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University marketing and consumer behaviour concerns: the shifting preference of university selection criteria in Indonesia

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UNIVERSITY MARKETING AND CONSUMER BEHAVIOUR CONCERNS: THE SHIFTING PREFERENCE OF UNIVERSITY SELECTION CRITERIA IN INDONESIA

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Abstract

Indonesia is facing new challenges in the higher education sector, namely, a move towards establishing institutions as legal entities and changes in university autonomy and funding mechanisms. Recent reforms are often seen to be leading to an increasing privatisation and marketisation of public universities. The transformation of higher education from the dependency of government funding to the competitive market indicates that universities have to compete for students in the recruitment markets. Consequently, the motivating factors for students in choosing a university have undergone change also and the role of marketing in student recruitment has become increasingly important. This paper proposes factors that may influence student choice in the selection of an Indonesian Public University. The research will be conducted by a mixed-method approach supported by qualitative and quantitative data analysis. Respondents to this research will be first-year undergraduate students at public universities in Indonesia. The paper argues that university marketing is needed to understand its customer needs and wants in order to remain competitive and survive among higher education providers. It is hoped that this study will help Indonesian universities to improve their knowledge of how to deal with the influences and of student recruitment strategies.

Keywords: marketing, university, student choice, Indonesia

Introduction

In the past decade, the governance of the Indonesian higher education system has changed considerably. The main driver of this change is the decreased role by government. Higher education has been transformed from the dependency of funding by government to the competitive markets (Maringe 2006). The transformation in higher education has also been influenced by intensifying global competition, declining funding and changing demand patterns (Kallio 1995; Jarvis 2000; Gibbs 2001; Veloutsou et al. 2004). As competition increases in the higher education institution sectors, public and private universities increasingly view students as consumers and try to market their institution intensively. As a
result, the motivating factors for students in choosing a university have undergone change also.

Numerous pressures and changes in the higher education environment including increased competition, a decrease in government funding, as well as a restricted financial environment all impact on a university’s endeavours to attract quality students (Mouwen 2000; Espinoza et al. 2002; Haigh 2002; Moller 2006). Universities as service providers require restructuring themselves in order to survive. Consequently, there have been calls to respond to such challenges by understanding and influencing the HEI choice process among prospective students (Maringe 2006; Briggs & Wilson 2007).

Related to this trend in higher education, attention needs also to be given to the methods of attracting domestic students and international students. For domestic students, the higher education institutions should strengthen the orientation towards selling programs to students within the country. To attract international students, higher education institutions both domestic and foreign institutions need to expand their institution to provide distance education, study abroad/exchange, and foreign site-based degree programs. In such situations, marketing efforts play an increasingly important role in higher education, particularly in student recruitment management. Hence, there is a call for the development of new marketing approaches (Simões & Soares 2010).

This research is one of the first consumer studies undertaken in the context of student choice criteria for selecting an Indonesian public university, therefore, it makes a significant contribution to the body of knowledge in this important area of research.

**Literature Review**

The literature review provides an understanding of the marketing framework and analytical methods. It also raises concerns about the different factors of student choice found by previous researchers when surveying students in different countries. Therefore, this research will explore the most relevant factors that emerge in the Indonesian higher education institutions context. The following section will elaborate current theory related to universities marketing orientation, student choice models and various factors affecting students’ decisions to study at a higher education institution.
Universities Marketing Orientation

Marketing in the higher education sector is not new. To effectively communicate with potential students, promotions, advertisements and other marketing tools are used as marketing strategies to attract students. The increasingly important role that marketing plays in student recruitment has been recognized by many scholars (Goff et al. 2004) including: marketing universities (Judson et al. 2004), the image of universities (Ivy 2001), relationship marketing (Ellis & Moon 1998; Kittle & Ciba 2001), international marketing (Cubillo et al. 2006), direct and data base marketing (Tapp et al. 2004) and strategic marketing (Liu 1998). Marketing in higher education is also needed to mitigate the effects of decreasing government funding and increases in competition (DesJardins et al. 2006). In order to survive and to achieve a sustainable competitive advantage, higher education institutions should use a marketing framework (Hoyt & Brown 2003) and should satisfy the need of their customers by adding value (Kotler & Fox 1995). This can be achieved by applying effective marketing mix tools to influence the demand for the services that the university offers (Ivy 2008).

