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**Developing a Marketing Strategy for
Private Higher Education Colleges in
South Africa**

**Louise van Scheers
Assistant Professor
University of South Africa
South Africa**

Athens Institute for Education and Research
8 Valaoritou Street, Kolonaki, 10671 Athens, Greece
Tel: + 30 210 3634210 Fax: + 30 210 3634209
Email: info@atiner.gr URL: www.atiner.gr
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Athens Institute for Education and Research

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Developing a Marketing Strategy for Private Higher Education Colleges in South Africa

Louise van Scheers
Assistant Professor
University of South Africa
South Africa

Abstract

The political environment in South Africa has been a subject of phenomenal change that can only be compared to revolution since the end of the Apartheid regime in May 1994. The change in the political environment has introduced new items and priorities in the South African education sector's agenda. These are issues of focus to the new political masters such as socio-economic transformation and the uneducated majority of the population.

The main objective of this study was to develop a marketing strategy for Private Higher Education Colleges. The research question relates to the development of a comprehensive marketing strategy to defend of Private Higher Education Institutions at a time when waves of factors, are fundamentally changing the industry. These factors range, amongst others, from the entrance of new foreign institutions, changes in legislation, reduced, to the impact of Internet, and reduction in margins.

The study advised how to develop a marketing strategy for Private Higher Education Colleges to defend market share in South Africa. This is a perilous situation in that the relative exposure and risk of the HE Colleges a few schools are materially significant and secondly, the market position of competitors could be improving. This pro-active sales orientation at HE Colleges would assert that the best form of defence is to attack.

Just like today's great armies, market leaders can and must complement their conventional armoury, capabilities and tactics with the smaller, swift and unconventional 'Special Forces' that are pointed at strategic offensives against the enemy. The success or failure of marketing strategies rests not only on accurate identification of problems and successful reduction of resistance to change, but also on the appropriateness of the selected strategies.

Key Words: Marketing Strategy, Private higher Education Colleges, market share, education system in South Africa

Introduction

South Africa has a vibrant higher education sector, with more than a million students enrolled in the country's 21 public universities, 15 technikons and 45 private colleges. All the universities and technikons are autonomous, reporting to their own councils rather than government. Many of our universities are world-class academic institutions, at the cutting edge of research in certain spheres. There are also a growing number of private higher education institutions (Financial Mail – April 10 2012).

South Africa boasts a strong commitment to improving the education system in order to eradicate the legacy of apartheid. At 7 percent of Gross Domestic Product (GDP), spending on education is currently SA's highest expenditure item for government. In 2012 for instance, 0, 75 percent of GDP was for higher education. It is no surprise therefore that government would do whatever it has to make sure that money spent on higher learning is not wasted. In a recent newspaper supplement, Sowetan Education (2004 January 23), it is found that most of the 82 010 pupils who passed matric with an endorsement last year may be choosing to enrol at private higher education institutions, instead of taking the public tertiary education route. This is evident in the recent legislative and regulations reviews and institutions that have been put into place to protect this industry. These include SAQA (South African Qualifications Authority), CHE (Council for Higher Education), NQF (National Qualification Framework), GET (General Education and Training), and FET (Further Education and Training). The main driver according to Mecoamere (2012) is in restructuring of Higher Education (HE) and FET colleges has been the legislative interventions and new governing institutions set out over the past few years.

However, falling student numbers, dysfunctional managerial and student cultures, inappropriate funding mechanisms and poor-quality institutions characterize the current state of the South African HE system. The change in political leadership has been followed by massive changes in *legislation* that has sought to reshape, amongst others, the education landscape. The H E system has grown by 123 000 students from 2000 to 2003. In a recent newspaper article, the government makes known its plans to change the formula for university funding to curb an "unsustainable" growth in student numbers (This Day, 2011 August 25). The problem is that institutions are enrolling more students because they want to generate a larger income, but do not consider whether the state can afford them.

Objective of the Study

The main objective of the study is to develop a marketing strategy for HE Colleges.

To assist in achieving the main aim of this study the objectives are to:

- Analyse current marketing strategy;
- Determine how to defence market share;

Recommend how to development a comprehensive marketing strategy

Literature Review

The literature review will analyse marketing strategy and show how these influence a choice of strategy for HE colleges. As well as investigate how marketing strategy has been stretched by the concepts of strategy, quality and innovation. The choice of strategy must be informed by how these concepts severally and jointly impact on each other and particularly how they assist in achieving the goal of a sustainable and comprehensive marketing strategy in the HE College market.

