A BUSINESS MARKETING STRATEGY APPLIED TO HIGHER EDUCATION STUDENTS: ADDRESSING THE EXPECTATIONS OF AN EVER EVOLVING DEMOGRAPHIC AND ITS IMPACT ON RETENTION

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ABSTRACT

This paper seeks to explore the effect of Student Interaction Marketing on retention in higher education. Relative to profit-oriented companies, consumer orientation has been emphasised in colleges and universities. The increased turmoil in the higher education marketplace however will push colleges and universities to use a more customer-oriented philosophy to deliver their services, and those who recognise these values will have a better chance of achieving their goals more effectively. While, because of the student-teacher relationship, one might refuse to call students "customers," this still does not change the fact that there will be no need for colleges without students. The need to control college enrollments has therefore become increasingly necessary from the point of initial student contact to the point of graduation. For instance, even if the response is not favourable, students who complain and are answered immediately can actually become more loyal than students who seem to be happy without complaints. Businesses have historically focused their marketing resources on recruiting new clients to increase profits. Service-oriented organisations have however, moved away from this conventional marketing strategy over the last few decades to a relationship marketing approach that focuses on establishing long-term relationships with established customers. This strategy assumes that sustaining existing clients is actually more cost-effective than investing marketing dollars on securing new customers on an ongoing basis. A relationship-marketing approach to enrolment management could similarly reduce student recruitment costs and improve student retention, some higher education scholars have The profitability of companies has been increased by relationship marketing, a philosophy that focuses on attracting, sustaining, and building business relationships. The essence of the business relationship marketing strategy is that efforts are aimed at improving ties with current customers on the established assumption that it is less

expensive to retain existing customers than to gain new ones. In a wide variety of environments, relationship marketing models have been established and evidence exists indicating that it is an effective strategy. The idea of adapting the business relationship-ship marketing structure to the challenges of college student retention is explored in this article. The literature on student retention and marketing relationships is analysed and comparisons are drawn. The relationship marketing model offers a new way to view student retention, provides a different viewpoint on retention initiatives, and provides an economic rationale for retention programmes to be introduced. For decades, the retention of students in post-secondary programmes has been a national issue. Doing so remains a challenge, however. For a number of human, social and economic reasons, enhancing student retention is a worthwhile objective. And while not everyone would be comfortable applying ideas from business to an educational issue, it is reasonable to adapt the customer retention model to student retention, given the focus on quality of services. We provide a method for evaluating the economic benefits of maintaining students for the institution.

KEYWORDS: Expectations, Retaining, Programmes, Perspective, Assessment

INTRODUCTION

How are the students of today held in academic programmes in higher education institutions across the country? What are some of the demographic and psychographic changes that have taken place in today's culture that cause business education not only to look at who to market, but more importantly, how. What are the needs of some of the fastest rising populations and their demands? First and foremost, we need to know who they are; what they want; and how we can give it to them most effectively and effectively. Students are searching for university education that can help them reach the work markets and prefer universities and colleges that meet their own expectations. Students have also been represented by the notion of economic self-sufficiency and commoditization of higher education as fee-paying consumers and universities and colleges move from teacher-centered to student-centered approaches to attracting and retaining students. Enrollment administrators have already encountered global competition from other universities for students at the start of the new millennium. This increased competition persuaded them that maintaining current students was as important as attracting new students to achieve enrollment targets. Their thinking was partially influenced by

marketing experts in the for-profit community who discovered that marketing to current customers should be as high a priority for corporations as marketing to new customers to ensure their loyalty.

STUDENT RETENTION RATES

The three-year graduation rates for community and two-year colleges nationwide are less than 45 percent; the five-year graduation rate for four-year colleges and universities is nearly 50 percent. For over three decades, student attrition has been a topic of concern. Early on, data from the few colleges that monitored drop outs suggested that "financial," "academic," "personal" and "unknown reasons were provided by students who left. Driven in part by the accountability movement, interest in the persistence of students has grown to the point that most campuses today have an active task force for student retention and a variety of programmes for student retention. Such rates have remained constant over the last 20 years despite substantial research, programmatic publicity, retention conferences, and academic journals devoted to the subject.

