

BMA258
Services Marketing

Semester 1, 2009

This unit will be offered in:

Hobart and Launceston

The lecturing team responsible will be:

Mr Stuart Crispin (Unit Coordinator)

Room: A240 (Launceston)

Phone: 6324 3140

Email: Stuart.Crispin@utas.edu.au

Dr Sebastian Vengesayi

Room: 313 (Hobart)

Phone: 6226 7687

Email: Sebastian.Vengesayi@utas.edu.au

<http://www.utas.edu.au/mgmt/student.htm>

Introduction to the Unit

More than 70 per cent of the Australian labour force is employed in the service sector. On the balance of probabilities, most marketing graduates will work for a service firm at some stage during their careers. Many of you are currently working in service industries during your studies. Similar trends in employment have been noted in most developed economies. Despite this trend towards service-based employment, it is all too common that we hear of poor standards of service.

Why is it that services are so difficult to manage? How important is it that service quality is controlled? What techniques and skills are required to deliver quality service? How can a service firm develop a long-term competitive advantage over its competitors? What is to be gained from building lasting relationships with customers? These are just some of the questions that confront the services marketer.

Until relatively recently, the marketing literature offered very little concrete guidance to services marketers. Over the past decade or so a growing awareness of the service sector's economic contribution has prompted research into new ways of managing and marketing the service firm. Increasingly this type of research has concluded that in many respects the service firm is different from its manufacturing counterpart and that new skills, new concepts and different techniques are required for effective services marketing and management.

Services marketing is a specialisation within the discipline of marketing. Although many marketing principles apply equally to services and products, there is widespread consensus among academics and practitioners that the issues that confront services marketers require different strategies. In essence, this is an advanced unit in marketing since it builds on basic principles in a service context.

As with all marketing practice, services marketing is concerned with customers' needs and wants. In services, however, customers occupy a more pivotal role since they enter service systems and are active participants in service production and delivery. During this interactive process customers form impressions about the organisation and make judgements about service quality. Various technologies and information technology in particular, may affect the development of these impressions. It is the need to manage the customer's role in production and consumption that presents one of the greatest challenges to services marketers.

Enrolment in the unit

Unless there are exceptional circumstances, students should not enrol in BMA units after the end of week two of semester, as the School cannot guarantee:

- that any extra assistance will be provided by the teaching team in respect of work covered in the period before enrolment; and
- that penalties will not be applied for the late submission of any piece or pieces of assessment that were due during that period.

Learning Outcomes

On completion of this unit, you should be able to:

- LO1: Demonstrate an understanding of the role and importance of service industries.
- LO2: Demonstrate an understanding of the issues associated with ensuring quality in service industries.
- LO3: Demonstrate an understanding of the extended services marketing mix, and processes by which these are managed to ensure service quality.
- LO4: Demonstrate an understanding of the tools for strategic services marketing and management.

Generic Graduate Attributes

The University has defined a set of generic graduate attributes (GGAs) that can be expected of all graduates (see <http://www.utas.edu.au/tl/policies/index.htm>). By undertaking this unit you should make progress in attaining the following attributes:

Knowledge

- Through research, discussion and synthesising answers to questions on the fundamental concepts and theories associated with services marketing.
- By understanding the influence of technology on the service product and its delivery in the servicescape and digitally.
- By developing an understanding of the determinants of service quality and customer satisfaction and how these influence the design and delivery of services.

Communication

- Develop written communication skills through the completion of essays and case analysis.

Problem-Solving Skills

- By analysing services marketing problems, and suggesting feasible solutions to them.
- By developing outcome-focused and measurable solutions to the problems.

Prerequisites

BMA151/251 Principles of Marketing.

Texts

Prescribed Texts

Zeithaml, V.A., Bitner, M.J. & Gremler, D.D. 2008. *Services marketing: Integrating customer focus across the firm* (5th ed.). Sydney: McGraw-Hill Irwin.

School Publications

Students must obtain the following electronic publications which are available from the School of Management website:

<http://www.utas.edu.au/mgmt/student.htm>

Writing Assignments: A Guide

School of Management Referencing Style

Recommended Reading

The publications listed below are highly recommended for further reading on the topics covered in the unit.