Marketing Strategy

The concept of marketing strategy refers to the unique and differentiable positioning of the firm towards its customer's needs. In order for this to be the case the firm would have to clearly understand the environment within which it operates, know the client and competitor's strengths and weaknesses well, and tactically align its own resources and capabilities to meet client's needs profitably. This approach to strategy is symptomatic of the views expressed by Ries and Trout (2012), where they track the origins of marketing strategy back to warfare. In the words of General Karl von Clausewitz, also referred to by Ries and Trout (2012) as one of the world's greatest marketing strategist', the celebrated German army General says that:

“War belongs to the province of business competition, which is also a conflict of human interests and activities”.

Clausewitz was first to assert that war (and marketing) is based on two immutable characteristics: strategy and tactics. This articulation of marketing goes beyond the traditional definition of marketing as provided by Howard (2013):

‘Marketing strategy is a process of: identifying customer needs, conceptualising those needs in terms of an organisation's capacity to produce, communicating that conceptualisation to the appropriate laws of power in the organisation, conceptualising the consequent output in terms of the customer needs earlier identified, and communicating that conceptualisation to the customer.’

The fault line with the above stated definition of marketing in Ries and Trout's (2012) opinion is that it assumes that the organisation with the best marketing research capability will win the marketing war! This marketing philosophy is based on a singular notion of customer focus. An obsession of which becomes problematic particularly when every company becomes

customer-oriented and seeks to serve the same customer needs. In this scenario (scenario where every company seeks to serve the same customer needs) the race for marketing becomes a defeatist one-prize-race, where there can only be one winner. The 'winner' is often the biggest (in terms of size and resources) in the 'race' or industry, has traditional or historic claims to the crown, and barring any major deviations shall forever remain in pole-position.

Defence Market Share

Analysing the South African HE college environment using the Porter's Diamond model indicate a strong case of determinants that singly and jointly contribute to national advantage and competitive success for market share in the HE sector. Secondary research reveals that according to the Porter's Diamond model (Financial Times, 2012) sustained competitive advantage in an industry grows out of self-reinforcing interplay of several advantages in several areas creating a national environment, which is difficult for foreign competitors to replicate to defence market share of a organisation. The four pillars of the Porter's Diamond model illustrate the interplay of these areas, which are Factor conditions, Demand conditions, Related and supporting industries and the General structure and strategy of rivals. A brief discussion of the impact of each of these on the South African HE College sector follows:

Factor Conditions

Factor conditions are an aggregate of national advantages that are products of domestic industry rivalry. The HE sector is now characterized by rigorous competition between public and private institutions of learning, ranging from the traditional university through to private colleges.

Some of the distinct national advantages of this industry are:

- Increase in the number of school goers and leavers. By mid 2012, the South African education system accommodated more than 448 868 university students, 216 499 technikon students, and over 356 000 FET college students www.education.gov.za.
- Shifting demographics – Students increasingly include those of a more varied ethnic background, relatively disadvantaged backgrounds, and a greater range of age groups and minorities, characterized by the increased number of women and older age groups (Lemmer, 2012)
- Increased number of professionals with globally equivalent skills to conduct high levels of research.

Demand Conditions

Demand conditions reflect national attributes such as population, social norms, climatic conditions and other mix of industries in the economy. After 10 years of national democratic change South Africa remains a largely class segmented society. The large majority of the 44 million population lives in conditions that make little or no use of computers and the internet technology,

which the knowledge that of will prove to be very useful in conducting research in their tertiary studies. This is in contrast to the less than 2 million middle to high earning South Africans who have access to information through exploiting web-enhanced sources, and therefore reflect a different set of demand conditions.

Related and Supporting Industries

This corner of the Porter's Diamond relates to the presence, breadth and related international success of related and supporting industries. With South Africa going back to the international competition arena post-apartheid, came intense competition from foreign tertiary institutions. These institutions attracted students who wanted a qualification that had international recognition to give them an option of working overseas post their studies. Most of these institutions however, faced their untimely departure from the South African industry because of failure to comply with SAQA's legislative requirements for foreign institutions.

