APPLYING MARKETING TO HIGHER EDUCATION:
SCOPE AND LIMITS

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Abstract. *This paper focuses on applying marketing concepts to the higher education sector. It starts by shortly reviewing some of the main marketing concepts and continues with an overview of how such marketing concepts can be relevantly used for the higher education sector. The extent and limits in their application are identified and dicussed and the paper also suggests which of the marketing ideas are already highly used in higher education and which ones still have to be developed.*

1. Introduction

In the recent years, massive changes in policy, governance, structure and status of higher education have been taken place all over the world. Environmental changes, such as privatization, diversification, decentralization, internationalization and increased competition in higher education are common to most countries. These changes have an effect on how higher education institutions operate nowadays and they are seen as the driving forces for the marketization of higher education (Maringe, 2006). For instance, the privatization of higher education and cost sharing through the introduction of tuition fees in many European countries (Voss, Gruber, Szmigin, 2007; Maringe, 2006) have increased the „consumerist" approach to higher education and the need to consider students' expectations more. Or, the strengthening of competition at institutional, national and international level (Sizer, 2001; Baird, 1998) requires new operating modes through the adoption of more market oriented and business like forms of operation within higher education institutions.

The present paper tries to discuss the extent to which marketing ideas can be applied to higher education, having as a starting point the core of the marketing concept: the fact that it wants to satisfy the needs of the consumers. The paper starts by shortly looking at some of the main marketing approaches and concepts as they were developed for the business sector and continues with the discussion of how they can be applied in higher education.

2. Marketing approaches and core marketing concepts

In order to better analyze how different marketing concepts apply to the higher education sector, this section will succintly overview some of the main general marketing approaches and concepts.

It is widely accepted that the marketing concept has known a number of evolutionary stages in the developed countries and these stages are also known as marketing approaches or marketing philosophies. Some have associated such approaches with the history of the businesses and come up with a number of orientations according to the different aspects emphasized by the organisations in time: the production era, the sales era, the marketing concept era and the societal marketing era (Berkovitz, Kerin and Rudelius, 1989). Similarly, Kotler (1991) considers that there are five concepts under which organizations conduct their marketing activity, namely the production concept, the product concept, the selling concept, the marketing concept and the societal marketing concept. Among those, the last two are of interest to us, as they contain the core of the marketing concept, as it is used today by most organizations: „*The marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors*" (Kotler, 1991, p.16).

The marketing approach, as opposed to the previous ones places in the center of the organization's activity the consumer and its wants and needs. Such a consumer focused philosophy (as opposed to the selling philosophy), adds to the approach other concepts specific to the marketing orientation, such as consumer behaviour, market segmentation, positioning, marketing mix activities: product policy, pricing policy, distribution policy and promotion policy:

− in order to satisfy the consumers, organizations have to find out first who are these consumers. Therefore concepts such as *market segmentation* are used to identify different target markets;

− secondly the organizations have to identify what consumers need and want. The use of the concept of *consumer behaviour* and the study of the consumers' behaviour is one way to fulfil the marketing core goal. Usually the steps of the consumer buying decisional process are used to characterize consumer behaviour;

− after targeting the market segments of interest the organization decides on the *positioning* strategy, usually based on differentiation from its competitors;

− further on, based on the information gathered through the previous activities, organizations have to produce what consumers need and want. Such products that satisfy the needs and wants of consumers are to be marketed using the basic *marketing mix* activities: product, price, distribution and promotion, also called the transactional marketing (Hemsley – Brown & Oplatka, 2006);

− *product policy* envisages the offering of products and services in accordance with the consumer expectations. Part of the product policy is also

branding, seen as the creation of an attractive image of an institution in the market place (Stensaker & D'Andrea, 2007);

– *pricing policy* envisages the exchanges that take place for the ownership of the good or service. However, from the consumers' perspective pricing refers to the value of the perceived quality received in exchange for the paid price;

– *distribution policy* refers to the ways through which the organization makes the product/service available to the consumers;

– *promotion policy* deals with means of communications between the organization and its targeted markets.

Such marketing approaches and concepts have a critical role for the organizations and for society and it is considered that at the present time, marketing rather than production skills have become the key to creating competitive advantage (Doyle, 2000, p.18).

