

In-Class Learning Activities

Week 1 (16/9): Course Introduction and Frameworks for Services		
Reading: Chapter 1		
<p>To introduce the topic of “goods vs. services,” the instructor divides the class into small groups and gives each group a list of products, including those that are “mostly” goods, “mostly” services, and “a combination of both.”</p> <p>Each group is to rank its list in terms of goods/services, starting with the product that is the best example of a “good” at the top and ending with the product that is the best example of a “service” at the bottom. <u>This task should take approximately 15 minutes. A member of each group then writes its rankings on the board or on an overhead.</u></p> <p>The following questions can be asked during a whole class discussion to bring closure to the exercise:</p> <ul style="list-style-type: none"> • What do the products at the top of the list (or the left of the continuum) have in common? • What do the products at the bottom (or the right of the continuum) have in common? • What do the products in the middle have in common? 		
List 1	List 2	List 3
Blue jeans	Business Suit	Appendix Operation
Car	Causal clothing	Car brake relining
Dental examination	Condo	Dress shoes
Meal at a nice restaurant	Couch	Eyeglasses
Golf lessons	Day care	Furniture
Haircut	Dishwasher	Greeting card
Hotel rooms	Dry cleaning	Health club membership
Houseplant	Fast food	Legal representation
Ice cream cone	Flu shot	Novel
Jewelry	House cleaner	Psychotherapy
Laundry detergent	Life insurance	Rental car
“Lean Cuisine” Dinner	Plumbing repair	Soft drink
Running shoes	Poster framing	Tailored clothing
TV repair	Clocks	Typing service
Vocation package	Tax consultant	Xeroxing/coping

Week 1 (16/9): Course Introduction and Frameworks for Services

Discussion Questions 4

With reference Southwest Airlines, how does it develop its positioning strategy around the three new P's (as shown in Exhibit 1.2), *how might each of these communicate with or help to satisfy an organization's customers?*

Exhibit 1.2 Southwest Airlines: Aligning People, Processes, and Physical Evidence

Southwest Airlines occupies a solid position in the minds of U.S. air travelers as a reliable, convenient, fun, low-fare, no-frills airline. Translated, this position means high value—a position reinforced by all elements of Southwest's service marketing mix. It has maintained this position consistently for more than 40 years while making money every year; no other U.S. airline comes close to this record.

Success has come for a number of reasons. One is the airline's low cost structure. It flies only one type of plane (Boeing 737s), which lowers costs because of the fuel efficiency of the aircraft itself combined with the ability to standardize maintenance and operational procedures. The airline also keeps its costs down by not serving meals, having no preassigned seats, and keeping employee turnover very low. Herb Kelleher (president of Southwest from its inception until 2001, and subsequently serving as chairman) was famous for his belief that employees come first, not customers. The Dallas-based carrier has managed to be the low-cost provider and a preferred employer while enjoying high levels of customer satisfaction and strong customer loyalty. Southwest Airlines has the best customer service record in the airline industry and has won the industry's "Triple Crown" for best baggage handling, best on-time performance, and best customer complaint statistics many times.

Observing Southwest Airlines' success, it is clear that all of its marketing mix elements are aligned around its highly successful market position. The three traditional service marketing mix elements all strongly reinforce the value image of the airline:

- **People** Southwest uses its people and customers very effectively to communicate its position. Employees are unionized, yet they are trained to have fun, are allowed to define what "fun" means, and are given authority to do what it takes to make flights lighthearted and enjoyable. People are hired at Southwest for their attitudes; technical skills can be and are trained. And they are the most productive workforce in the U.S. airline industry. Customers also are included in the atmosphere of fun, and many get into the act by joking with the crew and each other and by flooding the airline with letters expressing their satisfaction.
- **Process** The service delivery process at Southwest also reinforces its position. There are no assigned



Southwest Airlines employee serving a customer.

seats on the aircraft, so passengers line up and are "herded" by assigned groups and numbers onto the plane, where they jockey for seats. With very few exceptions, the airline does not transfer baggage to connecting flights on other airlines. Food is not served in flight. In all, the process is very efficient, standardized, and low-cost, allowing for quick turnaround and low fares. Customers are very much part of the service process, taking on their roles willingly.

