

Service Distribution of eBusiness Programs in the Asia-Pacific Region

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Abstract

Universities in the Asia Pacific (AP) region were moving to a fee-for-service mode of operation in the past decade. Universities offered new programs to attract students, and hence a model for such offering became essential. New Educational Service Product Offerings (NESPO) model, derived based on some new service product models, was developed for this purpose. In this paper, we examine how universities have made use of the service distribution concept - one of new service product concepts in the NESPO, for offering their eBusiness educational programs in the AP region for the period 2000-2003. The findings suggest that eBusiness degree program developers would benefit from taking a more market-focused view of their new offerings.

1. INTRODUCTION

Universities have undergone a number of major changes in the closing decades of the twentieth century, but one of the most noticeable trends has been the gradual move by many universities toward a fee-for-service mode of operation. One of the main reasons might be the funding-cut by the governments. For example, in Australia, the Government was condemned for under funding universities for the past seven years to such an extent that universities are now turning to students for an increase in tuition fees in a short-term. Thirteen Australian universities proposed (as at May 2004) to increase the fee by the full 25% across all disciplines (Campus Review, 2004; DEST, 2004; NUS, 2004). Governments in Britain, Germany and the United States have similar views on funding (Shumar, 1997; Jarvis, 2001; Adams, 2002 and Hufner, 2003).

The rising fee of universities can also be observed in the Asia-Pacific region. In Hong Kong Special Administration Region (Hong Kong) Hong Kong's Secretary

for Education and Manpower stated that higher education would bear the brunt of overall cuts in the education budget (South China Morning Post, 12 Nov 2003). Some universities suggested that it might be necessary for them to raise tuition fees to offset government funding cuts (Ming Po, 21 Nov 2003). Besides, governments in many countries are increasingly placing the responsibility for funding education on the shoulders of the universities themselves, and even mainland Europe is beginning to look at the possibilities of charging fees for at least some tertiary education programs (Altbach, 1997 and Universities UK, 2001).

Universities in 21st century, under increasing pressure to funding, may be eager to enrol as many students as possible to cover costs and permit expansion and development (Göbbels-Dreyling, 2003; Marginson & Considine, 2000). Many of the original fee systems were aimed at foreign students, but these fee-for-service principles are now being extended into the domestic education market. Universities may find themselves increasingly forced to provide educational programs which meet the needs and desires of students focusing on vocationally-oriented degrees. These will help them in getting new jobs, or to gain promotion (Australian Commonwealth Department of Education, Training and Youth Affairs, 1998; CNET Networks, 2001). Clearly, such programs are likely to be more market-oriented than those in the past.

In this paper, we make use of the findings from a four-year study of tertiary eBusiness programs in the Asia-Pacific region, undertaken between 2000-2003 during the height of the dot.com boom and its subsequent crash, to identify key strategies for the offering of any vocational-focused programs designed to attract fee-paying students. The paper begins with a discussion of the theoretical underpinning of this project – in particular, with the theory of new service products and its adaptation into the NESPO model of ‘new educational service products’. We then briefly review the case study approach used to gather and analyse the empirical data on which our findings were based, and then summarise and discuss the findings of the interviews themselves, as they relate to the *service distribution* of the NESPO model.

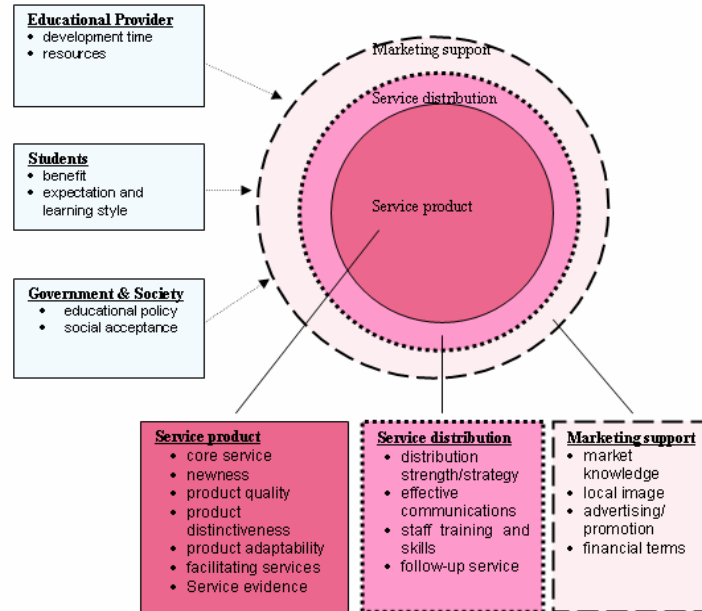
2. THE NEW EDUCATIONAL SERVICE PRODUCT OFFERING MODEL

