

SERVICES MARKETING IN

ASIA

A CASE BOOK



Jochen Wirtz • Christopher Lovelock

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Dedications

To my dad, Johann Wirtz, in loving memory
- JW

In memory of my parents, Colin and Clare Lovelock, who developed in me
a love of learning and an appreciation of other cultures
- CHL

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Preface

Services marketing, once a tiny academic field championed by just a handful of pioneering professors, has become a thriving area of activity in the other parts of the world as well as in Asia. Paralleling growth in the service sector is the increasing enrollment in services marketing courses at tertiary institutions. Therefore, a good understanding of the latest thinking and concepts is important, especially as managers often find that manufacturing-based models of business practice are not always useful to the service-specific issues that they face.

Creating and marketing value in today's increasingly service and knowledge-based economy requires an understanding of intangible assets (including the powerful design and packaging of 'intangible benefits/products', high-quality service operation and customer information management processes, motivated and competent front-line staff, and a loyal and profitable customer base), and the development and implementation of a coherent service strategy to transform these assets into improved business performance. This case book focuses on developing powerful value propositions in the services sector, on delivering this value proposition, and on acquiring, serving, developing and retaining customers - the most important of these intangible assets.

Asia's service industries are growing rapidly. Even for manufacturers, service increasingly becomes a key differentiator and value driver. Yet, services marketing is a relatively new field that is often not well understood. This book fills an important gap in the market by offering a diverse and stimulating collection of cases focusing on the marketing of services in many different Asian countries. *Services Marketing in Asia: A Case Book* offers a unique and truly Asian perspective. As far as we are aware, this is the only case book on services marketing that has been specifically written with a direct focus on this vital economic region of the world.

This book incorporates the latest thinking in services marketing. We have pooled our skills in teaching, consulting, and research to create a versatile, flexible case book for instructors teaching in a variety of environments in different parts of Asia. The geographic coverage of the book is very broad, covering all major economies in Asia, with a particularly focus on Asia's two most important emerging economies – China and India.

Objectives of this book

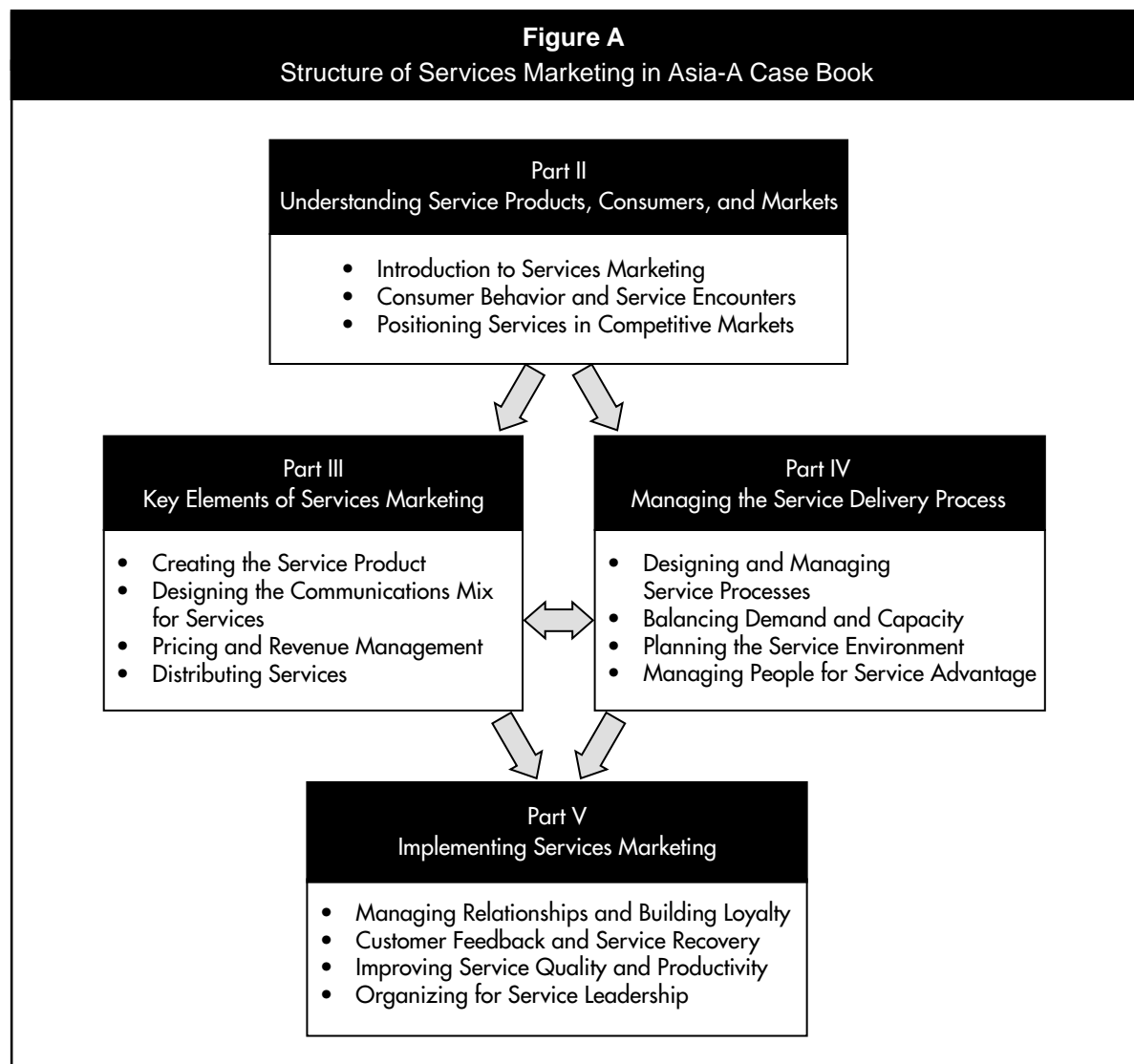
The cases in this book have been selected to deliver the following main objectives:

