

Report for Community Engagement Assignment 2 2018 – Problem Solving and Decision Making



May 2018

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EXECUTIVE SUMMARY

1. EXECUTIVE SUMMARY

The remit of this report is to analyse a complex problem within the workplace, this will be done using formal problem-solving techniques. The organisation this report will look at is the Dognasium in Swansea, the Dognasium is a recreational and rehabilitation centre for dogs. The Dognasium offers both a variety of rehabilitation services as well as day-care and recreational facilities. However, the current focus of the business is on the daycare service they offer.

The problem the Dognasium have noticed is the rapid decline in day-care dog numbers, declining from full capacity at the end of last year to only performing at two-thirds of capacity most days in April 2018. The route of this problem has been linked to a decline in Facebook engagements from current and potential clients. This decline in engagement could be linked to Facebook recent changes to their privacy policy.

The problem-solving methods that will be looked at to determine a suitable way to analyse the Dognasiums problem will include; The Ishikawa or fishbone problem-solving method which is a cause and effect method of problem-solving that looks at both primary and secondary causes. The Five why's method, a method that asks why five times to a specifically defined problem. The goal of this method is to identify the underlying cause of the problem. Finally, the eight P's marketing problem-solving method will be looked at, the eight P's include Product, Price, Place, Promotion, People, Process, Physical evidence, and Packaging. This is the method that is used the Dognasium to identify a weakness in their promotional strategies.

There were two recommendations for the Dognasium these are set out as follows:

- Physiological pricing strategies in conjunction with bundle pricing strategies to draw new clients in.
- To increase their activity on their other social media platforms to allow for a fresh client base.

INTRODUCTION

2. INTRODUCTION

2.1 REPORT REMIT

The remit of this report is to analyse a complex problem within the workplace. This will be done by using formal problem-solving techniques, understanding the advantages and limitations of each technique. The findings created using these models to analyse the problem facing the organisation should allow for recommendations to be made on possible solutions.

2.2 BRIEF BACKGROUND OF THE ORGANISATION

The organisation that this report will be looking at is the Dognasium, the Dognasium is a small business in Swansea. The Dognasium is a day-care centre for dogs that has a gymnasium facility for both recreational and rehabilitation use for dogs. Refer to Appendix A for further information on the products and services offered (The Dognasium, 2018). By nature of being a small business, the effective marketing platforms that are within the frames of the Dognasiums budget are limited. The Dognasium currently depends heavily on its social media presence to drive increased awareness for the business and a growing customer base. Although the Dognasium originally opened with the goal of being an effective fitness centre for dogs it quickly became apparent that its day-care facilities were in high demand.

2.3 THE PROBLEM

The Dognasium are currently experiencing a decline in day-care dogs. With the demand for day-care being so high towards the end of 2017 the Dognasium was performing at maximum capacity at least three days a week (refer to Appendix D and E). However, Since January 2018 the Dognasium have witnessed a steady decline in day-care numbers leading to on average only one full day a week (The Dognasium, 2017). Johnston (2018) believes that this decline in day-care numbers may be because of a coinciding decline in their Facebook page activity and engagement (refer to Appendix A and B). Both of these declines have a direct impact on the profit of the business. Simpson (2018) recognises that some

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days the Dognasium is only performing at two thirds of its capacity, the business is not only down on the profit from the day-care itself but the add-on gym sessions that some of the dogs receive at an extra cost.

Both Simpson (2018) and Johnston (2018) state that the majority of the Dognasiums costs are fixed, meaning that it costs the business the same per week, independently to the number of dogs in for day-care. Costs such as electricity, insurance, rent, and wages must be paid at the same cost if the Dognasium is open. However, when the Dognasium is not at capacity it is no longer essential to have a third member of staff in the building, this directly indicates that the impact of this problem exceeds the potential loss of profit for the business. This problem directly affects all the stakeholders of the Dognasium. However, the stakeholders this impacts the most include, the partners, employees as well as existing and future customers.