- **Physical evidence** All the tangibles associated with Southwest further reinforce the market position. Employees dress casually, wearing shorts in the summer to reinforce the "fun" and further emphasize the airline's commitment to its employees' comfort. No in-flight meal service confirms the low-price image through the absence of tangibles—no food. Because many people joke about airline food, its absence for many is not viewed as a value detractor. Southwest's simple, easy-to-use website is yet another form of consistent, tangible evidence that supports the airline's strong positioning and reinforces its image.

The consistent positioning using the service marketing mix reinforces the unique image in the customer's mind, giving Southwest Airlines its high-value position.

Source: K. Freiberg and J. Freiberg, *Nuts! Southwest Airlines' Crazy Recipe for Business and Personal Success* (Austin, TX: Bard Press, 1996); K. Labich, "Is Herb Kelleher America's Best CEO?" *Fortune*, May 2, 1994; H. Kelleher and K. Brooker, "The Chairman of the Board Looks Back," *Fortune*, May 28, 2001, pp. 62-76; J. H. Gitell, *The Southwest Airlines Way* (New York: McGraw-Hill, 2003).

Week 2 (23/9): Gaps Model of Service Quality

Reading: Chapter 2

Assignment: Get ready for “gap analysis”

One way to get the class more actively involved in the discussion of the Gaps model is to get them to discuss the various pieces of the model. The class is divided into groups and have them discuss each of the five gaps presented in the chapter. An outline of the chapters and topics is provided below.

- *The Customer Gap*
Chapter 3 – Customer Expectations of Service
Chapter 4 – Customer Perceptions of Service

- *Gap 1 – Not Knowing What Customers Expect (The Knowledge Gap, also called the Listening Gap)*
Chapter 5 – Listening to Customers through Research
Chapter 6 – Building Customer Relationships
Chapter 7 – Service Recovery

- *Gap 2 – Not Having the Right Service Quality Designs and Standards (The Service Design and Standards Gap)*

Chapter 8 – Service Innovation and Design
Chapter 9 – Customer-Defined Service Standards
Chapter 10 – Physical Evidence and the Servicescape

- *Gap 3 – Not Delivering to Service Standards (The Service Performance Gap)*
Chapter 11 – Employees’ Roles in Service Delivery
Chapter 12 – Customers’ Roles in Service Delivery
Chapter 13 – Managing Demand and Capacity

- *Gap 4 – Not Matching Performance to Promises (The Communication Gap)*
Chapter 14 – Integrated Service marketing Communications
Chapter 15 – Pricing of Services

Each group would be required to provide a 5-minute power-point presentation:

- Provide a quick review of the “gap” assigned to your group.
- Provide examples to illustrate the issues underlying the assigned “gap”.
- Discuss how the assigned “gap” relates to the whole Gaps Model of SQ.
- Suggest ways (key strategies) that could be used to close the assigned “gap”.

Week 3 (30/9): Gaps Model and Customer Expectations of Services

Reading: Chapter 3

Assignment: “Expectation Management”

Students are divided into teams and have each team discuss the influencing factors on both desired service and adequate service expectations. There are 10 different topics that could be discussed:

- ✓ personal needs
- ✓ personal service philosophy
- ✓ derived service expectations
- ✓ perceived service alternatives
- ✓ situational factors
- ✓ predicted service
- ✓ explicit service promises
- ✓ implicit service promises
- ✓ word-of-mouth communication
- ✓ past experience

Each group would enter into its own “Breakout Room” and discuss for 20 minutes before providing a 5-minute report:

