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## MARKETING 101

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Television, magazines, and the Internet are full of stories about how getting a college education is becoming harder and harder. Not only do the costs of higher education continue to rise, but acceptance for enrollment in the most prestigious institutions, both public and private, is becoming increasingly selective and competitive. A lot of students are being turned away from their dream institutions and even from their top-tier “safeties.” It is easy to conclude from media coverage that higher education has become very much a seller’s market and that, therefore, little need exists for aggressively marketing colleges and universities.

Any administrator at practically any level knows this is hardly the case. True, a certain number of marquee institutions will always draw an ample pool of qualified applicants and will have little trouble retaining students through graduation, but even (perhaps especially) these institutions cannot afford to rest on their laurels and must continually work to ensure that they are meeting the needs and expectations of their students, the parents of their students, and other stakeholders, including faculty, alumni, and donors. As for the vast majority of colleges and universities that are not household names, the hard fact is that there are not enough students and money available to make all of them successful. Whether public or private, institutions of higher education exist in a competitive marketplace, and while the will to compete certainly varies from institution to institution, you can be certain that a true competitor will not sit idly by and allow your institution to grow and prosper at the expense of theirs. If the current trend is for students to become more competitive with one another for admission to the college or university of their choice, it is also true that the institutions are becoming increasingly competitive with one another. Your competitors continually endeavor to create educational offerings that exceed what you are providing, and, what is more, they take steps to communicate their offerings to the marketplace. The result is that students, parents, donors, and alumni are continually becoming more knowledgeable about the state of the art in higher education, and they are therefore becoming increasingly demanding in their expectations. If the bar for student admissions is rising, so is that which defines what “customers”—students, parents, donors, and alumni—demand of the institutions that enroll them.

### WHAT DO STUDENTS WANT?

Although we have noted that colleges and universities serve a variety of “customers,” the student is the most immediate consumer of our services. The question *What do students want?* is therefore a very good question and one that is essential to ask and to try to answer. Indeed, it is tempting to assume that this is the *only* question that finally needs to be asked and answered, at least as far as making your institution successfully competitive goes. After all, this is what any competitive enterprise does. It asks what its customers want, it answers the question, and then it structures and conducts its operations accordingly.

It is true. The business that fails to ask and answer the question *What do our customers want?* is almost certainly doomed to a brief and unprofitable existence. Yet this is not the only question that needs to be asked. What is more, the answer even to this single question—inadequate though the question is—is highly complex. Nowhere, certainly, is the question less adequate and the answer more complex than in the enterprise of higher education.

Nevertheless, we have to ask: *What do students want?*

We know that, most students, in most cases, consider location when they choose a college or university. Do they want to live at home? Away from home? Close to home? Far from home? On an urban campus? In a college town? Or in the country? In warm climate or a cold one?

Another major consideration is size. Some students like the idea of attending a big university, with its diverse courses, students, and activities, whereas others seek smaller institutions, which generally have smaller classes taught by “real” professors rather than TAs, and that typically tend to cater more intensively to the individual student. Often closely related to decisions based on size are those based on student/faculty ratio and average class size.

Cost is a major factor for many, probably for most. This includes the cost of tuition, living costs (on campus or off), commuting costs, the availability of part-time work, and the availability of financial aid.

Selectivity and academic competitiveness are often highly critical in the choice a student makes. Some students automatically exclude institutions whose average SAT or ACT score is significantly higher or lower than their own.

Closely associated with selectivity and competitiveness is reputation—which usually means academic reputation, but may also include such things as a reputation for offering a lively social life or for being connected with career opportunities in a particular industry or region. Some institutions are especially well known for strength in certain academic areas. This may well influence a student’s enrollment decision.

Many students give serious thought to the campus community. Some seek a racially and ethnically diverse community, whereas others want to be with a body of students who more or less resemble themselves.

Students also base their decisions on what their parents think, want, recommend, or insist on. High school guidance counselors or favorite high school teachers may also advise, prod, and coax.

Many students, of course, don’t really know what they want; or they think they do but actually don’t; or they discover that what they want changes, maybe from semester to semester or even day to day. Others know what they want but can’t get it, either because of inadequate grades, SATs, or finances, and they must therefore “settle” for something else, something they perceive as lesser. Some want what they cannot have—a college or university they can breeze through with easy courses, but one that offers a diploma potential employers will gaze on with awe. Still others make choices based on friendships or the decisions of boyfriends or girlfriends.

I often tell the story, only half-jokingly, of my own daughter’s search criteria for college. While she has been raised in a college environment and

probably has more realistic perceptions and levels of understanding than most young people about how colleges work, she does not necessarily approach the college-choice process in an obviously logical manner. High on my daughter's short list of potential colleges is one located in Chicago. While the institution may perceive that her interest is based upon their academic reputation, their level of personal attention, and/or the availability of a particular major, the actual motivating factor in her case is her abiding love of the Nordstrom's shoe department located in that city. A close second draw is the university's proximity to Wrigley Field. She is a Cubs fan and has learned from her father to appreciate the ambience of old ball parks. To many in higher education, the choice of a college based on these criteria is totally illogical, not to say borderline crazy. However, it is no different from a student who chooses a university because it is next to an ocean or close to skiing. In this case, my daughter sees college as a given, the type of university she wishes to attend a mere commodity, and the surrounding environment the deciding factor.

Clearly, students want many things, and their wants are not always fully or even rationally defined. To complicate matters further, we must admit that it is a fundamental mistake even to speak of "students" as if they were a uniform quantity. The majority of potential students may be impending or recent high school graduates who intend to pursue a college degree full time, but many other students are adults holding down full-time jobs, some are married, some have children, some are younger, some older. Some students have transferred from other colleges and universities, perhaps because they were unhappy at the other institution, perhaps they could no longer afford the place, or perhaps they found that they could not meet its academic standards.

#### MARKETING COLLEGES AND UNIVERSITIES

Ensuring that your institution is competitive in the marketplace requires that you ask *What do students want?* but, because the question by itself is inadequate, the answers many (and often vague), and the term "students" extremely varied, the result of asking the question is, more often than not, frustration rather than a meaningful answer.