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3. PROBLEM SOLVING TECHNIQUES

This report will look at several different problem-solving techniques before deciding on the best method to follow to create recommendations as to solutions to the Dognasiums marketing problem. The first method that this report will look at will be Ishikawa's (1990) that measures the cause and effect of a problem, this method can sometimes be called the fishbone method. With the fishbone method looking at both primary and secondary causes of a problem, comparing factors such as equipment, process, people, material, environment, and management. However, the fishbone method does create an understanding of cause and effect it has significant limitations surrounding the brainstorming element of the technique. Proctor (2010) indicates that brainstorming can lead to solutions based on opinion instead of fact, as well as producing irrelevant information. This could be considered an ineffective use of time.

Another method that can be effective when looking for solutions to a problem is the five Why's method, this method is supposed to create a more in depth understanding of the problem that is being faced. Card (2016) and Bermingham (2013) state that the five why's method of analysing a problematic situation is the most commonly taught method. Card (2016) also highlights that the thought process behind the five why's is to illustrate the importance of digging deeper into a problem, this creates a sudden realisation to the underlying cause of a problem. The five why's problem-solving method simplified is to just ask why five times, asking why to the answer of each question creates a deeper understanding of the root cause (see appendix F). However, card (2016) implies that the five why's method can lead you down an unrelated alternative path if any of the five why's aren't answered as they should be.

The problem-solving method this report will use is the eight P's method, Bains (2011) highlights the eight P's as, Product, Price, Place, Promotion, People, Process, Physical evidence, and packaging. Kotler and Armstrong (2014) recognise these eight P's as the extended marketing mix, due the marketing related nature of the Dognasiums problem this method will be followed.

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Enache (2011) states that it is not only the traditional P's (Place, Price, Product, and Promotion) that are crucial to the marketing mix, the four additional P's Process, People, Physical evidence and packaging all have an important role in the marketing mix as well. Blythe (2014 pg.755) definition of the four P's is: Product "A bundle of benefits"; Price "the exchange a customer makes in order to obtain a product"; Place "The location where the exchange takes place"; and Promotion "Marketing communications". The four traditional P's and sometimes eight P's are also known as the marketing mix. These eight P's can be used to solve problems within marketing by breaking down each section of an organisation, then allowing for an area of weakness to be identified.

3.1 ANALYSING THE DOGNASIUMS EIGHT P'S

The first step to solving the Dognasiums marketing problem is to analyse their current marketing mix using the P's. Starting with the traditional P's: the 'product' that the Dognasium is concerned about is their day-care service. The 'price' of this service is eighteen pounds per day. The place this service is offered is at the Dognasiums facilities in Swansea. The 'promotional' methods the Dognasium use for the advertisement of this service are limited, their website doesn't indicate a use of strong pricing strategies (The Dognasium, 2018).

Chaffey (2016) highlights the importance of pricing strategies within the digital marketing strategy of any organisation. Stating that pricing strategies such as bundle pricing, psychological pricing and optional pricing being significantly beneficial in the long-term marketing goals of most organisations. However, despite the lack of pricing strategies The Dognasium (2018) demonstrates, they do have a good understanding and practical use of the optional pricing strategy. Doyle (2011) states how this strategy is often used by car manufacturers, this strategy involves the use of optional added extras to a product or service in order to increase the profit made from individual customers. The Dognasium (2018) have their base product of day-care, this involves general care for an individual dog or dogs throughout their time at the Dognasium, their 'Add-On' services involve an extra activity for the dogs throughout the day. These services include but are not limited to a walk, treadmill session, Use of gym equipment, and scent work. These services are charged

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at an additional six pound each, on top of the initial eighteen pound for standard day-care. Johnston (2018) implied that this strategy is successful for them, on average half of the dogs in for day-care will pay for an additional add-on service.

Both Doyle (2011) and Kotler, and Armstrong (2014) highlight the effectiveness of psychological pricing, this is not a strategy that the Dognasium (2018) employ. Larson (2014) explains the principals of psychological pricing, pricing an item at £199 is psychologically more appealing to a buyer than pricing a product at £200. This is due to £199 not moving past the next major price threshold, despite the difference being marginal. When applying this to the Dognasiums pricing it is important to consider that the prices can not be significantly altered, due to the potential profit implications for the business. However, to make minor changes to the prices would make little difference to the profit but may help bring in more clientele. For example, changing the cost of day-care from £18 to £17.99 would have little impact on the business but significant psychological impact on the customer and how they perceive the Dognasiums pricing, this would be particularly effective when drawing in new customers.