Books

- Baron, S., & Harris, K. 2003. *Services marketing: Texts and cases*. (2nd ed.). Basingstoke: Palgrave.
- Batterley, R. 2004. *Leading through relationship marketing: How winning organisations leverage stakeholder relationships to improve business performance*. Sydney: McGraw-Hill.
- Bruhn, M. & Georgi, D. 2006. *Services marketing: Managing the service value chain*. Harlow: Prentice Hall Financial Times.
- Egan, J. 2008. *Relationship marketing: Exploring relational strategies in marketing*. Harlow, Essex: Prentice Hall Financial Times.
- Fisk, R. P., Gountas, S., Hume, M., Gountas, J., Grove, S. & John, J. 2007. *Services marketing: First Asia-Pacific edition*. Milton, Queensland: John Wiley and Son.
- Gabbott, M. & Hogg, G. 1997. *Contemporary services marketing management—a reader*. London: Dryden.
- Gilmore, A. 2003. *Services marketing and management*. London: Sage.
- Glynn, W.J. & Barnes, J.G. (Eds.) 1995. *Understanding services management: Integrating marketing, organisational behaviour, operations, and human resource management*. Chichester, NY: Wiley.
- Grönroos, C. 2000. *Service management and marketing: A customer relationship management approach* (3rd ed.). Chichester: Wiley.
- Gupta, S. & Lehman, D. R. 2005. *Managing customers as investments: The strategic value of customers in the long run*. Upper Saddle River, New Jersey: Wharton School Publishing.
- Hoffman, K. D. & Bateson, J. E. G. 2006. *Services marketing: Concepts, strategies and cases* (3rd edition). Mason, Ohio: Thomson South Western.
- Hollensen, S. *Marketing management : A relationship approach*. New York : Prentice Hall Financial Times.
- Kasper, H., van Helsdingen, P., & De Vries, W. 2006. *Services marketing management: A strategic perspective*. Chichester: Wiley.
- Lovelock, C.H., Patterson, P.E. & Walker, R.H. 2004. *Services marketing: An Asia-Pacific perspective* (3rd ed.). Melbourne: Prentice-Hall.
- Lovelock, C. & Wirtz, J. 2004. *Services marketing* (5th ed.). Upper Saddle River, NJ: Prentice-Hall.
- Lovelock, C. H. & Wright, L. 2001. *Principles of services marketing and management*. Melbourne: Prentice-Hall.
- McCull-Kennedy, J. R (Ed.). 2003. *Services marketing: A managerial approach*. Milton, Qld: John Wiley & Sons.
- Morrison, A. M. 2002. *Hospitality and travel marketing*. Sydney: Delmar Thomson Learning.
- Mudie, P. & Cottam, A. 1999. *The management and marketing of services*. Oxford: Butterworth-Heinemann.

Sherry, J.F. (Ed.) 1998. *Servicescapes: The concept of place in contemporary markets*. Chicago: NTC.

Tang, E. P. Y., Chan, R. Y. K., Tai, S. H. C., & Tai, S. 2002. *Asian dimension of services marketing*. Singapore: Hawthorn Press.

Van Looy, B., Gemmel, P., & Van Dierdonck, R (Ed.). 2003. *Services marketing: An integrated approach* (2nd edition). Harlow, Essex: Prentice Hall Financial times.

Journals and Periodicals

Apart from books, you will find it valuable to get into the practice of reading relevant articles from journals and periodicals (including newspapers and magazines).

Australasian Marketing Journal

Business Review Weekly

European Journal of Marketing

Harvard Business Review

International Journal of Service Industry Management

Journal of the Academy of Marketing Science

Journal of the Market Research Society

Journal of Marketing

Journal of Retailing

Journal of Services Marketing

Journal of Services Research

Marketing Magazine

Marketing Research

Service Industries Journal

Services Marketing Quarterly

Sloan Management Review

Flexible Learning: MyLO

MyLO software has been incorporated into the delivery of this unit to enhance the learning experience by providing access to up to date course materials and by allowing for online discussion through this web-based environment.

