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## **Price as a Motivating Factor for Students' Enrolment: Distance Learning Perspective**

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### **Abstract:**

*Price has been used as an indicator of quality by many consumers purchasing goods and services. The main purpose of the study was to assess if price determines the choice of a university for quality distance education. Self-designed questionnaires was employed to collect data from 100 students of University of Cape Coast Distance Learning Centre at Koforidua in the Eastern Region of Ghana. Convenience sampling technique was used in selecting the respondents for the study. The study revealed that high price is not a motivating factor students look out for before choosing a university for distance education. The study further indicated that factors such as brand name, brand image, flexible payment terms, location and worldwide acceptance of certificate influenced students' decision in choosing a university for distance education. The result established that external forces affect learning environment in distance learning centres, hence, distance learning universities must provide services in their original premises. Additionally, the results showed that organizations have many images, but not just one, therefore, the university should use its image as an influential indicator of perceived service quality to its advantage in delivering distance education to influence customer expectations of the service.*

**Keywords:** Price, quality service, distance education, Ghana

### **1. Introduction**

In recent times, tertiary education has been brought to the door steps of Ghanaians due to the fact that a lot of public universities have established distance learning centers' in almost every regional capital in Ghana. The purpose is to make tertiary education more accessible to qualified Ghanaians who want to further their education at the tertiary level but could not leave their jobs and attend full time lectures.

However, the distance learning education comes with a price or a fee to be paid. According to Kotler, Bowen and Makens (2006) tuition or fee is a price paid for receiving education and further emphasized that price is the only marketing element that produces revenue. It is said that price influences consumers in selecting a quality product or service. Kotler (2009) opined that many consumers use price as an indicator for quality. According to Kotler and Keller (2009) many customers use price to make judgments about products and services quality and further emphasized that image pricing is effective with ego-sensitive products. Kotler and Keller (2009) further added that when alternative information about true quality is available, price becomes a less significant indicator of quality. According to Oliver (1997) generally the price is being judged by the consumers in accordance to the service quality which in turn creates the satisfaction or dissatisfaction, which depends on the principle of equity. It must be highlighted that for some products or services, price may influence consumers' perceptions of overall quality.

Bruhn and Georgi (2006) believe that service quality emerged as a major challenge for service organizations because of encounter of provider and customer in the service process and makes service quality more complex construct as compared to product quality. Therefore, the purpose of the study was to identify whether higher fees determines the choice of a university for distance education. The study has two main objectives. (I) to assess if higher price/fees determines the choice of a university for quality distance education and (II) to identify other factor students consider before selecting a university for distance learning education. The paper is divided into five sections. The first part deals with the introduction to the study. The second part concentrates on related literature review. The next part discusses the methodology for the study. The fourth section deals with data analysis and discussion of results and the final part concentrates on conclusions and recommendations for the study.

## 2. Literature Review

Price is one of the controllable marketing mix variables which marketers employ to influence demand for a company's product or service. This makes price an indispensable factor in the marketing game.

According to Boone and Kurtz (1992) price is the exchange value of a good or service. Therefore, price represents the amount of funds, money or other consideration required to exchange for the purchase of a good or service. Kotler, Armstrong, Saunders, and Wong (2002) echo that price is the amount of money charged for a product or service, or the sum of values that consumers exchange for the benefits of having or using the product or service, hence, price connote quality. In the word of Peng and Wang (2006) study reveal that customers want good quality products or services with reasonable prices which is easily affordable and thus, any firm that provides such critical role toward customer will result in building long term relationship with key customer. Oliver (1999) concludes that customers perceive price in accordance with the quality whose result will either be satisfaction or dissatisfaction. This confirms that high price is not the sole factor used by customers in determining quality of product or service.

### 2.1. Forms of Price

All profit making organizations and many not – for – profit organizations must set prices for their products or services. According to Kotler and Keller (2012) price exists in many forms such as the following: The transport sector such as airline, railway, taxi and bus companies charge a fare, the price for driving a car is toll and the company that insures a car charges a premium. Rent is a price paid by tenants, rate is a price for land, water bill and electricity whiles interest is paid on money borrowed from banking. Retainer is given to lawyers as their prices; wages is also received by workers as their price, honorarium is for the visiting lecturer and the price of a salesperson may be a commission (Kotler et al., 2006).

