

CHAPTER 3

MARKETING'S ROLE IN HIGHER EDUCATION

3.1 INTRODUCTION

Chapter 2 introduced some of the major changes and trends that have taken place in the higher education environment both internationally and locally. Although higher education institutions can be classified as non-profit organisations, the challenges discussed in Chapter 2 necessitate higher education institutions to take on the organisation-like behaviour of profit organisations and to become more marketing-oriented. An understanding of the environment in which higher education institutions operate, provides an essential background against which to understand and assess the benefits of focusing on students as customers. If higher education institutions understand the landscape in which they operate, they can begin to plan to serve the market effectively and efficiently with their marketing strategy. Being marketing-oriented requires that organisations have knowledge on external forces (as explained in Chapter 2), but also knowledge on customers' needs and wants (to be addressed in Chapter 4).

It is against this backdrop of changes in the environment, such as the decrease in government funding and the increase in competition, that the need for marketing in higher education can be seen. In order to survive and to develop a sustainable competitive advantage in a changing higher education landscape, higher education institutions should satisfy the needs of their customers by adding value. Institutions should provide more benefits to their customers than competitors if they want to stay competitive. In the competitive environment in which higher education institutions operate (refer to Chapter 2), enhanced customer satisfaction may be one of the ways in which institutions can create and sustain a competitive advantage. This can be achieved with the effective application of the marketing mix elements. Marketing, and more specific a market-orientation, can provide a detailed understanding of the needs of customers and ensure that higher education institutions address the needs in as

efficient and comprehensive manner as possible. In short, higher education institutions need to set marketing objectives and formulate a marketing strategy.

Given the market-oriented focus and importance of the marketing mix elements, the main focus of this chapter will be on higher education institutions' formulation and implementation of the elements of the services marketing mix. This chapter will explore the literature available on the changing role of marketing, the marketing concept, market- and marketing-orientation, consumer behaviour and the integration of all the units of a higher education institution to formulate a service product strategy, price strategy, distribution strategy, communication strategy, people strategy, physical evidence strategy and process strategy in order to meet the needs of students.

3.2 THE CHANGING ROLE OF MARKETING

Marketing plays a major role in any organisation and is viewed by Lamb *et al.* (2004:5) as a process that starts with identifying customer groups, finding out about their needs and wants, matching what the organisation can offer with what the customer wants and then effectively communicating and selling it to the customer. Although the primary aim of marketing is to satisfy the needs of customers, it involves a cluster of activities such as product/service innovation, design, development, distribution, advertising, selling and how the product/service is acquired and used by the customer. Machado and Cassim (2002:2) regard marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives. Mowen (1995:7) states that the importance of understanding consumer behaviour is found in the definition of marketing as a human activity directed at satisfying needs and wants through a human exchange process.

Effective marketing requires a higher education institution to identify their target audiences, understand them, and communicate with them as directly and interactively as possible (Laurer, 2006). According to Shoemaker (1999), marketing is the proactive management of the relationship between a higher education institution and its various

markets by using the tools of marketing: service product, place, price, promotion, process, people and physical evidence.

Marketing's greater contribution lies in its ability to facilitate the exchange process that takes place between the non-profit organisation such as the higher education institution, and each of the customer groups it addresses (Sargeant, 2005:295). Marketing can provide a detailed understanding of the needs of such customers and ensure that the institution addresses these needs in as efficient and comprehensive manner as possible. This understanding of customers' needs can aid organisations in creating and sustaining a competitive advantage. Lynch and Baines (2004:171) found that higher education institutions' sustainable competitive advantages are usually based on superior knowledge, reputation, innovation or architectural related advantages.

However, marketing is not stagnant and over the years the marketing activities of organisations have changed. Kotler (2003) and Strydom, Jooste and Cant (2000:10) identify four stages that strongly influence the evolution of organisations' marketing activities. These stages are referred to as production, sales, marketing and societal marketing. The production orientation focuses on the internal capabilities of the organisation rather than the needs of the market, while a sales orientation is based on the premise that people will buy more if aggressive sales techniques are used. Both of these orientations lack a customer focus. Organisations realise the importance of marketing and building long-term relationships with their customers; thus, a marketing orientation. The societal marketing orientation builds on the marketing orientation but adds that customer value must be delivered in such a way that it maintains or improves the society's wellbeing.

According to Kotler and Fox (1995:11), there are also definite stages in the evolution of marketing in higher education. The focus has moved from "marketing is unnecessary" to "marketing is promotion" to "marketing is positioning" to the stage where in some cases marketing is seen as part of strategic planning for higher education institutions. Law (2002:4) is of the opinion that higher education institutions in South Africa are moving from "marketing is promotion" to more emphasis on positioning and strategic planning. This stage is also described as the "marketing company" era. The marketing

company era is characterised by short- and long-term marketing planning and the whole organisation's efforts are guided by the marketing concept (Perreault & McCarthy 2002:34). The marketing concept is a management philosophy with the basic premises that an organisation needs to research the needs and wants of customers and then produce products or services that will satisfy these needs and wants (Strydom, Jooste & Cant, 2000:12; and Kohli & Jaworski, 1990:467). The marketing concept will be explained in the next section.

3.3 THE MARKETING CONCEPT

Churchill and Peter (1998:12) describe the implementation of the marketing concept as an organisation that satisfies customer needs and wants as a means to achieve their own objectives. Although it seems simple, it is complex in the sense that changes within the economic, social, political and technological environment, as discussed in Chapter 2, constantly leads to changing customer needs and wants. Lamb *et al.* (2004:17) state that institutions who want to survive in the future will have to be customer-focused, market-driven, global in scope and flexible in its ability to deliver superior value to customers whose preferences and expectations change continuously. Foxall and Goldsmith (1998:7) feel that consumer orientation stems from an organisation's adoption and implementation of the marketing mix (price, service product, promotion, place, people, process, physical evidence), but adds that the adoption and implementation of the marketing concept has four major implications:

- The success of any organisation depends above all on the consumers and what they are willing to accept and pay.
- The organisation must be aware of what the market wants, preferably well before production commences.
- Consumer wants must be continually monitored and measured so that, through service product and market development, the organisation keeps ahead of competitors.
- Top management must achieve the integration of all the components of the marketing strategy into a single strategic plan, based on knowledge of consumer behaviour.

Mowen (1995:4) underlines the importance of the marketing concept by stating that the marketing concept embodies the view that an industry is a customer satisfying process, not a goods producing process. An industry begins with the customer and its needs, not a patent, raw material, or selling skill. The general acceptance of the concept that an organisation functions to fulfil consumers' needs and wants, through understanding their exchange partner (customers), makes the study of consumer behaviour, and thus this study, essential. Mowen (1995:5) and Churchill and Peter (1998:13) agree that the basic idea of the marketing concept is to give the customers what they want. However, consumers are not always sure of their wants or what they are being offered, and are much more open to persuasion than is commonly acknowledged by the marketing concept. The marketing concept is based on four basic principles: consumer orientation or the target market; long-term maximisation of profitability or another measure of long-term success, total organisation effort, and social responsibility (Kotler, 2003:20 and Perreault & McCarthy, 2002:34). The four principles of the marketing concept will be briefly explained below.

3.3.1 THE PRINCIPLE OF CONSUMER ORIENTATION

Strydom *et al.* (2000:12) view consumer orientation as the first principle of the marketing concept, indicating that all actions should be aimed at satisfying consumer needs, demands and preferences. Although this implies that the consumer objective is to achieve total need satisfaction, it does not mean that an organisation must provide for unrealistic consumer needs. According to Kotler (2003:20), organisations have to carefully choose their target markets and then prepare a tailored marketing programme. Research conducted by Conway, Mackay and Yorke (1994:35) on higher education institutions in the United Kingdom (UK) found that more than half of the institutions did not have a customer orientation in their planning and that most institutions merely pay lip service to the variety of target markets they serve. This study will attempt to gather the necessary information to enable institutions to become more customer oriented in understanding the needs and wants of students, specifically regarding the choice factors and information sources used when selecting a university.

3.3.2 THE PRINCIPLE OF INTEGRATION AND COORDINATION OF ACTIVITIES

Strydom *et al.* (2000:14) define a system as an integrated whole – a group of related units working together to achieve a joint objective. The second principle suggests that marketing activities of a higher education institution should be closely coordinated with each other and with other functional areas such as production, finance, administration, human resources and procurement. The marketing concept has been a useful mechanism in helping to unify the independent functional areas to increase customer satisfaction. All seven marketing mix instruments (price, service product, promotion, distribution, people, process and physical evidence) should complement and reinforce one another in such a way that the student will prefer the institution's service offerings to that of competitors.

3.3.3 THE PRINCIPLE OF MAXIMISING LONG-TERM SUCCESS

The third principle is directed at achieving market share, return on investment and the objectives of the organisation. Marketing plans and corporate goals must be closely coordinated to ensure profitability. Maximising profitability is the primary objective of a profit-seeking organisation and can be achieved only through the consideration of consumer needs. Non-profit organisations attempt to achieve some other objective than profit. This does not mean that they are uninterested in income, as they have to generate cash to survive. However, their primary goal is non-economic, and for higher education institutions that is to provide education. Although there is an emergence of for-profit higher education institutions, as discussed in Chapter 2, non-profit higher education institutions also need to focus on their long-term sustainability. For-profit organisational success is measured ultimately by profitability. For non-profit organisations, measuring success is not so easy. Higher education institutions' success can be measured in research output terms, number of students taught, student pass rate, range of qualifications of staff or even the quality of teaching. The combination of these factors makes the measurement of success difficult and can lead to conflict. For example: more students and larger classes may reduce time needed for research by staff to deliver the required research outputs. The principle of maximising long-term success is therefore more complex in higher education institutions than for for-profit organisations. Marketing is of growing importance to non-profit organisations, because of the need to generate funds in an increasingly competitive arena. Even

higher education institutions that rely on government funding must show how their work is of benefit to society and must meet the needs of their customers.

3.3.4 THE PRINCIPLE OF SOCIAL RESPONSIBILITY

Zikmund and D'Amico (2001:20) state that the pure marketing concept disregards environmental changes and problems and focuses on short-term customer satisfaction rather than on the long-term wellbeing of society. Involvement and concern for the environment and the society in which the marketing task is performed are typical characteristics of a strategic approach to marketing management. Organisations should therefore strive to obtain the goodwill of the society, rather than only the support of the target market. By demonstrating social responsibility, higher education institutions can earn the goodwill of the public and government. This has a long-term dimension that can favourably influence the future of any institution in terms of funding and a steady supply of customers.

