**Higher Education Marketing Abroad and in Latvia**

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**Abstract**

The changes in higher education funding system has fostered the universities to introduce the tuition fees for studies and the revenue from tuition fees have become one of the main funding sources for higher education organizations. Consequently, the universities have become more active of using in the business world applied marketing techniques and strategies to attract more students. In this article the author examines marketing techniques and strategies used so far by higher education organizations and which are successfully adapted to the higher education industry, as well as author makes suggestions for future research.

**Keywords:** higher education organizations, marketing strategies, customer relationship management.

**JEL Classification:** M31, I23.

**Introduction**

One of the organization's sustainability preconditions is a successful creation of competitive advantage, which helps the organization to grow also in difficult economic circumstances. Competitive advantage is often understood as a product or service differences and the special creation of added value, which is of interest for potential customer and is not offered by other competitors. It should be noted here that the competitive advantage in the difficult economic circumstances means also the organizations ability to effectively manage and optimize the company's internal processes.

The higher education (HE) are has faced a significant paradigm shift and in the scientific literature we can encounter such terms as „higher education service“, „higher education market“, „higher education export“, „University in the global market“, „University / Study Program Competitiveness“. Higher education institutions are increasingly beginning to focus on different business management and marketing methods transfer to the HE industry to ensure efficient management of internal processes, successful fund raising and student attraction both on organizations and also on state level.

This article aims to explore the marketing techniques applied by higher education organizations in the world and in Latvia and to make suggestions to improve these techniques and adapt to the HE area, and to provide suggestions for further studies.

The author puts forward the following tasks:
- to make the higher education environment analysis;
- to analyze the role of the student in higher education organization;
- to explore the marketing techniques and strategies applied by various HE organizations;
- to develop proposals for the adaptation of marketing methods in HE industry;
- to develop proposals for further study of the HE industry's marketing development.

The methodology employed – the analysis of scientific papers and previous made researches.

**Paradigm shift in higher education and higher education market features**

The activities and behaviour of the higher education organizations are significantly influenced by the external environment factors such as technological development, globalization processes, economic change, state policy, demography and migration. Those processes have shifted the higher education from elite education to mass education, the higher education has faced the internationalization in various levels (both organizational and curricular level), the changes in higher education funding system, as well as the regulatory governing framework has increased both on national and international level.
Technological developments are creating new branches of science, followed by a new study programs, as well as changes in the training methods that are increasingly based on new technologies, such as - e-courses, video conferences, etc. Also the administrative work benefits from the use of information technology that enables faster and easier to process the data. Thanks to the development of information technologies is changing the form of communication with potential and existing students. For example, currently each university has not only home page and communicates with the students by e-mails, but the university is also actively involved in various social networks through formal academic profiles on these networks. Many universities are communicating with their students through the social networks like Facebook, Twitter etc. in a way to quickly and concisely inform students about university news, program etc.

The processes of globalization have contributed to the internationalization of higher education both at the organizational level and program level. Increasingly, there is a higher involvement in various international networks, increasing student and teacher mobility both for a short period of time (from a few weeks to 1 year) and for for full-time employment or full-time studies diploma abroad. The U.S., UK and Australia are the world's one of the largest higher education exporting countries. The rapid increase in the number of international students in these countries is also related to their policies and decisions of the private fund raising for the higher education, state aid in attracting international students and successful international marketing strategy by higher education organizations (Mazzarol& Soutar, 2008, Marginson, 2004). Consequently, higher education has become an exportable service that is able to raise substantial funds. For example, the World Bank has estimated that worldwide each year is spent around 300 billion dollars for higher education, which is about 1% of global economic output. There are in total more than 80 million students and about 3.5 million people employed in the higher education sector in the world (Dennis, 2007). NAFSA (National Association of Foreign Student Advisers) estimates that in the United States in the academic year 2008/2009 academic year the contribution of foreign students to the economy was measured 17.6 billions U.S. dollars. While in the UK in academic year 2007/2008 the international students accounted for 1.88 billion pounds of total UK university revenue. By comparison, in the same academic year, the research grants amounted to 1.76 billion pounds.

The above mentioned facts show that higher education in these countries has become an integral part of the economic driving force not only in terms of human capital development, but also as an exported service with a direct contribution to the economy, as well as the institutions of the higher education show business features.

