Strategic Planning in Higher Education: Who Are the Customers?

This article considers strategic planning in UK higher education in the “new university” and colleges sector. The reason for concentrating on these institutions rather than the traditional universities, relates to the Education Reform Act 1986 which brought about a number of radical changes in the structure and funding of what was then the polytechnic and college sector. Such institutions now operate within a much greater competitive context than hitherto. As a result, they need to incorporate a greater market orientation into their strategic planning process if they are to acquire a competitive advantage over their rivals. To which market(s) they should address themselves, however, is a complex issue.

Exploratory research was undertaken to assess the degree to which these higher education institutions are aware of the complexity of the student's role and whether this complexity is considered in the development of an institution’s mission statement. In doing this, the authors attempt to assess the degree to which institutions display an awareness of the various types of customer that need to be taken into consideration when formulating their strategic plans.

The Changing Higher Education Environment
From their inception, polytechnics were seen to have a greater vocational role than that of universities and this distinctly vocational emphasis has been pursued by both Labour and Conservative governments over the past two decades. However, the Education Reform Act 1988 more specifically formalized the links between these educational establishments and the business community. This Act brought about a change in the structure and funding of these institutions with organizations becoming corporate bodies acquiring a degree of funding from a new central body – the Polytechnic and College Funding Council (PCFC). They were also encouraged to seek other external sources of funding from both industry and commerce.

Institutions, therefore, had to compete for funds from both public and private sectors and also compete for potential students. In order to survive, competitive strategies had to be formulated which satisfied the needs of potential customers. In other words, this sector of higher education needed to become more market oriented.

The Role of the Mission Statement in the Strategic Planning Process
At the corporate level, organizations need to consider the reasons for their existence and how they intend to achieve their objectives over a specific period of time. At the business level, strategy involves consideration of the external environment and how the organization can achieve a competitive advantage.

It has become generally accepted over the years by both academics and practitioners that a vital starting point for these strategic considerations is the formulation of a mission statement, a vision for the future.

Pearce[1], states that a mission statement can serve as an invaluable tool in directing the formulation and implementation of strategy. He believes that it can lead to a heightened sense of purpose in addressing the issues of why the organization exists and whom it serves. Klemm et al.[2] state that there are two views regarding the purpose of such statements: first, to enhance the organization’s image externally and second to motivate staff. Recent research by Campbell[3] indicates that a good mission statement can overcome the rivalry of stakeholder groups.

The company mission is a broadly defined but enduring statement of purpose that distinguishes a business from others of its type and identifies the scope of its operations in product and market terms. It reveals the image the company seeks to project, reflects the firm’s self-concept and indicates the principal product or service areas and
the primary customer needs the company will attempt to satisfy.

Pearce[1] also asserts that a mission statement must also recognize the legitimate claims of stakeholders (both insiders, i.e. shareholders/employees and outsiders, i.e. others that are affected by the actions of the firm). These claims should be reconciled and coordinated with other elements of the mission. Freeman[4] also sees the importance of systematically taking an organization's stakeholders into account.

Research by David[5] into the content of mission statements revealed nine components: products or services, customers, philosophy, self-concept, public image, location, technology, employees and concern for survival.

There is broad agreement, therefore, that to be meaningful mission statements need to include the beliefs, values and aspirations of the organization and its competitive strengths. It should be market driven and thus it should involve the understanding of the needs and wants of customers in the market.

Higher Education Strategic Planning and the Role of the Mission Statement

Shirley[6] modifies the work of Vancil and Lorange[7] and identifies four levels of strategy for a college or university. Levels 1 and 2, institutional and campus-wide functional strategies, are institution-wide in nature and correspond to Vancil and Lorange's "corporate" level strategies. Shirley believes it is helpful for a college or university to think in terms of six strategic variables at this level:

1. the basic mission of the institution;
2. the target groups of clientele to be served;
3. the goals and objectives that the institution must achieve in order to fulfill its mission and serve the needs of its clientele;
4. the programmes and services offered (and the relative priorities among them) in order to attain the goals and objectives;
5. the geographical service area of the institution;
6. the comparative advantage sought by the institution over competitors engaged in similar activities.

Lelong and Shirley[8] see these as six critical decision areas. Once the institution has addressed these it should examine the use of institutional resources, governance/decision-making structures and the maintenance/development of the institution's human resources.