The competitiveness, national advantage and permeability of the national environment to international role players and trends has allowed for an increase in the business dimensions (size and complexity) of domestic HE institutions, with their key processes and projects also having to reflect an outlook that is increasingly dynamic, world-class and successful. This could very well be the reason for foreign tertiary institutions' modest success in penetrating the South African HE sector, relative to their success rates in other developing countries. The recent announcement of Bond University that they are leaving the country (SA) is but one example of the competitiveness for market share of the national environment in Higher Education.

Creating a Marketing Strategy

Marketing strategy planning means to find attractive opportunities and develop profitable marketing strategies. A marketing strategy specifies a target market and a related marketing mix. A marketing mix has four major points: The four P's, Product, Place, Promotion, and Price shown in Figure 1.

Figure 1. Marketing Mix



Source: www.marketing.lessons/lessons.htm

As indicated in figure 1, the customer is placed in the centre of the four Ps because the customer should be the focal point of all marketing efforts and really all business efforts. Without potential customers--and eventually satisfied customers--there is not much point in any company effort. Almost any product, for example ball point pens or sports shirts, might be used to illustrate the way that products can and should be designed with the customer in mind, made conveniently available, promoted to these potential customers, and priced attractively or competitively--again with the customer in mind. The interrelatedness of the decisions (as shaped by the needs and attitudes of the various potential customers) illustrates the innovative approach to marketing strategy. Kotler & Sawhney (2012) take the dimensions of marketing strategy innovation further as they look at the new marketing concepts for our times, as tabled below.

Table 1. Dimensions of Innovation

<u>Conventional marketing strategy</u>	<u>The new Marketing strategy</u>
Organize by product units	Organize by customer segments
Focus on profitable transactions	Focus on customer lifetime value
Judge performance primarily by financial results	Look at marketing metrics as well as financial ones
Focus on satisfying shareholders	Focus on satisfying several stakeholder groups
The marketing department does the marketing	Everyone in the company does marketing

Build brands primarily through advertising	Build brands through company behaviour
Emphasize customer acquisition	Emphasize customer retention
Measure customer satisfaction	Measure customer value and loyalty
Over-promise to get the order	Under-promise to over deliver
Make the firm the unit of analysis	Make the value chain the unit of analysis

Source: Kotler, P. and Sawhney, M. (2012). 'Kellogg on Marketing'

Table 1 shows the new approach to creating a marketing strategy. An important point mentioned is that everyone in the company should do marketing.

Market Share Defence

One of the secondary objectives of the research relates to the development of a comprehensive marketing strategy to defend market share of HE colleges. This comes at a time when waves of factors are fundamentally changing the industry. These factors range, amongst others, from the entrance of new foreign institutions, changes in legislation, reduced, to the impact of Internet, and reduction in margins. The impact of globalisation and Internet technology has made it difficult and increasingly complex to predict where the next competitor will surface. The speed by which new players can enter a market is also increasing day by day, making it ever so difficult to speak of a static market share. These changes have made the traditional concept of market share hollow.

The type of marketing strategy explored earlier revolves around notions of business concept innovation, the customer's total economic equation, and a militarist approach to competitive strategy. This view redefines the notion of markets in its suggestion that a set number of players must converge at a single summit of a single mountain. This new marketing strategy thrives on creating new summits, redefining 'the market' as something bigger than just a place for product/service competition but rather an individual economic customer.

Research Methodology

Research methodology is about setting a particular framework to work in and it is guided by rules observes Leedy (2012). This section will look at the methodological paradigm to be followed in this research and the reasoning behind it. The qualitative and quantitative methodology methods were used and the research design was exploratory. For the research to develop a marketing strategy for private HE Colleges data will be sourced from one population,

namely marketing managers of 45 private HE Colleges. According to Saunders *et al.* (2012), it is impossible to collect or analyse all the data available to a researcher for many research questions and objectives, owing to time, money and often access restrictions. It is therefore necessary to reduce the amount of data needed for collection to a sub-group, which is termed the sample, chosen from the population. The purposive non-probability sampling method was used in this research because the researchers selected knowledgeable marketing managers from 20 private HE colleges, two colleges in each of the nine provinces and four in Gauteng. A survey was chosen as appropriate method and questionnaires were e-mailed to the Marketing Managers which completed them and e-mailed it back. The research was conducted in June 2012 and at the end of June, 12 questionnaires were received back, which indicated 60 percent response rate.

