Do they really know their customers? Exploring relationship marketing from the student stakeholder perspective

Kimberly K. Powell
Southern University and A & M College

Melanie Powell Rey
Southern University and A & M College

ABSTRACT

Public minority serving institutions (MSIs) in the United States, such as Historically Black Colleges and Universities (HBCUs), are facing low enrollment, competition, and challenges in retention and graduation rates. Such issues are further heightened by the ongoing argument regarding the relevance of MSIs and the changing student demographic. Historically, the relationship marketing strategy at HBCUs has encompassed more nurturing environments, serving as an esteem builder, and forging closer relationships between students and their faculty and administrators. Yet, they continue to incur problems in areas such as retention and completion rates. This study explores how student stakeholders at one MSI, that has established itself on the aforementioned attributes, perceive their school’s relationship marketing efforts. To capture the changes in student demographics, emphasis is given to group differences. Recommendations on how MSIs could possibly improve upon their relationship marketing efforts for the changing student demographic conclude this paper.

Keywords: Relationship Marketing, Higher Education Marketing, Marketing
INTRODUCTION

Minority serving institutions (MSIs) in the United States, such as Historically Black Colleges and Universities (HBCUs) are facing declining state budgets, low enrollment, competition, challenges in retention rates and graduation rates, and adapting to the changing student demographic. Such issues are further heightened by the ongoing argument regarding the relevance of MSIs such as HBCUs. These institutions have shown their relevance given the fact that HBCUs comprise only three percent of colleges and universities in the United States, yet they produce more than twenty percent of all African-American college graduates (Gasman et al., 2007; Tatum, 2010). Despite their impact on higher education in the U.S., the aforementioned variables threaten their sustainability. One HBCU that succumbed to such factors was Saint Paul’s College. Founded in 1888, Saint Paul’s College was forced to close its doors in 2013. The closure was attributed to the recession, low enrollment, and its lack of a wealthy donor base, a problem that is consistent with a number of HBCUs (Jealous, 2013). Financial instability has plagued other HBCUs such as Mary Holmes College, which stopped operations in 2004 after declaring bankruptcy and being stripped of its accreditation in December 2002 (Calloway, 2013; June, 2003), and has severely crippled other HBCUs such as Morris Brown College, which lost its accreditation in 2003 and was serving about 50 students in 2012 (DeSantis, 2012; McMurtrie, 2003). Notable MSIs such as Howard University have been forced to eliminate 4% of its workforce due to declining enrollment and a loss of revenue at its teaching hospital (DeSantis, 2014).

Declining enrollment and completion rates have impacted public HBCUs in particular, given their dependence on students for state funding and federal funding. From 2009 to 2011, enrollment has dwindled among African-American students, the dominant population, at public, 4-year HBCUs (174,099 to 171,636). There was a slight increase of 315 in enrollment for all students attending public, 4-year HBCUs from 2009 to 2011 (USDE-NCES, 2013a), given the increase of non African-American groups such as Latinos attending public, 4-year HBCUs (Boland & Gasman, 2014). Between 1976-77 and 2010-11, there have been declines in the percentage of bachelor’s degrees earned by African-Americans (-19%) and the percentage of doctor’s degrees awarded to African-Americans (-1%) (USDE-NCES, 2013c). On average, the graduation rate at these schools lies within the 30% range (IPEDS, 2010).

Changes in student demographics have also served as a challenge for these institutions. Nontraditional factors, such as work, family responsibilities, and age are reflective of the changing student profile in American higher education classrooms (Chronicle of Higher Education, 2014; Fuller, 2011; Keller, 1983; National Urban League Washington Bureau, 2014). Minority students, such as African Americans, makeup a significant portion of the nontraditional student segment (National Urban League Washington Bureau, 2014).

Based upon this picture, one would think that HBCUs should consider a paradigm shift that is marketing-based. Relationship marketing, in particular, encourages universities to attract students, assist students in graduating and obtaining careers, and obtain their fiscal support for the duration of their lives (Anctil, 2008b). In higher education, market differentiation hinges upon the perceptions of difference (Anctil, 2008a). Historically, MSIs such as HBCUs have touted their differences from PWIs and marketed themselves based on key relationship attributes such as fostering a more nurturing classroom and campus environment, serving as an
esteem builder, and forging closer relationships between students and their faculty and administrators (Hale, 2006; Kim & Conrad, 2006; Stewart, Wright, Perry, & Rankin, 2008). Yet, these institutions still continue to struggle in critical areas such as donor support, retention rates, and enrollment rates.

