in class discussions. A quite but positive demeanor with occasional good comment or question. Grade varies significantly with attendance and attempts to participate.
6	(D+ to D-) Reasonably good attendance, seemingly positive demeanor, but virtually no meaningful participation beyond physical presence. Grade varies significantly with attendance.
5-0	(F) Failing grades are highly unusual in graduate classes. They can be achieved by missing more than 15% of classes and/or failing to adhere to generally-accepted principles of class etiquette or by otherwise detracting from a positive learning environment.

The Service Encounter Paper (25%)

This individual assignment assesses students' knowledge of services marketing concepts by requiring students to create a journal of 6 service encounter entries (the exact format is shown in the following page), and then select and analyze 2 service encounters in details. The paper (8 pages, double-spaced) will consist of two parts.

Discussion of Best Service.

You elaborate on *the best service* encountered in the last three months. Based on your reading of the textbook and our class discussion, you will analyze:

• What was the source of satisfaction?
• Why was the encounter so special? What did the employee do?
• What were your expectations?
• What could the company do to ensure that this kind of encounter is the "rule" rather than the "exception" (if you think it should ensure this)?

A good paper will be selective and focus on the most important issues, as this part of the paper should be about 3 pages in length.

Discussion of worst service.

You will elaborate on *the worst service* encountered in the semester. Based on text reading and class discussion, you will analyze:

• What was the source of dissatisfaction? Can you categorize the encounter according to the four common themes: recovery, adaptability, spontaneity, and coping?
• What did the employee do to make this such a bad encounter? What were your expectations?
• What should the employee have done?
• Using the GAPS model of service quality, can you identify likely gap(s) that may have caused this service failure?

A good paper will describe the problem and present a specific, logical plan for improvement. This part of the paper is also expected to be about 3 pages in length.

Personal Insights.

Finally, you should conclude your paper with 1-2 pages discussing what you have learnt from this assignment that will help you be a better manager?

The grading criteria used for evaluating such a paper include a student's ability to relate material from readings and lecturers to one's paper, one's ability to diagnose probable causes of problems and match them with appropriate solutions, depth and substance of observations, persuasiveness of arguments and the quality of writing. Your service encounter journal paper (together with the six journal entries included in its appendices) is **due for submission via Turnitin before 12:00 noon on 27 October 2019 (Tuesday).**

SERVICE ENCOUNTER JOURNAL ENTRIES

Your Name: _____   Name of the Firm: _____

Type of Service: _____

Date of Encounter: _____   Time of Encounter: _____

What specific circumstance led to this encounter?

_____

_____

Exactly what did the firm/employee say of do?

_____

_____

How would you rate your level of dissatisfaction or satisfaction with this encounter?

	1	2	3	4	5	6	7

Extremely   Extremely
Dissatisfied   Satisfied

What exactly made you feel that way?

_____

_____

What could the employee/firm have done to make you happier with the encounter?

_____

_____

How likely is it that you will go back to this service firm?

	1	2	3	4	5	6	7

Extremely   Extremely
Unlikely   Likely

WHY?

_____

_____

Assessment Rubric for the Individual Assignment of
"Service Encounter Paper"

TRAITS	MASTERING 8 - 10 MARKS	PRACTISING 5 - 7 MARKS	EMERGING 0 - 4 MARKS
(1) Identify the sources of dis/satisfaction for the service encounters under study	Explain how customer dis/ satisfaction can be influenced by product attributes, customer emotions, attribution for success or failure, perceptions of fairness, and other customers.	Explain customer dis/satisfaction beyond actual features and attributes of product or service	Explain customer dis/satisfaction sole on the basis of product or service attributes
(2) Analyze with reference to the services marketing concepts those factors that influence customers' expectations of service as applied	Discuss various factors that influence customers' expectations to develop an appreciation of the most important factor, and to derive ways of how marketers can shape such influential factors	Discuss various factors that influence customers' expectations with an appreciation of their impact over widening or narrowing the zone of tolerance	Discuss various personal, situational, and outside factors without an appreciation of their varying impacts on desired and adequate expectations
(3) Define dimensions of service quality of the encounters under study	Define service quality to cover not only objective, but also perceptual as well as behavioral measures	Define service quality to involve BOTH perceptual soft measures, and objective hard measures	Define service quality only in objective, tangible measures
(4) Summarize using the GAPS Model the problems or issues as relevant to the encounters under study	Explain the quality of the service encounters by considering both the customer gap as much as the provider gaps	Explain the quality of the service encounters by taking into account the different providers' gaps consisting of : listening, design, performance, and communication gaps	Explain the quality of the service encounters purely by the "performance gap" in terms of the roles of service employee
(5) Develop managerial strategies for closing the gaps that cause service failure	Develop a comprehensive set of strategies to close the gaps that cause the service failure, and make such a level of service quality a rule rather than exception	Develop some basic general strategies that are derived from the Gaps Model to address the service failure	Develop some ad hoc or quick fixes to the service failure without reference to services marketing concepts
(6) Present and communicate with clarity and logic in the written report for the service encounter paper	A fully professional business report with good formatting, use of tables and charts, referencing and appendices	A satisfactory business report although missing some key elements or lacking in structure or grammar	A poor report, confusing in structure or grammar. Fails to provide adequate tables, charts, referencing or appendices
Total Score			(out of 60)