- To provide an in-depth appreciation and understanding of the unique challenges inherent in managing and delivering service excellence at a profit. Readers will be introduced to—and have the opportunity to work with—cases and best practice firms that use tools and strategies to address these challenges.
- To develop an understanding of the “state of the art” of service management principles in an Asian context.
- To help the reader to work more effectively as a manager (or consultant) in service-driven organizations across Asia

By the time readers finish working through the cases in this book, we predict that few of them will ever look at the services their company provides, any service firms they interact with, or the services they themselves experience in the same light again!

Structure of the Book

- The cases cover of the latest developments and best practices in the service sector, ranging from customer relationship management (CRM), customer asset management, Six Sigma quality, revenue (yield) management, service guarantees, to customer service process redesign, outsourcing services, and eGovernment. In addition, there is substantive coverage of consumer behavior, segmentation and positioning, front line staff management, branding, business-to-business, and technology-based services.
- The book is organized in five parts. Part I provides an introduction to service economies in Asia as well as a chapter on learning with cases. The remaining four parts are organized to follow a simple and intuitive structure readers can understand right away. Figure A presents the structure of the case book for Parts II to V, showing how case topics are sequenced.



Target Audiences and Courses

This case book is equally suitable for courses directed at advanced undergraduate or MBA and EMBA students working in an Asian business context. *Services Marketing in Asia-A Case Book* places marketing issues within a broader management context. Whatever a manager's specific job may be, he or she has to understand and acknowledge the close ties that link the marketing, operations, and human resource functions. With that perspective in mind, this book has been designed so that instructors can make selective use of cases to teach courses of various lengths and formats in either services marketing or service management.

Pedagogical Aids

In response to adopter requests, the following pedagogical enhancements are available for the text:

- Each case includes suggested study questions.
- A CD-ROM with video clips accompanying some of the cases
- *The Instructor's Resource Manual for Services Marketing in Asia-A Case Book* includes detailed teaching notes provided for the majority of cases, including teaching objectives, suggested study questions, in-depth analysis of each question, and helpful hints on potential teaching strategies for most of the cases.
- New and Improved Teaching Resources are made available at <http://www.pearsoned-asia.com/lovelock2/>

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Over the years, many colleagues in both the academic and business worlds have provided us with valuable insights into the management and marketing of services, through their writings and in conference or seminar discussions. We have also benefited enormously from in-class and after-class discussions with MBA and executive program participants.

We are pleased to acknowledge the insightful and helpful comments and discussions we had with our co-authors of *Services Marketing in Asia – People, Technology, Strategy*, 2nd ed., KEH Hean Tat of Guanghua School of Management, Peking University in Beijing, and LU Xiongwen of the School of Management at Fudan University. They have constantly challenged our thinking and, as a result, improved our final product.

The feedback provided by our editorial advisory board of our text *Services Marketing in Asia-People, Technology, Strategy*, 2nd ed. also greatly shaped our thinking of services marketing in Asia. The board consisted of: Bai Changhong of Nankai University, China; Leonardo R. Garcia Jr., De La Salle College of St. Benilde, Philippines; M. Krishna Erramilli of Nanyang Technological University, Singapore; Aliah Hanim M. Salleh of University Kebangsaan Malaysia; and Yigang Pan of the University of Hong Kong.

