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Re-thinking the marketing mix for universities: new challenges, new opportunities and new threats

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The context of the challenge that faces most universities as the world around them rapidly, and sometimes unpredictably, changes is outlined. There are opportunities for those that are able to adapt quickly. From a Darwinian perspective, only the fittest are likely to survive in what will be an increasingly competitive and difficult operating environment.

The essence of the argument is that universities need to re-think the culture, capacity and capabilities upon which they have traditionally been built. This will necessitate a fundamental review of what resources are invested (or divested) in them, how they are used and how to respond in a real market where the learner will be sovereign, as higher education becomes consumerised.

Keywords | *UK higher education; industry-education relations; knowledge economy; employers; employment and skills; education policy; marketing strategies; change management*

Introduction

This has proven to be a very challenging paper to write, partly because it crystallises so much that universities have to do if they are to become market-led and marketing-oriented, as is increasingly being demanded and expected, but also because the overarching context is one of unprecedented sectoral turbulence. This has been predicated by the global economic crisis which started in the Autumn of 2008, the impact of which is now being fully felt on both the supply and demand sides of higher education. The forty seven Employer Engagement initiatives, funded by the Higher Education Funding Council England (HEFCE) with a gross value >£102m, were designed to drive strategic alignment between universities and business. The original policy drivers anticipated continued and sustainable economic growth, recognising the need to ensure the long term development of a fit-for-purpose future workforce which would enable UK plc to compete effectively in the global marketplace, and sustain the standards of living that we have come to expect.

The paper outlines the context of the emerging global challenge from 2008, which confronted most universities as the world around them rapidly, sometimes unpredictably and occasionally unfairly, changed. It also indicates possible opportunities for those that are able and prepared to adapt. Taking a Darwinian perspective, only the fittest are likely to survive in what will be an increasingly competitive, complex and difficult operating environment. Doing that which has always been done will almost certainly not be an option in the face of huge and systemic political, economic, ecological, social and technological change. Many universities, with their high fixed costs and consequential lack of agility and adaptability, may well find that the speed needed to meet the challenges is too fast for their embedded cultures, ecosystems, processes and general modus operandi to cope with. Many will disappear as we know them and not an unsubstantial number are likely to die altogether.

The essence of the argument is that universities worldwide will have to re-think the culture, capacity, capabilities and competencies upon which traditionally they have been built, if they are to survive, and perhaps thrive, in an ultra-competitive environment. This will probably necessitate a fundamental review of what resources are to be invested in, and indeed which are to be divested, how they are to be used and how to respond in a real market place where the learner will increasingly be 'King'.

Field, factory and firmament

The course of the past millennium has seen the British economy transform from being primarily agrarian, through to an industrial and more recently, into the twenty first century, towards a knowledge orientation. It is now difficult to avoid hearing, or reading the terms 'knowledge economy', or 'knowledge-based economy'. Given their constant use and application, it is important to be clear on what they mean and infer.

The term 'knowledge economy' can refer to the 'economy of knowledge', which focuses on the production and management of knowledge, set against economic constraints, or to a 'knowledge-based economy' where the emphasis is on the use and application of knowledge to produce economic benefits as well as job creation. Peter Drucker (1969) first popularised this distinction, and the difference is more than semantic. In an economy of knowledge, knowledge is a product in its own right whilst in a knowledge-based economy, it is a tool whereby the value of the knowledge created lies in its commercial and societal application and exploitation. There is a large degree of inter-dependency between these, but there is no inevitability that one will lead to the other. Transformative structures, processes and interventions are needed to get from one stage to another and often, this will necessitate the involvement of multi-disciplinary teams ranging from scientists, engineers and technologists to consumer behaviour specialists, economists, sociologists and psychologists. Schumpeter (1961) would argue that entrepreneurs are the critical link between the creation and exploitation of knowledge. They, according to Schumpeter, alongside land, labour and capital, are the critical fourth factor of production. Their distinct skill is to match what is possible in the context of what is known, with that which is wanted, needed or desired. Their primary role and driver is both to see, and seek new commercial opportunities. Through

their innovativeness and imagination, they then create dynamic economic disequilibrium by forcing change to happen through the adaptation, adoption, application and implementation of existing knowledge.

It is perhaps important to contextualise this with the rapid globalisation of world markets. The seminal *Race to the top* (Sainsbury, 2008), highlights the significance and implications of an international economy 'without walls', whereby we see emerging an international market for world labour, capital, goods and services. Modern trends to globalisation are underpinned by rapid and seemingly endless developments and improvements in communication and transport technologies, making global operations and logistics faster, easier and cheaper. This is accompanied by an emerging 'global mindset and identity' whereby more people now have an international perspective which permeates both their thoughts and actions.

In economic and social terms, globalisation provides both opportunity and threat. It provides new sources for imports and new markets for exports. Businesses are able to re-structure and re-locate, taking advantage of relative production cost-benefits at a given moment in time, whilst at the same time they can build new markets through both physical and virtual marketing channels. In this context, production and manufacturing activities are likely to be located where costs are smallest, and this is unlikely to be in well-developed nations where their cost-base is relatively high. Increasingly, the economic imperative for wealthy nations is to be engaged in the high value-adding aspects of the development of both goods and services, and this is likely to be through new knowledge creation, the re-interpretation of existing knowledge, concept development, innovation, design and service related activities. These are less easy to offshore, or transfer, certainly in the medium term, until international competitors develop their own infrastructure which enable them to undertake these functions for themselves.

The implications of these interpretations and definitions on our current lifestyles, wellbeing and perhaps survival, are profound. To compete in an increasingly competitive global market place, we will need to be creative, innovative, enterprising and entrepreneurial. We will need to be clear where our own sources of relative and sustainable competitive advantage lie. We will then need to align political, economic, social and technological policies, strategies and tactics which facilitate the achievement

of these aspirations. This will necessitate a consistent and coherent approach, as significant long-term investments will have to be made which enable aspirations to become realities. Achieving these laudable goals will not be easy. Others will be taking a similar approach; there will always be internal tensions and conflict over resource prioritisation; in a democracy, relatively short-term needs and expedients often take priority over long term benefits and as has been all too evident in recent years, totally unpredictable externalities happen which can throw the best made plans into disarray, such as the terrorist destruction of the World Trade Centre in September 2001.