### 2.2. Price and Service Quality

Conventionally, price is used as the major determinant of most decision making by consumers where high quality products or services are concerned (Zeithaml, 1988). Though, non-price factors also play a role in influencing the choice of consumers when it comes to consumer buying decision making (Kotler, 2003). This means that price is a vital element in the marketing mix and considered as one of the key elements determining market share and profitability of organizations (Kotler, 2003). Therefore, among the four marketing mix variables, price is the only variable that brings in revenue, the rest of the mix (i.e., product, place and promotion) represents cost to the company. Kotler *et al.*, (2002) define service as any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything and its production may or may not be tied to a physical product.

Research has shown that service quality and product quality are analytically different. Kotler *et al.*, (2002) characterised service under four dimensions which are intangibility, heterogeneity, inseparability and perishability. These various features of services as compared to tangible goods, make them very difficult to price. It must be emphasized that the nature of service makes it difficult for customers to judge service quality before the service is performed. This is the reason why image of the service firm, location and other factors are paramount in delivering quality service. Oliver (1997) believes that image can influence customer expectations of service. According to Pickton and Broderick (2005) image is the perception of the company by its publics and emphasized corporate image as the perception of the organization by its audiences. The authors further claimed that an organization have many images, but not just one, because each target audience is affected by its own interest and contacts. Hence, image can be one of the most dependable indicators of a service organization's ability to satisfy customer desires (Nguyen & Leblanc, 2001). This view is shared by Petrick (2004). Thus, image is seen as an influential indicator of perceived service quality by an organization. According to Ogba and Tan (2009) behavioral study reveals that there is a positive effect of brand image on the customer loyalty and dedication towards market offering. Furthermore, Keller (2003) in his model 'Customer-Based Brand Equity (CBBE)' pinpoint that the power of a brand lies in what customers have learnt, felt, seen and heard about the brand as a result of their experiences over time Foxall and Goldsmith (1994) echo that the perception of the customer about the features of a product or service is influenced by the perceptions about the brand and branding. Hence, brand image also play an indispensable role in creating the satisfaction of the customers. Additionally, Bruhn and Georgi (2006) believe that the place where service is produced has an impact on the service delivery. In education, service takes place at the providers premises and therefore service location influences customer perception of the service (Bruhn and Georgi, 2006). The authors further argued that services that are not produced at the original location of the providers are affected by external forces (Bruhn and Georgi, 2006). A study by Cronin *et al.*, (2000) and Petrick (2004) showed that higher perceived quality typically leads to higher perceived value. Cronin *et al.*, (2000) claimed that service quality and value affect satisfaction.

## 3. Methodology

Students offering degree programme at University of Cape Coast distance learning center in New Juaben Municipality constituted the population for the study. Sample size of one hundred (100) students was selected for the study. The study further relied on convenience sampling technique to select students who were available at the lecture halls at the time of collection of data. Lewis and Spyropoulos (2001) in their study of service failure and recovery in retail banking used a convenience sample of 48. Hence, a sample size of 100 is considered enough for the study.

Self-designed questionnaire was used as the primary tool for data collection. The data was collected through self-administered questionnaire. The questionnaire was made of questions on the main reason why students chose the University for Distance Learning. Questions relating to price and quality connotation were formed with Likert-style rating scale. The respondents were asked to respond by showing the extent to which they strongly disagree to strongly agree with each question. The respondents were required to fill the

questionnaire as honestly as possible. The researcher relied on excel in analyzing the data collected. Frequency tables, bar charts and pie charts were drawn from the data analysed.

#### 4. Research Findings and Discussions

The study comprised of one hundred (100) degree students of University of Cape Coast Distance Learning Centre at Ghana Senior High School, Koforidua. The researcher relied on excel in analyzing the data collected Frequency tables, bar charts and pie charts were used in analysing data.

