

Understanding prospective student decision-making and the role of marketing in undergraduate education

Paper prepared for *Marketing Education 2002*, Melbourne, 21-23 October 2002

Associate Professor Richard James
Centre for the Study of Higher Education
The University of Melbourne
r.james@unimelb.edu.au

The marketing of Australian higher education, both to domestic and international students, has intensified dramatically during the past decade. This is a direct result of a government commitment to create a more market-oriented form of organisation for the higher education sector and the willingness of universities to engage in competition for prospective students. These developments seem likely to continue. The present *Crossroads* Review of Higher Education seems likely to lead to greater deregulation of undergraduate education, with the strong possibility of significant fee deregulation — which, if it occurs, will create a more genuine market and focus a spotlight squarely on university marketing activities.

This paper concentrates on undergraduate education and the domestic student market in an effort to shed light on how the market operates and how students (and their families) go about the decision-making process for making an application for a university and a course. The paper is not directly about marketing or marketing strategies, though it has implications for these. The main argument of the paper is that knowledge of the unusual characteristics and complexity of the higher education market can inform marketing strategies and help avoid mistaken assumptions about the potential influence of university marketing efforts. This paper draws on a study conducted for the federal Evaluations and Investigations Program, published under the title *Which university?* (James, Baldwin & McInnis 1999) and a PhD study by Dr Linda Brennan (Brennan 2000, 2001).

Applying for a university course: Complexity and confusion

To begin with we should note that choosing a university course is exceedingly difficult for school-leavers and their families. Many school-leavers do not have well-formed intentions and aspirations. Furthermore, the decision-making of prospective undergraduate students about suitable courses and universities is inextricably linked with the intricacies of the application-offer process for most applicants who apply through conventional channels.

Students are besieged with printed information. There is more information than anyone can make sense of. Furthermore, the processes of application and the processes through which universities determine their offers to students are complex and often very poorly understood. Prospective students and their families, particularly those with less educational capital, are at a loss to understand the subtleties of fringe ENTER, scaling, ranking, consideration of disadvantage, and so on. They are equally puzzled by the role of ENTER in courses that use other criteria as well. Even course advisers have difficulty understanding (let alone explaining) the application and selection process — it is impenetrable to all but the most informed and literate families and students. Yet, prospective students' understanding (or misunderstanding) of how to design an appropriate application and how this application will be assessed by universities may significantly affect their decision-making. The point to be stressed is that choosing a university course involves a choice and application process exceedingly more complex than most consumer decisions people make.

Despite this, the marketing of university courses is often neatly divorced from the mysteries of application and selection.

Can I get in? Will I do well enough?

Competitive admissions processes define the essential character of the school-leaver market

The market characteristics established by competitive admissions — through which the majority of school-leaver applicants enter higher education — create a unique set of considerations for university marketing activities. Both the university and the prospective student get to make choices in this market — there is a two-way choice process in which the balance of power depends on where particular universities lie on a continuum from ‘recruiters’ to ‘selectors’, as defined by student demand. Some students who want to go to university will not get offers. Some students will get offers that they will ultimately reject, in some cases due to lack of confidence in the value of course.

Clearly the pressure of competitive entry based on academic record is a powerful influence on the decision-making of prospective undergraduate students entering through conventional pathways. For school-leavers, the processes of competitive university entry dominates much of their thinking and strongly shapes their behaviour in the marketplace. But this fact is often not clear in the advertising and advice given to students. Despite the pervasive impact of ENTER score, notional required entry scores are often not explicit in university communication to students. And efforts to downplay the importance of entry score, no matter how well meaning, are often misguided and ineffective. Consider, for example, the following advice in *The ABC of Applying 2003: A VTAC Guide for VCE Parents* (VTAC 2002):

The Equivalent National Tertiary Entrance rank (ENTER) is not the be all and end all of existence. It does not indicate how well a student has performed in their individual VCE (p. 11)

True, ENTER is not a measure of achievement. But whether this logic will convince Year 12 students is uncertain. Most students believe that ENTER is indeed a highly practical measure of their performance. ENTER truly counts, regardless of efforts to argue otherwise; it is the measure through which the community discusses senior school achievement and is the currency that secures a place in a coveted course. Most prospective undergraduate students simply cannot consider a course without first knowing the likely score needed for admission.

