

CREATING CONSUMER VALUE IN HIGHER EDUCATION THROUGH MARKETING TECHNIQUES

Moguluwa, Shed Chinwuba Ph.D¹ and Ewuzie C. O.²

¹ Ph.D, Department of Marketing, University of Nigeria, Enugu Campus, Enugu State, Nigeria.

² Management Consultant, Nigeria Electrical Power Authority (NEPA), Abakaliki, Ebonyi State, Nigeria.

ABSTRACT

Creating consumer value in higher education through marketing techniques employed exploratory research design method to demonstrate and showcase the importance and pervasiveness of marketing in all sphere of life. The study examined consumer's perception of price, quality and value in higher education using marketing concepts, theories, models and approaches. The study conceptualized higher education as a market entity, identified the publics (consumers) of higher education and applied exchange theories to show how they interact. A Means End Model that relates price, quality and value was adopted to clarify consumers' expectations in higher education. It is evident from the study that the same expectations, desires and needs consumers have for manufactured goods that they equally have for higher educational services (knowledge). Again, the study revealed that application of marketing techniques in higher education value creation and delivery will contribute significantly in making the higher education products (graduates) internationally acceptable and globally competitive.

Keywords: *Consumer value, Quality, Price, Marketing, Perception.*

INTRODUCTION

The broadened concept of marketing that encompasses intangible products like ideas is a paradigm shift among marketing scholars and practitioners. Hitherto, the application and practice of marketing is restricted to traditional tangible product with little or no attention to intangible products. However, marketing is currently expanding in leaps and bounds because of the pervasiveness of marketing into other disciplines and fields such as higher education in our context. Higher education, no doubt, is pivotal to socio-economic and political development of any nation. This accounts why government, at different levels – Federal, State and Local, as well as individuals and non-governmental organizations pay greater interest and attention to it.

There is no gainsaying the fact that higher education in Nigeria is facing severe criticism from many quarters. The standard, curriculum, personnel practices, costs and unresponsiveness to global market are questionable and highly disturbing especially when one considers the fact that many Nigerians seek for quality education abroad. The recent calls in many quarters and by many stakeholders for an educational summit to address this perceived low quality of the nation's higher education buttress the point. This clarion calls are timely and appropriate considering the petrifying amounts of money that runs into billions of naira which the country spent every year for paying school fees abroad (Ube, 2009). These problems, therefore beckon for urgent and viable solution which from the available literature, it has been demonstrated that marketing technique has some useful contributions.

This article therefore, seeks to explore the usefulness, viability and contributions of marketing techniques towards creating value for the nation's higher education in order to compete favourably in the global higher education market. Invariably, this task will go a long way in enhancing the quality and value of the nation's higher education towards socio-economic and political development.

THE CONCEPT OF CONSUMER VALUE

Value creation and delivery constitute the most important tasks in consumer satisfaction; hence firms and organizations pay greater attention to them. Understanding this concept would help immensely in achieving the set out objectives and goals in the area of consumer satisfaction. Consumers tend to perceive value as being dependent on quality and infer quality from price. Though, consumer perceptions of price, quality and value are considered pivotal determinants of shopping behaviour and product choice (Borris, 2009; Doyle, 2008; Jadok, 2010), research on these concepts and their linkages has provided few conclusive findings. Research efforts have been criticized for inadequate definition and conceptualization (Monroe and Krishnan, 2006; Zeithmal, 2003), inconsistent measurement procedures (Monroe and Krishnan, 2006) and on methodological problems (Borris, 2009; Olson, 2002; Peterson and Wilson, 2000).

One fundamental problem limiting work in the area involves the meaning of the concepts: quality and value are indistinct and elusive constructs that often are mistaken for imprecise adjectives like goodness or luxury (Crosby, 2004). Quality and value are often not well differentiated from each other. The difficulty in defining a phenomenon or concept forces researchers to depend on uni-dimensional self report measures to capture the concepts (Jadok, 2010; McConnel, 2005). However, we adopted Dodds and Monroe (1985) Means-End-Model in this study. The Means-End chain approach to understanding the cognitive structure of consumers holds that product information is retained in memory at several levels of abstraction (Mazumda, 2007). The simplest level is the product attribute while the most complex level is the value or payoff of the product to the consumer.