To access MyLO from your own computer you will need the appropriate software, and hardware to run that software. See **Learning Online** <http://uconnect.utas.edu.au/> for computer software you will need.

Note: Older computers may not have the hardware to run some of the required software applications. Contact your local IT support person or the Service Desk on 6226 1818 if you experience difficulties. The School of Management has prepared a MyLO Information Sheet which includes access guidelines and contact information. It is available to download as a Word document from the School of Management website: <http://www.utas.edu.au/mgmt/student.htm>

Privacy Policy and Notice

The School of Management takes the utmost care to protect the privacy and security of your personal information and to ensure its accuracy.

If you have any concerns about your privacy in MyLO please contact the Unit Coordinator of this unit or view the University of Tasmania MyLO Privacy Policy Statement available from the university website on <http://www.utas.edu.au/coursesonline/privacy.htm>.

Assessment

In order to pass this unit you must achieve an overall mark of at least 50 per cent of the total available marks. Details of each item of Coursework are provided in the Assignment Topics section.

Method of Assessment	Value	Due Date	Length*
Coursework			
Assessment Item 1 – Essay	10	26 March, 2009	1250 words
Assessment Item 2 – In-Class Test	10	During lecture in Week 8	1 hour
Assessment Item 3 – Case Study Analysis	20	4 May, 2009	2000 words
Examination	60	Exam Period	3 hours
Total Marks	100		

* **Word Limit:** The word count includes such items as headings, in-text references, quotes and executive summaries. It **does not** include the reference list at the end of the assignment.

Study Week

All undergraduate units offered by the School of Management are scheduled to include a Study Week. The dates for this Semester are shown in the attached Study Schedule.

The purpose of the Study Week is to allow students an opportunity to consolidate their studies thus far, and to research coming assignments.

Examination

Format

The final examination will be closed book. It will be of three hours duration. The examination is worth 60 per cent of the total available marks. The examination will comprise two parts.

Part A is a case analysis worth 20 marks. You will be asked to critically analyse the services marketing practices of a case organisation. Students will be provided with the case study prior to the examination period.

Part B requires you to complete 4 essay questions from a list of 6 essay questions. Each essay will be worth 10 marks, with Part B worth a total of 40 marks. Essay topics will be drawn from the following weeks:

- Week 2 – Exploring the central role of service quality.
- Week 5 – Managing the physical evidence.
- Week 8 – Service distribution strategies – domestic and international.
- Week 9 – Promoting and pricing the service product.
- Week 11 - Capacity and demand management.
- Week 12 – Service recovery, complaint handling and customer feedback.

The best preparation for Part B of the exam is consistent work throughout the semester, together with completion of the tutorial questions.

Scheduled date and place

Your final examination for this unit will be held during the scheduled examination period as indicated by Student Administration in correspondence to you.

Examinations will normally be scheduled Monday to Saturday inclusive. Examinations may be held during the day or evening and students should consult the university information which will be made available towards the end of semester.

You are advised to make any necessary arrangements with employers now for time off during examination period to sit this examination. Your participation at the scheduled time is not negotiable unless there are exceptional circumstances.

Note that you will be expected to sit the examination at your recorded study centre.

Supplementary Examination

Except in special circumstances and on the recommendation of the Unit Coordinator or the Head of School, a student who fails will not be granted a supplementary examination.

Special Consideration and Student Difficulties

If a student is experiencing difficulties with their studies or assignments, have personal or life planning issues, disability or illness which may affect their course of study, they are advised to raise these with their lecturer in the first instance. Students may also contact the Catalyst Officer, who will be able to help in identifying the issues that need to be addressed, give general advice, assist by liaising with academic staff, as well as referring students to any relevant University-wide support services. The Catalyst Officer is located in room 318a in the Commerce Building in Hobart and is contactable by phone on 6226 1916. There is also a range of University-wide support services available including Student Services, International Services and Learning Development. Please refer to the *Current Students* homepage at: <http://www.utas.edu.au/students/index.html>

Should a student require assistance in accessing the Library, visit their website for more information at <http://www.utas.edu.au/library/>

