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Strategic Marketing Approaches for Differentiating Nigerian Technological Universities

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Abstract:

This article addressed the imperative for application of strategic marketing tools of segmentation and targeting within the context of university education. Specifically, how Nigerian technological universities can use the instrumentality of segmentation, targeting and positioning (STP) to differentiate from others was discussed. The application of competitive tools of positioning is important; against the background that higher education is now big business, with more than \$300 billion market share. In today's global economy, service innovation is paramount in achieving competitive success. In this regard, technological universities in the industry must strategise to compete hard, given the fact that majority of the student's customers are generation Y (GEN Y) boomers. Managers of Nigerian technological universities should accord top most priority to service innovations as strategic paradigm shift towards ensuring satisfaction. Since technological universities cannot be good at everything, then it is imperative for them to target those market segments, they can serve better (e.g. postgraduate niche) and position their offers to them in the most innovative ways, with responsiveness and empathy.

Keywords: Segmentation, targeting, positioning, Nigeria, universities, higher education

1. Introduction

Marketing is relevant to higher education institutions, just as it is relevant to profit making firms (Rindfleisch 2003). Due to growing competition for students and resources among higher education institutions, marketing strategies has been viewed as necessary tools for customer satisfaction and differentiation in the higher education industry (Kusumawati, 2010). As such, Desjardins *et al.* (2006) had argued that marketing in higher education is needed to mitigate the effects of decreasing Government funding and increase in competition. Kotler (2008) viewed that higher education institutions should satisfy the need of their customers by adding value so as to survive and achieve sustainable competition. Therefore, technological universities in Nigeria should adopt marketing orientation in order to be proactive in the dynamic higher education industry. In this regard, administrators of technological universities in Nigeria should assume the leadership responsibility of developing marketing programs and also inculcate a marketing concept philosophy within the internal customers (employees) for effective and efficient service delivery. According to Lui and Cheng (2001:48), inculcating marketing orientation, will underscore "the importance of administrators' role in practicing marketing orientation", which will impact positively on the universities' service quality.

Also, Ivy (2001) observed that marketing orientation can be achieved by applying effective marketing mix tools to influence the demand for the services offered by universities. Hoyt and Brown (2003) supported the marketing orientation view by observing that, for higher education institutions to remain competitive, they need to adopt marketing philosophy in their operations. Adopting marketing orientation as argued by Kusumawati (2010:5) can "provide an understanding of customers' needs and ensures that higher education institutions address those needs effectively". Kotler and Fox (1995:26) listed four (4) benefits associated with using marketing orientation: (1) Greater success in fulfilling the institutions' mission; (2) Improved satisfaction of the institutions' publics and markets; (3) Improved attraction of marketing resources and (4) Improved efficiency in marketing activities. Kotler (2008) posit that marketing can play significant role in universities' strategic planning by creating programme (offers) that meet the needs of primary target markets (students), using effective marketing mix elements, to not only inform but also service their markets.

2. Strategic Marketing in Higher Education

In any organization, the need for strategic marketing planning cannot be over-emphasized. But then, what does strategic marketing planning entails? According to Kotler and Keller (2008), strategic marketing planning is the process of managerial and operational activities required to create and sustain effective strategies to give firms (organizations) competitive advantage in their industry. Marketing managers or organizations use strategic marketing planning to identify and evaluate opportunities, analyse markets, select target markets and develop positioning strategies that would not only give them an edge over others in the industry, but also as means of creating and sustaining long term customer satisfaction and loyalty (Ferrell and Hartline, 2005; Kotler and Keller, 2008; Luther, 2001).In the context of higher education institutions in general and universities in particular, developing competitive marketing

strategies are desirable to ensure that the various customers of the institutions are satisfied (McDonald, 2002; Mullins and Harper, 2007). The aforementioned, underscores the need for technological universities to adopt segmentation, targeting and positioning (Winer, 2006) as deliberate marketing strategy tools for competition in the higher education industry.