Attributes that signal quality have been dichotomized into intrinsic and extrinsic cues (Olson, 2002). Intrinsic cues involve the physical composition of the product. In a beverage, intrinsic cue should include such attributes as flavour, colour, texture and degree of sweetness. Intrinsic attributes cannot be changed without altering the nature of the product itself and are consumed as the product is consumed (Olson, 2002). Extrinsic cues are product-related but not part of the physical product itself. They are by definition outside the product. Price, brand name, and level of advertising are examples of extrinsic cues to quality. The intrinsic-extrinsic dichotomy of quality cues is useful for discussing quality because consumers use low-level attribute cues to infer quality.

THE CONCEPT OF OBJECTIVES AND PERCEIVED QUALITY

Quality can be broadly defined as superiority or excellence. By extension, perceived quality can be defined as the consumer's judgment about a product's overall excellence. Several researchers (Olson, 2002; Jadok, 2010; Parasuraman, Zeithmal, and Berry 1985) have emphasized the differences between objective and perceived quality. Holbrook and Corfman (1985) for example distinguish between mechanistic and humanistic quality "... mechanistic (quality) involves an objective aspect or feature of a thing or event; humanistic (quality) involves the subjective response of people to objects and is therefore a highly relativistic phenomenon that differs between judges". "Objective quality" is the term used in the literature (Monroe and Krishnan 2006; Keller, 2003) to describe the technical superiority or excellence of the products. As it has been used in the literature, the term "objective quality" refers to measurable and verifiable superiority on some predetermined ideal standard or standards.

Evaluation of quality usually takes place in comparison context. Mayer (2007) claims that quality evaluations are made within "the set of goods which ... would in the consumer's judgment serve the same general purpose for some maximum outlay". The set of products used in comparing quality appears to be the consumer's evoked set. A product quality is evaluated as high or low depending on its relative excellence or superiority among product or services that are viewed as substitutes by the consumer. It is critical to note that the specific set of products used for comparison depend on the consumers not the firms' assessment of competing products.

CONSUMERS' PERCEPTION OF PRICE AND QUALITY

From the consumers' perspective, price is what is given up or sacrificed to obtain a product. Defining price as a sacrifice is consistent with conceptualization by other pricing researchers (Champman, 2000; Mazumda, 2007; Monroe and Krishnan 2006). Objective monetary price is frequently not the price encoded by consumers. Some consumers may encode and remember the price of product only as "expensive" or "cheap". Still others may not encode price at all. Studies reveal that consumers do not always know or remember actual prices of products, rather they encode prices in ways that are meaningful to them (Dickson and Sawyer, 2000).

Price reliance is a general tendency in some consumers to depend on price as a cue to quality. Many research studies have been designed to test the general wisdom that price and quality are positively related. Notwithstanding the expectation of a positive relationship, results of these studies have provided mixed evidence. Peteron and Wilson (2000) argue that the relationship between price and perceived quality may not

always be positive. Other research summarized by Olson (2002), shows that price becomes less important as a quality indicators when other product quality cue, such as brand name (Gardner, 2002) or store image (Stafford and Enis, 2001) are present. When intrinsic cues to quality are readily accessible, when brand names provide evidence of a company's reputation, or when level of advertising communicates the company's belief in the brand, consumer may prefer to use those cues instead of price (Monroe and Krishnan, 2006). The implications of these findings to higher education are many folds. They ought not to think that increasing duration of programme or charging exorbitant tuition fees would result in higher perceived quality. Consumers associate price with objective quality only.

