

Chapter 3- Conceptual Models

3.1. Goods and Services Re-conceptualisation Context

The literature review and critique of the definitional devices commonly used for goods and services have been argued to be numerous, non definitional in nature and flawed. The utility of the definitional devices, however, led to the conclusion that a symbiotic rather than dialectic approach to re-conceptualising the constructs be undertaken. Rather than abandon the understanding of good and service built up over the life of the field, it was desirable to delve more deeply into the underlying nature of goods and services. That is, why were services viewed in terms of their process and goods in terms of their output? If all products involved processes and outputs, when should attention be focused on their processes and when on their outcome? The exploration of such questions was also designed to expose more profound understandings of goods and services that could be used in the development of alternative conceptualisations that provided understanding about the nature of the constructs in themselves as well as their relationship to each other and to product in general.

3.2. Background to the Re-conceptualisation of Goods and Services

In gaining a clearer understanding of the goods and services constructs, a good place to begin was with what was already known and could be used. From there perhaps a clearer understanding of the constructs could be developed that took into consideration the accumulated wisdom of the field but addressed the criticisms that had been leveled at them.

It was commonly accepted that products were made up of both good and service components (Stostack 1977, Zeithaml and Bitner 2003). The service component of product was argued to have its own characteristics that made marketing it different to goods (Zeithaml, Parasuraman and Berry 1985). It was said that it was difficult to evaluate not only because it was intangible but more importantly that a service represented a promise (Zeithaml, Parasuraman and Berry 1985). The notion of involvement in the production process by the consumer and its conceptualisation as a process indicated that the service component had not been produced at the time the exchange had been initiated. The good component of the product however had been conceptualised as the output of production (Gronroos 1998) and was argued to be easier to evaluate because it was tangible (Zeithaml, Parasuraman and Berry 1985). This indicated that the good component of product had been completed before the exchange had been initiated. This meant that in a product made up of both good and service components, the good component had been produced before the exchange had been initiated and the service component had been produced after the exchange had been initiated. Here, initiation of exchange meant the customer's first contact with the marketing infrastructure that facilitated the exchange.

For example, a can of baked beans was regarded as a good. A characteristic of a can of baked beans was that it had been produced before the customer entered the retail outlet to initiate the exchange. A meal of baked beans at a café was regarded as a service. Its production was largely carried out after the exchange had been initiated. Accountancy was regarded as a service. The production of it was carried out after the consumer initiated the exchange. A video was regarded as a good even if it was of a sporting event. The production of the video occurs before the consumer buys it. Live sport was regarded as a service and it could be seen that a characteristic of it was that it was yet to be produced when the consumer bought the tickets and entered the arena. In fact, such a distinction worked for any products. Any good attribute was always produced before the exchange and any service attribute was always produced after the exchange. This was not

to suggest that all attributes of what were regarded as services were produced after the exchange. As all products were made up of combinations of good and service then necessarily attributes of services such as accommodation must also contain good elements, elements that were tangible such as décor and facilities.

This understanding of the nature of good and service production provided insight into the question of when were products viewed in terms of outcome and when in terms of process. Conceptualisations of service, as argued in the literature, tended to focus on differences between goods and services (Gabbott and Hogg 1994). With the good component of product, production was complete and there were tangible attributes to evaluate. It could be speculated that given the outcome, the process was of little importance. With the service component of the product however, the production of the attributes was yet to take place when the exchange had been initiated. This meant that the consumer was interested in both the process and outcome. The literature on service product development and service failure acknowledged the importance of both process and outcome in the consumer's mind (Johns and Storey 1998, Lovelock 1996). Given that the services marketing field concentrated on differences between goods and services and both good and service had outcomes in common but only with services was the process important, it was logical to suppose that attention focused on the process as the differentiator between good and service.

While it could be argued that good production occurred before the exchange was initiated and service production after, numerous examples could be provided where the same production was at times carried out either before or after. For example, most hamburgers were produced after the exchange had been initiated. McDonalds, however, often produced them just before the exchange. Similarly, clothing could be produced before the exchange with the consumer buying off the rack. Alternatively, they could have someone make exactly the same piece of clothing for them which would then be produced after the exchange had been initiated. This meant that if products were viewed as combinations of attributes some of which were produced before the exchange was initiated and some after and that in some cases those attributes could be the same, then it could be argued, at least

in some circumstances, that good and service production involved and, in fact were, the same process but carried out at a different time relative to the exchange. However, while this was the case for a number of service type attributes not all attributes could be produced before the exchange. Where a consumer wanted customisation then those attributes that were to be customised had to be produced after the exchange was initiated. Where the product attributes involved enjoyment of the process as was the case with live music, sport or live drama then necessarily those attributes needed to be produced after the exchange had been initiated and where the product attribute perished then necessarily that attribute had to be produced close to the exchange. Except in these instances, however, it could be argued that all other attributes could be produced before or after the exchange. Similarly, with those attributes produced before the exchange, there was nothing really preventing all of them from being produced after the exchange had been initiated. What did determine when they were produced, however, was the creation of value for the consumer. Attributes produced before the exchange could be evaluated by the consumer, the producer could implement quality control on them more effectively than with those attributes produced in real time in conjunction with the consumer. The flexibility of production afforded by being able to produce attributes when and where the producer wanted, provided they were completed before the exchange, worked to increase efficiencies and lower the cost. As they were produced before the exchange had been initiated the consumer also saved time in that they did not have to wait for the attribute to be produced. However, such attributes as produced before the exchange was initiated could not be customised, nor could there be process enjoyment involved and where the attribute perished quickly or where demand was not regular enough to justify production and storage such attributes had to be produced after the exchange was initiated.

The combination of superior quality, ease of evaluation and the temporal and financial cost savings associated with goods orientated production meant that it could be argued that service production was only justified to both producer and consumer in the production of attributes that needed to be customised, perished quickly or where there was some process enjoyment involved. There was strong justification in all other attributes being produced before the exchange had been initiated.

3.3. Proposed Re-Conceptualisation of Good and Service Attributes

Putting all of this together it was argued that goods and services could be conceptualised in the following way. All products are made up of both good and service attributes. Good attributes were all those produced before the exchange had been initiated while service attributes were all those produced after the exchange had been initiated (See figure 3.3.1.). Figure 3.1.2. summarised the characteristics of both good and service components of products.

Figure 3.1.1. : Goods and Service Production

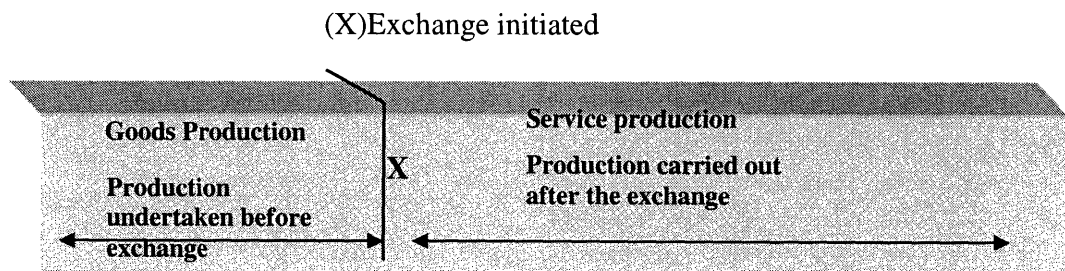


Figure 3.1.2: The characteristics of good and service production

Goods Production	Service Production
<ul style="list-style-type: none">- Attributes can not be customized- Attributes able to be stored- High degree of control over quality possible- Can produce where, when and where producer wants- Saves time and is cheaper for consumer	<ul style="list-style-type: none">- Attributes can be customized- Can include attributes that perish- Can include process enjoyment- More difficult to control quality- Often restrictions on where, when and by whom it is produced- Takes more time and is financially more expensive for consumers

3.2.1. Good and service constructs and their relationship to each other

By viewing good and service in the above way it could be argued that it enabled a clearer understanding of the constructs in themselves and their relationship to each other. Such an understanding was also consistent with most of the literature but went deeper to conceptualise them within the context of value creation and exchange.

By conceptualising goods attributes as all those produced before the exchange and service attributes all those produced after the exchange, goods and services were conceptualised as the same production carried out at different times relative to the exchange. This established their relationship to each other and given the different characteristics of each type of production listed above, conceptualised them in respect to value creation. Service production created value when consumers wanted customisation, the attributes perished or where they desired process enjoyment. Where this was not desirable, value was created by having that production undertaken before the exchange thereby decreasing temporal and financial costs, increasing quality and making it easier to evaluate in that it had already been produced.

In conceptualising good and service production in a way that was consistent with the underlying tenets of existing definitions, that is providing a deeper understanding of why goods have been viewed as the tangible outcome of production and services as the production process itself, such a re-conceptualisation was also consistent with most of the services marketing literature. For example, it provided an understanding of why services were more difficult to evaluate. In line with this conceptualisation, it was not so much that services were intangible but rather that these attributes had not been produced yet. Similarly, this gave insight into why quality control was more difficult with services than with goods. These implications will be discussed in more detail in the discussion section.

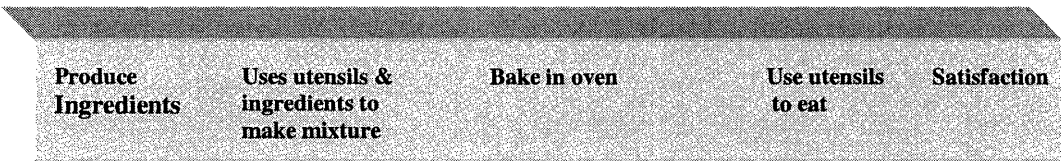
This conceptualisation of good and service was referred to within the remainder of the thesis as the **Goods and Services Model**.

3.4. A Marketing Re-Conceptualisation of Product

A review of the literature identified a number of areas where a marketing understanding of product could be strengthened. It had been argued that at present there was a bias towards viewing product as the outcome that the consumer hoped to achieve through consumption. Numerous authors had argued that value and utility related to the process surrounding the consumption process as well as the outcome of that process. It was concluded that it was important that any re-conceptualisation of product take producer and consumer into consideration within a context of value creation and exchange as was done with the goods and services constructs. As the process that led to the satisfaction of a need was the basis of value creation and was also something that both producer and consumer had in common, it was logical that any re-conceptualisation of product take this process as the starting point. This provided the context within which the conceptualisation was undertaken, namely that products related to the consumer’s need satisfying process and that producers were involved in that same process.

The need satisfaction process was, in effect, a production process where the consumer used products to realise their need satisfaction. It could be argued therefore that the meaning of product was determined by its role in that process. The need satisfying process could be characterised as a series of steps undertaken in order to satisfy a need. Figure 3.4.1. was one such process for the need satisfaction resultant from eating a cake.

Figure 3.4.1: The Production Process of Making a Cake



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In viewing this example it could be seen that while it could be conceptualised as one process, the consumer could play different roles in that process. In order to satisfy their need they did not need to undertake all of the processes. They could get other people to undertake some of the processes for them. It is argued that this represents what a product was. Products are that aspect of the need satisfying process the producer does on behalf of the consumer that the consumer then uses to satisfy their needs.

In looking at the process again it was apparent that products could differ based on how much of the total process they represented. The consumer could merely buy the ingredients and bake the cake themselves. Otherwise they could buy a packet mix or even merely buy the cake already baked. These three examples represented products that were inputted into the same production/consumption process but differed based on how much of that process they included. That is, products could be characterised as part finished need satisfying production processes that differed based on how much of that process they represent. Figures 3.4.2 to 3.4.4. outlined three products that had the same need satisfying qualities but differed based on how much of the production process the producer undertook for the consumer.

Three Examples of Different Products With Respect to the Same Process

Figure 3.4.2.