- Each group has been assigned with a different service organization:
 1. The Hong Kong Disneyland 香港迪士尼樂園
 2. Chow Tai Fook Jewelry 周大福珠寶
 3. Sasa Cosmetics 莎莎美裝
 4. Pricerite 實惠
 5. The Hong Kong MTR 香港地鐵
 6. Challenger Car Beauty 挑戰者汽車美容
 7. Wellcome 惠康超級市場
 8. The HK International Airport 香港國際機場
 9. EGL 東瀛遊
 10. Tsui Wah Restaurant 翠華茶餐廳
- Based on your discussion, outline which factors influencing desired service expectations for your assigned service organization and which other factors influencing adequate service expectations on it; and
- Apply corresponding “Influencing Strategies” (see “Strategic Insight: Possible Influence Strategies” in page 65) to come up with some recommendations for the assigned service organization’s management on how to shape and build potential customers’ expectations.

Week 4 (7/10): Customer Perceptions of Services

Reading: Chapter 4

Assignment: SERVQUAL Findings' Analysis and Interpretations

Based on a set of SERVQUAL findings collected by previous students, your team is going to analyze the data, and provide the class with a **3-minute quick comment** of insights coming out of your group discussion.

Your report can cover but not restrict to the following issues.

- **Has the service provider managed to perform well in some of the service quality dimensions? Which dimension?**

- **Has this organization managed to distinguish itself from its competitors on any particular service quality dimensions?**

- **With reference to your finding analysis, what lessons can you provide to the manager of the involved service?**




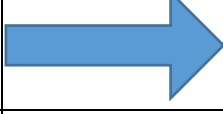

Group 1-5 will analyze the “Survey Findings of University Libraries’ SQ”.

Group 6-10 will analyze the “Survey Findings of University Canteens’ SQ”.

Survey Finding of University Libraries' SQ	The IDEAL Will...	The LU LIB has already...	Gap
Demonstrate dependability in handling students' service problems.	5.77	5.34	0.43
Issue accurate overdue and fine notice to the borrowers.	5.79	5.51	0.28
Label and shelf the books in correct spots.	5.91	5.57	0.34
Perform services right the first time.	5.84	5.33	0.51
Provide consistent cataloguing and classification of the materials.	5.9	5.5	0.40
Demonstrate a readiness to respond to students' information search enquiry.	5.82	5.51	0.31
Provide prompt service support on printing.	6.17	5.42	0.75
Provide the service of keeping users' personal belongings.	5.67	4.99	0.68
Be willing to help students.	5.87	5.51	0.36
Employees who have the knowledge to answer students' questions.	5.74	5.43	0.31
Employees who instill confidence in students.	5.81	5.11	0.70
Have courteous staff to help the users.	5.86	5.39	0.47
Make students feel safe in their transactions.	5.87	5.39	0.48
Give users individual attention.	5.57	5.21	0.36
Man with library staff who deal with users in a considerate fashion.	5.61	5.19	0.42
Provide convenient opening hours for the users.	5.89	5.32	0.57
Remind the users about the deadline of returning materials.	5.97	5.52	0.45
Be equipped with visually appealing informative pamphlets.	5.78	5.33	0.45
Design its front desk with upscale, modern and visually appealing appearance.	5.68	5.36	0.32
Provide enough number of individual study rooms.	5.93	5.07	0.86
Provide students with a relaxing cafe.	5.61	5.16	0.45
Provide computers with updated software.	5.88	5.37	0.51