The higher education market in Latvia dates back to 1990 when the universities introduced the tuition fees for studies and since 1997 there are loans available to cover tuition fees. So from year 1998 there was a rapid growth in student numbers. Already in academic year 1997/1998 the number of tuition fee paying students exceeded the number of students which were financed by the state. The largest number of students was accounted for 2005/2006 academic year (131 thousand students) and the proportion of tuition fee paying students was 77.2%.

After 2006, Latvia has faced a reduction in the number of students. The cause is primarily the declining of birth rate in the middle of 90s. Decrease in the number of students has enhanced the competition
among universities in terms of attracting new students (also between public and private universities). Consequently, the universities in Latvia also began to use a variety of marketing techniques to attract students and to find the most effective communication channels and ways to convey information to prospective students.

The globalization processes foster also the student mobility and potential students can move freely from state to state, choosing the most appropriate university and the study program. Consequently the competition between higher education organizations increases not only locally but also internationally. It is therefore particularly important to the higher education organizations to develop appropriate marketing techniques and strategies.

The student roles in higher education organization

Classical marketing theory teaches that before developing a marketing strategy it is to understand what is the „customer“ and a „product“ that will be sold. Higher education is increasingly treated as a service, but on whether the service has a „customer“ and who is the „customer“ is still being discussed. In a previous chapter the author outlined the changes that have affected the activities and behaviour of the higher education organizations. This chapter analyzes the role of student in higher education, to be followed by the marketing methods analysis and discussion about the suitability of these methods to the higher education industry. Summarizing the various researchers' work, the author was faced with such students’ role formulations:

- „Citizen“ - just as the citizen is part of the society, as well as students of the university community. This approach includes both parties' rights and obligations towards each other, as well as being more appropriate than the customer - supplier relationship. (Svensson&Wood, 2007). Such a student's treatment fits perfectly into the role of state-funded higher education institutions, where students pay for their studies or to carry out a symbolic contribution to the study.
- „Coproducer” - to achieve the outcomes, the student has to be active in providing the service (Kotz&Plessis, 2003);
- Students have four changing roles from the intent to start studies till the graduation (Mintzberg, 1996):
  - Client - before joining the university in search of information through the student service information services;
  - Customer - when the students become critical for the study program quality or infrastructure, etc... They have the customer - consumer's role, which should also be a matter of consumer satisfaction;
  - Citizens - university students citizens of the university’s campus, have their rights and responsibilities;
  - „The entity with particular liabilities” - for example, students have to pay a penalty after the re-exam or for delayed return of the book in the university’s library.
- Partner – for the higher education organizations and students are offered a partnership model where the organization meets not only their own and customer's needs, but also the public interest and benefit. (Bay&Daniel 2001; Hennig-Thurai, et.al., 2001; Clayson& Haley, 2005)
- Long-term member of higher education organization / co-owner of the brand - given the fact that the one of the higher education quality indicators is the graduate career success, etc., as alumni participation in alumni clubs, the students are actually considered to be higher education organization’s members and brand co-owners and builders (Balmer&Liao, 2007).
- Product - students are not just consumers of higher education, but changing their experience and knowledge, they become as a 'products' to a third party, such as employers (Lovelock&Rothschild 1980; Conway et al., 1994).
- Customer - a higher education marketing literature, in particular in respect of attracting students to higher education, is treating the student as a customer. (Kotler&Fox, 1997; Armstrong, 2001).

Many researchers have also criticized the approach „student as customer“ with the following considerations:

- The „customer-centric“ view states that the customer is always right, but this view for the higher education is inconsistent, because the student may not be aware of the service delivery
methodology and content. (Maringe, 2009; Svensson&Wood, 2007) Students are not passive education service users, their active participation and involvement in service delivery is one of the prerequisites for quality of service results.

- The students must meet the specific requirements of the selection to receive the higher education service - they must have a certain grounding to be able to start studying in the particular area (Maringe, 2009).
- The higher education service is more than just fulfilment of „clients” wishes and needs. Both the students and the education providers’ needs and expectations are approximated in a manner that helps to accomplish the field of study, helping students to take their place in society in their best and most appropriate way. (Maringe, 2009).
- Many students lack an understanding of their own responsibility, obtaining an education (Svensson&Wood, 2007).
- Students - University relationship is much more complex than first appears. Students are the recipients of knowledge and universities are providing the knowledge. But at the same time can also be a feedback loop, where students are the knowledge providers and universities are receiving this knowledge. Thus, it excludes traditional supplier - customer model. (Svensson&Wood, 2007)
- Student and customer relationship cycles in terms of responsibility and respect, are contrary. For the students in the starting phase of education service, are more rights than duties and responsibilities and in the final phase there are more duties than the rights. Client's case is vice versa. (Svensson&Wood, 2007)
- If the students would discuss on the contents and assessment methods appropriateness for its claimed purposes, it may reduce the quality of the university (Driscoll&Wicks 1998).

