

SERVICES MARKETING



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Arizona State University

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To my husband, Jim Palmer, with love and gratitude.
And to “Aunt,” who gave me the foundation I needed.
—V.A.Z.

To my wonderful family—
husband Rich and daughters Andrea and Christa.
—M.J.B.

We dedicate this textbook to the pioneering services marketing researchers
who developed the field through their passion, persistence, and creativity.
Without their vision and tenacity, neither this textbook nor the field would exist.

PREFACE

This is a textbook for students and business people who recognize the vital role that services play in the economy and its future. The economies of the world are now dominated by services: the percent of GDP and the labor force in the United States, France, the United Kingdom, Canada and Japan are 72.3, 64.3, 62.9, 62, and 56.8, respectively. In 1995, for the first time, the Fortune 500 included service firms, recognizing the important and dominant role these companies play in the U.S. economy. Of the top ten companies on the list, four were services and over half of the entire list were service companies. Furthermore, manufacturing companies recognize the potential of service as one of the few sustainable competitive advantages they can develop.

We wrote this book in recognition of the ever-growing importance of services and the unique challenges faced by managers of services.

Why a Services Marketing Textbook?

Since the beginning of our academic careers in marketing, we have devoted our research and teaching efforts to the topic of services marketing. We strongly believe that services marketing is different from goods marketing in several significant ways, and that it requires different strategies and tactics that traditional marketing textbooks do not fully reflect. This textbook is unique in both content and structure, and we hope that you will learn from it as we have in writing it.

New Content The foundation of the text is the recognition that services present special challenges that must be identified and addressed. Problems commonly encountered in service businesses not faced by goods businesses—the inability to inventory, difficulty in synchronizing demand and supply, and challenges in controlling the performance quality of human interactions—need to be articulated and tackled by managers. Many of the strategies required include information that is new to marketing. We wrote the text to help students and managers understand and address these special problems of services marketing.

For the most part, we do not repeat material from marketing principles or marketing strategy textbooks. Instead, we adjust, when necessary, standard content on distribution, pricing, and promotion to account for service differences of tangibility, heterogeneity, and perishability.

In addition to standard marketing topics (e.g., the marketing mix), this textbook introduces students to entirely new topics that include management and measurement of service quality, the linking of customer measurement to performance measurement, and cross-functional treatment of issues through integration of marketing with disciplines such as operations and human resources. Each of these topics represents pivotal content for tomorrow's corporations as they structure around process rather than task, flatten the corporate hierarchy, use teams to manage tasks, and develop customer intimacy.

Distinguishing Content Features The distinguishing features of our textbook include:

- 1 Greater emphasis on the topic of service quality than existing marketing and service marketing textbooks
- 2 Increased focus on customer expectations and perceptions and what they imply for marketers, a perspective consistent with the prevailing philosophy of market-driven and customer-driven quality
- 3 Description of the measurement of service quality and its relationship to performance measures, Malcolm Baldrige criteria, and operations measures, including a partial chapter on market-driven performance measurement systems
- 4 A chapter on customer-defined service standards
- 5 Cross-functional treatment of issues through integration of marketing with other disciplines such as operations and human resources
- 6 Consumer-based pricing and value pricing strategies
- 7 Description of a set of tools that must be added to basic marketing techniques when dealing with services rather than goods
- 8 A chapter on marketing services internationally
- 9 Introduction of three service Ps to the traditional marketing mix and increased focus on customer relationships and relationship marketing strategies
- 10 An entire chapter that recognizes human resource challenges and human resource strategies for delivering customer-focused services
- 11 A detailed and complete introduction to service blueprinting—a tool for describing, designing, and positioning services
- 12 Coverage of the customer's role in service delivery and strategies for making customers productive partners in service creation
- 13 A chapter on the role of physical evidence, particularly the physical environment or “servicescapes”

Conceptual and Research Foundations We synthesized research and conceptual material from many talented academics and practitioners to create this book. We relied on pioneering work of researchers and business people from diverse disciplines such as marketing, human resources, operations, and management. Because the field of services marketing is international in its roots, we also drew from work originating around the globe. The framework of the book is managerially focused, with every chapter presenting company examples and strategies for addressing issues in the chapter.

