

THE IMPACTS OF MARKETING MIX ON STUDENTS CHOICE OF UNIVERSITY

STUDY CASE OF PRIVATE UNIVERSITY IN BANDUNG, INDONESIA

Elisabeth Koes Soedijati
Sri Astuti Pratminingsih

Universitas Widyatama, Bandung, Indonesia,
*E-mail: elisabeth.ks@widyatama.ac.id,
sri.astuti@widyatama.ac.id*

Abstract

Higher education in Indonesia experienced massive changes in policy, governance, structure and status. These changes have an effect on the operation of higher education institutions and seen as the driving forces for intense competition in this industry. Considering all changes that higher education institutions faced with, it is realized that institutions will have to become more marketing oriented. The aim of this study is to obtain the influence of marketing mix towards students' decision making for selecting higher education institution. The survey questions were organized based on marketing mix combination for education developed by Kotler and Fox which consists of seven elements: the program, the place, the price, the promotion, the physical facilities, the people, the process. This research employed the survey method with quantitative approach. The sample of the survey was taken randomly consists of 300 students majoring in accounting and business management, bachelor's degree programs at Widyatama University. The collected data was analyzed by using statistical methods such as correlation analysis. The research findings indicate that marketing mix has significant and positive relationship with students' decision making for selecting a university.

Keywords: marketing mix, higher education,

Introduction

In recent years, massive changes in policy, governance, structure and status of higher education have been taken place all over the world, including Indonesia. In Indonesia higher education institutions experience environmental changes, such as privatization, diversification, decentralization, internationalization and increased competition. These changes have an effect on how higher education institutions operate nowadays and they are seen as the driving forces for marketing orientation of higher education (Maringe, 2006).

Marketing in higher education sector is not new. Marketing in higher education is needed to mitigate the effects of decreasing government funding and increase in competition (Des Jardin, 2006). In order to survive and to achieve a sustainable competitive advantage, higher education institutions should use a marketing framework (Hoyt and Brown, 2003).

Private higher education institutions in Indonesia as one of national assets in producing qualified human resources should then develop marketing strategy for their survival. Private higher education institutions face some challenges, such as: the decrease of student number entering the higher education institution, the increase of

competition from national and international institutions as well. Private higher education institutions as one of the national assets in producing qualified human resources then should develop marketing strategy for their survival. Kotler and Fox (1995) suggested that marketing is relevant to higher education institutions because it will bring benefits to the institution, includes: greater success in fulfilling the institution's mission, improved satisfaction of the institution's public and market, improved attraction of marketing resources and improved efficiency in marketing activities. Marketing mix is one of the elements of marketing strategy that can be applied in higher education institutions. The present paper tries to discuss the effects of marketing mix on the students' decision for selecting higher education institution.

Literature Review

Marketing Mix in Higher Education

The development of a marketing strategy involves the coordination and combination of the marketing mix elements (Hawkins *et al*, 2001, Kotler and Fox, 1995, Ivey, 2008). It is the combination and coordination of the elements in the marketing mix that enables organizations to meet customers' need and provide customers value. A traditional marketing mix consists of the following elements: Product, Price, Promotion, Place (Kotler, 2008).

Higher educations have all the characteristics of a service industry, which are:

- ▶ Customers do not obtain ownership. Customers usually derive value from a service without obtaining ownership of any tangible elements
- ▶ Service products are intangible performances. Intangibles refer to something that is experienced and cannot be touched or preserved.
- ▶ Customer involvement in the production process. Customers are often actively involved in helping to create the service product by helping themselves or by cooperating with the service personnel.
- ▶ People as part of the service product. Given the fact that different service personnel may deliver the service to customers, it is difficult to achieve uniformity in service delivery.
- ▶ Importance of time. Customers have to be physically present to receive services.
- ▶ Services are perishable and can not be stored like physical product.

As a service, higher education marketing is sufficiently different from the marketing of products and it needs different marketing mix.

Kotler and Fox (1995) have developed a version of a marketing mix which is designed specifically for education institutions, and which seems to address the limitations set by marketing mix for products. The marketing mix developed by Kotler and Fox (1995) can be explained as follow:

Program

The first element in marketing mix is program. Program is the most basic decision that higher education institutions have to make. Developing program that satisfy consumers' wants and needs are critical marketing activity for education institutions (Hoyer and McInnis, 2001). In higher education there are three main activities as service offered: teaching, research and community service Higher education should evaluate its academic program and service product mix periodically, and particularly when considering modifications.

Quality of higher education institutions services becomes important as a trigger for customer satisfaction. But, every stakeholder in higher education has a particular view of quality, dependent on their specific needs.