From the context of group differences, this study explores how key student stakeholders at one MSI, that has marketed itself based on the aforementioned relationship attributes, perceive their university’s relationship marketing efforts. The perceptions of the student stakeholder and their group differences are essential since this diverse segment is the primary customer, can be leveraged for marketing purposes (e.g., serve as brand ambassadors, promote the institutional brand through word of mouth marketing WOM, and provide alumni support), and be utilized for greater strategic planning and growth. This research also contributes to the breadth of the literature since research regarding relationship marketing at MSIs is limited.

THEORETICAL FRAMEWORK

Relationship marketing in higher education provides value and serves as a relationship builder between individual students of the higher education community thus furthering binding them to the institution (Anctil, 2008b; Bowden, 2011). Given the need to explore relationship marketing from the student stakeholder perspective, the theoretical framework for this study is grounded in the identity theory (Tajfel & Turner, 1979) from a relationship-marketing context. This framework also employs key elements from the Identity Salience Model of Relationship Marketing Success, which is also rooted in the identity theory (Arnett, German, & Hunt, 2003). The “identity theory focuses on the connections among the self, personalized roles, society, and role performance” (p. 91). It “is a microsociological theory that examines individuals’ identity-related behaviors” (p. 91). The identity theory also posits that some of a person’s identities have more self-relevance or salience, which results in a hierarchical organization of identities. Identities that are placed high in the hierarchy (i.e., are more salient) provide more meaning for the self, thus evoking identity-related behaviors (Arnett, German, & Hunt, 2003).

From the university context, many students form a strong identity related to their university. Relational bonds are key predictors in supportive behaviors, thereby impacting critical areas such as retention. By employing successful relationship marketing strategies aimed at building identity salience, students are more likely to enact certain supportive behaviors, which include providing positive word of mouth promotion for the university and alumni support (Arnett, German, & Hunt, 2003).

RELATIONSHIP MARKETING IN HIGHER EDUCATION

There are a number of international studies regarding relationship marketing in higher education. Brown & Mazzarol (2009) explored the importance of institutional image to student satisfaction and loyalty in higher education in Australia. Bowden (2011) and Moore, Lay-Hwa, and Bowden-Everson (2012) also examined relationship strength and determinants of loyalty among university students in Australia. Rojas-Mendez, Vasquez-Parraga, Kara, and Cerda-Urrutia (2009) conducted a relationship-based study in higher education in Latin America. Helgesen (2008) conducted a study on relationship marketing in selling higher education to
undergraduate, Norwegian students. Despite the breath of literature in this area, relationship marketing perceptions among students at MSIs in the U.S. are limited. This study therefore bridges the gap and expands upon the existing literature by examining how minority students at a public, four-year MSI perceive their school’s relationship marketing efforts.

**METHODOLOGY**

**Research Design**

Due to the depth of demographic data collected, the study employed the Mann-Whitney U to examine group differences based on areas such as gender, age, and employment status. Given the theoretical framework for this study, the survey instrument, which was administered online, incorporated relationship-inducing and identity-based questions from the *Identity Salience Model of Relationship Marketing Success: The Case of Nonprofit Marketing* survey (Arnett, German, & Hunt, 2003) and service-based questions from *SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality* (Parasuraman, Zeithaml, & Berry, 1988) since the perceived effectiveness or ineffectiveness of university services are often communicated to external audiences (Ancil, 2008f) and impact retention and individual relationships. The domains that were explored in this study included identity salience, participation, satisfaction, reciprocity, prestige, and promoting.

**Institutional Profile**

This public, coeducational HBCU is a medium four-year, state supported, institution consisting of undergraduate to doctoral professional and arts & science degrees (Carnegie Foundation for the Advancement of Teaching, 2010). From 2008–2012, the university experienced a decline in enrollment, losing approximately 1100 students since 2008. Retention has also been a challenge for the university. Current endowments for this university were not readily available. At the time of this study, this particular university did not rank among the list of top ten HBCU endowments (HBCU Digest, 2014). The institution has traditionally targeted minority students, particularly African Americans. Historically, the university has created value by fostering a more nurturing environment, serving as an esteem builder, and forging closer relationships between students and the faculty and administrators.