THE CONCEPT OF PERCEIVED VALUE AND QUALITY

Value has been defined as: what it is that the consumer seeks in making decisions as to which store to shop or which product to buy. This definition is consistent with Hawkin, Best and Coney (2001) definition of customer value as the difference between all the benefits derived from a total product and all the costs of acquiring those benefits. Customer value is what a product is worth to the customer. As such it depends on the benefits offered (from the customer's point of view) and costs involved (price, hassle in purchasing etc). The concept of value is defined from cost. An item costing only a few naira to produce may be worth thousands of naira if it solves an important problem in a timely and efficient manner and a product that is expensive to produce may have little value. Knowing the value customers place on a product makes it much easier to make key decisions, such as setting price. Lehmann and Winer (2000) state that the customer value of brand is composed of three basic elements;

- Importance of the usage situation
- Effectiveness of the product category on the situation.
- Relative effectiveness of the brand in the situation.

Thus customer value involves two basic notions of value, absolute value, which essentially assumes no competing brand exists and relative value, which involves comparison of the brand with other brands. In the means-end chains, value (like quality) is proposed to be a higher level abstraction. It differs from quality in two ways:

- Value is more individualistic and personal than quality.
- Value, (unlike quality) involves a trade-off of give and gets components.

Though many conceptualizations of value have specified quality as the only "get" component in the value equation, the consumer may implicitly include other factors, several that are in themselves higher level abstractions, such as prestige and convenience (Holbrook and Corfman, 1985). From our discussions, value is more than just quality. Value is quality, prestige, convenience, sense of fulfillments etc. Providing superior consumer value requires the higher education institutions to do a better job of anticipating and reacting to consumer needs than the competitors do.

CONCEPTUALIZATION OF HIGHER EDUCATION AS A MARKET ENTITY

Alderson (1965) describes a perfectly heterogeneous market as one in which each segment of demand can be satisfied by a single segment of supply. The job of marketing is to match these segments. The principal organized behaviour systems are the household and the firm. Households are primarily consuming entities, and firms are primarily producing entities. Alderson's representation of market functioning can be seen easily to embrace the education service activities of higher education. First, the household generally remains the organized behaviour system that seeks the education products for its members. The demand is very heterogeneous, as families seek a broad range of education products. The firm, as embodied in the educational institution develops core products for specific segments of the markets of households. Offerings and programmes are broadened to provide more services and serve a broader range of the heterogeneous demand.

The role of the market is to bring together these services with that demand, placing appropriate assortment of education products in the hands of the consumers. A particular segment of demand may go unfilled or poorly filled, and existing institutions may elect not to innovate to serve it. The market mechanism thus creates the opportunity for new institutions to seek differential advantage by serving that demand or serving a demand more satisfactorily than existing institutions. We have deliberately made these efforts to describe marketing as a process and equally articulate the functional components of the market so as to lay the ground for understanding higher education as a market entity.

EXCHANGE RELATIONSHIP OF HIGHER EDUCATION

Exchange is the foundation of marketing. A broader view of exchange recognizes the importance of interests. Two parties may consider exchange of particular goods for money. However, each party typically has other interests at stake in the transaction, and can create value by serving the other party's interest, thereby expanding the scope of an agreement. These interests can be understood very broadly, to the point of including psychological and emotional rewards as well as tangible returns and behaviours.

Exchange can be categorized according to their structure and participants. However, in generalized exchange, at least three actors are involved and each does not benefit directly from the actor to whom he/she provided value. Rather, they enjoy a collective benefit or receive benefits directly from a party other than that to whom they gave value. This is a situation where A gives B, and B gives C and in return A derives satisfaction from the whole transaction (Bagozzi, 1975). Complex exchanges recognize some direct exchanges between parties while each receives a general benefit. Almost all of the exchanges for higher education can be considered complex and generalized.

A broad understanding of the significance of exchange theory is critical for higher education. The abstract nature of the education experience, the enormous symbolic value of higher education experiences, the lack of apparent tangible benefit for charitable giving, and the complicated relationship with community settings, government and society at large go well beyond economic exchange. Exchanges that are fundamental to higher education relate to six different constituencies and take place for many different purposes for the institution. Three involve the institution in the role of producer, providing value primarily in return for monetary resources. And one blurs the producer/consumer distinction. The most evident is the exchange interaction with the student which is the core product of higher education. Other exchanges exist with research and contract fund raisers, with donor patrons, with suppliers and personnel and with the government, community and society at large. It is important to recognize the range of interests that constitute value in these exchanges.