Higher education possesses all the characteristics of a service industry, for example that education is “people based”, and emphasises the importance of relationships with customers (Mazzarol 1998). Shank et al. (1995, p74) also underlined that educational services are intangible, heterogeneous, inseparable from the person delivering it, perishable and the customer (student) participates in the process. As a service, higher education marketing is sufficiently different from the marketing of products (Nicholls et al. 1995). University management need to market their institution and establish a unique difference which highlights their strength and gives the students a reason to choose that university. Since higher education institutions operate in a service environment, they need to understand the unique aspects of service marketing in order to accomplish the above goal.

Students Choice Models

Several researchers have attempted to explain student choice model. Models of student enrolment behaviour theory started to emerge in the early 1980s. According to Hossler et al. (1999), most studies that have tried to understand the university choice process could be included in one of the following categories: economic models, status-attainment models and combined models. The other combined models in the literature such as Jackson (1982),
Chapman (1981), Hanson and Litten’s (1982), Kotler and Fox´s (1985), and Hossler and Gallagher (1987) have become the most widely accepted in enrolment behaviour (Freeman 1997; Hamrick & Stage 1998; Moogan et al. 1999; Perna 2000; Hamrick & Stage 2004; Teranishi et al. 2004; DesJardins et al. 2006; Smith & Fleming 2006; Clarke 2007). These models are related to the various general consumer behaviour and decision making models such as those of Engle, Blackwell and Miniard (1995; 2001), Perreault and McCarthy (2005), Schiffman and Kanuk (2007), and Kotler and Keller (2009). A comparison of these models is summarized on Table 1. These models have been helpful in allowing later researchers to understand that the decision to attend college is a complicated and lengthy process and influenced by a diverse set of factors.

### Table 1. Models of the Stages in Consumer Decision Making and Student Choice

<table>
<thead>
<tr>
<th>Authors</th>
<th>Consumer Decision Making and Student Choice Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engle, Blackwell and Miniard</td>
<td>Need Recognition</td>
</tr>
<tr>
<td>(1995; 2001)</td>
<td></td>
</tr>
<tr>
<td>Kotler and Keller (2009)</td>
<td>Problem recognition</td>
</tr>
<tr>
<td>Perreault and McCarthy (2005)</td>
<td>Need-want awareness</td>
</tr>
<tr>
<td>Hanson and Litten (1982)</td>
<td>Deciding to go to College</td>
</tr>
<tr>
<td>Hossler and Gallagher (1987)</td>
<td>Predisposition</td>
</tr>
<tr>
<td>Kotler and Fox (1985)</td>
<td>Initial decision to investigate college</td>
</tr>
</tbody>
</table>

Source: Kusumawati (2010)

**Factors Influencing the Choice of University**

The choice to enrol in higher educational institutions has the potential to change a person’s life; hence, it is an important issue for recruitment management. Several choice criteria for selecting a university are discussed in this current review. A range of research examines the dramatic effect parents have on a student’s choice of college (Moogan & Baron 2003; Domino et al. 2006; Yamamoto 2006; Raposo & Alves 2007; Al-Yousef 2009). Studies in Asian countries predominantly found that reference groups such as siblings, friends, peers, relatives, teachers and other influential people influence a student’s choice of a university (Ceja 2004,
2006; Yamamoto 2006; Pimpa & Suwannapirom 2008; Wagner & Fard 2009). Other research (Dawes & Brown 2002; Kim 2004; Nora 2004; Yamamoto 2006; Raposo & Alves 2007) claimed that personal factors show the greatest positive influences on the student choice of a university.