Students who have completed their examinations and who feel that they have been disadvantaged due to illness or other circumstances affecting their study, may fill out a form to request that their lecturer takes this into consideration when marking the examination. Forms should be submitted directly to the relevant school, accompanied by appropriate supporting documentation, as soon as possible after the completion of the examination. Granting of special consideration is at the discretion of the lecturer and school. The relevant form can be found at the following website:

http://www.studentcentre.utas.edu.au/examinations_and_results/forms_files/index.htm#eits

Students with a non-English speaking background may be permitted to take a bilingual dictionary into an exam. This dictionary must not be annotated, that is, it must have no notes written in it. In order to use a bilingual dictionary students must request permission from the Student Centre.

Submission of Coursework

Lodging Coursework

All Coursework must have the School of Management Assignment Cover Sheet and Title Page attached, both of which are available as a blank template from the School of Management website:

<http://www.utas.edu.au/mgmt/student.htm>

All assignments must include the tutor's name on the assignment Cover Sheets when they are submitted. If this is not done the assignment will not be accepted and therefore marked.

Please remember that you are responsible for lodging your Coursework on or before the due date. We suggest you keep a copy. Even in the most 'perfect' of systems, items sometimes go astray.

You are required to lodge your coursework through the assessment drop boxes in MyLO – no 'paper' copies of coursework should be submitted for this unit.

All coursework must be electronically submitted by 6.00 pm on the due date.

Late Coursework

Written Work

Extensions will only be granted on medical or compassionate grounds and will not be granted because of work or other commitments. Requests for extensions should be **made in writing** to the Unit Coordinator prior to the due date. Medical certificates or other evidence must be attached and must contain information which justifies the extension sought.

Late assignments which have **not** been granted an extension will, at the lecturer's discretion, be penalised by deducting ten per cent of total marks for each full day overdue.

Assignments submitted more than six days late will normally not be accepted by the Unit Coordinator.

Tests

Students who are unable to sit a test on medical or compassionate grounds (work or other commitments are not considered 'compassionate grounds') may request that they be permitted to submit alternative Coursework.

Please do not expect a special test to be held for you if you choose to go on holidays or undertake other activities on the scheduled date. If you do need to request alternative Coursework, you should do so in writing to the Unit Coordinator prior to the due date. Medical certificates or other evidence must be attached and must contain information which justifies the request. The telephone number of the doctor should also be included.

Return of Coursework

Coursework will be returned during classes or it can be collected from the lecturer's or tutor's room at nominated times; it will not be available from the School's offices.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own, for example:

- using an author's words without putting them in quotation marks and citing the source;
- using an author's ideas without proper acknowledgment and citation; or
- copying another student's work.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at <http://www.utas.edu.au/plagiarism/> & <http://www.academicintegrity.utas.edu.au/>

The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course or the University. Details of penalties that can be imposed are available in the Ordinance of Student Discipline—Part 3 Academic Misconduct, see <http://www.utas.edu.au/universitycouncil/legislation/ord9.pdf>

The University reserves the right to submit (or to require you to submit) assignments to online plagiarism detection software, and might then retain a copy of the assignment on its database for the purpose of future plagiarism checking.

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Learning Outcomes/Generic Graduate Attributes Matrix

Assessment Item 1 - Essay				
Assessment Item 2 - In-class test				
Assessment Item 3 - Case study				
Assessment Item 4 - Final examination				
Learning Outcomes.				
LO1 - Demonstrate an understanding of the role and importance of service industries.			X	
LO2 - Demonstrate an understanding of the issues associated with ensuring quality in service industries.	X			X
LO3 - Demonstrate an understanding of the extended services marketing mix, and processes by which these are managed to ensure service quality.	X	X	X	
LO4 - Demonstrate an understanding of the tools for strategic services marketing and management.	X			
Generic Graduate Attributes.				
Knowledge	X	X	X	X
Communication	X	X	X	X
Problem Solving	X	X		

Communication

So how do you find out important information about this unit? In addition to the unit outline, we will communicate important information to you through Lectures and the Announcements section of MyLO. Therefore, it is important that you check the MyLO site for this unit regularly.