A highly intangible ‘product’ and the problem of information asymmetry

The Australian government’s encouragement of a market in undergraduate education is based on the belief it will lead to efficiencies, greater course diversity, wider choices available to students, and improved quality of provision overall. Underpinning this belief is an assumption commonly associated with the operation of markets: prospective students choosing courses in informed ways will create a responsive and more effective university sector.

To what extent might this assumption be true? One issue here is known in economic parlance as ‘information asymmetry’. Put simply, there are limits to the extent to which prospective students can understand the ‘product’ being offered due to the intangible nature of higher education. Generally speaking, it is not feasible to sample or inspect the product or service. In such circumstances the ‘seller’ will always know more about the ‘product’ than the ‘buyer’, hence the concept of information asymmetry.

Reputation plays a powerful role in asymmetric markets in which products or services tend to look to the consumer. 'Buyers' rely heavily on reputation and the behaviour of other buyers. By and large, this is true of higher education. Prospective undergraduate students focus on broadly conceived course and institutional reputations when making their selections. It is a *heavily* reputational market. Careers teachers and careers advisers in schools — who are a major source of literature and other materials for school-leavers — are quite familiar with this situation. With a highly intangible product and with 'solid' information about courses and universities difficult to come by, the community relies to a degree on reputation passed on by word-of-mouth. Since communities 'own' reputations, rather than the universities themselves, institutional reputation is difficult to influence and the process of change and adjustment is inevitably slow and to some extent impervious to marketing activities. Myths about courses and universities can persist.

The reputational market places certain limits on the influence of marketing activities. Prospective students are likely to be suspicious about advertising claims. At the same time, however, the greater the competition between universities the greater the potential for inflated claims. Marketing — the advertising component at least — stretches the boundaries. In a context in which many universities do not have the resources to offer what they would like to to prospective students, at what point might students say the quality does not live up to the promises?

Of course, university admissions procedures play a social sorting role that has little to do with the nature and quality of the experiences that are offered. The higher education product has a highly significant *positional* dimension. In other words, *getting in* is an outcome, regardless of the quality of the services provided. It may be the case that the higher the positional status the more students might tolerate poor quality service. Given the high positional status of some courses/universities and the social sorting role of higher education, gaining admission is a major outcome in itself.

ENTER has 'price' characteristics — and serves as a proxy for quality and personal relevance

The 'price' students pay to enter a course and university of their choice is in effect their ENTER score. The 'premium' end of the market is defined by very high entry requirements. In these competitive circumstances, most prospective students are keenly aware of what might be and what might not be achievable for them. Yet when prospective students apply to tertiary admissions centres they are unaware of the score that will be required, nor do they know what they will achieve, even though they may have a general idea. Student thinking operates around a speculative 'feasible set' of courses-universities based on their anticipated academic achievement, their knowledge of previous clearly-in-rank patterns, and their confidence in being able to succeed in their preferred courses.

CSHE research suggests many students are poorly informed about potential courses and universities. Many students are not active information-seekers, beyond knowing a good deal about clearly-in-rank scores. Many are not particularly expert in seeking information. Many know little about the quality of teaching and graduate outcomes for particular courses, despite this information being readily available. Even the most high achieving students may not be active in seeking course/university information (Brennan 2000). One reason it seems for the apparent indifference of prospective students to information-searching is that they trust the market — required ENTER scores serve (mistakenly) as a proxy for quality and personal relevance. And focusing on ENTER is a reasonably sensible risk reduction strategy given a product-service that is so highly intangible.

The relationships between reputation, quality (of provision) and personal relevance are of course much more complex than a simple ranking of ENTER scores would suggest. But ENTER scores reflect reputation/relative performance and in turn contribute to reinforcing reputation. ENTER scores are self-fulfilling, they support a self-maintaining hierarchy — required ENTER reflects demand; in turn, demand is driven by required ENTER. Ultimately, ENTER scores set up a *de facto* quality league ladder of courses/institutions. This unwritten ladder is probably least understood by prospective students who have poor access to other information or who do not have a sophisticated understanding of higher education.

The potency of ENTER as a measure of the social and career worth of a university course is evident in the ‘panic’ decision-making that occurs on receipt of academic results. Some students who achieve higher results than they had anticipated are encouraged, perhaps by well-meaning family, friends or teachers, not to ‘waste’ their score and to consider previously undreamt of ‘upwards’ options. Other students are required to revise their ambitions ‘downwards’. In both cases, significant, unconsidered changes in preferred study directions take place.