Survey Finding of University Canteens' SQ	The IDEAL Will...	The LU LIB has already...	Gap
Deliver ordered meals as promised.	6.06	5.48	0.58
Maintain error-free billing.	6.12	5.47	0.65
Perform services right the first time.	6.02	5.46	0.55
Provide meals at the promised time.	6.07	5.30	0.77
Provide meals with ingredients sourced from dependable food suppliers	5.78	5.32	0.46
Be willing to help customers with different food suggestions.	5.68	5.13	0.55
Demonstrate readiness to respond to customers' requests.	5.83	5.31	0.52
Provide prompt service to customers.	6.05	5.22	0.84
Provide the numbering system with different languages so as to inform customers when dishes are available.	5.84	5.32	0.52
Have courteous staff to help students with different problems.	5.74	5.15	0.58
Have employee who can instill trust in customers.	5.73	5.22	0.51
Make customers feel safe in their transactions.	6.02	5.39	0.63
Man with staff who have the knowledge to answer customers' requests.	5.98	5.37	0.61
Give customers individual attention.	5.53	4.92	0.61
Have the customers' best interest at heart.	5.81	4.94	0.87
Man with employees who deal with customers in a caring fashion.	5.73	4.96	0.76
Man with employees who understand the needs of customers.	5.85	4.95	0.90
Provide convenient opening hours for the customers.	6.03	5.06	0.96
Have canteen staff who wear clean and tidy uniforms.	6.07	5.63	0.45
Provide enough signage with different languages.	5.86	5.40	0.46
Provide modern self-service vending machines.	5.81	5.44	0.37
Provide visually appealing menu.	5.91	5.34	0.57

A Brief Training on Writing up of Service Journal (SVJ)

Assessment Rubrics' Traits for SVJ	Relevant Conceptual Tools
Identify the sources of dis/satisfaction for the service encounters under study	
Analyze with reference to the services marketing concepts those factors that influence customers' expectations of service as applied	
Define dimensions of service quality of the encounters under study	
Summarize using the GAPS Model the problems or issues as relevant to the encounters under study	
Develop managerial strategies for closing the gaps that cause service failure	
Present and communicate with clarity and logic in the written report for the service encounter paper	

ATTENTION PLEASE!

Two weeks later (i.e. Oct 21), your team is required to conduct a PPT-based presentation regarding your questionnaire design to measure SQ (Oct 21).

To get yourselves prepared, read guidelines for in-class learning activities under WEEK 6. You have two whole weeks to get it done.

Week 5 (14/10): Service Recovery

Reading: Chapter 7

Assignment: Discussion Questions

Q4. Discuss the types of actions customers can take in response to a service failure. What type of complainer are you? Why? As a manager, would you want to encourage your customers to be voicers? If so, how?

The types of actions customers can take in response to a service failure are captured in Figure 7.3 and discussed in the text. Those experiencing a failure can either take action or do nothing. Those who take action can do several different things including complaining to the provider, complaining to family and friends and/or complaining to a third party. Ultimately, either type of customer will decide whether to switch providers or stay with the offending provider. Students can be asked what they typically do in response to a service failure—what actions have they taken if any?

Q9. Describe three service guarantees that are currently offered by companies or organizations in addition to the ones already described in the chapter. (Examples are readily available on the Internet.) Are your examples of good guarantees or poor guarantees based on the criteria presented in this chapter?

Students should be encouraged to bring to class examples of service guarantees. Students can discuss the different guarantees in small groups, analyzing them according to the criteria discussed in the chapter. A few can then be shared with the entire group.

Week 6 (21/10): Listening to Customer through Research

Reading: Chapter 5

An active-research term project helps you learn to apply the popular SQ technique to measure service quality and use the collected information to guide business decisions.

Your team would conduct a PPT-based presentation of your questionnaire design in class (Oct 21). This oral presentation should last up to 8 minutes in duration.

To prepare, your team should.....

1. **adapt the SERVQUAL scale (located in Exhibit 5.2 (pp. 126-127) to measure different dimensions of service quality of the organization selected for the term project.**

2. **develop additional questions (with reference to sample questionnaires developed by previous students to be available in a separate email attachment) to assess current customer attitudes in terms of:**
 - satisfaction (SAT), customer-perceived-value (CPV), loyalty (LTY); and
 - attitude towards new offering/improvement under development (NEW).