However, from the point of view of F.Maringe and P.Gibbs (2009) the student is more than the customer in the business aspect and higher education institutions are more than just a service provider. The relationship between the student and higher education authorities are much more complex and sophisticated. The author agrees with the researchers that higher education authorities can pick up good practices and methods from the business sector and apply them in higher education management. In favour of the concept „student as customer“ are the following considerations:

- The student is not always true, but the university needs to know who and what is it’s target group (Maringe 2009):
  - from the point of view of market segmentation - an organization must be clear who is it’s target audience to build a successful and effective communication with the particular target group;
  - the awareness of students' needs - the knowledge about what they need, what skills should be developed and other needs, and to which, however, the organization can and should respond;
  - what is the students’ opinion about the organization - the organization can also induce beneficial changes.
- The universities should follow up on students' expectations and students' perceived quality and satisfaction. The studies show that student satisfaction is mostly concerned with a process of learning content (Biggs, 2003).

The author emphasizes that in this article, the student will be treated as „customers“ - the direct recipient of higher education service and the article analyzes the marketing techniques that focus directly on attracting the students to higher education institution and it’s study programs - activities aimed at a prospective student's intent to choose the particular university and actions oriented to the student choose the higher education services they require again.

**Marketing methods and strategies for student attraction to the higher education organization**

So far carried out marketing research in the area of higher education are conducted in several directions:

- Research on target groups and the segmentation
- Higher education institutional marketing communications and their effectiveness
- Higher education institutional image and reputation
- Relationship marketing and customer relationship management
Higher education international marketing strategy

Research on higher education target groups and their segmentation

Higher education has three target groups: high school graduates, mature students (students with experience in higher education) and international students (Soutar & Turner, 2002). The very first marketing researches were made about the factors which affect the particular target group's decision to choose a particular university and study program. Student decision-making research was started before at least 40 years and their contribution to these studies have provided researchers such as Murphy (1981), Webb (1993), Chapman (1993), Coccari (1995), Kallio (1995), Lin (1997), Donnellan (2002), Soutar and Turner (2002), Holdsworth and Nind (2005), Shanks, Quintal and Taylor (2005) (Raposso & Alves, 2007), Beswick (1989), Poock (2000), Martin (1996), Vossensteyn (2005), Hassler (1997).

Until now, Latvian has been done relatively little research students in decision-making processes. Hazans et.al. (2005) studied the ethnic and parental influence on school pupils achieved the learning outcomes by identifying the parents' education positively affects students wish to pursue higher education. Latvian State Employment Agency (2008) studied the factors that influence future career choices in secondary school and most popular universities among the high school leavers. Results showed that for the Latvian students very important is an opportunity to combine studies with work. About 50% of respondents are planning to combine such studies with work, and 60% agreed that they need help in future career choices. This means that the major influence in decision-making can be friends and parents' influence, as well as higher education marketing activities. The other important factor in choosing professions and the study program are better employment opportunities and high wage levels and job prestige after the graduation. Summarizing research on higher education organizations and programs of choice, the author concludes that, for each target group may be different factors that influence students' decisions. However, these factors can be divided into several groups:

- Indicators which describe particular university,
- The study process,
- Social aspects,
- The financial aspects.

Comparatively little research has been performed on the customer segmentation and segmentation principles. Latvian following study was conducted by R.Garleja (2005), suggesting that higher education customers can be categorized by:

- the need for the knowledge,
- the use of knowledge in the work,
- the standard of living,
- intelligence potential,
- occupation and social status,
- individual learning needs and interests.

In turn Maringe and Gibbs (2009) offer to make the higher education market segmentation from the point of view of following principles:

- geographical and geo-demographic,
- demographic,
- behavioural,
- psycho-graphical.

The research on the higher education organization’s target groups and segmentation is one of the most important prerequisites for successful marketing and communications development.