Although it's impossible to mention everyone who has influenced our thinking over the years, we particularly want to express our appreciation to the following individuals: John Bateson of SHL Group; Leonard Berry of Texas A&M University; Mary Jo Bitner and Stephen Brown of Arizona State University; David Bowen of the Thunderbird School; Richard Chase of the University of Southern California; Raymond Fisk of the University of New Orleans; Christian Grönroos of the Swedish School of Economics

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We thank, too, the authors (named in the section “About the Contributors”) of cases, as well as the copyright holders for permission to reprint these and other materials.

It takes more than authors to create a book and its supplements. We’re very appreciative of all the hard work put in by the editing and production team in helping to transform our sometimes messy manuscript into a handsome published text. They include Hong Koon Chua (Publishing Director), Raffaie Nahar (Senior Editor), and Daniel Lim (Acquisition Editor) at Prentice Hall. Thank you for all your enthusiasm and support!

About the Authors

As a team, Jochen Wirtz and Christopher Lovelock, possess a blend of skills and experience that is ideally suited to writing an illustrative and engaging services marketing case book focusing on Asia.



Jochen Wirtz is one of the leading authorities in services marketing in Asia. He is an Associate Professor at the National University of Singapore, where he teaches services marketing in MBA and executive programs. He is also the co-director of NUS's joint Executive MBA program with UCLA. Dr Wirtz received his PhD in services marketing from the London Business School, and holds a BA (Hons) in marketing and accounting and a professional certification in banking from Germany. His research focuses on service management and he has published some 50 academic articles in, among others, *Harvard Business Review*, *Journal of Business Research*, *Journal of Consumer Psychology*, *Journal of Retailing*, *Journal of the Academy of Marketing Science*, *Journal of Services Marketing*, *Journal of Service Research*, *Managing Service Quality*, and *Psychology and Marketing*. He has also published some 70 conference papers, seven books, and some 40 book chapters. His recent book "*Services Marketing—People, Technology, Strategy*," co-authored with Professor Lovelock, is one of the top two services marketing text books globally, and his co-authored book "*Services Marketing in Asia—People, Technology, Strategy*" has become the leading services marketing text in Asia. Dr. Wirtz has received a dozen research and teaching awards, including the "Emerald Literati Club 2003 Award for Excellence" for the most outstanding paper of the year in the *International Journal of Service Industry Management*, and the prestigious university-wide "Outstanding Educator Award" at the National University of Singapore. Dr Wirtz has also been active as a management consultant, working with both international consulting firms including Accenture, Arthur D. Little and KPMG, and major service companies in the areas of strategy, business development and service management across Asia. Originally from Germany, Dr Wirtz moved to Asia in 1992 after studying and working in London for seven years.



Christopher Lovelock is one of the pioneers of services marketing. Based in the United States, he is a frequent visitor to Asia. He consults and gives seminars for managers around the world, with a particular focus on strategic planning in services and managing the customer experience. He is an adjunct professor at the Yale School of Management, where he teaches an MBA services marketing course. Dr Lovelock's distinguished academic career has included 11 years on the faculty of the Harvard Business School and two years as a visiting professor at IMD in Switzerland. He has also held appointments at Berkeley, Stanford, and the Sloan School at MIT, as well as visiting professorships at The University of Queensland in Australia and at both INSEAD and Theseus Institute in France. He obtained a BCom and an MA in economics from the University of Edinburgh, then worked in advertising with the London office of J. Walter Thompson Co. and in corporate planning with Canadian Industries Ltd in Montreal. Later, he obtained an MBA from Harvard and a PhD from Stanford. Author or coauthor of over 60 articles, which have appeared in many leading journals, he has also written more than 100 teaching cases, and 26 books. He serves on the editorial review boards of the *International Journal of Service Industry Management*, *Journal of Service Research*, *Service Industries Journal*, *Cornell Hotel and Restaurant Administration Quarterly*, *Managing Service Quality*, and *Marketing Management*. Dr Lovelock is a recipient of the American Marketing Association's Award for Career Contributions to the Services Discipline and of a best article award from the *Journal of Marketing*. Recognized many times for excellence in case writing, he has twice won top honors in the *BusinessWeek* "European Case of the Year" Award.

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Case Guide

Figure B briefly profiles each of the cases included in this case book, noting the copyright year, geographic coverage, industry, key service marketing issues addressed, and suggested class topics which each case might be paired (we used the framework in Figure A to classify and structure the topics). Because many cases embrace several managerial issues, instructors often have some flexibility on where to position a particular case in the course.