Conceptual Frameworks in Chapters We developed integrating frameworks in most chapters. For example, we created new frameworks for understanding service pricing.

ing, managing expectations, customer relationships, customer roles, and internal marketing.

Unique Structure The text features a structure completely different from the standard 4P (marketing mix) structure of introductory marketing texts. Beginning with Chapter 3, it is organized around the gaps model of service quality, and begins with the customer. Chapters 3, 4, and 5 each focus on a specific topic about the customer: customer expectations, perceptions, and consumer behavior. The managerial content in the rest of the chapters is framed by the gaps model.

Fully Integrated Text In the 1980s, the field of services marketing was so new that insufficient material had been written on the topic to create a traditional textbook. For that reason, the books used as texts contained cases and readings that had to be interpreted by educators for their students. These 1980s service marketing books were therefore different from standard textbooks—where the major function is to synthesize and conceptualize the material—and placed a burden on the professor to blend the components. We wanted to create a textbook that contained integrated text materials, thereby removing from professors and students the tremendous burden of synthesis and compilation.

What Courses and Students Can Use the Text?

In our years of experience teaching services marketing, we have found that a broad cross-section of students are drawn to learning about services marketing. Students with career interests in services industries as well as goods industries with high service components (e.g., industrial productions, high tech products, durable products) want and need to understand these topics. Students who wish to become consultants and entrepreneurs want to learn the strategic view of marketing, which includes not just physical goods but also the myriad of services that envelop them. Virtually all students—even those who will work for packaged goods firms—will face employers needing to understand the basics of services marketing.

While services marketing courses are usually designated as marketing electives, a large number of enrollees in our classes have been finance students seeking to broaden their knowledge and career opportunities in financial services. Business students with human resource, accounting, and operations majors also enroll as do non-business students from such diverse disciplines as health administration, recreation and parks, public and nonprofit administration, law, and library sciences.

Students need only a basic marketing course as a prerequisite for a services marketing course and this textbook. The primary target audience for the textbook is services marketing classes at the undergraduate (junior or senior elective courses), graduate (both master's and doctoral courses), and executive student levels. Secondary target audiences are (1) service *management* classes at both the undergraduate and graduate levels and (2) marketing management classes at the graduate level where a professor wishes to provide more comprehensive teaching of services than is possible with a standard marketing management textbook. A subset of chapters will provide a more concise text for use in a quarter-length or mini-semester course. A further-reduced set of chapters may be

used to supplement undergraduate and graduate basic marketing courses to enhance the treatment of services.

What Can We Provide Educators to Teach Services Marketing?

As a team, we have accumulated nearly twenty years of experience teaching the subject of services marketing. We set out to create a textbook that represents the approaches we have found most effective. We incorporated all that we have learned in our many years of teaching services marketing—teaching materials, student exercises, case analyses, and overhead masters.

How Many Sections and Chapters Are Included and What Do They Cover?

The textual material includes eighteen chapters divided into six parts. Part One introduces the topic. Part Two discusses the customer. Part Three describes ways that services marketing firms can and do listen to their customers. Part Four describes ways that companies align strategy, service design, and service standards with customer expectations. Part Five contains information dealing with service delivery, and Part Six describes managing service promises.

The Supplementary Materials

Cases We include carefully selected cases to illustrate services marketing principles and strategy. Almost all have been written since 1990, and have not been included in other services marketing textbooks. A majority of the cases are international, focusing on companies doing business outside the United States. The cases illustrate business-to-business marketing challenges as well as consumer marketing issues.

Instructor's Manual We have provided teaching notes for the cases included in the textbook that specifically relate to the teaching of services principles. We include notes, overheads, and follow-up conceptual material where relevant and questions for each case that allow students to focus on aspects of the case that are most important.

The instructor's manual uses the "active learning" educational paradigm that involves students in constructing their own learning experiences and exposes them to the collegial patterns present in work situations. Active learning offers an educational underpinning for the pivotal work force skills required in business, among them oral and written communication skills, listening skills, and critical thinking and problem solving.

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*Valarie A. Zeithaml
Mary Jo Bitner*

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