The Importance of the Research

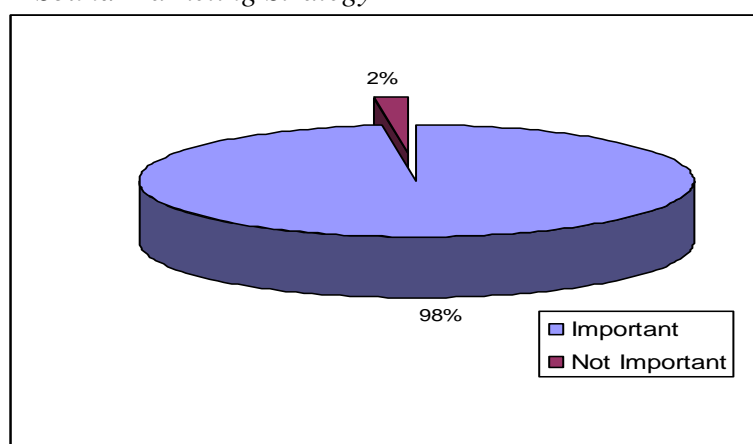
The private sector is playing a growing role in education throughout the world and particularly in South Africa but its existence is being threatened by a number of recent industry related changes and has necessitated a review of their existing marketing strategy. Competition is fierce to meet learners' lifelong needs, learning needs to be transformed. A new set of knowledge and competencies has to be mastered. Most traditional public tertiary institutions cannot entirely fulfil that. This is where the desire to eventually find a sustainable marketing strategy for private HE Colleges stems from.

Research Findings

Marketing Strategy

Question 1 asked how important a sound marketing strategy is for HE Colleges success is and the response is displayed in figure 2.

Figure 2. A Sound Marketing Strategy



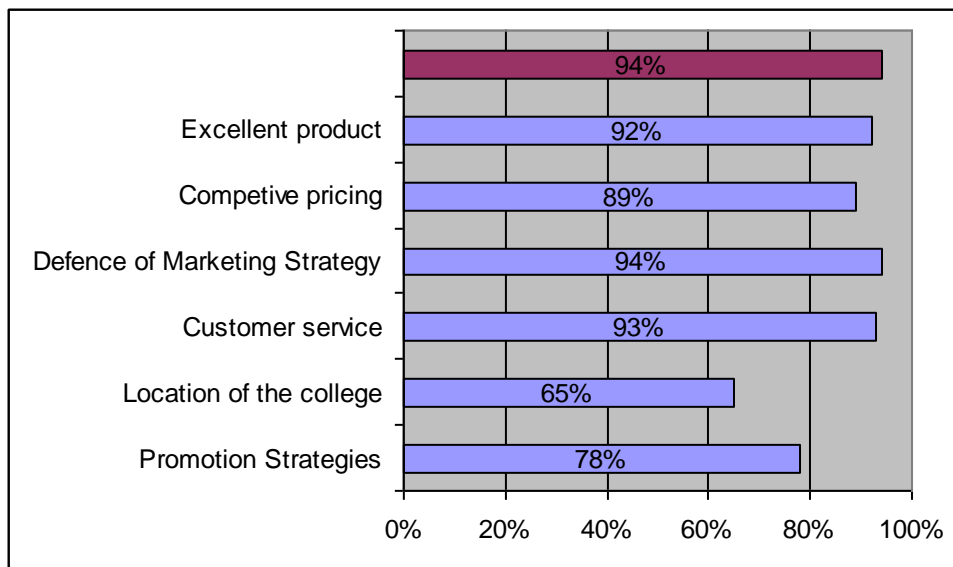
Source: Question 1

As indicated in figure 2, 98 percent of respondents agreed that a marketing strategy is important for their organisation in contrast with only 2 percent who believed it was not so important.

Creating a Market Strategy and defending a Market Share

The respondents were asked to list different factors in question 2, in order of importance which they believed will defence market share and is important in creating a marketing strategy in their colleges and the results are given in figure 3.

Figure 3. *Developing Marketing Strategy and defending a Market Share*
Source: *Question 2*



As indicated in figure 3, 94 percent of the respondents have listed a defensive marketing strategy as important for market share defence. This indicates the high competitiveness of the HE College market. Customer service is listed as second with 93 percent. The location of the colleges was not that important as only 65 percent list this option. It is interesting that the marketing mix elements, namely product, price and promotion as discussed in the literature review were important factors, with 92 percent, 89 percent and 78 percent.