If you would like to talk to us (we would love to hear from you), then you can either send us an email or make an appointment to see us during our consultation times. *To email us, you should use the mail function in MyLO.* This will enable us to check the one source for all student queries. We will regularly check our MyLO mail, and endeavour to get back to you within two working days.

If you would like to see a member of the teaching team in person, then you can come and see us in our consultation times for this unit. *We will only see students outside these times by appointment.* You should also check the consultation times for your specific tutor.

Finally, all requests for extension must be made in writing to the Unit Coordinator (Stuart Crispin).

The Lecture Series

This unit we will use a mix of face-to-face and web-based lectures. Face-to-face lectures will be held in weeks 1, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 13. In Hobart, these lectures will be held on Wednesdays between 10.00am and 11.50am in Comm LT1, and in Launceston on Thursdays between 2.10pm and 4.00pm in the Flexible Teaching Space in the Sir Raymond Farrell building.

There will be web-based lectures in weeks 2 and 8. The web-based lecture in week 2 deals with the role of service quality, and is linked to the first assessment item for this unit. The web-based lecture in week 8 deals with the domestic and international distribution of services (the in-class test will be held during the lecture timeslot in week 8). These web-based lectures will be available through MyLO, and will be supported by a range of readings. *Tutorials will run as normal during these weeks.*

The purpose of the lecture series is to provide you with a broad overview of the main theoretical and practical issues associated with the management of service firms. The lecture series will be supported by a range of additional reading drawn from the prescribed text, other marketing textbooks, and academic journals. These readings are intended to add depth to the knowledge and understanding you have gained from the lectures.

Tutorial Program

Tutorial Questions for Discussion

The tutorial program is designed to consolidate understanding of core marketing theory, and to give students an opportunity to apply marketing theory to case analysis. These questions are also designed to help you prepare for the in-class test and final exam. Students are asked to come to tutorials prepared to answer the questions and analyse the case study. Note the tutorial program does not start till week 2.

Week 2 – What is services marketing and why is it important?

Reading: Zeithaml et al (2008) - Chapter 1

1. In your own words, define services and goods. How do you believe the marketing of services differs from the marketing of physical goods? Use examples to support your answers.
2. Why does the marketing of services require an extended marketing mix? What are the elements that make up this extended marketing mix?
3. What factors do you believe have contributed to the growth of the service economy in the last 30 years?
4. How do you see technology such as the Internet impacting on the future of the service economy? Use examples to support your answers.

Case Study: Kiwi Experience.

Source: Lovelock, C.H., Patterson, P.E. & Walker, R.H. 2004. *Services marketing: An Asia-Pacific perspective* (3rd Ed.). Melbourne: Prentice-Hall. (Available through eReserve).

Week 3 – Exploring the central role of service quality.

Reading: Zeithaml et al (2008) - Chapter 2.

1. What is 'quality'? Is quality a subjective or objective concept? How does quality differ from the concept of productivity?
2. Why is quality such an important issue in the marketing of services? Why is quality more difficult to manage in service industries than it is in the case of physical goods?
3. Outline and discuss the components of the SERVQUAL Model. What are the dimensions of quality outlined in this model?
4. Outline and discuss the gaps that can occur in delivery of service quality. What steps can managers take to close these service quality gaps?

Case Study: An international retailer puts customers in the wish mode to begin closing the gap.

Source: Zeithaml, V.A., Bitner, M.J. & Gremler, D.D. 2008. *Services marketing: Integrating customer focus across the firm* (5th ed.). Sydney: McGraw-Hill Irwin. Pages 35.

1. Why is an understanding of customer expectations so important in the management and delivery of service quality?
2. How can organisations such as Ikea use an understanding of customer expectations to close the gaps that can occur in their delivery of service quality?

Week 4 – Understanding the customer’s experience of service.

Reading: Zeithaml et al (2008) – Chapters 3, 4 and 5.