Marketers in many fields frequently express similar frustration concerning their customer bases. Some common laments I have heard over the years are "Don't *they* understand?" and "Don't *they* realize?" and "Don't *they* see?" The answer to any of these questions is probably "No, *they* do not." Unless we take the time to communicate and explain to our markets what we feel is important for them to know, they will remain blissfully unaware. But even this communication may not be enough. Just because we might believe that something is important does not necessarily mean that it

is important to our clients. Our celebration of the fact that our university was founded two hundred years ago or that your institution offers fifty-three different majors is meaningless unless it can be related to your customers' needs. Understanding what our customers want and need and how what we have to offer can be related to those wants and needs is the mission of marketing.

### WHAT MARKETING IS—AND ISN'T

Before we can even seriously think about marketing a college or university, we have to confront two issues. First is the way in which most institutions of higher education view marketing. Second is the fact that many people who market these institutions do not understand that their mission is fundamentally different from marketing such physical goods as beauty products, gym shoes, or iPods. Both of these issues can be dealt with effectively, but doing so takes preparation and understanding.

In approaching the first issue, we have to begin by admitting that marketing, as a discipline, has been misunderstood and maligned in academia for years. Stroll any campus, stop any faculty, staff, or administrative person you encounter, and ask for a definition of marketing. The likelihood is high that you will get something back about advertising or sales. That, we shall see in a moment, is a serious misunderstanding of what marketing is, yet this type of definition, though mistaken, is at least preferable to some of the other responses you might expect to receive. Many in the academy are convinced that “advertising”—by which they mean marketing—represents hucksterism, the selling of lies, or, worse yet, an attempt to impose certain business strategies on faculty by telling them what they have to teach and how. To many academics, marketing is something to be feared and fought, especially in the context of higher education, where the pursuit of truth for truth's sake is a noble calling and must not be compelled to pander to anyone, not to the business office and not to students. The fact is that many professionals working on the college campus, particularly faculty members, are likely to feel that implementing marketing techniques limits and compromises academic freedom. In addition, they may also feel that the real business of marketing is to create illusions. Beautiful pictures of a college campus on a fall day, combined with well-crafted ad copy, seem to offer promises that cannot be kept.

Such responses actually betray an inflated view of marketing, as if it were a philosophy or a way of life. In truth, marketing is neither more nor less than a tool, and, like any tool, it can be used skillfully or clumsily. Moreover, as a tool, it is just one of many that university administrators and officers have at their disposal.

Is it wrong or hysterical to fear that marketing can be used improperly? Absolutely not!

People misuse marketing techniques all the time and across all industries, more often out of ignorance than deliberate malice. One of the purposes of this book is to help marketers of higher education use the marketing tool effectively, and that means not only skillfully, but ethically. Unethical marketers think nothing of making promises they cannot keep. It is also the case, however, that perfectly well-meaning, but inept, poorly informed, or wholly misinformed marketers often do the very same thing. In the first instance, it is immoral. In the second, it is the greatest, most basic, and most common mistake that marketers make on college campuses.

Just as an institution of higher education depends on the professionalism of its president, chief financial officer, human resource officer, deans, faculty, and other staff, effective marketing depends on the professional quality with which it is employed. The professional marketer is skilled at understanding, creating, and managing client demand. He or she is skilled at conducting and analyzing marketing research to understand client need. Then, with this information in hand, the professional marketer guides everyone in the campus community in the creation of an offering that addresses the defined needs and delivers them equitably and in a way that is attractive to the institution as well as its constituents.

In essence, marketing is an exchange in which value is offered for value. To initiate the exchange, we must first identify the party with whom we wish to make the exchange. If our focus is on attracting potential students, we have to understand through our marketing research what it is that those potential students are seeking. This almost certainly varies, depending on the type of student we are trying to attract. For example, a prospective undergraduate who is coming from a middle- to upper-middle-class family might not be looking at a college education in the same way as a single parent who is going back to school in his or her thirties. To the teenager coming from a fairly affluent family, college might be a given, taken for granted from an early age. To such a prospective student, choosing a college may come down to such factors as social opportunities, the promise of finding a sense of community, or the likelihood of getting a job upon graduation. To a non-traditional student—such as a single mother—college may be most important as a means toward securing a better life for her family, achieving more financial security, and acquiring a sense of hope. Marketing to—and meeting the needs of—these two kinds of students (and they are only two of many) will almost certainly involve making different decisions.

Putting the focus on the needs of the student is the most obvious marketing motive, but it is hardly the only one. The institution may shift the focus to itself, looking to the student as a source of tuition dollars, energy, the willingness to tell others about the institution, and, down the road, as

a source of alumni donations. The fact is that you cannot afford to focus exclusively on the student's needs or on those of the institution. Both must be satisfied. That is the essence of an exchange of value for value. A breakdown occurs if the exchange is inequitable to either party. In such a case, marketing efforts will inevitably fail. If the institution does not provide prospective students with what they seek, they will go elsewhere. If the target market the institution serves does not provide the necessary resources to ensure continued operation, the college will either look for more promising markets or will shut its doors. For the exchange process to work, the institution must understand what its markets seek *and* whether those markets possess the willingness and capability to fulfill their end of the exchange process. These determinations cannot be made without marketing research, which we will explore in greater depth later in the book.

### **DIGGING DEEPER**

Let's also dig deeper into the practical definition of marketing in order to provide some specific direction for marketing colleges and universities. According to the American Marketing Association, "Marketing is an organizational function in a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in a way that benefits the organization and its stakeholders."

Defining marketing, first and foremost, as an "organizational function" has five important implications:

Marketing must be a process characterized by a set of carefully formulated programs and systems.

Marketing must be strategic in nature and not merely a set of tactics.

Marketing must have a well-defined outcome.

More importantly, defining marketing as an organizational function means that marketing must be integrated across the university.

The last point implies a fifth key point: marketing cannot be left up to "the marketing department." It is everyone's responsibility. To succeed in today's increasingly competitive environment, institutions of higher education must deliver what is sometimes termed a "total educational experience." Every function, every interaction that a student, parent, or donor has with the institution should be well thought out, coordinated, and implemented in a consistent manner.

Returning to the definition, the phrase "a set of processes for creating, communicating, and delivering value to customers" suggests that marketing is indeed far more than advertising or selling. It is, in fact, a systematic means

of delivering value to customers—bearing in mind that what is of value to one’s customers is defined by them and not by the institution. Marketing is therefore a means by which we can come to know what our customer base values and design all aspects of the institution accordingly.

