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Student Target Marketing Strategies for Universities

Abstract

As colleges and universities adopt marketing orientations to an ever-increasing extent, the relative merits of mass marketing and target marketing must also be explored. Researchers identify buyer types as potential students focused on quality, value or economy. On the other axis, learner types are described as those who focus on career, socio-improvement and leisure, or those who are ambivalent learners. This conceptual model of market segments presents an innovative and useful way to examine the student market for higher educational services.

Key Words: target marketing, universities, segmentation, customer orientation, marketing strategy

Introduction

Since Kotler's (1972) argument that marketing is a generic concept applicable to all organizations (not just profit-seeking business corporations), various sectors of our society have "discovered marketing." While laggards to the adoption of a marketing orientation, many universities have now adopted the conscious practice of strategic marketing planning (Cochran and Hengstler 1983; Kirp 2003; Kotler and Murphy 1981; Litten 1980).

As might have been expected, many academics still resist the implementation of a so-called marketing approach because they fear change and consider a marketing approach to be a challenge to intellectual integrity (e.g., Jump 2004; Sharrack 2000). Liu (1998), however, provides an important contribution to the literature, which could help overcome this reluctance. She explains the necessary (but different) role of marketing in higher education by describing how universities vary from other service enterprises. The article also identifies the social responsibilities of higher education not-for-profit organizations, explaining the

unique context of higher education, and effectively arguing that short-run revenue or profit maximization should not be the primary goal.

For any university, marketing approaches create values among a university's stakeholders. These stakeholders are prospective students, current students, alumni, employers of graduates, and financial supporters. For a state-supported university, the list of stakeholders also includes taxpayers, the state legislature and perhaps the general public (Hayes 1993).

Admission offices may find themselves primarily concerned with the prospective student stakeholder group. To identify market segments among prospective students, researchers build a conceptual model that goes beyond demographics. By understanding the people served by the university, it is possible to develop offerings that satisfy the needs of this target market.

Market Selection Approaches

Universities have developed various types of marketing plans to attract prospective students. Identifying a target market is a

key step in this process (Miller et al. 1990; Pappas and Shaik 1994). A university can choose to either ignore the differences among potential students or confront them. If a university chooses the former option, it is practicing mass marketing, or perhaps even non-marketing. Recognizing the differences among potential students enables the development of a target marketing approach.

Mass Marketing

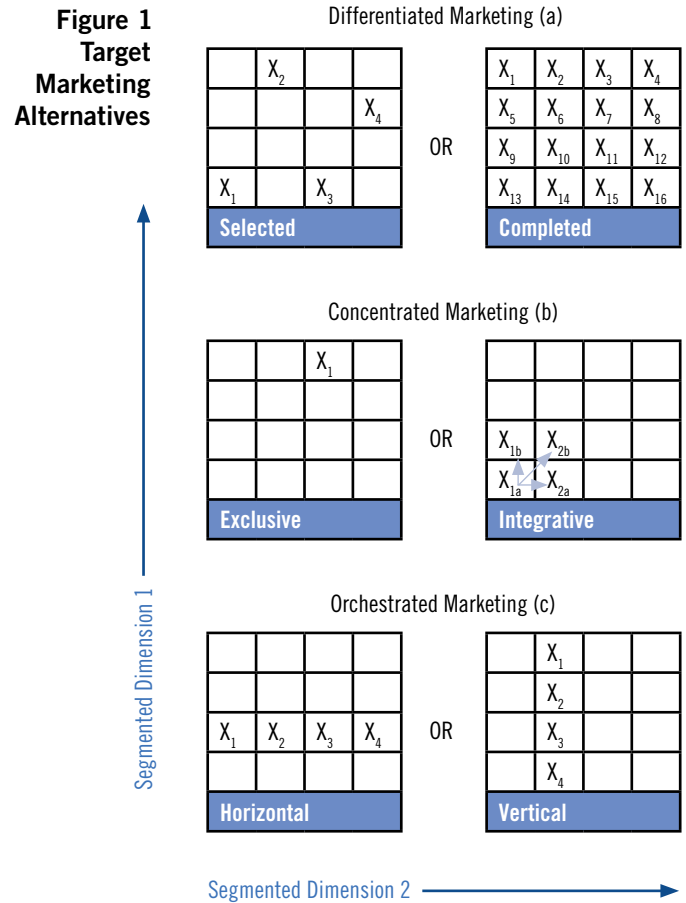
A mass marketing strategy seeks to attract anyone and everyone with a single broad-based marketing appeal. Years ago, people working in college admission and others in leadership positions within the central administrations either did not think about the different segments of students or believed that not enough consumer differences existed to justify different programs for various market segments. Instead, they interacted only with those who applied and were admitted.