Commercialising knowledge:

Since 1997, the current UK Government has commissioned a plethora of reports investigating many aspects of the British economy and in particular, the role that universities and business together need to play in order that we maintain our status as a leading world economy. The now famous Labour election mantra of 1997 was 'education, education, education', and this was in part inspired by the philosophy that education is valuable in its own right, but perhaps more in recognition of the longer term economic necessity (frequently asserted by Prime Minister, Tony Blair). It is known that the then Chancellor of the Exchequer, Gordon Brown, had concerns that there was too little genuine and systemic connectivity between our academic and commercial base, and this is a recurrent theme throughout the many reports that have subsequently appeared. The Treasury perspective is that this potentially represents very significant revenue, GDP and employment opportunities lost, and which therefore merits further investigation and investment.

The Review of business and university collaboration (Lambert, 2003) highlighted the need, in the context of the knowledge-based economy, for business and universities to work much more closely, and synergistically, together. It highlighted the critical importance of ensuring effective bi- and multi-directional flows of information between those that create, apply and commercialise knowledge, thereby ensuring that through collaboration, value is added in many ways and at many levels, with significant emphasis on long term sustainability. The Lambert Report is seminal, and has subsequently driven funding policy in multifarious ways which in turn has led to many

universities shifting their mission and focus, giving greater emphasis to economic impact and benefit.

The Review of creativity in business (Cox, 2006) highlighted the relative advantages that low cost base economies have in a world where transportation is cheap and pervasive. 'This has already led to the diminution of many long established industries and a consequent loss of jobs, particularly those requiring lower levels of skill. The expectation has always been that these would be replaced by those requiring higher levels of skill, but what has become increasingly apparent is that this is not necessarily the whole picture. The now rapidly developing economies have no desire to remain as suppliers of cheap, low-skilled labour to the world. And indeed, why should they?' (Cox, 2006). The implications from Cox are that training and up-skilling alone is not likely to be enough to create sustainable competitive advantage. He emphasises that to think in this way 'would be both wrong, and dangerously complacent' and what is needed is a fundamental shift in business capability, predicated on not only higher level skills, but more upon curiosity, creativity, ingenuity, innovativeness and entrepreneurialism. These are attributes that need to be encouraged and nurtured, implicitly becoming embedded into our culture and upbringing. If successful, for others to simply copy them is neither easy nor indeed possible, and therefore they do provide the potential for longer-term economic sustainability.

In *Increasing the economic impact of research councils* (Warry, 2006), it was clearly stated that 'Chief Executives of each Research Council are responsible for the economic relevance of their programmes, and for the impact of their spending ... there are a range of policies now in place to deliver a step change in the economic impact of Councils, but the potential of these policies needs to be realised'. The subsequent implication of this shift in funding policy, has been that all applications for government supported research funding have to place greater emphasis on future economic impact, and this measure significantly influences ultimate resource allocation decisions. This, of course, is academically controversial, but the impact can already be seen that this has had on funding policy and aligned to this, many universities' Research, Enterprise and Knowledge Transfer strategies.

Prosperity for all in the global economy – world class skills (Leitch, 2006) was commissioned to look at the UK's skills base, both where we are and where we need to go. 'In the nineteenth century, the UK had natural resources, the labour force and the inspiration to lead the world into the Industrial Revolution. Today, we are witnessing a different type of revolution. For developed countries who cannot compete on natural resources and low labour costs, success demands a more service-led economy and high value-added industry. In the 21st Century, our natural resource is our people – and their potential is both untapped and vast. Skills will unlock that potential. The prize for our country will be enormous – higher productivity, the creation of wealth and social justice' (Leitch, 2006).

This report highlighted demographic, technological and global changes which together present significant challenges to our national *modus operandi*, but at the same time, huge opportunities. The latter is predicated on being able to respond quickly, efficiently and effectively to closing the gap on the emerging skills, knowledge and cultural issues that are often hidden away. Leitch highlighted the fact that one third of adults in the UK do not hold the equivalent of a basic school leaving qualification; half of adults have difficulty with numbers and 15% (5 million) are functionally illiterate. All of these statistics are much worse than our benchmark comparators. Critically, the report emphasises that improving our schools is not in itself sufficient, as over 70% of the 2020 workforce have already completed their compulsory education. The report makes many important recommendations, but at the heart of these is the need to effect radical change 'right across the skills spectrum' at basic, intermediate and higher levels, with specific emphasis on adult skill engagement and development, and upon 'economically valuable' skills. 'Too many of us have little interest or appetite for improved skills. We must begin a new journey to embed a culture of learning, and as a society, we must invest more'.

Race to the top (Sainsbury, 2007) focused on innovation performance in the UK, and in many respects gives an upbeat message relating to this. Specific reference is made to the proportion of GDP generated through high technology, knowledge intensive industries and services, and to the 'dramatic' improvements in knowledge transfer partnerships between British universities and business, with 'the emergence and growth of exciting high-

technology clusters around many of our world-class universities'. The report goes on to emphasise 'our outstanding record of scientific discovery' with the critical caveat 'in the future, it will no longer be necessary to start every report of this kind with a dreary statement that, while the UK has an excellent record of research, we have a poor record of turning discoveries into products and services. While we believe that our record of innovation is better than is commonly supposed, we have not yet produced the best possible conditions to stimulate innovation in industry'. This report has been used to underpin further new policies relating to the commercialisation of research, incentivising universities and business to work closely to ensure a market-led approach at all stages of research and knowledge transfer activity.

Innovation nation – unlocking talent (Great Britain. Department for Universities, Innovation and Skills, 2008) emerged from the then newly, and perhaps significantly, renamed Department of Innovation, Universities and Skills. The preface from the Secretary of State, John Denham, stated 'that the government wants to create a stronger and fairer Britain, equipped to meet the challenges of the future ... we want innovation to flourish across every area of the economy, and in particular, wherever high value business can develop and grow. Innovation will be the key to some of the biggest challenges facing our society such as global warming and sustainable development ... we can achieve this by investing in people and knowledge, unlocking talents at all levels, by investing in research and in the exploitation of this. Government can foster innovation, but only people can create an Innovation Nation'. Following this White Paper, funding policy in general, and to higher education specifically has fundamentally shifted to reflect the ambitions outlined.