If, following the American Marketing Association definition, marketing is based upon managing customer relationships, then the further implication is that marketing is intended to help create long-term relationships. Good thing, too, because a college or university will never be successful if it can attract students but not keep them. Nor will it enjoy long-term success if, during their college years, alumni have not developed a relationship with the university that is strong enough to motivate them to continue to support the institution as time goes on. In short, colleges and universities should not set out to recruit college freshmen, but “successful alumni.”

In all too many cases, the exclusive focus on recruiting freshmen is destructively myopic. Strategies and tactics are routinely developed to attract students to campus, but not necessarily to keep them once they arrive. An effective marketing effort should be integrated into the longer-term experience, beginning with an approach aimed at recruiting successful alumni. Such an approach consists of an attitude as well as a set of coordinated processes. It requires thoughtful management of all the touch points a student may encounter during his or her college experience, from the classroom to the bursar to the dormitory and the cafeteria. Moreover, the longer-term approach is designed ultimately to facilitate the student’s successful transition out of the college setting. It is designed to help the individual achieve his or her goals, whether a “successful alumnus” is a person who lands a job in a high-paying CPA firm or someone who joins the Peace Corps. Students define success; our job is to help them achieve their goals according to how they define them.

We must understand, finally, that creating relationships of benefit both to the institution and to every stakeholder goes back to our more basic definition of marketing as an exchange process. Inequitable relationships may succeed in the short term, but colleges cannot exist without students, and students will not enroll if their needs and wants are not satisfied in the long term.

### **MARKETING SERVICES IS DIFFERENT FROM MARKETING PHYSICAL GOODS**

Even in the minority of institutions where the marketing process is neither widely misunderstood nor mistrusted, there is generally nevertheless an absence of preparation for the marketing of services. That is, even institutions willing to market themselves are typically unprepared to market what they offer, which is a set of services rather than a line of manufactured products—physical goods.

Marketing services fundamentally differs from marketing physical goods. The failure to understand this key concept is less due to any blindness peculiar to academia than to the inadequacies of most general or introductory-level marketing courses—the very courses many who are reading this book may well have taken at some point during their career. General marketing texts average twenty-one chapters of content, of which only one—at most—treats marketing services, and, in many texts, the subject gets no more than half a chapter. The assumption of the authors is that maintaining the interest of the average college student requires concentrating on the marketing of the consumer goods with which they are most familiar, such as Nike gym shoes and Apple iPods. Using pop culture as the basis for textbook marketing examples may serve to hold a student’s attention in the short term, but it does them and the profession of marketing a disservice in the long run. Today, the gross national product (GNP) of most of the economically advanced nations of the world flows overwhelmingly from the service sector rather than from manufacturing. In the United States, nearly 80 percent of the economy is based on services. This means that the vast majority of graduates will work in a service industry. The marketing professionals among them will be charged with marketing services, not consumer goods, a mission for which their academic training probably prepared them inadequately. Even worse, those graduates who do not become marketing professionals—who become, say, university administrators—will enter their professions even less adequately prepared to understand the need for and the requirements of marketing the services their institution offers.

Understanding the differences between marketing the physical goods a manufacturer or retailer produces and the services that an institution of higher education produces is the heart and purpose of this book.

### **THE THREE FACTORS THAT SHOULD INFLUENCE MARKETING A SERVICE**

The first factor that should influence the marketing of a service is possession of a basic understanding of the economy on which the organization’s business model is based. More than a century ago, when most Americans worked on farms, most businesses geared themselves to the agricultural seasons. The impact of winter versus spring, fall, or summer had a great deal to do with how people planned and organized their businesses and other activities. Today’s academic calendar—classes in the fall, winter, and spring, summers off—is a holdover of an agricultural society. September comes after harvest time, and May–June signals planting season. At one time, children and young adults were needed to help out on the farm during agriculture’s busiest seasons.

Although the academic calendar has remained tied to an outmoded agricultural rhythm, the transition to a largely industrial economy in the United States, which was under way early in the twentieth century, changed many other aspects of the organization of people's lives. *Efficiency* became a watchword—and very nearly a religion. Such seminal authors as Frederick Taylor made efficiency the subject of intensive study, even “scientifically” choreographing “time and motion” to streamline the human element in manufacturing processes. Indeed, the manufacture of physical goods requires the ability to produce goods in a manner that maximizes availability to consumers at a price they can afford while also maximizing profitability for the manufacturer.

After World War II, the United States began making a transition to a service economy, a transition that has now reached a point of culmination. Whereas efficiency was the key goal, guide, and marker of the manufacturing age, consumer satisfaction plays these roles in a service age. Many industries still lag behind the service transition, their marketing stuck in an efficiency model, and, if anything, most institutions of higher learning are at the trailing edge of the laggards—partly stuck in an agricultural age, and partly remaining focused on efficiency, the holdover from a manufacturing economy. Even in many business schools, marketing services and managing them are not commonly taught. Remarkably, the first textbooks focusing on marketing services did not even appear until the mid-1990s, and it is the fortunate business student who can even find services marketing offered as an elective. If, then, a majority of today's marketers are not adequately prepared for the economy in which they are working, how much less adequately prepared are the non-marketing specialists—the administrators and general faculty—who work in our universities and colleges?

It is not just that the traditional marketing techniques relevant in a manufacturing society are inadequate to address services marketing; they are often directly at odds with the requirements of marketing services and therefore actually counterproductive. Consider this all-too-familiar example. You call the 800 number for the customer service department of your credit card, insurance, or cell phone company. Instead of reaching a genuine customer service department, staffed by people who are dedicated to resolving your problem, you are actually connected to a “call center,” which has been built on an industrial-age efficiency model that rewards employees for the number of phone calls handled per hour rather than for the degree of customer satisfaction created. The more phone calls each call center employee handles, the more efficient, and therefore the more economically attractive, the call center operation becomes—to the organization, not the customer. The customer is looking for satisfaction, the resolution of a problem, whereas the organization wants to get each customer off the phone as soon

as possible, so that the next one can be “processed.” The result of this efficiency-based model is that the average customer ends the 800-number experience feeling frustrated, not listened to, certainly not helped, and, in many cases, more than a little angry. The marketing lesson here? In a service-based business, a service-based business model is called for, a model in which customer satisfaction, not industrial-style efficiency, drives policies and processes. To be sure, it is possible to be both efficient and provide customer satisfaction. That is, the immediate needs of the organization (which include efficiency—a quality necessary to profitable operation) do not have to be abandoned, but the transaction cannot be exclusively focused on the needs of the organization. The needs of the customer must also be addressed; the transaction must be *equitable*.