1. Discuss the differences between search, experience and credence properties. How does the existence of experience and credence properties impact upon customer evaluations of service?
2. What is meant by the notions of services as processes and services as drama? How do service organisations use role and script theory to improve the process of service delivery for the customer?
3. What does it mean when marketers talk about a customer’s Zone of Tolerance? Do all customers have the same Zone of Tolerance? What are the implications of this concept for the design and management of service delivery processes?
4. Outline and discuss the factors that influence customer expectations of service. What does a services marketer do if customer expectations are ‘unrealistic’? Should a company try to delight the customer? How does a company exceed customer service expectations?
5. What is customer satisfaction? What determines customer satisfaction? What role does the service encounter play in influencing customer satisfaction?

Case Study: An international retailer puts customers in the wish mode to begin closing the gap.

Source: Zeithaml, V.A., Bitner, M.J. & Gremler, D.D. 2008. *Services marketing: Integrating customer focus across the firm* (5th ed.). Sydney: McGraw-Hill Irwin. Pages 66-67.

1. How do you believe culture impacts upon the customer’s experience of service? How should service firms such as Disneyland respond to these cultural differences in their efforts to manage service quality?

Week 5 – Developing the service product.

Reading: Zeithaml et al (2008) – Chapters 9 & 10; Lovelock, C. & Wirtz, J. 2004. *Services marketing* (5th ed.). Upper Saddle River NJ: Prentice-Hall; pages 69-96 (available through eReserve).

1. Using an example of your choosing, distinguish between the core and supplementary (facilitating and enhancing) elements of the service product. What are the managerial implications of this augmented service product model?
2. Outline and discuss the different types of new service product development firms may undertake. Use examples to support your answers.
3. Why is it important for firms to use customer-defined standards in the development of their service products? What are the different types of customer-defined standards a service firm may use?

Week 6 – Managing the physical evidence of service.

Reading: Zeithaml et al (2008) – Chapter 11.

1. In your own words, define physical evidence. What types of physical evidence might a service organisation utilise?
2. Identify and discuss the functional and strategic role of the physical evidence in service delivery (consider here its impact on both the customer and the service worker).
3. Outline and discuss the Mehrabian-Russell Stimulus Response Model and the Russell Model of Affects. What are the implications of these models for the design of the servicescape? Use examples to support your discussion.
4. Outline and discuss Bitner's Framework for Understanding Environmental-User Relationships in Service Organisations. What are the implications of this model for the design of the servicescape? Use examples to support your discussion.

Field Work Exercise:

Marketers attempt to design servicescapes that create approach behaviours in their target market. Working in groups of four, identify and photograph three storefronts that generate approach behaviours and three that generate avoidance behaviours. Come to class prepared to demonstrate these storefronts, and justify why you believe they create approach and avoidance behaviours. In making your judgements carefully consider who the target market is for this store.

Week 7 – The role of people in service delivery.

Reading: Zeithaml et al (2008) – Chapters 12 & 13.

1. Why are customer-service staff so important to service delivery? How do their actions impact upon customer satisfaction and service quality?
2. Outline and discuss the services marketing triangle. What does it tell us about an organisation's ability to 'deliver on the promise'?
3. Outline and discuss the boundary spanning roles performed by service workers. What issues must be considered in managing service workers' boundary spanning roles?
4. Outline and discuss the different strategies service organisations can adopt for delivering service quality through people. Use examples to support your answers.
5. What are the three different roles customers may play in service delivery? What strategies may service firms use for enhancing customer participation in service delivery?

Week 8 – Service delivery processes – the architecture of the service offering.

Reading: Gemmel, P. Service process design and management. In Van Looy, B., Gemmel, P., & Van Dierdonck, R (Ed.). 2003. *Services marketing: An integrated approach (2nd edition)*. Harlow, Essex: Prentice Hall Financial times (Available through eReserve).

Reading: Hoffman, K. D. & Bateson, J. E. G. 2006. *Services marketing: Concepts, strategies and cases (3rd edition)*. Mason, Ohio: Thomson South Western. Chapter 6 (Available through eReserve).