In 2008, the Confederation of British Industry (CBI) produced their own independent report, *Stepping higher* (CBI, 2008). This concluded 'that a strong relationship between the business and university sectors is critical to helping the UK maintain competitiveness. Both sides benefit from this – businesses from new thinking and high quality graduates, universities from practical insights that enrich their teaching, research as well as funding'. Particular emphasis is placed upon workforce development, and the need for new skills and innovative ways of doing things upon which sustainable competitive advantage can be built. The report also emphasises that

employers are not confident that there will be sufficient skilled people available to them to meet their anticipated needs. It also highlights the challenge of a future economy where perhaps half the jobs (in ten years time) will be in areas as yet unknown. This salutary reminder very much reinforces Sir George Cox's comments that it is not just skills, but creativity and talent that will be so important, as it is these attributes that will actually define what skills and competencies will be required.

In November 2009, against the economic backdrop of the global banking crisis, the Department for Business, Innovation and Skills published *Higher ambitions – the future of universities in a knowledge economy* (Great Britain. Department for Universities, Innovation and Skills, 2009) This took a fifteen year economic perspective, and tried to anticipate the impact of impending changes, some of which are known, and others that need to be anticipated. It states that 'the most recent estimate is that UK universities' economic output is £59bn per annum, and amounts to 2.3% of UK GDP'.

The challenge highlighted in this paper is how this progress can be maintained. 'In a knowledge economy, universities are the most important mechanism we have for generating and preserving, disseminating, and transforming knowledge into wider social and economic benefits. They are crucial too, as the providers of life chances for individuals, in an environment where skills and the ability to apply those skills are essential preconditions for employment'. The report goes on to map out the demographic changes that are expected, impending environmental issues, the impact of further technological advances and the non-viability of the continuation of the current arrangements for the funding of higher education. It also shows that relative to our economic competitors and comparators, the UK participation rate in higher education has slipped from 7th in the Organisation of Economic Co-operation and Development (OECD) rankings, to 15th. There is more recent evidence emerging that the UK is now less socially mobile now than it was fifty years ago (Hills, 2010).

Inferentially, this is unlikely to help support our future economic aspirations and indeed expectations, and hence, the report starts to look at what needs to change to get us to where it is perceived we need to be. 'a major change is required in the culture of our higher education system, where the focus of expansion has hitherto been in three year full-time degree courses. The next phase of expansion in higher education will hinge on providing opportunities for different types of people to study in a wider range of ways than in the past. The focus will therefore be on a greater diversity of models of learning: part time, work-based and studying whilst at home'.

It is useful to have a macro economic perspective based on simple measures of economic performance. Using OECD (2007) data relating to Gross Domestic Product (GDP) per head of population (by selected country), it can be seen in Table 1 that the UK is 22% below the USA, only 9% above the combined Euro-Zone countries and significantly below Ireland and Switzerland. This gives a clear indication that our performance in terms of GDP output measure is perhaps surprisingly ordinary when looked at in this way. This information highlights and substantiates the importance of the recommendations from the many reports referred to, and that as a nation, we do need to improve our economic efficiency and effectiveness in order that we are, and remain, internationally competitive.

Table 1

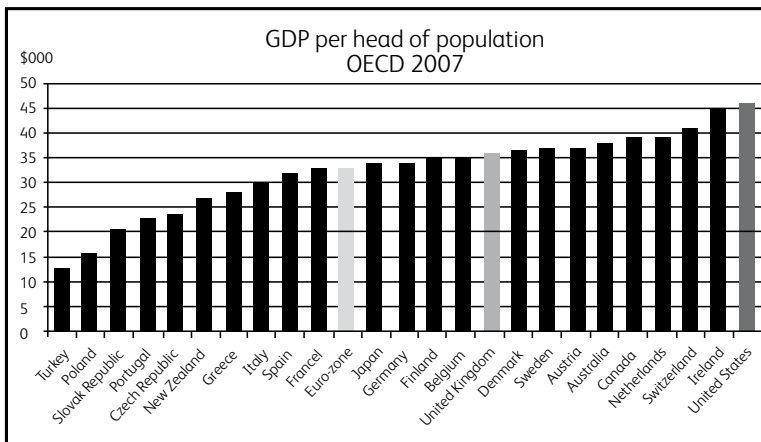
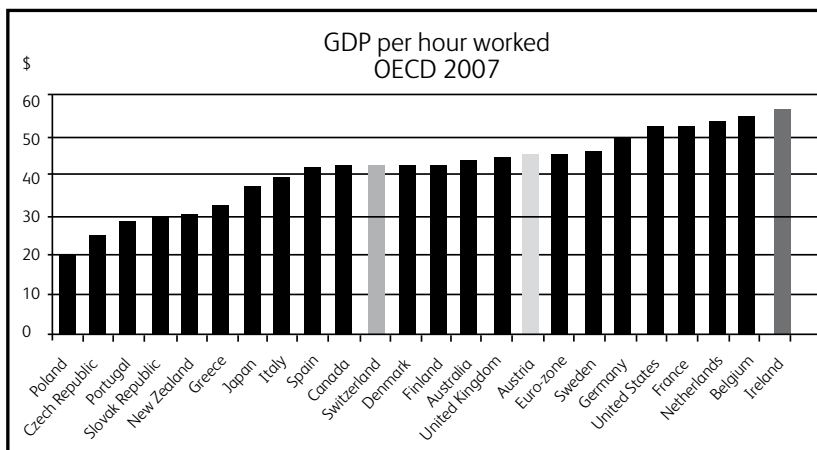


Table 2 is also compiled from OECD (2007) data. This chart illustrates GDP against hours worked and indicates that the UK is more than 15% behind the USA and France and 22% below Ireland. UK overall performance using this measure is 2% below the Euro Zone average and certainly not comparable with those whom we might expect to benchmark ourselves, again emphasising the imperative to look at what we do and how we do it. It is likely that it is only through smarter working, which will necessitate much more effective production practices, that we will close the gap – and of course, this is a relative and not an absolute model. Others are likely to follow similar strategies, in which case we will have to run simply to stand still, and run very fast to make some headway. This should serve to focus the mind on the scale of the change that is required.

