generation industry either as equity holder or operator for returns which typically exceed 15%. While the general description may describe the customer type, it is more important to know his profile- its background, definite intention in participating in the industry and its decision making process. The more detailed information about the customer will allow the company to tailor its products to cater for definite needs. The services that the company provide will then match the customer’s needs. Therefore it is necessary to have a customer profile survey conducted.

3.2 Customer Profile Survey

The E&PD department have for more than 1 year been providing services to external clients. These services include hydrological data analysis, feasibility studies, site selection, etc. The customers for these services are potential IPPs and investors in the power generation industry. Revenue from these customers alone amounted to RM2.38m and the projects cover the South and South East Asian region, from Pakistan to the Philippines.

For the purpose of this paper, a customer profile survey is conducted for TNPG. It makes use of the existing E&PD data and customer base. The number of customers is small, 12 in total. However, the survey respondents also include potential customers. It must be noted that the Memorandum of Association for TNPG has expanded the range of services from that originally offered by E&PD. In the past, the services on offer were mostly project related. Now it covers services such as power plant operation and maintenance.

3.2.1 Survey methodology

A survey questionnaire was prepared to determine the customer profile. A total of 14 questions were prepared. The intention is to make it brief so as not to put off the respondent but at the same time capture sufficient data on the customer. The questions were divided into sections

1. about their company (4 questions)
Chapter 3

Marketing

3.1 **Introduction**

Marketing is the business function that identifies customer’s needs and wants, determines which targets markets the organisation can best serve, designs appropriate, products, services, and programs to serve these markets, and calls upon everyone in the organisation to “think and serve the customer”.

Too often marketing has been narrowly seen as the art of finding clever ways to dispose of the company’s products. Others see marketing as mostly selling or advertising. Marketing is actually a much wider field; it revolves around the customer, segmenting the market and develop need-satisfying products for the chosen market segment. It is also about product, pricing, choosing distribution channels and promotion of the product so that customers will want them. This often referred to the 4Ps of marketing. In services there is an additional P - people. Clearly, marketers need a broad range of skills in order to sense, serve and satisfy customer needs.

The marketing aspect of company management involves getting to grips with who actually the customer is. Just as the vision is central to company business, the customer is the focus to the marketing function. Everything that the company does revolves around the needs of the customer. Before planning a marketing strategy, the company needs to identify its target customers and types of decision process they go through. Although many buying decisions involve only one decision maker, other decisions may involve several participants who play such roles as initiator, influencer, decider, buyer and user.

In a way, the customer for TNPG’s products and services are already segments. They can be described broadly as companies who want to invest in the power...
Q4. Annual turnover
Up to RM500,000 (25%)
Up to RM1m (25%)
Up to 100m (50%)

Q5. The types of services that you have sought or will seek? (multiple answers)
specialist services (25%)
engineering advisory services (75%)
project engineering & design (50%)
project management (25%)

Q6. The areas that you seek service in (present & future)
power generation (87.5%)
power transmission (37.5%)
power distribution (25%)
total power system (12%)
hydrology (12%)
district cooling & heating (12%)

Q7. Where are the places that you have projects in?
Malaysia (100%)
ASEAN (25%)
Asia Pacific (8%)
Global (8%)

Q9. Where do you think you will venture into in the next 5 years?
Malaysia (50%)
ASEAN (75%)
Asia (50%)
2. the types of services that they look for (5 questions)
3. the service per se (3 questions)
4. promotional possibilities (2 questions)

A copy of the questionnaire sent out is attached in Appendix 4.

A total of 12 questionnaires were sent out and a total of 8 replies were received. The answers were analysed to form a profile of the customers that the department (and future TNPG) serves.

3.2.2 Responses
A total of 8 companies returned the survey forms duly filled. Their responses are given below.

Q1. What is the nature of your business?
Project Developer - 75%
Engineering - 12%
Utility services - 12%

Q2. What is your authorised capital?
Up to RM500000 - 12%
RM500000 to RM1m - 12%
RM1 to RM5m - 37.5%
Exceed RM5m - 37.5%

Q3. The number of direct employees
Up to 10 (12%)
11 - 50 (37.5%)
50 - 100 (50%)
Europe (12%)
Americas (12%)

Q10. What are the three most important factors in engaging external services?
Cost (75%)
Speed (25%)
reputation for quality (100%)
experience (50%)
service flexibility (12%)
origin of services company (12%)

Q11. Please rank the following (1-most important, 5-least important) for defining quality service?
Those factors that ranked 1:
completion of project on time (50%)
keep project within budget (25%)
source of accurate information (25%)
The three most common factors are the above 3 factors but in different ranking.
Least important factor : having sophisticated equipment

Q12. Where do you select your services from?
Completed projects as reference (75%)
colleagues (25%)

Q13 and Q14 were open ended questions regarding their information access.
No respondent provided their internet address although all replied positively to receiving information using that media.
No respondent commented on the department’s past service.