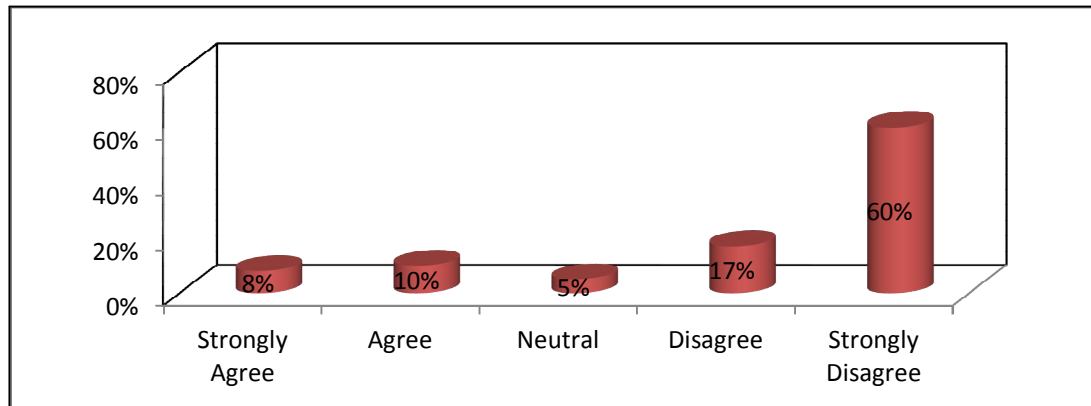


Figure 1: Summary of results on higher price/fees and choice of University

From students' responses in Figure 1, (60%) of the respondents strongly disagree that high fees influence their decision in choosing the university whiles (17%) disagree that high price/fee was a factor that influenced that decision in choosing the university. Only (8%) of the respondents strongly agree to the assertion that, high fees influenced their decision in choosing the university. It was clear that high fees do not motivate students in choosing a university for distance learning. This finding does not support the view of (Zeithaml, 1988) that price is used as the major determinants of most decision making by consumers where high quality products or services are concerned. The study by Peng and Wang (2006) point to the fact that customers want good quality products or services with reasonable prices which is easily affordable and this finding indicates that customers will always look for quality products or services with reasonable prices.

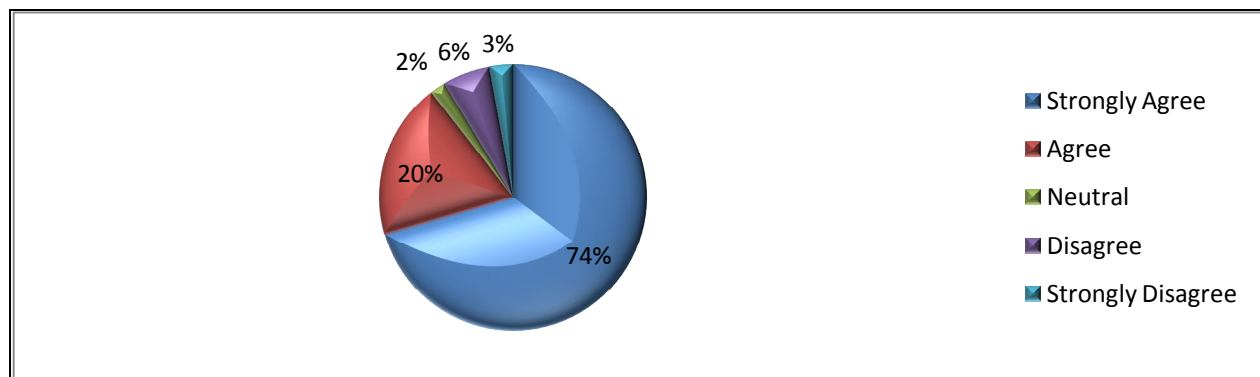


Figure 2: Summary of results on flexible payment terms and choice of University

From Figure 2, on issue of whether flexible payment terms of fees motivate students in selecting the University for Distance Studies, (74 %) of respondents strongly agree that flexible payment system is a factor that influences students' decision in selecting the University for Distance Education. (20%) also agree that flexible payment system put in place by the university is a key motivating factor they consider before the choice of the University for Studies. This means that flexible term of payment (i.e., the installment package) of fees is an indispensable ingredient that students rely on before choosing the University for Distance Learning. It could be concluded that flexible payment system of fees is one of the influential determinants students look out for before selecting a university for distance education.

	Frequency	Percentage (%)
Strongly Agree	80	80%
Agree	15	15%
Neutral	1	1%
Disagree	2	2%
Strongly Disagree	2	2%
<b>Pair wise (N)</b>	<b>100</b>	<b>100%</b>

Table 1: Summary of results on the influence of brand name recognition and choice of University

From table 1, another important finding was that (80%) of the respondents strongly agree that the name of the university is very paramount when it comes to the choice of a university for distance learning. Only (2%) strongly disagree with the statement. Thus, a university that has branded itself in the Ghanaian educational market is likely to have a good number of students to pursue distance learning programmes. Therefore, a good brand name sells a product and is in line with the findings by Keller (2003) that the power of a brand lies in what customers have learnt, felt, seen and heard about the brand as a result of their experiences over time.