Most of these concepts have been conceived in the business environment. Further on we will be analyzing to what extent they are applicable to the higher education sector.

3. Marketing ideas applied to higher education: scope and limits

Marketing theories and concepts, which have been effective in business, are gradually now being applied by many universities (Hemsley–Brown & Oplatka, 2006; Temple & Shattock, 2007) with the purpose to gain competitive advantage.

The higher education sector has two main features that influence, the marketing ideas that can be applied to it. First of all higher education in most countries is a non-profit sector, therefore marketing concepts applied to the sector do not function as in the business sector, where the primary goals is profit making. Second higher education is a service, therefore all peculiarities applicable to the marketing of services apply to higher education.

Considering these two aspects we will be looking to the extent to which the previously mentioned marketing concepts apply to higher education.

Taking into discussion the *targeted markets* in higher education, it is highly accepted that the sector has multi-clients, as students, employers and society are seen to be the main beneficiaries of higher education services (Maringe, 2006). Even though the whole notion of students as consumers attracts criticism (Hemsley–Brown & Goonawardana, 2007), students are the direct and immediate customers of the higher education services. Employers, too, benefit of the „results" of the higher education processes, as they use the skills and the abilities that graduates aquired during their studies. Some called graduates „products" of higher education, while the employers were seen as customers (Kotler & Fox, 1985; Conway et al, 1994), but we consider that both students/graduates and employers are consumers of higher education services. While students are principal consumers (Stensaker & D'Andrea, 2007), employers can be seen as secondary or indirect consumers of higher education

services. Finally the society as a whole benefits of the results of the higher education. The three categories are seen as the main stakeholders of higher education and as the main clients, with the students being the primary ones.

Further more, there are other stakeholders, that have an interest in higher education: along, students, employers and society, there are also the parents, the government and other funding bodies, quality assurance agencies and other reglementing authorities, professional bodies (Chapleo, 2004; Voss, Gruber, Szmigin, 2007; Kantanen, 2007). Sometimes the needs and the wants of the different stakeholders do not totally coincede and higher education has to satisfy more constituencies, making its activity more complex. Students as primary clients are usually segmented and treated differently, but all other stakeholders are more difficult to segment. Soutar and Turner (2002) identified for UK three major student market segments: international students, mature students, and high school leavers, segments with different motivations when making their higher education choice and different needs and wants from educational services.

To conclude, market segmentation and targeting works in higher education for the sectors' primary clients, the students, but there are many more other stakeholders that have to be satisfied and to whom typical marketing segmenting does not fully apply.

Consumer behaviour in our case refers to student behaviour, as primary client and stakeholder of higher education, and it is one aspect worth studying. Aspects such as student expectations and student choice are characteristic to consumer behaviour in higher education. Students' expectations are seen as a valuable source of information (Sander et al, 2000), as their satisfaction depends on the relationship between their expectations and their perceptions of the actual performance. Similarly, knowing the reasons applicants choose universities and courses of studies, is important to developing institutional positioning (Maringe, 2006). Applicants to higher education are no longer passive consumers; they became informed consumers who make rational choices of higher education courses and institutions (Baldwin & James, 2000). Research in higher education choice by examining the decision making process and potential students' search for information takes usually place (Hemsley–Brown & Oplatka, 2006), illustrating the application of these marketing concepts to the higher education sector.

However, the specificity of higher education is that most students (undergraduates) are one time consumers (Temple & Shattock, 2007), as opposed to the business sector where repeat purchases take place often. This results in differences in consumer behaviour in the two sectors and possible different marketing strategies to address consumers in the two sectors.

Positioning strategies. The very essence of institutional positioning is to differentiate itself from competitors. This is rather difficult to do in the higher education, as academic products are seen to be rather similar in UK (Temple & Shattock, 2007) and differences between universities as seen as not being decisive in

Finland (Kantanen, 2007), while it is accepted that there is a lack of real differentiation in the sector in general (Chapleo, 2004).

Consequently, positioning in the higher education sector rather involves to effectively present institutional image and develop their position in the minds of the public (Hemsley–Brown & Oplatka, 2006), than differentiation. In spite of the similarity of products in higher education, there are suggested (Chapleo, 2004, p. 17) key factors to be used by universities to occupy positions of distinctiveness: teaching-led vs. research-led; science-based vs. arts based; basic teaching vs. higher level teaching. But even those factors cannot ensure totally differentiated positions of universities (especially where the national higher education sectors have numerous universities). Therefore, we can state that there are limitations in using the positioning concept in the real sense (differentiation) in the higher education sector.