Table 2



The Higher ambitions report (2009) makes specific reference to impending demographic change, and it is important to consider the implications and potential consequences of these. Universities UK recently commissioned a report to investigate the future size and shape of the higher education sector in the UK. Specifically, how this might change over the next twenty years in response to demographic changes.

In the period 2006-2027, it is estimated that the UK population will rise by 15% from 60m to 70m. The increase will not be reflected evenly across age groups, and it is projected that the numbers of 18-20 year olds, which are critical to traditional University entrance planning, will rise by less than 1%. At the same time, the numbers aged >65 will increase by more than 30%. This gives rise to many fundamental questions with profound political, economic and social implications that an ageing population brings. Immediate issues about the viability and sustainability of our pensions system, which Lord Hutton is now investigating, and will report on in July 2011, where the workforce of the future will come from, and how we ensure that our ageing population has an appropriate economic, social and technological skill set to match the circumstances in which they may well find themselves.

As the *Higher ambitions report* (Great Britain. Department of Universities, Innovation and Skills, 2009) advocates, a new model of higher level learning will be needed to equip ageing individuals, companies, other organisations and UK plc, with a toolkit to enable them to both thrive and survive in an environment where the rate of change gets only faster. This agenda offers many opportunities to higher education providers, but so too are there many tensions and challenges.

The current model of delivering higher level skills, knowledge and learning is likely to have to change significantly for this to work on the scale that is likely to be required. Qualifications will have to become more flexible, pedagogic methods, often designed for full-time 18-year-olds, will need to change to reflect the different needs and expectations of more mature learners, employers and employees will have to share a greater proportion of the cost and much of the huge existing university real estate and technological infrastructure may well become unfit for purpose. Implicit is that a pervasive paradigm shift will have to take place, which will not be easy to achieve and is not without significant financial and reputational risk to providers who are currently not effected by that which is to come.

Can universities adapt to a market environment?

Most conventional marketing textbooks advocate four key inter-related, co-dependent marketing variables – the so-called four P's of the marketing mix, which are used to satisfy needs, wants and desires, or communicate, with customers. These are product, place, price and promotion. (Kotler, 1972) Typically, three further key variables have been added to recognise and accommodate the difference between the marketing of tangible products and those of intangible services which are process, physical evidence / resources and people. (Zeithaml and Bitner, 2000)

If universities are serious about becoming market-led, then attention and thought needs to be given to the nature of their core business and to be clear about, as Levitt would suggest, 'what are we selling?' (Levitt, 1960). This fundamental understanding and perspective should then help to identify, and inform, what the key variables are that will underpin the marketing of a university portfolio, and the tactical apportionment of resource that needs to be allocated, and where, to optimise their chances of success in the marketplace.

Defining the core business of a university is in itself challenging and controversial, and one to which there is probably no absolute clarity nor consensus. For example, is the primary product that we 'sell' the degree award itself, with its associated classification and certification? Or rather do we actually 'sell' the brand of the university, with the standing and status implications of this? From the perspective of a paying employer, are we actually selling business benefits? More philosophically, do we sell anything at all, and related to this, do we accept the notion that our learners are 'customers' in a consumer oriented sense? Many might argue that universities provide 'general' opportunities for self-development and lifestyle, and that it is these which most inform choice and where the real value proposition lies to the user.

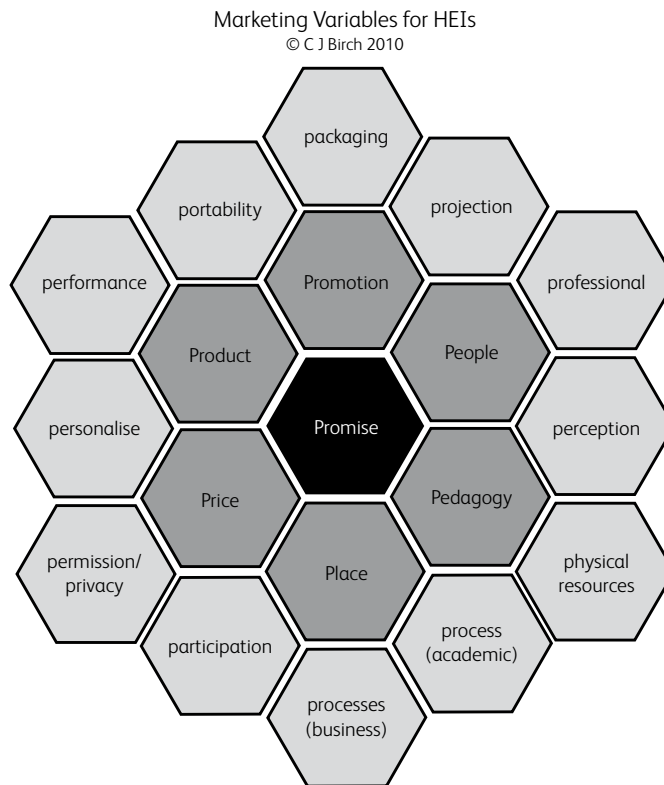
There are many other issues too which are very specific to all universities. Should we be concerned with future economic and employment needs, and if so, tailor our products and services to anticipate these requirements? Or should we take the view that the development of a well-honed and educated mind is in itself what higher education is about, and that we should avoid an instrumental 'training' approach to higher levels of learning, on the basis that those with highly developed minds will be able to adapt more quickly in a world where the half life of knowledge is seemingly ever-reducing? Finally, most universities are multi-faceted, comprising many, not necessarily integrated, elements, all playing a part in achieving their overall mission. If so, is it possible to have one marketing mix, or are separate ones needed to reflect the overall complexity that is a university, and indeed, are even the seven 'P' variables adequate and fit for purpose in the context that a university operates in? Perhaps the most important thing is to recognise the validity of such questions, and the tensions that lie therein, and then to find ways to address them as best as is possible.

The concept of the augmented product mix is well established (Kotler, 1972) and this recognises that competitive advantage and customer satisfaction is often gained through enhanced product support both pre-, during and post-purchase. The importance of the service element of this has long been recognised and in many ways, this blurs the simplistic product /service demarcation. Most marketers would now make specific reference to the extended marketing mix in their product planning and overall product life cycle management. Indeed, many have started to consider many additional marketing variables. Serious consideration needs to be given to a hyper-extended marketing mix for universities, to reflect their super-complexity and the rapidly changing environment in which they are expected to operate.