Higher education organizations marketing communications

Research on higher education institutions’ marketing communications and their effectiveness has been mainly made in English-speaking countries: USA, UK, Australia. This is due to high competition between universities and need private fundraising. As the author previously mentioned, those are the main higher education export countries, as well as in those countries there is a large proportion of tuition fee paying students and as well as higher incentives to attract private funding. Higher education institutional marketing communications occur in only a few studies and the most prominent being Mortimer (1997); Hesketh and Knight (1999), Gatfield, et.al. (1999), Klassen (2002). The above mentioned studies mainly conclude that there are differences between the factors important for students to choose an university and information content of the material offered by the university. This mainly leads to the conclusion of the current academic
professionalism in the field of marketing, communicating with prospective students, as well as the fact that the end of 90’s the higher education marketing development was at an early stage and had not yet been clearly established, nor marketing strategy, nor clear market segmentation, nor clarified the needs of potential students. (Hemsley-Brown&Oplatka, 2006).

However, due to the rapid development of information technology, social networking development, changes also communication habits and ways of potential students. So the higher education authorities have to follow up with these changes for effective communication with current and potential students.

Studies on the higher education organization's reputation and image

The first studies on the higher education organization's image and reputation were made by Nguyen and LeBlanc (2001), Bakewell and Gibson-Sweet (1998); Ivy (2001) and Binsardi (2003). Nguyen and Le Blanc (2001) study founds that the higher education organization's image and reputation positively contributes to student loyalty. From these studies the authors concluded that higher education organizations in market positioning is required in order to be recognized and to attract target audience.

Higher education organizations’ marketing mix

The first study of the 4P marketing (product, price, place, promotion) was carried out by K. Noble in 1989, however, the use of this model in higher education organization studies has been limited and first Binsardi (2003) to referred it to the attraction of international students in British universities (Hemsley-Brown&Oplatka, 2006). The key factors in selecting the university were emphasized the „products“ (university reputation, quality, etc..) and „price“ (tuition fees, scholarships, etc..).

However, the 4P is referred to product groups, while the higher education is characterized as a service and for the service sectors there are added three more groups of factors, or 3P: people involved in providing the service, the service process, the physical environment in which service is provided or physical evidence. In contrast, Kotler F. and Fox, K. (1997) distinguishes in the education sector following marketing mix: product, price, place, people, promotion and market positioning. The study from Ivy, J. reveals that higher education consists of 7P: details of the, value added or premium, promotion, people, a university's prestige and image or prominence, price, sources of information or prospectus (Ivy, 2009).

Similar study in Latvia was carried out by Zaksa (2011). As the respondents was chosen only one of the higher education target groups - students with experience in the higher education or mature students. The study excluded indicators that characterize the factors „Promotion“ or Ivy (2009) describes - sources of information (Prospectus), which is also one of the classic marketing theory marketing mix arrangements. These indicators, or group of factors were excluded from the consideration that the respondent can not yet assess the sources of information or the effectiveness of advertising campaigns, when the final decision in favour of any particular service or service provider has not taken. The study identified five groups of marketing mix factors or in the case of 5P and each of the factors was described by several indicators. The author interpreted the acquired factor groups as follows:

- Program, which followed the traditional 4P marketing theory and service 7P theory covers both product and service processes, as well as service providers – academic staff;
- Place, which includes both the location of the place or geographical location, and the learning environment in the organization. This factor combines both of the 4P theory factors „place“ and from the 7P theory the environmental factors or physical evidence;
- Additional value or premium. In this case as an addition value the students have noted the opportunity to gain international experience. The factor analysis showed also that added value is created by the support services, administrative staff attitudes and the opportunity for students to work in small seminar groups which in turn promote deeper learning and more individualized approach to training;
- Reputation or prominence. In contrast to the classical theory 7P services, higher education is increasingly important to the service provider's reputation, which is usually treated as a product or a service representative figure;
- The financial aspect or the price, which also includes the classic 4P theory. As in Latvia the higher education has mixed financing model, ie studies are funded both from state budget funds and from the private funds, then for prospective students one of very important factors is the chance to for the state budget or a reduced cost.

The main conclusions of above mentioned study are that for the mature students the choice of a university and study program will be will determined by five factors: program, place, value-added or premium, service provider's reputation or prominence and financial factors or price. These factors act on the
condition that higher education is available to onsite learning (distance learning or on-line opportunities were not discussed), there are available state funds for the studies or special tuition discounts and there are a number of higher education service providers. In addition, choosing a study program, the most important factor for the mature students is the program content (curricula), quality and professionalism of academic staff, and only after being assessed by such factors as additional value, reputation, and financial aspects and place (or educational environment). These results suggest that potential students who already have study experience are targeted to select the most appropriate curriculum, assessing its quality and content. This conclusion draws attention to the higher education providers to develop strategies that focused on program quality training.