Marketing mix activities or the 4P's model (product, price, distribution and promotion) is a marketing concept used as such to a limited extent in higher education, with its different components being paid different levels of attention in the sector. *Pricing* and *promotion* policies are used more in higher education as marketing concepts (Hemsley–Brown and Oplatka, 2006), *product policy* not always being defined as such, is highly used in higher education institutions (program portofolio, product quality, branding), while *distribution policy* is not considered at all, as not being applicable to the sector.

Product policy in higher education refers to the services the sector offers. We have on the one hand, educational services as main products and support services as associated services, and we have on the other hand, the three main activities of universities as services offered: teaching, research and the third sector services (Brătianu, 2008; Huisman, 2007; Kantanen, 2007). The nature of services in general and their specific characteristics (simultaneity, perishability, intagibility, heterogeneity – Fitzsimmons and Fitzsimmons, 2001) affect also higher education services and their marketing. Service marketing principles apply to higher education. To exemplify, it is well known that when we talk about services, both external and internal marketing becomes equally important, as the nature of the interpersonal interaction between the customer and the contact employee (in our case the contact between students and teachers and support personnel) often affects satisfaction (Voss, Gruber, Szmigin, 2007). Therefore, relationship marketing is one viable strategy in the context of higher education (Arnett et al., 2003), as service staff (lecturers, secretaries, administration offices personnel etc.) are to be responsive to the students' needs and expectations.

Quality of higher education institutions' services becomes important as a trigger for customer satisfaction. But, every stakeholder in higher education has a particular view of quality, dependent on their specific needs (Voss, Gruber, Szmigin, 2007), consequently higher education institutions have to fulfil multiple needs. For instance, when we talk about quality of educational services designated to students, the teaching and learning activities are the two facets of the same coin and the results

depend on both teachers and students (Temple & Shattock, 2007), who have to participate in the process to obtain a quality service.

Branding is another marketing concept that started to be used by higher education institutions. Branding can be seen as part of both product policy and promotion policy and it has specific characteristics in the higher education sector:

a) When talking about branding in higher education, the relationship between concepts such as brand, reputation and image has to be considered. Branding and reputation share common grounds, but they are not identical. Reputation is generally seen as something that is more naturally built over time, while a brand is more constructed (Chapleo in D'Andrea, Stensaker & Allison, 2007). Reputation is seen to be the collective presentation of past images of an institution established over time, while image (and based on it the brand) is the immediate set of meanings associated with a particular institution (Kantanen, 2007). Reputation is also seen by universities' chief executives, to better reflect reality than brand does (Chapleo, 2004). For universities reputation is their very being and what they actually sell every day (Temple & Shattock, 2007). So reputation, rather than branding is a more suitable concept for the higher education sector.

b) Branding is associated usually with the creation of images with the purpose of increasing sales. In higher education the purpose of developing a brand is not to sell products and services, but to communicate „corporate identity" in order to promote attraction and loyalty (Bulotaite, 2003). It is suggested that the concepts of institutional image and reputation can be interpreted differently in higher education compared to other sectors, as usually a good reputation for a company is associated with increased sales, while in higher education high reputation is often linked with minimal „sales" (Hemsley–Brown & Oplatka, 2006), as the more prestigeous an university is the fewer students accepts in its educational programs. This illustrates again the differences between marketing concepts applied to the business sector and to the higher education sector.

c) The higher education sector encounters challenges in branding due to the high degree of uniformity of the sector and consequently the difficulty to differentiate and create unique images for most higher education institutions. As Temple and Shattock (2007, p. 81) noted „*most universities are actually doing (or they say are) very like most other universities … in branding they play with some mix of „excellence", „quality", „achievement" – none remotely unique"*.

d) the fact that higher education has multiple stakeholders, makes the branding effort much more complex and a „multiversity" perspective that shows multiple images at the same time is reccommended by some (Huisman, 2007).

There are indications that branding played so far a modest role in higher education (Stensaker & D'Andrea, 2007) and it is appreciated that there are a number of concepts associated with branding that have still to be explored in higher education (Hemsley – Brown & Oplatka, 2006).