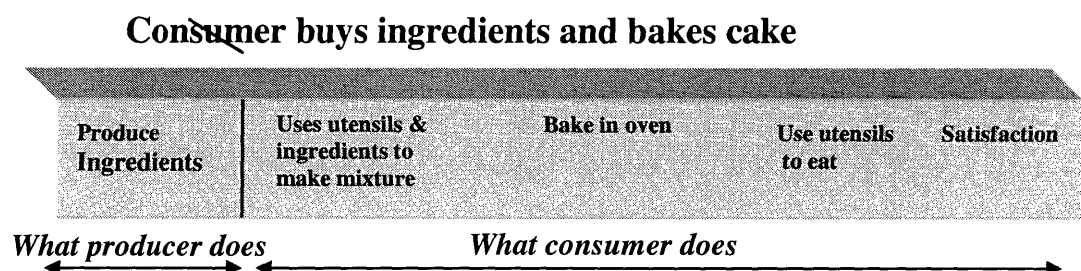
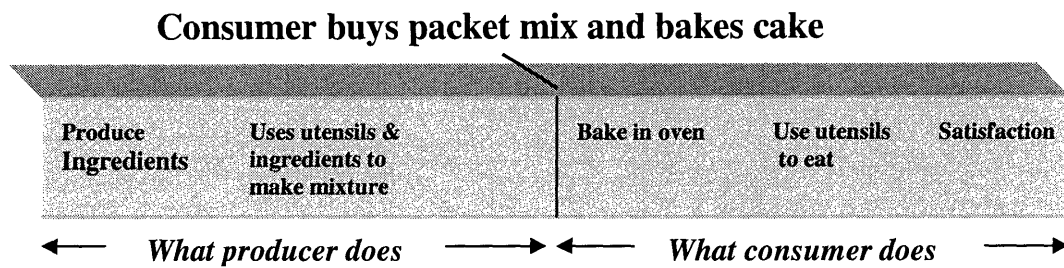


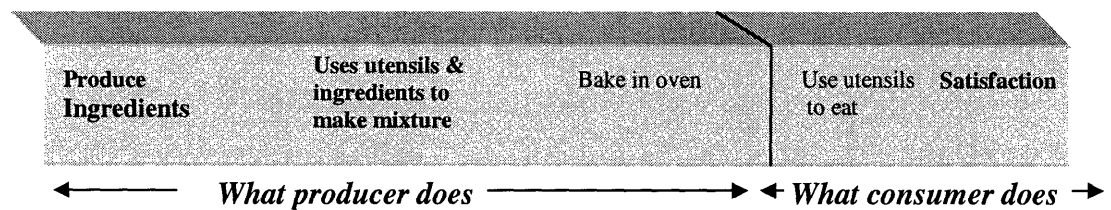
Figure 3.4.3:



Note: This option requires fewer skills, tools, time and other ingredients than last option but still requires access to tools and infrastructure.

Figure 3.4.3:

3. Consumer buys already made cake



Note: This option does not require the consumer to have skills, tools and other ingredients to bake the cake, but requires skills and utensils to eat it

Such a conceptualisation of product satisfied the requirements outlined in the literature. The role of the producer and consumer were made explicit. The production/consumption process that led to need satisfaction was the same for both producer and consumer. The consumer undertook some aspects of it, the producer other aspects. Product was that aspect the producer undertook. By viewing it within the context of such a process, product was also conceptualised with respect to value creation. The product's value was determined by how much of the total production it represented and therefore its role in the need satisfying process of the consumer. Finally, such a conceptualisation of product also explicitly acknowledged exchange. Exchange represented the end of the role of the

producer and the commencement of the role of the consumer. In this way by defining product as that aspect of a need satisfying process undertaken for a consumer, the consumer and producer were included and it was conceptualised within a context of value creation and exchange.

3.4.1. Determinants of the nature of the producer's involvement

Within this conceptualisation the nature of product was determined by how much of the total production the producer undertook and how much the consumer undertook. One of the major determining factors of what proportion the consumer took over related to the capabilities of the consumer to undertake all aspects of production. It was possible that the consumer could undertake all of these steps themselves. If, however, they did not have the capabilities (skills, tools, materials, time motivation) to undertake a step in the process and they still desired the outcome then they would need to get someone else with the capabilities to undertake that aspect of the process for them. This meant that the lower the capabilities, the higher the proportion of the process the product represented. If the consumer did not have the capabilities to use the product to satisfy their needs then regardless of whether they desired the outcome their lack of capabilities would prevent it. This meant that the nature of products was determined not only by the need that the process would satisfy but also by the capabilities of the consumer. The features of the product must be consistent with the capabilities of the consumer for the production process to proceed and for the consumer to realise the satisfaction of their need.

Different consumers, however, could be expected to have different capabilities, different skill levels, different levels of access to tools and different motivations. Therefore two consumers with the same need they wanted satisfied but with different capabilities would require different features in their product to match their capabilities. That is, two products with the same need satisfying outcome could differ based on features which represented different capabilities of the consumer.

While the capabilities of the consumer determined what proportion of the process the producer had to produce for the consumer, the cost and control over the outcome determined how much of the total process the consumer chose someone else to perform. Generally it could be assumed that the greater the proportion of the process undertaken by someone else, the higher the financial cost to the consumer of satisfying that need. The cost that the consumer was willing to bare was therefore one determinant on how much of the process the consumer got someone else to undertake for them. The other determining factor related to how much control over the outcome the consumer wanted to exert. The more a producer undertook for a consumer, the lower the control they exerted over the outcome. This was because the producer, for reasons of efficiencies and the nature of their capabilities, would undertake their aspect of the process in their own way, in all likelihood to some degree differently to how the consumer would. This meant that the consumer had less control over the nature of the process and so its need satisfying outcome, the more they had someone else undertake for them. This implied that the nature of product was also determined by the level of control over the outcome of the process the consumer desired (see figure 3.4.5).

Figure 3.4.5: Level of control the consumer can exert over the outcome

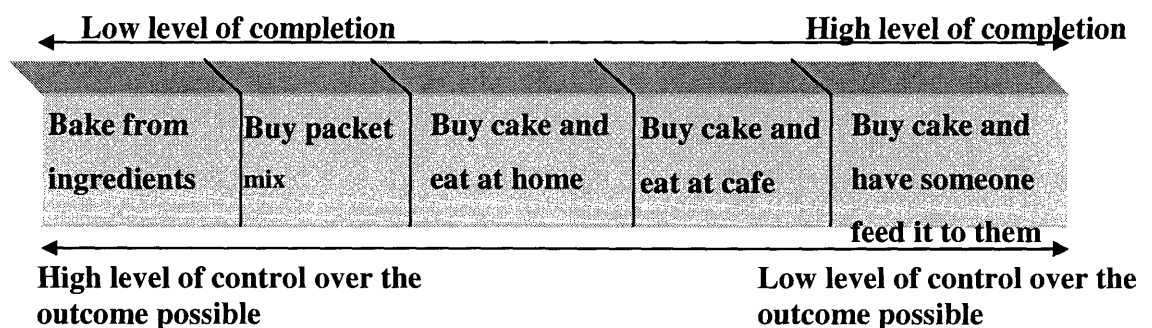
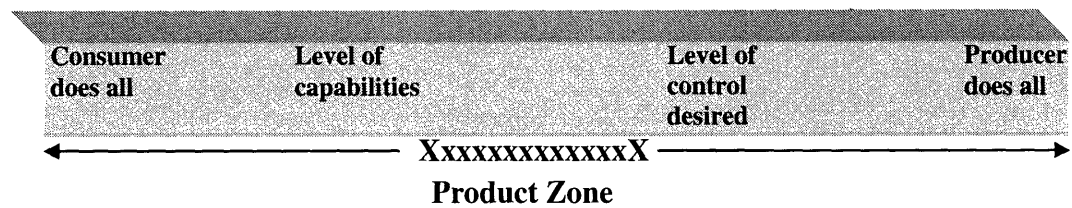


Figure 3.4.6: The Product Development Zone



XXXXX – The level of production of a product must match the level of capabilities in the market and the level of control desired.

In this way there was a product zone (see figure 3.4.6) that characterised and determined what proportion of the total process the product represented. Within this conceptualisation it could be seen that value in a product related to both the need that it satisfied and the proportion of the total process that the producer undertook for the consumer.

To alter the value proposition of a product, therefore, a producer could alter features that related to the need that the process was put in place to satisfy, which were referred to in this thesis as **outcome attributes**. Alternatively, they could alter the proportion of the total process they undertook for the consumer, the components of which were referred to in the thesis as **process attributes**.

In summary, therefore, the need that the consumer wanted satisfied determined the process that was required to realise that need satisfaction. Product became that aspect of that process that the producer undertook for the consumer. That is, products are what the producer/marketer does for the consumer. Their specific nature was determined by how much of the process the producer undertook for the consumer which in turn was determined by the consumer's capability and the level of control they wished to exert over the outcome of the process itself together with cost considerations. This conceptualisation of product was referred to within the remainder of the thesis as the **Level of Completion Model**.

3.5. An Overview of the Model as a Whole

The two components of product could be reconciled under one conceptualisation which illustrated the relationship of the two to each other.

Product was that aspect of a need satisfying process undertaken for a consumer. The proportion of the process which represents the product could be further divided into those aspects of the process completed before the consumer initiates the exchange, or goods production, and those aspects of the process undertaken after the consumer initiates the exchange, or service production.

In this way it could be seen that products, goods and services could be characterised in terms of who did what aspects of the need satisfying process and when. Products with the same need satisfying nature could differ based on how much of the process was undertaken for the consumer and how much of that was undertaken before or after the exchange had been initiated. In this way, both dimensions of product could be conceptualised on a single continuum that represented the need satisfying process.

Under such a conceptualisation the nature of good, service and product as individual entities were articulated. In addition, the relationship of good to service and good and service to product were also articulated. Product was conceptualised in terms of a process as well as an outcome. That proportion of the process undertaken by the producer represents the product. That product as process could then be further broken down into that aspect undertaken before the exchange was initiated and that after. In this way product, good and service were conceptualised within the same process of value creation. Goods and services served different purposes and were characterised as different aspects of that process in terms of the role they played in value creation and when they were produced relative to the exchange. The theoretical and practical implications of such a reconstruction are discussed in detail in the interpretation and discussion chapters.

Chapter 4 - Empirical Study Methodology

4.1. Context

The thesis thus far has been concerned with the inductive development of theoretical constructs. The role of the empirical study in the thesis, however, was the deductive testing of these constructs. The nature of re-conceptualisations were such that their testing needed to relate not so much to their conceptualisation but rather whether such new conceptualisations generated new marketing insight and were perceived to be of greater utility to marketing decision makers. This was because of a number of factors. Being reconstructions, it was likely that no one may conceptualised product, good and service in that way. This did not invalidate the reconstructions however. What was of interest was not whether people think about the constructs in this way at present but rather whether there was utility in thinking about them in this way in the future, whether people could see utility in thinking about product, good and service in that way.

To aid evaluation of reconstructions Guba and Lincoln (1989) outlined some criteria for the evaluation of new constructs. They argued that a new construction was of value when it demonstrated:

- Ontological authenticity through enlarging personal constructions
- Educative authenticity through improved understandings of the constructions of others.
- Catalytic authenticity through stimulating and empowering action.

If these could be established then it could be argued that the reconstruction was potentially a valuable one and there was utility in adopting it. The nature of shared understanding also meant that even if some people found it of utility, it did not mean it would be of utility to all.

In line with the above considerations the research question that was addressed by this study was whether the reconstructions of good, service and product, as outlined previously, were of utility in understanding the nature of product, good and service better than existing ones and whether such reconstructions were the basis for the stimulation and empowering of marketing action.

This meant that the study would test the utility of the reconstruction without addressing the reconstruction itself.

4.2. Selecting an Appropriate Methodology

Yin (1994) argued that the type of research question that a study tackled was the most significant factor in determining the best research methodology. To date the thesis has been concerned with inductive construct development. The empirical study, however, now looked to test that. In effect this represented a “how” question as outlined by Yin (see figure 4.2.1.). That is, how do the reconceptualisation of good, service and product work in a real life setting. A number of authors have pointed out that “how” type questions were best answered through the use of experiment, history or case study methodologies (Yin 1994, Handfield and Melnyk 1998).

Figure 4.2.1: Choosing a Research Strategy

Strategy	Form of research question
Experiment	How, why
Survey	Who, what, where, how many, how much
Archival analysis	Who, what, where, how many, how much
History	How, why
Case study	How, why

(Source: Yin 1994)

As the research question involved how useful the proposed reconstructions were in aiding understanding and in the development of marketing action, history was ruled out as an appropriate methodology. This was primarily because they were new conceptualisations which could not be expected to be evident amongst marketing practitioners or academics. Of the two remaining methodologies, case studies were viewed as being particularly appropriate methodology to generate, test and refine theory (Stake 1998, Yin 1994, Perry 1998, Rowley 2002, Voss, Tsikriktsis, Frohlich 2002). Perry (1998), Rowley (2002) and Voss et al (2002) all claimed that case studies were specifically useful in theory development and testing within the marketing and management areas. One of the reasons for their appropriateness was that, with multiple case studies, replication was possible enabling them to be regarded as the equivalent to multiple experiments and so the benefits of an experimental methodology were realised as well (Yin 1994, Rowley 2002). Eisenhardt (1989 p.548-549), argued that case studies were “Particularly well suited to new areas for which existing theory seems inadequate”. Voss et al (2002 p.195), writing within the management literature, argued that case studies were “particularly suitable for developing new theories and ideas and could be used for theory testing and refinement.” In supporting this view, Rowley (2002) argued that case studies provided an approach that supported deeper and more detailed investigation of a phenomena.