Shirley[6] sees an important role for a higher education institution's mission statement. This is seen as the fundamental purpose and guiding principles for behaviour. Shirley includes a consideration here of the institution's role within the local community and hence the awareness of the variety of publics with which it deals. He notes that the "needs" of all the different clientele have to be ascertained.

Michael[9] believes that, for any educational institution, the marketing process stems from its mission. This affects the extent to which an institution is free to adapt to its changing environment. The institutional philosophy, he believes, requires first and foremost the knowledge of who the publics are, i.e. their characteristics, their composition and their interests.

Canning[10] claims that the adoption of a marketing philosophy requires that the entire institution thinks in terms of marketing and marketplace performance: consumer needs, market segmentation, competitors and their positioning and developing product/market trends.

One of the most important initial acts of the PCFC was to ask institutions to submit mission statements setting out what they saw as their role and place in the sector. The Council emphasized that these statements had to be supported by plans that took account of changing demographic factors that would affect the demand for higher education, each institution's relative share of the potential market and its commitment to wider access[11].

Cuthbert[12] attempts to give some guidance on this matter. He states that the mission is what the institution aims to be and to do. It may be a statement of broad objectives, but equally may be an endorsement of key values. It says what business that institution is in. It may refer either to what the institution does or how it does it. Such statements may often appear bland to the outsider but it is to apply the wrong criteria for evaluation. What matters is the meaning a mission statement has for the people inside the institution.

Johnstone[13] reserves the term "mission" for ultimate end products or services rather than for the qualities of the institution itself. It should be clear, easily communicated and acceptable to the faculty as well as the governing authorities. While a mission statement can be challenging and forward looking, it should not be surprising or highly controversial. It should avoid specificity that may soon be dated but it shouldn't be so universal that it could have been written for any polytechnic and not so bland that it fails to lead or inspire.

What is rather disconcerting about these two attempts to identify the salient features of a mission statement for a higher education institution is that neither emphasizes the importance of the identification and satisfaction of customer needs (whoever the customer may be).
Johnstone does see the mission and goals of British polytechnics being propelled and constrained by such factors as changing world technology, the nature of world, regional and national economies and demographic factors, but goes no further than this.

**Who Are the Higher Education Customers?**

Higher education provides a wide variety of possible benefits in a number of different forms. Problems arise, however, when one attempts to identify who in fact acquires these benefits. Higher education has a number of complementary and contradictory customers. Weaver[14] sees four parties as potential customers: the Government, its administrators, teachers/academics and the actual consumers (the learners, their families, employers and society as a whole).

Bennis[15] talks of a "patronage structure" to describe higher education's numerous beneficiaries. Berry and Allen[16] use the term "publics" and Robinson and Long[17] distinguish between primary, secondary and tertiary customers. They see primary customers as being the students, secondary customers as the paymasters, i.e. local education authorities, employers, etc. and tertiary customers as validating bodies, e.g. students, employers, parents, etc.

The needs and desires of these various higher education customers may in some circumstances conflict with each other and this could be seen as problematic for institutions which attempt to produce strategies that satisfy these needs effectively (i.e. by achieving the desired result from the customer's point of view) and efficiently (i.e. the minimum level of resources being used to achieve the desired results).

Of course, the problem of conflicting needs does not only apply to higher education. Building societies and other financial institutions, for example, have to consider the needs of both borrowers and investors. Borrowers require the lowest rates of interest and investors search for the highest. In some instances, an individual can be both borrower and investor simultaneously.

The very vocational nature of this sector of higher education produces a more specific difficulty, however: students can be either considered as customers (with courses as the higher education products) or as products with the employers being the customers. Whichever is chosen will have important implications for the correct identification of institutions' customers, i.e. students or potential employers, and, thus, the strategic planning process.

To what extent have researchers considered this in their attempts to apply marketing concepts, theories and approaches to higher education?

**Review of the Literature**

A large body of the available literature tends to emphasize the tactical aspects of the marketing of higher education.

This literature concentrates on the traditional areas of marketing usually associated with manufacturing industry and thus applies product marketing approaches to colleges and/or universities with the consideration of the product as educational programmes and the students as the customers.

The current research, however, is concerned with marketing at a strategic level.

**Strategic Approaches**

A large amount of literature exists relating to prescribed strategies for higher education institutions. This literature can be classified into the following categories:

- Product marketing;
- Services marketing;
- The higher education customer.