Previous research also considered geographic location as an important factor (Veloutsou et al. 2004; Wagner & Fard 2009; Beneke & Human 2010) as well as institutional characteristics include teaching quality, prestige, infrastructure, library, computer facilities, location, quality of the curricula, scientific research quality, administrative support, extra-curricular factors (sports, leisure, canteens, etc.) and the availability of exchange programmes with foreign universities (Tavares et al. 2008). Price et al. (2003) noted that for many institutions, facilities, where provided to a high standard, were perceived as having an important influence on students’ choice of institutions. In terms of closeness, Paulsen (1990), Raposo and Alves (2007), and Dawes and Brown (2005) pointed out that proximity to home is one of the strong influences in the choice process of selecting a university.

Academic reputation is one of the college choice factors that determines the success of university marketing strategies (Hoyt & Brown 2003; Ho & Hung 2008). According to Ancheh et al. (2007) recognition and reputation of the institutions are the strongest evaluative criteria used by students in their selection of higher education for both private universities and colleges in Malaysia. Briggs (2006) also noted that reputation is one of ten factors that influence the selection decision by university students. Using the decision making model from Kotler (1999), Moogan and Baron (2003) found that at the problem recognition stage, reputation is important for students. Indeed, the reputation of the institution was identified to be the most important factor in a student’s decision of a place of further study (Moogan & Baron 2003; Briggs 2006; Ancheh et al. 2007; Wiese et al. 2009; Afful-Broni & Noi-Okwei 2010; Beneke & Human 2010) in addition to the variables of courses and campus (Veloutsou et al. 2004).

Pupils also considered job prospects when selecting their faculty (Băcilă et al. 2006; Băcilă 2008; Wiese et al. 2009) along with the enjoyment of the subject, need for a degree for a career, better job, new subject areas and the enjoyment of student life (Soutar & Turner 2002; Tatar & Oktay 2006; Whitehead et al. 2006). A similar situation was found in Western Australia (Soutar & Turner 2002) and in Turkey (Tatar & Oktay 2006). However, for South Africa students employment prospect were listed as second important choice factor after
quality of teaching (Wiese et al. 2009). Furthermore, based on Tavares’s et al. (2008) study in Portuguese universities, ‘vocation’ or specialization was a stronger reason for programme choice than employment prospects.

Many scholars have investigated the influence of price in the choice of a university (Domino et al. 2006; Wagner & Fard 2009; Beneke & Human 2010), in which high discounts were viewed more favourably than low discounts (Quigley et al. 2000). However, Domino’s et al. (2006) contend that price is the most important factor from parents’ point of view rather than a student’s perception. The impact of financial aid or packages that include scholarships and grants was examined thoroughly by Kim (2004), Govan et al. (2006) and Hoyt and Brown (2003), while Beneke & Human (2010) detected that financial aid offered is only listed as the fifth important factor to study at university in South Africa.

Although it was found that there are numerous important factors considered by students when selecting a university, these factors have different level of importance for each country and each student. Therefore, this research will determine the most influential factors that contributed to Indonesian students when selecting an Indonesian public university as these criteria may be unique to Indonesia.

**Proposed Conceptual Framework**

The conceptual framework and a preliminary model of this study are based on the findings presented in the literature reviewed earlier. However, the final model will be developed after reviewing data from exploratory interviews. The proposed conceptual framework for this research is illustrated below.
Research Methodology

Given the nature of the research questions, the research design followed in this study is a sequential process. Creswell (2009) describes the design construct as beginning with qualitative data collection and analysis, followed by quantitative data collection and analysis, and concluding with an interpretation of the entire analysis. In this research, qualitative study would act as a precursor to the inclusion of other independent variables and the development of the instruments for quantitative research (Punch 2006).

A visual diagram of the current research design adapted from Creswell and Clark (2007, p53) is illustrated in Figure 2.
Figure 2. Research design of the current research adapted from Creswell and Clark (2007, p53)

**Scope of the Research and Unit Analysis**

In this research, respondents are first-year undergraduate students at public universities in Indonesia, with the justification that first-year students will still remember the process they underwent in deciding to continue their education at a university. This research is focused on public universities in Indonesia. Its coverage is limited to autonomous and non-autonomous universities in Java and Sumatera as shown in Table 2 below. These regions have more public universities than other regions. As this study is concerned with investigating students’ choice criteria, the unit of analysis necessarily is at an individual level.