A number of strengths of case study research have been provided by Bebensat et al (1987).

1. The phenomena can be studied in its natural setting and meaningful, relevant theory generated from the understanding gained through observing actual practice
2. The case method allows the questions of why, what and how to be answered with a relatively full understanding of the nature and complexity of the complete phenomena.
3. The case study lends itself to early, exploratory investigations where the variables are still unknown and the phenomena not at all understood.

Interestingly, Hunt (1991) provided further support for the use of case studies to test theory. Hunt (1991 p.282) argued that case studies usually involved the collection of perceptions of “unobserved world phenomena such as perceptions that are unobservable” As only observable phenomena should be tested through a positivist methodology, according to Hunt (1991), perceptions of the possible utility of a construct were therefore appropriately tested through a case study method.

The combination of the methodology’s usefulness in the development and testing of theory, for the understanding of unobservable phenomena unknown or little understood, and as a tool to view a theoretical construct’s utility within a real life context, suggested that the case study methodology was an appropriate one for the testing of reconstructions in marketing.

4.3. The Nature of Case Studies

Stake (1998) argued that what a case study was, was somewhat ambiguous. While there was great variety in what constituted a case, “custom” had it that “the object of study is a specific, unique, bounded system” (Stake 1998 p.88). It was the boundedness and the behaviour patterns of the system that were the key factors in understanding the case. In this way, a case looked at specificity rather than generalities (Stake 1998).

Together with the ambiguous nature of what a case study was, there was great variability within the case study methodology. Stake (1998) argued that case studies could have quantitative as well as qualitative components. While this was the case it was generally classified as a qualitative methodology (Guba and Lincoln 1989). Perry (1998) argued that case studies best fitted a realism paradigm because they dealt with perceptions of unobservable phenomena which, according to Hunt (1991), lay outside the positivist fold. He argued that it was also better suited to the realism paradigm than the constructivist or critical theory paradigms because realism had as one of its tenets an external reality (Tsoukas 1989) which the others did not. This had important implications for researcher objectivity together with reliability and validity issues. However, this was just one view that was focused on case studies as theory generating devices. A constructivist paradigm was, however, consistent with the use of case studies as theory testing. Epistemologically, constructivists viewed the development of shared understandings from a transactional/subjectivist perspective where knowledge or understanding was created through interactions between investigator and respondent through a dialectic of “iteration, analysis, critique, reiteration, reanalysis”, which led eventually to a joint construction of reality (Schwandt 1998 p.243). Given that the goal of the research was to investigate the degree to which a new conceptualisation could result in better understanding and the development of different but valuable marketing action, an external reality was not necessary. A shared socially constructed understanding of the phenomena

would have the same result. In line with these considerations, the case study methodology was consistent with a realism, constructivist, critical theorist but not positivist ontology. Given that case studies could be viewed from so many perspectives, there was little utility in specifying an ontology that this study was derived from.

It has been argued that case studies could also be predominantly inductive or deductive though most agreed that they should contain elements of both (Rowley 2002, Stake 1998, Perry 1998). That is, case studies could be used to generate theory or to test theory. However, in both cases, aspects of the other were necessary. Parkhe (1993 p.252) stated that “both extremes are untenable and unnecessary”. Miles and Huberman (1994) argued that, in fact, induction and deduction were linked research approaches while Perry (1998 p.788) argued that “some prior theory can have a pivotal function in the design of the case study and analysis of its data.” Miles and Huberman (1994) also noted the importance of pre-structured research. Rowley (2002) took a more deductivist stance arguing for the definition of questions and propositions in advance. Through this a firmer foundation for understanding and managing issues to do with validity and reliability could be established. By outlining what the researcher expected the findings of the research to be, Rowley (2002) believed that the collection of data and analysis could be structured to support or refute the research questions.

One further aspect of case studies that reduced researcher and respondent bias and aided in the validity of the case was the use of multiple sources of analysis. The specification of what these sources were was relatively open. In most instances data collection involved interviews. It could also involve other such data sources as organisational documentation, meeting attendance or the review of archival material (Stake 1998). The choice of data sources was idiosyncratic to each case and was closely linked to the unit of evaluation and research questions (Stake 1998).

A case study methodology could either involve singular or multiple cases. There was no set number of cases that needed to be included (Voss et al 2002, Perry 1998, Rowley 2002). Singular cases were often used in longitudinal research or where particular depth was required (Voss et al 2002). However, it was generally argued that multiple cases were preferable (Voss et al 2002, Rowley 2002, Perry 1998) This was because single case studies may be misjudged or have exaggerated components. That is, a single case study could be idiosyncratic in ways dangerous to internal validity. One further reason for a multiple case study approach was that comparisons across cases could be made which aided external validity (Voss et al 2002). In a similar theme, Rowley (2002) and Yin (1994) also pointed out that multiple cases represented multiple experiments and so multiple cases represent replication.

Cases could also be intrinsic or instrumental (Stake 1998). Intrinsic cases were examined because there was interest in that particular case. It may be extreme or illustrated a particular trait or problem. Instrumental case studies were used to provide insight into an issue or refine theory (Stake 1998). The case took a secondary role and was used to provide insight into a more important issue. The choice of case was determined because it was expected to advance our understanding of the phenomena.

4.3.1. Generalisation, reliability and validity in case studies

In case studies, generalisation did not involve statistical generalisation but rather analytical generalisation (Rowley 2002). Analytical generalisation involved the use of previously developed theory being used as a template to compare the empirical results of the case study (Rowley 2002). As stated, with multiple case studies each case was regarded as an experiment and not as multiple respondents

in a survey (Yin 1994). Where two cases support the same theory, replication could be claimed (Rowley 2002). Perry (1998) argued that the meaningfulness and insights generated from case studies had more to do with the information-richness of the case than with sample size.

With respect to case studies four tests were widely used to establish the quality of the research, construct validity, internal validity, external validity and reliability.

4.4. The Nature of This Case Study Project

This study took a largely deductive approach in that it aimed to test theory development in the form of reconstructions of product, good and service. Multiple case studies were undertaken in order to lessen the chance of researcher bias and increase the chance of replication and therefore generalisation. Each case was instrumental rather than intrinsic in that each had been chosen as a vehicle to explore the utility of the new conceptualisations.

4.4.1. Unit of analysis

To test the utility of the reconstructions three marketing practitioners were chosen as the unit of analysis. Practitioners were chosen over academics (and other marketing theoreticians) and consumers for a number of reasons. The reconstruction was for the use of practitioners and academics to better understand what products were and from there to aid in marketing action. In this context, whether consumers found it of utility was irrelevant because it was possible that such a construction was of no use to consumers but of considerable use to practitioners and academics. Also, it was possible that components of the current marketing paradigm were not evident to consumers. Consumers were therefore ruled out.

For both practitioners and academics, the value of a reconstruction lay in whether it translated into better marketing through a better understanding of the phenomena and from there to the development of better marketing actions. That is, its value lay in whether such an alternative understanding was likely to result in greater effectiveness and efficiencies as a result of better marketing activities. It was felt that practitioners provided, in this respect, the harshest and strongest test, as they were more likely of the two to be outcome focused and have a pragmatic view on whether it really would help them in their job. In addition, practitioners were chosen because of the nature of the methodology. As the research question addressed whether the reconstructions were of greater utility than present constructions, and as one of the major strengths of a case study methodology was its real life context, it was felt that testing the utility of the reconstruction within a real life marketing context would be more appropriate than merely asking academics whether they felt the constructs would be of utility in such a context. That is, marketing academics were regarded as being more removed from the practical application of the constructs than were marketing practitioners. This was particularly pertinent given that the research question addressed the utility of the reconstruction rather than the nature of the reconstruction itself.

In the above respect, the choice of practitioners over academics was also undertaken in the belief that it would maximize the construct validity of the study. It was felt that practitioners were less likely to be interested in the model itself, whether the model was logical and consistent, while an academic's view of the utility could more easily be influenced by their view of the conceptualisation itself. With academics, there may be a tendency to focus on how the outcomes were generated rather than on the value of the outcomes. In this way, it would be harder for academics to separate the model from its utility, thereby undermining the construct validity of the study.

For internal validity reasons it was important that the nature of the task within each case clearly differentiated between the utility that the new constructs provided and what could reasonably be expected to be a result of the old constructs.

4.4.2. The nature of the experiment in each case

In order to separate the utility of the new from the old constructions the practitioner was asked to articulate a marketing problem they had experienced but had been unable to resolve. The marketing problem, as set out in a “problem report”, was designed to represent the edge of the utility of the old construction and therefore separate the insight generated by the new constructions, and from there the utility of the new, from the old. The new conceptualisation would then be applied to the problem. In this way, any new insight into the problem generated by the reconstruction could be argued to be a result of the new conceptualisation. If the analysis, in the view of practitioners, could provide further insight into the nature of the problem and marketing activities and from there be used to develop marketing strategies, it can be argued that the constructs behind the model satisfied the criteria set out by Guba and Lincoln (1989) in respect to its value.

While it would have been ideal to test the utility by having these actions put into place, it was impractical on a number of levels to go that far. Firstly, it was felt that it would be much more difficult to persuade a company to put such actions in place. Asking a trained mind their opinion of the utility was one thing, getting them to put it in place was far more risky for them. The risk involved in implementing something based on a new understanding of a central construct of the discipline would probably mean that only high risk takers or desperate people would do it, potentially distorting the results.

In addition, in many cases it would be impractical to implement as the marketers were not in control nor could they control all variables within their organisation and the outside environment. This would potentially undermine the construct validity of the study and may act to wash out the perceived utility of the reconstruction. To target the person in the organisation with the power to implement what may be a radical plan would mean targeting someone that may not be a marketer, which again may undermine the chance of its true marketing utility being recognised. It was felt that it was impractical also because of the time that such a study would take. To truly test the utility it may take years for the results to become apparent.

Finally, as it was the marketer's perception of the utility that mattered, it was felt that such utility resided in the mind as a tool to be applied to many situations and so their opinion of its utility would be sufficient. As all were university educated marketers with experience at absorbing marketing concepts and evaluating their utility with respect to their own practical context, it was felt that they would be sufficiently skilled in evaluating the utility of a marketing related construction to make valid comment.

4.4.3. Limitations of the study

Such a study was fraught with limitations. One of the reasons for this was the nature of theory development and testing. As Bagozzi(1986) pointed out, theorizing was fraught with danger as it involved doing before knowing. Re-conceptualising was also fraught with danger in that the shared nature of constructs meant that judging the utility of a new construct through what amounted to a limited exposure was likely to be difficult. In addition, while a case study method involving some sort of experimentation was appropriate to theory testing, it was difficult to develop a test to examine the utility of viewing key constructs of a discipline in another way. The way that had been developed was,

in the opinion of the researcher, the best way to proceed in such a challenging environment, however, it was acknowledged that there were significant internal validity issues. Specifically, the structure of the case assumed that the respondent was aware of present marketing actions and that the utility of the new conceptualisations could be separated from what existing marketing could achieve. This had been addressed through the selection of respondents who were all senior marketing practitioners in their organisation and who all had degrees in business, two of which had Masters degrees in marketing.

These internal validity issues implied that in the analysis of the case study results it was particularly important to concentrate on implications that clearly were the result of viewing product, good and service in the proposed way and being conservative about what was taken as evidence for their utility.

4.4.4. Research protocol

Three senior marketing practitioners were approached and asked whether they would be interested in participating in a study which looked to test the utility of viewing the constructs of product, good and service in a different way than the traditional marketing literature. Once the three respondents had agreed in principle, the process that would be followed was outlined to them. An agreement of participation was then exchanged outlining expectations on both sides (see appendix one for a copy of all correspondence and agreements).

First, each respondent was asked to articulate their understanding of what product, good and service was so that a comparison with the proposed reconstruction could be undertaken. This was to establish not only the degree to which these practitioners shared the formal construction but to gauge how different the reconstruction was.

In order to develop an understanding of the marketing problem that faced their organisation and which would be the focus of the analysis utilizing the reconstructions, a problem report was developed. This “problem report” was developed through an interview structure where the researcher and practitioner met and discussed the nature of the problem (see Appendix one for a copy of the instructions provided to respondents). From that meeting the researcher developed a report, which outlined their view of what the practitioner had articulated. This was hermeneutical in nature in that the researcher used their experience and insight to probe, in order that a shared understanding of the problem be established. This report was then returned to the practitioner for verification that it accurately represented the problem as articulated by them.