The exchange with the student is typically the most visible and fundamental to the institution because it represents the core product value the institution ostensibly exists to create. The institution agrees to provide an education experience of a defined sort, along with some level of supporting services for stated price (tuition and fees). However, what each party actually receives in the exchange goes beyond this bare interaction. The returns for the student in this exchange are complex. Not only does the student receive an education experience, but everything associated with it has tremendous meaning. The field of study, degree, and brand image of the institution all has assigned symbolic meanings and values in the culture at large, in the culture in which the student will live in his/her work life and in the culture in which the student lives in his/her personal world of family and friends. The fact that the student is pursuing higher education at all carries its own cultural value as well. All of these symbolic values will have implications for the student's opportunities and potential capabilities in his/her future.

A second exchange worthy of emphasis that involves the core work of the institution occurs with grants and contract fund raisers. Of all exchanges for income, this appears to be most direct and economic, but it can be deceptive. The grant fund raiser solicits proposals to perform research or develops new practices which the fund raiser believes should be done, selects from among competing offers, and awards the grants to particular individuals and institutions. The grant fund raiser receives the service performance in direct return, but may also benefit from the creation of a resource dependency at the institution. On the other hand, the institution may desire to pursue a particular research interest or to develop certain changes in practices for its own reasons, and undertakes agreement with the grant fund raiser that meets both its own interest and those of the fund raiser. Broader benefits accrue to the institution because the grant provides the support needed to specialize some aspects of its enterprise, providing the benefits of specialization to other institutional efforts. That enterprise, which primarily directed towards serving the grant purpose, will also be available to staff, students and others and will affect the internal structures of the programme, department and institution itself.

The successful acquisition and completion of a particular grant by a particular institution often has symbolic significance as ascribed by the higher education and grants making community. Through the grant, the institution acquires recognition as a location where particular knowledge resources reside. That reputation has value to the institution in leveraging its appeal to students and potential faculty. It is also critically important in leveraging additional awards from the same and other fund raisers. Higher education is clearly involved in the market through its various exchanges with its various publics. Those exchanges are highly complex and involve substantial benefits and symbolic values. Interactions between institutions and their publics resemble profit sector exchanges in some ways, but rely upon different sets of value and costs.

THEORETICAL CONSTRUCT FOR HIGHER EDUCATION MARKET

The neoclassic competitive market paradigm views entrepreneurial survival and growth as arising from successful matching or improving upon competitor's offerings to meet consumers' needs, which are only slightly differentiated. The neoclassic picture of a competitive market is based on an idea of "perfect competition" (Hunt and Morgan, 1995). The theory reduces all complexities in firm, consumer and market behaviour to direct unitary interactions, and assumes perfect information for all parties of all exchanges. All parties seek to maximize their gain in all exchanges, and over the long term, the market will tend toward an equilibrium in which returns will equal total costs of production. Consumer demand is homogenous in that everyone wants approximately the same thing and can equally afford it and it can be provided by any producer.

New models have been developed to represent the contemporary market place of highly heterogeneous demand, complex business organisations, and a constantly evolving marketing environment. Evolutionary systems change theory builds on the idea that the ability of a firm to survive and succeed depends upon its ability to detect and meet the needs of marketing "niches" (Fisk and Meyers, 2003). It does this through successful interactions and responses to feedback in the marketing system. The surviving firms are those that can adapt best to the new environment. For their evolutionary survival, individual firms must have dynamic systems in place to engage organizational learning and to manage their own adaptation to these changes.

Regulatory agencies for higher education (National University Commission, Council, Senate and Boards) commonly define the broad constituencies to be served and each school further segments the market to define niches upon which it can focus its efforts. In all cases, the market is a dynamic environment, and competition for students, for grants, for public support, and for donors requires response to feedback and assessments that are inherent in the market mechanism. New niches of market demand are continually evolving, including new education programmes, research interests, and donor perquisites. According to the evolutionary systems change model, the surviving institutions will be that which adapts to the evolving environment.