Although packaging is one of the eight P's within the marketing problem solving method it is important to acknowledge that due to the 'product' in question being a service of day-care, the packaging P will not be analysed for the Dognasium. The Eight P's inability to fit into every businesses marketing environment could be considered one of the limitations of the method. To continue this report will look at the additional three P's Process, People, and Physical Evidence. These three P's are crucial to the Dognasium when marketing their services, Blythe (2014) defines these these p's as 'services marketing'.

The process in which a service is received is essential to the success of a growing organisation, a good process creates brand loyalty. An example of a company that utilises the process element of the eight p's is Amazon, they are renowned for their efficient, effective, and convenient methods of delivery. The process through which a customer receives a product is essential to how the customer perceives the brand after their first encounter (Baines, P., Fill, C. and Page, K, 2011). The Dognasium (2018) takes bookings via the telephone, Facebook, and their website, trying to ensure the booking process is

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uncomplex. As well as this they take both cash and card payments to ensure the payment process is also uncomplicated. Overall the Dognasium appear to be offering an effective uncomplicated process to their clients.

Grădinaru, Toma, and Marinescu, (2016) define the physical evidence aspect of the eight P's as all '*tangible evidence that represents an organisation*' this includes the external and internal environment of an organisation. The design and setup, the cleanliness, the smell and employee appearance all come from the physical evidence element of the eight P's. Simpson (2018) states that cleanliness is of utmost importance to all the staff at the Dognasium, an indication that staff are encouraged to stay on top of the cleaning; In turn, this keeps the Dognasium smelling clean. However, cleanliness is considered crucial to all members of staff at the Dognasium due to the nature of the business this element appears to be a time consuming and difficult task to be maintained on a day to day basis.

Kotler and Armstrong (2014), and Grădinaru, Toma and Marinescu, (2016) outline the final P, people as the people who are involved or contribute to the supply and the advancement of a service. The perception of the customer and the quality of the supplied service can be influenced by the people at an organisation. The training and support of the staff at an organisation impact upon the perception of the brand. Simpson (2017) indicates a goal that includes a low staff turn over level, stating that it is important that the clients see familiar faces they can build up relationships with. Northouse (2016) states the importance of all relationships within an organisation, both between management and staff, and staff and customers. Genuine relationships create transparency and trust within all aspects of an organisation, authenticity is crucial to a successful business (Northouse, 2016). Johnston (2018) implied that within the last few months there had been significant staff changes, however, this has settled and will remain the same for the foreseeable future.

By analysing each section of the Dognsaiums eight P's, paying particular attention to those within the services marketing section it allows for the areas of weaknesses to be identified the promotional section appeared the weakest when analysed.

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3.2 ANALYSING CHANGES IN FACEBOOK ADVERTISING POLICIES

It is unsure if the Dognasiums drop in Day-care dogs is due to recent changes to their most active method of marketing, social media. This section of the report will look at the recent changes to Facebook's business page policies. After recent press attention surrounding the Cambridge Analytica 'scandal' Facebook have revised their privacy policy, making it more centralised and user-friendly (Facebook, 2018). Singer (2018) highlights the major changes as being the user's ability to limit what information Facebook can store, information such as political and religious preferences. These preferences, as well as other information, is one of the tools that helps Facebook easily separate their users into different demographics. These accurately defined demographics is what allowed Facebook to have an effective method of target marketing for its users. Without the demographics being so well defined it is possible that Facebook could now have to target its business pages posts at a broader target market. This would result in less engagement, that is evident for the Dognasium in Appendix B and C.

Harvard Business Review (2018) highlights the importance of a business having a clear marketing strategy before taking to social media, citing Kotler "*You should never go to battle before you've won the war on paper.*". Its important for a business to link its social media goals directly to the businesses goals, that raising the amounts of likes, comments, and shares should not be the businesses main priority. It is also important for an organisation to actively use a multitude of social media channels and not limit themselves to the most popular networks (Harvard Business Review, 2018). While the Dognasium have accounts on both Instagram and twitter it is Facebook that they rely heavily on for their social media marketing.

