
SECTION 1

COURSE DESIGN AND TEACHING HINTS

INTRODUCTION

This instructor's resource manual is designed to help you develop and teach a course on services marketing, based on the text, readings, and cases contained in ***Essentials of Services Marketing, 2nd Edition***. The manual is divided into four sections:

- 1) Course Design and Teaching Hints
- 2) Teaching Insights for the Chapters 1 to 15
- 3) Teaching Note for Cases 1 to 21
- 4) Student Exercises and Projects

An electronic file containing each of the color PowerPoint slides created specifically for use with this text is located on the Pearson Web site (accessible only with permission from the publisher) at www.pearsoned-asia.com/wirtz.

Objectives of the Manual

The principal goals of this manual are to:

- Discuss the learning objectives for each chapter to facilitate the instructor.
- Aid in the preparation and (if desired) serve as a basis for lectures.
- Emphasize integration of concepts, frameworks, and real-world practice throughout the book.
- Demonstrate links between individual chapters and between chapters or cases to reinforce learning.
- Provide brief answers to each of the questions at the end of the chapters.
- Suggest ideas for student projects, written assignments, and in-class discussions.
- Provide detailed notes on each of the cases in the book.
- Propose topics and teaching suggestions for specific class sessions and the sequence in which these sessions might be taught.

Additional instructor aids include:

- A section on “Developing Your Own Course.”
- A note on “Teaching with Cases.”
- Two illustrative course outlines, which can serve as a departure point for developing your own course outline.
- A note on “Studying and Learning from Cases” for optional distribution to students.

Web Site Supplement

To supplement the text, cases, and readings appearing in the book, additional materials, including downloadable cases, will be placed on Pearson’s dedicated Web site for *Essentials of Services Marketing* as they become available. We encourage you to check this Web site periodically for new materials and other information. The URL is www.pearsoned-asia.com/wirtz.

Target Teaching Audiences

The second edition is equally suitable for courses directed at polytechnic students and undergraduates. It may be used for courses in either services marketing or service management. *Essentials of Services Marketing*, places marketing issues within a broader general management context. The book will appeal both to full-time students headed for a career in management and also to practitioners in the services management area.

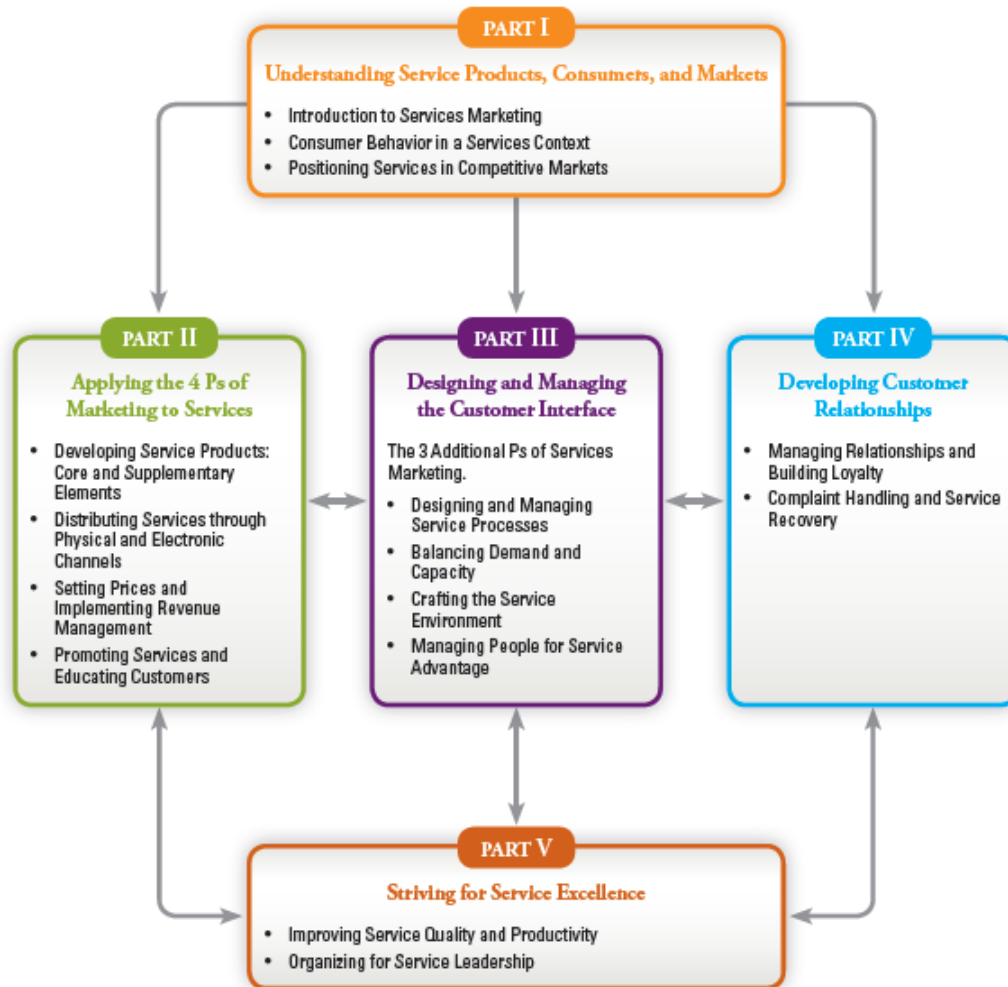
Framework for Essentials of Services Marketing