From the discussion of the marketing concept and its principles, it is clear that by accepting the marketing concept, institutions have recognised that consumers and their behaviour has a direct bearing on the formulation of a marketing strategy – and therefore the relevance of this study. The marketing concept helps to bring focus and enables an organisation to satisfy consumers' needs (Perreault & McCarthy, 2002:41). If higher education institutions want to be successful in today's dynamic higher education landscape, competing for resources, support and customers, they too should adhere to principles of the marketing concept, especially being consumer-oriented, when conducting their business. Applied to higher education, the marketing concept holds that higher education institutions should conduct their planning bearing in mind and recognising that they exist primarily for the purpose of providing a service product to students. Campus activities should thus focus on satisfying the needs of students (Massad & Tucker, 2000:1-5).

The philosophy of the marketing concept forms the underlying basis for an organisation's market- and marketing-orientation. These two concepts will be briefly explained in the next section.

3.4 MARKET-ORIENTATION AND MARKETING-ORIENTATION

Throughout the literature, the term market-orientation and marketing-orientation is used interchangeably (Payne, 1988; Kohli, Jaworski, & Kumar, 1993 and Sharp, 1991). Notice should however be taken of a small group of authors, such as Cravens, Lamb and Crittenden (1996), who argue that there are slight differences between the two concepts. However, it is not the purpose of this study to argue or investigate if there are differences between these concepts, but rather to show how the adherence to these concepts can enable higher education institutions to survive and grow (Voon, 2006:598).

3.4.1 MARKET-ORIENTATION

Market-orientation refers to everyone in the organisation being committed to the customer and adapting in a timely way to meeting the changing needs of the customer. Market-orientation is a bias towards the market, requiring knowledge of customer needs and wants, competitors and external forces (Evans, James & Tomes, 1996:209). Kasper (2002:1047) defines a market-orientation as the degree to which an organisation and all its thinking and acting (internally as well as externally) is guided and committed to the factors determining the market behaviour of the organisation itself and its customers. Kohli and Jaworski (1990:3) define market-orientation as the activities involved in the implementation of the marketing concept. An organisation with a market-orientation determines the needs and wants of the target market and delivers the desired satisfaction more effectively and efficiently than the competition. Thus, market-orientation extends beyond the marketing concept philosophy, as it also offers a process for delivering customer value. A market-oriented organisation understands customer preference and requirements and effectively combines and directs the skills and resources of the entire organisation to satisfy customers' needs. According to Kasper (2002:1052), a robust market-orientation has become a strategic necessity for any service organisation due to increasing market turbulence and intensifying competition. He states that the market-orientation of an organisation can be seen as a particular position on a scale ranging from being truly market-oriented to not being market-oriented at all. Results from Kasper's research show that a market-oriented service organisation has an open, employee-oriented, result-oriented, pragmatic,

professional, well-communicated, marketing goals-oriented, market knowledge (customers and competition) system with dedicated employees that know what customer focus and service means.

Market forces (refer to Chapter 2) changed the landscape of higher education into a competitive environment requiring a market-orientation (Koerwer, 2001). According to Couturier (2002), reduction in government support and increase in new technologies and improved learning produce students with high expectations and this further pressurises higher education institutions to become more market-oriented. Shoemaker (1999) states that glossy brochures, catchy slogans and the existence of marketing programmes do not give higher education institutions a market-orientation. Market-orientation requires a philosophy and a culture that go deep in the organisation. This means an institution where students are involved in the service production process and where administration, faculty and support staff work together effectively. A market-orientation requires a commitment and power from top management. Shoemaker (1999) states that a market-oriented higher education institution is characterised by:

- A top management actively involved in providing institutional marketing leadership;
- A marketing process integrated to reflect, recognise and involve all institutional stakeholders;
- Marketing plans that are well distributed among top institutional officers;
- Outside marketing consultants used to build and enrich the institutional culture;
- Regular and structured marketing research studies of all important stakeholder areas;
- A marketing-oriented planning culture that includes the participation of all stakeholder areas; and
- Marketing evaluation systems in place to assure continuous monitoring and improvement of marketing programmes and strategies.

3.4.2 MARKETING-ORIENTATION

An organisation with a marketing-orientation adheres to the principles of the marketing concept and offer customers what they need (Perreault & McCarthy, 2002:37). Marketing-orientation implies that the main task of a higher education institution is to determine the needs and wants of target markets and to satisfy them through the design, communication, pricing, delivery of appropriate and competitively viable programmes and services (Kotler & Fox, 1995:8). Laurer (2006) states that strategic plans of higher education institutions will have to become marketing-oriented plans. This begins with an environmental scan that determines how society is changing and then outlines how programmes, pricing and access to learning (distribution), employees (people) and process will meet these changing needs. According to Massad and Tucker (2000), higher education institutions in the United States have embraced a marketing-oriented approach to admission. They state that the trend began in the late 1970's in the USA and is driven by increased competition and a shrinking enrolment pool. Higher education institutions in Shanghai started in 1999 to reform their policies to be more marketing-oriented (People Daily, 1999). These policies include practical plans such as providing enough residence and departmental buildings for students and lecturers, logistic service renovations, and improved logistic service quality. Several reasons exist why achieving a marketing-orientation is problematic for some higher education institutions (Sargeant, 2005:297):

- Conflict between management and academic interest. There is a split in the responsibility for dealing with customers between departments and an institution's central administrative function.
- The lack of a strategic perspective. Courses are sometimes established and maintained for the status of the department or institution rather than where there is clear evidence of an economic viability or long-term demand.
- The diversity of the marketing activity. Marketing is conducted by a variety of players, such as the admissions officer, school liaison officers, research officer and faculties, making the coordination difficult.
- Academic value. Some institutions still perceive marketing as being incompatible with their education mission.

Nevertheless, higher education institutions must aim to become marketing-oriented. The market concept forms the underlying philosophy for both a market and marketing-orientation. A marketing-orientation is an all-embracing concept referring to both behavioural and philosophical standing of marketing, therefore incorporating the market-orientation. Thus, for the purpose of this study, the term marketing-orientation will be used to indicate a market- and/or marketing-orientation.

3.5 MARKETING STRATEGY AND CONSUMER BEHAVIOUR

According to Hawkins *et al.* (2001:7), an effective marketing strategy is based on knowledge of the environment, competitors and customers. The study of customers' needs, perceptions, aspirations, motivations, culture and decision-making processes is called consumer behaviour (Du Plessis & Rousseau 2005:8). Consumer behaviour serves as a basis for marketing strategy formulation. Figure 3.1 indicates that an understanding of consumer behaviour is the basis for marketing strategy formulation and will serve as a visual guide for the remainder of this chapter. It also visually shows the integration and link between Chapter 2, Chapter 3 and Chapter 4. Figure 3.1 begins with the analysis of the market (Step 1) in which the organisation is operating. It requires a detailed analysis of the organisation's capabilities, strengths and weaknesses, competition, the economical and technological forces affecting the market, and the current and potential customers in the market (refer to Chapter 2). The consumer analysis component of the first step enables an organisation to identify groups of individuals with similar needs.

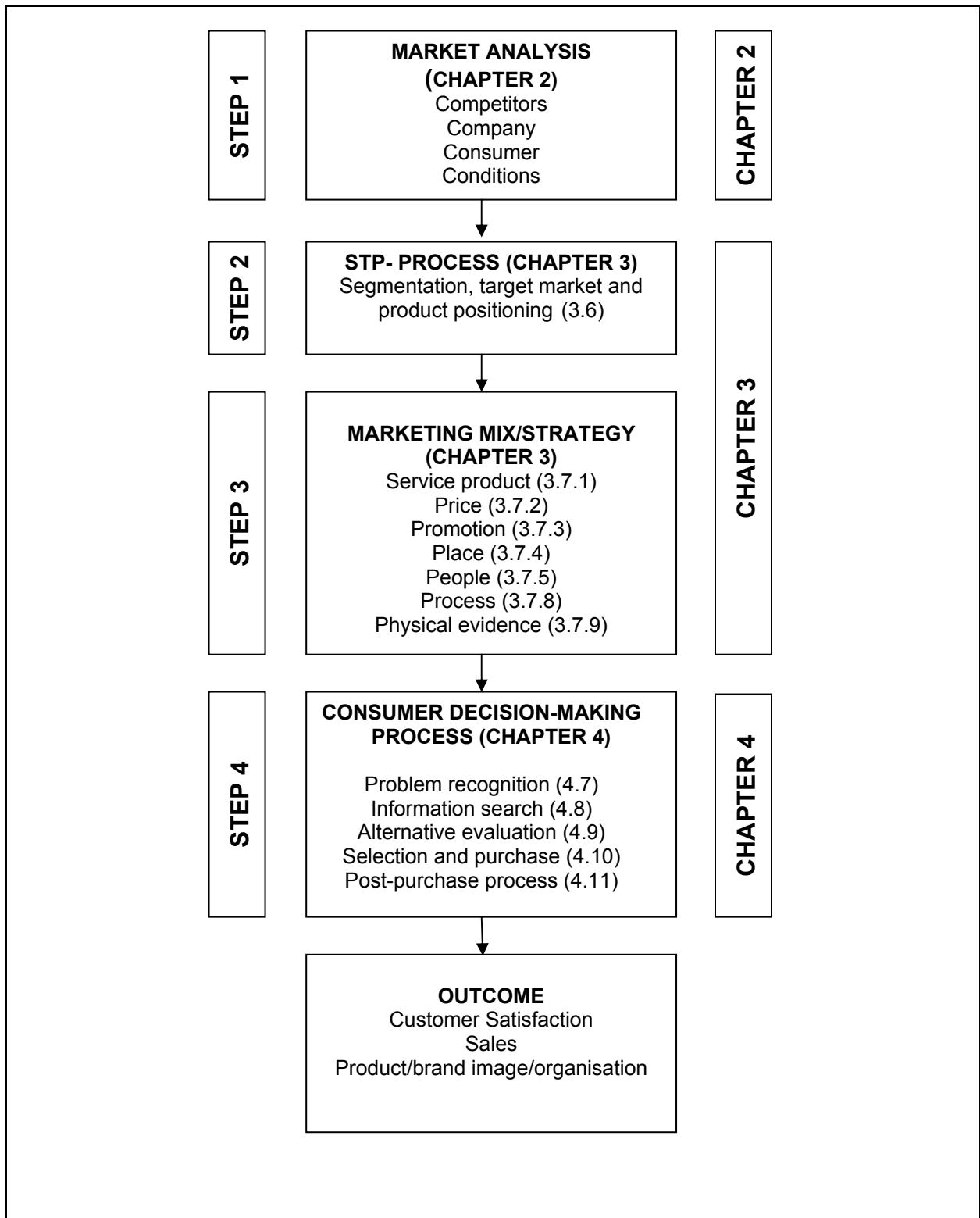
The identified market segments, in step two, can be described in terms of demographics, media preference and geographic location. One or more of these segments are then selected as target market, based on the organisation's capabilities relative to those of its competition, taking into account current economic and technological conditions. The organisation then decides on the desired image of the service product or brand, also known as the service product or brand position.