**Relationship marketing, customer relationship management in higher education organizations**

Researchers Klassen (2002), Arnett et al. (2003), Three (2003) marked the relationship marketing suitability for higher education organizations, stressing out that the higher education organizations are a non-profit organizations and as they are not gain the financial benefits, but they are oriented to gain the social kind of benefits, then the relationship marketing is more appropriate than the marketing mix. Relationship marketing includes emotional satisfaction, spiritual values, loyalty formation to the organization.

The correlation between student satisfaction and loyalty have studied Zaksa (2010), Helgesen et al. (2007), Zhang et al. (2004), Raposo and Alves (2007), Martensen et al. 1999). These studies have actually shown that in different countries there are differences between the factors that contribute to student satisfaction and loyalty. Usually the satisfaction is based on students' perceived quality, but the perceived quality in different studies is explained by different factors. For example Zaksa’s (2010) study showed that students’ perceived quality is associated with academic staff skills and attitudes, curricula and course content, learning outcomes and readiness for the labour market. These factors also contribute to the students' satisfaction with the higher education organization and loyalty to it. The factors such as administrative staff attitudes and availability, as well as the environment (facilities and equipment) have no effect on student satisfaction and loyalty. Contrast, Helgesen’s model showed that the Norwegian students’ satisfaction depends on facilities, social factors and information availability.

With the development of customer relationship marketing, in the organizational management has become popular the customer relationship management (CRM). CRM is a customer-oriented management approach, which allows the company to improve the company’s long term competitive advantage and consequently the market share and profits (Anton, 1996), and primarily seeks to develop a cost-effective or profitable relationships with customers (Dycha, 2002), combining cutting-edge information technology and communications technology (Hippner&Wilde, 2003a). CRM is based on sustainable relationships with customers and maintenance. Recent studies show that student as customer relationship management plays an important role in the realization of study process, in the realization of strategic plans and strategic objectives. So here is the need to pay close attention to university-students relationships.

**International Marketing Strategies**

The most extensive research on higher education marketing strategies have made the Australian researchers Mazzarol and Soutar (2001) They surveyed 315 higher education institutions and their used methods in international marketing in 5 different countries (Australia, Canada, New Zealand, UK and USA). The key findings were that most successfully operated those universities, which have chosen a strategy of differentiation. In addition, the higher education institutions should regard to following environmental factors: the higher education market factors, the higher education market outlook, experience and geographical location. Higher education institutions have sufficient strategic resources, as well as extensive work with such different powers as the higher education institution’s image, the „product“, participation in coalitions and international networks. As obstructive factors might be people and culture - staff which don’t have qualifications for work with international students, cultural differences. As well as the importance of the international mass media and advertising, this can also act as a disincentive factor.

The author believes that the results of this study can significantly contribute to the further higher education marketing activities and other international bodies to develop a successful marketing strategy. However, the current lack of research on local marketing strategies - what strategies is more appropriate for the local higher education authorities to attract students. This type of research would help higher education authorities not only to improve the competitive advantages, but win on the international markets. Because in the context of globalization and even by conditions when the higher education institution is looking to attract only the local students, they anyway compete also with higher education institutions abroad, as students are free to choose the best universities not only at home but also abroad.
Conclusions

Changes in the external environment - globalization, technological development, national policies and changes in the economy, has led to a serious paradigm shift in higher education, which leads to higher education institutions to change management principles and practices and to start to use appropriate business methods in their everyday processes, including marketing techniques. With the marketing techniques the higher education institutions can build a successful communication with their target groups, thus contributing to the demand for existing programs.

Undoubtedly current and potential students are the stakeholders of a higher education institution, but the students' role in the learning process is much more complex than might initially seem. However, in some aspects of marketing the students can be treated as „clients“, especially when segmenting the higher education market, creating a marketing communications plan, by student satisfaction and loyalty research, developing promotion strategies.

It must be noted that most research has been conducted on the international marketing of higher education, less on successful marketing strategies for high-level national competition.

The author proposes for the higher education institution to develop their students’ relationship model in order to increase the student loyalty to the institution.

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