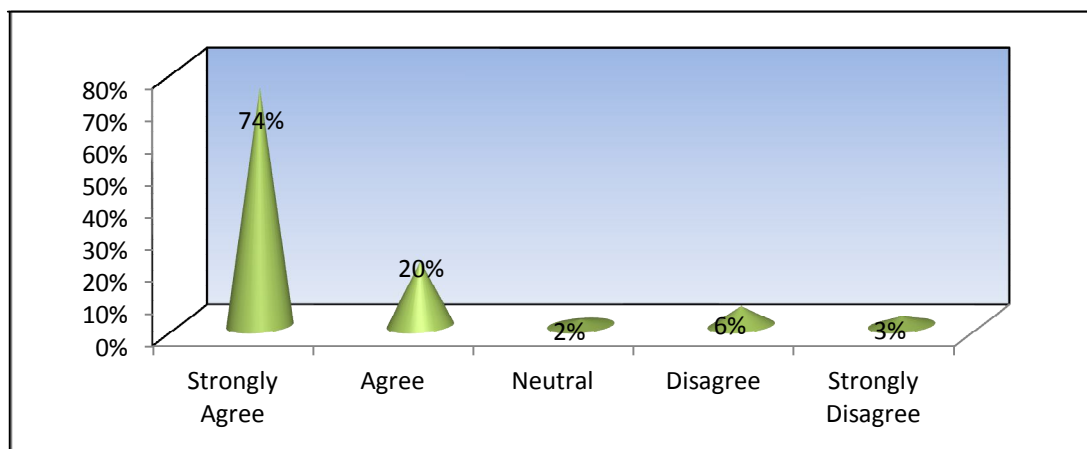


Figure 3: Summary of results on the influence of nearness of location of distance learning centre on choice of University

From figure 3, it was also observed that (74%) of the respondents strongly agree and state that nearness of distance learning center influence their decision in choosing the university for distance learning. (20%) of the respondents also agree that nearness of the centre is important in choosing the university whiles (9%) of the respondents disagree that they consider nearness of the distance learning centre in selecting the university for studies. This means that the place where service is produced has an impact on the service delivery (Bruhn and Georgi, 2006).

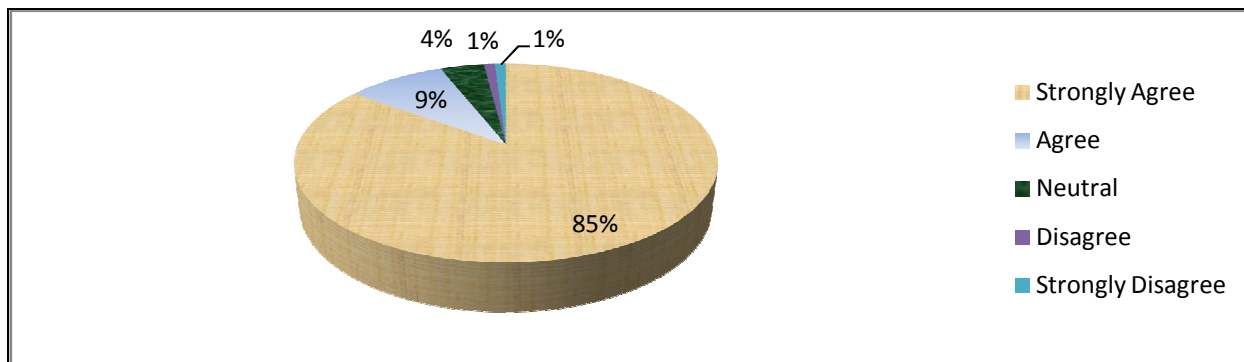


Figure 4: Summary of results on programme attractiveness and choice of University

It is shown in Figure 4 that, there is an uneven distribution when it comes to the issue of attractiveness of programme offered by the distance learning university. Out of the 100 valid respondents, majority of them representing (85%) strongly agree that attractiveness of programme of study mount by the university attract them in selecting the University for Distance Learning, while 9 of the respondents representing (9%) also agree with the same assertion. The figure further indicates that only (1%) of the sample feel that the programme is not attractive. This reveals that majority of the respondents choose the University for Distance Learning due to attractiveness of the courses being taught.

