Students as customers in higher education: reframing the debate

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The higher education (HE) environment has been influenced by marketization. Marketization in HE refers to higher education institutions (HEIs) using marketing practices. Many factors have led to this approach including increased competition, decreased government funding, and the increased cost of education. Students have many options and HEIs have needed to take a different approach to attract (and keep) students. Since marketing in HE is well established, it would follow that this means that there is a customer focus.

Drucker (1954) indicated the only reason a company exists is to satisfy customers, adding that marketing is ‘the whole business seen from the point of view of its final result, that is, from the customer’s point of view’ (p. 39). Market-oriented firms would agree. Kotler (1977) described a market-driven orientation as focused on satisfying customer needs. However, in HE there is a continued debate over who the customer is; there is not universal agreement that the student is a customer in HE (Mark, 2013a). The question (answer) begins with why there is a reluctance to consider students as customers. The reluctance seems to be based on the perception that if students are considered as customers, academic rigor disappears (Albanese, 1999; Bay & Daniel, 2001; Franz, 1998).

However, if students are not viewed as customers, this could indicate a lack of customer orientation and does have effects that should be explored. The perception that students are not customers is important because ‘how the consumer of the service is defined partly determines the view the university takes of the consumer and thus the service they provide them’ (Pitman, 2000, p. 166). So who the customer is matters. This paper reframes
the debate using the framework of market and customer orientation and services (including co-creation) and relationship marketing, with the aim and objective to clarify the issue of whether students are actually customers. The paper does this by exploring market and customer orientation, the use of marketing in HE, discussion about students as customers and why there is a reluctance to accept that students are customers in HE, and then provides some recommendations.

**Market and customer orientation**

Research has shown that a market orientation can enable the organization to compete by creating and maintaining superior value through effective application of the marketing mix, creating a link between customer needs and organizational strengths, and a consideration of the competition from the customer perspective (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990). Research also shows that the creation of an internal environment which supports customer focus amongst all employees within an organization leads to more profitable organizations (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990). Developing a marketing culture within an organization requires all employees at all levels and functions to have the ability and information to think of customers as important, thereby developing a customer mind-set (Allen, McQuarrie, & Barr, 1998; Kennedy, Lassk, & Goolsby, 2002). Customer mind-set ‘reflects the extent to which an individual employee believes that understanding and satisfying customers, whether internal or external to the organization, is central to the proper execution of his or her job’ (Kennedy et al., 2002, p. 159). Further, customer mind-set is needed for a customer orientation, and customer orientation is a significant element in market orientation (Narver, Slater, & Tietje, 1998; Peters & Austin, 1985; Peters & Waterman, 1982).

In the specific case of HE, market (and customer) orientation is an important issue. Conway, Mackay, and Yorke (1994) indicate that HEIs should include a market orientation in their strategic planning. HE is a growing and competitive business and retention is a growing and costly issue at most colleges and universities. HEIs are experiencing problems with retention rates, increased competition, and increased expenses in acquiring new students. The result has been increased marketing efforts and spending by HEIs to recruit and retain students. This focus on relationship marketing emphasizes customer retention and satisfaction, and focuses on customer loyalty and long-term customer engagement. Many schools are recognizing the need to implement marketing concepts which other industries have recognized as necessary for success. One of these marketing concepts is it is less expensive to keep a customer than to find a new one. HEIs seem to now understand this holds true for them as well, highlighting the need for a market (and customer) orientation (Koris & Nokelainen, 2015; Morest & Bailey, 2005).

Maguad (2007) also addressed the issue of HEIs adopting a customer-centric focus. The notion that students are customers is not easily accepted by some in the traditional education community, but the results of the study indicate there is value in adopting this approach. It appears logical, then, that HEIs can benefit from a market orientation in developing successful customer relationship management strategies. So it would be important to agree on who the customers are.
Marketing in HE

Marketing of any product requires an understanding of the customer. This is also true in HE. Research in the area of marketing and customer satisfaction in HE highlights the question of who the customer is. Whether the student is a customer is a long-standing debate (Alford, 2002; Hom, 2002; Olshavsky & Spreng, 1995; Pitman, 2000). Research in this area highlights the differing opinions; however, HE is no different than other industries that have multiple customers (Schwartzman, 1995; Sirvanci, 1996; Taylor, 1996). The customer can be viewed as the student, the employers and other stakeholders. Who is viewed as the customer impacts policies and practices. If students are not viewed as customers, this does have consequences that should be explored.