1. What are service processes and why are they so important? How can blueprints and flowcharts be used to understand these service delivery processes?
2. What are the implications of customer involvement in the service delivery process? What strategies are available for the management of customers as partial employees of the service firm? Use examples to support your answers.
3. How can customer needs or customer preferences be incorporated into service process design?
4. Outline and discuss how the inability to inventory services affects the operational efficiency of most service firms.
5. For a service of your choosing, develop a simplified blueprint for that service delivery process. What issues did you have in trying to develop your blueprint?

Week 9 – Service distribution strategies – domestic and international.

Reading: Zeithaml et al (2008) – Chapter 14.

1. What are the advantages and disadvantages of direct service delivery? What are the advantages and disadvantages of using intermediaries?
2. What is franchising and why it increasingly used in service industries? What are the benefits and challenges of this approach for the franchiser and franchisee? Give examples of where franchising has been employed.
3. How can electronic channels be used to distribute services? What are the benefits and challenges for service firms using electronic distribution channels?
4. What are some of the common issues associated with using intermediaries? What strategies are available to service firms to improve the effectiveness of distribution through intermediaries?

Week 10 – Promoting and pricing the service product .

Reading: Zeithaml et al (2008) – Chapters 16 and 17.

1. Why is internal marketing communications important in service firms?
2. Outline and discuss the four generic promotional strategies for matching service promises with delivery.
3. What are the three key ways that service prices are different for consumers?
4. Compare and contrast the cost-based, demand-based, and competition-based approaches to service pricing. How could these three approaches be integrated to arrive at an effective price point?

Week 11 – Relationship marketing – profiting through customer retention.

Reading: Zeithaml et al (2008) - Chapter 7.

1. What is relationship marketing and why is it an important concept in the marketing of services?
2. Why do customers seek ongoing relationships with service providers? What benefits does it provide them?
3. Why do service organisations seek ongoing relationships with their customers? What benefits does it provide them?
4. Outline and discuss some of the relationship development strategies available to service organisations.
5. Should all customers be the focus of relationship marketing? What factors should service firms consider when determining whether or not to build a relationship with a customer?

Scenario Exercise: Relationship marketing in the fitness industry.

Imagine you are the marketing manager for a chain of health and fitness clubs. The company operates in all Australian capital cities, as well as larger regional centres such as Launceston, Newcastle, Geelong, Cairns, Townsville, and the Gold Coast. The company offers its customers gym equipment for weight training as well as an extensive range of exercise classes, including aerobics, spin-cycle, cross training, yoga and pilates.

While the company has experienced considerable membership growth in the past, this has slowed in the last twelve months (largely due to the fact that no new outlets have been opened). The Board of Directors has begun to consider the issue of customer retention and has asked you write a brief report on the benefits of relationship marketing.

1. Outline and discuss the different relationship marketing strategies that may be used by the firm.
2. Discuss whether the organisation should attempt to build ongoing relationships with its entire customer base.

Week 12 – Capacity and demand management.

Reading: Zeithaml et al (2008) - Chapter 15.

1. Outline and discuss the four different relationships between capacity and demand. What are some of the factors that constrain service capacity and create variability in demand?
2. What strategies can service firms adopt to better match capacity and demand? Use examples to support your answers.
3. What is meant by yield management? Why should service firms be concerned with yield?

Case Study: An international retailer puts customers in the wish mode to begin closing the gap.

Source: Zeithaml, V.A., Bitner, M.J. & Gremler, D.D. 2008. *Services marketing: Integrating customer focus across the firm* (5th ed.). Sydney: McGraw-Hill Irwin. Pages 456-457.

1. Outline the varying relationships between capacity and demand that might be faced by a ski resort over the course of a year. What are the underlying factors causing variations in this relationship?
2. What additional strategies would you recommend in this case situation to better match capacity and demand over the *entire* year?

Week 13 – Service recovery, complaint handling and customer feedback.

Reading: Zeithaml et al (2008) – Chapter 6.

1. Why is effective service recovery important? How do customers respond to service failures? How does service failure and recovery impact service switching behaviour?
2. What is the service recovery paradox? If you were the manager of a service organisation how would you respond to this paradox?
3. What are the common customer expectations of service recovery?
4. Outline the generic recovery strategies available to service organisations. Use an example to demonstrate how each of these strategies could be used.
5. How important are service guarantees to customers? What type of guarantees might a service organisation offer its customers?

