



## Marketing of higher education

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### Abstract

Development of marketing is an evolutionary rather than revolutionary process. It is one of the oldest professions in the world. It has its own origin, growth and development. The barter system existed in the initial stage of marketing. The caveman with his surplus produce approached and tried to exchange his produce by accepting the produce he needed i.e. exchange of produce for produce. Marketing as a discipline developed initially in connection with selling physical products. The physical product focus may cause people to overlook the many other services that are marketed. Service sector industries are quite varied. The government sector with its schools and colleges, courts, employment services, hospitals, loan agencies, military services, police and fire departments, post office, regulatory agencies and others are in the service business.

The research paper deals with marketing of higher education in particular and other marketing in general. A good part of the business sector, with its airlines, banks, computer service bureaus, hotels, insurance companies, management consulting firms, medical practices, motion picture companies, plumbing, repair companies and real estate firms are in the service marketing. The focus of the paper is on different aspects of marketing of higher education and the various changes takes place, facts in higher education, higher education system in India, planning and developing the educational product, organization of education service, model suggested for the development of educational product, pricing and related other things.

**Keywords:** growth and development, selling physical products, many other services, service business, higher education, education system

### Introduction

In the industrial period, the increasing complexity of the modern industry or the problems faced by the industrial revolutionists brought a basic change in the concept of marketing. The revolutionists assigned the due importance to mass production and mass consumption economies in which 'production-know how' paved wider avenues for the 'products- show how. The economies of Western World received a spurt due to its sophisticated distribution management. An increase in demand usually meant an increase in output, which meant an automatic increase in sales and a natural outburst in the flow of competitions. In the early part of 1950's a few industrial corporations began to realize the need for an overall change in the management functions. The growing maladjustment between production and consumption function left no option to the social and industrial scientists but to initiate product- planning, product- development, product- change, pricing, packaging, selling, marketing research, advertising and public relations. The industrial scientists felt the urgency of adding a new word to the industrial vocabulary i.e. marketing, but this became possible only several years after the World War II. In 1930 to 1950 a considerable increase in the world demand for most manufactured goods necessitated an optimal supply of inputs to the industries and a time-honored supply of outputs to the general masses. An increase in demand usually meant an increase in output, which meant an automatic increase in sales and natural outburst in the flow of competition. In the early part of the 1950's a few industrial corporations began to realize the need for an overall change in the management functions.

They also looked at the problems metaphysically which attracted the attention of behavioral scientists. Thus at the initial stages of industrial development, the production function was considered most important but during the latter part rapid industrialization, the distribution function gained an outstanding significance. A good number of corporations in the USA, the UK, Japan and Germany realized that the root cause of unprofitable or unproductive utilization of corporate resources was coiled in the essence of under-production of markets. The introduction of marketing as a separate corporate function was firstly in America and later in Europe. Almost all joined their hands in profitable or effective utilization of corporate physical, technical and financial resources, so as to win the favorable buying decisions from the prospective customers. They felt that the over-production of goods was not a real problem rather under-production or markets or consumers was the real cause of infecting and deterring the prospective plans. Thus, the distribution function established its edge on the production function. This realization gained momentum that production is only for distribution. The flow in the system of production depends on the flow in the distribution function.

### Objectives of the study

1. To study the concept of marketing and the changes in it.
2. To examine a strategic programme for the marketing of higher education.
3. To know the higher education system in India.
4. To analyses the target market of higher education.
5. To evaluate the planning and developing the educational product.

6. To identify the educational organisations product mix.
7. To understand the pricing and promotion of higher education.

### Methodology of study

Secondary source of data is to be used for preparation of research paper. Government Reports, government publications and other sources of data were used for the study.

### Marketing of services

Marketing as a discipline developed initially in connection with selling physical products. The physical product focus may cause people to overlook the many other services that are marketed. Service industries are quite varied. The government sector with its schools and colleges, courts, employment services, hospitals, loan agencies, military services, police and fire departments, post office, regulatory agencies and schools in the service business. A good part of the business sector, with its airlines, banks, computer service bureaus, hotels, insurance companies, law firms, management consulting firms, medical practices, motion picture companies, plumbing, repair companies and real estate firms are in the service business.

According to Philip Kotlar, "A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to physical product".

According to William J. Stanton and Charles Futrell, "Service are those separately identifiable, essentially intangible activities that provide want satisfaction and that are not necessarily tied to the sale of a product or another service. A produce a service may or may not require the use of tangible goods. However, when such use is required there is no transfer of the title (permanent ownership) to these tangible goods.