If the first factor influencing the marketing of services is the necessity of synchronizing the operative business (and marketing) model with the context of the general economy and the nature of the particular business, the second factor is the collective expectations of customers. Customers approach any enterprise that offers a service with expectations created by the sum of their experience with all the various service industries they come into contact with throughout their day. Indeed, minimum customer expectations tend to be created by the top-performing service companies, the companies that create the highest degree of customer satisfaction. These become the yardsticks by which customers, consciously or not, evaluate their experience with all other service providers.

It is at this point that educators and administrators typically object. The business of a college, they say, is education, not providing “customer service,” like a credit card or cell phone company. To this objection, it is possible to offer two answers:

First, education *is* a service industry.

Second, although the “core business” of an institution of higher learning is, of course, education, colleges and universities are actually simultaneously in many service businesses.

Every college and university is in the hospitality business, the entertainment business, the food-service business, the health-care business, and the financial-resources business, among others, including, of course, the “business” of education. A student’s evaluation of the quality of the education she is receiving may be based on many things, probably the least of which is comparison with other providers of education—since this particular university may be the only one with which she has firsthand experience; however, when she evaluates the food in the cafeteria, her level of satisfaction is based upon expectations created by her experiences in fast-food and other restaurants she has frequented. When she evaluates her dormitory,

she inevitably relates her experience to her home environment and to hotels and motels in which she may have stayed. When she deals with the bursar and financial aid office, her point of comparison—and that of her parents—includes banks and other full-time financial services providers.

In short, the level of customer satisfaction among your constituencies is based on expectations derived from outside of the business of education. To be successful, you must ensure that your marketing efforts are integrated with and contribute to the goal of providing a high-quality, highly satisfying *total educational experience*. This requires a common base of understanding, cooperation, and coordination among every facet of the university's structure.

Finally, there is a third broad influence on the marketing of services in any industry, including education. It is technology.

While technology has affected every facet of life, it has most dramatically revolutionized service offerings. On college campuses, it has allowed us to communicate—more personally than ever before—with prospective students, parents, and donors. It has radically changed the way we teach in the classroom and has allowed us to take our classrooms beyond the physical boundaries of our college campuses, to reach out across the world in online communities. Technology has also allowed us to simplify many of the processes and procedures that affect the daily lives of students, including everything from registration, payment, and security (key cards, for example) to class-related research. Technology has also given us a range of tools to better track and understand our markets, including the requests, behavior, likes, and dislikes of our constituencies. We must not forget, however, that this technology is available to all providers of service and therefore touches our students' lives outside the campus, creating high expectations of service from us. Students, parents, alumni, and donors all expect today's colleges to offer the same benefits of technology they receive anywhere else.

### THE MARKETING MIX

Effective marketing sets out to provide customer satisfaction by creating a responsive and satisfying “marketing mix”—the tactical, controllable marketing variables a business combines to produce the services its constituents desire. Traditional marketing textbooks refer to these controllable variables as the “4 Ps,” which stands for

product,  
price,  
place, and  
promotion.

The marketing of services requires extending the 4 Ps to 7 Ps. To

product,  
price,  
place, and  
promotion

we must add

physical evidence,  
processes, and  
people.

All seven of the 7 Ps are important to creating customer satisfaction. If an institution of higher education were only successful in providing, say, four of the seven in a manner that was acceptable and desired by its target markets, the result would be a huge opportunity for that institution's competitors to capitalize on the resulting gap by providing a more attractive service offering. Think of the 7 Ps as a kind of combination lock. Unlocking long-term success in your markets requires dialing the right combination of the 7 Ps to ensure customer satisfaction. Identifying and developing this combination requires careful research and hard work, and, what is more, *ongoing* work, since, over time, the combination changes. Change may take a year or it may take longer, but it will assuredly come. The reality of a service environment is that every time we succeed in providing a better service offering than the competition, the consumer's level of expectations rises to that we ourselves have provided, so that our own service offering becomes the new baseline, on which, sooner or later, we are obliged to improve.

Nor are we alone, of course. As one institution becomes more successful in satisfying the needs of its markets and thereby attracts more students and donations, the competition is sure to react. Since there are not enough qualified students and money available to make all existing colleges and universities successful, no true competitor will sit idly by and allow your institution to prosper at the expense of theirs. Count on competitors setting out to create an educational offering that exceeds what you provide, and count on their communicating this offering to the marketplace. It is a fact of life in our business: Students, donors, and alumni are continually becoming better educated about what is possible, and they are, accordingly, becoming more demanding in their expectations.

### THE 7 Ps EXAMINED

Let's look at the Ps one by one in the context of marketing a college or university. The first, *product*, is the combination of services and goods that an institution of higher education offers to its target markets to satisfy their needs and meet their expectations. For example, in an effort to reach as

many different markets as possible, a college may provide several levels of educational offerings. Bridge or remedial programs may be offered to those students who were not fortunate enough to have a strong primary or secondary educational background. For those considered better prepared or more gifted, honors programs may be offered as a means of providing a more satisfactory challenge. Additionally, a college may develop online courses to expand the geographical reach of the institution, as well as to provide a convenient alternative to the classroom experience. Another means of reaching additional markets is the offering of adult-education classes intended to draw nontraditional students who may have graduated from high school ten or more years earlier and are only now reentering the academic environment. Each of these markets has different needs and expectations, and each requires different teaching formats and techniques. Each requires a different service product.

The next P, *price*, is the amount of money the customer must pay to obtain the education. This includes tuition along with such nonfinancial costs as time and inconvenience. Even within a given institution, prices paid may vary dramatically from student to student, depending, most obviously, on scholarships, grants, and loans, but also on such variables as the distance a given student lives from the institution. For instance, a commuter student probably spends less on a college degree than a student who lives on campus. It is also the case that a resident student who lives five hundred miles from the institution will incur more travel costs than the resident who lives, say, fifty miles from the institution. Beyond monetary costs, students pay an additional price for their education. Most anyone educated at a large state institution remembers having had to trudge back and forth across campus just to register for classes. You might have had to go to one office for a form, carry it across the campus to a departmental office for a signature, then go to a third office for processing. The time and energy spent in such a registration process is a cost of going to some large institutions, and it is only one example of an array of the non-monetary components of the *Price* of higher education.