An extended marketing mix for higher education?

Table 3 illustrates as a honeycomb, twenty potential marketing variables that might be important to a greater or lesser extent, in the construction of a marketing plan for a university, with relative importance starting from the centre. The relative level of importance is debateable, but what is perhaps most important are the principles behind this. If this does strike a chord, then the implications for many marketing activities of a university are profound.

Table 3



Universities as global brands

At the heart of the proposed model is the promise. As higher education becomes more globalised and competitive, most universities have become very aware of the importance and value of their brand, in order that they can more easily differentiate themselves. Many universities have invested significantly in developing their image, status, standing and reputation, locally, regionally, nationally and internationally, to create for themselves a sustainable source of competitive advantage. From a consumer behaviourist perspective, a good brand implies a long-standing promise, underpinned by clear and unambiguous values, activities and actions. A great brand is a promise kept, and it is essential that universities are able to deliver that which they promise, be it implicit or explicit (De Chernatony and McDonald, 1998). Individuals, families and organisations now take a big risk when committing to a university, and invest very significant amounts of time, money and effort into participating in higher level learning. It should not be surprising that their expectations rise ever-higher as their personal commitment increases. There is significant evidence from National Student Survey feedback of user-dissonance, with universities all too often not living up to expectations. The message is clear – brand building is a commercial necessity, and an essential part of the corporate marketing mix. If fully thought through, it adds huge and recurrent value. The underlying infrastructure upon which it is based must be fit for purpose and everyone associated or involved in the University must be fully engaged with the values and proposition and delivering the promise at the level of each and every individual, to ensure the result is a ‘delighted customer’. This is a significant undertaking. The risks of getting this wrong are far reaching. A great brand is hard won, and easily lost. A brand can be nurtured and cherished over many years, and one simple mistake can have almost instant terminal effects, so those that build commercial dependence on their brand need to remain vigilant at all times.

The product – what are universities selling?

The product or service on offer is fundamental to all commercial activity, which in itself presents a dichotomy for universities – our products are fundamentally quality assured and approved programmes and awards, at many academic levels. For example, a Business School student might graduate with a BA (Hons) in Management Studies, a Master of Business Administration or a PhD in Organisational Behaviour. That is what they sign up to do. That is what the validation and accreditation processes approve and assure. Ostensibly, that is what they appear to be buying, or investing in - or is it? Arguably, what they are really purchasing are the plethora of processes and services underneath, which facilitate their academic development and that ultimately culminate in success on their chosen award. Furthermore, the perceived value of the brand of both the specific award and the awarding institution, are very important.

Traditionally, our higher education learning process is an extended one, taking those enrolled anything between three and ten years to achieve their primary learning outcome. In times of rapid political, economic, social and technological change, it is not unlikely that both supply and demand-side expectations, and aspirations, will change during the study period. Arguably, if so, the ramifications of this rapidly changing and dynamic environment are fundamentally challenging to what are traditionally static, prescriptive, introspective and risk-averse quality assurance processes and procedures, originating from a time when the pace of change was slower, more predictable and less pervasive. This creates a clear tension between traditional supply-side provision and current demand-oriented expectation to which there is no ready, nor easy solution.

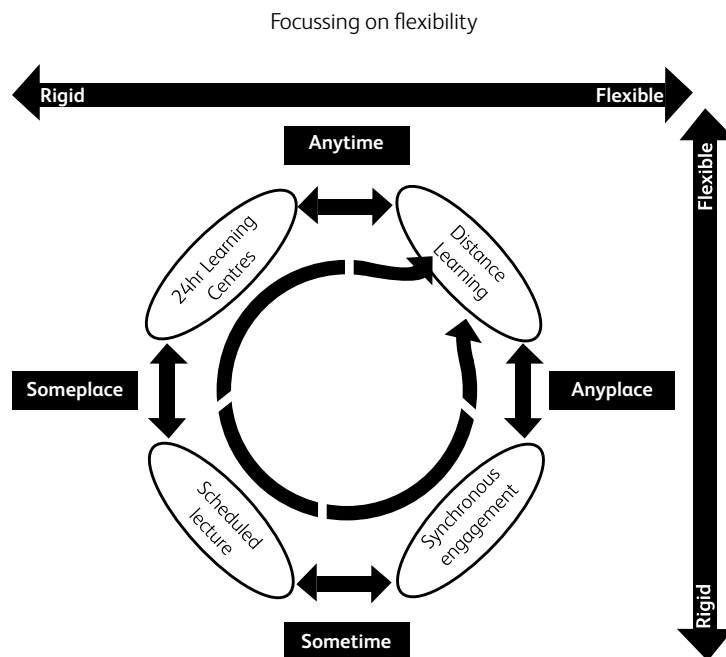
As Levitt (1960) postulated nearly fifty years ago, organisations need to be very clear on what they are selling, focussed on benefits, and that a clear and empathetic understanding of this is needed to inform strategic, operational and tactical decisions, at all levels, which will then manifest themselves in many ways. There is little evidence in the UK that providers of higher education have at the fundamental level, philosophically adjusted to the changed environment, and using Levitt’s words, are ‘marketing myopic’. Which is perhaps why, for example, we struggle with what ought to be straightforward nomenclature as to what to call our students / learners or indeed, are they customers?

The real estate: what is its value?

Synonymous with universities and other higher-level education providers are the campuses, buildings and the town/city where these are located. Sometimes iconic and always a tangible part of the overall offer and brand, traditionally these provide the physical infrastructure to deliver learning and to create a learning community. Huge financial investment has been made in physical infrastructure by most universities, with significant capital and ongoing revenue consequences, which cannot quickly be altered. Set against the impending changes outlined in the first part of this paper, it is likely that universities will have to reconsider the real estate propositions to fit with overall societal change. That is not necessarily to infer that buildings will not be required, but it is likely that their relative importance and role will need to reflect other changes that are taking place, often driven by technological advance, environmental considerations and economic circumstances.