3.2.3 Analysis of results
The first part of the survey reveal that the customer base is made up of project developers (75%) followed by engineering companies (12%) and utility services (12%). This is actually the market segment that the E&PD department originally designed their services for. However that was with a limited range of products i.e. engineering services for power planting up. However with the incorporation of TNPG, the range of services have expanded to include post-construction services such as fuel management, plant operation and maintenance and plant engineering services. These companies have authorised capital exceeding RM1m (62%) which indicate that they are medium sized. The industry is capital intensive and lenders require that the developers have a ‘respectable’ authorised and paid up capital before they consider any application for financing of projects. 50% of the respondents have turnover of up to RM100m. This is a large percentage considering only 25% of them are public listed companies.

50% of the respondents have between 50-100 direct employees which again validate the assumption that they are medium sized. The survey did not ask for the number of professionals in the company which, on hindsight, would have given a better picture of its technical and professional capability. The rest of the respondents have less than 50 direct employees. Nevertheless, previous dealings with these companies show that they have a high percentage (exceeding 50%) of professional employees; either as technical, commercial or other business related profession. Considering this fact, the companies actually have the technical personnel to manage projects generally but do not have the specialist skills related to the power generation industry such as detailed project engineering. The role of these personnel is to oversee the service provider mostly concerning the technical aspects of the project. The role required of TNPG would be to fill the need for specialist input.

On the second part of the survey, the respondents were asked on the services that they look for. 75% seek engineering advisory services while 50% require project engineering and design. Interestingly, only 25% of the respondents
identified project management as the type of service that they look for. Project management, incidentally, is the core product that the E&PD department offer to its external clients. This mismatch need further investigation and analysis. As project developers, these companies will surely need consultancy services. Such a service is required, not just to oversee the project through but also as a financing requirement. Most IPPs engage internationally reputable companies to lend credence to their financing request. However, they did not identify consultancy as a service that they will look for. It may be that the answers were given with the perceived E&PD capabilities in mind. Since the department has not been known to provide consultancy services, the respondents have restricted their replies to what they think the department are capable of. Nevertheless, the managers of TNPG will have to look into this matter further as it has serious implications on the company’s product range, should it be true. A major product review may result from the investigation.

Almost all (87.5%) of the respondents identified power generation as the area that they seek services in. However, this is in response to a biased question as it refers to only the service capability (mostly technical) of TNPG. It was thought that fields not offered by the company such as legal, finance (services periphery to the power generation industry) are beyond the scope and capability of the company at the present time. In the future, however, it may venture into these complementary services. Another area that the respondents (37.5%) would services in is in the power transmission sector. This is another area that TNPG can venture into as part of its forward integration strategy.

All of the respondent have projects in Malaysia and 25% of them have projects in ASEAN. In the next 5 years the respondents think that they will have projects in Malaysia (50%), ASEAN (75%) and Asia(42%). This indicates a trend of expansion for these companies reflecting a maturing industry in Malaysia. This can also mean that these companies see better returns offshore. However, one must bear in mind that the respondents are all Malaysian companies. Although
these firms indicate expansion into the regional markets of ASEAN and Asia (which fit in very well into the strategy adopted by TNPG), TNPG’s customer base will, and should, expand to include foreign firms. The future plans of the expanded customer base will then need to be investigated.

In the meantime, for the existing customers, TNPG should tailor their services to cater for the regional market. This means that the database, human resource and other supporting functions should focus onto this region immediately. The gestation period for training and information gathering may be long and the earlier TNPG get into gear with this focus the better prepared it is.