In the interviews with eBusiness program developers, we found that most universities offer new programs based on the market demand. Most of these new programs were launched within a short period of time. In order to cope with this trend, we therefore developed a model for offering new degree programs. Our model is based on service product models from several researchers (see, for example, Grönroos, 1990; Grönroos *et al.*, 2000; Kotler & Fox, 1995; Shostack, 1982; and Storey & Easingwood, 1998).

The NESPO model is made up of three concentric circles *service product*, *service distribution* and *marketing support*. The innermost circle is the *service product* that contains the core service the educational provider(s) will offer. The middle circle is the *service distribution* where the major concern is the way in which the service is being distributed. The outer circle is *marketing support*. This paper does not provide space to discuss the model in great detail, but a comprehensive

explanation and discussion of the derivation and use of NESPO can be found in Chan (2003, pp.98-137).

Figure 1. The New Educational Service Product Offering (NESPO) Model



3. RESEARCH METHODOLOGY AND QUESTIONS

In his paper titled *Appropriate Research Methods for Electronic Commerce*, Clarke (2000) states that “case studies involve the collection of considerable detail, from multiple sources, about a particular, contemporary phenomenon within its real-world setting.” Yin (1994, p.129) claimed that case studies have a more diverse set of possible audiences than most other types of research. We choose case study for this research project. The analysis technique we employ with our cases in this study is the variable-oriented approach suggested by Miles and Huberman (1994, p.174) in which we concentrated on the variables themselves and their relationships, rather than focusing on the quantitative measures of each individual case.

The theoretical issues are related to the marketing theory of new service product offering on which our model is based in Section 2 and, to test our theory, nineteen cases were selected for this study between 2000 and 2003. Data were collected through university web sites; program brochures and semi-structured interviews (either in person or via telephone). Interviewees were program developers, program coordinators and administrative staff members who were responsible for the eBusiness programs. We selected four countries in the AP region, primarily because of their significant activity in the eBusiness arena. Table 1 shows the geographical distribution of the selected cases.

³ Chan, E.S.K. and Swatman, P.M.C. (2004) Service Distribution of eBusiness Programs in the Asia-Pacific Region, Proceedings of the Collaborative Electronic Commerce Technology and Research Conference, Santiago, Chile, 13-15 October. 3

Table 1. Case Study Locations and Numbers

Region	Number of cases
Australia	10
New Zealand	2
Hong Kong	6
Singapore	1
Total	19

Questions asked of the interviewees in these nineteen case studies (universities) were designed to provide an answer to the research questions (RQ):

RQ1: How have the universities surveyed made use of the service distribution concept – one of new service product concepts in creating programs – particularly eBusiness programs?

RQ2: Are the above findings applicable to a range of degree programs?

4. MULTIPLE CASES

In this paper, due to spaces limitation, we concentrate on the discussion of the middle circle, *service distribution*. For those who are interested in the discussion of the findings of the inner circle, *service product*, please refer to Chan and Swatman (2004). There are four elements in *service distribution* for investigation: *distribution strength/strategy*, *effective communications*, *staff training and skills* and *follow-up service*. In our interviews, most universities responded that they did not have special staff training for the eBusiness programs. Hence in this section, we concentrate on the discussions of *distribution strength/strategy*, *effective communications*, and *skills and follow-up service*. We shall present the results of the interviews relating to the elements *distribution strength/strategy* and *effective communication* in Table 2.