For a long time, obtaining a college degree has been a road towards a better life, a safer future, and the American dream. Although there may be social and economic advances to be made from college enrollment, the maximum measure of compensation is usually reserved for those who receive a degree. Students who leave college before completing their degree should expect to suffer the expense of deferred dreams and lost income. Society based as it is on a trained workforce, does not benefit if students do not continue to graduate. Colleges and colleges are also costly as students leave prior to graduation. In addition to lost tuition and fees, short-term revenue losses in areas such as sales of textbooks and school supplies, and lodging, food, and other incidentals are reported. Students leaving before graduation are unlikely to contribute to or support the college in the long term. Considerable attention has been dedicated to influencing college student retention rates as a result of these overlapping social, human, and economic costs to society, higher education, and individuals.

RETENTION INFLUENCING FACTORS

In higher education, the student retention literature has mainly concentrated on three areas: personal characteristics, institutional support, and environmental factors. Expanding on that

early work, the impact of variables such as study patterns, gender, race, full and part-time enrollment status, and peers Personal features that lead to student retention Student expectations bring to college, how do those expectations affect social integration, and the interaction between expectations, social integration, and the option to stay or leave? In these studies, the main finding was that institutional elements, including policies, have an effect on retention. The standard and availability of support services often impact the decision to remain or leave made by students.

The emphasis of the research was the translation of environmental characteristics into student satisfaction, which determined that "institutional characteristics show strong relationships with satisfaction." Six environmental factors that influence retention: institutional characteristics; programme faculty, student peer group; residence; academic major and financial assistance; and student engagement, including academic participation, faculty involvement, and student peer involvement. Student satisfaction was assessed against a detailed list of environmental variables in that report, reflecting the assumption that student satisfaction is a proxy measure of the probability of school con- tinuing. Campuses involve students in active learning by assuming that "college environments can promote or hinder the personal development of students, both in and out of the classroom." Colleges can form environments in ways that facilitate learning by enabling students to participate in educational activities that are educationally purposeful, such as honours programmes, faculty interactions, and opportunities for service learning. Purposeful engagement enhances the happiness of students and positively affects the retention of students. Via academic work or extracurricular programmes, students who participate in campus life make connections that bind them to the institution. These relationships may be focused on relationships with colleagues, a supportive member of the faculty, perhaps a mentor, membership in a learning group, or an involvement in fraternity life, athletic activity, a learning project based on a classroom, or an academic society.

He gave the view that it is not an exaggeration to say that students who get involved remain enrolled in the community building as the centre around which participation can take place." Berger (2001-2002) is one of those who tried to shift the discussion of retention models towards the "web of interlocking initiatives" of a widely focused, systemic, organisational culture. A campus-wide, cooperative endeavour must be student persistence. They included a "living"

mission and "lived" educational philosophy, an unshakeable emphasis on student learning, and environments tailored for educational enrichment, building on the approach to organisational culture, institutional characteristics that encourage persistence and participation. They have established clearly specified paths to student success and improvement-oriented ethos and mutual responsibility for the quality of education and student achievement.

STUDENT RETENTION AND RELATIONSHIP MARKETING

Relationship-marketing theory positions customer retention under the broader umbrella concept of customer loyalty since it is only one way for a customer to show loyalty to buy a service provider's services repeatedly. For instance, by recommending the service to others a client might also demonstrate their loyalty to the provider. Similarly, recognising the challenges of university students from a relationship-marketing viewpoint requires putting student retention within the broader student loyalty system. A student may show commitment by continuing to enrol in university classes. Through recommending the university to others they can also demonstrate their loyalty. University student loyalty reports have shed light on the following questions:

- How does the satisfaction of undergraduate students with their interactions at university contribute to their retention behaviour?
- How does the satisfaction of undergraduate students with their university experiences contribute to their attitude of loyalty?
- What are the aspirations of undergraduate students about their experiences at university?
- How does the satisfaction of the aspirations of undergraduate students regarding their university experiences contribute to their retention behaviour?
- How does the satisfaction of the aspirations of undergraduate students regarding their university experiences contribute to their actions of loyalty?

In higher educational institutions, earlier student retention research centred on academic ability as the retention predictor. This research, however, found that only half the variation in dropout rates could account for academic success. A growing body of research also indicates that student social adjustment can be a significant factor in the prediction of persistence. The study argues that incorporation into the social environment is a key component of a specific academic

institution's commitment. A theory of persistence or retention focused on the relationships between students and institutions He proposed that retention on the part of the student requires two commitments. The first commitment is the commitment of the aim to achieve a college degree.