While it is out of the Dognasiums control as to the outcome of Facebook's recent policy changes, it and still uncertain how these changes will directly affect them as a business. It should be considered to broaden their social media channels and increasing the activity on both Twitter and Instagram as this will create a fresher client base. It has also become apparent that the Dognasium should review their business goals and begin to link them with their social media goals, this will allow for the Dognasium to be more aware when they are meeting targets and not rely so heavily on Facebook analytics of engagement.

3.3 PROBLEM SOLVING IMPLEMENTATION

Both the Dognasiums marketing mix and their current social media activity, including the recent policy changes to their most active channel have been analysed. The problems that have been identified are within two significant areas, pricing strategy and use of social media channels. These problems will be looked at separately under the following sub sections.

Solving the Social Media Channel Problem

Due to Facebook's policy changes being so recent it is hard to determine whether these are linked to a drop in day-care numbers; However, it is possible to link them to the sudden drop in page engagements. It is still crucial for the Dognasium to engage with other social media channels to increase their brand presence. It is important for them to not focus so heavily on the number of likes, comments, and shares a post receives but rather how that post is perceived by its viewers. This problem should be reviewed in three months' time to allow for a more in depth understanding of the impact the changes to Facebook policies have had.

Solving The Pricing Strategy Problem

The problem that has been identified with the pricing strategy is the lack of Psychological pricing, Kotler, and Armstrong (2014) highlight the importance of psychological pricing when bringing in new customers. To implement this solution the smart objective model will be followed. Gradeless (2003) outlines this model by stating that goals should be: Specific, Measurable, Action, Receivable, and Timely. The specific goal of the Dognasium should be to lower prices from £18 to £17.99 or £17.98. As well as this they should look at bundle pricing strategies; Offer flash booking sales, where if five days are booked the sixth is free, when in reference to prepaid block bookings. To make these goals measurable the team can compare the previous months bookings to the month of implementations bookings,

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measuring an increase or a decrease In day-care numbers. Action Must be taken by the whole team to push these new pricing strategies across social media channels, Gradeless (2003) states the importance the cooperation of the whole team holds. These New strategies must be receivable to all stakeholders. However, for this solution most importantly to staff and customers, staff should be made aware of the changes prior to implementation, ensuring a sound understanding. The changes should then be advertised to the customers, this should be done through marketing strategies as they are going to be appealing to the customers. Finally, to keep these goals timely ideally the plan should be implemented by June 2018 allowing for adjustments to be made prior to the end of the financial year in April 2019.

CONCLUSION

4. CONCLUSION

To conclude this report found after analysing the Dognasiums eight P's that their weakest area was within the promotional section, it has been recommended that the Dognsaium include phycological and bundle pricing strategies within their promotional strategy. It is important that the whole team are on board and have a good understanding of these changes. It is crucial to note that the Dognasium should look into increasing their activity on other social media platforms, this will broaden their brand awareness and then, in turn, increase their client base. This report acknowledges the limitations the eight P's, how it is not possible for all of the p's to fit directly into every organisation. As well as the limitations of the ability to gain an in depth understanding of the recent changes to Facebook privacy policies, and their effects on businesses such as the Dognasium in the future.

It is also important to highlight that due to the Dognasium being a new small business an accurate comparison to the year before is not possible. It is not as effective to compare November 2017 to April 2018 as it would have been if possible to compare April 2017 to April 2018. It is recommended that if day-care numbers begin to increase as the year progresses to compare November 2018 to November 2017, as well as April 2019 to April 2018. This will give the Dognasium a more credible comparison of day-care statistics.

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Appendix A – Dognasium Homepage

[Home](#)
[Daycare](#)
[Home Services](#)
[Open Play](#)
[Fitness Centre](#)
[Prices](#)
[Instagram](#)
[News](#)
[Booking Request](#)
[Message Us](#)




We are Wales' first dedicated doggy gym complete with treadmills and yoga balls!!