Part three of the questionnaire touches on the quality of service that they look for. They were unanimous that the most important factor in engaging external services is the “company’s reputation for quality”. Next most important factor is the “cost” (75%) and third is the “experience of the company” (50%). Speed is fourth (25%) with “service flexibility” tied with “origin of services company” (12%). None identified personnel attitude and rapport with client as the top three consideration for engaging services. This is a notable point. The kind of services that TNPG provide are actually personalised. The service provider interact actively with the client and being intangible, the manner that the service is provided has an impact on the company-customer relationship. The culture of the company imbued upon its staff has therefore a major role to play in the business. Interestingly, the respondents do not see this as very important. Instead they are very objective about the issue and identified company’s reputation for quality as the top requirement, above cost and experience. Perhaps the “service quality” include company-customer relations.

The priority ranking reveal interesting results. Among them are:
- Companies are willing to pay more for quality work
- the experience of the service company play an important part in being selected
speed is not regarded as priority (as long as projects are completed according to agreed time frame - see response to question 11)

The first two factors should be considered seriously by TNPG. As a new company, it has to build a reputation for quality work and it has to gain as much experience as fast as possible in external projects. It already has reputation in managing TNB projects (as a customer) and this is an advantage. It can understand the requirements of the customer well. However, in conducting services, TNPG now play the role of the contractor and the paradigm shift that is required must be swift and managed well.

On the ranking of defining quality service, completing projects on time rank highest (50% respondent place this as the most important) followed by “keeping project within budget” (25%) and “source of accurate information” (25%). Least important to the customers is the service provider “having sophisticated equipment”. This is not surprising as equipment are ‘backroom’ items and the customer is not concerned how the product is processed. They are only interested in the result i.e. projects that are completed on time, preferably within budget. In actual fact, TNPG require sophisticated equipment to complete the project on time and within budget. The many international service providers make use computerised draughting and design equipment to produce very quick output and this has become the state of the art equipment of highly competitive organisations. They have set the bench mark and customers have come to expect such fast turn around times whereas only a limited number of companies can actually afford such sophisticated equipment. Perhaps this is where the strategy of joint ventures can be applied. TNPG can go joint venture with some of the internationally recognised companies that possess these equipment to benefit from the technology. The acquisition of such equipment will take time and heavy capital investment. The joint venture will only serve as a temporary solution.
The next part of the questionnaire deals with promotion. Most (75%) of the respondents choose their service providers from projects that have been completed. The rest seek recommendation from colleagues. This tally with the need for experienced companies discussed earlier. Other forms of promotional media such as advertisements and brochures were not identified as forms of effective promotion. The marketing managers of TNPG should take note of this fact. Rather than wasting resources on expensive advertising campaigns, they should instead channel those resources on other tools for positioning and promotion.

Although all of the respondents agreed that they wish to receive information through the internet, none of them provided their address. This can either mean that they do not have an address or are not willing to freely provide the address for fear of receiving junk messages. The former reason is most likely, which means the internet is not a useful media for promotion.

To conclude the analyses, the customer profile survey revealed a wealth of information on the customer, their priorities and preferences. The management of TNPG can make use of the information collected to review their product range so as to tailor fit the requirements of the customer. There are questions in the survey that could have been better phrased to give a more accurate answer. There are responses that need further clarification with the customer as discussed earlier. Nevertheless, the amount of information gathered from only 14 questions shows the importance of communication with the customer to keep abreast with their requirements and disperse false assumptions about them.

3.3 Product

Armed with the information gathered in the customer profile survey, the manager will now be able to review the company product range. There may be products that do not satisfy the needs of the customers surveyed. But the
information is obtained from existing customers. An expansion program will require a new product range to cater for new customers. The expanded product range can include products which other competitors are already offering their customers or completely new products that has not been offered by anyone before. Again, it is advisable to keep the stated vision of the company in mind - “To be the customers first choice in power generation services”. To be the customers’ first choice you have to be the best. The best will have to be the most comprehensive i.e. any services related to power generation industry, this company must have it. However, it is not the intention of this paper to detail out the product possibilities but rather to impress upon the need to be able to meet all of the customers’ needs.

The search for new product ideas should be systematic rather than haphazard. Top management needs to carefully define its new product development strategy. It should state which products to emphasize at which time. It should also state what the company expect from the product; be it high cash flow, market share or some other objective. It must recognise the effort to be devoted to developing original products, modifying existing products or imitating competitor’s products and allocate the necessary resources for it. To obtain a flow of new product ideas, the company can tap into various sources: either internally, from customers or from competitors. New products will have to go through the various stages of concept development and testing, business analysis, product development, test marketing and commercialisation.