Pricing

Price is the amount of money (or some other item that is exchanged or bartered) that the buyer exchanges for a service provided by the seller (Lamb *et al*, 2004). In higher education, price usually is related to tuition fees offered, and any monetary related issues. Pricing has major influence on marketing strategy as most students and

their parents are concerned about the financial implication of attending university. According to Kotler and Fox (1995) price for students, consists of a monetary cost as well as other cost, for example effort cost, psychological cost and time cost.

Place

The third element of marketing mix in higher education is place or distribution. Kotler (2008) define distribution as ... In higher education place refers to the availability of education/program to potential students in the most convenient and accessible way. A typical delivery mode for education services is for the institution to present courses at one location, with students gathering for classroom instruction (Kotler&Fox, 1995).But the element place is not restricted to geographic location as the information technology development provide alternatives in delivery the education service. Higher education institution may use distance learning and new technology in serving their students to enhance their competitive advantage.

Promotion

Education institution need to communicate it's services to the target market through promotional strategy. Lambs *et al* (2004) argued that promotional strategy is a plan for optimal use of the elements of promotion, namely advertising, sales promotion, publicity and personal selling.

The promotion elements that can be used by higher education institution is determined by the students market's expectation and requirements of the service and other elements of institution marketing decisions. Promotion can very well have the central role in the marketing to higher education. Promotion can enhance name recognition and provide exposure for the university (Rudd & Mills, 2008).

Higher education institution can use pull strategy and push strategy in promoting its services (Soedijati, 2006). The combination of promotional mix of higher education consists of direct marketing, sales promotion, advertising, internet and sponsorships (Rudd & Mills, 2008).The most critical matter for higher education institution in developing promotion strategy is to understand the students as their primary consumers.

People

The people element of the higher educational marketing mix refers to the employees in the university. Thus, people refers to all the teaching and administrative staff through which the service is delivered and customer relation built (Kotler and Fox, 1995).The importance of people ensue from the fact that the staff are the most crucial factors for successful service delivery. People also include institution's current and former students. This is because prospective students tend to ask about, and check with current and former students on their views.

Lovelock & Wright (2004) suggested that direct involvement in service marketing means that customers evaluate the quality of employees' appearance and social skills as well as technical skills and consequently this is reflected on the way of offer is judged. In designing a marketing strategy an institution is recommended on developing its staff. The personal appearance, attitudes and behavior influence customers' perception of the service (Du Plessis & Rousseau, 2005). A student's first impression of a higher education institution is often based on his/her interaction with the people of the institution.

Process

Processes refers to the way an institution does business and this relates to the whole administrative system to this element (Kotler,2008).Procedures, mechanism and the flow of activities by which service are consumed are the essential elements of the marketing mix (Palmer, 2005).

Higher education institutions need to ensure that students understand the process of acquiring a service. Process in higher educations refer to the things happen in an institution, such as the process of management, enrolment, teaching, learning, social and even sport activities.

Physical Facilities and Evidence

Physical facilities or evidence refer to all of the physical, tangible items an institution makes available to customers ranging from brochures to the infra structure. Physical evidence is very important because the intangible nature of the service offered by higher education institution. The environment in which the service is

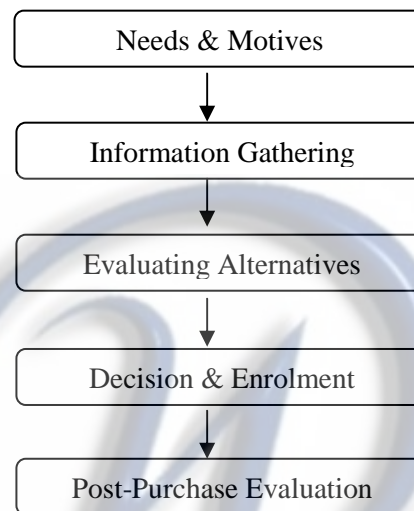
delivered, both tangible and intangible help to communicate, perform and relay the customer satisfaction to the potential customer (Ivy & Fattal, 2010).

Kotler et al (2008) suggest that physical evidence would give the first impression about the university and usually they see the building and facilities. Further Gibbs and Knapp (2002) add that the condition of the physical location contribute greatly on the image of the institution. For example: technologies used, cleanliness of rooms, library, etc.

Student Choice

Student choice is a part of consumer behavior, that is how individuals or group select, buy and use goods or services (Kotler & Fox, 1995). There are five steps in students choice of selecting a university: there are needs and motives, information gathering, evaluating alternatives, decision making and post choice evaluation.