*Place* touches on everything the university does to make its services available to its constituents. Some institutions address the variable of *Place* by operating multiple full campuses across a state, whereas others might operate a main campus in one part of a city while offering some coursework at smaller satellite classroom facilities elsewhere in the same city. Increasingly, the concept of *place* is being redefined by the Internet. A classroom may be a brick and mortar room or a figment of cyberspace, accessible wherever a laptop can make a WiFi connection. Traditionally, colleges and universities have sought to expand the dimension of *place* by offering

night school and weekend courses, to reach those who may be holding down full-time jobs. Computer technology and the Internet have expanded this concept as well. Some institutions offer podcast lectures and other forms of a recorded classroom experience, which may be played and even interacted with at a time and place entirely of the student's choosing.

*Promotion* refers to all of the activities that communicate the benefits of an educational service and that are intended to inform, remind, or persuade relevant markets about the advantages of purchasing the institution's educational offerings. One institution might use television advertising to develop name recognition and provide basic information to the marketplace. Another institution might rely on its sales force—more commonly referred to as admission counselors—to make the rounds of high schools across its target marketplace in order to educate potential students about the benefits of attending this particular university. An increasing number of institutions use the Internet to develop one-on-one, personal communications for prospective students as well as their parents and alumni. Many institutions use every available approach. The key, however, is to ensure that all forms of promotion are fully integrated and harmonized with one another, so they consistently communicate the same core images and core messages.

We move now from the 4 Ps common to marketing physical goods and services to the additional 3 Ps that are unique to marketing services. The first is *physical evidence*, which compensates for the fact that services are by their very nature intangible. They can't be held in the hand or examined with a magnifying glass. They can't be tasted from a free-sample plate. They can't be taken out for a test drive. For these reasons, students and parents usually look for other clues to the quality of the educational experience they are seeking. The most immediate alternative clue is the physical evidence presented by the institution's buildings, furnishings, and landscaping. Imagine a potential science major who is fortunate enough to have come from a relatively affluent high school. When she visits a college campus only to discover that the biology labs are older, less well maintained, and less well equipped than the labs she used in high school, she will be inclined to conclude that the education she is likely to receive here will be less than satisfactory. The reality may be far different from this perception. The old labs may be staffed by Nobel laureates. But a perception based on physical evidence is a powerful driver of purchasing decisions involving service businesses.

*Processes* are the ways a college or university provides its services. Processes can be highly complicated or starkly simple, extremely divergent or very consistent. For example, a university may require a student to walk all over campus in order to register for classes, or it may allow registration online, from the student's dorm room, home, or the local coffeehouse.

Faculty might diverge greatly from one another in their teaching styles as well as the topics they cover in a given course. Such divergence may not be attractive when multiple faculty members teach the same required introductory courses. In these cases, the right marketing approach might involve putting in place systems and processes that ensure certain information and certain topics will be adequately covered by all faculty members, regardless of their personal interests and expertise.

*People* matter—especially in the marketing of services. As with other services, education is an intangible commodity, but customers nevertheless seek tangible clues to help them assess the value and quality of the service. *People* constitute one obvious and highly compelling clue—people including faculty, administrators, and staff. If a university promotes itself as a place in which students will receive a great deal of personal attention, the people who do the educating better buy into the benefit that is being promoted. They must embody and exhibit the expressed attitude and aim of providing personal attention. In a “high touch” setting, does faculty place a premium on teaching over research? And does the bursar see his job as facilitating a college education for individuals, or is he simply a collector of checks?

#### **HOW SERVICES DIFFER FROM PHYSICAL GOODS: THE MICRO LEVEL**

Having discussed from an overall perspective how marketing services differs from marketing physical goods, we can move on to discuss the differences between marketing services and physical goods on a micro level. It is critically important for the marketer of higher education to understand these differences fully. On a micro level, four qualities, intangibility, inseparability, variability, and perishability, distinguish services from physical goods. Moreover, not only are the criteria for customer satisfaction different with regard to services versus physical goods, in the case of education, the customer—the student—participates in the process of delivery.

Let’s examine more closely the micro-level differences between services and physical goods.

##### *Intangibility*

The intangibility of a service means that it cannot be seen, tasted, felt, heard, or smelled before it is bought. Just by walking through the doorway, a prospective student cannot definitively predict how well this particular institution will educate him or what level of job opportunity may exist for him after graduation. A parent whose child is studying philosophy or political science may not see the connection between the courses in these majors and the results they may produce when it comes time to start making a living in four years. A student considering a particular institution for

MBA study may wonder about the differences in quality between the degree offered by a traditional college versus that offered by the for-profit institution that has recently established its presence in town. Because the offerings are intangible, prospective and new students look for ways to reduce uncertainty by looking for *signals* of service quality. As we have seen, they draw conclusions about the quality of service from the physical evidence—equipment and physical plant—and from the people involved—especially the faculty. In addition, they evaluate the impression made by various communications generated by the university, ranging from published catalogues, brochures, and ads, to individual conversations and meetings, to letters and e-mails.

It is clearly imperative that the institution take every available opportunity to create tangible representations of intangible concepts and that these effectively communicate the institution's processes and outcomes. For instance, if an emphasis on values and ethics is a significant part of what the university promotes in the educational experience it offers, the market will respond more vigorously if the institution actually operates a physical center, on campus, dedicated to values and ethics and offers academic majors in this field.

### *Inseparability*

You can purchase a wonderful automobile from a sleazy salesman and still get full value from the car, but, unlike physical goods, services cannot be separated from those who provide them. This means that a service is only as good as the individual who delivers it. On a college campus, the quality of education is inseparable from the quality of the faculty and the ability of faculty members to communicate the content of the courses they teach.