Assignment Topics

Assessment Item 1 – Essay

Due Date: Thursday 26 March, 2009

Length: 1250 words

Value: 10 marks

The purpose of this assessment item is to consolidate your knowledge of quality management in service industries, and builds on the material covered in the web-lecture delivered during week two. For this assessment item you are required to write a short essay (1250 words) addressing the following question:

Why is quality such an important issue in the marketing of services? Why is quality more difficult to manage in service industries than it is in the case of physical goods? Use examples to support your answer.

This assignment should be answered in an essay format, with an introduction, body, and conclusion. Examples can be used to support your answers. There is no requirement for a table of contents for this assignment. Students are expected to use a minimum of eight (8) academic references to answer this question. A copy of the assessment criteria and marking scheme are available through MyLO.

Assessment Item 2 – In-Class Test

Due Date: Held during the lecture in Week 8 (Hobart – 10.00am on Wednesday 22 April; Launceston, 2.10pm on Thursday 23 April).

Length: 1 hour

Value: 10 marks

An in-class test will be held during the lecture in Week 8. The test consists of four (4) essay questions. Students are required to answer two (2) of the four (4) questions provided. There will be one question from each of the following weeks/topics:

- Week 1 – What is services marketing and why is it important?
- Week 3 – Understanding the customer's experience of service.
- Week 4 – Developing the service product.
- Week 7 – Service delivery processes – the architecture of the service offering.

The test questions will be drawn from the tutorial questions for these weeks/topics. *Students are required to sit the in-class test at the specified times. Alternate arrangement will only be made for students with medical certificates.*

Assessment Item 3 – Case Study Analysis

Due Date: Monday 4 May, 2009

Length: 2000 words

Value: 20 marks

Case Study: *Hell's Gates Wilderness Adventures.*

For this assessment item you are required to read the Hell's Gates Wilderness Adventures case study (available through MyLO) and answer the following questions.

Question 1

Outline and discuss the critical role played by people (tour guides and customers) in the delivery of the Hell's Gates Wilderness Adventures service product.

[5 marks]

Question 2

Outline and discuss the strategies that Hell's Gates Wilderness Adventures could use to effectively manage their staff (tour guides) to ensure quality service delivery.

[10 marks]

Question 3

What strategies could Hell's Gates Wilderness Adventures use to enhance customer participation and involvement in the service delivery process?

[5 marks]

Students are expected to use a minimum of four (4) academic references in answering these questions. A copy of the assessment criteria and marking scheme are available through MyLO.

Study Schedule

Semester 1, 2009

Week	Start of Week	Text Chapter	Topic	Due Dates
Part 1 <i>Understanding the fundamentals.</i>				
1	23 February	1	What is services marketing and why is it important?	
2	2 March	2	Exploring the central role of service quality.	
3	9 March	3, 4, 5	Understanding the customer's experience of service.	
Part 2 <i>Managing the marketing mix in service industries.</i>				
4	16 March	9, 10	Developing the service product.	26 March – Assessment Item 1
5	23 March	11	Managing the physical evidence of service.	
6	30 March	12, 13	The role of people in service delivery.	
7	6 – 8 April 16 – 17 April <i>9 – 15 April</i>	TBA	Service delivery processes – the architecture of the service offering. <i>Mid-Semester Break</i>	
8	20 April	14	Service distribution strategies – domestic and international.	Assessment Item 2 – In-class Test
9	27 April	16, 17	Promoting and pricing the service product.	
Part 3 <i>Strategic services marketing & management.</i>				
10	4 May	7	Relationship marketing – profiting through customer retention.	4 May – Assessment Item 3
11	11 May	15	Capacity and demand management.	
12	18 May	6	Service recovery, complaint handling and customer feedback.	
13	25 May	18	Assessing the profitability of service performance.	
<p>A Calendar/Study Planner showing dates is available from School of Management website at http://www.utas.edu.au/mgmt/student.htm.</p>				