The third step entails the marketing mix/strategy formulation. Hawkins *et al.* (2001:14) point out that a marketing strategy basically answers the question: How will we provide

superior customer value to our target market? The answer requires the formulation of a consistent marketing mix. Thus, the marketing strategy is formulated in terms of the marketing mix. Lamb *et al.* (2004:12) point out that this step involves the determining of service product features, price, communications (promotion), distribution (place), people, process and physical evidence that will provide the customer with superior value. The total service product is then presented to the target market, which constantly engages in processing information and making decisions to enhance and maintain their lifestyles.

The marketing strategy (as implemented in the marketing mix) intervenes between the decision-making process of consumers (Step 4) and the outcomes/goals of an organisation. The outcomes of the organisation are determined by its interaction with the consumer decision-making process. Organisations can only succeed if consumers see a need that the organisation's service product can address, become aware of the service product, decide that it is the best viable alternative solution, proceed to buy it, and become satisfied with the results (Hawkins *et al.*, 2004:22-23). The consumer decision-making process will be discussed in detail in Chapter 4. Finally, the reaction of the target market to the total service product produces an image of the service product, brand or organisation, sales (or the lack thereof), and some level of customer satisfaction among those who did purchase. As the components of the market analysis (Step 1) was discussed as part of the trends in the higher education landscape in Chapter 2 and the consumer decision-making process (Step 4) will be explained in Chapter 4, the remainder of the chapter will focus on the STP process (Step 2) and marketing strategy (Step 3) as depicted in Figure 3.1.

Figure 3.1: Marketing strategy and consumer behaviour



Source: Adapted from Hawkins, Best and Coney (2001:8).

As the components of the market analysis (Step 1) was discussed as part of the trends in the higher education landscape in Chapter 2 and the consumer decision-making process (Step 4) will be explained in Chapter 4, the remainder of the chapter will focus on the STP process (Step 2) and marketing strategy (Step 3) as depicted in Figure 3.1.

3.6 SEGMENTATION, TARGET MARKETING AND POSITIONING (STP PROCESS)

Marketing strategy formulation for organisations takes place via the process of integrating segmentation, targeting, positioning and the services marketing mix. Once organisations have segmented the market, they must determine the market potential of each segment and then select segments to target. A target market can be defined as a fairly homogeneous group of customers to whom an organisation directs its market offering. Organisations must determine a mixture of the marketing elements that they will combine to satisfy their target market. Selecting a market-oriented strategy is referred to as target marketing. A specific marketing strategy specifies a particular target customer (Perreault & McCarthy, 2002:47).

Most non-profit organisations serve several groups or publics. The two broad groups are donors, who may be individuals, trusts, companies or governmental bodies. The second group consists of their clients such as students, parents, government or employers. Often higher education institutions need to satisfy both groups and this complicates the marketing task (Lovelock & Wright, 2002:233). Students, prospective students and their families are seen as customers or consumers who must be attracted to the institution, who must be satisfied, and who must have a good experience at the institution. This will ensure that they spread positive word-of-mouth and influence other potential students to select the institution (Reich, 2004). Students can be regarded as the primary clients of higher education institutions and parents, employers and society as secondary beneficiaries. As an institution's target market changes, new needs and trends evolve (as discussed in Chapter 2), making it necessary for institutions to rethink their position and often to reposition in order to address the new needs or trends (McGoldrick, 2000:54) This study focuses on students as a target market of institutions, as traditionally most institutions' marketing efforts are directed at satisfying

the needs of students. This study will provide insight into the demographics and choice factor importance that forms part of students decision-making behaviour, which will aid higher education institutions in understanding their target market to ensure satisfaction through implementing an appropriate marketing strategy.

After segmentation and target marketing, organisations should position their market offerings in such a way that it is perceived to satisfy the needs of customers better than the competition. According to Hawkins *et al.* (2001:289), a product's position refers to the schematic memory of a brand in relation to competing brands, products, services and stores. Brand image, a closely related concept, can be defined as the schematic memory of a brand without reference to competing brands. Strydom *et al.* (2000:14) regard a product's position as the way consumers perceive a product or service in terms of its character and advantages in relation to competitors. Du Plessis and Rousseau (2003:276) state that the important underlying principle is recognising that the marketing battle today is fought in the minds of the consumer. Research shows those products or services that enjoy high awareness levels usually enjoy dominant market penetration and market share. But awareness is not enough; the service product must have a meaningful position in the mind of the consumer and stand for something of value to the consumer.

Mowen (1995:18) defines product differentiation as the process of positioning the product by manipulating the marketing mix so that customers can perceive meaningful differences between a particular brand and competing brands. A highly differentiated brand may have strong competitive advantages, because it is easily recognisable as being different from competitors. Institutions need to know how they and their service products are positioned in the student's mind. The stimuli that institutions employ, such as advertising or sponsorships, can influence the service product's interpretation and thus its position. Hawkins *et al.* (2001:289) is of the opinion that organisations frequently fail to achieve the type of service product image or position they desire, because they fail to anticipate or test the consumer's reaction. These positions have developed and evolved over time. Therefore, the message received from the organisation must be consistent or change in a deliberate manner to reflect or alter a desired change in brand position.

Strydom *et al.* (2000:134) state that organisations must position their brands so that they are perceived to satisfy the needs of the target market better than competitors' offerings. The institution must develop a unique appeal for the brand in the consumer's mind and position the brand as filling a particular need of the consumer. Berman and Evans (2001:122) point out that through positioning, institutions devise their strategy in a way that projects an image relative to the institution's category and its competitors, and elicits consumers' responses to their image. Sargeant (2005:322) notes that positioning can also have a profound impact on the success or failure of fundraising initiatives and attempts to work closely with commerce and industry. Those higher education institutions that are perceived as being either of high quality or as unique in some way, are likely to have the greatest success in these areas.

Law (2002:3) states that it is important for institutions to distinguish themselves from competitors in terms of values that are important to the student. Therefore, higher education institutions need to develop a clear position that can be stated simply, effectively and often (Dehne, 2001). The author continues by saying that as competition becomes stronger, an integrated marketing strategy based on the identified positioning of the institution will play a crucial role. If organisations want staff and students to project a positive image, they must clearly define exactly what that image is; not vague understanding, but specifics (Sharpe & Harville, 1987). Law (2002:4) emphasises the importance of addressing the values that are important for prospective students in the publications of the institution. It can therefore be said that in the positioning of the institution, the needs and perceptions of important values of the respective public should be seriously considered. The elements of higher education institutions' marketing are mixed to form an integrated strategy where each component plays a role to position the institution in its chosen target market (Van Biljon, 1992:65).

According to Czinkota, Kotabe and Mecer (1997:217), organisations must first determine how they want to position their service products and use their service products' position as basis for developing their marketing strategies. This means that after the STP (segmentation, targeting and positioning) process, organisations must blend the services marketing mix elements into a marketing strategy that reflect the organisation's desired position to their target market.

The next section focuses on the services marketing mix and its elements as it pertains to higher education institutions.

3.7 THE SERVICES MARKETING MIX OF HIGHER EDUCATION INSTITUTIONS

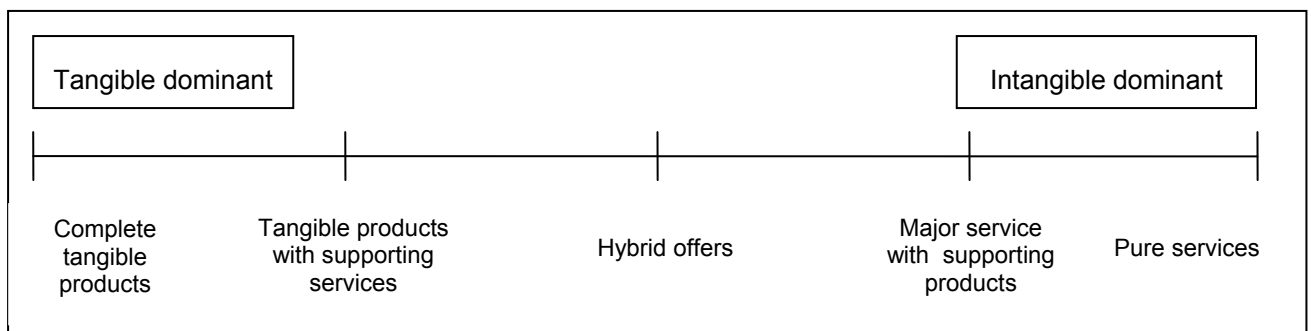
The development of a marketing strategy involves the coordination and combination of the marketing mix elements (Mowen, 1995:19; and Hawkins *et al.*, 2001:6). It is the combination and coordination of the elements in the marketing mix that enables organisations to meet customers' needs and provides customer value. A traditional marketing mix consists of the following elements: price, service product, promotion and place (distribution). However, due to the intangible, inseparable, heterogeneous and perishable nature of services, the traditional marketing mix was extended to include process, people and physical evidence (Goldsmith, 1999:178). Because higher education institutions mainly provide intangible service products, the extended marketing mix, better known as the services marketing mix, forms the focus of this chapter. Higher education institutions need a well-developed comprehensive marketing strategy that is carefully communicated throughout the institution (Robinson & Long, 1987:44; Brooker & Noble, 1985:34) and the services marketing mix will help higher education institutions to shape their service offerings according to the needs of their customers. Grovè, in Kraft (2006) showed that in the marketing of education, the marketing mix is the single most important determinant of marketing success. In the light of the fact that marketing can influence the consumer's behaviour and the services marketing mix can assist higher education institutions in developing a holistic and well thought-through service offering, the seven services marketing mix elements (service product, price, promotion, distribution, people, physical evidence and process) will be discussed in the main part of this chapter.

3.7.1 THE SERVICE PRODUCT STRATEGY OF HIGHER EDUCATION INSTITUTIONS

The most basic decision that higher education institutions have to make is what programmes and services they will offer to their students, alumni and donors. An institution’s service product strategy determines its identity, position and how customers will respond to the institution.

A product is anything a consumer acquires, or might acquire to meet a perceived need and thus the sum of all the products and/or services offered by an organisation. To define the term service is not easy or simplistic. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Services create value and provide benefits for customers at specific times and places. Lovelock and Wright (2002:3) define services as an act or performance offered by one party to another. Irons (1997:12) defines services as perishable, transient acts that have no lasting material, being mainly presented by people that cannot be separated from the provider. Therefore, the personal characteristics of the provider are an important part of the service. Du Plessis and Rousseau (2003:175) state that these definitions reveal that the nature of service centres on the characteristic of intangibility and that it is this feature that distinguishes services marketing from the marketing of physical goods. The goods and services continuum is shown in Figure 3.2 below.

Figure 3.2: Goods and services continuum



Source: Adapted from Palmer (2005:24).