Once the problem had been articulated within a problem report, the new conceptualisation of product, good and service was utilised by the researcher to analyse the problem and come up with an explanation of the dynamics of the problem and possible solutions in the form of strategies and tactics that the practitioner could undertake. This represented the first part of the results, whether the reconstructions actually generate new insight.

While it could be argued that a stronger test of the reconstruction would be to have someone apart from the researcher use the reconstruction to analyse the problems, the drawbacks were seen to be more significant than the benefits. As it was a reconstruction created by the researcher, then it could be assumed that the researcher understood its nature and consequences the best. This meant that having the researcher undertake the analysis would give the model the greatest chance of demonstrating its utility. As the task of demonstrating the utility of the reconstruction was a difficult one, due to the possibility that practitioners may not be able to bracket out possible marketing actions that were appropriate under a set of circumstances, it was felt that it needed all the power it could muster.

This alternative understanding of the nature of the problem and the possible solutions to that problem as generated through the application of the reconstruction was then sent by mail to the practitioners in a written report form to generate the second part of the results, the perceived utility of those insights. In addition, a summary of the conceptual model was included (see appendix two for an outline of the models sent to participants). The conceptual model was presented to aid the interpretation of the analysis, particularly where phrases, specific to the reconstruction had been used, such as “process attributes”. This was also designed to increase the ability of the respondent to separate insight generated from the reconstruction from that which may be more idiosyncratic to the researcher.

The instructions stipulated that they would not be expected to comment on the model. There was no advocacy on the part of the researcher with respect to the model. It was presented in written form and not discussed by the researcher. It was up to the respondents to use it as they wished as background to technical aspects of the analysis and as a reference point for an understanding of the jargon used. The lack of direct attention to the re-conceptualisation meant, however, that the research question relating to the Guba and Lincoln (1989) criteria for the evaluation of new constructs could only be addressed through implication from the comments the respondents made with respect to the research questions relating to the utility of the analysis. That is, unless they commented, unprompted, on the model itself.

In addition, a list of the issues/questions that the researcher was interested in addressing was included so that they could interpret the analysis in such a way that would facilitate a discussion of its utility.

Around a week later, an interview between the researcher and the respondent was held where the analysis was explained and the utility of the analysis discussed. This was practitioner driven in that it addressed areas where the practitioner

wanted clarification. The interview dealing with the respondent's view of the utility of the analysis was semi-structured in nature in that, while there were specific questions the researcher wanted to address, they were not addressed in any particular order (see Appendix one for the pre-set list of questions). The respondent was initially asked what their thoughts were on the analysis and allowed to drive the discussion where they wished. Only where discussion halted were the pre-set questions returned to.

From this interview it was initially envisaged that a report would be developed by the researcher that summarized the respondent's opinions. This was to be forwarded to the respondent to sign off on, verifying that it was a true and accurate representation of the discussion and their thoughts. This process was designed by the researcher to minimize the work the respondent had to undertake, which in turn was designed to increase the sample of concepts addressed and to aid in the recruitment process by minimizing the demands on potential respondents. While this procedure was followed for the first two studies, the second respondent was unhappy with the format of the researcher-produced report and asked to be able to submit their own report. This was seen as superior to the researcher-generated report and was not judged to threaten reliability and so this procedure was then followed for the third case study.

4.4.5. Selection of case studies

Unit of Analysis

In testing the utility of the new construction, practitioners were chosen as the unit of analysis. With all of this in mind the following selection procedure was employed.

Case Study Selection

Each of the practitioners needed to be senior within their organisation so that they could be expected to have responsibility for their organisation's marketing and in this way be able to have a holistic view and therefore see the total utility of the reconstruction. Each respondent also had a high level of training in marketing. This was developed through higher degrees and through their high level of marketing responsibility in their organisation. This was done in order to maximize internal validity. It was an assumption that each would have a relatively sophisticated notion of what marketing was.

Respondents were chosen from a wide variety of industries to maximise the reliability of the study. If it could be shown that the model was of utility across different industry conditions and with respect to different marketing problems, then it would demonstrate a higher reliability and generalisability than if it was replicated within the same industry.

Respondents and Industry

Case study one

The University of New England

Industry: University/Higher Education. Australia

Descriptions: The University of New England is a regionally based Australian university located in Armidale, New South Wales, Australia. It offers undergraduate and postgraduate degrees and diplomas on campus and at a distance. The case study involved the marketing of the teaching component of the university's product offering.

Respondent: Mr Ian Olton. Director. Marketing and Public Affairs Directorate
Qualification: Bachelor of Business (USQ), Master of Business Administration (Bond University)

Petals was a small entrepreneurial firm with staff of around 15. They had over the previous few years won numerous state and national awards for their growth and management. They were interested in utilising the internet to expand their product offering.

Respondent: Mr Scott Williams. CEO Petals Pty.Ltd.

Qualifications: Bachelor of Economics

Criteria for choice

Respondent: Mr Williams was responsible for the marketing and product development functions of Petals.

Industry: This company represented a small, entrepreneurial firm where one person was responsible for the full spectrum of marketing and marketing related activities. Of particular interest was their desire to utilise internet technology.

Definition of Product,

Good and Service

Product: Product is the output of an organisation – the thing it sells.

Good: A physical product

Service: An intangible product of assistance to another organisation in furthering its objectives.

Case study three

Ashdown/Pacific Automotive

Industry: Auto-electrical wholesaling

Descriptions: Ashdown was a subsidiary of Pacific Automotive, which in turn was a subsidiary of Pacific Dunlop. It operated primarily in Australia but sourced product internationally.

Respondent: Mr Mark Grahame. National Marketing Manager, Ashdown

Qualification: Master of Business Administration (UNE)

Criteria for choice

Respondent: Mr Grahame was responsible for the marketing of Ashdown

Industry: Ashdown and Pacific Automotive were attractive as they represented a subsidiary of a large multi-national. Also attractive about them was that they were a distribution company. It was the aim of the sample to get at least one organisation where the marketing was relatively representative of a standard large organisation.

Definition of Product,

Good and Service

Product: A physical “thing” that solves a customer’s need. It is tangible, it has physical presence.

Service: This is intangible. It also solves a consumer’s need.

Data Analysis

Analysis of results

Rowley (2002 p.24) suggested that the basis of analysis for case studies was the “propositions that encapsulate the objectives of the study and which have shaped the data collection.” As this was a deductive type case study methodology those research questions were explicit. Guba and Lincoln’s (1989) criteria for the evaluation of constructs were utilised as a guide for the analysis. The case studies could only address the utility of the analysis and so the criteria listed below acted as a guide only.

Guba and Lincoln's (1989) Criteria for the Evaluation of Constructs

A reconstruction could be argued to be of greater utility than the one it replaced when it generates:

- Ontological authenticity through enlarging personal constructions
- Educative authenticity through improved understandings of the constructions of others.
- Catalytic authenticity through stimulating and empowering action.

In line with this the case studies were evaluated in terms of whether the report generated by the researcher on the organisation's marketing problem was of utility to them. This was with respect to a better understanding of the nature of the situation through a better understanding of the constructs of product, good and service and whether that led to the generation of beneficial marketing action.

Rowley (2002 p.24) went on to suggest that such analysis should be undertaken through "trawling through the evidence seeking corroboration or otherwise of the initial propositions, and then records relevant evidence and makes a judgement on whether the positions have been substantiated." In line with the triangulation demand of the case study methodology, this was undertaken in two respects. Apart from the analysis of the comments of respondents regarding the utility of the analysis, the analysis itself was evaluated. This was undertaken to draw out the implications of the analysis for a range of marketing actions. One of the arguments in the marketing theory component of the literature review was that constructs and theory in general had profound impacts on a range of phenomena. As metalanguage was the basis of theory development, poorly constructed metalanguage could be expected to have negatively influenced the conceptualisation of a range of marketing action. A test of the utility of any reconstruction was, therefore, the range and nature of the implications it had for related phenomena. In line with this, the analyses of the three case studies were

examined to draw out the implications for related marketing phenomenon. To address the issue of internal validity, such implications for each phenomena were evaluated against existing conceptualisations drawn from the literature.

Validity

External validity/Generalisability

External validity in this circumstance relates to the degree to which there was replication across the three industries and contexts, both with respect to the insights generated and their perceived utility. External validity was strengthened through the utilization of a case study methodology to test theory. With multiple case studies it has been argued that each represents a replication and so where there was replication across at least two case studies some generalisation was possible. While the choice of a case study methodology worked to strengthen external validity, the nature of the study meant that external validity was not necessarily strong in this sense. Based

on three examples, there was limited potential to argue that it could be generalised across other contexts. The replication of findings, together with perceived utility across three vastly differing industry contexts, does provide some basis to suggest that it may be applicable across other industries or contexts.

Internal validity

Internal validity relates to the degree to which the insights generated out of the analysis of the problem reports were linked to the reconstruction. Such concerns were also addressed through the interpretation process. Only those implications which, in the researchers opinion, were clearly resultant from the new model were identified. To boost this, a comparison of how that marketing action was conceptualised in the marketing literature was also undertaken.

Construct validity

Construct validity relates to how well the case study analysis represented the nature of the model. Problems with construct validity have been identified with respect to the researcher administering the treatment and the assumption that the respondents used state of the art marketing knowledge and tools on the problems before the study commenced. It was the aim of the design to strengthen construct validity by drawing the sample from practitioners rather than academics and through measuring the potential utility, rather than results obtained through implementation of the recommendations.

Chapter 5 – Case Studies

5.1 Introduction

Contained within the results section are the three case studies broken up into three parts.

- The Problem Report; detailing the problem to be addressed by the models
- The Analysis Report; detailing the analysis of the problem utilizing the two models
- The Evaluation Report; detailing the respondents response to the analysis

These three reports are reproduced here from those that were provided to or by the respondents.

5.2 Case Study One

The University of New England Case. Part A

5.2.1 The problem report

This report was written by Roger Epworth based on an interview with Ian Olton, Director of Marketing and Public Affairs at the University of New England.

The product

The University of New England specifically, and universities in general, market a wide variety of tertiary level educational products. The market offerings of UNE include undergraduate and postgraduate degrees and diplomas, offered on campus and through distance education.

These products are administered and run by four faculties; Sciences, Arts, Education, Health and Professional Studies and Economics, Business and Law.

Control over the product offering is held largely by the academics, through course and degree coordinators and at a higher level, the Academic Board. In effect, this means that UNE has as many product managers as there are courses offered. This leads to a great diversity of product offerings and necessarily makes coordination of the product offering complex and difficult.

Environmental factors

The environment of tertiary education in Australia can be characterised at the moment as being turbulent. Significant changes in funding arrangements and the impact of technological changes, primarily the internet, means that most, if not all, universities are grappling with the prospect of a new business model and a new distribution model.

The major environmental factor that is impacting on universities and, in particular, UNE is in respect to funding arrangements. Federal governmental policy aims to reduce the financial burden of the tertiary education sector by pushing the industry to be more self-sufficient.

Primarily, new funding opportunities have arisen with respect to full fee-paying domestic and overseas students, and through targeting research grants. However, as a structural characteristic of the new system, full-fee places can only be offered

once the university's quota of non-fee paying students has been met. This has led to a significant increase in the level of competition between universities and the initiation of entrepreneurial activities such as the development of distribution channels into foreign markets.

This change in market focus is likely to have profound effects on how universities position themselves in the market and their product offerings. Previously, universities existed in a near monopolistic environment where their major client was the government. That is, as the government was the only source of income for universities, universities only needed to satisfy their needs. This meant that universities were largely differentiated by their geographical location. New universities were decided on based on geographical distribution needs.

In effect this has meant that the industry as a whole has pursued a production orientation, concentrating on production capability rather than market needs. Where the only customer of any significance was the government, it made economic sense to concentrate on production efficiencies, in the shape of throughput of students, to bring the cost down and so to ensure that the fixed costs of buildings and staff salaries were adequately covered. The consequence of this being that universities generally structured their organisations, degree programs, administrative and finance systems, and student services with these efficiencies rather than market needs in mind.

The move to a greater market focus now means that the needs of other clients such as prospective students, employers, prospective foreign university partners, staff and alumni need to be taken into consideration in determining the university's product offerings. There is a need to move from a production orientation to a marketing orientation. This means, in effect, that universities need to change from concentrating on minimising costs through production efficiencies to meeting the needs of the divergent customer bases.

At the same time there has been significant changes in information technology. These changes are highly significant given the inherent compatibility of the new information technology to the information-based product offering of universities. The fact that the technological advancements came at a time of intense competition and the need for all institutions to develop a competitive advantage from basically a undifferentiated position, means that these changes in the technological environment have or are likely to have significant impact on universities.

That is, the advancements in technology and therefore the chance of a leapfrog strategy came at a time when all institutions where to a greater or lesser degree looking for something on which to differentiate themselves from the rest of the industry.

