Proposition for Strategic 6Ps and the Service Business Model for Corporate Sustainability

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ABSTRACT

This paper proposes 6Ps elements of service business model. It consists of basic 3Ps (product, people, and physical evidence) and additional 3Ps (perspective, personalization, and program). The authors add Program in this paper which integrates other elements. The authors show the stages of customer status transition from just purchasing functional products to something special for his lifestyle by becoming an adherent. The authors also showed the direction to community. The authors analyze how the 6Ps elements work for the transition based on five case studies of advanced service business. The authors set two axes newly to show the structure and the process of expanding from basic 3Ps to 6Ps as well. This model can be positioned in the value configuration space. The authors try to analyze the mechanism to drive this transition by gift logic which lies behind social system and social capital.

Keywords: Community, Gift, Relationship, Service Model, Social Capital, Sustainability, Trust, Value in Use

1. INTRODUCTION

It has become increasingly more important to create service based businesses to sustain corporations in servitized economies (Neely, 2007; Kameoka, 2007). However, the scheme of service based businesses is more complicated and difficult to establish because it is carried out by human contact, and is more related to human sensitivities compared to trade in products (Kosaka, 2010; Kameoka, 2007).

There are three types of capital, i.e., economical, natural, and social. Stuart pointed out that these three should be harmonized and balanced (Hart, 2007, 1997). However, economical capital has been overemphasized in the real world. It is necessary to harmonize the triple bottom line to
promote social sustainability. Thus, we need to discuss the sustainability of service businesses from the human perspective in servitized economies.

The essence of service businesses is defined as value co-creation between service providers and service receivers. Customers are an operant resource and the subjective of value co-creation from the concept of service dominant logic (SDL) (Vargo, 2004, 2008a, 2008b). Therefore, it is essential for research on service businesses to focus on the relationships between both parties in value co-creation.

The service structure is recognized as the relationship between service providers and service receivers (Shimomura, Hara, Watanabe, Sakao, Arai, Tomoyama, 2005). Many researchers have analyzed various types of customers as service receivers. The Customer Loyalty Ladder have shown how customers can improve their loyalty from prospects, customers, clients, supporters, and advocates (Adrian, 1994). The Service Profit Chain has been analyzed as to how employee satisfaction leads to customer satisfaction in a satisfaction mirror (Heskett, 1997, 2003). They have also classified customer loyalty as terrorist, mercenary, hostage, apostle. There are other researchers who have pointed out the importance of establishing relationships between customers. Relationship marketing insists on the importance of holding a long term relationship beyond transactional marketing (Grönroos, 1997). Permission marketing argues for the necessity of obtaining the permission of customers by their ‘opt-in’ (Godin, 1999). Advocacy marketing has demonstrated the process of creating long term trust by advocating customers on the premise of maintaining the best quality physical products (Urban, 2005).

These concepts have been transferring transactions from merely selling products to mutual long term relationships, but they still uphold the idea of relationships derived from products in Goods Dominant Logic (GDL). They have mainly discussed how providers should access customers. However, as actions by providers and responses by customers are mutually affected, the border between them becomes more ambiguous. It is quite important to focus on the mutual relationships between these two parties if we are to understand the essence of services. Many researchers have investigated stakeholder, i.e., service providers or service receivers, but few have investigated the real transition in status of relationship between both parties.

This research was intended to analyze how the status of customers transits along with continuous service based transactions based on the characteristics of services such as inseparability, perishability, intangibility, and heterogeneity. Then, not only is each party analyzed but also the relationship between them. We also focused on the time dimension for service transactions with a long term view. In conclusion, the main focus of these two perspectives is on the mutual relationship between the two parties in the time frame.

2. RESEARCH METHOD

2.1. Perspective for analysis

We adopted three perspectives for analysis.

1. What do the services mean to customer life? How does the status of customers transfer along with the timeframe utilizing the benefits of services with regards to service characteristics?
2. What are the elements for transferring the status of customers? There are some elements that drive the maturity of customer attitudes toward services. What is working effectively?
3. How does the relationship between customers and service providers mature through long range time frames? What is the basic structure of mutual communication?
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