Table 2. Interview Responses for the Elements “Distribution Strength/Strategy” and “Effective Communication”

Row heading, universities in

A: Australia,
H: Hong Kong,
N: New Zealand,
S: Singapore.

Column heading

SD1: current delivery methods are using in the program
SD2: Whether the current delivery method will be modified in near future
SD3: Feedbacks from students

Abbreviation

DE: distance education
F2F: Face-to-face teaching
OL: online

Case No.	SD1	SD2	SD3
A1	Students can choose either F2F or DE.	No.	Students' feedbacks were complaining about having big classes and less interaction with staff.
A2	F2F and OL.	No.	Students' feedbacks were positive and the university was meeting their needs.
A3	Mainly F2F with OL support for course materials.	No.	Students tended to be not that keen on common core subjects, the non-computing subject. Students wanted to do eBusiness, they did not want to do common core work but that was of structure of the program.

A4	Most F2F but some OL.	Probably.	The interviewee did not know what students' feedback.
A5	DE was through OL forums. F2F on some weekends.	No.	It had been fantastic. It had been positive. Students changed their majors across to eBusiness. Regarding students' feedback, they had learnt a lot - it was not just a rehash of traditional marketing and management and they could see how it all linked in.
A6	DE with OL. Students can attend optional residential schools.	No.	Many students had been able to do what they set out to do, and that was to improve their position within their own organisation or in another organisation.
A7	F2F and some subjects were offered OL.	Probably.	Students seemed pretty satisfied with the teaching and the content.
A8	F2F. 4 subjects were OL.	No.	The university received good feedbacks. But the program leader had not been in the post long enough to be aware of what happened.
A9	F2F with limited 'external study.	No.	No feedback from students but some students were targeting internet services providers as their first jobs.
A10	OL and minimal F2F.	No.	Yes.
N1	F2F.	No.	They had received very positive feedbacks about the content and the programs from students.
N2	F2F. But they digitally recorded every lecture and placed them OL.	No.	They had no feedback from students.
H1	F2F.	No.	They received lots of feedbacks from students and they maintained their ties with their students.
H2	F2F.	No.	They had evaluation of each unit. So far student evaluations of each unit were very positive because students liked the program.
H3	DE Materials were available OL. Hardcopies of study materials posted to students as well.	No.	There were no feedbacks from students so far.
H4	Both F2F and OL depending on the instructors.	Plan to move OL.	Seemed to be working. The drop out rate has been less than one percent.
H5	F2F but study materials were OL.	No.	Students commented that the workload was too heavy.
H6	F2F.	No.	Some students reflected subjects that they were in favour of.
S1	F2F, but materials were OL.	No.	Very positive feedbacks from students to all aspects they had done. A very good reception in terms of being current and reflecting what was going on in industry.

4.1 Distribution strength/strategy

Distribution strength/strategy refers to the accessibility achieved by the product in its target markets. Results of the multiple-case studies shown in Table 2, column SD1, indicate that eBusiness programs were distributed to students in three principal ways:

- traditional face-to-face lectures and/or workshops;
- traditional distance education; and
- heavy reliance on on-line discussion/delivery of learning materials: students have minimal face-to-face contact with lecturers/instructors.

It is found that University H4 seldom used the traditional lecture-based method to deliver their eBusiness program, but preferred face-to-face classroom activities such as group discussions. Figure 2 shows the *distribution strategy* of eBusiness programs within the interviewed universities.