Marketing of HEIs is common in the United States (and the UK), and the use of marketing in HE is well established (Hemsley-Brown & Oplatka, 2006). For example, HE engages in advertising to students and other groups and in branding (Chapleo & Reader, 2014; Khanna, Jacob, & Yaday, 2014; Lowrie, 2007; Williams & Omar, 2014). These marketing activities are in support of a HEI’s recruiting and retention efforts (recruiting and retention relate to the purpose of a business being to obtain and retain a customer, per Drucker in 1954). Two statistics frequently viewed as measures of student success are the freshman-to-sophomore retention rate and the cohort graduation rate. The freshman-to-sophomore retention rate measures the percentage of first-time, full-time students enrolled at the university the following fall semester. The cohort graduation rate is defined as the percentage of an entering class that graduates within a specified period of time with a baccalaureate degree. Students persisting to completion of their educational goals is a key gauge of student success, and therefore institutional success.

In addition, some research suggests customer orientation is the most important component of market orientation (Peters & Austin, 1985; Peters & Waterman, 1982). Customer orientation is defined as an individual’s set of beliefs that puts the customers’ interests first (Deshpandé, Farley, & Webster, 1993). Inseparability, one of the four I’s associated with the marketing of services, indicates that in order to effectively carry out these activities, a customer mind-set is required throughout the organization (Dowling, 2002; Fournier, Dobscha, & Mick, 1998; Gulati & Oldroyd, 2005). In a market-oriented organization, all employees see themselves as responsible for the customer (Schlosser & McNaughton, 2007).

Guilbault (2010) found that faculty had the lowest customer mind-set of the HE employees surveyed. This is the group that also seems to have the most trouble with considering students as customers. But research indicates that faculty attitudes matter (Kuh & Hu, 2001; Levitz & Noel, 2000; Umbach & Wawrzynski, 2005), and Bean and Bradley (1986) found that satisfaction with faculty had a significant influence on students’ performance. In addition, Elsharnouby (2015) found that ‘students’ perceptions of the qualities and behavior of faculty will have a significant impact on their satisfaction’ (p. 243).

This perspective highlights a real issue in that the faculty often does not see student satisfaction as a goal and this is reflected in satisfaction, reputation, and retention (Hasan, Ilias, Rahman, & Razak, 2008; Wallace, 1999). These detriments indicate that faculty can do better by focusing on student satisfaction. Accepting the perspective of students as customers does not mean that faculty are giving away education or that students must be given ‘As’ to be satisfied. This leads to a common argument that if the student is
viewed as a customer, they must be given what they want. This is based on the saying that the customer is always right. However, this philosophy comes from Harry Gordon Selfridge in 1909, and even in industries other than education, the model that the customer is always right is no longer universal. So why do we continue to have the debate over whether students are customers?

**Students are not customers?**

What are the arguments for not considering students as customers? As just stated, the common argument is that if the student is viewed as a customer, they must be given what they want. And what they want may be in conflict with what should be provided to deliver a quality education. Clayson and Haley (2005) examined some of the consequences that are often cited as reasons students should not be considered customers. One reason was that as customers, students would have a short-term perspective and look for the ‘easy A’. Another reason was labeled ‘absence of student accountability’ where students blame others for their lack of success. Other reasons included ‘student as judge’ which might influence the grading in the course, ‘adversarial relationships’ which would bias the settling of a dispute in favor of the student, and students’ desires as customers which may lead to a misallocation of curriculum and allocation of resources (Clayson & Haley, 2005). Hassel and Lourey (2005) stated that treating students as customers leads to grade inflation. In other research, Birnbaum (2000) found that 72% of faculty responded that they felt that the student evaluation process encourages faculty to ‘water down’ the content of their courses. Edmundson (1997) stated that when students act as consumers, they feel that they have the right, like an informed customer, to let the instructor know whether they were good or inadequate, and many come to class expecting to be amused and not necessarily to learn. And Nguyen and Rosetti (2013) stated ‘a major concern stems from the ideological gap – the perceived differentiation between what the students want and the educators’ view of what is in the best interests of the students’ (p. 155). Emery, Kramer, and Tian (2001) concluded that students should be considered products and indicated that calling students customers means universities need to ‘sell out’ to students. Overall it seems the main reasons for not viewing students as customers relate to the education process (and not the other services provided by a HEI), and the center of these reasons is that they lead to a lowering of academic standards. However, these criticisms have not been supported by empirical evidence (Mark, 2013b) and the rationale provided seems to be based on an outdated perspective of marketing, including the perspective that the customer is always right. Could it be that this perspective of ‘customer’ is what is causing the problem?

**Students are customers?**

Although it is acknowledged that HE has many customers and stakeholders (future employers, government, and society), Ostrom, Bitner, and Burkhard (2011) state that students are the core customers since they are most directly served by the organization. In addition, Motwani and Kumar (1997) cited in Mark (2013a) state that ‘students are the ones most directly serviced by the university and its mission, so they should be regarded as its primary customers’ (p. 5). Cuthbert (2010) states that ‘thinking of students as
customers is a natural consequence of taking marketing in higher education seriously’ (p. 4). Mazzarol (1998) emphasizes the importance of relationships in education, and research supports applying the relationship marketing approach to HE (Hemsley-Brown & Oplatka, 2006). And Caru and Cova (2003) state that where there is a financial exchange, a consumer experience is produced. Using this view indicates HE should be driven by focusing on students as customers.