**Product Marketing Approaches**

Doyle and Lynch[18] see strategic marketing planning for institutions as a planned response to meet and anticipate the needs of students within a competitive environment. They consider this changing environment in terms of uncertain future demand, the changing composition of demand and financial pressures. Doyle and Lynch consider the expected environmental changes over the next few years and predict decreasing staff/student ratios, differences between departments in efficiency and quality of students and conflicting organizational pressures to equalize efficiency across areas.

Kotler and Murphy[19] claim that most colleges and universities are not set up with a strategic planning capacity. They are generally just good at operations. In other words, they are most concerned with "doing things right" rather than "doing the right things".

They see the general notion of planning in higher education being at three levels:

1. **Budgeting and scheduling**;
2. **Short-range planning**, e.g. recruitment, programme modifications;
3. **Long-range planning**.

(They claim that only a few institutions seem to be doing the latter.) Kotler and Murphy state that "Strategic planning is the process of developing and maintaining a strategic fit between the organization and its changing marketing opportunities". They then produce a process model which involves the systematic analysis of the
external and internal environments which leads to the formulation of the organization's goals and strategies.

Kotler and Murphy see the importance of an academic portfolio strategy which relates to the organization's product-market opportunities. Newbould[20] also uses a portfolio analysis in prescribing strategic policies for US universities. He sees the development of product portfolio matrices as having a number of uses. First, they have a diagnostic use in that they review total product mix strategies. Second, they ensure that any decision that is made is not made in isolation, i.e. decisions are only made after the impact on the whole portfolio is assessed. Third, there are strategic advantages in having a mixture of products. Finally, broad-based strategies can be identified.

Newbould utilizes the Boston Consulting Group portfolio matrix and applies it to higher education programmes and believes that this type of analysis can also be applied to particular subject disciplines. He sees that each programme has to be discussed in terms of the alternatives broadly outlined for it by its position in the matrix.

As can be seen, these approaches, although having a good deal of merit, tend to emphasize the student as the customer and the course/programme as the product. This, as has been previously shown, is only one exchange process that takes place in higher education. Ironically, in addition, this exchange process involves the production of a service rather than a product and yet many of these approaches, as with those using a tactical perspective, have merely drawn from product marketing.

**Services Marketing Approaches**

Smith and Cavusgil[21] note that college education calls for an extreme level of involvement from its consumer (the student). Purchase is usually only once in a lifetime, the product being intangible with many costs other than money, e.g. time, loss of potential income, psychic costs, etc. They state the importance of an institution's image but do not elaborate any further on this matter.

The manufacturing industry analogy, as has been noted, is unlikely to be totally applicable to that role of education which has been considered as a service provision. These authors, according to Robinson and Long[17], establish marketing as an activity that to a large extent deals only with the external environment of a college.

Brooker and Noble[22] attempt to solve this problem by stating the need for a well-developed comprehensive marketing programme that is carefully communicated throughout the institution. They see this as the role for a marketing officer - to co-ordinate the various elements of the exchange process. They see that, ultimately, the president of the institution has the responsibility for orchestrating these matters but, as noted by Lovelock and Weinberg[23], many top administrators are not especially interested in marketing and see it as merely a tool for fund-raising and admissions. Therefore, the marketing officer is needed to help develop, co-ordinate and communicate a comprehensive marketing plan. This implies a degree of "internal marketing" throughout the organization but is not elaborated upon any further. Grossman[24], however, does emphasize the role of the overall institutional commitment to the marketing concept but only emphasizes the student as the customer.

Robinson and Long[17] use a "total marketing" model which includes people, physical evidence and process. They see the people element as particularly important and thus emphasize the role of internal marketing.

Robinson and Long build on Gronroos' development of the interactive marketing function[25] and see the marketing concept as permeating every layer of the organization and all staff being aware of their responsibility in this area. This is followed through in a later article[26] where they see the strategic level of a college as existing to create an internal environment that supports customer-consciousness and sales-mindedness among the personnel through supportive:

- management methods;
- personnel policy;
- internal training policy;
- planning and control procedures.

To summarize so far, a good deal of the literature relies heavily on the application of product marketing. A few authors, however, do attempt to apply a services marketing approach but, in all cases so far considered, the customer is perceived as the student and the product is seen as the course/programme.

**The Customers of Higher Education**

Has there been any more specific consideration of the higher education customer in the literature? Thomas[27] talks of the importance of "stakeholders" in the strategic planning process, a college's survival being dependent on terms that are consistent with such people.

It is the existence of certain stakeholders which gives higher education its unique problem: the issue of students being both customers and products simultaneously.

