

# **Marketing Orientations and Higher Education: Applications and Implications**

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*State supported colleges and universities must increasingly rely on their own sources of funding from students, in the form of tuition and fees. A key factor in the success of colleges and universities is the extent to which they can acquire new students in an efficient manner, and the ability to retain students. Student acquisition and retention is significantly impacted by a college or university's marketing orientation. This paper explores the differing marketing orientations colleges and universities might follow, and the application of such orientations, as well as the implications for the overall marketing strategy of the college or university.*

## **INTRODUCTION**

As states cut budgets for higher education, state supported colleges and universities must increasingly rely on their own sources of funding from students, in the form of tuition and fees. A key factor in the success of colleges and universities is the extent to which they can acquire new students in an efficient manner, and the churn rate of students (the ability to retain students.) As student recruitment efforts become increasingly important, larger amount of money are necessarily expended on promotional efforts targeted at students. However, recruitment of new students is only part of the recipe for success in higher education marketing. Another critical factor is the ability to retain students, once they have been recruited. In order to increase levels of retention, colleges and universities have dramatically increased funding in that area. Programs for first year students, student to student mentoring, and a variety of other vehicles aimed specifically at retention of students have been developed and funded.

Despite the focus on student recruitment and retention, little attention has been placed on the differing marketing orientations colleges and universities might follow, and the application of such orientations, as well as the implications for the overall marketing strategy of the college or university.

## **LITERATURE**

Marketing strategy in higher education has becoming increasingly important as student tuition increases in importance as a funding source. Strategic implementation has been studied (Naidoo & Wu, 2011), as have specific strategies for marketing higher education ( Enache, 2011).

Developing the proper marketing mix for potential customers is essential to marketing success (Cao & Grucda, 2005). Satisfaction with the marketing offering also is critical to a successful marketing strategy (Boulding, Staelin, Ehret & Johnston, 2005). Another critical element in marketing of a university or college is how the institution relates to its customers (Gustafsson, Johnson, & Roos, 2005).

The marketing strategy of a college or university could also be closely tied to the level of customer value (Lewis, 2005).

The strategic marketing orientation of a college or university could have a significant impact on interaction with customers, and thus on profitability (Ryals, 2005; Srinivasan. & Moorman, 2005). How a firm deals with customers is integrally related to overall marketing efforts (Payne, & Frow, (2005) and a firms' overall marketing strategy (Rogers, 2005).

Kotler & Keller (2012) describe four different ways firms can relate to the marketplace. The Production Concept is the idea that the key to success is availability and price of a product. For a college or university under the production orientation, success would therefore depend on a low price and widespread availability. The Product Concept relates marketplace success to the quality of a product, as demonstrated in quality of materials, quality in performance, or quality of innovation. The Selling Concept prescribes a high pressure sales model as integral to success. In this model, consumers must be told what they should buy. The Marketing Concept is the idea that marketing starts with consumer wants and needs. Marketers need to discover consumer wants and needs, and then develop products or services to meet these needs.

## **PURPOSE**

This paper discusses how four different marketing orientations might be used in marketing of higher education, and the implications of such an orientation.

### **Production Concept**

As noted previously, the production concept focuses on the production process. Widespread availability and low price would be key drivers for marketing in this orientation. An example would be Henry Ford's strategy of developing a low priced, widely available automobile for the marketplace.

### **Application**

A college or university operating under this marketing orientation would seek to offer a relatively low price and widespread availability. Low price drivers would be factors such as economies of scale, lower cost faculty, lower cost facilities and similar factors which would keep the cost, and thus the price, at a low level. An example of this concept is the widespread community college model. In some states, community colleges are widely available, with campuses in cities or towns of significant size. To keep cost low, the number of full time faculty is kept to a minimum. In addition, full time faculty are focused on teaching, with little or no research requirements. This enables these faculty members to teach a significantly higher number of courses per semester. This lowers the instructional cost per student. In addition, a significant number of courses are taught by part time faculty. These faculty are paid a relatively low salary per class, with no additional benefits. These part time faculty enable courses to be taught in a very cost effective manner. In addition, typical campuses are very basic, with little financial expenditure on non-instructional related activities.

### **Implications**

This model provides a widely available, relatively inexpensive higher education experience for college students. It is one possible method to expand college opportunities to a wider market. However, the high teaching load may limit the amount of time faculty members can spend on staying current in the field, and keeping up with new developments. The widespread use of part time faculty raises important questions about the quality of the education received by students. Given the minimal pay, to what extent are the part time instructors focusing on delivering a high quality education? In addition, is it possible to attract high quality faculty with a very low level of pay? Clearly, the part time instructors would have little time and incentive to stay current with literature in the field.