The second is the decision of a specific institution to receive the degree (institutional commitment). Overall, retention at a specific institution was influenced by the combination of the aim of the student and institutional responsibilities. In this view, the motivation and academic ability of the student and the ability of the institution to fulfil the standards of the student must be balanced. Attracting applicants, processing their applications, and directing accepted students through the admission process are extremely important tasks. However to maximise the experience of students from enrollment to graduation, it is important to treat students as partners. For better planning and execution, a person-to-person relationship between students and universities/colleges is of extreme importance in this process. Therefore, we argue that faculty performance, staff performance advice and classes are three of the most significant variables affecting the college experience and overall satisfaction of students. It is also argued that happiness affects the intentions of students to remain at the institution or leave it. It is understood that the degree of satisfaction is determined by the discrepancy between the performance of the service as interpreted by the client and what the client expects. The importance of the distinguishing characteristics of higher education institutions should be focused on the long-term interest of students and community, as well as on institutional priorities and commitments. It is the consistency of experience and partnership that benefits both an institution of higher education and its culture. There is therefore a symbiotic relationship between the student, the university or college, and society as a whole.

BASIC TENETS OF THE RELATIONSHIP MARKETING PARADIGM

ACADEMIC INTEGRATION

Student incongruousness or incompatibility and alienation may lead to frustration. A significant factor affecting turnover is the lack of social and academic integration. The institution is likely to be deserted by students who feel alienated by the institution, its faculty and staff, and other students. The final category takes account of the external commitments and finances that may impact the ability of a student to complete his or her education. There are a larger number of

external factors confronting non-traditional students as well as traditional students that can derail their educational objectives. More learners than in previous generations of students have to work, have families and attend part-time school. While many traditional students face these external challenges, non-traditional adult students who become frustrated with the educational process and leave higher education entirely are the hardest hit.

CAMPUS FACILITIES AND INFRASTRUCTURES

The future course of higher education campuses and their facilities is influenced by shifting stakeholder perceptions, keeping pace with an ever-evolving technological environment, and the competitive nature of admissions and recruitment departments. Wendell Brown, an architect at Earl Swensson Associates, Nashville, Tennessee, who presented the higher-education analysis of his business, Vision 2020: A Glimpse into the Future of Higher Education (a series of roundtable discussions at the Campus of the Future meeting with representatives of the higher-education community in Tennessee). "The way we manage our facilities and the way we work with our stakeholders-parents, students, faculty and staff, the community at large-is really changing," a Virginia-based Association of Higher Education Facilities Officers (APPA) executive noted. Suttell further argues that today's college students want more than a small dorm room with a pair of bunk beds, three roommates, a shared bathroom, and as their only dining choice, a campus-run cafeteria. Digital typewriters and small black-and-white TVs are not toting them to furnish their rooms. They have advanced laptop computers, speakers with surround sound, and plasma televisions. Most had comfort at home and even requested it from their campus environment. New residence halls are like miniature houses, with different sleeping areas for single students that open up into shared living areas. The pool of students today is fantastic at comparison shopping-they can see which college has the best technology, the best houses, and the best eateries on campus (those eateries need to reach beyond the campus-managed cafeteria). Today's media-savvy students, faculty, and staff crave the best, quickest, most cutting-edge technology. These students want brand names.

NOT ALL CUSTOMERS ARE WORTH THE SAME TO THE ORGANIZATION, NEITHER ARE STUDENTS

Marketing of partnerships ensures that not all clients are similarly successful. Some clients are very lucrative, while others are certainly not. Many businesses find that 20% to 40% of their

clients are unprofitable. When it comes to building partnerships, consumers that are the most profitable deserve the most focus in higher education. Students paying full tuition and fees, for instance, contribute more to overall income than those receiving institutionally supported financial assistance or reduced tuition. Similarly, out-of-state students pay more for tuition at state-supported campuses than in-state students do. As such, all students are not equal from a revenue generating perspective.