Figure B Case Profiles						
No.	Case	Year	Geographic Coverage	Industry	B2B /B2C	Service Marketing Issues
1	Jollibee Foods Corporation	2005	Philippines	Fast Food	B2C	Positioning, evaluating international expansion strategy, marketing strategy
2	Bouleau & Huntley: Cross-Selling Professional Services into the Philippines	2005	Philippines	Consulting and auditing	B2B	Understanding industrial buying processes, evaluating marketing synergy between two services, managing professionals
3	Makemytrip.com	2005	India	On-line travel portal	B2C	Service positioning, growth strategy
4	BOL China	2003	China	Online book club/ retailer	B2C	Service strategy, growth strategy, Internet and technology
5	Longstay in Thailand	2005	Thailand	Destination marketing and retirement market	B2C	Positioning, marketing plan and strategy
6	Cosmetic Surgery in China	2004	China	Cosmetic surgery	B2C	Marketing research, consumer behavior
7	DHL's Business Strategy in China	2004	China	Express logistics, supply chain management	B2B	Growth strategy, marketing strategy
8	State Bank of India - Competitive Strategies of a Market Leader	2004	India	Bank	B2C/B	Competitive strategy, products and services
9	MobileOne	2004	Singapore	Telecommunications	B2C	Comprehensive service strategy, including marketing, operations and HR, competitive environment and positioning
10	Starwood Hotels & Resorts Worldwide Inc: Asia Pacific	2004	Asia	Hotel	B2B/C	Development of strategic plan
11	Banyan Tree: Developing a Powerful Service Brand	2005	Asia	Resort hotel & spas	B2C	Branding, brand extension, communications strategy
12	The Bangalore Brand	2004	India	Industrial location marketing	B2B	Branding, marketing a foreign direct investment (FDI) location
13	Low Cost Carriers in Asia	2004	Asia	Airline	B2C/B	Competitive environment, competitive marketing and operations strategy
14	KFC and McDonald's in Shanghai	2005	China	Fast food	B2C	Market segmentation, service positioning, service package and new product development, customer value, demand management, customer loyalty and communication strategy
15	Revenue Management at Prego Italian Restaurant	2005	Singapore	Restaurant	B2C	Revenue management, price fences, and customer and front line staff responses to revenue management practices

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No.	Case	Year	Geographic Coverage	Industry	B2B /B2C	Service Marketing Issues
16	Westin in Asia – Distributing Hotel Rooms globally	2001	Asia	Hotel	B2B/C	Electronic distribution of services
17	Wuxi Hospital for Women and Babies	2005	China	Hospital	B2C	Service process and system, service innovation, communication, and customer loyalty
18	Service Quality Center - Training for Service Excellence in Asia	2005	Asia	Service quality training and consulting	B2B	Training front line staff for service excellence, cultural differences between service staff in Asia
19	The Taj's People Philosophy and STAR System	2003	India	Hotel	B2B/C	Managing frontline staff, service culture, reward and recognition programs
20	Indian Call Centers (A) - Rising Employee Attrition	2004	India	Call centers, business process outsourcing (BPO)	B2B	Managing call centre staff, and employee attrition
21	India as an Outsourcing Destination- Competitive Advantages and Core Competencies	2004	India	Business process outsourcing (BPO)	B2B	Marketing and positioning BPO services
22	Island Shangri-La's Environmental Management System: A Long Way to Go!	2003	Hong Kong	Hotel	B2C/B	Training, managing service employee behaviour, continuous improvement, process design and operational procedures; ISO 14000 series, environmental management
23	Mumbai's 'Dabbawallas': An Entrepreneurial Success Story	2003	India	Delivery service	B2C	Service process design and management
24	Biometrics Meets Services	2005	Global	Any process with face-to-face or phone customer interactions	B2C/B	Productivity, convenience, customer service process design, customer intimacy, and privacy
25	Enabling Digital Government Through E-Services: Second-Wave Reengineering in the Inland Revenue Authority of Singapore	2004	Singapore	Public sector service	B2C	Service process reengineering, change management, eGovernment
26	Bossard Asia Pacific: Can It Make Its CRM Strategy Work?	2005	Global	Industrial services, industrial distribution	B2B	CRM system implementation, customer asset management, customer segmentation
27	Customer Asset Management at DHL in Asia	2005	Asia	Express logistics, supply chain management	B2B	Customer segmentation, tiering of service, customer asset management
28	Get Smart	2005	China	Multi-party loyalty and database marketing agency	B2B	Loyalty program, data mining, direct marketing
29	The Accellion Service Guarantee	2005	Global	Internet infrastructure	B2B	Service guarantees, building a culture for service excellence, cheating on service guarantees
30	Quality Management at the National Archives of Singapore	2004	Singapore	Public sector service	B2B	Managing service quality, Six Sigma, ISO
31	The Singapore Airlines Group	2005	Global	Airline	B2C/B	Building and maintaining service leadership, marketing strategy , building customer loyalty
32	Bumrungrad's Global Services Marketing Strategy	2004	Thailand	Hospital	B2C	Integrative case, service strategy, growth, designing the customer experience