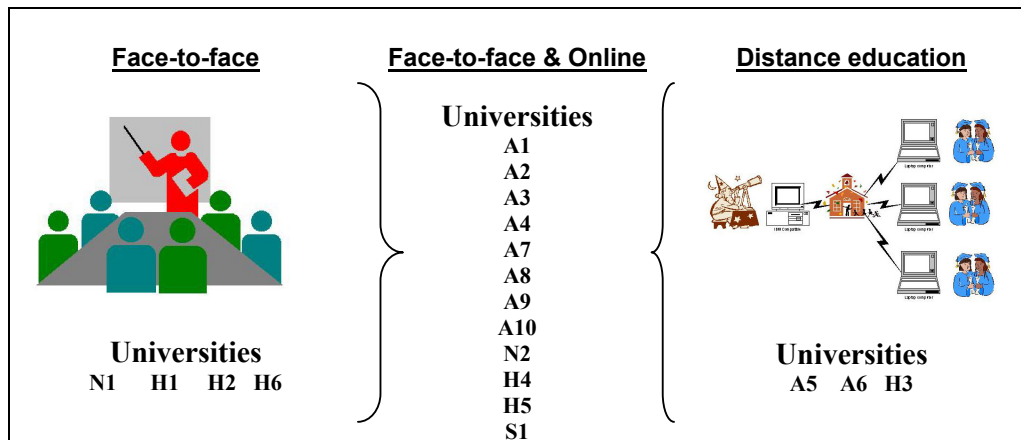


Figure 2. Distribution Strategy of eBusiness Programs in the 19 Universities

The largest group made use of both traditional methods of teaching and online support materials, discussion groups and even chat rooms. Clearly, the developers of many of these programs felt that degree programs providing information about the New Economy needed to “practise what they preached”. In addition, there is a more general and growing trend towards online delivery of at least part of many university programs. The majority of the interviewees had no intention of changing the distribution modes of their service product in the near future as shown in Table 2, column SD2.

It should be noted that there were major differences in distribution strategy while new programs were in the development stage — in terms of targeted customers, technical concerns, or other constraints. There may also be other ‘traditional’ or ‘cultural’ reasons for a university to continue delivering its eBusiness programs through face-to-face teaching instead of moving online. The respondent from University A2 explained that the program was seen as of very “high status” (comparable with that university’s MBA program) and that a student survey showed clearly that students preferred the face-to-face mode of lecturing, although they were more than happy to obtain materials, chat, submit assignments, and participate in tutorial activities online.

Another potential reason for the choice of face-to-face vs. online (or semi-online) teaching involves the views held by the institution, and the individual lecturing staff at the institution, as to which mode of teaching is more effective. Criticisms on both these modes are extensive:

- criticisms of face-to-face teaching suggest that it is an environment which promotes passive learning, ignores the individual needs of students and is not focused on higher-order learning skills such as problem solving (Hannum and Briggs, 1982);
- criticisms of online teaching include (amongst many others) Conlon (1997) who does not believe that it can actually solve the difficult teaching and learning problems which still exist, and the Illinois Online Learning Network (2003) which points to equity and accessibility to technology, computer literacy, limitations of the technology, student learning styles which are potentially unsuited to the online environment, potential lack of essential online teaching skills on the part of the facilitator, potential lack of support from the administration which can disrupt online learning,

problems with synergy (particularly in larger classes), and the question of whether that particular curriculum is suited to an online environment.

A number of universities felt that online teaching might not provide the desired environment (see the comment from University A2 above). A major selling point for many of the universities surveyed was the belief that employing ‘world class’ instructors to deliver the programs would enhance their prestige.

For example, University H1 released their classroom materials to a local e-learning company for conversion into Chinese and for tailoring to the online environment. These subjects were then sold to educational institutions in Mainland China where students, could be awarded a diploma but not a degree within the University’s program upon completion of these subjects. The diploma was an official document awarded to indicate that students had gone through the program, but not an official qualification. The University had no objection to making its study material available to students online, but insisted on face-to-face delivery. The interviewee in University H1 expressed the following opinion on the face-to-face mode of delivery: “... *We don’t want to go much further than that with distance education. It tends to dilute our brand and much of the brand comes face-to-face as the best program ...*”

Lacking a definitive response on the issue of online vs. face-to-face teaching, the interview results (with their preponderance of semi-online programs) would appear to indicate that

While online teaching is a fashionable approach to support the delivery of eBusiness programs which is gaining increasing popularity from universities worldwide, the interview data indicate a more cautious approach on the part of participating universities to moving online.
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4.2 Effective communications