Space management surveys show that the overall usage rate of space is low (as little as 20% based on relatively generous metrics), yet over 25% of annual income is spent operating them. This has to beg fundamental questions relating to future investment priorities in a period where value propositions are changing, driven by lifestyle, economic and technological changes (See Table 4). The traditional and relatively inflexible place-based learning construct, necessitating individual attendance often at prescribed times, is, and will continue to be, a barrier to entry to many of those who increasingly need access to higher-level skills and knowledge, but whose schedules are varied and unpredictable (Table 4). It is an imperative that buildings do not become a millstone around the necks of universities in both financial and access terms, and that sufficient resources are available to invest in technology enhanced delivery, which is likely to become increasingly important in the context of blended delivery of courses.

Table 4



A new pricing regime: ending uniformity?

Pricing of university activity is complex and varied. For full time awards, there is a nationally capped fee that can be levied, currently £3250 per annum, and almost all universities charge this. There is a free market at post graduate level and for international students, and fees vary between courses and institutions, though the deviation is small overall. Rates for part-time study vary, but tend to relate to an amount per annum rather than an amount per module. Where modular pricing does occur, it tends to be based on the annual full-time fee divided by the number of modules studied per academic year. Short unaccredited courses are usually priced based on full economic costing models, and market / demand factors are often not considered.

Off-campus delivery raises a number of very interesting questions regarding the basic principles of course pricing. Often, employers and employees are interested in short courses or individual modules, rather than complete awards. Impact and benefits need to be commercial and immediate, rather than long term. Personal development activity is viewed as a business investment decision, with the clear expectation of bottom-line benefit. Furthermore, formal accreditation is not a primary driver for employers, though employees do see the value of recognised qualifications. Because the cost base of most universities is very high, including the costs of running campuses with all that that entails, the full economic costing approach to off-campus provision can result in prices that are uncompetitive and unaffordable. Private providers are often able to be more flexible and price competitive, and currently in the UK, they undertake 80% of in-company training. They do not have the same degree awarding powers that a university has, but if that is not a primary requirement for the paying employers, then that may not be a consideration when choice of provider is made.

The issue is this: if we do want more people with accredited higher level qualifications, then we will have to address the cost / price / value proposition in a creative way that enables HE providers to compete with lower cost base providers. In mechanistic terms, this is straightforward. In terms of culture, custom and practice, it is very challenging. Ultimately, those universities who want to deliver more off-campus, work-based learning activity, will need to address their cost base and/or pricing

approach. Real estate will need to look very different in terms of shape, size, design and location. Staffing contracts will need to have greater flexibility too, as on average, >55% of the cost of running a traditional university is spent on human resources. This is way above that of other providers. Product development too is very expensive, and fewer and different products will be needed which can be efficiently and effectively adapted to match commercial requirements, providing the agility that a competitive market place necessitates. It is likely that individual modules will have greater value than full awards, and curriculum design and accreditation processes and procedures are likely to need to reflect this. The key issue is that pricing will need to become market driven, and the supporting cost base and infrastructure will need to reflect this. One perhaps needs to consider the question as to why a work-based learner, supported by their company and requiring a specific, commercially oriented learning and development outcome, but who never actually goes near a campus, should be expected to fully contribute to this?

New markets need new promotional approaches

As universities have expanded and grown, locally, regionally, nationally and internationally, more resource is invested in promotional, public relations and advertising activity. This work is fundamental to ongoing recruitment and to developing the brands that are so important in a high-involvement decision process, which selecting a university now is for many would-be buyers. Given that most universities are offering relatively traditional full-and part-time awards, it should not be surprising that 'marketing departments' are very much geared up to supporting these through glossy prospectuses, traditional media advertising, educational partnerships, student recruitment fairs and increasingly the world-wide web.

The development of new commercial markets, and how best to access these, is a challenge for any organisation, and a university is no exception. Those universities actively engaged in directly working with employers, have adopted more business to business (B2B) approaches to promotional activity, including personal selling using a variety of brokerage models. Teams of business development specialists act as a conduit between the market and the supply chain. The idea is that they identify opportunity, ascertain

commercial training development needs and requirements, and then find ways of sourcing solutions through the university resource base, or where necessary, associated partners. This B2B approach is direct and relationship based, managed through sophisticated customer relationship models (CRMs), and very different to that employed for traditional student recruitment. It is also very challenging to the way that universities do things. University marketing departments have relatively little influence over the development of product and related delivery, which are usually 'owned' by faculties and the academics therein, primarily to satisfy internal quality assurance and standards. If an opportunity is uncovered by a broker, the theory is that faculties, or their equivalent, will innovate or re-engineer that which exists in order for it to meet market need. The reality is that this is very difficult to achieve, for a combination of people, process and resource reasons. University systems and structures, often established and embedded over many years, sometimes centuries, are simply not designed to work at speed or at the behest of external forces. To properly address in-company markets, and to become more demand-led, it is becoming clear that the development of a parallel set of product and service related processes will have to be developed in order that a brokerage model can work. This change is fundamental and potentially high risk, in that the implications are organisationally pervasive and external monitoring authorities may not be sympathetic to the underlying philosophy.

Engaging and energising academics to drive market change

Traditional academic culture and the customs and working practices that are associated with this are well embedded into most universities, often re-enforced by contracts of employment which lend themselves to many interpretations. Changing behaviours and expectations in this context is difficult, made more so because of the complexities regarding the allocation of overall academic workloads, the tensions that inevitably arise over determination of priorities at any moment in time, and not uncommonly, an inertia based on the premise that 'what happens works, so why change it!?' More has been expected of academics over the past ten years in many universities, reflecting both global and societal change, but also relatively diminishing units of resource. This has led to what many academics regard as a managerialist approach, with implicit expectations of heightened accountability, transparency, targets with greater focus on performance and achievement of outcomes.

Work-based and work-related learning does not infer a simple recycling of traditional campus based pedagogy in a work-based environment, and this is just beginning to be realised. Much planning, thought, effort and resource needs to be injected if this is to be done well, with the consequent change management implications. Such issues and tensions need to be anticipated, with innovative and creative solutions being developed. New career progression paths need to be opened which give clear signals that engagement and success in the development and delivery of the new agenda, does not carry discriminatory career risks.