Prospective students tend to make decisions based only on the tangible and more readily observable characteristics of universities and courses

Not surprisingly, given the above arguments, prospective students tend to focus on tangible aspects of the university experience that can be observed from the outside. Hence Open Days are highly important. Social fit is a highly important consideration and the personal interactions with staff and current students on open days send important signals to students. Most students are interested in campus appearance/ambience and the sense of personal social fit. At the least, staff need to be aware of the significance of these interactions, for they are far from trivial. Some students appear to use open days as a ‘screening’ device to confirm the exclusion of certain institutions from their feasible set. Unfortunately, Open Days might do little to convey the nature and quality of the actual educational experience. There is a risk of open days being superficial and leading to over simple conclusions, as there are aspects of the university experience and outcomes that we cannot show or tell prospective students about. The ‘amenity’ characteristics of universities, which include the physical campus and surrounds, can be inspected of course, but the dimensions of the university experience that generate student motivation (inspiring teachers, a strong learning community) and that set the pre-conditions for high level educational outcomes (coherent, well-sequenced courses) cannot be ‘sampled’ or ‘inspected’ since these are highly intangible and require sustained involvement on the part of students.

Conclusion

From a marketing perspective, higher education is a complex enterprise. Students face a ‘high risk’ decision yet at the same time the ‘product’ is intangible and information about this product is difficult to convey and to interpret. This ‘product’, if there is such a concept, includes services, co-produced educational outcomes, and the positional status acquired simply by being selected for certain courses. The locus of the ‘brand’ is not altogether clear, being somewhere at the intersection of course and university. The provider-client relationship between student and the university is protracted and involves a changing set of expectations, preferences and needs over time. And, to add further to the complexity, CSHE research suggests competitive selection processes seem actively to discourage information seeking and informed choice.

Despite these complexities, the marketing of higher education does have the potential to shape prospective students’ expectations of their university

experience. This is an important outcome to bear in mind. Since many students appear to commence higher education without having developed complex or sophisticated expectations of the experience that is ahead, it is unsurprising that the transition to university is a time of cognitive dissonance as the reality is first experienced. In particular, the first few weeks may raise questions about the personal relevance of particular courses. During this period, 'ideal' or 'predictive' expectations of quality are also being reshaped through experiencing the actual services and the required level of engagement and involvement. This is not to imply any particular problems with the quality of individual courses, but simply to stress the likelihood of mismatches between expectations and realities. Such mismatches do occur and show up quite clearly in the reasons reported for withdrawal during the first year (McInnis & James 1995, Yorke 1999, 2000).

Ideally, effective marketing would help form realistic expectations of what universities will offer and of what commitment and involvement is needed on the part of students, without establishing unrealistic expectations or offering promises that cannot be met. Furthermore, the marketing of higher education must also preserve an equity objective — we must remain alert to which groups of Australians go to university (James 2000), what courses and universities they are admitted to, and the patterns of retention and success. The equity agenda alone establishes conditions that are not common in the marketing of other industries.

Achieving these objectives presents significant challenges for higher education marketing. Without doubt, university marketers are entrusted with a difficult task. Not only must they understand the complexities in conceiving, depicting and communicating a highly intangible, co-produced, sustained activity, but also must work with a market that on the whole shows little evidence of wishing to be better informed about the options.

References

- Brennan, L. (2000). *How prospective students choose universities: A buyer behaviour perspective*. Unpublished PhD dissertation.
- Brennan, L. (2001). Choosing a university course: first year students' expertise and information search activity, *Higher Education Research and Development*, 20, 2: 217-224.
- James, R. (2000) Non-traditional students in Australian higher education: Persistent inequities and the new ideology of 'student choice', *Tertiary Education and Management* 6, 2: pp.105-118.
- James, R. (2000) How school-leavers choose a preferred university course and possible effects of the quality of the school-university transition, *Journal of Institutional Research*, 9,1:78-88
- James, R., Baldwin, G. & McInnis, C. (1999) *Which university?: The factors influencing the choices of prospective undergraduates*, Canberra: AGPS.
- McInnis, C & James, R. (1995) *First Year on Campus: Diversity in the Initial Experiences of Australian Undergraduates*, Canberra: AGPS
- McInnis, C, James, R. & Hartley (2000) *Trends in the First Year Experience in Australian Universities*, Canberra: AGPS.
- Yorke, M. (1999) *Leaving Early: Undergraduate Non-completion in the United Kingdom*. Falmer Press: London.
- Yorke, M. (2000) Smoothing the Transition into Higher Education: What can be learned from student non-completion, *Journal of Institutional Research*, 9,1:78-88