HE is a service (Mazzarol, 1998; Ostrom et al., 2011). And it should be considered an experiential service (Khanna et al., 2014). Experiential services are defined by Voss and Zomerdijk (2007) as ‘services where the focus is on the experience of the consumer when interacting with the organisation, rather than just the functional benefits following from the products and services delivered’ (p. 6). This seems to be the best way to view education. With this view, the student is a customer.

In other research, Maguad (2007) discussed the nature of a customer and differentiates students from the stereotypical definition of a customer. Maguad quotes Juran (1988) to define a customer and suggests that we ‘follow the product to see whom it impacts’. [And] ‘Anyone who is impacted is a customer’ (2007, p. 334). Maguad also states ‘The term customer can be defined as the recipient or beneficiary of the outputs of work efforts or the purchaser of products and services’ (2007, p. 334). In addition, the research of Deming (1986) clarified that the primary customer of an organization is the end user of the product or service. Since students are beneficiaries of the work efforts of the HEI and they are users of the service, they are customers.

Students certainly view themselves as customers (Bay & Daniel, 2001; Ng & Forbes, 2009; Quinn, Lemay, Larsen, & Johnson, 2009). But as stated earlier, this view is often not accepted by academics. One reason seems to be a feeling that there is contradiction between academic integrity and providing an education, and providing high quality customer service (Emery et al., 2001; Guilbault, 2010; Molesworth, Nixon & Scullion, 2009). However, studies have not proven this to be the case (Koris & Nokelainen, 2015; Mark, 2013b). Koris and Nokelainen (2015) validated a student-customer orientation questionnaire (SCOQ) that allows HEIs ‘to identify the categories of educational experience in which students expect higher educational institutions (HEI) to be student-customer oriented’ (Koris & Nokelainen, 2015, p. 115). The findings from this study indicate that ‘students expect to be treated as customers in terms of student feedback, classroom studies, and to some extent also in terms of communication … ’ (Koris & Nokelainen, 2015, p. 128). But the findings indicated students did not see ‘themselves as customers when it comes to curriculum design, rigour, classroom behaviour and graduation’ nor did the students ‘display specific expectations’ in grading (Koris & Nokelainen, 2015, p. 128). A further study by Koris, Ortenblad, Kerem, and Ojala (2015) showed that ‘students expect an HEI to insist that they work hard before they can graduate’ (p. 37) and ‘expect a curriculum to be practical and compiled based on the expertise of several stakeholders’ (p. 37). This seems to refute many of the reasons given as to why students should not be considered customers. Based on this, students are (one of) the customers of HE.

**Why the answer matters?**

Tinto (1993) indicates that the first principle of effective retention programs and assuring student success is ‘institutional commitment to students’. According to a study by the
International Center for Student Retention, ‘how the institution reacts to students is of primary importance to retention, persistence, and completion’ (2006, ¶ 1). When HEIs are developing a retention strategy, it should be noted that studies show a supportive campus environment assists in retention. The National Survey of Student Engagement (NSSE) also proposes that a supportive campus environment is measured by the student’s perception of the quality of relationships among people at the college including other students, faculty members, and administrative personnel. Other studies have listed student trust as an important element in retention. Ghosh, Whipple, and Bryan (2001) concluded student trust in the educational institution was key to improved retention and recruitment. Ghosh et al. (2001) found trust to be built on the students’ perceptions of the college’s openness, friendliness to students, genuineness, and truthfulness. The study reports increased trust has been linked to increased customer satisfaction. The study noted friendliness requires ‘a student as customer orientation’ (Ghosh et al., 2001 Antecedents, ¶ 4). These attributes seem to define what a customer mind-set looks like in HEIs. Since it has been shown that customer mind-set has a direct association with customer satisfaction, the research seems to indicate that an increase in customer mind-set would lead to an increase in retention rates.

Increased student retention is one objective for HEIs, and it is the anticipated outcome of a HEI embracing a market orientation. Other goals include higher student satisfaction, improved ratings, and increased graduation rates. One antecedent of market orientation is customer mind-set. In HEIs, it is expected that customer mind-set will have an impact on customer satisfaction, student retention, and graduation.

We measure this customer mind-set by conducting surveys on student satisfaction in United States HEIs end-of-course surveys like the NSSE, Student Satisfaction Inventory (SSI) or other student satisfaction surveys. In the UK, the National Student Satisfaction Survey and Student Satisfaction Approach are two methods that have been used to obtain opinions and student satisfaction ratings (Williams & Cappuccini-Ansfield, 2007). Students definitely view themselves as customers. But since this view is not universally endorsed by academics, this has an impact on student satisfaction and student retention.