The Dognasium is a specialist canine, rehabilitation and exercise centre, with daycare facilities. The Dognasium is somewhere you can bring your dog for structured fitness programmes or fun use of the free play areas and gym. We can help your dog improve pre or post-operative fitness and/or general fitness as well as help with ongoing physiotherapy, rehabilitation needs and weight management. We work with owners to improve social, mental and physical well being of all dogs who attend The Dognasium.

The Dognasium is a hub for all dog owners in the area to access fun activities. We are passionate about offering something for everyone, all under one roof, so we have an array of services on offer alongside our tailored fitness programmes – dogs can enjoy the use of The Dognasium, join in our agility and training classes and you can enrol in learning opportunities that will help get the most out of the relationship with your dog.

To ensure the safety of dogs using The Dognasium, all dogs will undergo a thorough assessment upon enrolment in order for us to assess their energy levels, social behaviour and to check for any signs of aggression or unsociable habits.

Downloads: [Download Enrolment Form](#) | [The Dognasium Terms & Conditions](#)

Contact Us

Phone: 01292 793444
Email: info@thedognasium.co.uk

Where To Find Us

The Dognasium
Unit 6 Glens Park
5 Monks Close
Swansea Enterprise Park
Swansea SA6 6BJ



Opening Hours

Monday – Friday
07:30 – 19:30
Saturday
10:00 – 15:00
(Closed Sundays)

[View current map](#)