The Service Design Blueprinting Project (35%)

This group project assesses students' understanding of the Service Blueprinting design technique, servicescapes, and service delivery processes by examining the service processes of a given service company. *Each group will conduct an in-depth analysis for service issues and problems faced by a service organization of your choice. Students are required to*

(1) identify real-world issues faced by this service organization,

(2) apply services marketing concepts to analyze how the organization tackles the issues, and

(3) suggest further recommendations for the organization.

<mark>*You should finalize your choice of service organization for this project before the end of the 4th week (i.e. before Oct 9) in consultation with the instructor.*</mark> *On completion of the project, students are required to give a presentation and to submit a written report containing all their findings.*

Written assignment requirements (20%): Submit via Turnitin before 12:00 on Dec 8 (Tuesday)

Each written report should stay within the limit of 5000 words (i.e. 20 pages). To have a professional report properly organized, a Table of Content should be placed in the fore front, followed by grammatically correct expressions in the written report, and rounded up with supporting information in the appendices including: reference lists, questionnaire instruments, survey findings and analyses, original and new service blueprints and servicescapes, etc.

(1) **Describe the service** (1-2 pages double-spaced) in terms of its positioning & target customers.

(2) **Develop a blueprint of the service** (1-2 pages double-spaced) that capture the processes graphically on paper, using hyperlinks/video clips to illustrate specific processes with digital images.

(3) **Analyze the blueprint** (3-4 pages double-spaced) in terms of its alignment with the service brand positioning, describe potential fail points and/or bottlenecks, and come up with corresponding redesign, resolutions, and improvement options;

(4) **Analyze the servicescape and/or other physical evidence of the service**, turn in materials together with an analysis (3-4 pages double-spaced) of the servicescape, comment on extent to which the servicescape/physical evidence reinforce the brand position, and come up with alternative physical redesigns and evidences;

(5) **Carry out a user satisfaction survey and report its resultant findings** with tables and figures regarding factors influencing user satisfaction (4-6 pages double-spaced), and come up with suggestions for service improvement as being derived from the survey findings; and

(6) **Write a management memo** to highlight key insights from the above analyses that reinforce or contradict the brand positioning, and suggest recommendations based on your analyses. The memo should be no longer than 2 pages (single-spaced).

Oral presentation requirements (15 %): Scheduled on Dec 5 (Saturday)

All team reports will be presented in class. Handouts in form of printed hardcopies of the presentation should be provided at the same time. Plan on about 25-30 PowerPoint slides for your presentation. Each oral presentation should stay within a 25-minute limit and follow up with a 10-minute Q & A session.

Assessment Rubric for the Group Project Assignment of
"Service Blueprinting and Redesign"