This much is obvious; however, the concept of inseparability also goes beyond this. When a prospective student, the parent of a prospective student, an alumnus, or a donor telephones a college campus, whoever answers that call establishes the first point of perception for the caller, creating an impression of the caliber of institution the caller is dealing with. This means that serious consideration must be devoted to each and every hire, especially those, at any level, who make contact with the public, including with potential students, parents of those students, alumni, and donors. In addition, policies and procedures must be thoroughly formulated and disseminated, preferably through a formal training program for staff and faculty. If a university markets itself as a great teaching institution, it must hire great teachers. If a college wishes to be viewed as a warm and nurturing environment, it must hire warm and nurturing people and then provide them with training programs in customer service.

### *Variability*

Because services are inseparable from the people who deliver them, it is an inescapable fact of life that the quality of the services delivered is variable. Even a superb teacher can have a bad class. The friendliest staff member can be uncharacteristically curt because he's had a bad day. In an educational institution, the implications of variability are twofold.

- First, knowing that mistakes can happen, it is necessary to develop processes to minimize errors. For example, to provide better academic counseling, to help students select their courses from semester to semester, we might develop automated audit sheets that track a student's courses, indicating at registration time what courses are still needed to graduate. Such a system reduces the variability among faculty members and staff whose skills and whose specific knowledge about the individual student and the course requirements of a particular major naturally vary.
- Second, even with the best preventative systems and processes in place, mistakes can still happen. This fact requires marketers of higher education to develop the ability to anticipate where mistakes are most likely to be made and to have, on hand, ready to use, recovery measures in place so that, even when someone stumbles, a rapid remedy maintains the customer's trust. If, for example, a student in her final semester of coursework wants to register for a required course that is suddenly cancelled due to the unexpected illness of the professor, will the university require the student to return for an additional semester to complete the remaining course? Or will there be sufficient flexibility built into the system to accommodate the student's needs by solving a problem not of her making?

### *Perishability*

In one key respect, services are like grocery-store produce. They are perishable. Like a ripe banana, they cannot be stored for later use or consumption. A faculty member may have won prestigious awards based upon his talent as a lecturer; nevertheless, students in the current semester care little for what has happened in the past. Their concern is for what they are experiencing now. While the course may have been viewed as an excellent learning experience in past semesters, the driving force of student satisfaction is always what happens this semester. The perishability of services implies that an educational institution must provide top-level performance each and every time it delivers a service.

Fluctuation of demand impacts both variability and perishability. On a college campus, a faculty member may have relatively small classes one

semester, allowing her ample opportunity to provide highly individual attention to each student. The next semester, however, enrollment may double (doubtless, in no small part because the professor has a reputation for giving individual attention to her students!), requiring that she devote more time to class preparation and grading, demands that may diminish the amount of time available to devote to each student one on one.

#### **SERVICES VERSUS PHYSICAL GOODS:**

##### **THE CRITERIA FOR CUSTOMER SATISFACTION ARE DIFFERENT**

In shopping for a physical product, the potential customer can evaluate the prospective purchase before taking the plunge. A customer can test any number of MP3 players, comparing performance, looks, and price before committing his cash. Services are different. Only *after* the sale is made are the services both produced and consumed; indeed, consumption of services is usually simultaneous with their production. A student *first* pays for the semester and *then* attends the classes, which those who produce the service, the faculty, create and deliver during the period of consumption. Creation, delivery, and consumption are effectively simultaneous. Satisfaction may (or may fail to) develop during the course and/or at the conclusion of the course, but, even then, the evaluation process is not complete. Even at the conclusion of most courses, the student cannot be certain that this educational service for which he is paying will be relevant to his life or will enhance eventual opportunities for profitable employment. In many—perhaps most—cases, a student will never definitively know how good (or deficient) the education he received was. If, for example, he had a choice of enrolling in more than one college and chose college A over B and C, how can he ever know for sure whether his choice provided a better (or worse) experience than B or C would have? Without having attended college B or C, he cannot compare educational experiences, at least not at firsthand. Of necessity, trust becomes the driver in making a choice what college or university to attend.

##### **A CUSTOMER-PARTICIPATION PROCESS**

When a student buys a pair of blue jeans, she gives little or no thought to the factory that produced the garment or to the people who worked in the factory. When that same student purchases an education, however, she inhabits the “factory,” both observing and participating in the process of service production and delivery. Each of her experiences in the “factory” creates an impression about the educational process. Each is a *moment of truth*, an opportunity to evaluate the service she has purchased and in which she is participating. To be successful, a college or university must wisely and diligently manage each moment of truth to provide a consistent message about the quality of its educational offerings.

## HIGHER EDUCATION: TEN DISTINCTIVE MARKETING PROBLEMS

The first takeaway message of this chapter is that effective marketing can contribute to the sustained success of any institution of higher education. The second takeaway is that colleges and universities are service industries, and marketing services is different from marketing physical goods. These two major points made, it is crucial to take away one more: *Just as marketing services is different from marketing physical goods, marketing the services provided by colleges and universities is different from marketing those furnished by, say, a credit card company or a cell phone service provider.*

In *Marketing Professional Services*, Philip Kotler and his co-authors identified ten problems inherent in marketing any service. I present them here, with modifications that adapt them to the special case of marketing higher education.<sup>1</sup> Why end this chapter with a list of *problems*? Any successful marketer learns early in his or her career to regard problems not as obstacles, but as specifications for solutions. Understand the problems presented by a task, and you understand the nature of your mission.

### *Problem 1: Third-Party Accountability*

While marketers make every effort to serve the needs and wants of a particular target market, sometimes satisfying the customer may actually do a disservice to the customer and at the same time reduce the quality of the service as perceived by other customer markets. For example, an internal marketing campaign focused on students cannot ensure and must not promise that all students will get A's. First, it is part of the mission and responsibility of the educational institution to educate and to form the individual, a task that involves hard work and integrity on the part of teachers as well as students. Second, to give everyone the grades they would love to have without requiring the work and quality of work that merit such grades would diminish the value of the education offered; it would diminish it in the estimation of prospective employers, prospective graduate schools, the parents of students, and, ultimately, the students themselves. Certain students may seek a "diploma mill" and be willing to pay for the services of such an institution, but the college or university that focuses its major effort on serving this category of student will erode its perceived value among others and soon create a lack of trust among such important third parties as parents, donors, alumni, employers, and anyone else who has a stake in the institution.

### *Problem 2: Client Uncertainty*

Facing purchasing decisions, it is common for consumers to experience anxiety. Not surprisingly, the greater the purchase price, the greater the anxiety.

