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**ASIA PACIFIC UNIVERSITY
OF TECHNOLOGY & INNOVATION**

MANAGING SERVICES ASSIGNMENT

GROUP ASSIGNMENT

**TITLE: ANALYSIS OF A SERVICE-BASED
COMPANY WITH THE *8P'S MODEL***

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0.2 ABSTRACT:

The purpose of this report is to analyze the how service-based companies use the 8 P's model of integrated service marketing to spread awareness of their products and services to their consumers. By using appropriate research techniques based on articles, websites and relevant books, we were able to retrieve the information justified in the report below. The coverage of the study is based on the introduction of the 8 P's of the Integrated Service Marketing techniques, application of the 8 P's to a service-based company, and references from which the information and justification was referred to.

1.0 INTRODUCTION:

A service is any financial activity whose output is not a physical creation or production, and is generally consumed at the time it is manufactured, it also provides added worth in forms (such as comfort amusement, convenience, timeless, or health) that are basically intangible concerns of its first consumer (Wilson,2012; Lovelock, Vandermerwe, Lewis and Fernie,2011).

As mentioned by Spohrer and Maglio (2008), the nature of an organization is changing due to the growth of the service region and it is obvious that there is an absence of investigation and knowledge in service since most professions are working within a manufacturing paradigm rather than a service one. However, with the emergence of service science, a research conducted by Abe (2005) of the Fujitsu Research Institute in Japan identifies that industrialized structures of the world economies have been moving towards services in recent years. The Gross Point Originating (GPO) ratio compares industrialized countries such as Japan, the U.K and the U.S which is separated into tertiary sector, primary and secondary sectors, shows that Japan has a predominantly high rate of growth toward the tertiary sector, which comprises greatly of service-associated functions.

1.1 PRODUCT:

The product of the company is what it has to offer to its customers which also defines what the company is about. Before a company decides to start a service company, it should understand what exactly it will be offering to its future customer and whether or not those customers need that product. The point of developing products before knowing the customers and their needs can be a major drawback for the company since there is a high chance that the product will be rejected by the customers due to different factors such as the product not fulfilling their needs, the quality is not good, the specifications and requirements of the products are not as desired by the customers and so on (The Chartered Institute of Marketing, 2009). For companies to be successful in establishing a service-based company, it needs to understand its customers and the requirements that they have for services that they expect to get, design products that have value to customers and the product needs to stand out from other products of similar companies. For example: service-based companies such as universities like Asia Pacific University (APU) provide courses in engineering, information technology and business as its products since they know that there is a great demand so such a courses worldwide.

1.2 PRICE:

Pricing of the products is very essential of the company's business since it indicates how much the service is worth so that consumers can compare different service companies that provide the same type of service in order to make an informed decision about which one is more worth to consume than the other. When identifying the prices of the services, companies should ensure that the service price is in line with the industry's averages. If the prices of the products are more expensive than what they are actually worth, consumers will not be willing to pay hence ignore the services instead. While designing the prices of the services, companies need to keep in mind a few important factors such as, existing customers are generally less sensitive to prices than new customers, the position of a company in the market is determined by its prices and also thinking of price as 'cost' to a customer helps to underscore why it is important (The Chartered Institute of Marketing, 2009). For example: APU's prices for courses vary depending on the type of course and its competitors. For instance, for a BIT course for diploma in a duration of a semester, APU charges around RM 7320 which is a bit expensive compared to Taylor's which charges around RM 7200.

1.3 PLACE:

Place is a location where service companies decide to site their operations. Since locations in which services based companies are situated have a huge impact on their revenues and costs, organizations need to locate their offices in convenient locations such as those close to public transport so that they can utilize the availability of people and transport around in area in advertising their products and providing easy access to their worksites (Lovelock and Wright, 1999). Example: The location of APU in Technology Park Malaysia (TPM) which is located close to Bukit Jalil Train Station, it provides easy access to its customers who can use the LRT train services and later take a taxi or even walk to TPM in order to come to APU. This provides the convenience to the students, lecturers and other civilians to access APU.