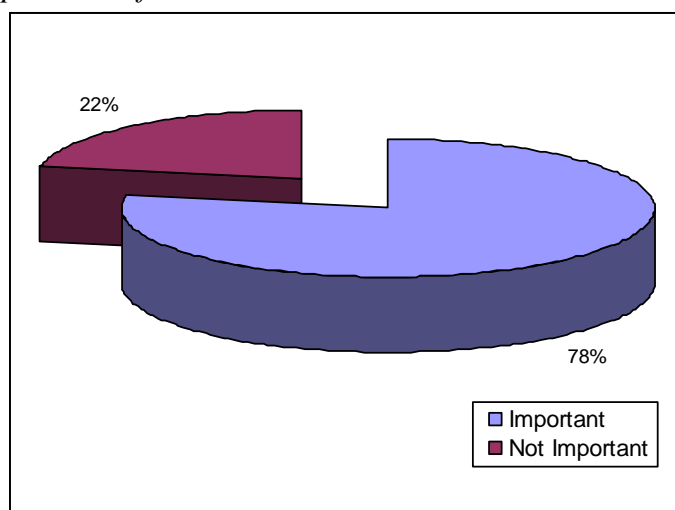
Question 3 of the questionnaire asked the respondents to identify marketing strategies activities for their HE Colleges. The respondents listed the following marketing strategies activities for their HE Colleges.

- Setting up targets based on budgets; growth & expansion of the institution
- Assessing weekly reports from HODs and marketing managers, liaising with brand manager about their requests
- Ensuring marketers and student advisors reach their targets

- Obtaining and retaining students, maintaining good reputation of the college
- Staying close to clients.
- Most marketing is achieved through liaising with the marketing team

On the question on how effective these strategies were it became obvious that Marketing Managers become burdened with all the marketing functions. They were also very concerned with low target figures as only 40 percent of students interviewed and telephoned translate into registrations. The respondents believed that the outcome can be improved. Question 5 was asked on how important is the maintenance of dominant market share was for private HE Colleges. The response of the research is indicated in Figure 4.

Figure 4. *Importance of Market Share*



Source: *Question 5*

As shown in figure 4, 78 percent of the respondents felt that market share was the most important success indicator in the HE Colleges sector. This proved to be an obvious inclination since the main concern in their respective positions is to promote their brand and make it a force to be reckoned with. From the respondents, 22 percent indicated that market share was not important.

The last question asked the respondents what they think needs to be done to develop a marketing strategy for HE Colleges. The respondents listed the following:

- Hiring and retaining competitive staff;
- Marketing manager should be given more authority to make such assessments;
- Set tougher entry requirements as a control measure to eliminate students enrolling for courses beyond their capabilities;

- Employ more marketers and provide ongoing training to improve marketing skills; and
- The marketing team should draw a grand strategy of how other units can complement their work.

Recommendations

The highly favourable result on market share by the marketing managers comes as no surprise considering the nature of their jobs. This resemblance indicates a bias for volumes and increased student numbers by respondents in marketing management.

The bias to use market share, as a significant success indicator at HE Colleges is not supported by the review of published and explored literature. The consensus outcome of the literature review was that competitive organizations must choose their markets (segments of clients) strategically and be willing to turn their back on those clients that do not provide a 'strategic fit' with the organization. For the private HE Colleges this can be equated to having stricter entrance requirements (there are presently none for all courses) so as to avoid accepting students into courses that will prove to be too challenging for their intellectual capabilities.

Creating a Marketing Strategy for HE Colleges

A Target Market

HE Colleges target matrix leavers from the middle income group

A Marketing Mix

This research recommends a marketing mix which includes a quality product offered at a reasonable price with promotion strategies to inform the potential customers about the product, and a way to reach the customer's place. Marketing strategy focus at the analysis, strategy development, and implementing activities in selecting market target strategies for the product markets of interest to the organization, setting marketing objectives, and developing, implementing and managing the marketing program positioning strategies designed to meet the needs of customers in each market target.

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. These strategies are designed around advertising, personal selling, sales promotion or any combination of these. The research recommends, an integrated communication plan consisting of various promotional methods should be designed to ensure that customers in a product or market cluster get the right message and maintain a long-term cordial relationship with the company.

What needs to be done?

A summary of recommendations made about what needs to be done revolved around respondents gripe about the current marketing situation.

“Retaining Competitive Staff ...”