It is evident that in services, the intangible element is dominant. The provision of education, although intangible, also contains tangible elements. Institutions provide service activities such as the teaching process and contact with customers (intangible element) as well as learning material such as textbooks (tangible element). McColl-Kennedy (2003:6-7) regards goods and services' tangibility on a continuum, rather than in one category.

At one end of the continuum are the intangible services and at the other end are tangible products. Higher education, which can be described as a major service (intangible) with minor supporting products (tangible), are leaning towards the intangible side of the continuum.

In addition to categorising services based on their tangibility, it is also useful to identify who or what is the direct recipient of the service. Services can either be directed at people's bodies, intangible assets, physical possessions or people's minds such as education (Lovelock, 1996:29).

In order to better understand the concept of services, the distinguishing characteristics of services will now be explained. The basic characteristics of services are briefly outlined below (Lovelock & Wright, 2002:14-16):

- Customers do not obtain ownership. Customers usually derive value from a service without obtaining ownership of any tangible elements;
- Service products are intangible performances. Intangible refers to something that is experienced and cannot be touched or preserved. Although services often include tangible elements, the service performance itself is basically intangible;
- Customer involvement in the production process. Customers are often actively involved in helping to create the service product by helping themselves or by cooperating with the service personnel. Customers cannot sit back and wait for the experience to be delivered as they do with the purchase of tangible products - they have to participate.
- People as part of the service product. Given the fact that different service personnel may deliver the service product to customers, it is difficult to achieve

uniformity in service delivery. This difference (heterogeneity) in attitude and action will typically result in very different customer perceptions of the quality and overall satisfaction levels. People are such an important component of service delivery that it is added as an element to service organisations marketing mix and will be discussed in Section 3.7.5;

- Importance of time. Customers have to be physically present to receive services. Customers are becoming increasingly time sensitive and speed is often a key element in good service delivery; and
- Services are perishable and cannot be stored like physical goods.

Thus, although education includes tangible elements such as textbooks, chairs and notes, students derive value from higher education without obtaining ownership. Students are involved in the education production process as they participate in and help make the final service product, by giving inputs in class or participating in campus events. As higher education is perishable and cannot be stored, students must be physically present to receive education. It is evident that offering educational services involve special challenges, since most services education is intangible, inseparable, variable and perishable. Developing service products that satisfy consumers' wants and needs are a critical marketing activity for institutions (Hoyer & MacInnis, 2001:40). Consumer research can provide useful information for service product decisions. According to Czinkota *et al.* (1997:109), information provided by consumer behaviour research, such as this study, can help organisations to decide which attributes to add to or change in an existing offering; aid them in correctly naming or re-naming their organisations and make effective packaging and branding decisions.

Higher education institutions should evaluate its academic programmes and service product mix periodically, and particularly when considering modifications. Some programmes are more central than others. Education offerings are specifically essential programmes that institutions cannot do without. Other programmes may be easier to modify, like recreational activities that are usually auxiliary programmes. Certain programmes will play a major role in attracting customers and these are called flagship programmes (Kotler & Fox, 1995:282).

Information provided by this study will enable institutions to determine the importance of some components of their service product (variety of study courses, academic quality and sport programmes) in the institution selection process of students.

Higher education institutions must also develop a pricing strategy for their service products. The pricing decision is of utmost importance, as this will ensure income for higher education institutions that will enable them to implement all the other decisions such as promotion, distribution, processes, physical evidence and people. Section 3.7.2 will focus on the pricing strategy of higher education institutions.

3.7.2 THE PRICING STRATEGY OF HIGHER EDUCATION INSTITUTIONS

In this section, the pricing strategy of higher education institutions will be discussed by defining the term price, explaining possible pricing objectives of higher education institutions, explaining discounts and highlighting the role of price. Price plays an important role in the marketing mix, quality perception, attracting customers and providing revenue to institutions.

Price is the amount of money (or some other item that is exchanged or bartered) that the buyer exchanges for a service product provided by the seller. Lamb *et al.* (2004:570) describe prices as that which is given up in exchange to acquire goods and services. The price of a service plays two major roles. Firstly, it influences how much of the service product the customer will purchase, and secondly, it influences whether selling the service will be profitable for the organisation or not (Machado & Cassim, 2000:99).

Prices can be seen as the amount that a customer (students, parents or employers) must pay to be educated. The price of higher education institutions are influenced by the subsidy from government as well as donations and the cost of presenting the course, prices of competition and inflation. Price, for students, consists of a monetary cost as well as other costs, for example effort cost (completing long essay application forms), psychological cost (stress of enrolling in an institution far from home) and time cost (visiting or attending open days at different institutions) (Kotler & Fox, 1995:311). Students and their parents are not just interested in the institution's list price (official

tuition and fees printed in a catalogue), but also the effective price. According to Kotler and Fox (1995:312), the effective price is the amount the customer will actually pay for all the educational benefits and value received. Prospective students may find it difficult to measure effective price early in the decision process, since effective price can only be known after the student has gone through the application process and has been accepted and financial aid has been allocated. Tuition fees represent only a fraction of the total cost of attending a higher education institution and living cost and other education related expenses must also be considered by students (Anon, 2006b). Diederichs (1987:112) found that price plays an important role in students' choices of a higher education institution.

The first aspect organisations should consider when pricing a service product is to decide on the pricing objectives they want to achieve. Pricing objectives can influence the price of the service product and include: maximising profit (short- or long-term), building market share, maximising long-term customer perceptions of the value of the service product, maximising immediate cash flow, positioning the service product in a certain place in customers' minds, and targeting a given segment of the market. Higher education institutions may pursue more than one of these objectives at the same time depending on the situation they are facing. A new higher education institution emerging after a merger may aim to position their service product, as well as targeting a given segment and maximising long-term perceptions of value (McColl-Kennedy, 2003:270 and Machado & Cassim, 2002:106-107). Higher education institutions should take into account three factors when setting prices for their educational programmes:

- Firstly, cost, by determining the amount of revenue needed to cover expected operating expenses;
- Secondly, customer demand, which emphasises that the final price decision is always made by the customer; and
- Thirdly, competition, as institutions have to weigh their “value” and establish their price relative to their competitors.

Institutions should always consider the effects of a given pricing policy on enrolment, the nature and mission of the institution, the prices charged by competition and the

effect of their prices and price changes on actions of competition (Kotler & Fox, 1995:309). The pricing objective of a higher education institution will also affect its discount policy, as discount influence profit, market share, cash flow and positioning.

Once the basic price is established, organisations need to establish some flexibility in terms of that price. Discount can be defined as the reductions to the basic price (Machado & Cassim, 2002:116). Higher education institutions need to determine and publish their prices (tuition fees) and discounts. Financial aid is seen as a form as discount by students. Kotler and Fox (1995:310) state that financial aid is not just used to attract students to increase the size of classes, but also to ensure the needed composition of the class to meet diversity objectives. Student aid or financial aid makes it possible for many students from low- and middle income families to afford higher education (Anon, 2006b). Cabrera and La Nasa (2000:10) found that financial aid especially influences students positively to select a particular institution and also allows parents to consider a wider range of institutions. This study will include the importance of financial aid in selecting a higher education institution.

Diederichs (1987:114) found that a higher education institution's price policy should take into consideration the facilities needed, quality of education and competitiveness, as students often use the price of a product or service as an indicator of quality. For example, more expensive institutions may be viewed as providing better education. Some institutions make use of their price/quality relationship by trying to raise the prestige and attractiveness of their institution by raising the tuition fees. Higher education institutions must carefully consider the role of price in the marketing mix, as price can be used as a quality indicator and thereby influence the perception of the institution's position. Higher education institutions often offer substantial amounts of financial aid to talented students to maintain their competitive advantage. Students and parents are looking for the best overall deal in terms of educational quality and prices (Laurer, 2006). Courant (2006:4) is of the opinion that higher education institutions prepare students to lead an examined life and should therefore price higher education as an expensive, high value proposition. Wallace (2003:32) argues that higher tuition fees will enable institutions to improve the quality of education and in countries where higher education is subsidised or offered for free, education would be held in higher esteem if a price were attached to it. However, Beckett (2005) warns that institutions

should be aware that charging top fees may cause institutions to lose students and not widen the participation. Wallace (2003) states that universities in France, England, the United States and Germany are facing the same problems with the price of education, as government funding for education is decreasing and institutions have to look at increasing tuition fees. The result is that students in these countries are protesting the price increases. The increased value of a higher education degree, increased research at universities, reduced state funding for public higher education institutions and monopolistic behaviour of higher education institutions are other possible reasons for higher prices (Barry, 1998:84).

Higher educational institutions rely on tuition fees, donors and government subsidies as sources of revenue. As discussed in Chapter 2, changes in the financial environment emphasise the trend of institutions to cut cost, increase productivity and offer more financial aid to students. Most educational institutions depend heavily on tuition fees to keep operating and pricing therefore becomes very important. Price plays a role in determining who will apply, who will attend, who the institutions will serve, what the institutions will be able to offer and whether the institutions will meet its enrolment objectives and revenue needs.

From the discussion it is evident that a pricing strategy is important for education institutions because they depend on revenue to operate, especially in the light of the decrease in subsidies (refer to Chapter 2). Price is part of the marketing mix and should be considered as an element of the institution's strategy planning. When setting price, decision-makers should understand how students perceive price and the importance of price in selecting institutions. According to Cosser and Du Toit (2002:77), price is an important factor considered in choosing a higher education institution. It is important that higher education institutions know the cost of producing the service, know the price of competitors, identify pricing factors that are relevant to pricing decisions, and decide on a pricing strategy that will attract enough students. It is evident from the above-mentioned that higher education management needs information on the students and market to make effective pricing decisions. This study will provide some insight on the importance of price in the institution selection process.

Higher education institutions can have good quality educational services offered at the right price to students, but if students and parents are not aware of these services and prices, they will not consider the institution. It is thus important that higher education institutions communicate with their prospective students and parents. The next section will focus on the promotional or communication strategy of higher education institutions.

3.7.3 THE PROMOTIONAL STRATEGY OF HIGHER EDUCATION INSTITUTIONS

Educational institutions need to effectively communicate with their target market(s) and publics. Institutions must inform students and parents about its goals, activities and offerings and motivate them to take an interest in the institution. To identify and satisfy consumers' needs, an institution must have a good understanding of the consumer in order to gain a competitive advantage through its marketing mix (service product, price, distribution, promotion, process, people and physical evidence). Persuasive communication is central to the marketing of service products as features, benefits and values must be communicated to the consumers to influence their purchase behaviour.

Everything and everybody in an institution has a role to play in communication. Examples include the organisation's brand name or logo, campus grounds, service product quality, prices, employees, delivery vehicles, buildings, the technology the organisation has at its disposal, the capital the organisation has at its disposal and the organisational philosophy. Kelley and Mahady (2003:2) are of the opinion that promotion is an element sometimes overlooked by non-profit organisations. They argue that even if an institution offers some of the best programmes and services, these will not be utilised to the fullest if the market they were intended for has no knowledge of their existence.