In the marketing of services, the provider satisfies the buyer by offering or delivering the services at a profit. Like the marketing of goods, the marketing of services also assigns due weight age to the satisfaction. Thus, in the sale of services to the customers, the provider has to see that customers are satisfied, their needs are fulfilled and profits are earned. The benefits or services offered to the customers are of intangible nature which can neither be seen nor be felt.

### The above definitions include the following characteristics of services

- Services cannot be seen, tasted, felt, heard or smelt before they are bought. The buyer has to have faith in service provider.
- A service is inseparable from its source whether it be a person or a machine.
- Services are highly variable, as they depend on who provides them and when and where they are provided.
- Services cannot store. Unused electric power, empty seats in a stadium and idle mechanics in a garage all represent business that is lost forever.

Due to above characteristics service firms typically lag behind the manufacturing firms in their use of marketing. The growth in services is not due manufacturing firms in their use of marketing. The growth in services is not due to marketing developments in service industries but our rising

standard of living. Marketing management in the service sector is not especially creative. Innovations in service sector marketing have come typically from product associated companies.

There are several reasons for this lack of marketing orientation. The intangibility of services creates more difficult marketing challenges for service sellers than for the product sellers. In many service industries, particularly professional services, the sellers think of themselves as producers or creators and not as makers of the service.

The all-encompassing reasons, however, is that top management does not yet understand what marketing is or its importance to company's success. These executives seem to equate marketing with selling and they fail to consider other parts of the marketing system. They do not effectively coordinate their marketing activities. Many service firms lack an executive whose sale responsibility is marketing.

The formation of marketing mix would also be important in the very context. Like manufacturing sector, the service sector requires to concentrate on the planning, distribution, and pricing and promotion aspects of marketing mix. Besides the service sector also needs market segmentation and market differentiation. Like product mix, we also need service mix. If the service mix is prepared with all care and security, the profitability would not be questioned. An institution or an individual has to see that buyers get satisfaction or benefits.

### Concepts

1. **Marketing mix:** Marketing mix' is a term that is used to describe the combination of four inputs that constitute the core of an organization's marketing system. These four elements are product-offering, the price structure, the promotional activities and the distribution system.
2. **Target Market:** A target market is a group of customers (people or organisations) at whom the seller specifically intends to aim its marketing efforts.
3. **Marketing Segmentation:** Market segmentation is the process of dividing the total heterogeneous market into several segments each of which tends to be homogeneous in all significant aspects. Consumer market may be segmented on the basis of Geographic, Demographic, Psychographic items and product related bases.
4. **Product Line:** A broad group of products intended for essentially similar uses and possessing reasonably similar physical characteristics, constitutes a product line.
5. **Product Mix:** The product mix is the full list of all products offered for sale by a company. The structure of the product mix has dimensions of both breadth and depth. Its breadth is measured by the number of product lines carried; its depth by the assessment of sizes, colours and models offered within each product line.

### A Strategic programme for the marketing of higher education

Higher education is the service industry, because of the characteristics of service task of developing a total marketing programme in Higher Education is often uniquely challenging. However, as a product marketing, management first should define its marketing goals and select its target markets. Then management must design and implement

marketing mix strategies to reach its markets and fulfill its marketing goals.

### **The facts about Indian higher education market**

In 1857, three universities viz. Bombay, Madras and Calcutta were setup under the British Rule. There were 20 universities and 500 colleges in the country at the time of independence. Now the number of universities and colleges are about 300 and 15000 respectively with a student enrollment of over 94 lacs, which is about 10% of total enrollment in higher education of the world. The total number of teachers serving in colleges and universities about 3.51 lacs in addition to these during last 55 years technical education has expanded having 552 recognized technical institutions. At the first degree level more than 1128 polytechnic diploma level with annual admissions capacities of 1.38 lacs and 1.90 lacs students respectively. PG research facilities and studies at about 185 institutions in India are producing 16,800 students. The higher education sector in India is considered to be the third largest system in the world. Even though there is very rapid expansion but in real sense only about 6% to 7 % of the eligible age group (18-23) are getting the benefit of higher education. While this figure is more than 13% in most of the developed countries and more than 50% for countries belonging to the OECD (Organisation of Economic Cooperation and Development) among this figure of 6% to 7% more than 80% students are in general education while this figure remains only around 30% in developed countries. Majority of the students populations are in professional/ vocation streams. The Xth document target 15% of relevant age group in higher education by 2011. It must also be noted that the percentage of students belonging to SC/ ST category despite the increase in their absolute number. About 18% of the India's total student's population getting the benefit of the higher education through the distance mode, as decreased from 13.76% in 1957 to 12.25% in 1996. There are already 14+1 state open universities with IGNOU at the national level at New Delhi established in 1985. Despite the existing fee structure the percentage in all India enrolments of students has decreasing, this percentage has fallen from 7.4% in 1989-90 to 4.3% in 1999-2000. Starting profit institutions which do not get funds from government has accelerated this process. By reducing the subsidy and financial support to the institutions and with big rise in annual charges, the students from lower middle class weaker and less privileged classes would be behind access to higher education.