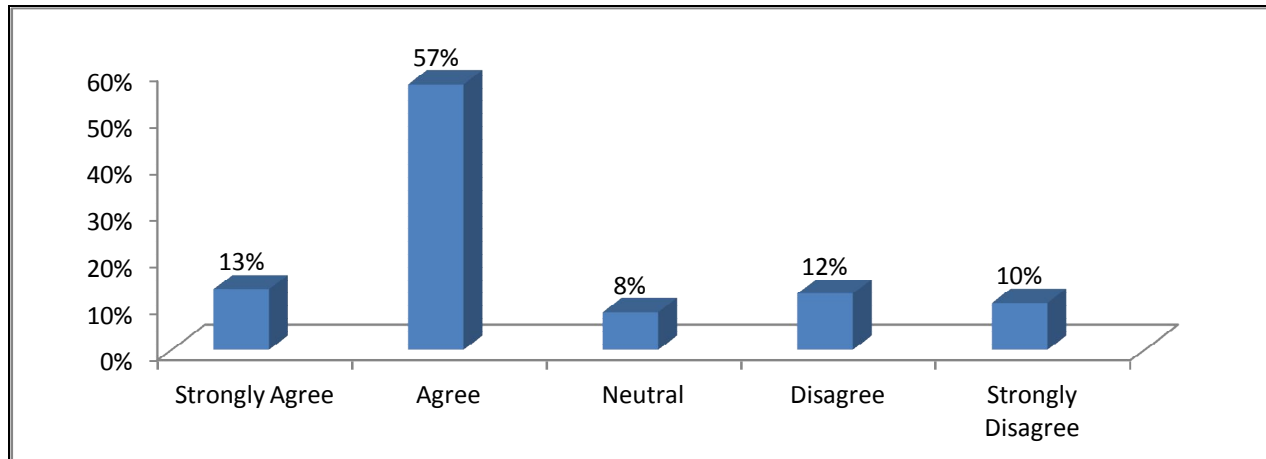


Figure 5: Summary of results on the impact of face-to-face meeting with tutors and programme models on choice of University

The Figure 5 indicates that a total of 57 respondents constituting (57%) see face-to-face with course tutors as well as models (handouts) for teaching as a factor that motivate them in choosing the University for Distance Education. However, a reasonable number of students disagree representing (22%) while (8%) of the respondents remain neutral. Findings show that majority of respondents choose the University for Distance Education because of the face-to-face tuition and the fact that the models facilitate easy learning. This points to the fact the issue of face-to-face and models for teaching and learning are considered critical in selection of a university for distance education.

	Frequency	Percentage (%)
Strongly Agree	85	85%
Agree	9	9%
Neutral	4	4%
Disagree	1	15
Strongly Disagree	1	1%
<b>Pair wise (N)</b>	<b>100</b>	<b>100%</b>

Table 2: Summary of results on influence of worldwide acceptance of certificate on choice of University

Table 2 indicates that worldwide acceptance of certificate influenced students decision in choosing the University for Distance learning. This is clear from the analysis as (85%) of respondents vehemently agree that worldwide acceptance of certificate was one of the ingredients they looked out for before choosing the university. Only (1%) of the respondents strongly disagree on the issue of worldwide acceptance of the certificate. The majority view shows that the worldwide acceptance of certificate is an image that influences a customer expectation of a service (Oliver, 1997). Thus, image is one of the most dependable indicators of a service organization's ability to satisfy customer desires (Petrick, 2004; Nguyen & Leblanc, 2001). Therefore, the university can use worldwide acceptance of certificate as an influential indicator of perceived service quality to its advantage in delivering distance education.

## 5. Conclusions

It must be stated emphatically that price is not the only variable that consumers look out for before choosing a product or service but non-price factors also play a critical role in influencing the choice of consumers when it comes to consumer buying decision making (Kotler, 2003). This view is also supported by Kotler and Keller (2009) that when alternative information about true quality is available, price becomes a less significant indicator of quality. Therefore, high price/fees cannot be considered as motivating factor for enrolment in a university with the hope of receiving quality education but rather other factors which are keys to students in terms of job prospects in the future play a pivotal role in choosing a university for distance education.

## 6. Recommendations

The study was carried out only in one centre out of the numerous distance learning centers within Eastern Region. Therefore, other centres need to be captured by researchers who are interested in this area. Additionally, other areas such as quality of tutors hired have also not been captured. However, the study has a lot of implications for distance learning universities in Ghana.

Firstly, since service location influences customer perception of the service (Bruhn & Georgi, 2006), management of distance learning universities must provide services in their original premises to reduce external forces that affect the learning environment.

Secondly, management of distance learning universities must factor into their promotional information other non pricing variables that influence students to choose the University for their Distance Learning Programmes.

Also, since studies have shown that organization have many images, but not just one, because each target audience is affected by its own interest and contacts (Pickton & Broderick, 2005), the university can use worldwide acceptance of certificate by its target audience as an influential indicator of perceived service quality to its advantage in delivering distance education to influence customer expectations of the service (Oliver, 1997).

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