Effective communications represent many ingredients of the communication mix, including the branding and positioning of the product, the consistency of the strategy, which provide customers reassurance when they decide to purchase the product. Most services are intangible, which means they are hard to evaluate prior to purchase and sometimes even after purchase (an educational program offering is no exception). Hence, communication will be a substantial factor in a customer’s decision to purchase a service. Communication factors include: word-of-mouth communication by customers, branding and positioning of the product, and the consistency of the strategy which provides customers with reassurance. In this research project, students’ word-of-mouth and their feedback to eBusiness programs are examined and the results can be found in column heading SD3 of Table 2.

The results indicated that student feedback regarding the eBusiness programs of the majority of the interviewed universities was quite positive. It should be noted, however, that these results may not accurately reflect the real situation, as they were collected from the course developers rather than directly from the students themselves. Some students’ comments on the eBusiness programs at the respondent universities are listed below:

In University A1, regarding class size:

... some students were complaining about having big classes and less interaction with staff ...

In University A3, regarding structure in the program:

... students tended not to be keen on common core subjects — the non-computing subjects. Students wanted to do EC subjects, they did not want to do common core work but that was the structure of the program ...

In University H5, regarding workload of the program:

... some students commented that the workload was too heavy ...

University H2 appears to be the only university out of those we interviewed which placed a high value on student feedback. It provided feedback forms to its students for the evaluation of each of the subjects and students' comments were very positive on most of the subjects that they took. From the attitudes of the interviewees overall, however, we found that most other eBusiness program developers and coordinators did not pay much attention to student feedback.

Please note that the questions relating to communication were restricted to inter-personal communication – the effectiveness of advertising and publicity is included in the outermost circle of the NESPO model; and a discussion of its role and success in the programs surveyed will not be discussed here. Inter-personal communications within the eBusiness programs surveyed was clearly seen as a one-way process – staff information to students was viewed as considerably more important than student feedback.

4.3 Follow-up services

Follow-up service is a service or facilities in which the customers can still enjoy them even the customers have completed the service. It is a non-core service to students, and includes such things as: student alumni, library facilities, email addresses – and even career centres or sports facilities, all of which graduates can still enjoy even after they have completed their enjoyment of the main service (graduation). Table 3 contains a summary of the provision of Alumni services for students and graduates of the eBusiness programs surveyed. There was also a question concerning whether, if there were no current Alumni services, the universities planned to create these in the near future.

Table 3. Interview Responses for the Element “Follow-up Services”

Row heading, universities in

A: Australia,

H: Hong Kong,

N: New Zealand,

S: Singapore.

Column heading

SD4: eBusiness student alumni in the universities

SD5: Whether a plan to form a student association in future

	SD4	SD5
A1	No, not even an alumnus at university level.	Plan to organise an eBusiness student association in near future.
A2	An alumni group was set up by graduates of other programs to look after eBusiness students.	A student association suggested to use the name 'e-buzz' would be initiated by students.
A3	No.	They had the intention but they thought that it was the responsibility of head of school. Without the support of head of school, it was hard to set up the alumni.
A4	No, there was only one alumnus for the university.	Probably not. The interviewee was not sure of the demand.
A5	No, there was already one for the university.	They were planning one. However, staff to find time to organise this was a concern.

	SD4	SD5
A6	No, there was already one for the whole university.	This was a good idea, but the interviewee reported that she did not have time to organise one.
A7	No. There was only one at university level.	No.
A8	No. There was one at university level.	No and no intention to set up one.
A9	No, only at university level. Within the eBusiness group, they developed a virtual community.	No.
A10	No.	No. They did not have enough students.
N1	No.	They were planning to have one but they needed to sort out the administrative problems first.
N2	None.	No.
H1	An alumnus for all the MBA students but the mailing list was sent out program by program.	No.
H2	Yes, the alumnus was managed by students.	N.A.
H3	No. Only the alumni at university level.	They had no plan to organise one.
H4	No. Because this program was new.	They planed to form one similar to their virtual community 'Ebizz' model.
H5	No.	They would definitely have one in near future.
H6	No. There is one at university level.	No. No plan to do this.
S1	Alumni for MBA but not for eBusiness.	No.