Rather than identify relatively homogenous subsets of the entire market, mass marketing treats the entire market as a target by focusing on how consumer needs are similar. This marketing effort is characterized by mass production and distribution. Mass communication is used, but only when necessary to provide information. The offering developed represents a compromise, even though only a few are ideally served by this “one-size-hopefully-kind-of-fits-all” strategy.

Undifferentiated marketing and product differentiation are two variations of the mass marketing approach. The first completely ignores market differences and involves developing a single offering for the entire market. Universities following this approach would develop degree programs—with a generalized emphasis, much like the classic liberal arts college—intended to serve any student within the mass market. In the second approach, a university would seek to distinguish its market offering from competitors on the basis of different product characteristics (real or imaginary) and would then use unique promotional appeals. This strategy offers artificial variety and promotes superficial benefits, rather than making real need-based appeals to different market segments. An example of the product differentiation strategy would be a university that promotes usage of a tri-semester plus summer system rather than a quarter system in a market dominated by the latter. In reality, the differences between the two options are not significant to high school students yet to enter college.

Target Marketing

A target marketing approach requires a focus on one or more selected market segments, and the development of separate marketing programs for each segment. Research shows (e.g., Cavanagh 2002; Rindfeish 2003; Selingo 1999; Thomas 2004) that various segments of the market vary in their response tendencies for educational services. Depending on the type and number of market segments to be targeted, the university could pursue one or more



target marketing alternatives: 1) differentiated marketing, 2) concentrated marketing or 3) orchestrated marketing. (See Figure 1).

Differentiated marketing involves the decision to operate in two or more segments of the market. A university might decide to select a limited number of clustered or scattered target markets. For example, four chosen segments are shown on the left side of Figure 1[a]. When this is done, the university has decided to pursue a “selected differentiated marketing approach.” On the other hand and as shown on the right side of Figure 1 [a], strategists at a university may elect to target each market segment, thereby following a “complete differentiated marketing approach.” In either case, a distinct marketing program will be required for each individual market segment.

A high degree of focused effort characterizes concentrated marketing. This strategy takes one of two forms: “exclusive concentrated marketing” (see left side of Figure 1[b]) or “integrative concentrated marketing” (see right side of Figure 1 [b]). In exclusive concentrated marketing, a university focuses all attention on a single segment of the educational consumer market in hopes of dominating that market through total market penetration. Integrative concentrated marketing is simply an extension of the exclusive strategy. This approach involves expanding a single market segment to encompass other similar segments. Employment of integrative concentrated marketing

entails using a developed exclusive market segment as a staging area for expansion into contiguous segments. Market knowledge and marketing experiences gained in serving the original market segment enhance the chances for successful expansion.

The strategy of orchestrated marketing consists of developing a selective marketing program designed to meet the common needs of a range (“horizontal” or “vertical”) of market segments (see Figure 1 [c]). While the individual needs of each segment within a market segment range may vary somewhat, the orchestrated marketer finds a key commonality, basic characteristic or persuasive need that several otherwise different groups share. It is this commonality, characteristic or need that serves as the foundation for the development of a distinctive yet collective marketing program suitable for a set of dimensional market segments. Market orchestration is a mid-range choice between the extreme strategies of differentiated versus concentrated marketing.