Furthermore, some students need a great deal of attention, putting such high demands on resources that the effort and financial expenditure might not be worth it. It is also more costly than the profits they produce to attract and enrol students who are not academically, financially, or emotionally prepared for college. This is not to suggest that the needs of students should not be met, but rather that administrators must be mindful of the services needed by these students. Although this idea of considering learners in terms of their contribution to the company may be con-troversial, it is the reality confronted by those responsible for managing a resource-constrained organisation.

Another way of looking at students is their desire and willingness to help the institution after graduation. At least one unique MBA programme makes admission decisions based on an estimation of the future post graduation income of each student. The programme administrators argue that it is necessary to fill them with students who have a high potential for financial success rather than with those with the highest test scores due to a limited number of seats. Universities with technical colleges will have reason to expect that some graduates of some programmes are more likely to be in positions to benefit the school as alumni than others and, as such, would have higher LTVs after graduation and will deserve more consideration prior to graduation and after in the form of relationship building.

THE NEED TO GET CLOSE TO THE CUSTOMERS

Ships with customers must get close to their customers through organisations interested in building loyalty and confidence in their partnership. How did the local grocer develop deep loyalty to his or her clients: by of course, getting close to them? The grocer knew everything about the customers, knew what they wanted, stocked them with items, made them feel valuable, solved their problems, gave them special details and offers, and gave them credit.

They need to know who the consumers are, what they want, and what is important to them if a

business wants to bring value to their customers and create enduring relationships with them.

The same applies to campuses. Administrators, faculty and staff can claim to know their students and be "student-centered," but the examples they give are generally focused on anecdotal knowledge or myth when pressed. The institution rarely has hard, intentionally collected data. The marketing relationship model is based on the idea of knowing everything about the client that is relevant and then using that knowledge to serve them.

A strategy that works well is to spend time with them as a supplemental way to learn about clients (students). Sam Walton of Wal-Mart fame popularised the "managing by walking around" method and recommends that administrators and teachers spend time with students beyond their conventional positions by frequently engaging students in informal discussions. Usually, these interactions are not office-based and may not be formal, but occur where students are relaxed, in dorms, on side-walks, in dining halls, at sporting events, and other environments. It seems curious that any time they visit the web, consumers who have online accounts with Amazon, a corporation, are greeted by name, but students that use the college library, campus food service, financial aid office, the dean's office, or are in a lecture class are rarely greeted by name. This lack of connection conveys an impression that they are clearly not recognised and may not be concerned by the administration, faculty and staff, hardly a basis on which relationships and loyalty are founded.

GETTING CLOSE TO STUDENTS—SOCIAL BOND

If cost was the only aspect that higher education institutions could use to attract students, there would be neither Stanford University nor the University of Phoenix. Social bonding is the second stage of relationship building. Via ongoing personal interactions and communications with clients, social bonds are established. As such in order to improve retention and school loyalty, they are important for colleges and universities involved in building good relationships with students. While social bonding has not been studied in the sense of student retention, it is similar to Astin's (1977) concept of student participation and Kuh and his colleagues' advocacy of student engagement (1991, 2005). Social bonds are wider in nature and may involve all interpersonal relationships that occur in the partnership, including student-advisor student-instructor (Astin, 1993), student-student (Pascarella & Terenzini, 1991, 2005), and student administrative staff, whereas financial bonds are formed directly between the school and the

student. Accessibility of faculty and support staff can be important to learners (Astin, 1993). Accessibility adds value and encourages social bonding to the student experience.

There is a distinction made between clients and loyal customers at the social bonding stage of relationship building. Customers are treated in groups, and loyal customers are served individually. Customers are figures; individuals with names are faithful customers. Anyone who is available can service a client; loyal customers are served and trained to work with individuals who are assigned to that person. The root of social bonding is interaction, which involves keeping in touch, being acquainted with messages and transactions, and personalising and customising them. It is a product of the soul as much as of science." Strong social bonds will counter the pressures of competitors providing financial rewards and the requisite price increases. Financial-related bonds can be formed very easily, whereas social bonds take time and effort to set up, are more broadly based on including a number of touch points in the company and offer reasons for remaining in the relationship without strong incentive to leave. Social bonding activities have a strong effect on satisfaction and loyalty, including all interpersonal experiences, while negative, unproductive interactions can lead to the defection of clients, customers and students.