**Sample**

Due to their exposure to courses that cover relationship marketing in the business curriculum, 110 senior-level, undergraduate, African-American, business student stakeholders participated in the study. The Association to Advance Collegiate Schools of Business (AACSB) – International accredits the College of Business at this particular MSI. The majority of the sample was female (68 percent). The demographic data revealed a number of first generation students (30 percent). The data also revealed a notable number of nontraditional business majors who work (67.3 percent), have children (36 percent), and were 25 years of age or older (40 percent).
RESULTS

Descriptive Statistics

The descriptive statistics revealed that the participants have generally favorable perceptions of their university. However, participation in campus activities was low. Under the satisfaction domain, students were not satisfied with the convenience of course offerings (58.1 percent) and campus facilities (49.1 percent). A notable number of students were not satisfied with the manner in which they are treated at the University (31.8 percent).

Group Differences

Historically, the university has touted its attributes such as forging closer relationships between students and their faculty and administrators. But is the university’s relationship marketing efforts reflective of the changing student profile at their institution? Given the nontraditional characteristics of the participants, the researchers looked further to see if group differences existed.

Differences based on gender

Attracting and retaining minority students, especially males, is an ongoing challenge for MSIs. Differences were present based on gender. Table 1 highlights the group differences by domain.

Table 1 - Group Differences Based on Gender

<table>
<thead>
<tr>
<th>Satisfaction Domain</th>
<th>Null Hypothesis</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The distribution of &quot;I am satisfied with the facilities at my University&quot; is the same across categories of gender.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.025</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>Participation Domain</td>
<td>The distribution of &quot;I actively participate in intramural athletics at my University&quot; is the same across categories of gender.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.038</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>Reciprocity Domain</td>
<td>The distribution of &quot;My University (e.g., faculty, staff, administrators) would notice if I did something that benefited University&quot; is the same across categories of gender.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.006</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>
Differences based on age

The age groups consisted of participants who were 24 years of age and younger and participants who were 25 years of age and older. Differences were present based on age, especially within the participation domain. Table 2 highlights the group differences by domain.

Table 2 - Group Differences Based on Age

<table>
<thead>
<tr>
<th>Prestige Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;People seeking to advance their careers should downplay their association with my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.024</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participation Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;I actively participate in student government at my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.001</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in fraternities/sororities at my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.000</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Non-Greek affiliated service organizations at my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.000</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Homecoming and Homecoming-related activities at my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.043</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Springfest and Springfest-related activities at my University&quot; is the same across categories of age.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.012</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>
**Differences based on employment status**

Nontraditional characteristics, such as employment status, were also examined. Differences were present, especially within the participation domain. Table 3 highlights the group differences by domain.

**Table 3 - Group Differences Based on Employment Status**

<table>
<thead>
<tr>
<th>Prestige Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;People seeking to advance their careers should downplay their association with my University&quot; is the same across categories of employment status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.046</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participation Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;I actively participate in fraternities/sororities at my University&quot; is the same across categories of employment status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.014</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in music (e.g., choir) at my University&quot; is the same across categories of employment status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.004</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Homecoming and Homecoming-related activities at my University&quot; is the same across categories of employment status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.047</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Springfest and Springfest-related activities at my University&quot; is the same across categories of employment status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.002</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>

**Differences based on first generation status**

Students who are the first in their family to attend college are considered a vulnerable group due to certain factors. Some of these factors include a lack of college readiness, greater financial struggles, and the adjustment of moving away from family (Doubleday, 2013; Supiano, 2013). Table 4 highlights the group differences by domain.
Table 4 - Group Differences Based on First Generation Status

<table>
<thead>
<tr>
<th>Identity Salience Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Null Hypothesis</td>
<td>The distribution of &quot;Being a student at my University means more to me that just having a degree&quot; is the same across categories of first generation status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.046</td>
</tr>
</tbody>
</table>