Kotler and Keller, (2008) and Hadjiphanis (2010) reported that, segmentation, targeting and positioning, helps university administrators to understand what current and potential students' needs and wants are and strive towards meeting these needs and wants. However, it has been observed that technological universities in developing countries, do not fully design and implement these marketing strategies for competition in the higher education industry, as such, leading to declining students' enrolment into such universities and lower level of service quality satisfaction (Ancil, 2008; Brown and Oplatka, 2006; Ghosh *et al.* 2008; Johnson *et al.* 2009). This study views that technological universities in Nigeria require marketing strategies that would not only enable them satisfy customers (students), but also serve as tools of differentiation from conventional universities. As such, segmentation, targeting and positioning (STP) strategies are necessary to achieve the aforementioned goals.

2.1. Segmentation in Universities

Segmentation decisions are usually based on a number of variables. In this regard, Kotler and Keller (2008); Ferrel and Hartline (2005) identified three key criteria: segments must be measurable, meaningful and marketable. Segment measurability means that universities should be able to measure or determine the size of the segment, including its characteristics. Meaningful segment means that the identified target market must be large enough to attract competitive consideration and entry, and in the case of universities, must have sufficient growth potentials to attract students' enrolment and service quality satisfaction. Segment's marketability refers to ability of the universities to reach and service their target customers efficiently. Considering these three criteria, universities should consider three major objectives when designing and implementing segmentation strategy (Kotler and Andreassen, 2008):

- i. Higher education institutions, especially technological universities, need to analyse trends, with a view of understanding students' behaviour, to determine the strategic marketing drive of the institutions.
- ii. Realistic and achievable marketing goals and objectives should be the focus of the institutions. For example, to retain at least 10% of current undergraduate students for future enrolment into postgraduate programmes is an achievable goal.
- iii. The need for universities to be more marketing concept-oriented, through employees' actions and behaviours, that will impact positively on the students' perception of service quality.

2.1.1. Segmentation bases in University Setting

Market segmentation is applied using bases such as geographic, demographic and behavioural (Kotler, 2007). Universities can equally use these bases for segmentation. For instance, using geographic segmentation, universities can segment their target markets into geographical variables such as regions and countries; this often leads to dividing the students market into local and international, with different marketing strategies applied for student attraction and retention. In this era of globalization, commoditization and marketization of higher education, geographical segmentation seems to be relevant. According to Schiffman and Kanuk (2004), geographic segmentation is an important process for universities, as it affords them the opportunity to find geographic-based differences for many of its students (customers) in the local and global market.

Demographic segmentation may include the use of variables such as age, gender, race, religion and nationality (Kotler, 2008), and they can be used as factors for segmenting student's groups (Kotler and Keller, 2008). To emphasize the importance of these demographic factors, Kotler and Andreassen (2008) maintained that universities can use these factors to segment their target markets, since students' wants are closely linked to the demographic variables.

From the behavioural segmentation perspective, customer satisfaction can be achieved using two dimensions: (1) benefits sought by the consumer and (2) the underlying motivation of that consumption (Kotler and Keller, 2008). For example, the needs of undergraduate students can be differentiated from those of the postgraduate students. While postgraduate students may place more emphasis on the availability of research facilities such as laboratories, workshops, equipment, cordial relationship with supervisors as motivating factors for satisfaction, the undergraduate students may tend to see availability of classrooms, lecture hours, method of teaching delivery, financial aids, faculty expertise as important behavioural tools for customer satisfaction. However, based on these two dimensions, Bennet and Choudhary (2009) identified and explained three types of educational buyers:

- i. The quality buyers. These are students who demand high service quality and are not bothered with the costs of offering the services. What is paramount in the minds of this type of buyers is the availability of good services, which they are willing to pay for.
- ii. The value buyers. These are students who demands good value based on a fair quality-to-cost ratio. This group of customers often demands that service quality perception should match expectations based on prices paid.
- iii. The economy buyers. These are students who are primarily interested in minimizing financial and acquisition costs and will seem to favour those service offerings that are readily available, easily purchased and least expensive. According to Bennet and Choudhary (2009), these types of customers are willing to accept marginal service quality if the price is right and the acquisition is convenient.