Distribution policy is rather not considered, as having too little applicability to the higher education sector.

Promotion policy concentrates in higher education around marketing communications and dissemination of information, mainly in the context of choices made by potential students. This type of activity that emphasize on the use of communication tools (such as advertising, public relations, personal selling) in order to attract students, it can be associated with the selling approach, if the information provided at admission about the HEI and its services, does not correspond to reality. Subsequent efforts to ensure good student experience through valuable teaching experience and good support services and to prepare students for their profession (as main requirements of students from higher education – Voss, Gruber & Szmigin, 2007) are to be done to ensure correspondence between reality and the communicated image and to maintain promotion policy within the marketing philosophy that concentrates on the consumer.

Pricing policy that deals with setting the prices for the educational services has a number of peculiarities in the higher education sector. First of all until a decade ago, in many countries (mainly the European ones) higher education was totally state budgeted that meant from the student's point of view that it was free of charge. Since tuition fees have been introduced, they encountered different forms in different countries (as full costs, as partial contribution to the educational costs) but the state still plays a major role in setting tuiton fees. For instance, in UK partial tuition fees for undergraduates have established upper limits by government, with the consequence that most higher education institutions have the same tuition fees. This illustrates how the application of this marketing concept has limitations in higher education, as the sector does not have always the freedom to set its own prices. This does not mean that the importance of price related aspects should be ignored. Price related information (tuition fees, cost of living, scholarships) is given equal importance as the programme's characteristics in the potential students' choice, given the recent increased consumerism in higher education choice (Maringe, 2006).

The use of these marketing specific concepts in higher education varies highly from one country to another. In USA as compared to Europe marketing concepts in higher education have been assimilated to a higher extent, as USA has gone through the clash of cultures between the traditional academic values and the market-focused values 10 years earlier (Chapleo, 2004). Even in Europe there are differences, with UK being seen among the earliest in Europe to introduce more market-like approaches to higher education (D'Andrea, Stensaker & Allison, 2007). But in many countries marketing related activities are at initial stages in higher education, communication being usually the first step to introduce a marketing orientation in the institution.

To conclude, the most frequently met type of marketing activity that universities conduct is strong promotion and communication towards potential applicants related to increasing recruitment and admission. However, marketing specific actions should not stop here, the essence of satisfying the consumer (the student as primary consumer) is to offer him quality services (educational and support services). Therefore providing good student experience plays a major role in ensuring student satisfaction. Institutional image and reputation and based on them a

constructed brand are also important in attracting students. Images, reputations and brands are also formed based on delivering quality services towards students and other stakeholders. In the case of higher education the product itself (teaching, research, third sector services, support services) are more important to deliver customer satisfaction, than any other marketing activity.

4. Conclusions

The paper illustrated how different marketing concepts (specific to the marketing approach that emphasizes on satisfying the consumer) are used in higher education. In general terms we can state that many marketing concepts are applicable to the higher education sector, if we consider their main meaning. However, the practical ways in which they are applied to the higher education sector present a number of peculiarities, as discussed in the paper, that rather make us state that for most of them, there are limitations in their application to the higher education sector. In other words marketing principles and marketing ideas can be applied to the higher education sector, but not in the same way as in the business sector. The differences in types of products/services offered, the scope of targeted markets and the organization of specific marketing activities, that exist between the business and the higher education sectors, make marketing concepts only partially applicable to the higher education sector. This is in accordance with others' opinion (Temple & Shattock, 2007), that approaches taken from other sectors or from commercial marketing are not readily transferable to higher education. However, there are not to be forgotten the lessons that higher education can learn from the business sector and it is up to the higher education sector to use the marketing concepts to the extent to which it makes sense and provides usefull results.

However, at the moment it is considered that despite the existence of substantial literature on marketization of higher education and consumer behaviour, the literature is incoherent and lacks theoretical models to reflect upon the particular context of higher education and the nature of its services (Hemsley–Brown & Oplatka, 2006). Research on many marketing activities, such as branding it is seen to be at a pioneer stage (Hemsley–Brown & Goonawardana, 2007). The marketing field it is still to be developed and adapted for the higher education sector, without probably never being applied in the same way as in the business sector.

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