### **Higher education system in India**

In the beginning of the last decades some foreign universities tried to market their higher education programme in India. Representatives of several countries visited India to market certain percentage of their medical and engineering seats. Some foreign universities also engaged Indian agencies and firms to recruit students to study in their universities others have started franchises or commercial presence in India. Some also have programme between foreign and Indian Universities. Some offers programmes through distance mode, through print, computer, television and electronic mode i.e. the virtual universities. In 1999 about 20000 students went abroad for education mostly to USA, Australia, UK, Canada and

France. However, on an average only 15000 students mostly from Gulf and South Asian countries came to India for education. Fee charge from students ranges from Rs. 50000 to 3 lacs 40 thousand p.a.

An analysis of the advertisements issued by foreign universities in India reveals that the courses offered by them mostly relates to hospitality service management, medical and IT. Sometimes concurrent degree programmes are offered. No conditions of minimum qualification are insisted upon, only 10+2 degree/certificate + an interview is enough quite often. The duration of getting degree may also be less than period required in India for the same degree. Largest number of Universities advertising in India is from UK, followed by Australia, Canada and Austria. As far as India is concerned the foreign education provider are interested in higher education with the use of all the four modes of trade. They are targeting at economically well to do group in the society in order to maximize profits. The impact of GATS would be that non-organized providers in India would be the first one take advantage. The public education providers in India would be marginalized in race due to unequal rules of the game. There is bound to be an unfavourable balance in the trade of education service.

### **Target market analysis**

Higher education organization like other marketer cannot satisfy everyone in the society. Therefore, they have to segment the market. They have to identify and profile distinct groups of buyers who might prefer varying product and marketing mixes. Market segments can be identified by examining demographic, psychographic and behavioral differences among parents and students. Then the organization decides which segments present the greatest opportunity. Thus, the organizations carefully choose the target market and prepared tailored programme to be offered. An offering will be successful if it delivers value and satisfaction to the target buyers. This approach helps the educational organizations to exploit the target groups effectively to the advantage of itself and the chosen students. Gradually the college can market niches based on what they are good in and what the target market wants. This enables the colleges to match their services with the expectations of the students and as a result secure the confidence and goodwill of the target market i.e. students and their parents.

### **Planning and developing the educational product**

Product is the stage on which the entire drama of successful marketing operations is enacted. It is engine that pulls the rest of marketing programme. If the educational product fails to satisfy stakeholders no additional cost on any of the other ingredients of the marketing mix will improve the product performance in the market place. According to Richard Buskirk, "The educational product is the foundation tool with which the management bargains for revenues". The survival and continued growth of the educational organization demand systematic planning for development and testing of the new product ideas such an approach to product development is Generally Called Product Planning, product innovation, product diversification, product standardization and product elimination are the components of product planning.

**Educational organizations product mix is deemed to consist of**

- A. Programmes Leading to Degrees B.A., B. Com., B. Sc. Agri., MBBS, L.L.B., B.C.S., M.B.A., B.B.A.
- B. Programmes Leading to Diploma's DBM, DTL, etc.
- C. Short Term Courses, Faculty wise courses designed by UGC.