THE IMPORTS OF INTEGRATED MARKETING COMMUNICATION (IMC) IN HIGHER EDUCATION

Integrated marketing communication is a management concept that is designed to make all aspects of marketing communication such as advertising, sales promotion, direct marketing, public relation and publicity work together as a unified force, rather than permitting each to work in isolation (Kullivaara and Jomberg, 2003). According to Armstrong (2005) integrated marketing communication involves identifying the target audience and shaping a well coordinated promotional programme to elicit the desired audience response. Today, marketers are moving toward viewing communications as managing the customer relationship over time. Because customers differ, communications programmes need to be developed for specific segments, niches, and even individual given the new interactive communications technologies (Armstrong 2005). Higher education institution should develop appropriate communication programmes for the different constituencies it has exchange relationships with and communicate her offerings. For instance government as grant and contract fund raiser may be reached with public relation while students can be reached with advertising. But all the consumers can be delighted with publicity and by providing assurance of quality it could add to value.

MAJOR FINDINGS AND IMPLICATIONS

It was discovered from the study that higher education is in exchange relationship with student, research and contract fund raisers, donor patrons, suppliers and personnel and with government, community and society at large. The emphasis in this study has been on understanding consumer needs and adapting to them. The focus of these findings is on the student, the key consumer of higher education, for whom a broad range of desirable values can be offered. The consumer is getting tired of accepting low quality offering from institutions that no longer carry the perceived value that merits the investment.

Evaluation of quality takes place in comparison context. Therefore, a country's quality of higher education is evaluated as high or low depending on its relative excellence or superiority among the competing countries. Hence, it is expedient that our higher education institutions should be concerned with the perceived low quality and change the standards to conform with the best practices in the world to enable us compete favourably especially in this era of globalization.

The price considered by the student is not only the monetary price. It includes time costs, psychic costs and hassles - all of which form the perceived price encoded as either expensive or cheap by the student. Value is more than quality alone. It is the perceived value that determines a purchase. Perceived value includes quality, prestige, convenience and sense of fulfillment. The value sought by the student is the quality of the education

experience, the field of study, degree and brand image of the institution, all of which have assigned symbolic meanings and values in the culture at large. Consumer value can be created by institutions of higher education by developing capacity to competitively attract investment through exchanges, with its various publics – students, grants and contract fund raisers as well as donor agencies, government and society at large.

CONCLUSION

This study has shown that value for higher education can be created through marketing approach and technique. It has demonstrated the pervasiveness of marketing in all disciplines and sphere of life. The study reveals that consumer's expectations, desires, needs, and wants are the same whether consuming manufactured products or educational services. Because the consumers are the ones that assess and define quality and value, organizations and institutions must strive to define their offerings along the consumers' line. Exchange transaction between the consumers and producers will only be meaningful if there are proportionate benefits in price paid and value received. Hence, higher education administrations should strive to offer qualitative knowledge (learning) with internationally competitive prices (tuition, fees). With this, some people's penchant for seeking higher education abroad will be drastically reduced especially when they discover that our higher education products (graduate) are of international quality and standard with global recognition.

REFERENCES

Alderson, W. (1965), "The Heterogeneous marketing and the Organized Behaviour System", *Dynamic Marketing Behaviour*, Homewood, ILL, Richard D. Irwin.

ArmStrong, G. (2005), "Integrated Marketing Communication: Advertising, Sales promotion and Public Relations, Marketing: An Introduction, (7th ed) New Jersey: Pearson Prentice Hall.

Bagozzi, R.P. (1975), "Marketing as Exchange", *Journal of Marketing, American Marketing Association*, 29 (10) 32 – 39.

Borris, P. (2009), "Psendorsearch in Marketing: The Case of Price-Perceived-Quality Relationship". *European Journal of Marketing*, 14(8), 466-480.

Champman, J. (2000), "The Impact of Discounts on Subjective Products Evaluations", *Working Paper*, Virginia State University.

Crosby, P.B. (2004), *Quality is Free*, New York, New American Library.