The contents of Essentials of Services Marketing reflect the ongoing developments in the service economy, new research findings, and enhancements to the structure and presentation of the book in response to feedback from reviewers and adopters.

The framework for the textbook has been divided into four parts:

- 1) Understanding service products, consumers and markets
- 2) Applying the 4 Ps of marketing to services
- 3) Designing and managing the customer interface
- 4) Developing customer relationships
- 5) Striving for service excellence

Exhibit 1 – 1 Integrated Model of Services Marketing



Cases. *Essentials of Services Marketing, 2nd Edition* features an exceptional selection of 21 up-to-date, classroom-tested cases of varying lengths and levels of difficulty. We wrote a majority of the cases ourselves. Others are drawn from the case collections of Harvard, INSEAD, and Yale.

The selection of cases provides a broad coverage of service marketing issues and application areas, with cases featuring a wide array of industries and organizations, ranging in size from multinational giants to small entrepreneurial start-ups and non-profit organizations.

Organization and Sequencing of Materials

The chapters are grouped into five parts, each comprising between two to four chapters of text. All the cases are consolidated at the end of the book. The book is designed to give instructors as much flexibility as possible in structuring and sequencing their courses. You will find that periodic cross-referencing of chapters within the text will refer students back to earlier chapters where an important concept was first introduced.

Most of the key concepts and frameworks are introduced within the first three chapters and are subsequently employed throughout the book following the chapter in which they first appear. **The most central concepts of each chapter are highlighted in bold italic face in the lists under the overview of each book part as shown below.**

Part I—Understanding Service Products, Consumers & Markets should be taught first to provide the appropriate foundation for future discussion and analysis. It comprises three chapters that lay out the building blocks for studying services and understanding how consumers behave in a services context. Finally, to ensure that the value proposition is commercially viable, there must be a distinctive and defensible position in the market against competitors. The chapter topics are:

- Chapter 1: Introduction to Services Marketing
- Chapter 2: Consumer Behavior in a Services Context
- Chapter 3: Positioning Services in Competitive Markets

Key conceptual frameworks and tools introduced in Part I include:

Chapter 1: Introduction to Services Marketing

- Definition of services
- Four categories of Services
- Distinctive aspects of services marketing
- ***The 7Ps of services marketing***

Chapter 2: Consumer Behavior in a Services Context

- ***Three-stage model of service consumption***
 - Prepurchase stage
 - Service encounter stage
 - Post-purchase stage
- ***High and low contact service encounters***
- ***The Servuction System***
- ***Service delivery as a form of theater***

Chapter 3: Positioning Services in Competitive Markets

- Market segmentation
- Targeting service markets
- Positioning services
- ***Positioning maps and strategy***

Part II—Applying the 4Ps of Marketing to Services teaches how to create a meaningful value proposition through the development of the service concept and the selection of physical and electronic delivery channels. This is supported by a business model that recovers costs through realistic pricing. Customers must be educated on the value proposition via effective communications. Four of the 7Ps are dealt with here:

Chapter 4— *Product elements*

Chapter 5— *Place and time* (the where and when of service distribution strategy)

Chapter 6— *Price and revenue management strategy*

Chapter 7— *Promotion and education* (communications strategy)

Key topics and conceptual frameworks introduced in Part II include:

Chapter 4— *Product elements*

- ***Core and supplementary services***

- **The flower of service**—a refinement of the core and supplementary product elements comprising the augmented service product
- **Service branding**
- Categories of service innovations

Chapter 5— *Place and time*

- Service delivery options
- **Cyberspace delivery** of service elements
- **Role of service intermediaries**
- **Service franchising**
- International distribution of services

Chapter 6— *Price and revenue management strategy*

- **The pricing tripod**—activity-based, cost-based, and competition-based pricing
- Different types of costs
- **Monetary and non-monetary outlays**—costs incurred by customers beyond price
- **Revenue management, inventory buckets, and rate fences**
- **Price elasticity**
- **Ethical concerns** and **perceived fairness of pricing policies**
- Implementing service pricing

Chapter 7— *Promotion and education*

- Role of marketing communications
- Challenges of services communications
- **The marketing communications mix**
- The role of corporate design

Part III—Designing and Managing the Customer Interface

focuses on how to manage all points at which customers interact with the company. This involves the teamwork between operations and HR to design effective processes, and balance demand against productive capacity. Physical environment issues also need to be dealt. Finally, people and HR strategies must be aligned for outstanding service delivery. In this part, three elements of the 7Ps related to service delivery are dealt with.

Chapter 8—*Process* (designing and managing service processes)

Chapter 9—Balancing demand and productive capacity

Chapter 10—*Physical environment* (designing and managing tangible cues)

Chapter 11—*People* (managing frontline staff who interact with customers)

Key topics and conceptual frameworks introduced in Part III include:

Chapter 8—*Process*

- Basic flowcharting
- **Blueprinting service design**—a more sophisticated and prescriptive form of *flowcharting*
- **Service process redesign**
- **The customer as co-producer**
- **Self-service technologies**

Chapter 9—Balancing demand and productive capacity

- **Productive capacity**—definition and management
- Patterns of demand
- Demand management
- **Managing waiting lines and reservations strategies**

Chapter 10—*Physical environment*

- **Servicescapes**
- Consumer responses to servicescapes
- Design of ambient conditions—music, scent, color
- Environmental design—signage, symbols, artifacts, spatial layout
- People as part of servicescape
- Design servicescape holistically from the customer's perspective

Chapter 11—*People*

- Frontliners as **boundary spanners** and role conflicts
- **Cycles of failure, mediocrity, and success** in HR management
- The **Service Talent Cycle**
- Empowerment of employees
- Service teams
- Service leadership and culture

Part IV—Developing Customer Relationships focuses on developing customer relationship through building loyalty, and also managing customer satisfaction for long-term profitability. It consists of the following two chapters:

- Chapter 12—Managing customer relationships and building loyalty
- Chapter 13—Complaint handling and service recovery

Key topics and conceptual frameworks discussed in Part IV include:

Chapter 12—Managing customer relationships and building loyalty

- **Lifetime value** of a (loyal) customer
- **The Wheel of Loyalty**
- **Tiering of services**
- Loyalty bonds
- **Customer defections/churn**
- **Customer relationship management systems (CRM)**

Chapter 13—Complaint handling and service recovery

- Customer complaints and **service recovery**
- **Service guarantees**
- Managing **jaycustomers**

Part V—Striving for Service Excellence focuses on service quality and productivity, and how firm can achieve service leadership. It consists of the following two chapters:

- Chapter 14—Improving service quality and productivity
- Chapter 15—Organizing for change management and service leadership

Key topics and conceptual frameworks discussed in Part V include:

Chapter 14—Improving service quality and productivity

- Elements of service quality
- **The GAP model**
- Hard and soft measures of service quality
- Service productivity: efficiency vs. effectiveness
- TQM, ISO 9000, Malcolm-Baldrige, and Six Sigma

Chapter 15—Organizing for change management and service leadership

- ***The Service Profit Chain***
- ***Cross-functional integration*** between marketing, operations, and HR
- ***Creating a leading service organization***
- Leadership, culture and climate
- Leadership in the future

Selecting Cases for Use with Specific Chapters

To help you identify which cases fit well with specific chapters, please refer to Exhibit 1–2 which follows.