**Organization for Service Product Development**

Higher education system in India is mostly affiliation system. Colleges are affiliated to Universities. University prescribed the product with its organization. Board of studies in different subjects prepares the syllabi. It is approved by the concern faculty and put in the Academic Council for its approval. Management Council of University gives final approval. Thus, the organization for product development in the present structure is –

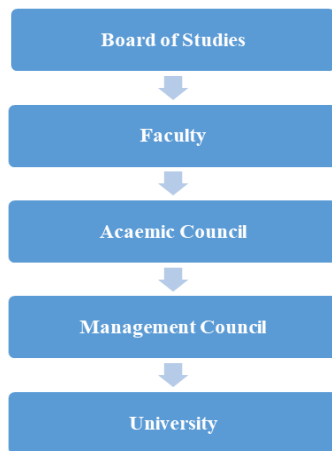


Fig 1

**Pricing of Higher Education**

The fees collected from the students are the price for Higher Education. Pricing in Higher Education is based mainly on the cost of Education.

$$\text{Cost of Education per Student} = \frac{\text{Salary} + \text{Establishment Exp.}}{\text{No of Students}}$$

The institutes in the field of Higher Education don't have independent rights to decide the fee structure. The fees decided by the State Government and University are collected by the college. The college fee doesn't increase for years together. Therefore, like other industries institutes the price is not decided. Generally considering cost + management exps. + small margin of surplus + an amount necessary for building reserves fee structure should be decided. Because this has not been practiced the higher education has to depend upon Government aid. The fees will be more if it is decided as per cost basis but if fee structure is decided as per Indian Toll Tax Systems then it will be just sufficient to manage the higher education and there will be no burden on the Government.

**Promotion of higher education**

American Management Association in its glossary of marketing terms has described sales promotion as those marketing activities other than personal selling, advertising & publicity that stimulates customer and declare effectiveness such as displays, shows and exposition,

demonstration and various non-recurrent selling efforts not on the ordinary routine.

Sales promotion activities have very limited scope in the marketing of Higher Education. Except admission notice every rare effort is seen to this front. Prize distribution to the students is one more culture programme example of sales promotion in Higher Education.

**Physical Distribution**

Successful marketing is the satisfaction of the needs of a given group of customers in an effective and economic manner. The pre supposed the availability of the right product at the right place at the right time for the right price. All those activities of an organization, which are connected with ensuring such availability, make up the distribution considerations. Following channel of distribution is used for the Physical distribution of Higher Education in India.

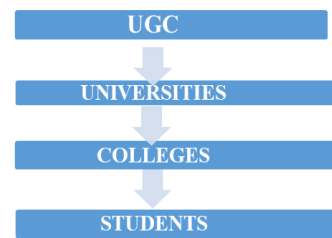


Fig 2

**Some concepts related to Marketing of Higher Education**

**1. Relationship Marketing**

Relationship marketing has the aim of building long-term, mutually satisfying relations with the stakeholders in order to earn and retain their long term preferences and business. In other words, it is getting to know your customers better so that you can meet their needs and wants better. Today the relationship marketing is one of the hottest trends in marketing. The ultimate outcome of relationship marketing is building, a unique marketing network. A marketing network consists of the organization and its supporting stakeholders. The organizations have to build an effective network of relationship with key stakeholders and profits will follow. Therefore, Universities should consider the relationship building as a part of its marketing of educational services. The relationships are to be built with the various user groups of the successful graduates of the university, the students/parents of the university as well as the internal employees.

The relationship building with user groups helps universities understand the curriculum required to be designed. Besides, the relationship with the user groups also helps universities know the performance levels of their graduates and the gaps between the desired and actual performance level. The insights help to strengthen the curriculum designing and delivering. Similarly, the relationship building with students/parents enables universities to understand their competitors and accordingly offer the services that result in intellectual delight among the students. Even after their successful graduation, the university needs to continue their relationship with their students through Alumni Associations. The interactions with Alumni offers rich input to university in understanding the changing environment and also in designing educational services as desired by the markets.



## 2. Integrated Marketing

When all the departments of an organization work together to serve the customer's interest, it is termed as integrated marketing. But, we find variations in the skill, knowledge, training and motivations among the employees. To foster teamwork among all the departments, the organisation carries out internal marketing and external marketing. External marketing is directed towards the people outside the organization. Internal marketing is the task of hiring, training and motivating able employees who want serve customer well. Therefore, universities should select the most deserving and committed teachers who can deliver the goods as desired by the stakeholders. In fact, the teachers assume the center stage in marketing of educational services. A beautiful university building, an inspiring physical atmosphere, air conditioned class rooms and laboratories, modern technological devices (OHPs, LCDs, Videoconferencing, and Internet etc.) are unproductive by themselves unless they are supplement with strong and committed teachers. Even a poor education infrastructure may be made to yield fruits if it is well manned by devoted teachers. Hence, university should take utmost care in selecting right persons. Moreover, their moral must be boosted so that they can contribute their best in shaping the personalities of the students as desired by the market. Besides, they must be made to work in teams with an integrated approach. The 'balanced minds' are required for developing an integrated philosophy in the universities.