The remainder of Section 3.7.3 will focus on the definition of promotion, the communication process and the integrated services marketing communication (ISMC) mix available for higher education institutions.

According to Hawkins *et al.* (2001:19), promotion or marketing communication includes advertising, the sales force, public relations, packaging and any other signals that the

organisation provides about itself and its products and services. Lamb *et al.* (2004:466) describe the promotional strategy as a plan for the optimal use of the elements of promotion, namely advertising, sales promotion, publicity and personal selling. Many higher education institutions are returning to promotional or communication tools to promote courses in an attempt to maintain and/or expand their market share. The importance of communication can be seen in the establishment of communication departments, more funds that are allocated to marketing and appointing marketing managers or external communication experts to help with promotional activities. Higher education institutions are making use of radio, television, newspapers, buses, taxis and open days as well as more professional brochures and promotional material as vehicles for communication (Jones, 2002:41). This is necessary, since higher education institutions can no longer depend on pass rates alone to attract students.

In order to utilise the promotional tools to their fullest and to ensure effective communication, higher education institutions need to understand the communication process. Communication involves the creation of shared meaning between participants. The intangibility, inseparability, perishability and heterogeneity of services create special communication requirements and involve the risk of miscommunication that is not so evident in the marketing of goods (McColl-Kennedy, 2003:236). Communication can be viewed upon as the transfer of a message from a sender to a receiver by means of a signal of some sort via a channel or medium. The sender translates his/her objectives, ideas and concepts through language into a message also known as encoding (Strydom *et al.*, 2000:344). The receiver tries to decode the message before he/she can comprehend its meaning and then the receiver reacts or responds to the message (Lamb *et al.*, 2004:326). The disturbances (physical or psychological) that prevent the successful transfer of the message are known as noise. Noise influences all the components of the communication process and places obstacles in the way of effective communication.

Higher education institutions are the senders, while the receivers of the message are the potential students, existing students, parents, employers or alumni. For the purpose of this study, the focus is on the students of a higher education institution. This does not mean that institutions do not need to communicate with other publics such as alumni, parents, donors, government or the general public as well. According

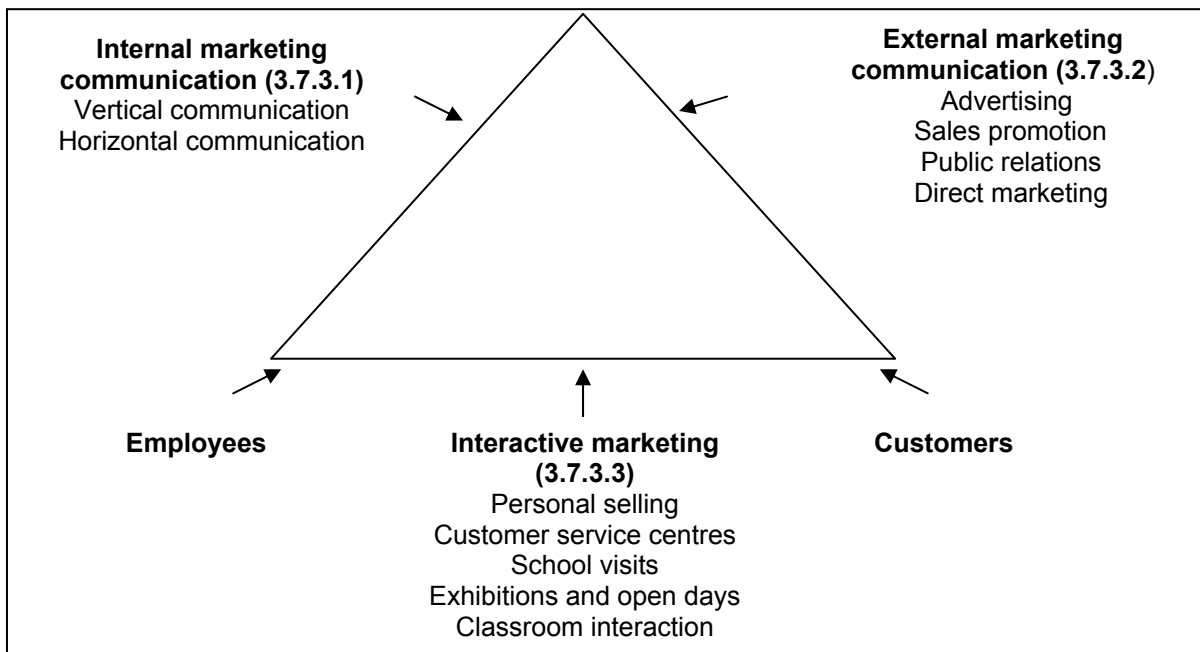
to Jones (2002:44) the student's ability to decode the message is influenced by his/her past experiences, feelings, emotions, attitudes and perceptions of the institution. Thus, higher education institutions need to fully understand their target market to identify the appropriate intended messages for the target market. The communication process gives higher education institutions the opportunity to influence prospective students' behaviour by developing a message that creates awareness, position themselves in the mind of the student, change the student's attitude towards the institution, or encourage the student to apply to the institution (Jones, 2002:45). The most popular communication/promotion objectives are general image enhancement and awareness of the institutions (Kittle, 2000). According to Jones (2002:43), emotions or feelings also play an important part in the encoding process and it is vital that higher education institutions should have empathy for other people's cultural backgrounds. Higher education institutions need to select a medium that will attract attention, arouse interest and present the message clearly (Kotler & Fox, 1995:353). Higher education institutions need knowledge about the language of the prospective students, knowledge of forms of communication and general background information about the prospective students in order to encode successfully.

The media that will be investigated in this study include: printed media (advertisement in magazines, newspapers or outdoor media), broadcasting media (advertisements on radio and television), direct mail or direct marketing (newsletters and brochures of higher education institutions), body language and direct communication through representatives of the institution (school visits by staff or open days attended by students), word-of-mouth (conversations with alumni, friends or family members), or websites. In Chapter 4 the different media will be further discussed as part of the sources of information used by students.

The promotional mix that an institution uses is determined by the student market's expectations and requirements of the service products, together with the other elements of institutions' marketing decisions. Machado and Cassim (2002:157) describe the promotional mix as the blend of promotional methods used by the organisation to communicate. A huge array of promotion elements exist, such as direct marketing, sales promotions, advertising, Internet and sponsorships. The communication process and the promotional mix elements (advertising, public

relations, personal selling and sales promotions) are used by organisations to communicate to their prospective customers. The message that reaches the customer should be the same regardless of whether it is an advertisement on the radio, websites, open days, or a newspaper insert. To ensure the careful coordination of all the promotional mix elements, organisations must adopt the concept of Integrated Marketing Communications (IMC) (Du Plessis & Rousseau, 2005:345). For a higher education institution, this means that the institution coordinates all its communication activities. Zeithaml and Bitner (2000:405) suggest that a more complex integrated form of communication is needed for services, hence the ISMC approach as shown in Figure 3.3. This concept requires a complete communication strategy that involves staff, every interface the institution has with its students, stakeholders and the community at large (Jones, 2002:450). Laurer (2006) suggests that institutions must coordinate all the promotional elements so that they meet the needs of students and parents who will pay for their products and services. Figure 3.3 serves as a visual guide for the discussion in this section.

Figure 3.3: Communication and the services marketing triangle



Source: Adapted from Zeithaml and Bitner (2000:403).

The three components of the services marketing triangle, i.e. internal marketing communication, external marketing communication and interactive marketing, will now be explained.

3.7.3.1 Internal marketing

Internal marketing refers to the process of planning and executing marketing activities aimed at the creation and improvement of exchange processes within the organisation. The goal of internal marketing is to accomplish the organisation's objectives and communication processes in a more efficient and effective way (Lamb *et al.*, 2000:191). Internal marketing ensures that the promises made by the marketing function of higher education institutions to external markets are delivered. For internal marketing to be effective and function properly, numerous exchange processes are needed: exchanges between the institutions and their employees, exchanges between top management and the departments, exchanges between different departments, and exchanges between the department and employees. Figure 3.3 shows that this approach requires that both vertical communication in a department and horizontal communication across departments are necessary. This approach requires that everyone involved with communication clearly understand both the institution's marketing strategy and its promise to students. Law (2002:3) states that a service marketing approach emphasises the importance of internal marketing.

3.7.3.2 External marketing

Organisations also use external marketing communication, which extends from the organisation to the customer, and this includes promotional tools such as advertising, sales promotions, public relations and direct marketing. These tools will now be briefly discussed.

- Advertising can be defined as impersonal, paid, one-way mass communication about the service product of an organisation used to reach the target market and fulfil the organisation's overall goals (Lamb *et al.*, 2004:467). Advertising for services is different than that of goods, because services are more risky due to

their intangible nature. The aim of advertising should therefore be to reassure consumers that the advertised service product is lower in risk than the alternatives. Advertising can also supply information on price, guarantees and performance evidence (Kotler & Armstrong, 2001:530). Mortimer (2000:122) is of the opinion that advertising could also assist in tangibilising the service. Kraft (2006) is of the opinion that educational institutions are complex to market and therefore making use of outside advertising agencies is often not successful. Higher education advertising rarely wins awards and therefore often given to junior members of the advertising agencies. Promotion is more than the development of a good advertisement. Effective promotion is dependent on an institution-wide analysis of communication, coordination of advertising, public relations and branding and adopting a marketing mindset. According to Jones (2002:56), higher education institutions are investing more in advertising as competition increases. Print, cinema, radio, outdoor, television and the Internet are all tools used by higher education institutions. Not many higher education institutions advertise on television, because it is expensive and reaches a too general audience. Because higher education is directed at a specific audience, most of the institutions' advertising expenditure is spent on print in newspapers, journals or posters. Radio advertising is also a popular medium as it is geographically selective and a certain audience can be reached within a certain time. Internet, websites and short message system (SMS) technology are popular mediums, as students can communicate directly with higher education institutions to get information (Jones, 2002:56). Jones (2002:57) found that outdoor advertising are not widely used by higher education institutions.

- Sales promotions can be described as all the activities, methods and incentives designed to speed up the response from customers (Strydom *et al.*, 2000:351). According to Kotler and Armstrong (2001:559), sales promotion examples include displays, banners, contests, premiums, demonstrations, coupons, point-of-purchase materials, samples, special events and vouchers. Higher education institutions' sales promotions could take the form of special events to encourage students to enrol for specific courses. Promotional material such as t-shirts, folders and pens can be manufactured to promote such an event. During open

days and exhibitions, promotional materials can be used to remind the students of their visits to the institution. Clint (1983) states that trips to higher education institutions (open days) help potential applicants decide which institutions are the best for them and which to rule out, and they are also saving future regrets as well as wasted application fees. Higher education institutions can also make use of school visits, competitions or discounts as possible sales promotional tools. Sales promotions can assist in creating effective communication through matching its offers with expectations of the service (McColl-Kennedy, 2003:250). However, higher education institutions must be aware that if sales promotions over-promise, misperceptions can occur and communication will break down.