This was an alarm bell that all is not well with staff morale in general. It was later discovered through one of the respondents that staff turnover in the past two years has been very high. In the past 10 months alone it stands at almost 50 percent. It seems there are as many people being hired as there are resigning. Reasons for leaving range from money, broken communication between management and staff, low morale and other issues. The interesting thing is that the brand manager (though he did not discuss this issue) seems to think people are leaving merely because they are incompetent.

“Marketing manager should be given more autonomy”

This he was referring to the assessment of the marketing reports, which he has to do. He felt that this was very much still the marketing manager’s area and it should end there. Frankly, this would make better sense.

“Set tougher entry requirements.....”

The respondents being more concerned with students’ results and the impression they give of the institution, was well within their rights to believe the college should regulate the entrance requirements to ensure there is no ‘quid pro quo’ situation with its students.

With the pass rate of students as unimpressive as it is, “most parents (being the real customers who actually pay us) as well as funding institutions are reluctant to bring their children here.” In his view, an effort to improve results through accepting only eligible students would definitely bring more dignity to the institution and subsequently impact positively on profitability. In a nutshell, his concern is around quality. Although quality is an industrial-age concept that is better than nothing, it alone is hardly enough to ensure success in this age of business. Marketing literature reviewed, this point was raised and the conclusion was that having a better product or service is good, but being different (innovation) is that much better.

“Promote Internal Communication, Employ more Marketers”

These respondents were unanimous in their suggestion that for marketing to be successful at the college level and within the business units, an alignment of these functions has to take place. This is viewed as a means to encourage communication, better appreciation of what is done by the respective business units (what the competencies, products and services are) and providing support across the silos of business areas. The respondents recommended that a comprehensive strategy should be implemented that will direct other units as to how they can complement their responsibilities. The student advisor together with the marketer also believed that ongoing training could enhance their skills. This last point is very much in line with the concept of continuous improvement discussed in the literature review.

The lack of coherence in the understanding of marketing strategy activities by respondents in emphasises the need to develop a new marketing strategy for HE Colleges. This marketing strategy is both a response to the fundamental

changes shaping the HE market in SA and an attempt to form an effective defence to HE Colleges' market share and profitability. The type of marketing described in the literature review is radically stretched by the evolution of the concepts of strategy and innovation. According to these concepts marketing ceases to focus solely on selling HE Colleges as a better school to clients but look to fundamentally innovate the HE's business concept. Marketing strategy premised on business concept innovation, sales orientation, the modern value chain, the customer's total economic equation and 'big box' thinking would find reinforcement in the dimensions of business design.

Concluding Arguments

The choice of strategy advocated by Ries and Trout (2012) as cited earlier in this article, for market leaders is limited to defence, cannibalising of own products and blocking offensive moves by the smaller competitors. This aspect of literature does not offer a comprehensive strategic balance to today's market leaders, because attacks by smaller competitors are no longer small, slow and predictable but can have immediate and devastating impact on the 'markets' (e.g. In 18 months Hotmail gained over 40 million users and eroded AOL's market leadership). This threat is real in the HE market where the advent of e-learning centres anywhere in the world can compete directly with HE Colleges' traditional target market.

The fact that little or no mention was made in the research results about the impact (and or lack) of marketing activities to new clients is a discomfoting factor, which is reflective of an inward focus of HE Colleges. Due to HE Colleges profile's dominance in the South African education market, they have focused inadequately on schools that have traditionally not dealt with it. Thus, the only selling activities taking place are with regard to selling existing and new course subjects to existing schools. This is typical of a defensive posture of the organisation, which is pre-occupied with securing business that is already in the bag. This phenomenon can still result in some growth in student numbers, turnover and even profitability (due to an increase in the number of matriculants coming through from existing relationship as is the case currently), without any significant number of new students coming through the counters.

This is a perilous situation in that the relative exposure and risk of the HE Colleges a few schools is materially significant and secondly, the market position of competitors could be improving (because unlike the HE Colleges, they could be maintaining existing schools and still pursuing new more lucrative relationships with upmarket private schools). This pro-active sales orientation at HE Colleges would assert that the best form of defence is to attack.

Just like today's great armies, market leaders can and must complement their conventional armoury, capabilities and tactics with the smaller, swift and unconventional 'Special Forces' that are pointed at strategic offensives against

the enemy. The success or failure of marketing strategies rests not only on accurate identification of problems and successful reduction of resistance to change, but also on the appropriateness of the selected strategies.

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