### **The Product Concept**

As previously noted, the Product Concept relates marketplace success to the quality of a product, as demonstrated in quality of materials, quality in performance, or quality of innovation. An example would be Apple. During Steve Jobs' period of leadership, the company was constantly an innovator, despite the frequent high cost of being first to produce a particular product. In addition, the company frequently used unique, high quality materials in its products. This combination of innovation and quality of materials has led to production of products by Apple that have performed at a very high level. The assumption is that consumers will be drawn to purchase high quality, high performance, innovative products.

### **Application**

In a college or university setting, the product strategy would require hiring high quality faculty members, having them produce high quality research and high quality teaching, build and maintain high quality classrooms and infrastructure, and developing innovative teaching methods and course design.

Costs for this strategy would be very high. High quality in faculty members is usually measured by production in journal articles (in certain fields) and/or winning of grants. Faculty members who are adept at either of these activities are much in demand, and therefore command high market salaries. As these faculty continue to produce at a high level, the demand for their services grows, and they must constantly be given higher salaries, or they may leave for another, more lucrative offer elsewhere. Building and maintaining high quality classrooms obviously would be extremely costly. In addition, keeping at the cutting edge of higher education technology would also be costly, in terms of both hardware and software. Developing innovative teaching methods and course design would typically require faculty members spending significant time in these areas, at a cost to their teaching load or research productivity.

### **Implication**

This marketing orientation would typically result in a very high quality educational environment. While the connection between research and teaching quality is unclear, ratings of colleges and universities typically focus on quality of faculty, with one measure being research productivity. However, this high quality environment would come at a high cost. Given the high costs, the tuition levels would have to be very high, or would have to be heavily subsidized. In addition, the innovative courses might not be appropriate for many of the students in the student body, and may not adequately prepare them for their career paths.

### **The Selling Concept**

As noted previously, the Selling Concept prescribes a high pressure sales model as the key to marketing success. In this model, a company tries to induce consumers to buy what it already produces. For example, when car dealers are trying to clear out excess inventory at the end of a model year, they try to sell what is left in inventory, not necessarily what consumers want to buy. Following this model, a college or university would try to sell students courses and majors it happens to currently offer, regardless of student need. For example, if the college or university had a number of psychology courses that needed to be filled, students would be persuaded to take psychology courses, regardless of their true underlying interests or long term goals.

### **Implications**

In this model, the college or university would focus on selling what was of most benefit to the college or university, and not to the students. This may result in selling of high volume, low cost classes, such as those taught by part time faculty in large lecture sections, for those colleges and universities facing severe budgeting problems. Alternatively, colleges and universities without such constraints might sell students on courses where the college or university had excess tenured faculty, regardless of the external market for such degrees, or students' initial preferences. A selling orientation would tend to produce outcomes that would be in the best interests of the college or university, but not necessarily the students.

## **Marketing Concept Orientation**

The Marketing Concept is the idea that marketing starts with consumer wants and needs. Marketers need to discover consumer wants and needs, and then develop products or services to meet these needs. As an example, a car company might survey consumers about preferences, and then develop various conceptual automobiles. Based on feedback from potential consumers, the company could then develop and build a car that was based on consumer wants and needs.

## **Application**

While such a model would seem to be preferable, the complication arises as to who is the customer. Depending on whether to student or the potential employer is perceived to be the consumer, the application could vary greatly. If the student is considered the consumer, the offering will be consumer friendly. Courses will be offered based on student wants rather than needs. Faculty will attempt to make classes student friendly. This may include making classes more fun, reducing rigor in grading, and making the overall experience a positive one. Colleges and Universities will ensure that student services such as recreation facilities, dining facilities, and other student centered areas are of top quality to attract students. Entertainment opportunities will also be plentiful, including athletics, movies, plays, and similar entertainment.

If the potential employers are considered the consumer of the product of students, the application will differ considerably. The college or university will focus on turning out high quality employees. Coursework will be centered on topics desired by employers. Courses will be extremely challenging, in order to “weed out” students who would not make good employees. Less attention would be given to entertainment types of activities, and more attention given to activities which produced high quality employees.

## **Implication**

With a student centered consumer orientation, the college experience may become too similar to an entertainment venue, and less focused on student outcomes in terms of learning objectives. While students may have an entertaining experience, they may be less than fully prepared for a career. With an employer centered consumer orientation, the college or university may become more of a trade school, and less of an academic institution.

## **SUMMARY**

While the marketing literature describes four different types of marketing orientations, colleges and universities should fully recognize both the potential benefits and costs of each type of orientation. The marketing orientation a college or university follows could have a significant impact on all aspects of its marketing strategy. Thus, college and university administrators should be cognizant of the benefits and costs of the various types of marketing orientations before deciding which one to undertake. The type of marketing orientation chosen would also have a huge impact on resource allocation, as well as types of students attracted, and the quality of the students after the completion of their degree requirements.

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