- Strydom *et al.* (2000:350) define public relations as management through communication or perception, and the strategic relationship between an organisation and its internal and external public. Many higher education institutions spend large sums of money to build a positive public image. Public relations are the marketing communication function that evaluates public attitude, identify areas of the institution that the public may be interested in and execute a programme of action to earn public understanding and acceptance. Public relations help an institution to communicate with its customers, suppliers, shareholders, government officials, employers and the community. Higher education institutions can make use of public relations and publicity, not only to maintain a positive image, but also to educate the public about the institutions' goals, objectives, introduce new programmes or to help support the sales effort. Employees within the institution should be kept informed about the institution's practices and other matters that affect their work and welfare. Most institutions make use of faculty newsletters, in-house journals and annual reports to keep staff informed. With the current transformation of higher education, institutions are constantly in the process of developing policy manuals. The intranet is also used to disseminate information and as a medium for discussion and debate. The public relations department must research the available media, identify media contacts, brief the contact and provide background material on the institution. The public relations department must also design the logo of the institution and monitor all publications sent to external publics to make sure the image of the

institution is not compromised. Webpages and brochures must be user-friendly and reflect the image of the institution. Chester (2005) is of the opinion that the new tool that higher education institutions must make use of is writing press releases or articles that will be highly visible on search engines like Google. Students are making use of search engines as a tool for finding higher education institutions (Seymour, 2000:11). With the decrease in government funding, higher education institutions rely on support from industry and community and therefore networking play a very important role. According to Jones (2002:63), conferences, career exhibitions and open days can also be used to create an awareness of the institution and the programmes it offers, to create a positive attitude towards the institution, to create demand for certain programmes, enhance the image of the institution and to convert interested students into enrolled students.

- Direct marketing is defined as the use of mail, telephone, fax, e-mail and other non-personal tools to communicate directly with specific consumers to obtain a direct response (Du Plessis & Rousseau, 2005:343). Higher education institutions often use mail and telemarketing as direct marketing tools. Institutions can for example make use of direct mail to invite prospective students to open days and career exhibitions.

3.7.3.3 Interactive marketing

Interactive marketing communication involves the message that staff gives to students through channels such as personal selling, which include exhibitions, school visits, classroom interaction and customer service centres.

Personal selling is a paid communication, which normally calls for a personal and often one-to-one contact between the organisation and customer (Machado & Cassim, 2002:173). Zeithaml and Bitner (2000:404) define personal selling as a personal presentation by a representative from the organisation to make a sale and build customer relationships. Regardless of which definition is used, personal selling differentiates itself from other forms of promotion because the communication process

is person-to-person and the core of personal selling is to persuade the prospective customer to buy a product or service. The sales message can be tailored to suit the needs of the customer and complex information can be communicated. The current trend in personal selling is the emphasis on the relationship that develops between the salesperson and the buyers (Kotler & Armstrong, 2001:530). Lamb *et al.* (2004:323) express that opinion that relationship selling emphasises a win-win situation and the accomplishment of mutual objectives that benefit both the buyer and seller in the long-term.

Personal selling is usually appropriate for services that are highly complex and requires demonstration, customisation or explanation (McColl-Kennedy, 2003:250). In services, such as education, the communication skill of the salesperson is important as there is no physical product to evaluate. As higher education is an intangible product, meeting a customer face-to-face is one of the best ways to sell this type of service. The personal selling function is therefore very important to higher education institutions. Although higher education institutions usually do not have a sales department with a sales force, various departments within the institution performs the personal selling function (Jones, 2002:58). The task of selling performed by higher education institutions is two-fold: the servicing of established accounts, and prospecting for new accounts.

It is the responsibility of the recruitment officer or school liaison officer to maintain good relationships with the Education Department, principals of schools, guidance teachers and school governing bodies, because they are role-players that can influence the institution's selection process. According to Jones (2002:58), open days, social events and winter or summer schools are all used by higher education institutions with great success to improve and maintain the relationship. Law (2002:4) reports that some universities in the United States have realised that admitting their students were only the beginning of the relationship with the students. Higher education institutions must strive to build relationships with their students from admission through graduation and even beyond. Institutions must treat each student as a valued partner who have not only joining them for the period of enrolment, but also as satisfied alumni (positive word-of-mouth), donating to and supporting the institutions after graduation and later in life. Attempts to build customer loyalty and retention have resulted in looking into and

putting more emphasis on systems such as admissions, financial aid, academic assistance and also career development and placement.

Higher education institutions have to plan which schools to visit, which exhibitions to attend, and when and how to have open days. Planning is vital to ensure effectiveness, as these activities are costly and time consuming. Jones (2002:60) found that although school liaison officers and recruitment officers play a vital role in the success of the personal selling function of higher education institutions, little attention was often given to this department by institutions.

To ensure an effective, integrated marketing communications strategy, higher education institutions must consider the following: students' perception of the institution, students' reasons for attending the institution, students' perception of other higher education institutions, benefits the students will receive by attending the higher education institution, making the benefits the institution offers believable to students, distinguishing themselves from other higher education institutions, and determining the actions that the institutions wants students to take as a result of communication efforts (Jones, 2002:48).

Higher education institutions have the entire communication mix variables at their disposal, but they need to achieve a balanced mix that is most effective at minimal cost. The most important issue for higher education institutions in developing a communication strategy is to understand the students. This is partly why the study is undertaken to understand the usefulness of different information sources for students and the relative importance of the choice factors they use in the institutional selection process, to ensure that an institution's communication activities are not in vain. Few higher education institutions use just one medium of communication; they rather use a combination or integration of several methods. The success of an institution lies in its promise – who they are and why prospective students should enrol in their institution. The success of their promise lies in reaching multiple audiences in multiple ways at multiple times and places. Sharing your promise through a variety of advertising mediums ensures that it will be relevant and remembered (STATMATS, 2006).

This study will investigate the usefulness of school visits, institution publications, websites, campus visits, word-of-mouth (friends, alumni, school teachers), advertisements (radio, television, magazines) and events on campus, as a method of communication.

Part of delivering the promises made by organisations' communication/promotional strategy is to ensure that their services are available at a convenient location for their students. The next section will focus on the distribution strategy of higher education institutions.

3.7.4 THE DISTRIBUTION STRATEGY OF HIGHER EDUCATION INSTITUTIONS

The basic service delivery question for a higher education institution is: How can we make our programmes and service products available and accessible to our target market? In this section, the discussion will focus on the nature of distribution as well as the distribution decisions of higher education institutions.

Strydom *et al.* (2000:237) define distribution as making the products and services of an organisation available to the customer. Hawkins *et al.* (2001:121) see distribution as having service products available where the customer can buy it. In general, the distribution channel of services is short, with the service provider usually providing the service directly to the consumer of the service (Strydom *et al.*, 2000:381). Thus, distribution, in the case of a higher education institution, means making education/programmes available to potential students in the most convenient and accessible way. According to Diederichs (1987:66), accessibility means that solutions must be found for obstacles such as distance, time and cost. Possible solutions for cost may be the provision of funding, bursaries and grants to enable students to study. Telematic education, distance education and residences on campus for students can bridge possible geographic obstacles (distance). Flexibility in the time scheduling of lectures such as evening classes, full-time or part-time classes may increase the accessibility of an institution and bridge the time obstacle.

It is important that higher education institutions recognise the changes in the market (refer to Chapter 2) and adopt new schedules, delivery systems and locations to retain their existing market and serve new ones (Kotler & Fox, 1995:331). A typical delivery mode for education services is for the institution to present courses at one location, with students gathering for classroom instruction (Kotler & Fox, 1995:331). Some institutions make use of a more comprehensive approach with a variety of educational programmes and services, each of which may be provided in a different way. For example, a higher education institution may offer a lectured course in marketing for undergraduates, a correspondence course for part-time students and a short course for local governments via teleconference at sites across the country. Higher education institutions need to have an appropriate distribution strategy for each programme.

The six higher education institutions participating in this study have facilities at one or more fixed locations. These institutions need to consider how to attract students to their current facilities. Decisions about where to locate were often taken a long time ago and due to shifts in the population, an institution's location appropriateness may be reduced.

According to Law (2002:5), place or location has more than one dimension in higher education in the United States. Traditionally, distribution was seen as only geographical, an aspect that could not really be changed much. Information technology has changed this for some institutions that are now offering students the opportunity to take almost any course, anywhere. Some higher education institutions choose to put more emphasis on the "community-oriented campus in a small, safe environment". Another aspect of distribution that institutions must consider is the time slot in which classes are offered. This emphasises the need for higher education institutions to carefully plan and constantly review their distribution decisions. The distribution decisions of higher education institutions will be addressed below.

Kotler and Fox (1995:334) are of the opinion that higher education institutions need to make certain major decisions in delivering their programmes. Firstly, higher education institutions should start off by determining their delivery system objectives. Kotler and Fox (1995:335) divide a higher education institution's delivery system into three dimensions. The first dimension is the location of the institution that includes the

accessibility, atmosphere and facilities; secondly, scheduling of service delivery that will appeal to students; and lastly, the mode of delivery, which include the technology and instructional forms to be used in the service delivery. All the dimensions of the service delivery system must aim to reach the organisation's objectives. An institution's delivery system should accomplish the institution's objectives while reflecting an understanding of the consumers, mission, resources, and nature of programmes. Institutions have to balance the level of convenience that should be offered to the target market with the cost incurred in doing so.

The second decision that higher education institutions must take is to determine if they should establish new facilities and new locations. Institutions should consider whether to offer some of their programmes in other locations or through different delivery systems. The most economical decision would be to operate at a single location and have all students come to it, but this option is not always convenient for students. New locations or delivery systems can be established for four reasons: firstly, when the local market is saturated, secondly, when the local market has declined in size or residential and/or employment patterns have changed, thirdly, when the institution is doing fine, but knows of strong potential markets in other locations, and fourthly, when the institution is doing well but wants into expand its presence to new locations (Kotler & Fox 1995:336).

Institutions may consider distributing their offerings to other areas to make education opportunities more accessible to students in other parts of the country or to keep a single campus from becoming too large. Institutions that choose to expand to other areas must make decisions on: number of campuses to establish, the size of each campus, location of the campuses, and the degree of specialisation at each campus. The expansion can be physically building a new campus or making use of electronic bulletin boards, e-mail, and Internet to offer programmes. Institutions could use rented facilities, convert existing facilities or build new facilities. Higher education institutions must evaluate their current delivery pattern to determine whether it adequately meets current and projected needs, and match the resources of the institution. Kotler and Fox (1995:340) point out that if the current system has inadequacies, revised delivery objectives must be determined. The objectives might be stated in the size of enrolment (20 000 students) or the percentage of community that enrolls (five percent of the

community). Institutions must then decide whether to have one facility to serve everyone or establish multiple locations. The institution must always balance the cost of multiple locations and consumer revenue generated by the additional locations. After determining the objectives and patterns of distribution, the institution selects the location that would provide the best access for the target market. According to Machado and Cassim (2002:49), the location of competing institutions, community routes, demographic characteristics as well as residential and work patterns will all influence an institution's final decision on where to locate. Couturier (2002) states that higher education institutions' marketing-orientation and increased competition guides higher education institutions to offer different courses at different locations at different times and even virtually.