Exhibit 1–2

SUGGESTIONS FOR CASES TO USE WITH SPECIFIC CHAPTERS

CASES		PRIMARY CHAPTERS
1	Sullivan Ford Auto World	1
2	Dr. Beckett's Dental Office	All chapters
3	Bouleau & Huntley: Cross-Selling Professional Services	2, 3
4	Banyan Tree: Branding the Intangible	3, 4
5	Giordano: Positioning for International Expansion	3, 5
6	Kiwi Experience	4, 5, 7
7	Distribution at American Airlines	5
8	Managing Word-of-Mouth: The Referral Incentive Program That Backfired	5
9	The Accra Beach Hotel: Block Booking of Capacity during a Peak Period	6
10	Revenue Management of Gondolas: Maintaining the Balance between Tradition and Revenue	6
11	Aussie Pooch Mobile: Expansion by Franchising	7
12	Shouldice Hospital Limited (Abridged)	8, 9, 10
13	Red Lobster	11
14	Singapore Airlines: Managing Human Resources for Cost-Effective Service Excellence	11, 15
15	Customer Asset Management at DHL in Asia	12
16	Dr. Mahalee Goes to London: Global Client Management	12
17	Hilton HHonors Worldwide: Loyalty Wars	12
18	The Royal Dining Membership Program Dilemma	12
19	The Complaint Letter	13
20	The Broadstripe Service Guarantee	13
21	Starbucks: Delivering Customer Service	12, 14, 15

DEVELOPING YOUR OWN COURSE

This book gives you plenty of flexibility in putting together a course that will meet your own specific teaching objectives. Many instructors will doubtless choose to use some subset of the materials in the book or to resequence the materials to suit their preferences. Two important considerations in sequencing of materials are (1) to decide when you want to introduce certain key concepts that will be referred to again in subsequent chapters, and (2) to ensure that each module builds logically on the previous one.

One option for enhancing your course with updated materials on topics of particular interest to you and your students is to supplement the content of the book with additional readings, which may include topical articles from such management-oriented periodicals as the *Financial Times*, *The Wall Street Journal*, *Business Week*, *National Post* (Canada), *Fortune*, *Harvard Business Review*, and various industry-specific magazines. The business sections of daily and Sunday newspapers often contain interesting stories about local or national service businesses that might serve as a topic for discussion. Good sources of more academically-oriented articles include *European Journal of Marketing*, *International Journal of Service Industry Management*, *Journal of the Academy of Marketing Science*, *Journal of Marketing*, *Journal of Retailing*, *Journal of the Market Research Society*, *Journal of Services Marketing*, *Journal of Service Research*, *Managing Service Quality*, *Service Industries Journal*, and *Sloan Management Review* (however, this list does not exhaust the possibilities).

Finally, you may be able to enhance the students' experience by referring them to relevant corporate Web sites that provide insights into strategies that relate to the topic being covered in a specific class. The teaching notes for many of the cases include the address of one or more relevant Web sites.

Course Prerequisites

- Exposure to introductory marketing management course
- Materials on economic and financial analysis in marketing (e.g., break-even analysis)
- If students have little exposure to basic marketing, build early lectures around concepts like market segmentation, competitive

analysis, consumer decision-making processes and the marketing mix

Class Format

- Class should ideally be at least 90 minutes. This allows time for a good case discussion and wrap up.

Guest Speakers

In our experience, students enjoy a presentation by a marketing manager from a local service firm. It's helpful, too, to invite guest speakers to comment on a class discussion of a case that deals with their industry, and then to talk about their own firm, and field student questions. The best way to ensure that a guest speaker is informative in ways that build usefully on the course is to brief the individual in advance, share prior course material with him/her, and—most important of all—ensure that time is allocated for student questions. A “planted” question from the instructor can also help bring out a key insight from the guest speaker.

Written Assignments

Section 4 of the manual provides a variety of exercise that can be used as written assignments for the students. In addition to that, instructors may wish to select one or more of the following:

1) **Written analyses of cases are assigned on a “rolling report” basis.** Each student must select one (or more) of the cases assigned for class and turn in a paper before class. This approach—which we recommend—has the virtue of spreading the instructor’s workload in marking papers and of ensuring that at least a few students are *very* well prepared for the class in question! Such an assignment could also be coupled with formal in-class presentations.

2) **Internet-based assignments.** Various options are available here, including:

- a) You assign students to review specific sites related to in-text examples (or examples of your own).
- b) You give an assignment offering a restricted choice of sites (e.g., compare and contrast three bank sites and three consulting firm sites).