Fig 1. Student Choice Model



In the step of student choice, marketing staff of higher education institution should try to establish the consumers' unmet or unsatisfied needs, so they are able to find ways to fulfill these needs. Students' needs could vary in nature (Soedijati, 2006). Marketer can not create needs but they can however activate need recognition through raising their awareness of unperceived needs (Kotler.P, 2008).

Once the needs for studying at the university have been recognized, the potential students then search for the information to meet these needs. Kotler (2008) classified the information sources as personal and non personal sources. Personal sources for examples: family, friends, teachers. Non personal sources: advertisements, prospectuses, and mass media.

The next step that the students take after obtaining the needed information, then evaluate the alternatives of universities that he/she can enroll. The process of evaluating alternatives involves the reduction of choices until one or two remain (Kotler and Fox, 1995). The student evaluates the potential university based on a number of attribute such as: the program, the cost, the facilities, the process, the teachers and the location (Hoyt & Brown, 2003).

The final step in the decision making process, namely the post purchase phase, consists of four components: post purchase dissonance, service product use, service product disposition and purchase evaluation.

Kotler and Fox (1995) suggested that each of the marketing mix elements plays a crucial role on its own in students' selection of institution; however, the importance of each P and the importance of different subcomponents within those Ps are varied between different educational settings.

Methodology

In this study a questionnaire form was designed to measure influence of marketing mix on the student choice for selecting university. The 7Ps item of marketing mix for higher education and student choice (decision making) developed by Kotler & Fox, 1995 was used to measure the marketing mix element and student choice.

The survey instrument used in this study was a structured questionnaire for empirical study. The variables of the study were measured using multiple items. All of the scale items represented in the survey instrument utilizing a five point Likert scale. The anchors used included: a) 1= strongly disagree, b) 2= disagree, c) 3= neither agree nor disagree, d) 4= agree, e) 5= strongly agree.

The data were gathered from 300 students of Business and Management program and Accounting program (bachelor degree) which were randomly chosen.

Results and Discussion

Validity of the scale

Validity refers to how well the scale measures what it sets out to measure (Nazir, 2006). Construct validity is the most important type of validity. It refers to how well the measure conforms with theoretical expectations.

In this study, the validity of the construct was measured by checking the square root of the average variance for each construct. The value of all constructs are above 0.3, those values indicated that the constructs are valid as suggested by Nazir (2006).

Reliability of the scale

Cronbach coefficient alpha is the most common accepted formula for assessing the reliability of measurement scale with multi point item (Sugiono, 2008). The alpha measure was 0.944, this value is greater than the minimum of 0.7 required for constructs to be deemed reliable (as suggested by Nazir, 2006).

The correlation of Marketing Mix on Student choice

Marketing mix is now considered as important factors in managing sustainability of higher education institution. Marketing mix for higher education consists of 7 Ps which include: Program, Price, Place, Promotion, People, Process, Physical Facilities (Kotler & Fox, 1995).

From the study table 1 shows the correlation marketing mix component (7Ps) to the students' decision making in selecting higher education. As can be seen from table 1, that all components have positive correlation to the students' decision making. Program ($r = 0.526$), Process ($r = 0.650$), People ($r = 0.604$), Physical evidence ($r = 0.588$) have stronger correlation to students' decision making compared to other components, Promotion ($r = 0.428$), Place ($r = 0.351$) and Price ($r = 0.390$).

Table 1. The Correlations of Marketing Mix on Decision Making

		Correlations							
		Program	Price	Place	Promotion	People	Process	Physical	Decision
Program	Pearson Correlation	1	.487**	.377**	.473**	.583**	.545**	.499**	.526**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N	300	300	300	300	300	300	300	300
Price	Pearson Correlation	.487**	1	.517**	.541**	.516**	.408**	.452**	.390**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
	N	300	300	300	300	300	300	300	300
Place	Pearson Correlation	.377**	.517**	1	.539**	.432**	.353**	.452**	.351**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000
	N	300	300	300	300	300	300	300	300
Promotion	Pearson Correlation	.473**	.541**	.539**	1	.539**	.444**	.527**	.428**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000
	N	300	300	300	300	300	300	300	300
People	Pearson Correlation	.583**	.516**	.432**	.539**	1	.750**	.522**	.604**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	300	300	300	300	300	300	300	300
Process	Pearson Correlation	.545**	.408**	.353**	.444**	.750**	1	.546**	.650**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000
	N	300	300	300	300	300	300	300	300
Physical	Pearson Correlation	.499**	.452**	.452**	.527**	.522**	.546**	1	.588**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000
	N	300	300	300	300	300	300	300	300
Decision	Pearson Correlation	.526**	.390**	.351**	.428**	.604**	.650**	.588**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	300	300	300	300	300	300	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