A college education not only carries a considerable price tag, but also requires a significant commitment of time and energy. Little wonder, then, that this purchasing decision frequently generates a good deal of trepidation. And, as we have seen, buyers of educational services have even more reason to be anxious; because of the intangibility of the service they are purchasing, the prospective student and his parents face real difficulty in evaluating a given institution and comparing it meaningfully with others. Nor is their anxiety necessarily short-lived. All through college and even after graduation, students may still find it difficult to evaluate the level of quality, let alone practical utility, of the education they received. It is therefore extremely important that marketers of higher education recognize the anxiety and work to reduce and relieve it by finding ways to assure students, parents, donors, and alumni that the choice to pursue an education at their particular college was the right one.

Two steps will go a long way toward addressing consumer anxiety.

- First, the institution should begin the educational process before the student makes her enrollment decision. Part of the marketing effort should be directed at educating students and their parents to prepare them to make informed decisions when they evaluate colleges. Appropriate criteria should be clearly provided. This step is genuine education, not an effort to sell your particular institution. The criteria should function collectively as a yardstick by which any institution may be measured. Related to information about the criteria for evaluation is “consumer information” about ways to get the most out of the college experience—in effect, how to maximize the value of the expensive services under consideration.
- The second step should be taken after a student has been admitted to your institution and has paid the deposit. After initially experiencing a mixed sense of relief and achievement, students at this point are likely to find themselves anxious yet again. They may question the wisdom of their judgment and worry about whether they made the right decision. Psychologists have long recognized a common pattern of behavior: immediately after one makes a major choice among various options, the options that have been passed over immediately look more attractive. Sales professionals call this “buyer’s remorse,” and the best salespeople take steps to follow up with customers who have made major purchases to help ensure that nagging doubts do not escalate into full-blown buyer’s remorse. Like other purchasers of big-ticket items, newly enrolled college students often look for

validation, either consciously or unconsciously, of their decision. The college or university should recognize a need at this point and provide assurance and support through follow-up contact in the form of phone calls, e-mail, and letters.

*Problem 3: Experience Is Essential*

Marketers of physical goods quickly learn that certain words are inherently attractive to potential consumers. The word “free” may be the most compelling, but close behind is “new.” As we have repeatedly pointed out, however, there are big differences between marketing goods and marketing services, especially education. Whereas the concept of newness is attractive to the purchaser of, say, an automobile or a laundry detergent, it is not a draw for those who purchase educational services. Parents feel more secure knowing that their sons and daughters are being taught by individuals who are experienced in their fields and who are in the employ of a well-established institution that has stood the test of time. Businesses that foot the tuition bill for employee MBA students want to know that the faculty has the business experience and seasoned acumen to prepare their personnel in ways that will allow them to apply what they learn. Students also want to feel that they are investing in a proven commodity, and that the value of the education they are receiving will be readily recognized by potential employers and graduate schools. In short, everyone involved in the purchasing decision wants to buy into an established educational “brand,” which is recognized for its quality. Marketers, therefore, must balance the values represented by innovation with those embodied in experience.

*Problem 4: Limited Differentiability*

Marketers of higher education typically go to great lengths to differentiate their college or university from the competition. Ideally, each educational institution wants prospective students and their parents to perceive their institution as having unique characteristics, which make it clearly superior to the competition. This marketing imperative, however, is inherently limited. Take, for instance, a private, faith-based liberal arts college. Such an institution is likely to build its “brand platform” on such characteristics as academic rigor, personal attention, and the teaching of values and ethics. Such characteristics may indeed be fairly representative of the institution, and they may be exceptionally relevant and important to the institution’s target markets, but they are hardly distinctive. What faith-based educational institution does *not* claim these very characteristics?

Because of the limited differentiability of features and benefits, marketing the college or university must go beyond claims and devote attention

and funding to providing compelling *physical evidence* of the promised quality of service offered. Since, within a given niche, many institutions make similar claims regarding their intangible product—education—it is the tangible, physical evidence that becomes a deciding factor in the choice of a college or university. If two or three competing institutions make similar or even identical claims, the institution that is physically more attractive, better maintained, offering more livable dormitories, or boasting a bigger and better student union is more likely to be a student’s first choice.

#### *Problem 5: Maintaining Quality Control*

Developing and maintaining high levels of quality across campus can be exceptionally difficult. Unlike manufacturing, the production of services is inherently variable because the people who deliver the services from day to day are not machines that can be fine-tuned to produce identical results from one hour to the next. Almost inevitably, the total educational experience across all facets of the institution cannot be maintained at a perfectly consistent level of quality. Nevertheless, it is critically important that the college or university try to achieve consistent and consistently high levels of quality in every service delivered. That means that institutions of higher learning, like all other people-intensive service organizations, must put a high premium on employing the right people and motivating them to work conscientiously. This is not just a way of ensuring that the institution functions well from day to day; it is a marketing imperative. In a service industry, marketing is not just about advertising and promotion, though it may include these functions; it is also about actually delivering service itself in a manner that transmits a message about the excellence and the value of the institution.

Not surprisingly, this is easier said than done. Maintaining quality control not only requires hiring the best people, it also depends on the consumer. That is, the quality of the institution’s output depends in significant part on the behavior of the clients—the students. In a perfect world, every student who graduates is perfectly prepared to take his or her place in the workforce and in the greater community. In the real world, of course, not every student is self-motivated to work hard or well during their college years. As a result, some emerge from the education experience less well prepared than others. Delivery of an excellent education ultimately depends on the ability of the student to “receive” that delivery effectively. To be sure, at some point students must take responsibility for what they “get out of” their education, but it is the responsibility of the college or university to take steps to maximize every student’s chances of “getting the most” out of the service in which they and their parents are investing.

*Problem 6: Making Doers into Sellers*

A highly effective way to reduce student anxiety and parent uncertainty is to introduce prospective students to those who will be teaching them, should they decide to enroll. Indeed, savvy students—and their parents—are eager to meet faculty and even to sit in on classes or attend seminars. Thus, faculty members are often called upon to become “sellers” of the institution. They may be asked to take time out of their day to discuss with prospective students or newly enrolled students their classes, departments, and the university in general. Some professors may be more than willing to do this, while others may see it as an imposition on their “legitimate” research and preparation time. Persuading faculty and staff that they should become more actively involved in selling the university may be, in some cases, an uphill climb, but it is worth the effort. Doers make highly effective sellers.