For academics to engage, commit and ultimately drive this new agenda, there needs to be clear and transparent promotional opportunities to Reader and ultimately Professorial level. Their roles will include leading on the redesign of a radically different curriculum, focussed on a multiplicity of learning outcomes and delivered flexibly, relevantly and affordably. They will need to run parallel research projects and engage in appropriate scholarly activity which when taken together, create an expertise base which academically informs future developments. It is important to state that this is neither an easy, nor a fast process and getting the

most intelligent of people to leave past models behind is challenging. A point to add is that should opportunities arise to appoint new blood, human resource and appointments processes and procedures need to be fundamentally changed to reflect what may well be a very different type of person specification / appointment to that made in the past.

Business process modernisation

As with people, academic processes, which underpin academic quality and integrity are often geared to a world where time and speed were not of the essence, and where selection rather than recruitment were more commonplace. Historically, award validation processes could take over a year, and rarely less than six months. Module approval could be similar. Academic quality processes were, and still are, supply-side dominated. For employers and employees who have little time, are often paying for their courses and development and are operating in rapidly changing environments where they have to almost run to stand still, this is a problem. They expect to be treated as clients, with an appropriate responsiveness to their needs, and many universities who are trying to work more closely developing workforces in the workplace, are finding it very difficult to meet demand-need, not least because their own business processes make this very difficult. Non-academic processes can also be a problem. Online registration, online payment, online submission of work, and online receipt of information all challenge models that are ostensibly geared up to those who attend in time and place mode. In competitive terms, these day-to-day processes and procedures are critical, and off-campus, work-based learning does not work properly if they are not in-place and working efficiently and effectively. Furthermore, for these to work, an array of information systems need to work in harmony, which can also necessitate a major investment as many systems have evolved over time, and do not fully (or sometimes partially) integrate. As with other aspects, this is not just about technological systems. It is more about how people do things, and are able to respond to the changing circumstances and requirements. FutureSkills has very much highlighted this, and is now a major stimulus to driving change in our fundamental business processes.

In constructing a degree programme, individual modules underpin the curriculum and when taken together, eventually form the overall award. The design and structure of an award will ensure some form of academic coherence which ensures knowledge, skills and competencies are developed to the prescribed and appropriate level for that award. Module descriptors will lay out pre and co-requisites, aims, objectives, topics and themes, reading and assessment methodology. Some might make reference to skill, competency and behavioural development, though this is not universal at higher levels, where often the focus remains on knowledge dissemination and transfer, and the assessment of this.

Pedagogy – the key marketing variable for higher education?

Generalisation is always dangerous, but this model will be recognised to a greater or lesser extent by most university academics who are involved and engaged in campus-based delivery. There is perhaps nothing intrinsically wrong in this approach, which has survived for hundreds of years, and served many generations well, be they part of agrarian, industrial or commercially-oriented economies. However, as economies of the 21st Century become ever more globalised, knowledge-based and underpinned by instantaneous communications, achieving sustainable competitive advantage is increasingly difficult to achieve and maintain, and consequently, the pressure to constantly innovate with better products, services and business / production processes is unremitting. It helps to achieve this if a workforce is creative, ingenious and curious, with the mindset of always looking to do things more economically, efficiently and effectively. With an ageing demographic and workforce and the need for constant up and re-skilling, to ever-higher levels, there is an opportunity too for educators to develop new learning-oriented models of delivery that are responsive, fit for purpose, relevant, effective, affordable and delivered off-campus. The working understanding of the meaning of pedagogy is 'the design of learning processes that lead to relevant learning outcomes', and in the context of this paper, this could be viewed as the critical marketing variable, with pedagogic innovation creating a genuine source of competitive advantage in a market that is projected to grow for the foreseeable future. That infers the need to constantly research and innovate based on contemporary, but ever-changing, need.

Extending the marketing mix for HEIs

It may be interesting to consider a range of other key 'P' marketing variables, built around the core seven. This by no means is an exhaustive list, but it perhaps serves to highlight the complexity of the total marketing mix that universities need to offer. In themselves, these merit detailed analysis but for the purpose of this paper, I will merely raise the possibilities. Packaging is much more than the outer skin in which traditional, and simple products are wrapped. In the context of a university, it could include accommodation, earn and learn opportunities, meal deals and the many enrichment activities which in total support the rounded development of the individual. And of course, the balance of a package will vary with different categories of learners, reflecting their specific needs and the relative importance that they attribute in terms of value-added. There is perhaps nothing new in this, but the point to be made here goes back to Levitt's question of 'what are you selling?', and conversely, 'what are they buying?'. Contentiously, it might be argued that we over-promote the award itself, and under-promote other elements that the purchaser is actually more interested in. If so, that could have profound impact on not only what we offer, but how we offer it.

The world is rapidly changing, and the competitive environment in which we operate is getting ever-more challenging. This begs the question about whether we are undertaking sufficient marketing research to inform the world as it will look like in the future, as opposed to how it appears now. Most multi-national organisations now spend much time, resource and effort on building models that project and predict likely future scenarios, as their lead times to make appropriate changes are long. This is certainly the case of all universities, where degrees take three to four years to complete, and where the ongoing development cycle is often long. For example, based on projected demographic trends, if decisions are made to deliver higher level education into the work-place, then fundamental investment and divestment decisions will need to be made which of themselves carry very significant business risk.

As the balance of funding shifts from the public purse to the private individual, professionalism will become ever-more important in that it will become intrinsically linked, and indeed underpin, the whole learning experience. Debate can be had on what 'professionalism' means, but at the very least, it will have to include consistency, responsiveness, quality and the ability to over-deliver the promise that is being 'bought'. In any complex organisation, this is easier said than done, and ultimately, the achievement of it will depend upon every individual employee's commitment, ownership, engagement and personal responsibility to ensure that experience is as 'sold'. In many universities, arguably this will necessitate a significant cultural change and re-alignment of priorities.

In the context of a demand-driven market economy, which higher education is now progressing towards, perception of value based upon the standing of a university, of the courses within, of those delivering them, or supporting their delivery and of the 'whole experience' is critical. Ultimately, perception has to be supported by every-day reality, but it can both be influenced and exploited. It is essential to fully understand users, influencers and markets' aspirations, motivations and expectations, and then to weave this fully into the brand promise.