The desire to explore the applicability of utilising the new technology as a new distribution channel with long distance capability and the general need to design the product with consumer needs in mind has lead to the diversification of modes of study or delivery.

Cost minimisation

One other common industry response to the funding changes was cost minimisation. Rationalising unpopular programs, reducing support services and redundancy packages aimed at clearing older more expensive academics and middle management in areas that were not in as much demand were and are common in the industry. UNE also has pursued this strategy.

No industry benchmarks

All universities are facing the same challenges, in this case the need to differentiate themselves to consumers they previously did not need to reference. However, as this is an industry wide shift that is new to all players there are no benchmarks of success. No one is sure what will succeed and what will not. A university in need of strategic change cannot look to the dominant or innovative leaders of the field for guidance on what works and why.

While there is no accepted model in which to consider a university's circumstance, there is a degree of groupthink amongst the industry. This is shown by the industry's similar approach to international ventures and the use of new technologies. In this respect, a large number of Australian institutions are looking to develop joint alliances with foreign institutions, particularly in Asia, and are exploring the use of the Internet to develop distance education capacities.

There is also a resistance in the industry towards differentiation, primarily from the academics and general staff. Some elements of these groups believe that differentiation is not possible, others believe that it undermines academic freedom or that it will lower the educational standards of the university through being dictated to by management on the type and nature of their offerings. Others view it as a commercial tool and as such unsuitable to a university environment.

Managerially there is also a grouping that believes that differentiation is too hard, too risky, too difficult and requires too many resources to implement.

Internal issues

UNE can be described as a microcosm of the industry with respect to its attitude to these issues. While the need that drives the rationale for differentiation is recognised by most sections of academic, general and management staff, significant sections of each share their respective group's concerns regarding differentiation.

In addition, UNE displays all the characteristics of the production orientation that characterises the industry as a whole. Its organisation and degree structure is aimed towards production capability as are its administrative and finance systems. In effect, the whole university is designed in line with a production orientation.

With respect to the staff of the institution, the changes brought about by the funding model alterations have impacted on them significantly at all levels of the institution. There is a general fear in the industry and UNE leading to a bunker mentality particularly amongst academic and general staff, fearful of what further cost based change will bring.

The staff unions are now active in defending their members' position. This tends to limit the scope of the strategic options that universities can pursue. This is not only because academics largely control the product offering but also because their salaries represent the largest cost to the institution and so are hugely influential with respect to cost cutting strategies.

It has also resulted in an acrimonious industrial dispute, which market research suggests is negatively influencing people's perception of the institution.

International environment

The Australian industry is however not alone in facing these environmental challenges. Similar governmental and technological circumstances in other developed nations have meant that the higher education sector has become more global. While the market has grown for each university's product offering so too has the level of competition.

Local demographic issues

The competitiveness of the industry and the attraction of the new technologies is compounded by the demographical trends away from school leavers and towards an ageing, well-educated population who seek out alternative types of courses delivered in alternative ways. This means that studying on campus is shrinking as a proportion of total study and that alternative modes of study are growing in popularity and importance.

Environmental conclusion

The general shift away from governmental funding and towards the market means that universities now have to listen more closely to a changing group of market savvy buyers who may not want what has been produced under the old system. This implies that the university should alter their market offering to meet these new needs and wants. For this to occur, those structures and processes designed around production capability need also to be altered. At the same time, the university management is restricted by what it can do about aligning itself to this new market due their lack of control over the market offering and the lack of support from academic staff.

As product management is primarily located at the course coordinator and Academic Board level, management must have the support of these to implement any market-focused change. This is unlikely however while relations between management and academic staff remains strained.

Nature of the problem

According to the Director of the Marketing and Public Affairs Directorate, the principle problem the university faces is that while the external environmental conditions suggest that differentiation of the university and or its product range is necessary, even critical, UNE has no differentiation in the market, it has no Customer Value Proposition (CVP).

The need for differentiation has been brought on by the change in market focus resultant from the funding changes. Now universities have multiple client bases, that need to be addressed. This, together with the high level of competitiveness in the industry, means that there is a need to differentiate themselves in the minds of these emerging markets.

Some universities have progressed further with their differentiation than UNE, for example the overseas campuses of Monash, U21, QUT and Griffith on innovation, and UQ and the Group of Eight on research.

The dominant model of differentiation in the university sector at present is a prestige/practical divide in positioning. The “sandstone eight”, a group of older, higher prestige universities, have tried to leverage off their tradition and research history as a point of differentiation. Others, particularly those which were until the late 1980s institutes of technology, have tried to differentiate themselves through the use of technology and innovation.

While it could be argued that UNE is strong in both tradition and the use of technology to deliver their product, it has a competitive advantage in neither.

However, one of the problems in identifying a point of differentiation is the lack of an industry model.

For example, it is not certain whether it is even possible to have one overreaching point of differentiation. Perhaps the diversity of the product offering means that no meaningful differentiation can be made at a university level. To be meaningful to the market perhaps three or four different points of differentiation are required.

The problem then is how to differentiate UNE in a way that is meaningful to the new client bases so that a consistent and coherent strategic vision can be formed and so that product offerings can be designed accordingly. For this to occur the internal structures have to reflect the business focus, they have to be designed in light of how it is that the institution generates its income and wealth. At present they are not nor is there acknowledgment that they need to change to reflect this change in business focus.

What is needed of the differentiation strategy

UNE needs a CVP, which is easily recognisable in the marketplace. That point of differentiation needs to be a sustainable competitive advantage, relevant and valued by UNE's different markets. Importantly, UNE has to have the capacity to deliver what they promise. This means that UNE has to move away from its present production orientation towards a market orientation. According to the Director of Marketing and Public Affairs this comes from a clear understanding of how the organisation generates its income and wealth. That is, with the shift in the source of income from government to more market orientated the organisation has to look at the internal organisation that reflected the previous business focus and readjust those so that they can deliver the market orientation.

Essentially, the match between the university's CVP and their business focus becomes the driver for the university's strategies regardless of division and function.

The best type of CVP and business focus for this purpose is one that can be applied across faculties and the university, one that is just as applicable to the School of Communication Studies as it is to the Finance Directorate.

The CVP needs to be written from the perspective of the different customer bases. Examples of the types of differentiation needed would be "I will get the job I want by going to UNE", "understand myself, how I learn and how I will operate in a work environment", "personalised education" or "culturally diverse university, global graduates, producing graduates for the global village".

There needs to be careful research and analysis into what the consumer groups want. For example, what do the students value, what do they get out of each type of teaching or delivery mode, how do different types of students approach their learning or thinking.

What is needed in implementing a CVP

There are a number of important factors in successfully identifying and implementing a meaningful differentiation strategy. Primary amongst these are support from the top levels of management including budgetary support and the support of academic staff who act as product managers.

As the point of differentiation is the driver for and controller of strategic initiatives, to be successful all operations of the institution need to be aimed at achieving the strategic goal, that being the point of differentiation. That is, the institution's business model needs to be consistent with their CVP. This requires cooperation, coordination and integration across the whole university. The only

way that this can be achieved is through high level support. Senior management support is critical to the success of implementing a differentiation campaign. In addition, the profound nature of this change means that it is a time and resource consuming exercise altering and coordinating the entire university at every level and that for it to succeed it needs to be fully integrated. Doing half will not bring half the results. This means that ongoing financial support, sufficient to enable success is critical to the success of the campaign.

One of the significant issues with respect to the development and implementation of a differentiation strategy is the internal environment of academic and general staff into which it must be embedded. The lack of understanding of the issues involved by the average staff member together with the lack or inappropriateness of processes for implementing change together with management's lack of control over the final offering means that the internal environment is highly complex, multidimensional and generally problematic.

Significantly, negative hurdles need to be overcome if a successful differentiation strategy is to be decided on and implemented. The complexity of the situation, the inevitable impact of change on a culture, the extent of change required, the lack of adequate or functioning processes, and the general scepticism, or fear of such change amongst general and academic staff are all factors that must be taken into consideration in any program of development and implementation.

The Director of the Marketing and Public Affairs Directorate is of the view that management support could be fostered through such activities as bringing in credible experts, case studies and market research, minimising the risk through incremental changes. Alternatively, other options such as creating a separate company, implementing the changes and then importing those changes back into the organisation could be considered.

Key Performance Indicators such as Brand Equity measures, student retention, retention of quality students will also be necessary.

The strategy needs to be sensitive to environmental conditions. For example, recognising that relationships from the cradle to the grave are possible. That perhaps the first degree is just a “bond builder”. This means that the CVP must be targeted at particular segments and that perhaps the characteristics of those segments need to be rethought or redefined. For example, into segment with labels such as lifelong learners, career changers and career advancers.

What has the organisation done about the problem

While most parties within the university largely acknowledge the environmental conditions, the development of a meaningful point of differentiation has not occurred.

Initially, an articulation and agreement as to what that point of differentiation is was pursued through a university committee structure for two years. In addition, external strategic consultants were commissioned to advise on how the university should approach its marketing. Through these processes no agreement was reached on a point of differentiation.

However, from these processes some differentiation was implemented in terms of the use of a leaf to denote tradition and the production of a video that aimed to present the lifestyle aspect of the university. Both were poorly received by internal and external audiences and have been discontinued.

In the last two years more group and committee based thinking and discussion has taken place. In addition, an audit of market research has identified that more focused research is required.

An internal situational analysis has been completed and has identified both the lack of adequate processes or the existence of processes that may hinder the development and implementation of a differentiation campaign.

The situational analysis also highlighted that there was inadequate understanding of the issues or the importance of the issues. Some basic foundations for the development and acceptance of differentiation have been put into place.

Initial work has begun on establishing the necessary infrastructure and processes required for implementing a differentiation campaign. These include:

Installation of Quality Assurance processes in Marketing and Public Affairs
Directorate

Restructure the Directorate to handle a core focus

Preliminary systems work

Basic analysis of relationship database

Current students

Alumni

The identification of customer service as a possible point of differentiation

Initial work begun on an inquiry measurement system

Restructure of the prime decision making committee

Restructuring of internal communications

What was the outcome

Some significant progress has been made towards lifting awareness and understanding of the need to meaningfully differentiate and the relative absence of it at present. Progress has also been made in preparing the key decision-makers for the development and implementation work necessary. Some necessary infrastructure development has been put into place.

Satisfactory outcomes

There has been an increase in marketing understanding, including strategy and the need for the university to be perceived to be different in the mind of the market.

Through restructuring and education, the Directorate now has a greater ability to deliver.

Unsatisfactory outcomes

Slow speed of change

Lack of urgency

Inability to get funds necessary to make change

Constraints on the ability to implement a program

The following is a list of the significant constraints that have been identified as having to be taken into account in the development and implementation a differentiation campaign at UNE.

- The culture of the institution is not conducive to market orientated change. Including the notion that collegiality exists instead of management systems and processes
- Management's infrastructure is largely inadequate for the type and scope of change required
- Resources for changes are insufficient
- Limited specific skills particularly in marketing and the strategic planning areas
- Lack of management support facilities
- Present short term strategic focus has hampered the development of a longer term strategic vision

- An IT system that is two generations old and not geared to marketing
- Lack of processes or control over processes
- Lack of measurement processes and technological infrastructure

Overall outcome conclusion

The problem remains that even after four years discussion and development no meaningful differentiation has been identified and agreed upon. The university has not been able to come up with a CVP or sustainable competitive advantage. In addition, the internal environment of the organisation is shaped by the production orientation that was characteristic of the old business model. While there is beginning to be recognition of the need to become more market focused, this can not be achieved whilst the organisation and its operations are structured as they are.

5.2.3. The University of New England Case Study. Part B

Analysis of the marketing problem utilising the proposed models

The following report is written in response to the marketing problem report developed in conjunction with Ian Olton.

The proposed models will be applied to the marketing problem as outlined in the problem report. This analysis has been divided into four sections.

The first is a general analysis of issues common to a number of product types.

Following this is a section that analyses the different product types that UNE offers. In this section, the models will first be utilised to describe the situation with respect to each product type. It is the aim of this section to demonstrate the ability of the models to provide insights into what the nature of the product is. Following this is a section on implications and recommendations. In this section the models are utilised to provide insights into what the University of New England can do about the marketing problem. The aim of this section is to demonstrate the ability of the models to generate valuable insights into how an organisation goes about marketing their product.

The third section examines significant implementation issues within the framework of the two models while the last section looks to address the issue of whether there is a university wide CVP. If so, it looks at what it is and how can it be utilised in positioning the brand of UNE.