Dickson and Sawyer, A. (2000), "Point of Purchase Behaviour and Price Perceptions of Supermarket Shoppers," *Marketing Science Institute Working Paper*.

Dodds, W. B. and Monroe, K. B. (1985), "The Effect of Brand and Price Information on Subjective Product Evaluations," *Advances in Consumer Research*, 17 (2) 85-97.

Doyle, M. (2008), "New Ways of Measuring Value", *Progressive Grocer-Value Executive Report*.

Fisk, G. and Meyers, P. (2003), "Macromarketers Guide to Paradigm Development", *Philosophy of Science Perspective*, 8 (2) pp 281-285

Gardner, D. M. (2002), "Is There a Generalized Price-quality Relationship?" *Journal of Marketing Research*, 46 (Fall) 24-51.

Hawkins, D. I., Best, R. J. and Coney, K. A. (2001), *Consumer Behaviour, Building Marketing Strategy* (8th ed), New York: Irwin McGraw-Hill Inc.

Holbrook, M. B. and Corfman, K. P. (1985), "Quality and Value in the Consumption Experience Phaedrus Rides Again," *Perceived Quality* J. Jacoby and J. Olson eds Lexington Books 31-57.

Hunt, S.D. and Morgan, R. M. (1995), "The Comparative Advantage Theory of Competition", *Journal of Marketing*, 59(2), 1-15.

Jacoby, J. R. W. and Olson J.C. (1985), *Perceived Quality*, Lexington, MA: Lexington Books.

Jadok, J. C. (2010), "Price, Brand Name and Product Composition Characteristics as Determinants of Perceived Quality", *Journal of Applied Psychology*, 55, (6), 570-589.

Kullivaara, C. and Jomberg, J. (2003), "Integrated Marketing Communication and Tourism: A Case study of Ice Hostel", Social Sciences and Business Administration Programmes pp 1-65.

Lehmann, C. and Winer, R. (2000), *Analysis for Marketing Planning*, Homewood, II: Irwin/McGraw-Hill Companies Inc.

Mayer, S. (2007), "The Concept and Measurement of Product Quality", *Household Production and Consumption*, 40(5), 529-59.

Mazumda, T. (2007), *Experimental Investigation of the Psychological Determinants of Buyers' Price Awareness* Working Paper, Virginia State University.

Mc Connell, D. J. (2005), "Effects of Pricing on Perception of Product Quality", *Journal of Applied Psychology*, 52(8) 300-320.

Monroe, K. B. and Krishnan, R. (2006), "The Effect of Price on Subjective Product Evaluation", in *Perceived Quality*, J. Jacoby and J. Olson eds. Lexington Books, 81 – 86.

Olson J. C. and Jocoby J. R. W. (1972), "CUE Utilization in the Quality Perception Process", in Proceeding of the Third Annual Conference of the Association for Consumer Research, A. C. R. 167-79.

Olson, J. C. (2002), "Price as an Information Cue: Effects in Products Evaluation", in *Consumer and Industrial Buying Behaviour*, New York: Pearson Publication

Parasuraman, A., Zeithaml, V. A. and Berry L. (1985), "A Conceptual Model of Service Quality and its Implications for Future Research", *Journal of Marketing*. 49 (Fall), 41-50.

Peterson, R. A. and Wilson, R. W. (2000), "Perceived Risk and Price Reliance Scheme and price-Perceived Quality Mediators" in *Perceived Quality*, J. Jacoby and J. Olson, eds, Lexington Books 247-68.

Keller, K. L. (2003), "Psychological Perspectives on Consumer Response to Sales Promotion", *Research on Sales Promotion*. Marketing Science Institute

Standford, J. E. and Enis, B. M. (2001), "The Price-Quality Relationship: An Extension", *Journal of Marketing Research* 7 (November) 456-8.

Ube, C. (2009), "Nigerians Remit N42 billion to Britain as School Fees", *Business World*, June, 2009 pp. 1.

Zeithmal, V. A. (2003), "Conceptualizing and Measuring Consumer Response to Price", *Advances in Consumer Research*, 10 (2) 612 – 626.