Physical resources create a conundrum for universities. Traditionally, these hinge around the campus with all which that entails – the classrooms, lecture halls, students union, playing fields, offices, cafe areas and residences. The cost of maintaining such physical assets is, as already highlighted, both huge and rising and usage by most measures is inefficient. However, there is little doubt that the attributes and appearance of physical assets has a significant impact on perception, image, reputation and status. Perhaps the questions which need to be asked are forward-looking ones. In a 'new world' in which many aspects of funding are very likely to change - where there will be as many, if not more, older (working) learners as there are 'traditional' younger ones; where younger ones themselves need to earn and learn in equal proportion; where technology provides new delivery alternatives and indeed heightened user expectations; where new eco/environmental drivers gain greater significance; and where in general terms, economic, efficient and effective use of assets become business critical in a way that previously perhaps it has not been. A university with no buildings is difficult to

conceive (though not impossible), and certainly in the United States, but spreading across the world, including the UK, the largest higher education provider there is now the private 'Phoenix' University which rents its buildings on a commercial needs basis. This gives rise to further questions around the need to actually own physical resources, which inevitably becomes restrictive in terms of market flexibility and agility, as opposed to alternate commercial arrangements. The key issue from a marketing perspective is to understand the value attributed by users to place-based resources – and that in certain markets, it may be less than is imagined. If that is the case, then transferring investment to other resources might bring significant commercial benefit, short, medium and long term.

Processes, procedures, systems and structures are what bind complex organisations together. Of themselves, they need to be efficient, effective and unobtrusive. They need to reflect the needs and requirements of not only paying users, but of other stakeholders too, reflecting statutory requirements around funding, legal and quality regulation and compliance. In many ways, business and academic processes have become organisational hygiene factors. It is assumed by all that universities will get them right, but this is a basic expectation which levers relatively little value-added. However, if something goes wrong, the implications are immensely negative and profound. From a marketing perspective, getting core business processes right is fundamental to success, and this includes, for example, effective and pervasive online systems, efficient telephony services, reliable timetabling, good communication, being well organised and generally well cared for. In the last resort, there will also be an expectation of effective systems to handle complaints and provide redress if appropriate. Effective business process factors increasingly provide the opportunity to engage with, and entice a market. Equally, getting this wrong can lead to almost instant commercial failure. We are all aware that society in general is now very intolerant of large commercial organisations which cannot respond to them fast, friendly, and fairly.

Participation can infer many things. On the one hand, it could be interpreted to mean a new market, based on a policy of widening participation aimed at those who traditionally have not been targeted nor engaged with universities. It could also imply new partnerships with a range of delivery partners, for a variety of strategic marketing reasons. In the context of this paper, the intention is to highlight the importance of developing active supply and demand side participation and engagement in the learning experience, in its widest form. This reflects not only the complexity of 'becoming educated', but also the potential impact of the now pervasive virtual digital world to inform, influence and involve individuals in ways that previously could not be considered. Global networks based on common interests, can both easily and cheaply be accessed, thereby creating opportunities and challenges that hitherto had no relevance in the context of the learning environment. Now, arguably, they are integral to it and our pedagogic processes need not only to reflect this, but also to be based on the assumption that this is now a requirement of effective, contemporary learning. Today's generation of learners now expect to have the support of their academics, technicians, support staff, immediate and virtual peers, all of whom add value to their overall experience.

The digital age brings many other new marketing challenges to universities. Wertime and Fenwick (2008) talk about the importance of understanding what are often unwritten rules of digital permission. Digital gate crashing (in many forms, including spamming, unwanted blogging, misuse of social network sites, inappropriate texting and messaging) creates the same dissonance as turning up uninvited to a party. Increasingly, perception of an organisation rests on understanding the often unwritten laws of the 'virtual jungle', and not alienating digital natives by breaking these. The impact of any error in this respect is close to instantaneous, globally pervasive and almost always commercially devastating as even the best PR departments find it impossible to assert any control. Linked to permission is privacy.

One of the great paradoxes of the digital age is that whilst access to information and people is close to instantaneous, to abuse this 'privilege' is to violate personal privacy. From a university marketing perspective, the key point is that effective cyber-communication is on the one hand critical, but that this needs to be targeted, measured, timely and useful. The line is fine, and much strategic and operational thought should be given to understanding the needs and expectations of learners to maximise the benefits that technology can bring.

If the marketing issues of participation, permissions and privacy can be understood, then the potential does arise to personalise an experience to fit an individual's need at a moment in time. Specific, relevant and timely information can be sent them and learning opportunities and assessment can be tailored to meet their known requirements. Learning can become more portable in the sense that much of it will need to be accessible on a just-in-time, anytime, anyplace, anypace basis. Furthermore, portability will extend the Bologna principle that credit points from one European university will be transferable to another, thereby facilitating another level of flexibility.

The academic implications of delivering this are profound, but in a world that is increasingly characterised by consumer driven choice, instant gratification, high service quality expectation and supply-side competition, then there is no reason to think that somebody, somewhere, will not be able to respond positively to achieve this. The implied challenges are perhaps the most difficult that universities have to face up, and respond to. Most are supply-oriented, with many systemic protective mechanisms built-in that currently support the status quo. The shift to a demand-led orientation will necessitate a fundamental review of all aspects of marketing.

The road ahead

The world is changing rapidly, and universities are no longer shielded from the implications and consequences emanating from pervasive political, economic, social and technologically driven change. The great Austrian economist, Joseph Schumpeter, 1961 postulated that entrepreneurship and innovation are the only ways of sustainably responding to such challenges (Schumpeter, 1961). This can be multi-faceted, as has been argued in the paper. There are many new markets that universities could, and should, engage with. To do this cost efficiently and learning effectively, they must fundamentally re-think how they buy, use and prioritise their resources. It is easy to talk about becoming demand-led but much less easy to achieve this. Using long-established, core marketing variables, as a reference point, it is clear just how far away many traditional universities are from being able to be demand-oriented. Moving into any new market is not easy. Neither is developing new products and related services and procedures. Societally and economically we need work-based and work-related learning to be successful, and indeed, to work well. The question is whether universities rise to this challenge. One would like to be hopeful, but the reality of the challenge is immense. Might a better market solution emerge outside traditional university supply? The likelihood of this is perhaps now much greater than it was three years ago, as State support diminishes and the burden of cost falls directly onto the consumer.

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