3. Structure your 8-minute presentation by:

- ✓ **Demonstrating how each of the 5 dimensions of SERVQUAL help to measure SQ in specific ways for the project firm (4 minutes); and**
- ✓ **Explaining how the potential findings help to address key business decisions (4 minutes):**
 - ◆ **How strengths/weaknesses of the firm be determined by SQ?**
 - ◆ **How brand positioning of the firm be set/reset?**
 - ◆ **In what ways new offering/improvement help to close gaps in SQ?**

Week 7 (28/10): Service Innovation and Design

Reading: Chapter 8

Assignment: Service Blueprinting Exercise

Class members will be working in small groups to complete this service blueprinting exercise. Groups should refer to textbook for the basic steps for designing a blueprint, the generic map, and the sample blueprints.

The activity involves the following steps:

- Each group creates a blueprint for the service described on the next page: **“Diets to You”**.
- Each group discusses the content of the blueprint so as to identify any potential fail-points, bottlenecks, areas of frequent complaints, and other possible service delivery problems.
- Each group concludes the exercise by highlighting possible uses of blueprinting for:
 - Marketing (Groups 1-3),
 - Human Resource Training (Groups 4-6), and
 - Operations (Groups 7-10).

ATTENTION PLEASE!

Your group is required to conduct a PPT-based presentation next week i.e. **Nov 4** pertaining to the service blueprint (SB) of your project firm.

Each presentation should last **no more than 8 minutes**.

1. Your team is expected to draw up a service blueprint (SB) in order to reveal the existing service delivery and current operation processes of the project firm. In order to draw up your SB clearly, a suitable software “Visio” is suggested to use for this purpose.
2. Your team needs to present your insights over:
 - a) fail-points (FPs) in the current service blueprint; as well as
 - b) possible new service design and innovation to resolve these FPs.

“DIETS TO YOU” DELIVERS TO HOMES

The paperboy delivers the paper. The mailman delivers the mail. And Diets to You delivers diet foods—about 900 calories each. So the day begins for 100 dieters who pay on average \$75 a week for fresh, low-calorie, low-fat meals delivered to their homes or offices five days a week.

Carolyn Adamson began this business in 1991. She and her partner recently ironed out the bugs and began talking to potential franchisers. “I’m surprised I don’t have any competition,” says Ms. Adamson. The idea seemed so obvious to her, and customers agree.

Three years ago, Ms. Adamson and her partner were working as technical writers in an engineering firm, and hating it. “We were both on diets but never had enough time to cook low-cal, low-fat meals at home,” she recalled. If only someone delivered fresh food to the door!

Advertising such a service in the local newspaper, the two attracted eight customers and quit their jobs to work on the business full time out of a caterer’s kitchen they had subleased. Ms. Adamson has not advertised since; for fear of attracting too many customers too soon, but finally she’s ready. Ms. Adamson has hired a publicist and expects business to double this year.

“I’m eating their breakfast right now,” says Charles Baldwin, a cheery-sounding customer of Diets to You. Putting down his blueberry muffin, the referee explained that he signed on two years ago, lost twenty pounds, and never gained them back.

The menus only repeat every six weeks and include such fare as lasagna, quiche, soups, Mexican food and pizza. “It’s basically not diet food,” Ms. Adamson said. “We just use diet ingredients and cut the portions.” The meals come in 900, 1200 and 1600 calorie servings, with no more than 20 percent of the calories coming from fat. The bigger the portion, the more you pay. At the Garcia household, Angela Garcia orders 1200 calorie meals for herself and 1600 for her husband, three times a week. Since both spouses work, she said, “It really fits our lifestyle.”

Today’s breakfast: muffins, vanilla yogurt and a pear. Lunch: home-style turkey soup, bagels and fruit. Dinner: baked Greek shrimp and noodles in tomato-garlic sauce, broccoli, salad, and for dessert, lemon cookies.

Week 8 (4/ 11): Service Blueprinting, Physical Evidence and Servicescape

Reading: Chapter 10

Assignment: Presentation on Service Blueprint for your term project

For your project assignment, your team should have designed a preliminary service blueprint (SB).