1.4 PHYSICAL EVIDENCE:

Kasper and Vries (1999:513), identified that the interaction between service employees and customers plays a very important role in the success or failure of a service business. In order to successfully deliver an excellent quality of service, the behavior of the service employees is highly depended on. The context of physical evidence in service business is not only limited to the service employees and their behavior but also the building/worksite of the company, the logo of the company, the arrangement of their offices, the colors that identify their brand, landscaping, equipment etc. (Asiebgwu, Igwe and Akekue-Alex, 2012). Example: APU has a facility in which they tutor their students. Also, they have lecturers, students, university buses, equipment, laboratories, class rooms and more to prove that they have the physical evidence that they are indeed an education-based service organization (see figures 1, 2 and 3 below).



FIGURE 1: AUDITORIUM 3 IN APU MAIN BUILDING LEVEL 4



FIGURE 2: APU'S MAIN BUILDING IN TPM



FIGURE 3: APPLE IMAC LAB IN APU MAIN BUILDING LEVEL 3

1.5 PROCESS:

This describes the paramount of how the service is created and delivered to the customers from the organization. For instance: talking about the service system performance describes the length of waiting time of a customer before they are served (Asiegbu et al, 2011). Managing process decisions is very important to the success of any service marketing. These processes involve the tasks, procedures, mechanisms, activities, schedules and routines by which the services are being delivered to the customer (Faculty.mu.edu.sa, 2011). In the case of APU, their service processes can be seen in a holistic mechanism from picking up students from the airport until the graduation day. For Example: APU provides a shuttle bus service to pick-up new students from the airport once they arrive. They will take them to the university for registration and then send them to their accommodations where they will be checked in by a warden. After they have settled in, APU will provide them with a week of orientation where they will be taught about the university and its rules and later given a tour of the whole campus. From here, they will proceed to classes for lectures until they complete all semester and finally graduate from the university (see figure below).