The third distribution decision faced by higher education institutions is to decide how they can use distance learning and new technology. Distance education, as discussed in Chapter 2, refers to instruction that occurs while there is a separation in time and/or distance between the learner and the instructor. Higher education institutions can make use of telephone, television, radio, newspaper, tape recorders or mail to serve current markets or to attract new markets. Higher education institutions need to ask themselves three questions before using technology:

- Is the new technology likely to be more effective than the technology it replaces?
- Is the alternative channel appropriate for the intended market?
- What will the additional resource cost and added benefits be of adopting the new channels?

As higher education institutions cannot store their educational services, they need to consider how to make their services convenient and practical to their target market in terms of location and scheduling. Increased convenience and quality may include implementation of distance education and/or other technologies. This study will investigate the importance of the location of an institution and a flexible study mode (distance education and other technology) in the institutional selection process. Institutions should also give attention to the physical facilities, including the quality of the design, signage and functionality and feel of the service spaces. The physical

buildings and surroundings convey a message to visitors, students and employees about the institutions.

It should however be noted that higher education institutions do not have absolute freedom regarding their distribution decisions, as there are some restrictions set by the Department of Education. Higher education institutions produce, deliver and often distribute their service products to students through people such as lecturers and administrative personnel. Section 3.7.5 will discuss the people strategy of higher education institutions.

3.7.5 THE PEOPLE STRATEGY OF HIGHER EDUCATION INSTITUTIONS

People refer to all human actors who play a role in the delivery of a service and provide cues to customers regarding the nature of the service. According to Goldsmith (1999:181), personnel or people are all those who play a part in the production and delivery of a service. The Booms and Bitner (1981) framework classifies people as an organisation's personnel and customers. The personal appearance, attitudes and behaviour of these "actors" all influence customers' perceptions of the service (Du Plessis & Rousseau, 2005:377). A student's first impression of a higher education institution is often based on his/her interaction with the people of the institution. The people strategy of an organisation thus impacts on the need satisfaction of the customers.

Organisations need to consider three dimensions when planning their people strategy: managing employees, balancing employees and customer issues, and managing customers (Jordaan & Prinsloo, 2004:131-153).

3.7.5.1 Dimension 1: Managing employees

The first dimension deals with the way an organisation manages its employees as they impact on the organisation's ability to satisfy customers' needs. Organisations need to create a job design, reward and recognition programmes, and workplace design for their employees that will help create and deliver customer satisfaction. Two types of

employees can be distinguished: support personnel that are seldom seen by the customer and who influence the technical quality of the service delivery; and secondly, the customer contact personnel that are highly visible and determine the quality of the functional component of the services. For customers to be satisfied with a service, both these groups need to have an external customer orientation. Employees are an essential ingredient to any service provider. Unskilled and demotivated employees cannot deliver good services (Webber, 2005). Robinson and Long (1987:46) emphasise the role of internal marketing to the employees who actually performs the service for the customers. Organisations should emphasise hiring, training, supporting, evaluating and rewarding service personnel (Goldsmith, 1999:187). Recruiting the right staff and training the appropriate employees in the delivery of a service is essential if the organisation wants to obtain a form of competitive advantage. Consumers form perceptions based on the employees they interact with and therefore the appropriate interpersonal skills, aptitude and service knowledge add significant value to the total service offering (Learn Marketing, 2006).

According to Rafiq and Ahmed (1995:4), employees are part of the service product and hence product quality is inseparable from the quality of the service provider. Employees can add value to a customer's experience in three ways: being well-trained, performing a personal selling function, and by having customer service support (Marketing Teacher, 2000-2006b). All personnel facing customers need to be trained and developed to maintain a high quality of personal service. Training should begin as soon as an individual starts working at the organisation, with induction followed by briefing him/her on day-to-day policies and procedures. A training and development plan must be constructed for each employee and attention needs to be given to a career plan for the continuing professional development of employees. Sierra and McQuitty (2005:393-400) suggest that service employee training programmes should emphasise the customer's role in the service experience to create a positive emotional experience for the customer.

Different kinds of salespeople can be identified. Product delivery salespeople's main task is to deliver the service product and selling is of less importance, such as lecturers providing education. Missionary salespeople build goodwill with customers, public groups and government, for example higher education administrators and public

relations officers. Technical salespeople with in-depth knowledge provide support and advice the customers on best purchase for their needs. In the higher education situation, this would be the recruiting officer conducting school visits.

Many products, services and experiences are supported by customer service teams. Customer service provides expertise and technical support and controls the customer interface. The disposition and attitude of such people is of vital important to a company. Customer service can be face-to-face, over the telephone (students phoning the admission office for information) or using the Internet (students using e-mails to communicate with their lecturers or get additional information). Yoon, Yoon and Seo (2004:395-399) found that contact employees in service encounters especially need support. Support contributes significantly to job satisfaction and improved employee service quality.

In education, due to the high degree of contact and the simultaneity of production and consumption, the institution's personnel occupy a key position in influencing customers' perceptions of service quality. It is important for higher education institutions to pay attention to the quality of employees and to monitor their performance. If employees tend to vary in their performance, it can lead to variable quality. Research conducted by Pheng and Ming (1997:278) found that people are regarded as one of the most important elements in the marketing mix. As the service is dispatched through an institution's personnel (lecturers, admittance staff, and library staff), they are the institution's most valuable assets. Research conducted by Sohail and Shaikh (2004:57) found that contact personnel are the most influential factor in students' evaluation of service quality. The authors also suggest that management must work in close harmony with the faculty and administrative personnel, as this makes a substantial contribution to student perceptions of good quality services. People buy from people they like; therefore attitude, skills and appearance of all personnel members are very important.

3.7.5.2 Dimension 2: Balancing customer and employee interaction

The second dimension deals with the customer-employee interaction. Due to the nature of the service delivery process, the employees of the organisation and its

customers have a direct influence on one another. Rafiq and Ahmed (1995:4) state that the customer, who buys the service or is present in the service environment, influences the service provider-customer interface. Williams and Anderson (2005:13-20) found that as the service context became more participatory based (such as education), service provider roles significantly decreased while the customer role increased significantly. Organisations should understand this influence to avoid conflict and stress. By using control strategies such as physical control to take charge of the service encounter (students must sit on chairs provided in class or no smoking signs in classroom), control through leadership (lecturer using their expertise and authority to give a lecture), control through rewards (students earning extra credits for class participation), or by educating the customer (showing students how to use the library), an organisation can gain control over the service encounter.

3.7.5.3 Dimension 3: Managing customers

The third people dimension focuses on managing the customer. The service delivery process is open to influence from the customer in an indirect way, like participating in research or exercising a choice. However, consumers can also directly influence a service, since they participate in and help make the final service product (Irons, 1996:13). Before organisations can manage the customer, they must first understand the customer's decision-making process. This process will be investigated and explained in detail in Chapter 4. The customers who patronise the service product help to define the nature of the service experience. It is therefore important for higher education institutions to manage the service encounters to create satisfaction. Performing a service involves assembling and delivering the output of a combination of physical facilities and mental or physical labour. Higher education is a premier example of the customer-organisation interface (Rothschild & White, 1995:574). Smith and Cavusgil (1984:111) state that higher education institutions call for an extreme level of involvement from their customers, in this case the students.

Thus, higher education institutions must recognise the importance of the human element in all aspects of marketing. However, higher education institutions cannot only focus on the human element; they should also recognise the importance of having

effective and efficient processes in place to the benefit of the institution's personnel and customers.

3.7.6 THE PROCESS STRATEGY OF HIGHER EDUCATION INSTITUTIONS

A significant component of how customers perceive any service product is how the process of service delivery functions. Procedures, mechanisms and the flow of activities by which services are consumed are thus an essential element of the services marketing mix (Palmer, 2005:48). Webber (2005) sees the process as the way in which the user gets hold of the service. A process refers to the systems used to assist the organisation in delivering the service. Goldsmith (1999:183) defines the process as the procedures by which the buyers acquire and use the product, thus all the activity involved in producing and delivering the service. For the purpose of the marketing mix, process is an element of service that sees the customer experiencing an organisation's offering. It is best viewed as something that your customer participates in at different points in time. Marketing adds value to each of the stages of a process: inputs, throughputs and outputs (Marketing Teacher, 2000-2006a). A smooth running service operation could offer a competitive advantage to an organisation. Two types of activities can be distinguished. Some activities are seen by the customer and are referred to as front stage activities (lecturer in class). Other activities are unseen by the customer, such as lecturers preparing at home, which are classified as backstage activities. According to Goldsmith (1999:185), organisations must choose and design processes in such a way that a personalised service product can be created.

A service encounter or "moment of truth" refers to the period during which a service buyer (customer) and a service provider (organisation) interact (Du Plessis & Rousseau, 2005:182). To better understand the service encounter, a service blueprint can be used to identify a list of critical incidents. These critical incidents depict each contact point between the customer and the organisation. The blueprint sensitises management and employees to possible problem areas that may occur in the process. To avoid difficult situations, such as queuing and waiting, organisations should try to attempt to improve waiting times. This can be done by improving the service delivery

process or adapting faster technology (Jordaan and Prinsloo, 2004:176), for example, encouraging students to register or enquire online via websites or by encouraging students to use facilities such as the library during off-peak periods (weekends).

In the event of things going wrong, organisations need to react towards the disappointed customers, but also try to modify the service delivery process to prevent failure in future. The extent to which service recovery is possible depends on two principles (Jordaan & Prinsloo, 2004:177). Firstly, customer contact personnel must be able to empathise with customers and secondly, customer contact personnel need to be empowered to take remedial actions. Organisations must ensure that they have systems and procedures that would ensure effective customer feedback, such as a customer complaint procedure. Hocutt, Bowers and Donovan (2006:199-205) found that service recovery are more successfully supported by courtesy and tangible rewards and that this significantly decreases the level of negative word-of-mouth. Mattila and Wirtz (2004:147-159) found that service organisations need to have different channels for complaints, as customers seeking redress prefers interactive channels (face-to-face and phones), while customers who want to vent their frustration preferred remote channels such as letters or e-mail. Organisations must also implement retention and recovery processes to retain customers after complaints have been received (Du Plessis & Rousseau, 2005:13). Reynolds and Harris (2005:321-333) identified four forms of customer complaints: once-off-complaints, opportunistic complaints, conditioned complaints and professional complaints. They suggest that organisations re-evaluate their personnel training, customer complaint processes and service recovery procedures to accommodate the different types of complaints.

