

Marketing Strategy for the Service Economy: From Acquisition to Retention
MKTG-GB.2122.00
New York University Stern School of Business/Spring 2017/Professor Hirschhorn
SYLLABUS

DESCRIPTION

Service industries account for 75% of U.S. GDP and employ 80% of the labor force, having decades ago eclipsed manufacturing and agriculture combined. The financial services sector (finance, insurance and real estate) dominates this service economy, contributing more than 20% to the country's GDP.

The growth of service industries is not just a U.S. phenomenon. Services contribute to more than two-thirds of the world's GDP and, in developed economies, account for greater job growth rates than other industries. Even when physical products are created and distributed, more and more have service components attached to them. Moreover, some leading companies in the world, most notably IBM, are transforming themselves from manufacturers to service providers.

Services differ in many ways from manufactured goods. Their intangibility, inability to be inventoried, and the fact that customers play a greater role in product creation, are but a few examples. As a result, marketers must expand their traditional 4Ps toolset (product, price, place, and promotion) to include process, people and the physical environment. And marketers must adjust their application of the 4Ps. For example, pricing techniques such as revenue management may be appropriate to use when a service product is perishable. Promotion needs to be educational and experiential because the service product is less tangible and may have greater perceived risk associated with buying it compared to a physical good. These "7Ps" apply to both consumer and institutional (B2B) business models and cases discussed will include financial services, healthcare, hospitality and professional services segments.

Marketers and business leaders alike must understand that the service experience – the sum of all the interactions between a customer and the provider- has a profound impact on the profitability of the organization. In addition, research studies of service companies across industries have shown a positive relationship between service quality/customer loyalty and topline growth rates and stock prices when compared to competitors with poorer quality and loyalty scores. For all of these reasons, to be successful and create competitive advantage, today's marketing leaders need to shift their resources and mindsets from an acquisition-orientation to being retention and lifetime value-focused.

Through textbook and case study readings and lectures, plus live and video examples and a service encounter project and presentation, the course objectives are to:

- Recognize the impetus for services marketing and appreciate the challenges presented by the service sector
- Understand concepts and techniques of services marketing (distinguishing from those deployed in goods marketing) and identify appropriate marketing tactics to deploy against specific services marketing problems
- Deepen understanding of customer loyalty principles and interventions – measurement, customer experience design and implementation of customer management programs
- Understand customer loyalty drivers and their impact on growth and profitability

Requirements:

- Textbook, other reading (as included in the course-pack) prepared for discussion **on** the date listed
- Service Encounter Presentation (20%)
- Service Encounter Journal and Paper (30%)
- Final Exam (35%)
- Class Participation/Case and Text Discussion (15%)

Textbook: Services Marketing, Seventh Edition, Lovelock and Wirtz

Schedule: Saturday mornings 9:00-12:00

DRAFT SCHEDULE, GUEST SPEAKERS TO BE CONFIRMED

SESSION	CONTENT
1. Saturday, February 11, 9:00 a.m. -12:00 p.m.	Course Objectives and Expectations Introduction to Services Marketing, how and why it differs from goods Intro to the 4P's + Physical Environment, People, Process (7P's) CASE STUDY/Guest Speaker – 1-800-FLOWERS ASSIGNMENT: Read text Chapters 1, 2, 6, 7
2. Saturday, February 18 9:00 a.m. -12:00 p.m.	Customer Loyalty, Net Promoter Score and Voice of the Customer "Case-lets" Ritz-Carlton, Zappos, TD Bank CASE STUDY/Guest Speaker – MetLife ASSIGNMENT: Read text Chapters 8 (only pages 212-22), 12, and "Closing the Customer Feedback Loop", "Stop Trying to Delight Your Customer"
3. Saturday, February 25 9:00 a.m. -12:00 p.m.	Customer Loyalty <i>continued</i> , Competitive Positioning and Branding Gleaning consumer insights to build the Value Proposition CASE STUDY/Guest Speaker – Charles Schwab ASSIGNMENT: Read text Chapter 3, "Want to Perfect Your Company's Service? Use Behavioral Science", "The Hidden Wealth Beyond Net Promoter"
4. Saturday, March 4 9:00 a.m. -12:00 p.m.	Customer Relationship Management, Segmentation, Lifetime Value CASE STUDY/GUEST SPEAKER – National Football League Student Service Encounter Presentations
5. Saturday, March 11 9:00 a.m. -12:00 p.m.	Retention and Customer Experience Design; Quality and Productivity ASSIGNMENT: Read text Chapter 9, skim Chapter 14 focus on pages 385, 388-9 B2B CASE STUDY/GUEST SPEAKER – The New York Stock Exchange/EuroNext Student Service Encounter Presentations
6. Saturday, March 25 9:00 a.m. -12:00 p.m.	Service Recovery and Reputation Management ASSIGNMENT: Read text Chapter 13 and "The Profitable Art of Service Recovery", Student Service Encounter Presentations <i>continued</i> Journals & Paper Due in Hardcopy and Softcopy
Saturday, March 25 – Friday, March 31	Final Exam available online Must be completed by Friday, March 31 at 11:59 p.m.

Service Encounter Journal and Paper:

This project will be done individually. A total of five journal entries describing each encounter are required. These encounters must:

- span at least three different service industries
- include one B2B example
- include a mix of physical and virtual experiences

The entries should:

- Include a description of the service provider and the transaction experience
- specifically call out the relevant marketing elements observed - - - at least **three** of the 7Ps and the service quality, and customer relationship aspects

In addition to the journal entries, the student must submit a 3-5 page paper analyzing the strengths and weaknesses of the set of services observed or experienced. The student should compare and contrast the variety of experiences and make recommendations for improvement.

Service Encounter Presentation:

One of the five entries will be presented to the class. Up to four Power Point slides must be prepared to introduce the organization and its value proposition, describe the encounter, and call out several elements of the marketing mix experienced. The final slide(s) should contain recommendations – what the organization should continue, start and stop doing to improve its service delivery and, in turn, its business results. The students will notify the class in Session 3 as to what organization they have selected so that a classmate or two can conduct cursory research on that organization prior to the presentation and have a question prepared for the presenter.

This course is short in terms of calendar length but don't underestimate its intensity. The expectations and **policies** regarding attendance, participation, completing assignments and more can be found: www.stern.nyu.edu/AcademicAffairs/Policies/GeneralPolicies/DefaultPoliciesforSternCourses

Please be reminded of the **Stern Code of Conduct**:

http://web-docs.stern.nyu.edu/old_web/emplibrary/NYU%20Stern%20Code%20of%20Conduct.pdf

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend.

Contact Information:

bhirschh@stern.nyu.edu for questions or to schedule a time to speak or meet in person.