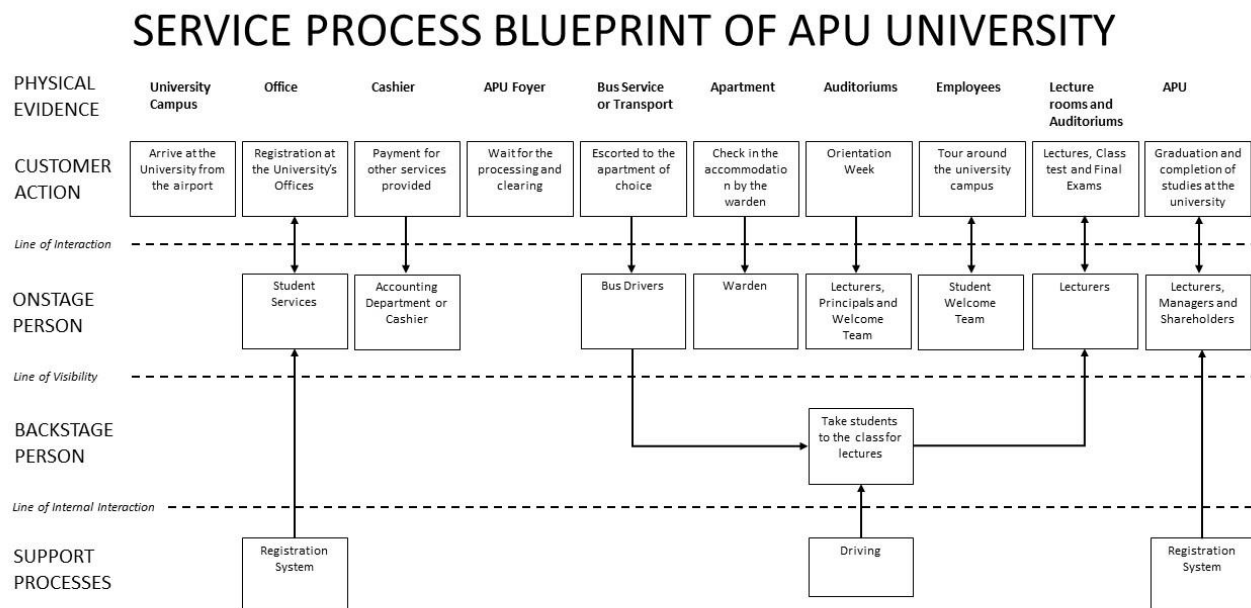


FIGURE 4: SERVICE PROCESS BLUEPRINT OF APU UNIVERSITY

1.6 PROMOTION:

Many service businesses tend not to treat services as a matter of scientific analysis. As mentioned by Abe (2005), failing to treat services as an issue of scientific analysis has resulted in a struggle in quantitatively analyzing the effects and risks involved. Research in the U.S documents of IT Providers shows that 10-50% of the general business contracts do not meet client expectations (Abe, 2005). This indicates that if a business does not take their service related business in account, the chances of the business failing are high since the organization will fail to quantify the possible risks and effects that may occur in their business. In corporation to promotion, service-based companies need to pay attention to their promotion campaigns because if they promote information that does not relate to the business or is not entirely correct, the company will not be able to meet the customer's expectations and as a result the business might fail due to either losing customers or people spreading negative word of mouth about the company and resulting to it not getting new customers. For example: APU uses agents to spread the word about their business so that they can help them to get more students to enroll in their facility. In most cases, the information provided by the agents is usually not entirely accurate because they make APU sound much nicer than it actually is, hence once the students have enrolled to join the university and find out that the information that they were provided was misleading, there is a high chance that they will share their experiences about APU causing the current students that they have to leave the university and others who will hear about the information to choose not to join at all. Data derived from a study conducted by Diener and Greyser (1978) indicated that a total of 34% of dissatisfied customers informed others about their dissatisfactory experiences which increased the effects of a negative image and also reduced sales for the organization.

1.7 PEOPLE:

Direct personal interaction among customers and the employees of a firm is one of the activities that is being depended on greatly by many service businesses. For example eating at a restaurant or using public transport (Lovelock and Wright, 1999). The customer's perception of service quality of a business is often influenced strongly by such a nature of interaction, which leads them to judge the quality of the service that they received based greatly on their evaluation of the people who are providing the service. Due to such reasons, many successful firms have devoted significant resources and efforts into training, recruiting and motivating their employees,

especially those who have direct interaction or contact with their customers. This is a very crucial and important action that a service-based business needs to know because if they do not implement such measures in their business then customers would always judge the quality of the business and its service based on their employees with whom they come into contact with and as result they may no longer want to related to the business forcing the business to lose customers and eventually fail. For example: APU has implemented many different ways or practices in order to try and train their employees who have direct communication with their customers so that they can work professionally when serving the students. One of their methods is a “mentorship” where those employees who are seniors in their line of work teach the juniors or new employees the ways in which they perform their activities in order to provide the best quality of service to the students. A good example of where they have executed an excellent practice of a mentor-mentee relationship is at the technical assistants (TA) office in the main building.

1.8 PRODUCTIVITY AND QUALITY:

The productivity of service can be defined or measured by the identifying the influencing factors from the perspective of the customer (Hsu and Spohrer, 2009; Anderson, Fornell and Rust, 2001). It is measured purposely to evaluate the efficiency of the inputs (efforts) that were transformed into outputs (goods and services). As mentioned by Solow (1957) and Griliches and Jorgenson (1967), the total factor of productivity is what is defined as a literature of how to measure productivity as a ratio output against all inputs for instance capital, labor and raw materials. This is mainly used by managers to calculate the productivity of a company by focusing on the common single factor ratio where the labor productivity is calculated by dividing the company’s total sales by the number of employees that they have (Anderson, Fornell and Rust, 2001). On the other hand, the quality of service can be defined as the subjective measure that is driven by the customer (Cronin; Taylor, 1992). Due to the fact the quality of a given service depends on a customer driven measure, hence the value for money of the service delivered might not be a suitable sign for quality (Tirole, 1988). Although the productivity and quality of a service company are usually considered as 2 different things, it is imperative that any service-based company should take both aspects into account because it is by doing so when they will be able to achieve their optimum performance for amount of productivity and value of quality of their services. In relation to APU, the productivity of their services compare to the quality, there is a clear gap in between these 2 aspects which in

return creates service gaps which to them not being able to fulfill their optimum performance for the amount of productivity and the value of quality of their services.

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