Table 2. The number of selected Public Universities in Java and Sumatra as Samples

<table>
<thead>
<tr>
<th>Universities</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Java</td>
</tr>
<tr>
<td>Autonomous</td>
<td>2</td>
</tr>
<tr>
<td>Non-Autonomous</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
</tr>
</tbody>
</table>
Phase 1

As this research has not been previously carried out in the Indonesian context, an exploratory approach to the research seems logical and justifiable (Aaker et al. 2007), as there was a need to collect preliminary information, validate the themes found and the theoretical constructs that will help identify problems and suggest hypotheses (Kotler et al. 2006). In order to assure evaluating the most current set of criteria used for selecting a public university, first-year undergraduate students in two autonomous and two non-autonomous universities selected Indonesian Public Universities in Java and Sumatera were chosen as potential participants. The study requires an understanding of the criteria the students considered in the selection of a public university. Consequently, the administration of individual questionnaires were given before the commencement of focus-group discussions conducted with the same cohort of 48 first-year students of seven to fifteen students for each focus group. Data analysis used thematic analysis (Boyatzis 1998; Silverman 2005) and followed the guide provided by Creswell (2007). Thematic categories were used to construct the survey for phase two of the research.

Phase 2

Explanatory research will then be used to establish relationships between variables (Saunders et al. 2003), discovering and measuring the association and relationships of the marketing variables to provide a plausible explanation for observations (Hussey & Hussey 1997; Kinnear & Taylor 2006). In this second phase, explanatory research will be conducted by developing a structured survey questionnaire to gather quantitative data from respondents. The study will use a stratified random sampling of 400 first year undergraduate students enrolled in three autonomous universities and eight non-autonomous universities in selected Indonesian Public Universities in Java and Sumatera. Proportional allocation will then be used to allocate the total sample size among the strata in proportion to the strata sizes.

This phase will be followed by a factor analysis to discover which factors are involved when student choose a particular university and which factors can be categorised as marketing variables and which as non-marketing variables. Prior to performing a factor analysis, the suitability of the data for factor analysis will be assessed. Multiple regressions analysis will be then employed to answer the second research question, i.e. which factors have the greatest influence on student choice in the selection of an Indonesian Public University. This research will also employ independent samples t-test to answer the third research question, i.e. is there
a difference in the student choice criteria of selecting an Indonesian Public University between autonomous university and non-autonomous university.

**Conclusion and Implications**
The conceptual framework suggests that universities need to market their institution and establish a unique difference in order to highlight their strengths and to give the students a reason to choose a university. Although studies on student choice criteria have been carried out, none have addressed these in Indonesia, as these criteria may be unique to Indonesia. Therefore, the framework offers several contributions for both academic and professional practice.

As a practical contribution, although it was found that there are numerous important factors considered by students when selecting a university, these factors have different levels of importance for each country and each student. The findings of the study will provide insights into what is important to students and may be used to develop and implement an effective institution development plan, particularly in student recruitment management. Findings will also provide insights to university management about students' priorities and choice criteria, provide information to prospective students on issues related to selection of universities, while government and regulatory bodies may use the insights in framing the future policies for management institutes especially in Indonesia.

Understanding the college choice criteria and things that influence students' college decisions are crucial to providing a context for the comments made by students interviewed. It is assumed that this study will help universities to have a greater knowledge about the student choice criteria and also help them to improve their understanding about how to deal with the influences that can form student perceptions and also in recruitment development strategies. As stated by Plank and Chiagouris (1997), understanding the choice process of a university is an instrument with high potential for developing university marketing strategies. It is by Kotler and Fox (1995) to highlight that institutions of higher education need to understand how students select colleges and universities in order to attract the best students. Although many studies have tried to investigate which criteria students use to select a college or university, few have tried to analyse this in a developing countries setting, particularly in Indonesia.
Limitations and Future Research

This research has limitations that restrict the generalisation of its findings and open up directions for future research. Firstly, only public universities in two of the most populated regions in Indonesia were investigated. This means that the information gathered and the conclusions reached may require further testing in less populated regions. Secondly, the study was only conducted at public universities and did not cover institutes and other higher education institutions because they are different type of higher education institution.

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