- c) Students are given wide latitude to search the Internet in pursuit of an individual or group research project.

Exams

- Cases can be used for midterm and final exams purposes. 3 hours is required if administered in a formal exam.
- Cases can also be assigned on a take-home basis.
- Alternatively, set essay questions based on topics and concepts in the course
- Exams can also be substituted by take-home written assignments and term papers based on original research as these may be better indicators of students' skills, learning and motivation

Evaluation of Students

- For active participation, a certain percentage of the course grade can be allocated to class participation.
- Possible allocation of marks could be 30 – 40% for class participation, 20 – 30% for written assignment and 30 – 50% for a final exam.
- For those preferring not to evaluate class participation, a common allocation is 20% for term paper, 40% for midterm exam and 40% for final exam

TEACHING A COURSE THAT INCLUDES CASES

It's common to hear of teaching by "The Case Method" as if there were only one way of doing it. In practice, there are many different ways of using cases in a classroom environment and a wide variety of instructor styles.

The essence of case teaching is that students and instructors participate in direct discussion of management problems. A case, as one faculty member described it, "is the vehicle by which a chunk of reality is brought into the classroom to be worked over by the class and the instructor." Success in this endeavor requires a commitment by both instructor and students to the use of cases as a key-learning tool. Your role as a teacher includes choosing the material for study, setting learning goals for each class, and shaping and facilitating the progress of class discussion. The major onus, however, for learning must be placed on the students.

In this brief note, we won't attempt to produce an in-depth guide to case teaching. Instead, we highlight some of the basic steps that you can take to make students comfortable and motivated in what many of them may perceive as a somewhat different teaching environment to that which they have been accustomed in the past. The remarks that follow are addressed primarily to the beginning case teacher rather than to the well-seasoned instructor.

Before the Term Begins

Classroom setup

- Seats arranged in a horseshoe or semicircle, with the rows rising in banks behind each other to produce better sight lines is a more appropriate physical arrangement.
- Acoustics should be good to facilitate class discussion without the need for microphones.
- Marketing cases seats arranged in a horseshoe or semicircle, with the rows rising in banks behind each other to produce better sight lines. Acoustics should be good to facilitate class discussion without the need for microphones.
- A built-in screen and electrical outlets for overhead projectors, electronic projectors, and videotape players are also desirable features.

At the Beginning of the Course

Dispelling Student Misperceptions of “Old” Cases

- Some of the cases in this book date from 2000, and others are as recent as 2012. Students may be misguided and think that only cases published within the past 12 months can possibly still be relevant.
- *Experienced instructors address this misconception right at the beginning of the course*, recognizing that if they fail to do so, students will not be motivated to invest time in studying what they see as “outdated” material.
- A number of the current best-selling cases from the Harvard Business School collection were written more than a quarter of a century ago.

Grading Criteria

- At strongly case-oriented schools where cases are used in almost every session of a marketing course, it’s quite common for 40–50% of a student’s course grade to be based on the quality and quantity of his or her class participation, with the balance being derived from written assignments and performance on the final exam.
- We believe strongly that it is the instructor’s responsibility to motivate students to participate in case discussions, to evaluate their performance, and to give individual feedback. Grading student contributions meets these needs.

Setting Expectations

You should reinforce and expand upon the points in this note by clearly stating your expectations of students in several crucial areas:

- Good preparation for each class.
- Prompt arrival before each class session begins.
- Complete attendance throughout the course.
- Regular participation in class discussions.
- Attentiveness to other students’ comments.

Of course, these expectations will quickly prove unrealistic if the instructor does not set a good example! Consistently begin and finish classes *on schedule*. Make clear by your own remarks that you have been listening carefully to what students have been saying. Challenge

misstatements of fact, wrong numbers, and faulty reasoning—but don't tear students down in the process, especially at the beginning of the course when many of them may be feeling nervous and insecure. The challenge is to be supportive in demanding high standards of your students, so that these standards become part of their own value system rather than a goal based upon fear of embarrassment in front of their peers. The first few sessions of a case course can be crucial in terms of establishing the necessary rapport and creating an atmosphere of mutual respect between students and instructor.

Getting to Know Students

- An important aspect of building this rapport is getting to know your students so that you can both address and refer to them by name.
- Some schools make it easier for instructor and students to get to know each other by providing name cards which students can have in front of them; the registrar may also provide the instructor with class cards containing each student's name, photograph, and brief biographical details.
- If your school has a student picture book, with "mug shots" of all enrolled students, then you may be able to cut and paste each student's picture onto that individual's completed data sheet.
- The data sheet is helpful for recording details of students' class participation.