Section One

Undergraduate degrees

Common factors across degree types

In this section the product offerings of UNE will be examined. Factors that are common across a number of product offerings have been analysed, first in a general sense so that the implications can be drawn upon latter with respect to specific product offerings. These issues relate to the different motivations to study at UNE, the nature of course work degrees in general and the nature of the internet.

Vocational/non vocational

The divide between those students who study with vocational interests in mind and those who study for other reasons clearly highlights the point made in the theory with respect to the differing meaning of product and therefore how it should be delivered. Each group defines the product differently because they are looking to use it as an input into quite different processes.

Those that study for vocational reasons are primarily looking to develop specific skills that form their own capabilities. So a nurse learns the skills and processes that are required to be a nurse, a marketer the skills and thought processes required to be a marketer. They acquire these skills as capabilities so that they can be used within wider production processes. Generally, these wider processes are with respect to their employment. They are developing skills to be attractive to employers who need those skills to undertake their own processes. These capabilities that the student are developing are in effect used as “their product” to be sold as an input into an employer’s production process, to form part of the employers capabilities. In this way, these skills are output attributes for the student but process attributes for the employer.

What is of interest to these types of students is likely to be how attractive those skills are to the employer, which is determined by how compatible those skills are with the specific skills required by the employer in their own idiosyncratic processes. Alternatively, if they seek self-employment they judge the education based on how useful the skills they develop are within their own production processes.

So that employers can develop standardised processes that do not have to alter significantly to cope with idiosyncratic skills of different employees, standardised skills are generally demanded. That is, employers like their staff to have generic skills as it is too difficult and costly to alter processes significantly to cope with vastly different skills bases. In this way, it can be seen that such students are outcome driven, in this case the attainment of specific generic skills. The process itself is less important and the level of customisation required with respect to the content is therefore low. This suggests that it is best to offer vocational students a low service, high completion product.

The non-vocational student is primarily looking at self actualising aspects of the course, at developing knowledge and skills but also enjoying the experience or process of learning. These skills and knowledge are not, however, developed to fit into anyone else's production processes. The processes that they will fit into are more likely to be related to lifestyle or recreational processes. In this way, their skills do not need to be generic but rather are more idiosyncratic reflecting the different uses they intend to put such skills and information to. They differ therefore from the vocational student in that the process of learning is important and the level of customisation of content greater. This suggests that it is better to offer non-vocational students a product, that has higher service content and is less completed than the product offered to vocationally orientated students.

Course work degrees

Course work by its very nature is heavily goods orientated in that much of the course is predetermined. Students work through an established course of study. They follow a predetermined structure, read from an established text and undertake standardised assessment tasks and access physical facilities, all of which has been developed before the student enters into the study.

The delivery of the course through lectures and tutorials or practicals represents the main service component of the course. These together with assessment marking and student consultation provide the primary channels to deliver customisation. As the delivery of lectures and tutorials are the main components of service production, they represent the greatest variable cost factors to both students and lecturing staff and so universities. This is primarily because both have to be present at a particular time and place for the production and consumption to take place.

Course work degrees can also be seen to have a high level of completion, in that the product is full of process attributes. The administrator does a considerable amount for the student. They structure the course, select the appropriate readings and text, define the area of assessment and deliver the content through lectures and tutorials. The student merely has to answer the questions from the material provided.

The high level of completion and high goods content of course work degrees mean that they lend themselves to the mass production of many attributes. Strategically therefore, the university has the option of cost effect delivery through mass produced attributes or differentiation through greater service content. Their position in the market and existing patterns of production should largely determine this.

The internet

The internet is a potentially powerful tool for reducing the price of the product as well as increasing the benefits provided. By its nature both goods and service attributes can be offered through it as well as process and outcome attributes. Unlimited goods production in the form of readings, texts, video and audio files can be stored for the student to access when and where they want. It is also possible to provide service components in the form of live networking via video feed, or email based chat groups. In addition, the email capability allows for greater customisation of the product to student needs.

These goods and service attributes can be either process or outcome attributes. The internet is powerful at delivering outcome attributes in the form of skills and knowledge and particularly powerful at delivering process attributes that aid students in acquiring these outcome attributes. That is, the internet allows universities to make it easier for students to studying in a wide range of ways that would be too time or resource consuming under traditional models of delivery.

Not only can new process attributes be included but also existing processes attributes presently delivered in person can be transferred to the internet thereby saving institutional time and resources. One example of this would be in respect to the library. The library staff now carry out library searches for external students. That search is mailed to the student who returns it with a request for specific books and articles. This is a time and resource demanding process service. With the advent of on-line library databases students can undertake such searches. This results in time and resource savings for the university and time savings for the student while at the same time leading to a superior result for the student.

While the internet can provide significant amounts of relevant good and service, process and outcome content it does so at a significantly reduced price to the student and institution. It lowers the price for the student by reducing the necessity for consumers to be present at a specific place while at the same time reducing the time requirements for service production. This can be achieved because the service component can be mass customised thereby reducing the need for the customer to be present at the service factory with other customers as is the case with lectures, practicals and tutorials.

There is a limit, however, to the internet's ability to offer the service component of traditional university offering. The internet is weak at delivering the process enjoyment attributes associated with practicals and residential schools and at certain hands on customisation processes. It has been argued that one of the most important process enjoyment attributes of the product is the customer-to-customer interaction. While it is possible to get some customer-to-customer involvement over the internet this is inferior to the traditional model. This would suggest that the internet is more suited to delivering product attributes to vocational rather than non-vocational students.

Section Two

Types of products

Now the analysis will turn to specific product types offered by the University of New England. Each product type is dealt with individually. First the characteristics of the product type are outlined, marketing implications and recommended marketing actions follow.

Internal undergraduate

The Internal mode of study is a high priced option for students. This is because it is heavily service orientated in that it is largely structured around lectures and tutorials/practicals. Lectures and tutorials are heavily service orientated as they are produced and consumed in real time. This means that participants are required to be present at a particular location, at a particular time in order for them to consume the product. The good component of this form of delivery lies in the facilities the students utilise and the preparation that goes into lectures and tutorials, together with the notes and textbooks that are required.

The high price that students pay to attend lectures and tutorials internally and to access facilities acts to significantly reduce the size of the market for UNE. The geographical location of Armidale means that most internal students have to relocate here. This means that they disrupt a number of their production processes that are important in making their life enjoyable. These would include, basic food and accommodation needs, social patterns, sporting processes, community and cultural processes. Potential students therefore have to re-establish these processes in Armidale in order to study internally. In this way, the cost increases the more processes in their extended life they must break and then re-establish. This adds significantly to the cost of attending internally.

This constraint is more apparent with respect to Armidale than for city-based institutions. As most of UNE's internal students come from beyond the immediate region, most of UNE's internal students have to break and then re-establish a wide range of lifestyle processes that may not even be directly linked to UNE or study. Students who attend a university in their hometown pay a significantly lower price than those who have to move. The processes that must be broken and then re-established are less. The consequence of this being that internal study at UNE is a high extended price option and so most attractive to those who want to move to attend university. Given that the majority of potential students live in close proximity to a university it can be seen that the potential customer base for internal study at UNE is quite small in comparison to city based institutions.

While the potential market for internal students is small the high process content of the product makes it attractive to those who are interested. The residential college system of UNE acts to support the re-establishment of the extended lifestyle processes. Through the college system friendship, sporting, cultural and accommodation process establishment are facilitated. That is, UNE has an extended product that is high on the completion continuum. UNE facilitates the establishment of these processes whereas other universities leave the student to establish these for themselves.

This is, however, only of real consequence to those students who are moving to attend university or want to re-establish a whole range of lifestyle processes and only for those students who are similar to those already in college. It will not prompt those who do not want to move and have access to a university to choose UNE.

The difficulties for UNE in attracting this market does not end there. Even though students pay a high price to attend UNE, it is doubtful whether that high price is justifiable. If lectures and tutorials are analysed with respect to the criteria that justify service production it can be seen that there is little justification in such a

high level of service production. It has been argued that it is in the interests of both producer and consumer to maximise goods production unless there is a need for customisation, the output is highly perishable or there is some degree of process enjoyment in the process itself. With respect to lectures none of these criteria are met. There is little customisation, the content is not perishable in that it has a shelf life of arguably several years, while few would argue that students attend for the sheer enjoyment of the process itself.

Tutorials and practicals are a different matter, however. Whilst the content is not perishable, there is a higher degree of customisation and the process itself, particularly the student-to-student interaction, is an important part.

The consequence of this is that the students pay a high price to attend lectures but receive little of the benefit of service production. As there is little justification in making lectures heavily service orientated from the perspective of the consumer, the producer also pays a high price, in that they must produce the lecture in real time in a specific place and without the ability to store the output for ongoing use latter.

This means that UNE faces a very difficult situation with respect to the recruitment of internal students. While the extended product associated with colleges is likely to be attractive to that segment of the market that is moving to attend university and are like those already in college, it is likely to be meaningless for those who are not thinking of moving. As most potential students live near a university it can be seen that the size of the potential market that UNE's product can be targeted towards is quite reduced. In addition, the extended nature of the product is only going to be attractive to those that are similar to students already in the college system, largely school leavers and therefore the domestic undergraduate market. This situation is exaggerated by the fact that the

high price paid by those students who do attend, is not really justifiable in terms of the outcomes they receive while the availability of alternative modes of study that deliver similar outcomes but at a fraction of the price further reduces the attractiveness of the product.

Implications and recommendations

It has been argued that UNE competes for those internal undergraduate students who are looking to move to attend university. The extended nature of UNE's product, specifically the high process attribute content of the college system in re-establishing lifestyle patterns, provides a CVP and a point of differentiation from other universities.

As the primary market for city based institutions is drawn from a market that does not have to move to attend university, city based institutions can be expected to focus on the core product of teaching, education and reputation built up through research as their main points of differentiation.

Given the trend of all universities towards cost savings and the shrinking and highly competitive nature of the internal undergraduate market, the cost to develop an extensive college system acts as a barrier to entry securing the competitive advantage of UNE. Given this, the primary market for undergraduate internals can be expected to be primarily school leavers from regional centres with a secondary market of other students who may be near a university but want to move away from home anyway. This effectively means that UNE would compete primarily with those institutions that would look to facilitate the extended nature of the product for students that are looking to move. As city universities have no need for such facilities these are likely to be other regionally based institutions.

To position themselves in the market away from city based institutions it is best to avoid competing based on the core product of teaching, education and research reputation. The benefits of a differentiation strategy that focuses on process attributes associated with developing extended lifestyle processes are that it not only represents a sustainable competitive advantage with respect to both city and regionally based institutions but also moves the point of differentiation away from academics and places it firmly within the control of management. This makes it easier to control and manage and product development can be more easily and quickly implemented.

Differentiating the product based on these process attributes will also act to increase the market to include a segment, that cannot be adequately targeted by city-based institutions. While for most consumers the outcome attributes of the product will remain the educational and vocational needs that are met, there is a proportion of the customer base that may see the peripheral attributes of the product as core and the core as peripheral. That is, those who want to have established for them a social, sporting and cultural network, and who see the educational and vocational needs as secondary, increase the target market. The city-based universities will look for their point of differentiation in the core educational and vocational meaning of their product and so will be unattractive to this segment of the market.

There are a number of ways that UNE should approach product development with respect to this market. As one of the problems in attracting internal students is the high price that delivering the service internally assumes, UNE should look at ways to either reduce the price while retaining the benefits or increasing the value. One would be to add components to the wider meaning of the product that compensate for the cost. The college system, with their lifestyle process attributes is one such way. In addition, as the majority of these students will also be vocationally orientated the university could strengthen its position by moving up the completion continuum and including additional outcome and process

attributes that facilitate their employment prospects. Obvious examples would be in organising work for internal students through facilitating contact with prospective employers, which are process attributes, or in developing further capabilities through additional vocationally based training, which are outcome attributes.

Other process attributes that increase the value of the product relate to the facilitation of the use of the internet through training programs, support services and access to cheap infrastructure. Seamless administration is also likely to be a valued process attribute. If these process attributes are delivered over the internet then they are also likely to be able to be produced at limited expense to the university.

In terms of reducing the price to students the most obvious option is to move lectures from service to good production. This would involve pre-recording lectures and placing them on the internet to be accessed when and where the student wishes. This option will be addressed in more detail with respect to the external undergraduate market. While this would certainly reduce the price of the service component for students it would do little for the overall extended price in that they would still be required to be located in Armidale in order to attend the other classroom activities. It may, however, reduce the cost to the university in delivering lectures and increase access to the material for students. However, it is unlikely to be a CVP or influence the strategic position of the university with respect to this market. In the end, the specific nature of this market and UNE's offering means that any CVP will most likely rest with the extended nature of the product associated with the lifestyle process attributes of the college system and supplementary process and outcome attributes associated with facilitating vocational opportunities.