Accepted Payments



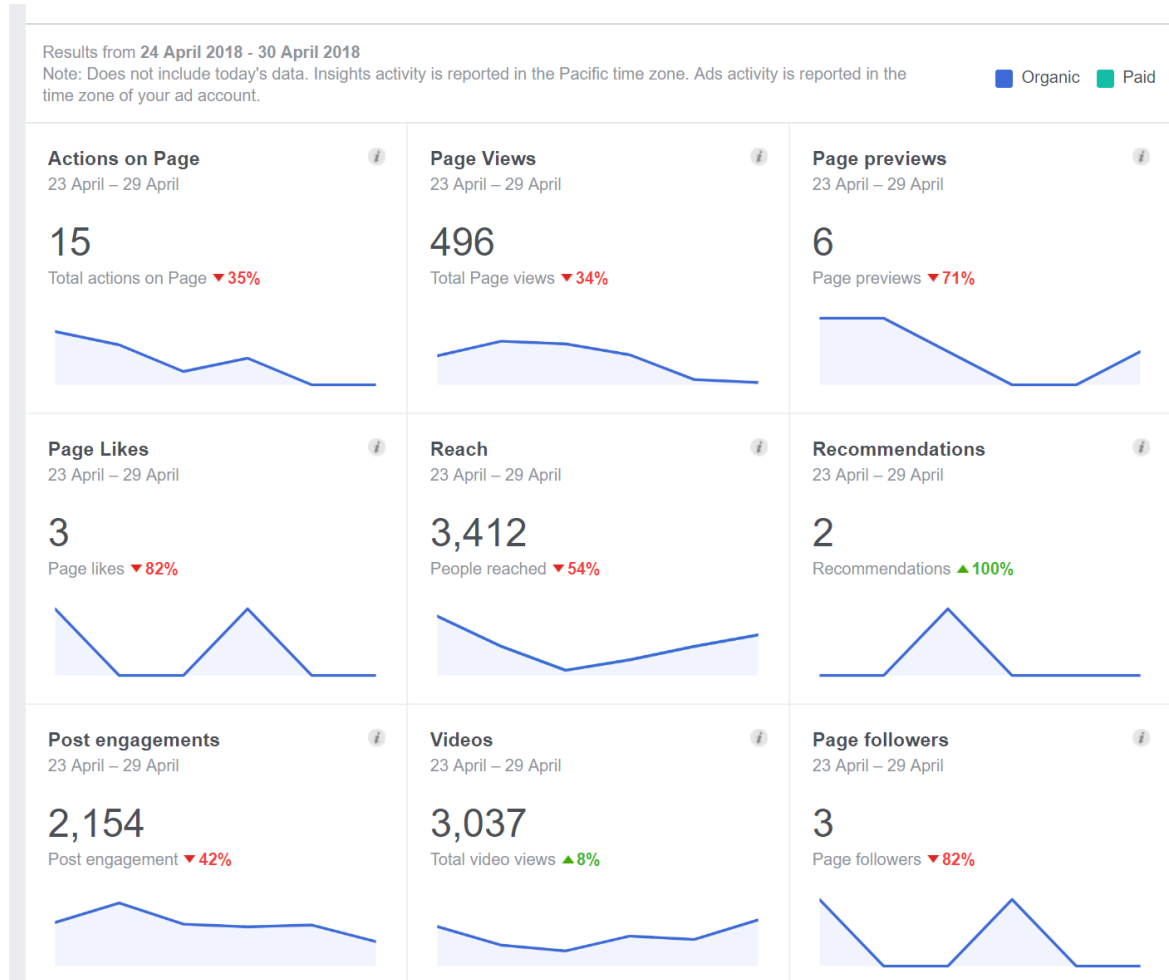
We Recommend



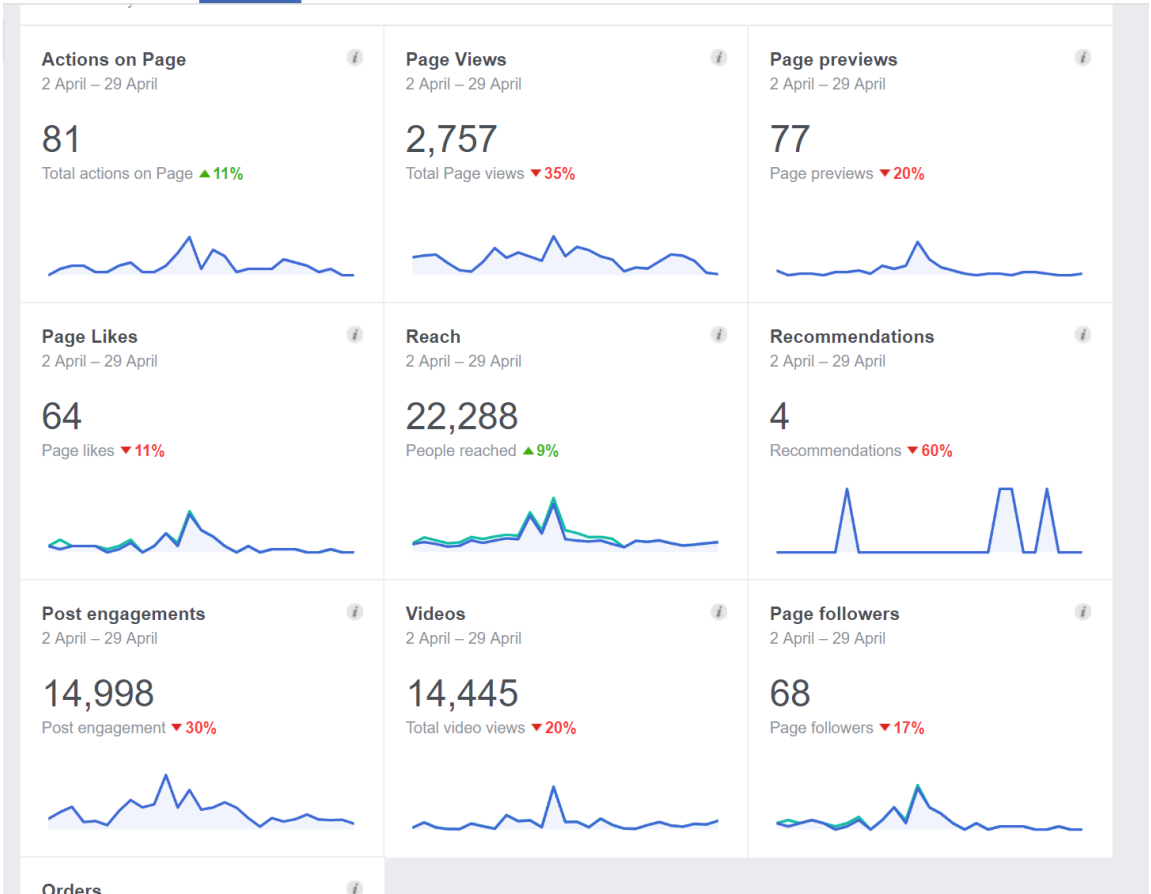
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[Instagram](#)
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[Volunteer](#)
[Existing Customer Booking Request](#)
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Appendix B – Last Week of Aprils Analytics