Traits	Wt	Evolving (1-4 mark)	Practicing (5-7 marks)	Mastering (8-10 marks)
Ability to identify and define problems faced by the project client, and set relevant objectives that address these problems in its business plan	10%	Students fail to set up objectives for the client firm, or unable to identify the major problems faced by the client firm.	Students can set up generic service design and delivery related objectives that address the client firm's key problems to a moderate extent, but the objectives are not set in measurable terms, making control difficult.	Students can set up specific service design and delivery related objectives in measurable terms that address the key problems faced by the client firm to a great extent.
Ability to make use of primary survey and secondary information to inform the present project's business decisions	10%	Students find it difficult to explain their decisions for the client firm, or unable to justify their decisions on the basis of any information collected.	Students can interpret primary and secondary information to inform the client firm's service design and delivery related decisions to a moderate extent, but the sense-making process is limited to descriptive information only.	Students can interpret and make sense of survey findings, industry reports, and situational analysis to come up with informed decisions over the service design and delivery related decisions for the client firm to a great extent.
Ability to capture service processes, illustrate specific processes graphically on paper, and develop a blueprint of the service under study	15%	Students find it hard to draw up service processes using the service blueprinting technique.	Students can capture the service holistically with clear touchpoints identified along the line of interaction between customers and frontline.	Students can capture not only front-stage service processes but also back-stage processes as well as physical environmental design in support of service delivery.
Ability to apply conceptual knowledge and skills pertaining to service process blueprinting and service environment's landscape design to analyze the project firm and come up with business recommendation	25%	Students apply service marketing concepts learnt only to a minimal extent, or, no application of the concepts learnt	Students can apply service marketing concepts learnt to identify potential fail points and bottlenecks in the current service process and physical design, but the redesign recommendations were quick fixes without considering the firm's positioning.	Students can apply service marketing concepts learnt to identify fail points of its current design, as well as to come up with new process redesign that is well aligned with the firm positioning, and new physical evidence that reinforce the brand positioning.
Ability to deliver a professional business report for client firm	20%	Students deliver a poorly written and structured report that makes it difficult to follow and comprehend	Students can deliver a satisfactory report, but with some confusion in structure or writing style	Students can deliver a professionally formatted, formally organized business report, clearly presented, with few grammatical errors
Ability to organize and present the problems, objectives, and informed decisions for the project in a business-like manner and using suitable audio-visual aids.	20%	Students fail to present fluently and work under the support of proper AV aids.	Students can present fluently and work under the support of proper AV aids to a moderate extent.	Students can present fluently and work under the support of proper AV aids to a great extent.
TOTAL	100			

Weekly Schedule

Week	Ch	Topic	In-Class Activities	Assignment Milestones
Foundations for Services Marketing				
16/9	1	Frameworks for Services	Group Projects: Membership set up	Each team meets outside class to select a service firm with its real-life significant service problems & potential resolutions identified.
23/9	2	Gaps Model of Service Quality	Oral PPT-Presentation: "Closing the Gaps"	
The Customer Gap: Difference between customer expectations and perceptions				
30/9	3	Customer expectations of services	Discussion & Oral Report: "Expectation Management"	Each team elects 1-2 leader(s) who emails the instructor about the potential firm, its problems and solutions for comment.
7/10	4	Customer perceptions of services	Discussion & Oral Report: What strengths/weaknesses based on SQ survey findings?	**Brief training: How to write up Service Journals?**
Understanding Customer Requirements				
14/10	7	Service Recovery	Discussion: What type of complaint are you? Service Guarantees effective?	Develop SQ Questionnaire
21/10	5	Listening to customer through research	Oral PPT-Presentation: How SERVQUAL measure SQ for your project firm?	
Service Journal Due: Submission via Turnitin before 12:00 noon Oct 27, Tuesday				
Aligning Service Design and Standards				
28/10	8	Service innovation and design	Hands-on Practices: Service Blueprint for "Diets-to-You"	Develop Service Blueprint (SB)
4/11	10	Physical evidence and servicescape	Oral PPT-Presentation: What fail points and resolutions based on SB for your project firm?	**Each group has a 25-minute consultation via zoom: *** Group 1-3 (9:30-11:00, 5/11) Group 4-6 (14:30-16:00, 6/11) Group 7-10 (16:30-18:30, 6/11)**
Delivering and Performing Service				
11/11	11, 12	Employees' & Customers' roles in service delivery	Customer Participation Exercise	Fail points, service problems and resolutions have to be clearly defined based on SB and SQ.
18/11	13	Managing Demand and Supply	Capacity Management Exercise	Final report's writing up
Managing Service Promises				
25/11	14	IMC for services	Service Triangle Exercise	PPT preparation
2/12	15	Pricing for services	Services' Pricing Exercise	Oral rehearsal
Service Blueprint Projects' Presentation Day on Dec 5 (Saturday) 9:00am-1pm & 2:00-6pm (NAB319AB) Written report Due to submit via Turnitin before 12:00 on Dec 8 (Tuesday)				
9/12	6	CRM	Course Review / Final End-of-Term Assessment Briefing	

*** Consultations: Meeting ID for Gp 1-3: 985 7019 5814   Meeting ID for Gp 4-6: 915 2210 4405
Meeting ID for Gp 7-10: 983 5230 6120   Same Password: 2021Mib505