Survey results showed that very few of the universities surveyed had established alumni programmes for their graduates – either at the university level or even for MBA graduates; and only Universities A2 and H2 already had an alumni or ‘small student groups’ specifically for their eBusiness programs. There appeared to be little interest in creating future Alumni programmes for graduates of the eBusiness programs.

At University A2, the eBusiness Alumni Association was initiated by past students of IT programs and these graduates organised a number of seminars for eBusiness students by inviting guest speakers from industry to talk about eBusiness issues. At University H2, eBusiness graduates initiated the formation of the eBusiness Alumni group with the support from the university. The supporting resources included providing rooms on campus for meetings and establishing an intranet for the eBusiness Alumni. They had regular meetings on Friday evenings, and the activities included speeches given by expert guest speakers and discussions on ways to study the subjects in this program.

5. CONCLUSIONS

It is important to bear in mind that the case studies discussed in this project were undertaken during a time of great enthusiasm for eBusiness degree programs (2000-2003). The following brief summary of the findings described earlier helps to set the scene for the discussion of the impacts of these findings under the NESPO model:

- Despite the increasing popularity of online teaching methods, the eBusiness programs surveyed were surprisingly traditional, with most offering either online support for teaching, or no online teaching at all.

- Service communication was restricted to student feedback and, even in this case, eBusiness program developers did not place too much emphasis on the results of this approach.
- Not many universities pay attention to follow-up services such as helping graduates to establish alumni.

To summarise, the answer to the research question **RQ1**
How have the universities surveyed made use of the service distribution concept – one of new service product concepts in creating programs – particularly eBusiness programs?

At the time of these interviews, most program developers replied that their universities have not provided special trainings and skills to their staff. eBusiness academic program developers made full use of some new service distribution concepts including awareness of the distribution methods/strategy of the degree programs. However they were not well aware of the need for staff training and skill, interpersonal communications and follow-up services. The findings of the interviews suggest that eBusiness degree program developers would benefit from taking a more market-focused view of their new offerings. We believe that the NESPO model offers potentially helpful advice for the developers of new degree programs which are endeavouring to fill a rapidly-moving market niche. Developers of such programs should not merely consider the curricula of their programs, but must also take other components into consideration such as *service distribution* which consists of the *strength and strategy* of the distribution, *effective communications* (branding and positioning of the product), *staff members' skills and training* and the *follow-up service* for graduates. Most program developers realised that *follow-up services* such as students' alumni are advantageous to the programs in order to maintain a short and long-term good relationship between graduates and universities. Such *follow-up services*, however, were mostly not in place due to a lack of time and resources.

To summarise, the answer to the research question **RQ2**
Are the above findings applicable to a range of degree programs?

Omitting all or part of these elements when offering the new programs will lead to a shortening of the product's life – or even to a complete loss of competitive power against similar products launched by other institutions and universities. Universities, even in those parts of the world where corporatisation is seen as not only inevitable but advantageous, do not appear to be following through the logic of ensuring that their products and services will meet the required standards of quality and attractiveness in a fiercely competitive world.

Universities are now moving into an era of 'quasi-market'. Launching new programs may help enhance their competitive power and increase their revenue – but to be successful in this activity they must also learn to behave (to at least some extent) like the corporations they are emulating. eBusiness as a market phenomenon is coming towards the end of its "cash cow" period and will shortly enter into what marketers call the "dog" phase, where numbers of new programs and students wishing to enroll in them begin to decline at an increasing rate. But

there will be other equally fashionable and exciting new degree program opportunities available for those universities sufficiently aware of the market-place movements. As 'time factor' and 'market opportunities' are so critical for offering new programs, successful universities will be forced to change their conservative mindset and make full use of the new service product offering concepts (NESPO) in effectively planning and launching their new programs.

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