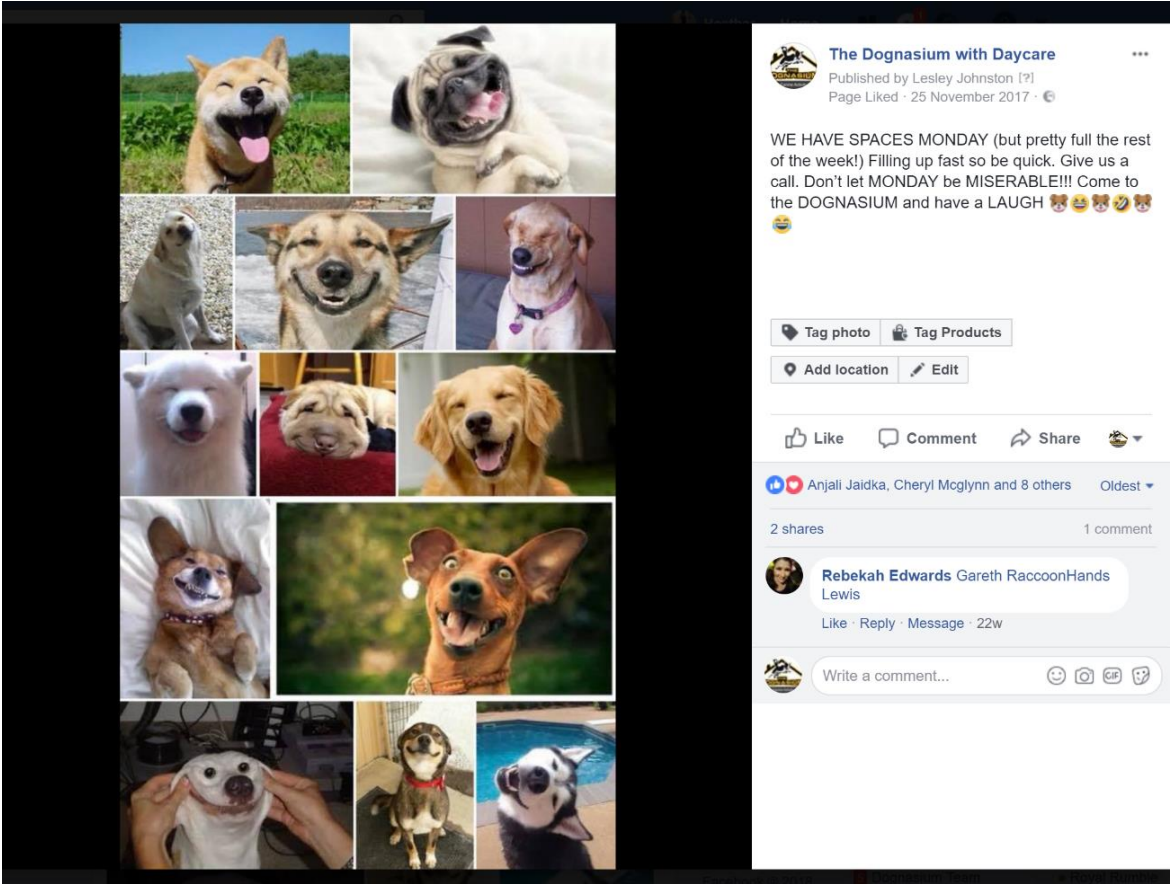
Appendix C - Last Week of Aprils Analytics



Appendix D – Full Day-care Post October 2017



Appendix E – Full Day-care Post November 2017



Appendix F – Five Why's Model