Participation Domain

<table>
<thead>
<tr>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;I actively participate in my University's online communities&quot; is the same across categories of first generation status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of &quot;I actively participate in music (e.g., choir) at my University&quot; is the same across categories of first generation status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.028</td>
</tr>
</tbody>
</table>

Differences based on parental status

Another nontraditional characteristic, such as parental responsibilities, was examined. Differences were found in domains such as promoting, participation, and prestige. Table 5 highlights the group differences by domain.
Table 5 - Group Differences Based on Parental Status

<table>
<thead>
<tr>
<th>Prestige Domain</th>
<th>Test</th>
<th>Sig.</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Null Hypothesis</strong></td>
<td><strong>Test</strong></td>
<td><strong>Sig.</strong></td>
<td><strong>Decision</strong></td>
</tr>
<tr>
<td>The distribution of &quot;People seeking to advance their careers should downplay their association with my University&quot; is the same across categories of parental status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.008</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td><strong>Promoting Domain</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The distribution of &quot;I bring up my University in a positive way in conversations I have with friends and acquaintances&quot; is the same across categories of parental status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.015</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td><strong>Participation Domain</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in fraternities/sororities at my University&quot; is the same across categories of parental status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.016</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Non-Greek affiliated service organizations at my University&quot; is the same across categories of parental status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.003</td>
<td>Reject the null hypothesis.</td>
</tr>
<tr>
<td>The distribution of &quot;I actively participate in Springfest and Springfest-related activities at my University&quot; is the same across categories of parental status.</td>
<td>Independent Samples Mann-Whitney U Test</td>
<td>.030</td>
<td>Reject the null hypothesis.</td>
</tr>
</tbody>
</table>

RECOMMENDATIONS

According to the findings, differences exist based on how different groups perceive relationship marketing efforts. The college student demographic at universities in the U.S. is changing and schools such as MSIs are continuing to face heightened challenges that are reflective of the changing demographic (Kelderman, 2010). Therefore, it is imperative that the leadership at these particular institutions knows their customer and adapt to their needs so they
can retain them as life-long supporters of their respective institutions. Key relationship marketing recommendations include:

**Market Research, Targeting, and Segmentation**

Although higher education leadership may be aware of the fact that the student demographic is changing, they are still trying to understand who these students really are. This can include a lack of understanding of current students as well as prospective students. Hence, students may incur difficulty connecting and forming a relationship with the University. This could impact their willingness to stay and complete their studies. Marketing practices such as research, appropriate targeting, and segmentation should be integrated for greater understanding of current and prospective students and how lifelong relationships with these segments can be established and nurtured.

**Consumer Engagement through Academic Experiences**

This relationship marketing strategy creates valuable experiences in the classroom for students and targets retention among vulnerable groups such as first generation students and nontraditional students. This is especially critical for nontraditional students, since their social integration, participation, and experiences occur primarily in the classroom and in academic advising sessions (Leonard, 2002; Tinto, 2007). Classroom experiences that facilitate collaborative learning approaches and self-directed learning, can also create value for students, particularly nontraditional students (Billson & Tiberius, 1998; Candy, 1991; Conti, 1985). Other academic experiences that promote consumer engagement and could also impact prestige include international study abroad and internships, undergraduate research opportunities, and the formation of more industry partnerships for academic programs (Duderstadt & Womack, 2003; Gasman, 2013; Hirsch & Weber, 2002; Kelderman, 2010).

**Greater Emphasis on Service Quality**

Findings from the descriptive statistics noted dissatisfaction in the convenience of course offerings, campus facilities, and University treatment. In relationship marketing for higher education, a better quality service component will lead to fulfilling promises, meeting expectations, and servicing needs (Anctil, 2008b). Convenience of course offerings is a service quality component that impacts multiple student groups since nontraditional students may prefer more evening or online courses. Assessment tools should be utilized and evaluated from a quality-based standard (Helgesen, 2008).
CONCLUSION

Impactful relationship marketing strategies for higher education institutions are contingent upon knowing and understanding current students. Current students, along with other groups such as prospective students and alumni, all have different relationships with the institution. Therefore, great care and effort must be taken to nurture the relationship of each group and understand its needs (Anctil, 2008b).

REFERENCES