You are going to share with the whole class your SB through a short presentation (8-minute only) regarding the SB's major fail points and corresponding resolutions.

Feedback from the instructor regarding your SB presentation would be provided in the following consultations under schedule. 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)**

Week 9 (11/11): Employees' and Customers' Roles in Service Delivery
Reading: Chapters 11 and 12
Assignment: Application Exercise on Customer Participation Management
<p>The Hong Kong government plans to launch a “Dementia Friendly Community Campaign” (全城“認知無障礙”大行動) whereby it draws on the local university students' support in offering free-of-charge “Brain-training Board Games FUN DAY” for elderly persons with early dementia symptoms.</p> <p><u>Can you apply principles of “Customer Participation Management” to design a scheme that serves to get participants involved in training up elderly’s ability in memorization, focus, judgement, and eye-hand coordination?</u></p>

Week 10 (18/11): Capacity and Demand Management
Reading: Chapter 13
Assignment: Application Exercise on Capacity and Demand Management
<p>Eric faces a typical capacity-constrained problem in his ski school and resort centre. Most of his customers visited his resort centre over the winter months resulting in overcrowded environment during the November to March period. His ski school and resort centre, on the other hand, has few bookings during the rest of the year leaving staff and facilities idle.</p> <p><u>Can you apply principles for managing capacity and demand to solve the problems faced by Eric?</u></p>

Week 11 (25/11): Integrated Service Marketing Communications

Reading: Chapter 14

Application Exercise: Services Marketing Triangle

Focus on a service organization. In the context you are focusing on,

- Who occupies each of the three points of the triangle?
- How is each type of marketing being carried out currently?
- Are the three sides of the triangle well aligned?
- Are there specific challenges or barriers in any of the three areas?

Week 12 (2/12): Pricing of Services

Reading: Chapter 15

To illustrate the difficulty in pricing services, an example many students may have fun discussing is **creative dating services**. A creative date might include a date based upon a particular theme (e.g., a *red* date where the participants dress in red, drive a red car, go to “Red Robin” restaurant, eat red meat, drink red wine, and watch the movie “Reds”). The major discussion could center on what a provider should charge for assisting a client in creating a creative date. For example:

- What value would you (as a customer) put on such a service?
- Should a provider of creative dates set the price based upon costs, competition, or demand?
- If pricing is based on costs, should it be for the provider’s time in dreaming up (i.e., creating the date), the time it takes to execute the date, and/or the amount of involvement of the client in the process?
- Should the service fee be based on the satisfaction of the couple experiencing the date?
- Should the fee be based on the client’s ability to pay? That is, should students pay less for this service than professionals?
- If you were the customer, what references might you use in determining whether the price being charged was appropriate? (reference pricing)

<p align="center">Service Blueprint Projects' Presentation Day Dec 5 (Saturday) 9:00am-1pm & 2:00-6pm (NAB319AB) <u>Written report Due to submit via Turnitin before 12:00 on Dec 8 (Tuesday)</u></p>		
Group		25-minute oral presentation + 10-minute Q&A for each group project Each group should provide a hard copy of PPT to instructor before presentation.
1		9:00-9:45
2		9:45-10:30
3		10:30-11:15
4		11:15-12:00
5		12:00-12:45
LUNCH BREAK		
6		14:00-14:45
7		14:45-15:30
8		15:30-16:15
9		16:15-17:00
10		17:00-17:45

Week 14 (9/12): Building Customer Relationships
Reading: Chapter 6
Assignment: Application Exercise on Customer Retention Strategies
<p>Cathay Pacific Airline has developed its Marco Polo Club and designed different membership programs to appeal to different target sub-groups.</p> <ul style="list-style-type: none"> ◆ <u>Based on the Customer Profitability Pyramid</u>, please describe characteristics for each of the three customer profitability tiers that Cathay Pacific Airline chose to serve (namely: Diamond Class, Silver Class, and Green Class). ◆ How can such a tiered-value membership scheme educate customers on what they can expect from the Marco Polo Club?