Education has an implicit social dimension, more than most programmes. For efficient and effective learning, student-student and student-student meetings are necessary. The happiness of these social experiences in the campus community allows students to deal with the academy's highly challenging life requirements. Administrators are responsible for setting up constructive, inclusive social environments and preserving them. For the creation of a positive learning atmosphere, good communication between the institution and its students is important. Communication-building practises that contribute to social connections strengthening can be a reasonably inexpensive way for a campus to develop a community that values the link between students.

FINAL THOUGHTS ON BONDING ACTIVITIES

Most retention studies concentrate on the degree to which students are pleased with campus features, the idea being that graduation will proceed for students who are most satisfied. Knowing that students on a specific campus are pleased with the cost of college but unhappy with parking does not provide any assistance in deciding how to boost parking satisfaction

without sacrificing cost satisfaction. Bonding helps those associated with student retention to address satisfaction by better recognising the factors that affect it the three hierarchical components that are essential to relationship marketing. Campus leaders may define the retention support factors most important to students by isolating satisfaction around financial, social, and structural constructs. The overlapping nature of relational bonding makes it possible to improve student relationships while still building engagement and confidence. Relationship marketing has the added benefit of allowing a calculation of the possible behaviour that students would take in response to various levels of bonding.

Financial bonds are an essential but frequently overstated part of the satisfaction and retention of students. Indeed, as a primary recruiting and retention tool, colleges and universities often use financial incentives. Campus leaders are encouraged to follow a more holistic approach to student retention, one that incorporates the use of financial bonds during the recruiting process and early stages of the relationship building process, but which proactively shifts to practises of social and systemic bonding. The ultimate purpose of the building of relationships is to establish students whose commitment to the institution prevents their departure.

CONCLUSION

The way it does business will change the use of relationship marketing in higher education. The way higher education thinks of its students would be altered by relationship marketing strategies such as individualised focus and contact, and establishing long-term relationships. In the near future, the success of a higher education institution will rely on treating various clients differently depending on whether a single person is looking for a four-year experience of socialisation, personal enrichment and curiosity fulfilment, training for the current job he/she has or the next one he/she wants, or anything else.

This article shows how the concepts of relationship marketing can be readily modified by those involved in addressing student retention. The student relationship management model introduced her views student retention in the same way that companies view client retention. The benefits of using a partnership marketing technique for the retention of students are threefold. First to improve the efficiency and effectiveness of the higher education system, reducing attrition is significant, along with increasing the number of individuals who graduate. "Everyone agrees that if post secondary education is to meet the needs of our nation and the

world, persistence and educational retention rates, as well as the quality of student learning, must improve." Second, investing in retention is financially wise. The LTV review discussed here indicates the SRM-related potential payback. Finally, when students are in college, creating good relationships has the power to help convince graduates to become loyal alumni and donors. Marketing's future lies in establishing long-term consumer relationships. Customer Relationship Management is not only a business instrument; it is a marketing concept-based business philosophy. Marketers of partnerships have a different view of company and therefore, marketing. The approach to doing business changes if a relationship building attitude is embraced. Likewise, the future of higher education lies in establishing long-term student relationships. Student Relationship Management is not only a retention instrument; it is a marketing concept-based institutional philosophy. Managers of student affairs have a different understanding of retention and thus a different view of the relationships of the institution with students. Instead of treating retention as a separate role with a variety of people responsible for retention or enrollment management, SRM insists that the task of everyone is to develop and improve relationships with students. In essence, everyone is a retention manager; while front line workers are necessary, an effective marketing partnership programme will involve administrative senior level dedication that is translated into an institution-wide initiative. And rather than an operating cost, it is important to view relationship building as a long-term business investment.

Customer/student emphasis is the main component of relationship marketing. While each campus claims to be "student-centered," few actually take the initiative seriously or act on it in a thorough manner. Colleges and universities need to handle learners like their best customers are handled by a corporation. It is therefore critical that universities and colleges make an effort to learn about students, their needs, their preferences, and the criteria they use to make choices. This involves engaging with students, giving those options rather than abandoning them as the most effective way to communicate their issues, and collecting data from them about them. The aim is to figure out what really matters to learners, to predict their needs, and to find ways of adding value. If a campus knows its students, it is best placed to use the different bonding practises outlined here to establish good relationships with them.

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