## 3. Societal Marketing

This concept holds that the organization's task is to determine the needs, wants and interests of target markets and to deliver the desired satisfaction. The social marketing concept calls up on marketers to build social and ethical considerations into their marketing practices. They must balance between the conflicting criteria of profits, consumer wants satisfaction and public interest. Therefore, university should justify its activities for the amount received by the society in the form of fees, donations, endowments, etc. they need to adopt a ethical code of conduct that sets as a guiding example to the society. These institutions have act as a custodian of the values and culture in the society. They have a moral responsibility to guide and rectify where ever the social behavior contravenes the accepted code of conduct. The societal marketing is, thus the richest contribution that the universities can offer to the society at a large.

## 4. Conclusion & suggestions

Our Universities have serious governance issues and a leadership crisis. For years faculty have been speaking of the politicization of key positions in Universities. And it is true that not only in India, but globally, institutional excellence in education has been delivered by autonomous public institutions. Each of these has been led by strong leaders in their transformational years and it is these leaders that have created the ethos, personality and standards within these organisations. Present institution design does allow for strong political influences in leader selection which has corroded the institution of the educational leader.

It is not just politics but also a design issue that needs attention. Currently all three functions – operations, strategy and governance are vested in the single seat of the Vice Chancellor. While in theory these are delegated, with the Vice Chancellor holding overarching responsibility, in

practice the VC does have to deal with the nitty gritty of each of these strands. Good governance demands a separation of these functions.. a compliance officer cannot be the same as the operations officer. Conflicts of interest should be managed by counter balancing roles and people (assuming they are honest) for good decisions to be made. The design of organisations and procedures in higher education needs serious reform, and needs to be built around serving their core client – the students. Universities are not built for bureaucracy, they are built to create and disseminate knowledge.

Any changes or reforms in the University system, need to be well thought through before they are implemented as one would expect from a body of intellectuals who teach students rigorous thinking within their subject area. Yet, one of the largest changes we have seen recently is the move to a four year semester based system in Delhi University. The professors, who deal with the details, have gone as far as to support an open petition against this move. Senior professors rightly point out that three to four months is inadequate to move over to a new course design and seek more time to question the need for this change. While the four year degree is supposed to match the duration of the degree in the West, there has been little work done on what exactly the extra year is supposed to contribute to the development of the student. It is also interesting that this change is proposed as the conversation in the West has started to move towards the possibility of three year degrees due to cost pressures. What is worse about the proposed four year degree is that the intent of creating a liberal arts kind of free flowing first year is not borne out in practice – students actually have very little choice or flexibility in their choices of minor subjects. The synergies that were expected to be gained from multidisciplinary cannot be harvested as the idea does not map to operational design.

Stakeholder's questions the needs for this change – who will it really serve? Will it make for better quality education? Or do we need other models to make Indian Higher education hold its own in the world. Would more private participation, international collaboration help? Or should there be more autonomy and accountability and less policing? Should there be more and better peer learning such as via the Higher Education Forum (disclaimer, I am a member and a node for the Delhi chapter) that self organises faculty development programs. Is this a central responsibility, a federated one or a local one?

The issue really is not about international rankings, which perform a limited (though important role) in understanding and benchmarking for quality. The Times rankings put a high weightage on international connections within higher education, and this has not been a priority for Indian Higher Education so far. Since the domestic demand for higher education seats, especially at the better institutions, is so high – there is little reason to seek students from other countries in large numbers. Research collaborations are few and far between since most Universities are de facto more teaching institutions than research hubs – and this is a hole that must be plugged. At the same time, the rankings do point to the gaps in achievement. This is borne out by anecdotal evidence and industry reports that state that most graduates are barely functionally literate and almost unemployable. Clearly the universities are failing in the twin core functions of creating employable youth, and that of creating bodies of knowledge via research that is

acknowledged and useful around the world.

As Indian universities continue to fail their students, they will see more of the creamy layer go away to different countries for higher education. Technology, including variations of the popular MOOCs (Massive Online Open Courses) will reduce the centrality of the mediocre universities or indifferent professors, reducing them to examination and certification centers. To stem the rot, to become relevant and respected again, Indian Higher Education will need to take a good hard look at itself and design its reinvention. In this re-invention they will be well advised to work on the principles of the centrality of the learner and on the inexorable necessity of good governance.

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