Bennet and Ali-Choudhary (2009) concluded that this classification of students into quality, value and economy buyers are opportunities for universities to use behavioural variables of segmentation, in order to identify the different characteristics of their target markets. As such, technological universities in Nigeria can use behavioural basis of segmentation to classify their student's markets into the three groups mentioned above, and develop unique offers and necessary incentives that will ensure current

satisfaction and attract future enrolment. For instance, postgraduate students, who are often quality buyers, can be attracted and satisfied by putting in place state-of-the-art facilities (e.g. laboratories, workshops, equipment, power supply, internet connectivity, well equipped libraries) and responsive academic supervisors. On the other hand, the undergraduate segment can be attracted through provision of financial aids such as scholarships and grants by the universities, reduced tuition fees, flexible programmes and learning methods and the courtesy of contact employee.

3. Targeting

Generally, target marketing is concerned with a strategic focus on one or some selected identified market segments, and developing marketing offers that are unique and responsive to each segment of interest. Studies such as Cavanagh (2002); Rindfleish (2003); Thomas (2004) have reported variations in the response tendencies for segments in educational services. A university may elect to adopt any of the following three target marketing options: (1) differentiated marketing (2) concentrated marketing and (3) orchestrated marketing.

Differentiated marketing has to do with operating in more than one segment of the market (Lewison and Hawis, 2007). Within the purview of differentiated marketing, a university may decide to choose a number of clustered or scattered target markets. These may make a university to employ selected differentiated strategy, e.g. choosing market segment (MS1); market segment (MS2); market segment (MS3) among say, seven identified segments. Alternatively, a university may choose to target each market segment in the whole market. If this is the case, a “complete differentiated marketing approach” is adopted. In either case, a distinct marketing offer is required for each market segment which the university focuses on (Lewis and Hawis, 2007).

Concentrated marketing approach requires more efforts and focus. According to Lewis and Hawis (2007), concentrated marketing can take either exclusive or integrative form. In the former, a university can give attention to a single segment, e.g. postgraduate market, of the educational consumer market it seeks to dominate through total market penetration. On the other hand, a university can adopt an integrative approach whereby the single exclusive segment is expanded to include other similar segment, e.g. adding postdoctoral students as targeted total graduate students market. However, the success of integrated concentrated marketing depends on the institution’s knowledge of and marketing experiences gained in serving the original exclusive segment.

Orchestrated marketing approach consists of developing distinct marketing offers to meet the common needs of a range of market segments selected. The university adopting orchestrated marketing looks for commonality and basic characteristics shared by different groups, e.g. addressing the common research needs of local postgraduate’s segment and international postgraduates segment at the same time. In any case, orchestrated marketing is a choice between the extreme differentiated versus concentrated marketing strategies.

4. Discussion and Conclusion

4.1. Differentiating through Good Academic Relationship

The ability of a learning institution to segment and target the group to serve best would show the extent of its concern towards customer satisfaction. Striving towards customer satisfaction is imperative because the higher education marketplace is made of many educational institutions competing for the same student’s groups having different educational needs. For instance, segmentation could afford technological universities the opportunity to develop products, e.g. practical-oriented curriculum and new programmes targeted at educational value-buyers. In a quest to differentiate from others, technological universities in Asia-Pacific region, like those in the in the US and UK, are persistently aiming at achieving research university (RU) status. However, such ambition requires substantial investment in tangibles and innovative services that attract postgraduate students into technological universities in Asia-Pacific region. Many universities were able to do that, in addition to affection and empathy shown by academic staff to students. These resulted in increase in their share of the global postgraduate students’ market.