Quantitative Work

Only a few of the cases in the book can be prepared without any quantitative analysis. Indeed, several cases require a fairly rigorous review of the data in the text and exhibits to determine which numbers are important, credible, and need further manipulation to yield useful managerial insights. So check early in the course that all students are familiar with basic concepts in economic and financial analysis that relate to marketing.

As the Term Proceeds

- In case courses, feedback needs to be given at two or even three levels: (1) the individual, (2) group projects, if any, and (3) the class as a whole. The quality of case discussions depends on the performance of all students combined—including both those who participate and those who do not.

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- Plan on giving regular feedback to the class *as a whole* about the quality of class discussions. If you feel that the depth of analysis was weak, the breadth of class participation limited, or the arguments lacking in substantiation, then you should say so. Similarly, you should acknowledge good performance by the class as a whole.
 - Constructive criticism, offered in a supportive manner, will motivate the class and make students want to perform well as a member of a larger group. Good quality discussions should also be recognized. Praise, used selectively, highlights what has been done well and should stimulate equal or even better performance in the future.
 - Feedback to individual students is a separate, albeit related task. It usually takes several weeks or more before you can make reasonable judgments about a student's overall caliber as a classroom participant.
 - An outstanding contribution can be publicly acknowledged ("That was an excellent insight, Anna!") but it's usually more productive to counsel weak performers out of class. One exception to this generalization concerns individuals who persist in making poor use of class time. If you don't bring them up short, this inaction on your part may signal to other students that their instructor is really indifferent to the quality of class discussion.
 - Frequent participation does not necessarily mean high-quality contributions and students should understand that. You have to moderate the class should the speaker go off tangent in a discussion.
 - The greater the weight that you place on participation as an input to grading, the more likely you are to have students making office appointments and asking you, "How am I doing?" By making good notes on each student's data sheet or class card concerning their participation (if any) in each class, you will be better placed to offer individual students useful evaluations of their class performance as well as advice for improvement.
 - You may want to consider sending a personal memo midway through a course to each participant containing general comments about their progress in the course.
 - Group projects or pre-assigned presentations are often a good way of involving students who find it hard to make spontaneous comments in class. In addition to providing a change of pace in the classroom, this pedagogical device has the advantage of forcing students to get involved with the case instead of just maintaining a highly detached position.

Obtaining Feedback

- Feedback should be a two-way street. As an instructor, you should be seeking feedback from your students as well as giving it to them.
- Feedback should already be obtained midway through the term as it may indicate a need to make adjustments to either course content or your teaching approach during the balance of the course.
- Responses to a midterm evaluation form should be anonymous. The questions can usefully cover several points. You can ask students to rate each case on a five-point scale in terms of its *contribution to their learning*. It's important to link case evaluation to learning, because otherwise students will tend to focus simply on whether they enjoyed the class discussion or found the topic to be personally interesting.
- If you want more specific feedback, allow room for additional comments on specific cases; however, experience suggests that only a limited number of students will take the time to explain their ratings.
- You should also ask for open-ended comments or suggestions on the conduct and progress of the course to date.
- Additional useful feedback, especially for an instructor who is relatively new to case teaching, is to invite a more experienced colleague to sit in and observe one or more of your classes. Another form of feedback is to audiotape or videotape the class for subsequent review.

In summary, case teaching is a demanding but exciting approach to education. Many instructors find it a challenging and rewarding experience and we hope that you will, too.

Sample Form - Student Data Sheet

[Course Title]

TO: Participants PHOTO

FROM: [Instructor's Name] DATE:

To help me to get to know you better, would each of you please complete this information sheet and return it as soon as possible?

Name and Address

Full Name_____

What first name/nickname do you prefer to be called by?

Local Mailing Address_____

Email_____

Phone _____

Career Interests and Areas of Special Expertise

What career interests/plans do you have after graduation?

What full-time jobs (if any) have you held?

<i>Employer</i>	<i>Location</i>	<i>Job Title(s)</i>	<i>Dates</i>
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Do you have special knowledge of any industries? Which?

Degree(s) Sought

Which degree(s) are you currently studying for?

Degree(s) previously obtained