The manager must recognise that for any product, it has to undergo a life cycle; development, introduction, growth, maturity and decline. The marketing strategies for each phase of the product life cycle are different. He must also recognise that for any market, there is a similar life cycle. The phases in a market life cycle is the young, growth (when new entrants abound), shakeout (when the weak players fall), maturity (stable market) and decline. Again the strategies for each product is different for the different phases of the market life cycle.
Therefore, as a new comer in the market another strategy would be to keep success rates as low as possible.

3.5 **Placing Products**

Products placing refer to the channels of distribution for a tangible product. However, in the power generation services industry, as is the characteristic of all services industry, the product is intangible and it is consumed as it is produced. Therefore there is no channel of distribution to speak of. The service can be conducted either at the company’s premises or at the customer’s. But having an organisation structure comprising of matrix framework, it is better for the company to maintain that work be done at its premises unless it requires on site supervision. This is because a technical person can handle multiple projects at any one period if he is based in the office. This flexibility is not available if he is taken away to be stationed elsewhere such as a project site.

3.6 **Promotion**

The promotion of the company’s product and services is a very important function and has a direct effect on its profitability. Modern marketing is all about communicating with the customer. What is communicated should not be left to chance. To communicate well, companies often hire advertising agencies to develop effective ads and promotion specialists to design promotional program.

A company’s total communication program - called its promotion mix - consists of the specific blend of advertising, sales promotion, public relations and personal selling. The promotion takes into consideration the company’s positioning or how it wants to be perceived by the customers. As a wholly owned subsidiary of TNB whose logo carry a lot of goodwill, the company will have to capitalise on this goodwill and position the company accordingly. With the help of promotion specialists, TNPG as a new company can create
awareness among target markets and carry that through the various promotion stages of liking, preference and choice.

We have seen from the customer profile survey that the selection or choice does not come from brochures or advertisements. Instead, it came from previously successful jobs and through word of mouth. Therefore, the promotion must take advantage of this media. Successful projects are to be celebrated as part of the promotion package. Advertising can be used in this instance to create better awareness. Project completion dinners where major customers are invited is another way. Personal selling is also an effective promotion. The company can send its personnel to conduct presentations to potential clients on the company’s background and track record. This way the customer is kept up to date on the development of the company and the presentation present a valuable opportunity for the company representative to update itself on the clients requirements. Again, let us be reminded that promotion is all about communication and successful promotion pays.

3.7 People

The final P in the marketing of services is people. People are the service providers to people as the customers. The slogan “Human resource is the greatest asset” can never be more true than in the service industry. The quality of service rests squarely on the service provider. Although the customer profile survey conducted earlier reveal that “service personnel attitude” and “rapport with client” as low priority to the customers, the need for good customer relationship should never be downplayed. The type of service provided for by TNPG can be at arms length, but it should always remember that the customers are human and they have the choice. Therefore, the company should review its interaction with the customers. While in TNB, the engineers there play the role of the demanding customer. In TNPG, the roles are reversed and they have to meet the needs of the customers instead. Already, when TNB started to serve
external clients, it can be seen that the role reversal did not go down well with some of the engineers. The complete paradigm shift can be difficult for some and the department can play a major role in managing this change by organising customer relations courses for them.

3.8 Conclusion

The marketing of services is quite different from that of products. Not only is the services consumed as it is produced but the role of the customer is even more important as he contributes in the production process. Therefore, it is critical that the company know the customers well. The customer profile survey that was conducted is an effective way of doing this. It provided valuable information on the customer that was previously assumed and some assumptions have been proven wrong. The data obtained can be used by the manager to tailor his products to the needs of the customer.

People is another important factor in the marketing of TNPG’s services. The customers are people with choices and preferences and the service provider are also people. The quality of service is even more important during the interaction between provider and customer. Therefore special emphasis must be made to improve the standard of that interaction to create an impression of caring company so that its vision of the customer’s first choice can be achieved.

The 4+1 Ps of services marketing principles (the promotional mix) that were discussed can be used as a basis for detailed investigations into what would be the most effective marketing strategy applicable to the company which would complement the chosen overall strategy chosen earlier. But it must be borne in mind that most important consideration of the marketing mix is the customer, the customer, the customer.