Since funding and investment in tangibles are a challenge to universities in Nigerian context, developing a culture of good supervisor-supervisee relationship would have significant positive impact on satisfaction, albeit provision of functional state-of-the-art facilities. Arguably, good academic relationship between students (as customers) and academic staff (as producers) would translate into timely graduation of postgraduates (outputs) especially doctorate candidates. In the ranking wars, a university’s chance of being amongst the best is significantly influenced by the number of PhD holders it produces, year-in year-out. Currently, graduation on time (GOT) in the context of Nigerian universities is not encouraging. It takes an average of 7 years to earn a doctorate in a typical Nigerian university, as compared to 3-4 years in US, UK and countries in Asia-Pacific region. Institutionalizing GOT concept, which is a new paradigm even at IVY-league universities, can be an important positioning tool that would attract quality students to technological universities.

Nigerian technological universities can borrow a leaf from their peers in Asia-Pacific region, where GOT concept, especially regarding doctoral candidates is an important key performance indicator (KPI) upon which senior faculty members are assessed and rewarded. A good example can be found in Universiti Teknologi Malaysia (UTM) and Nanyang Technological University, Singapore (NTU) where financial incentives are given to both faculty and students towards achieving the GOT goal. These helped the universities dominate the postgraduate market segment in Asia-Pacific region and at the same time, pushed them up in world universities rankings table. The QS world university ranking of 2010 has placed UTM at 365th position in the world and among the top 200 (www.topuniversities.com/institution.universiti-teknologi-malaysia-utm/wur; www.news.utm.my/2011/09/utm) in engineering and technology, thus enabling UTM to assume a premier RU status.

4.2. Differentiation through Investment in Facilities and Innovative Programmes

Technological universities in Nigeria need to strategically differentiate from other higher education institutions by focusing on investment in facilities, equipment; information technology (IT) infrastructure and vigorous internationalization drive (open-houses, road shows, use of marketing committees). Robust R and D linkages with industry will also stand to differentiate them from other universities, thereby enhancing their service quality perceptions. Further, technological universities in Nigeria can attract loyalty by introducing innovative programmes such as Bioengineering, Biomedical engineering, Biotechnology and Bio-processing system. The absence of these types of programmes is partly responsible for the movement of students to foreign universities in search of satisfaction in terms of course offerings.

4.3. Differentiating through Image Branding

Technological universities in Nigeria need to create a branded image in higher education industry by improving on the perceptions of their service quality by primary customers (students), external customers (community and society), and internal customers (employees). In this regard, Berry and Parasuraman (1997) argue that organizations can improve the quality of what they offer by listening to their external customers, competitors, customers and their own employees. As such, Lin *et al.* (2001) reported that quality of service is affected by the personality traits of employees, while Shao *et al.* (2004) were of the opinion that appearance is an important tangible cue impacting on perception and emotions of customers.

5. Managerial implications

A university that adopts strategic marketing tools such as STP stand to enhance students' satisfaction. Deploying STP tools means that the universities would be producing services based on identified needs and wants of the student's market. By so doing, students' learning expectations (as customers) and the university (as producer) would be matched accordingly. In this regard, the university, as a service organization would benefit from increased enrolments, which also mean increase in revenues, as a result of favourable word-of-mouth marketing to be rendered by students who become satisfied.

In today's global economy, service innovation is paramount in achieving competitive success. Higher education is now big business, with more than \$300 billion market share (Dennis, 2011). Therefore, technological universities in the industry must strategise to compete hard, given the fact that majority of the students, customers are generation Y (GEN Y) boomers. GEN Y students are highly IT-oriented, conspicuous consumers of technology and quality-based consumers who consider service quality and value above other considerations in their university-choice decisions. Therefore, managers of Nigerian technological universities should accord top most priority to service innovations as strategic paradigm shift towards ensuring satisfaction. Since technological universities cannot be good at everything, then it is imperative for them to target those market segments, they can serve better (e.g. postgraduate niche) and position their offers to them in the most innovative ways, with responsiveness and empathy

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