*Problem 7: Allocating Faculty and Staff Time to Marketing*

Intimately related to the concept of making doers sellers is the problem of allocating faculty and staff time to marketing. The inescapable fact of life in a service industry—a business whose product is performance—is that marketing cannot be confined to a marketing department, but must be seen as everyone’s responsibility. This concept cannot simply be decreed from on high. Rather, it is an attitude and mind-set that has to be cultivated and established over time. Only through judicious hiring and proper training and orientation programs will the idea that everyone is involved in marketing take root and become part of the culture of the institution. Getting the culture to this level may be especially difficult in universities that have a strong research orientation or active unions on campus. Professionals hired and rewarded to do research may resist “taking time out” to market their department or the university in general. Nonfaculty staff who are part of a union may hold fast to union lines defining what is and what is not their job as stipulated in a contract. Persuading faculty and staff that they need to invest time in marketing the institution, and then identifying how much time is necessary and appropriate can be challenging. To be sure, the task is easier in proportion to the degree to which faculty and staff identify with the institution and understand their professional stake in its continued viability in the marketplace.

*Problem 8: Reorienting the Reactive to the Proactive*

Veterans of the marketing of higher education like to say, “If you don’t have a crisis, better create one.” The corporate culture of higher education is typically rooted in tradition and tends to be quite comfortable with the way things have always been done. Usually, it requires a crisis to create a critical

mass sufficient to motivate a significant change in the way administrators, faculty, and staff approach the marketplace and shape their attitude toward marketing. The orientation of most institutions of higher education is naturally reactive rather than proactive.

Hard as it may be to do so, there is a great advantage in becoming more proactive with regard to marketing. In most colleges and universities, marketers are tasked with marketing the institution as it is. *This is who we are and what we offer*, administrators tell the marketers. *Promote it*. Marketing an established, given quantity is a legitimate and necessary function; however, the great strength of marketing is that it can also look beyond the present and to the future, proactively anticipating marketplace trends and emerging needs, then formulating ways in which the university or college can change to meet these trends and needs. This said, the vast majority of institutions do little market planning until a crisis is in their midst.

#### *Problem 9: Conflicting Views on Advertising*

Many in the higher education community resist advertising, arguing that, by its very nature, it diminishes and demeans the institution, identifying it as a for-profit (read “fly-by-night”) diploma mill. No doubt about it, for-profit institutions spend a lot on advertising. This does not mean, however, that the well has been poisoned by disreputable institutions so that any institution availing itself of advertising inevitably becomes tainted. Throughout the higher education community, the value and capabilities of advertising are widely misunderstood and underappreciated. It is not uncommon for a college administrator to hear from faculty members, “If you would just give us the money you spend on advertising, we could put it into our department, and the resulting quality would speak for itself.”

There is truth and validity in this point of view. We’ve said it repeatedly: marketing—especially in a service industry such as the college or university—is not synonymous with advertising, but is a function that must permeate everyone and everything, every activity, within the institution. To a significant degree, quality does in fact speak for itself. But it could speak a lot louder—be heard by many more potential students (and their parents), donors, and alumni—if it is amplified by judicious advertising.

Advertising can in itself be education, a means of informing the marketplace about what you offer. This educational activity can also be a powerful means of developing and enhancing your institution’s “brand,” its reputation for quality and value. In the absence of that actual quality and value, the advertising is, of course, empty—mere puffery. For this reason, the professor who asks to be given the advertising budget has a point: advertising is no substitute for substance. But it is also true that advertising is by no means incompatible with substance. Advertising can serve to attract the revenue

(from tuition sources as well as from donations) that is necessary to create, maintain, and continually enhance the substance.

*Problem 10: A Limited Marketing Knowledge Base*

There is no college major called “Marketing Higher Education.” In fact, as we’ve already noted, courses devoted to marketing services are relatively new on college campuses and relatively rare, offered as electives when they are offered at all. College administrators who come up through the ranks of the faculty are rarely exposed to marketing practices in education. Yet recruiting marketing managers from industry often results in failure because the experience of these professionals is generally in the marketing of physical goods rather than services, let alone the highly specialized service that is higher education. Even the rare marketing professional who comes to the university experienced in the service sector is probably poorly prepared for the unique academic political climate in which he or she will have to operate.

If the marketing professionals must be educated to the needs and concerns of all of the stakeholders in a university or college setting, how much more education is required by faculty and staff, few of whom have any understanding of marketing, even at the most basic level? Yet they, too, must be educated in their role as marketers of the institution. Every employee of a college or university must develop at least a rudimentary understanding of marketing because it is they, not the professional “marketing managers,” who ultimately create the image of the institution—every single day, as they deliver the services that make up higher education.

**TAKEAWAY MESSAGES**

Whatever else it may offer, the sustained and sustainable success of any college or university is directly related to its level of customer orientation. Creating a marketing culture on campus is a challenging and critical task of leadership. Administrators must ensure that faculty and staff buy into marketing and understand their roles as marketers. In any service enterprise, colleges and universities included, the function of marketing cannot simply be left up to the director or vice president of marketing. It is everyone’s responsibility.

Nor can marketing the institution be done well by simply following a set of cut-and-dried instructions, something that may actually be possible in many industries. In the service sector generally and in colleges and universities in particular, marketing is as much a way of thinking about the marketplace and the consumer as it is anything else. It is dynamic, reactive when it has to be, and proactive whenever it can be. An institution of higher education that is successful at marketing operates from an outside-in rather than an inside-out orientation. Whereas working from the inside

out creates strategies according to which the institution develops programs and offerings that are based upon what it is “good at” or what faculty are “interested in,” working from the outside in requires understanding what the market seeks. Outside-in institutions develop and maintain all the marketing activities necessary to read the marketplace and to create services that answer what the market asks for and that anticipates emerging markets and their needs. The focus is on creating enduring, long-term customer relationships. Inside-out institutions offer programs that may have little or no basis in market demand or profitability, expecting—demanding? hoping?—that the customer base will respond to the college rather than requiring the college to respond to the market. Outside-in institutions employ marketing research to ascertain its market’s needs, wants, perceptions, and preferences, and act on that information to improve constantly and consistently the educational offerings they bring to the marketplace. ❖❖