Selecting a Strategy

Like all other organizations, universities face a classic dilemma when developing marketing strategy. On the one hand, operational cost efficiencies arise from providing a single, undifferentiated offering to all served. With the other, when the market served is heterogeneous (and it usually is) and higher costs accrue from a variety of offerings targeted to the unique needs of the various targeted segments, comes greater student satisfaction and enhanced market success. Consequently, a university must select a marketing strategy that maintains an appropriate balance between its ability to effectively meet the needs of specifically targeted students and its ability to operate efficiently.

Mass Marketing and the Educational Consumer Market

Mass marketing offers a university significant cost advantages in the production, distribution and promotion of an educational services mix. However, this shotgun strategy is highly vulnerable to the competitive actions of other educational institutions that employ a target market approach. It is also likely to result in a somewhat lower average level of satisfaction among service recipients. Given the multiplicity and complexity of educational market segments served by most universities—together with the increasing sophistication of students, the maturity of the educational services product life cycle, increased demands for accountability from stakeholders, and the proximity of competitive educational institutions—an undifferentiated mass marketing strategy generally has very limited application.

Product differentiation is a mass marketing strategy that offers some potential. If a unique selling proposition could be developed that clearly distinguished a university’s entire educational services mix, then considerable operating advantages could be realized. Certainly, a university might be able to identify some general themes that could be used to identify comparative advantages, but even these general themes may really represent a partial approach toward a target marketing effort.

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Target Marketing and the Educational Consumer Market

In recent years, as competition among universities has increased and as resources constraints have become more intense, addressing specific student needs has become even more important (Coccari and Javalgi 1995). The target marketing approach involves the market segmentation process and offers considerable opportunity for success within the higher education market (Klein, Scott and Clark 2001). Consequently, most universities favor a target marketing strategy. A number of different dimensions can be used to divide the aggregate market for educational services into relatively homogeneous subsets. Demographics have traditionally been popular segmentation bases, especially the geographic dimension, and psychographic variables and other approaches for identifying groups with variant needs also aid the targeting mission. As universities explore these options, they should keep in mind that all market segments should be judged on accessibility, substantiality and actionability (Kotler 1982).

A behavioral segmentation scheme, emphasizing consumer motivation, (Haley 1968; Miller and Rose 1994) can be accomplished by using dual dimensions: benefits sought by the consumer and the underlying motivations of that consumption. The benefit/motivation market matrix for educational consumers shown in Figure 2 can often be an accurate representation of the student market for many universities. The vertical axis in this conceptual model identifies three types of educational buyers based on the principle benefit sought. They are:

1. Quality buyer: A student who demands high-quality services and is not overly concerned with costs. He or she wants the best and is willing and able to pay.

2. Value buyer: A student who demands good value as defined by a fair quality-to-price ratio. He or she looks for high quality for the money spent and expects service levels to match price levels.
3. Economy buyer: A student primarily interested in minimizing financial, as well as acquisition costs and tends to favor the least expensive and most easily purchased service offering. He or she is a consumer willing to accept marginal quality if the price is right and the acquisition is convenient.

The horizontal axis in Figure 2 represents the motivational forces that influence the behavior of educational consumers. The four motivational types of learners are:

1. Career learner: A student whose primary motivation for seeking educational services is career-oriented. This individual seeks specific skills and preparation that will enhance chances for successful job entry, advancement, mobility, and security, as well as improve chances for increased compensation, career satisfaction and social class advancement.
2. Socio-improvement learner: A student whose primary motive for seeking educational services is to improve the mind, broaden horizons, expand general knowledge, realize potential, do his or her own thing, and achieve other personal goals. Self-actualization is the major need that motivates this educational consumer.
3. Leisure-learner: A student whose primary motive for seeking educational services is the entertainment and/or recreational value provided by those services. This individual desires educational services that provide enjoyable learning experiences, allow escapism, permit socialization, enhance quality of life, broaden knowledge of subjects of personal interest and promote general mental welfare.
4. Ambivalent learner: A student learner whose primary motive for seeking educational services is other-directed, unknown or unclear. This individual seeks educational services in order to satisfy someone else (perhaps parents), to identify possible interests, to gain direction, or to avoid other life experiences.