Lovelock and Rothschild[28] note this phenomenon:

There is a further twist in Higher Education. Students are not only consumers of educational services. They are also changed by that experience and themselves become a product of the institution in the eyes of third parties such as employers.
Litten[29] notes that there are peculiarities in the marketing of higher education, one of these peculiarities being the range of roles performed by the student.

The abilities and efforts of the student interact with the teaching and other resources of the college to produce the particular "educated end-product" of the college. He sees this as not unlike the process in many other spheres where the satisfaction or benefits received depend on the skills, appreciation or other states and resources that the consumer brings to the experience of the product. However, the broad range of diffuse outcomes of the educational experience and the complex nature of the extensive process create what he terms "an unusual nexus of interactions". These, combined with the fact that the client (i.e. student) is in what is commonly viewed as an extremely formative period, make anticipation of the outcomes very difficult.

Marketing a college involves marketing institutional expectations

He additionally makes the point that the student also becomes part of the service and production process of the college. The student body is one of the marketable resources of a college. Association with other students outside the curriculum is a major educational component as well as students being essential as active components of the formal education process. Litten therefore claims that marketing a college involves marketing a set of institutional expectations of the client (formal and informal), which does not characterize many other spheres of marketing.

Litten uses the term "quasi-product" to describe the student's relationship to an academic institution. The student is not seen as a product as such because, technically, the student is not something that the college produces for direct exchange in the marketplace. However, there is a production function of academic institutions for, unlike most service industries, colleges evaluate the student-product and certify his/her characteristics in a similar way to which other industries certify the performance characteristics of their products.

Belohav[30] sees the relevance of two views. First, the traditional view that institutions provide a service with the student as the final consumer. Second, if the Government and business sectors are seen as the consumers, education is a value-added process and thus the institution can be considered as a manufacturing organization with the student being the final product.

However, it should be remembered that the student is likely to influence the process and as such is not inanimate raw material merely going through a standard manufacturing process.

Viewing higher education as being in both service and manufacturing industries therefore implies a complex strategic role for marketing.

How have the "new" universities and higher education colleges in this sector responded to the Funding Council requests for mission statements? Are such statements market driven? Do they specifically address the variety of intent? Do they indicate an awareness of the complexity of the student's role? It is these issues that the research attempts to address.

The Research Objectives

This exploratory research attempts to discover the degree to which new universities and higher education colleges apply a market orientation to their strategic planning. To this end, the research sets out to assess whether institutions display an awareness of the variety of publics that need to be taken into consideration when formulating long-term corporate strategy. More specifically, the research attempts to discover whether institutions consider the unique position of the student in that he/she can be both customer and product contemporaneously.

Methodology

The application of a market orientation to strategic planning should be clearly identified in an organization's mission statement. Content analysis of the mission statements of institutions in this sector of higher education was therefore considered to be a useful method of assessing the degree to which colleges had considered their role and position in the relatively new competitive environment. Those institutions which use a marketing perspective would include in such statements an identification of customer needs and would indicate how such needs would be met.

This method of research would be consistent with the approaches of David[25] and Hooley et al.[31] although there would be some differences in the criteria used for analysis.

Eighty-three mission statements of institutions in this sector were acquired over a period of time from a variety of sources including annual reports and prospectuses. Thirty-one of these were those of institutions which are designated as new universities/polytechnics. These offer...
a wide variety of undergraduate and postgraduate programmes in many subject disciplines. Twenty-two are of colleges or institutes of higher education which offer a similar range of programmes. The remaining 30 relate to organizations which specialize in particular types of programme such as courses in teacher training, art and design, performing arts and agriculture.

In order to examine the statements systematically, each researcher completed the analysis independently. The results were compared at a later date so as to minimize the possibility of interpretation bias.

Analysis
After careful consideration of the research objectives, the mission statements were analysed and classified under the headings identified in the literature on higher education strategic planning previously noted.

Product Marketing Approaches
Mission statements that merely considered educational courses as the product with no real identification of customer needs would be classified under this heading. Such statements would tend to imply that the student in this situation was the customer but this would not be clearly stated, and that an institution would tend to apply a product marketing approach to strategic planning.

Service Marketing Approaches
Mission statements were similar to product marketing approaches, i.e. those that considered educational courses as the product with no clear identification of customer needs. However, such statements would elaborate on the education process and possibly emphasize the internal environment, the role of internal marketing and/or the people element of the organization's product.