Higher education institutions need to ensure that students understand the process of acquiring a service. They must further ensure that queuing and delivery times are acceptable to their customers, the students. Policies, procedures, mechanisms, employee discretion, customer involvement, customer direction and flow of activities are all part of the process of education (Rafiq & Ahmed, 1995:5). Pheng and Ming (1997:277) are of the opinion that procedures provide clients with a tangible source of assurance of consistency in the service provided. Consistency can enhance the corporate image of how the organisation is perceived by clients. Coate (1990:91)

suggests that management should begin by setting quality standards for processes and related variables such as registration, records, rules and procedures.

Thus, higher education institutions must understand that service products, unlike physical products, are experienced as a process at the time they are consumed. Process decisions radically affect how a service is delivered to customers and therefore institutions should ensure that from the first contact with students, administrative procedures, delivery and eventually the evaluation of the course must be managed as a process.

In service organisations, the cooperation between marketing and operations is vital for an effective and efficient service system. The process strategy must be visible for customers to enable them to understand the processes of the organisation. Signage could be used to increase visibility and as a result, increased customer satisfaction. It is not just the process strategy that needs to be managed; institutions must also ensure that the physical evidence of their processes and the other marketing mix instruments are evident in their organisation.

3.7.7 THE PHYSICAL EVIDENCE STRATEGY OF HIGHER EDUCATION INSTITUTIONS

The intangible nature of services makes it difficult for students to evaluate the service before they have received it. It is therefore important in services marketing to offer tangible evidence of the service product. Intrinsic brand cues are very important, especially for highly intangible services (Brady, Boureau & Heskell, 2005:401-408). The environment in which the service product is delivered, both tangible and intangible, helps to communicate, perform and relay the customer satisfaction to the potential customer. Goldsmith (1999:182) describes physical evidence as the physical assets that accompany and surround the service, such as reports, signage, music, smells, uniforms, store decor and equipment. The Booms and Bitner (1981) framework refers to physical evidence as the environment in which the service is delivered and any tangible good that facilitates the performance and communication of the service.

Several dimensions of physical evidence impact on the service environment and a combination of these elements help to create an overall personality or image for an organisation. The dimensions include ambience, design, and social and communication factors. Ambience has a physiological effect on customers and employees and refers to noise, lighting, music, sounds and air quality. The second dimension, design factors, includes the exterior appearance and architectural appearance as well as the interior decor, layout, furniture and equipment. Moore, Moore and Capella (2005:483-490) found that positive perceptions of atmosphere (design and ambience) lead to a positive customer-to-customer interaction and positive word-of-mouth. They suggest that changing the physical setting of a service organisation can enhance customer interaction and loyalty positively. The third dimension, social factors, such as the number of people present, their moods and behaviours, are concerned with the interaction between the customer and the organisation. The quality of material used in art works, floor coverings, or personal objects displayed in the service environment can all communicate symbolic meaning and create an overall aesthetic impression, and portrays the fourth dimension (Jordaan & Prinsloo, 2004:120-124).

Organisations should determine the image they want to portray, their corporate identity, brand name and how they should enhance this image through physical evidence such as decor, building or signage (Du Plessis & Rousseau, 2005:13). Brands are the names and symbols that identify goods of one seller and differentiate them from those of another seller (Du Plessis & Rousseau, 2003:329). Strydom *et al.* (200:211) define brand equity as the value of a given brand. It is the combination of assets such as brand loyalty, brand awareness, perceived quality and brand associations for which all organisations strive through their marketing efforts. According to Toma and Morphew (2000:1), brand equity is closely linked with an institution's image, reputation, status and prestige. The products and services of higher education institutions can be given a name, sign, symbol, design or some combination that identifies them with the institution and differentiate them from competitor offerings. Kotler and Fox (1995:281) are of the opinion that branding add value and increase customer satisfaction. Toma and Morphew (2000:2) state that a well-established brand name also provides a foundation for success and attracts available resources. Higher education institutions must work to raise their profiles. Although some brands are more

highly regarded than others, all institutions have a brand and can benefit from strengthening their brand (Toma & Morphew, 2000:3). By strengthening and building their brand name and brand equity, institutions are maximising their competitive position (Anon, 2003a:1). For example, well-titled programmes often attract more attention than other programmes. A popular means of brand building is name change and conversion from “colleges” to “university” in America or “technikons” to “university of technology” (in South Africa and Australia). According to Reich (2004), more and more reference is made to universities as brand name service industries and the institution’s brand is becoming increasingly important. This study aims to investigate the relative importance of brand image as a choice factor used to select higher education institutions.

Physical evidence plays a number of roles, such as packaging, facilitating, socialising and managing trust (Jordaan & Prinsloo, 2004:115) and will shortly be explained below.

- The intangible nature of services prevents it from being packaged in the traditional sense. A service organisation’s packaging refers to the exterior, interior and other tangible elements of the service. For services such as education, packaging is the contribution of the larger context in which the service is obtained. Thus, a higher education institution’s campus environment serves as the packaging of the academic programmes. Therefore, special attention should be given to the physical facilities, such as libraries, offices, lecture rooms and campus grounds. They should reflect a neat, professional, safe and accessible physical environment.
- Physical evidence is also used to facilitate both the customer and employees within the service process, for example signage that instructs customers or physical structures that direct the flow of customers while waiting. Physical evidence conveys expected roles, behaviour and relationships among employees and customers.

- The purpose of this socialising process is to project a consistent and positive image to the customer. Organisations can also differentiate their intangible service with physical evidence by indicating the intended market segment or conveying distinctions from competitors.
- The managing of trust is done by the reduction of perceived risk and increasing the level of perceived quality by making use of physical evidence. Because service delivery often takes place over time, a relationship is build based on trust. Halliday (2004:45-49) states that service organisations need to develop strategies for creating, developing and maintaining trust with their customers to enhance customer satisfaction.

The physical evidence element allows the costumer to make judgments on the organisation. The physical evidence is also used by organisations to reinforce their positioning (McColl-Kennedy, 2003:12). Physical evidence is important because customers use tangible clues to assess the quality of the service product (Rafiq & Ahmed, 1995:4). Thus, the more intangible dominant a service is, the greater the need to make the service product tangible. The physical environment itself, buildings, décor, layout and furniture is instrumental in the customer's assessment of the quality and level of service they can expect. In fact, the physical environment is part of the service product itself. According to Pheng and Ming (1997:279), pleasant surroundings ensure that clients form a good impression of the organisation, as well as that employees will be more comfortable and motivated to produce better results. Physical evidence is an important factor in service quality evaluation by students. Given that services are intangible, the nature and quality of the relationship developed during the service encounter are to a large extent influenced by the physical environment (Sohail & Shaikh, 2004:60). The layout of classrooms, lighting of classrooms, the appearance of buildings and grounds and the overall cleanliness can significantly contribute to a student's concept of service quality.

This study will investigate the importance of the physical environment (attractiveness of the campus, campus safety and facilities) during the selection process of an institution.

Success for higher education institutions will depend on their ability to plan and successfully execute their marketing strategies and in making realistic adjustments that are consistent with the institution's purpose and mission (Shoemaker, 1999:11). An understanding of the seven elements of higher education institutions' services marketing mix that have been discussed in this chapter, will enable institutions to plan and adapt to the trends in the environment (refer to Chapter 2) and enable them to satisfy the student market needs better (refer to Chapter 4).

3.8 SUMMARY

The introduction of Chapter 3 highlighted the fact that due to the opportunities and threats in the ever-changing higher education landscape, globally and locally, higher education institutions need to adopt organisation-like behaviour to survive and grow. This organisation-like behaviour implies that higher education institutions, which traditionally made decisions from a non-profit perspective, need to implement the principles of the marketing concept. This means that higher education institutions should deliver consumer satisfaction by adding value, integrate all their organisational functions and marketing activities, maximise the long-term success of the institution and contribute to the overall wellbeing of society. By implementing the marketing concept, institutions are becoming more marketing-oriented. This means that they are focusing on understanding the market in which they operate and satisfying customers' needs by using their marketing mix elements.

In order to understand the market, higher education institutions need to analyse their competitors, understand their own strengths and weaknesses and scan the higher education environment for trends and forces that could affect them and their customers, the students. After conducting a market analysis, institutions need to identify possible market segments and then choose an attractive segment(s) to target. Institutions need to determine the image or position they want students to have of their service products, brand or institution.

Based on the desired position, higher education institutions then have to develop a marketing strategy by implementing and coordinating the services marketing mix

elements to achieve the chosen position. It is the combination of the services marketing mix that meets customers' needs and provides customer value.

The student must be provided with a service product that will provide satisfaction of needs. Higher education institutions offer a major service with supporting products and must keep the unique characteristics of services, namely perishability, inseparability, heterogeneity and intangibility, in mind.

Institutions should be aware of how much students are willing to pay for their service product and that parents and students are not only interested in the list prices, but also the effective prices. Discounts, especially in the form of financial aid, can have a major impact on enrolment and also need to be taken in account when developing a price strategy.

Higher education institutions need to understand the basic communication process to ensure that they deliver the right message through the right medium to students in such a way that they can understand and respond to it. Institutions must use an integrated marketing service communication approach.

The basic service delivery question for higher education institutions is to determine how they can make their programmes and services available and accessible to the student market. Firstly, they must decide on their objectives in terms of location, scheduling and mode of delivery. Secondly, they must decide if existing facilities are sufficient or if they have to add new facilities or offer their programmes at new locations. Thirdly, they must decide on their approach to distance learning and incorporate new technology.

Higher education institutions need to develop a people strategy that will ensure that they manage their employees, manage the customers involved in the service delivery environment and balance the employee-customer contact in the service delivery process.

To ensure that the service delivery is done smoothly, institutions need to have a flow of mechanisms and activities, known as the process strategy. These activities can be front- and/or backstage, but need to work together at providing customer satisfaction.

Physical evidence reflects the physical surroundings of a higher education institution and plays an important role in the overall perception of satisfaction. Higher education institutions need a physical evidence strategy that includes the ambience, design, social and communication dimensions of the institution.

If the services marketing mix, as explained in this chapter, creates satisfaction, students will purchase the service offering and thereby ensure that higher education institutions survive and grow. The outcome of an institution in terms of sales, position or delivering customer satisfaction is influenced by the consumer decision-making process. The decision-making process intervenes in the institution's marketing strategy and outcomes. Therefore, to ensure that their marketing strategy as implemented by the integration of the marketing mix elements result in the desired outcome, institutions need to understand the decision-making process. Chapter 4 will focus on the consumer's decision-making process and the factors that affect this process. This will provide higher education institutions with insight into their customers' (students) decision-making processes when they select a higher education institution.