Conclusions

In the final analysis, one might ask, “What’s the point of having an accurate marketing segmentation structure?” The future of marketing for educational institutions lies in the more analytical and creative realms of direct interactive multi-channel marketing. Well-defined markets and carefully profiled customers encourage the use of database marketing strategies and tactics that speak directly to and interact with individual students. Highly customized and personalized marketing offers can best be tailored to the particular needs and preferences of selected student prospects by using multiple marketing channels of distribution that support direct contact with students. The new era of direct multi-channel marketing requires creating multiple-touch points with each student prospect. Gaining access to and securing response from existing and prospective students via electronic (Internet and email), print (direct mail, magazines,

Figure 2 Benefit/Motivation Segmentation Educational Consumer Market

	Career Learner Quality Buyer	Improvement Social Quality Buyer Learner	Leisure Learner Quality Buyer	Ambivalent Learner Quality Buyer
	Career Learner Value Buyer	Improvement Social Value Buyer Learner	Leisure Learner Value Buyer	Ambivalent Learner Value Buyer
Principle Benefit Sought	Career Learner Economy Buyer	Improvement Social Economy Buyer Learner	Leisure Learner Economy Buyer	Ambivalent Learner Economy Buyer
	Motivational Forces			

newspapers), broadcast (television and radio), teleservices (inbound and outbound telemarketing), and personal (direct sales and retail outlets) channels are rapidly becoming the norm for successful student marketing within the market context of higher education. Attracting and retaining students requires developing and offering a unique value proposition; the only way one can know what constitutes a different value equation is to know and understand the market as individuals and meaningful groups of individuals. Well-defined marketing segmentation structures are a precursor to well-executed direct marketing programs.

The diversity of undergraduate and graduate student markets has increased significantly over the last decade. This variation in student demographics, psychographics and behavioral characteristics has contributed to the “age of individualism” in which the “customers as individuals” theme has become a dominant force in defining the higher education marketplace. Supported by new technologies, extensive globalization, more socialization, and a keen sense of entitlement, the notion of students as individuals has become a market trend that can only be harvested by carefully crafted marketing strategies and activities based on clearly delineated and profiled segments of the market.

The evolution of market segmentation structures is clearly shown by the growth of the idea that consumers need to be viewed as separate, discrete and distinct entities, evidenced by the sequential segmentation of mass markets into market segments, market niches, micro markets, and individual markets. Clarity of market definition and strategy is becoming more and more important in the emerging knowledge-based economy that defines the higher education industry. The intangible and perishable nature of the typical university offering adds to the need to have an identifiable target market and an actionable strategy to reach it. The suggested strategy-making processes incorporate many well-tested concepts and practices.

“The market segmentation process is a highly adaptable framework. In addition to student recruitment, it can be used to segment and classify: donors relative to fund raising; employers relative to student placement; participants relative to trainings; and alumni relative to involvement. Building and maintaining relationships is greatly enhanced if the university has a strong program of market delineation, assessment and selection.”

These procedures allow institutional marketers within the higher education setting to consider alternative ways of identifying target markets and selecting market coverage strategies. With clear understanding of their market structures, academic institutions

can develop compelling themes that knit together otherwise independent activities, and focus the energies of their marketers on the university’s desired position in the marketplace. Careful market delineation allows universities to excel in definite areas that set them apart from other institutions of higher learning, and therefore provide selected student populations a unique learning value.

In addition, the above market delineation process support two key marketing abilities: market sensing and customer linking. Market sensing capabilities help institutions to detect change amongst various student populations and provide better opportunities to anticipate possible changes. Customer linking is enhanced by careful market structure delineation, in that it enhances the ability of the university to establish close and collaborative relationships with both current students (higher retention), as well as prospective students (better recruitment). Strong student linkages allow the university to recognize and respond to changes in student needs and preferences.

The market segmentation process is a highly adaptable framework. In addition to student recruitment, it can be used to segment and classify: donors relative to fund raising; employers relative to student placement; participants relative to trainings; and alumni relative to involvement. Building and maintaining relationships is greatly enhanced if the university has a strong program of market delineation, assessment and selection. The widely-regarded practice of relationship marketing has its roots in the customer sensing and linking activities of the market segmentation process of identifying target markets and selecting market strategies.

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