Finally, it should be noted that while there is a market for UNE's product within the internal undergraduate market, that market as a subset of the total market is likely to shrink. With the change in the environment where off campus study is now an option that provides most of the benefits at a fraction of the cost, the need to move and disrupt a range of other production patterns lessens. This means that more can remain in their outside employment, family and social environments and still complete degrees. This strongly implies that there will be a significant movement away from internal full time study to external part time study. This is likely to be particularly so with respect to the section of the market that has traditionally had to move to attend university, UNE's primary market. This is not only likely to be the case with respect to this undergraduate market but also the postgraduate course work and research degree markets also.

External undergraduate

External study is much more goods orientated than internal study. For the most part students study from notes and the textbook following the pre-set structure and assessment. In this way external course work degrees are also highly completed products in that they contain a high proportion of process attributes. There is little that the student has to do but go through the course and answer the questions. The course through its structure, provision of materials and access to customised assistance, helps the student realise the outcome attributes that they seek.

Residential schools together with assessment marking and lecturer contact represents the major service component of the course. For those courses where there is no residential school the product is nearly all goods production. Such courses are necessarily lower in service attributes such as customisation or process enjoyment but higher in flexibility. This means that the university has the option to mass-produce large proportions of the product, particularly where no residential school is involved and target it at a large market.

Traditionally, UNE's residential school program has delivered the major service components of the product. This allows for customisation of the product to student needs, includes process attributes that aid the student in their study and contains a process that is enjoyed in itself. The high cost of such service content is to a degree offset by the compressed nature of residential schools. The students get the benefit of extended service production but without the extended price associated with internal study. UNE's external product is therefore a good balance of flexibility and high service content and places it up the quality end of the spectrum when compared to institutions that require no student/lecturer classroom contact. The service component of the product does, however, mean that it is a higher priced option than those products that contain no such service production.

The flexibility of delivery created by the lower and more concentrated service content of the product means that the market for external students is inherently much larger than for internal students. UNE's model of flexibility allows the student to adapt their study so that there is minimum disruption to the rest of their lives. This makes the product a low extended price option without residential school and reduces the extended price for those courses with a residential school. The low cost nature of the course extends the scope of its market to include those students who live near a university and may not wish to move and has in the past positioned it favourably in a market that includes city-based institutions.

One aspect of this mode of delivery that is hampered by the external nature of study is the access to good production attributes or facilities such as the library or labs and equipment. The isolation of the student base from the physical location of these facilities is a negative and may act to limit the market, particular where the student could access the facilities of universities in close vicinity.

The external offering is, however, high on process attributes, even higher than the internal offering. Not only is the course highly structured with set readings and texts together with set assessment tasks but also lecturers generally provide more to the students in terms of course notes or readings to compensate for their isolation from the university. The geographical isolation of the university from the external customer base has also led to the external offering being high in other support process attributes such as library searches facilities and other learning and study support services.

In summary, therefore, UNE's external offering is a low service, high process attribute product, high on the completion continuum. The low service content makes the product a highly flexible one that in turn reduces the extended price associated with it. This increases the size of the market and allows for the mass production of attributes and makes the product attractive to a wider group of people.

Implications and recommendations

The combination of high service content and flexibility of delivery provides a point of differentiation in the market and has traditionally positioned UNE well against most types of competitors. Most competitors have either gone for a high service component through direct contact with students or high flexibility through little contact with students. UNE's geographical isolation from most of its external students has led to the development of the residential school system. As this is not a situational variable for city-based institutions it makes it unlikely that they would duplicate it. Regional universities, for one reason or another, have opted for the high flexibility model, thereby forfeiting the service component of their courses and therefore the ability to provide customisation and the process enjoyment attributes. A combination of both high service content and great flexibility can be argued to be UNE's present point of differentiation in the market.

The advent of the internet, however, means that this point of differentiation in the market is unlikely to be sustainable. The internet allows for the provision of both good and service, process and outcome attributes to be delivered in a highly flexible way in a cost effective manner. This means that it is likely that most, if not all, universities will pursue an internet based distribution strategy to target external students. There are a number of consequences of this. Firstly, it is very unlikely that UNE can gain a competitive advantage through the internet. Secondly, the internet allows competitors to upgrade their product offering to one that includes high service content and one that is flexible. This is bad news for UNE as this is their exact positioning in the market. Not only does the internet allow the competition to match their position in the market but also at a cost which is significantly lower for the institution and the consumer. That is, the internet is likely to make UNE's position in the external market uncompetitive and undermine the competitiveness of the institution as a whole.

This has a number of consequences for the residential school system. The advent of the internet now means that the residential school system is no longer a competitive advantage for UNE. Whilst residential schools do provide a service component that cannot be matched by the internet, primarily in the area of process enjoyment, customer-to-customer interaction and perhaps greater scope for customisation, these are unlikely to be of the scale that would justify the significant added cost to the customer that they entail. The conclusion, which can be drawn here, is that while the residential school system still does position UNE at the top end of the quality spectrum it is unlikely to provide by itself a competitive advantage. This is because the benefits have dropped, the price has increased and the opposition can be expected to pursue a strategy focusing on distribution over the internet and so provide similar benefits at a fraction of the price. However, it would be strategically unwise for UNE to replace residential schools with the internet. As it can be expected that most institutions will pursue an internet strategy, no competitive advantage can be gained from it.

The solution appears to be a combination of both. The internet needs to be employed to provide flexible access to both good and service components of the course. Good in terms of access to notes, exams and related readings, service in terms of bulletin boards, live interaction and links to related sites. This will put them at parity with other institutions. To this should be added a residential school component that provides the service components that the internet cannot provide. This would focus on high-level customisation, customer to customer interaction and the enjoyment of the process itself. This would put the service up the quality end of the spectrum consistent with their existing positioning. This residential school component would need to be modified to reduce the cost to students for as they stand they do not provide the value that the cost implies.

This could be done in a number of ways. It has been argued that there is little justification in delivering lectures as service production. The theory tells us that it is in the interest of both producer and consumer to have as much good component as possible. This is because the service component is generally more expensive, more time consuming and of more varied quality. The theory also tells us that services production should therefore only be considered where the outcome needs to be customisable, where the output is perishable or where the product is the process enjoyment, as is the case with, say, live music. Lectures are not customised, they do not perish quickly nor do many students attend them for the enjoyment of the live process itself.

As the role of the residential schools is to provide service content it can be argued that lectures need not be included in the format. In fact, there is strong justification in abolishing lectures both internally and externally in a live services format. The nature of lectures suggests that from both the students' and the institution's perspective it would be better to deliver lectures in a goods format, that is, pre produced. In effect, this would mean that lectures would be pre recorded and placed on the internet to be accessed by both internal and external students. This would aid the student in that they would not have the cost of having

to be present in a specific location at a specific time to experience them. In addition, as they are goods they can be stored and accessed when and where the student most needs them. This would have the effect of increasing the number of people who access them and the number of times they are accessed. In addition, as they are produced before the exchange is initiated greater quality control can be exercised over them, so they can be expected to be of higher quality.

From the organisation's perspective this would also result in a significant cost saving. If lectures are pre recorded and placed on the internet then, as goods, they will have a longer shelf life, say up to three years. In addition, as goods production can be undertaken when and where they like, there is an additional cost saving in that the lecturer does not have to be present at a particular time and place to deliver the lecture. This would represent a significant time saving for lecturers while at the same time providing a superior learning experience for students at a significantly lower cost to both.

Tutorials and practicals do, however, satisfy the requirements for service production in that they are customised and the process is important particularly with respect to customer-to-customer interaction, which is often regarded as an important learning attribute of them. There is therefore little scope to move production more towards goods production with respect to what the consumer experiences.

The delivery of the service components of the course can then be focused on face to face teaching, customising their learning experience and facilitating student to student interaction and process enjoyment. In this way lecturers would focus their attention on this form of teaching. This in turn would most likely increase the quality of outcome for students through having the best teachers undertake the service production.

From the producer's perspective, however, there is scope to make practicals and tutorials more goods orientated. Strong scripting and structure in exercises provides a greater goods component that can thereafter be transported to other locations and times and can be controlled for quality by being produced beforehand. This reduces the ongoing cost to the producer of tutorials and practical production and increases the quality for consumers. They are then delivered in real time as service production to students.

If lectures were removed from the format and placed on the internet as goods production then residential schools could be shortened to perhaps two rather than four days thereby significantly reducing the cost to students and staff. In that time it is also logical to facilitate the "experience" and this is best done by looking at the wider meaning of the product and include more process attributes. Examples of this would be to make it easier to undertake the residential schools by undertaking such activities as chartering flights, providing buses to the college, or by including outcome attributes that focus on the process enjoyment aspect of the product such as providing entertainment or other academic activities such as debates and the like. Alternatively, the price could be reduced by running such schools on weekends and thereby reducing the disruption to student's lifestyle processes.

Alternatively, residential schools could be undertaken in locations closer to the customer base. While this, in conjunction with shorter schools, would significantly reduce the cost to students it must be recognised that this would sacrifice an important component of the service production of residential schools, that being the university experience. Market research would be needed to see if that significantly undermined the benefits of the service component.

This would mean that UNE would position itself in the market with a product that is largely delivered over the internet but is supplemented by a high service component that cannot be duplicated by the internet. This is likely to represent a sustainable competitive advantage and CVP.

As the internet allows for the delivery of both service and goods components of the product in a highly flexible and cost effective manner and given that most universities are pursuing strategies aimed at cost reduction, the internet option will for most institutions allow them to deliver a superior product at a significant cost saving. Given this they are unlikely to want to add further service components particularly when they generally do not have the processes in place to do so.

While this position would represent a sustainable competitive advantage, it should be recognised that it would represent the quality end of the market. This has a number of implications. Firstly, it is likely to be a smaller segment of the market, though this would be countered by the fact that there would be little competition in it. Secondly, being at the quality end of the market there is greater scope for full fee payment and a price premium.

In order to secure a significant marketshare in this market UNE should also look to move further up the completion continuum and include more process attributes and in effect do more for the student. That extended nature of the product should be aimed at helping them to integrate their study into their existing life patterns, in terms of such areas as administration and technology. This is particularly important with respect to technology. The analysis to date clearly indicates that technology will play a profoundly important role in all types of modes of delivery. Given the choice between two comparative offers consumers will choose that offer which best meets their capabilities and the level of control over the outcomes they desire. In terms of technology, most consumers, however, will not

have the capabilities to adequately migrate there and so will look to an offer that provides the greatest level of completion for them, an extended product high in process attributes that aids them in their use of that technology. In terms of administration, consumers would arguably prefer that more rather than less was done.

This position is likely to be attractive to both vocationally and non vocationally orientated student groups. Vocationally, the added process attributes reduce the price and make it easier to achieve the outcomes. For non vocational students, the ability to customise their learning together with process enjoyment attributes delivered through residential schools are likely to be very attractive, particularly in reference to competing offers low in service attributes.

Post graduate course work

Postgraduate course work degrees are similar to undergraduate degrees in their structure and delivery modes. They are characterised by a high level of completion and goods production manifested through their high level of structure. The service component is delivered through face to face teaching and other lecturer to student interaction. For internals, the service content is primarily delivered through lectures, tutorials and practicals. For external students, the service component is delivered primarily through residential schools.

There are a number of differences, however. The lifestyle patterns that the older postgraduate students would have to break to attend UNE internally can be expected to be more complex than is the case with school leavers. This means that the internal postgraduate coursework product has a higher extended price than the equivalent undergraduate product. At the same time the lifestyle process attributes delivered by the college system are only of relevance to students who are similar to those already there and so can be expected to be irrelevant to this grouping. This together with the low value inherent in producing lectures in a service format

makes studying postgraduate course work degrees internally at UNE a very high priced, low value option. Given the availability of external programs and the ability of the internet to deliver good and service components of the course, including process attributes such as access to library facilities there is little value in this product. Given this, it can be expected that the large proportion of students will choose to study externally.

In a similar way to external undergraduate students, it can be expected that most competitors will pursue an internet-based strategy that delivers both good and service, process and outcome attributes in a cost effective manner to students and institutions alike. UNE will have to pursue a similar strategy. As is the case with the undergraduate market, this is unlikely to provide a point of differentiation for UNE in itself. It will have to offer more. This is compounded by the fact that these students are less likely to be attracted by the process component of the course and more likely to be focused on the core outcome attributes of teaching and quality. As this is likely to be the position of city-based institutions, as is evidenced by the internal analysis, UNE finds itself at a competitive disadvantage with respect to this grouping.