The effect of marketing mix on student decision making in selecting university

Table 2 shows the effects of marketing mix on the students decision making in selecting higher education institutions

Table 2 The effect of marketing mix on student decision making in selecting university

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 ^a	.525	.513	.46825

a. Predictors: (Constant), X7, X3, X1, X2, X6, X4, X5

The effects of marketing mix which is express on the value o r square is 0.525. It means that marketing mix influences the student decision making significantly (52.5%) and 47.5% are influenced by other factors that are not including in this study.

The findings of this research shows that marketing mix has significant influence on students decision making in selecting higher education institution. From this results , it is sugested that higher education institutions should integrate all their organizational functions and marketing activities to sustain their existancy. Hence, policies and decisions of higher education institution must favor an in-depth knowledge of customer needs, goals and expectations.

With respect to practical contributions, the findings of this study can be used as a guideline by the management to improve the education service. The management of higher education institution as service provider has the responsibility to provide facilities, and teaching staff sufficiently because these two elements influence the process of teaching and learning. Inability to manage such teaching and learning facilities and teaching staff may decrease student satisfaction. This result is in line with the research conducted by Hoyt and Brown (2003) which listed quality of faculty and instruction as one of the most important choice factors of selecting university. But university should not leave other elements of marketing mix because each of the seven Ps are interrelated. Briggs (2006) in his study also supports the findings. In his study he identified several factors that influence student choice of higher education. These factors include: academic reputation (Program), location, teaching reputation, quality of faculty, information supplied by institution and research environment, promotion, and school fee.

Conclusion

In summary, the result of this study shows that in all seven dimensions of service marketing mix have significant correlation to the student choice of higher education. The findings have implications for university recruitment strategies in order to have deeper knowledge about the student choice process and also to improve their knowledge on how to deal with the influences that can form student perceptions. The 7 Ps marketing mix is a set of controllable elements a university uses to shape its offer to the market.

References

- DesJardins, S. L., Ahlburg, D. A. & McCall, B. P. 2006, 'An Integrated model of application, admission, enrollment and financial aid', *The Journal of Higher Education*, vol. 77, no. 3, pp. 382-429.
- Du Plessis & Rouseau, 2005, *Buyer Behaviour : a multi cultural Approach*, 3rd ed, Oxford.
- Gibbs, P & Knapp, M (2002), *Marketing Further and Higher Education Research: An Educators Guide to Promoting Courses, Departments and Institutions*, London, Kogan Page.
- Hawkins DI, Best RJ & Coney K.A. (2001) *Consumer Behaviour : Building marketing Strategy* 8th ed, New York, McGrawHill.
- Hoyt J. F. and Brown A. B., 2003 *Identifying College Choice Factors to Successfully Market Your Institution*, *College & University* 78(4): 3-5
- Hoyer W.D. and McInnis D.J., 2001 *Consumer Behaviour*, 2nd ed, Boston
- Ivy, Jonathan (2008) *A new higher education marketing mix : The 7 Ps for MBA Marketing*, *International Journal of Educational Management*, 22(4) p 288-299
- Ivy, J & Fattal E.A. (2010), *Marketing private EFL Programs in Damascus*, *TESOL Journal*, Vol. 2, P.130-143
- Kotler, P (2008), *Marketing Management*, Prentice Hall
- Kotler & Fox (1995), *Strategic Management for Educational Institution*, 2nd ed, Prentice Hall, 1995
- Lamb C.W, Hair J. F. McDaniel, C, Boshoff C & Terbalancle, N.S (2004), *Marketing Management*, 2nd edition, Oxford University Press.
- Lovelock & Wright (2004), *Principles of Service Marketing Management*, Prentice Hall.

Maringe, F (2006) University and course choice, *International Journal of Educational Management*, 20, no.6 pp. 466-479

Nazir (2006) *Research Methodology*, Ghalia Indonesia, Jakarta

Palmer A. (2005), *principles of Service Marketing* 4th ed, England, McGrawHill

Rudd. D & Mills.R, 2008, *Expanding Marketing principles for The Sale of Higher Education; Contemporary Issues In Education Research*, Third Quarter, 2008, Vol 1, Number 3.

Soedijati (2006) *The influence of marketing mix on student satisfaction and student loyalty*, unpublished paper, Widyatama University.

Soegiono (2008), *Research method for Business*, Alpha Betta, Bandung, 2008