The Customers of Higher Education
Mission statements which actually identified particular customers would be categorized into the following subgroups:

- those statements that identify a number of types of customer/client but do not clearly specify such groupings;
- those statements that identify a number of types of customer/client and clearly specify these groupings;
- those statements that identify the potential employer as the only true customer/client;
- those statements that identify both student and potential employer as customers but do not clearly display an awareness of the possible conflict that could exist;
- those statements that display an awareness of the fact that students could be both customers and products contemporaneously.

Results
Initially, a simple analysis of all 83 statements was undertaken, each statement being categorized as one of the following:

- product marketing approach (category A);
- service marketing approach (category B);
- unclear specification of a number of customer/client groupings (category C);
- clear specification of a number of customer/client groupings (category D);
- specification of the potential employer as the major customer (category E);
- identification of both student and employer as customers (category F);
- identification of the complexity of the student role (category G).

Table 1 displays the findings. The largest grouping (approximately one-third of the institutions in this sector) tended to be predominantly product driven, their product being seen merely as courses or perhaps, in some instances, the broader product – education. This was rather surprising considering the increasingly competitive environment in which such organizations now find themselves.

Very few institutions emphasized a service approach which would have involved a greater emphasis on the process of the education provision.

There was an indication that a number of institutions, however, did apply a more market-driven approach in that they identified a number of potential publics that needed to be considered. However, only three were prepared to specify the needs of such publics within their missions.

Although 11 institutions emphasized the employer as the major client, only three organizations identified students and employers as potential customers. Only one of the 83 organizations clearly displayed an awareness of the complexity of the student role.

<table>
<thead>
<tr>
<th>Table 1. Categorization of Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>C</td>
</tr>
<tr>
<td>D</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>F</td>
</tr>
<tr>
<td>G</td>
</tr>
</tbody>
</table>
Table II. Mission Statements

<table>
<thead>
<tr>
<th>Category of mission statement</th>
<th>New universities/ polytechnics Number</th>
<th>General colleges Number</th>
<th>Specific colleges Number</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10</td>
<td>32</td>
<td>8</td>
<td>36</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>19</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>12</td>
<td>38</td>
<td>8</td>
<td>36</td>
</tr>
<tr>
<td>D</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>E</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>F</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>G</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>22</td>
<td>30</td>
<td>83</td>
</tr>
</tbody>
</table>

Students are its clients and its product: it provides a service to them in the provision of high quality teaching on courses which are satisfying to them personally and which provides them with rewarding employment possibilities.

The data were then further analysed to ascertain whether there were any significant differences between the three major types of institution, i.e. new universities/polytechnics, colleges offering a similar range of programmes and specialist institutions. Table II displays the findings.

Although the type of institution did not seem to affect the degree to which product- or service-marketing approaches were emphasized, there did seem to be some major differences when considering customer identification. Although all three types of institution generally failed to clearly specify a variety of customer/client groupings, over a third of the new universities/polytechnics and general higher education institutions displayed an awareness of the existence of such groupings. Specialist colleges, however, tended to consider a more specialist customer, the potential employer. These institutions therefore considered the student as a product of the education process. This was to be expected as such organizations perceive themselves as producing specialized, trained personnel, e.g. teachers, artists, musicians, etc.

Summary and Conclusions

The research, which was of an exploratory nature, was undertaken to assess the degree to which institutions in the new university and college sector of higher education in the UK were applying a market orientation to their strategic planning process. Organizations' mission statements were considered to be useful indicators of this process. Of particular interest was the degree to which institutions displayed an awareness of the conflicting role of the student in that he/she can be both customer and product contemporaneously.

It was found that nearly half the institutions only implied a customer orientation in their planning. Of the rest, many merely paid lip service to the variety of peoples they serve. A number of specialist institutions saw their role as producing a trained specialist and thus considered the student as a product of the education process. Only one institution clearly identified the dual role of the student.

Accordingly, it seems that many UK higher education institutions are ill-prepared to respond to the increasingly competitive environment in which they have been placed. Successful strategies depend on an understanding of the needs and wants of customers in the market in order to deliver the right goods and services effectively and efficiently. This would seem to be a difficult task given the complexity of the student's role in higher education. The fact that one institution seems to show an awareness of this potential complexity is heartening. How such an institution developed its mission and how it intends to implement its strategies will be incorporated into further research.

References


Tony Conway is a Principal Lecturer, North West Institute for Services Management, University College Salford; Stephen Mackay is a Principal Lecturer, University of Central England; and David Yorke is a Senior Lecturer, Manchester School of Management, UK.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.