Implications and recommendations

The solution would appear to be a positioning that has a high service component that cannot be replicated over the internet, delivered in a cost effective manner and a product that has more process attributes and so is higher on the completion continuum than their competitors. The service component of this could be delivered through a residential school system, which focuses only on the service component. As this grouping is less likely to be attracted by the process enjoyment aspects of the residential school, particularly the university experience (which presumably they have experienced) there is strong justification in taking these residential schools to where there are concentrations of students, Sydney or Brisbane, in order for the cost to the student to be minimised.

As these students are likely to have fairly complex systems of lifestyle processes in comparison to say undergraduate internal students, then it can be assumed that time pressures are a motivating factor in looking for a product high in process attributes. It is therefore likely that if UNE does more for them in terms of what has to be done to complete the courses then they are more likely to choose UNE over a comparable institution.

In conclusion, this all suggests that UNE is an unattractive proposition for internal postgraduate coursework study and that it should therefore focus on external delivery. That delivery should be based on the internet but that the point of differentiation would be an additional service component delivered in person at a location near to the student and a product high in process attributes, which make it easier for the student to realise the outcome attributes. This could include seamless administration, technology facilitation, the provision of all they need to learn and quick and seamless access to the necessary facilities.

Postgraduate research degrees

Research degrees by their nature are highly service orientated. Most of the course is yet to be produced after the student commences. They are generally not overly structured nor do they have a set text. Even the topic is to be decided in consultation with the supervisor. The course is heavily customised with there being little mass production of attributes.

The goods aspect of the course is likely to revolve around access to educational facilities such as laboratories, research centres and the library.

For degrees such as a PhD, the process of learning is as important as the outcome while the content is also very perishable in that it goes out of date or is superseded quite quickly. In this way research degrees satisfy all three criteria for service production, customisation, process enjoyment and perishability. This implies that,

in product development, service production is a critical component and that the production of attributes produced in this way cannot be shifted to goods production. The high service content of these types of degrees mean that they are a high-priced product for both the university to deliver and for the student to consume.

The purchase decision is likely to be highly involved and closely focused on the perceived quality and reputation of the outcome, the ability of the supervisor to customise the product to their needs, together with their ability to access research facilities. In this way the product is a mix of both outcome and process attributes. In developing a product, therefore, both outcome and process attributes need to be taken into consideration.

In terms of the completion continuum, research degrees have a lower level of completion than course work degrees. Due to the less structured nature of the degree the student must do more to complete the degree than is necessary with course work degrees. This means that students who undertake research degrees must have more skills, tools and other capabilities than course work students. For this reason most research degrees are generally postgraduate.

Implications and recommendations

The combination of the need for customisation by the supervisor and the need for quality access to research facilities has meant that in the past the internal mode of delivery was the most effective mode of delivery for this cohort. The advent of the internet and other communication technology has altered this. The internet now provides access from any location to a superior level of library resources than was previously available on campus. New communication technology such

as email makes customised and rapid communication between student and supervisor much easier. Except in circumstances where the student requires direct physical access to facilities such as in science, most aspects of the offering can be provided off campus.

This is likely to alter the full-time part-time mix of post-graduate research students at UNE. Given that most of the product can be delivered externally more will opt to remain where they are rather than disrupt their lives to move to UNE.

This has a number of consequences. Firstly, UNE should structure their post-graduate research degrees with an emphasis on external delivery. This means that the new communication technologies should be used to provide a highly service and process orientated product that focuses on customisation and access to facilities.

As this grouping will evaluate the institutions based on the core process attributes of quality of supervisor and facilities and outcome attributes of reputation, it needs to concentrate on these with respect to this product. As other institutions, particularly city based ones, can be expected to focus on these also, UNE must look to include more process attributes in their product and do more for the student to be competitive. UNE should move up the completion continuum and undertake more of the production for the student than other institutions, in such areas as administration, access to facilities, training and facilitation of their research projects.

International students

International students can study both internally and externally at UNE.

For those that study internally it is a similar situation to domestic internal students. That is, it is a high extended price option in that they must disrupt the wider processes of their life and re-establish them in Armidale.

There are a number of differences, however. As all international students must move to attend university in Australia, UNE is not by virtue of its location restricted in the potential market when compared to other Australian universities. However, the advantage that UNE has by virtue of its college system is not evident for this grouping. Lifestyle processes, by their very nature, are highly reference group specific. For the same reason that mature age students will not want the processes that the college system facilitates, international students similarly will want other processes than the college system can provide. In this way the process attributes of UNE's college system are not of relevance to international students in the completion of their production processes.

This means that the UNE internal international product is low on the completion continuum in that it is process attribute poor in this respect. This is significant as many are moving from foreign cultures and are learning in a second language, which means that the nature and extent of the processes that must be re-established are greater for this grouping while their understanding of how to establish these processes are lower. That is, they have lower capabilities to re-establish such processes. This means that while UNE competes on a similar market basis as other Australian universities for foreign students its product offering is not well matched to the level of completion that the market requires, and so represents a high-extended price option. For the product to be more attractive to this group more process attributes associated with the development of

language and learning skills as well as the facilitation of lifestyle processes would need to be included to match their level of capabilities.

For external international students similar conditions to domestic external students are evident. The main difference is access to the service component of the course. UNE's model delivers its service component primarily through residential schools. This is problematic for international students who then either have to pay the high price to attend or else UNE needs to pay the high price to send academics there. That is, the service component is even more costly than it is for domestic external students. This is particularly significant when competing offers are goods based and so can compete in the market at a significantly lower cost to the consumer and provider. Where the international market is price sensitive due to the value of their currency or economic development, the provision of service components in this way is likely to be non viable.

One further difference between domestic and international external students is the commonly lower capabilities of international students as a result of having to study in a foreign language and within a foreign educational culture. This suggests that the product offered to international markets should be higher in process attributes than the product offered domestically and the nature of those attributes should be determined by the individual requirements of each market.

In summary, the international market is problematic for UNE. While the international market does not have the restrictions that are evident with respect to the domestic market, the product offered to this market needs to be higher in process attributes than the one offered to the domestic market. The reverse is the case, however. As the extended product associated with the college system is highly reference group specific, its process attributes are irrelevant to this market meaning that the total product is in fact lower in process attributes than the one offered to the domestic market.

With respect to the external market, the geographical isolation of international markets makes the service component of UNE's external offering expensive and therefore unattractive against competing offers with little service content.

Implications and recommendations

The high cost to attend an Australian university means that the market for internal international students is likely to be restricted. In disciplines where students do not need access to physical facilities it will be difficult to attract internal international students even if the institution provides a wider product in terms of process attributes that facilitate the development of new patterns of lifestyle, study and language training. This is particularly so for undergraduate and coursework masters where a high proportion of the product is goods orientated and the service component can to a large degree be replicated over the internet.

There will be a cohort who will want to travel to Australia and in terms of this group UNE should be in a reasonably good position. It could be argued that since they are on the move then the natural advantage that city based institutions have with respect to most internal students is nullified.

In developing a differentiated position in the market, the best scope would appear to be to move up the completion continuum and include more process attributes in its product. At present it can be argued that the level of capabilities of these students are too low with respect to the level of completion of the UNE product. This means that UNE should look to increase the completion of the product to the point where its capabilities are sufficient to complete production. That is, it needs to supplement the capabilities of these students with additional process attributes to enable them to realise the outcome attributes. In effect, this means that UNE should provide greater support facilities to enable this group to establish their

lifestyle and educational processes. This is likely to be attractive to this group and subsequently increase the size of the market that would be attracted here. This is likely to be particularly so for those that are coming to Australia to experience living in another country.

While the market for internal international students is restricted by the high cost of attending, the external market is not. Traditionally, the provision of external study internationally has been restricted by the cost of delivering the service component. Either the student needed to attend Australia at significant cost to them, or the lecturer needed to attend there at significant cost to the institution. Otherwise the course would be delivered without a service component. All of these tended to restrict the external offerings and increase internal demand. The development of the internet, however, allows for the cost effective delivery of both service and goods components of the product. This means that not only are the product offerings superior but they have the potential to be delivered in a cost effective manner to both students and institutions.

The likely effect of this is that external demand will likely increase at the expense of internal demand. That demand is likely to be met by a large range of Australian and international institutions that will pursue an internet distribution strategy. It is therefore unlikely that UNE can develop a competitive advantage in merely delivering the courses through the internet. At the same time, however, their competitive advantage in the domestic market, namely the high service component delivered in person is likely to be too high in price relative to the added value that it delivers to be attractive to the market.

This means that this market is problematic for UNE. The best scope for this market is to move up the completion continuum to include more outcome and process attributes and do more for the student than other institutions within the context of an internet delivered product.

Such attributes could include significant good components such as language and study training modules, tests, related readings and access to a range of tools, or service attributes, which greatly facilitate customisation or process enjoyment. In terms of other process attributes, UNE should look to make the internet site very user friendly, provide extensive support services and training to students and look to facilitate administration easily over the internet.

Short courses

Short courses are generally very service orientated and high on the completion continuum. That is, the whole experience is highly structured and generated for the student after they arrive. There is generally little preparation the student needs to do. Rather, the content is delivered in service format through lectures and tutorials.

As with the degree products, the motivation to undertake short courses can be either vocational or non vocational in nature and the outcome attributes desired are correspondingly similar to the longer degree type structures. In this way vocationally oriented short course participants are more likely to be outcome orientated while non-vocational students are likely to value the process and a degree of customisation. For these reasons the product targeted at non-vocational participants should look to contain more service attributes and less process attributes than the product aimed at vocational students. For example, vocational courses may be more structured and scripted and contain the utilisation of more tools. This will aid the student by reducing the time it takes to achieve the outcome as well as their evaluation of the course prior to initiating the exchange. That is, a heavily structured and scripted course aids the outcome-orientated student in evaluating promotion by providing a basis for the student to determine whether it will result in the desired outcome. Promotion to the non-vocational market should focus on process enjoyment and the level of customisation.

The short duration of the courses suggests, however, that a service component is needed for both markets to aid the customisation of the content to individual needs. As the enjoyment of the process for non-vocational students is determined, to a degree at least, by situational factors, and given the fact that vocational students will look to minimise their effort in pursuing the outcome, the location of the short course is important. In this way the location for non-vocational students should be chosen on the basis that it facilitates the enjoyment of the process. For vocationally orientated programs the location should be chosen on the basis that it saves time and disruption to their wider processes.

Similarly, to aid the enjoyment of the process or to reduce the time required, providers should include a high proportion of process attributes in the product for both types of students placing them both high on the completion continuum though this is more important for the vocationally orientated courses.

Implications and recommendations

If UNE pursues a position in the domestic market characterised by a high service component delivered personally, which focuses on facilitating the enjoyment of the process, in conjunction with a product that has many process attributes and so is high on the completion continuum then it is well positioned with respect to the short course market. The short course product is generally characterised by a high service component. The process itself, in terms of customer-to-customer interaction and the enjoyment of the location, is also a major component of these types of products. In addition, this type of product generally favours a high proportion of process attributes, students like to just turn up and participate. All of these characteristics UNE would be strong in while other institutions would be weaker. It can be argued that it is unlikely that other institutions will pursue such a strategy with respect to other markets and so find it difficult to deliver these in the short course market. This is because they will have to establish new and unique processes themselves to deliver such a product and these processes assume

specific capabilities in terms of skills, knowledge, time and infrastructure. That is, it would be more difficult and more resource demanding for other universities to target this market than would be the case with UNE. Its position in the domestic market effectively means that it would have a competitive advantage with respect to delivering short course programs.

In structuring short courses therefore, UNE should follow a high service product coupled with a high process attribute product. The extended nature of the product should not be overlooked for this segment. This may include the location of the short courses. One scenario, which would illustrate this positioning, would be to run short courses at UNE. These would be highly completed products with many process attributes where the university did such things as arrange for the transport of the attendants through the chartering of a plane, arranging for the accommodation and feeding of attendees and then perhaps organising outside cultural activities that augment their process enjoyment, (ie functions at night). UNE's location and other capabilities that have been developed as a result of their geographical isolation would facilitate this while at the same time making it difficult for other universities to match. As the product would be up the quality end of the spectrum a price premium could also be charged. This position would be very difficult for city-based institutions to challenge.

While this model is primarily designed with vocational courses in mind it would be similar with non-vocational short courses. As these would generally not be paid for by businesses, the high benefit/high cost position may not be as strong. However, it can be argued that the process enjoyment aspect of the product would be stronger. In this case the competitive advantage would still lie with this positioning but with scope to reduce the cost and benefits though not at the expense of the process enjoyment attributes. This could be done by rejigging the extended nature of the product in terms of process attributes and with careful targeting of the marketplace (ie retired baby boomers looking for self-actualising experiences).