**Recommendation**

Instead of continuing to debate whether students are customers, perhaps what needs to be considered is how to best treat them as customers (and not lose academic integrity). There needs to be acceptance that the customer can be viewed as the student, the employers and other stakeholders. Students perceive themselves as customers and there are many actions by HEIs that treat students as customers. Considering that who is viewed as the customer influences policies and practices, excluding the student from the role of customer has an impact on student satisfaction and retention. The view that students are not customers often comes from a simplified view of customers and research outside of the marketing discipline. The debate then might usefully be reframed and the implications of students as customers examined by marketing researchers using recent developments in the discipline.

One of these developments is that the view that ‘the customer is always right’ is no longer the prevailing view in marketing. As indicated by Mark (2013b), ‘there have been significant advances in customer theory and … many opponents of a student-customer
model may be basing their criticisms on an outdated conceptualisation of the customer role and ‘customers are no longer viewed as passive recipients, but as active participants in service delivery and co-producers of the services they receive’ (p. 3). So the student as customer model may have more success when thought of in conjunction with service dominant logic (SDL) and the view that customers are co-creators of the service (Finney & Finney, 2010). Kotzé and du Plessis (2003) state, ‘services-marketing theory emphasises the important participative and co-production roles of customers and also considers how customers can be socialised to fulfil these roles more effectively’ (p. 199). This is consistent with SDL. SDL states that because service is defined in terms of customer-determined benefit and co-created, it is inherently customer oriented and relational (Vargo & Lusch, 2004, 2006). Ng and Forbes (2009) posited that ‘the core service in a university experience is a learning experience that is the cocreation of the people within the university – between students, students and teachers, students and administrators, etc.’ (p. 40). This is the perspective that needs to be adopted. Using this perspective would diminish the arguments against why students are (not) customers.

Education can be defined as the process of gaining knowledge or the knowledge, skill, and understanding that you get from attending a school, college, or university (Education, n.d.). Whether students perceive themselves to be co-creators or not, it should be noted that education can only occur if learning takes place. And learning requires the engagement of the student (Hamm, 1989). HEIs should communicate the need for students to be active participants in order to achieve their desired educational outcomes (Finney & Finney, 2010). An example from another industry may help. A member of a fitness center would be a co-creator of the service. The equipment and trainers are provided by the fitness center but the member must actively participate in order to achieve better health, lose weight or get fit. They cannot demand a loss of 10 pounds because they are paying for the membership, just as a student cannot demand an A without earning an A. However, in both cases they can still be viewed as a customer. In addition, the perspective may change if marketing in HE is viewed from the societal marketing concept whereby, in addition to meeting the needs of the student, there is also a focus on the long-run consumer and public welfare (Cuthbert, 2010).

It would also be helpful to determine how students view their roles as customers and where students feel they should be treated as a customer and where they feel they are not. This could be accomplished by implementing the student-customer orientation questionnaire (SCOQ) designed by Koris and Nokelainen (2015). The findings from this survey can help in developing the appropriate strategy. Koris and Nokelainen (2015) and Koris et al. (2015) did just that. And the results of these studies show that students expect to be treated as customers in some, but not all categories of the educational experience. Based on these results, perhaps, as was indicated by Cuthbert (2010), what is needed is a ‘customer orientation on “peripheral” things like respect, courtesy, availability, and relevance rather than on the content and substance of teaching and assessment’ (p. 7). This means that systems and processes are user friendly, that adequate parking is provided, and that the students’ safety is ensured. It also means that faculty help students outside of class, respond promptly to students, use methods that are interactive and engaging, and are willing to mentor students (Koris & Nokelainen, 2015).

Another area of interest would be to identify areas in HEI where the belief about the importance of students is weak, since this can assist in assessing whether functional
areas (within HEI) have embraced a customer orientation. One significant finding from Guilbault (2010) indicated that a very low customer mind-set is linked to low student (customer) satisfaction. Interestingly, of the five functional areas studied, faculty was found to have a lower internal and external customer mind-set. Because faculty play an important role in student satisfaction, this is an issue. Where a student as customer orientation is not occurring, interventions may be needed. Interventions that could be successful include cultural change, training, coaching, and changes in processes and procedures.

Conclusions
Marketing in HE continues to be an area worthy of research. Even though marketing in HE is widely recognized, there is a continued debate about who the customer is, with many still not accepting that students should be viewed as a customer in HE. The reason for this lack of acceptance is the expected detrimental effects of this approach. Since the reluctance to accept students as customers seems to be based on limited and outdated views about what a customer is and does, it seems the best approach to the question (answer) of whether the student should be considered a customer is from a more contemporary view of services marketing, where the postsecondary student’s role as customer and co-producer of learning suggests that a customer focus need not lead to detrimental results.

Although marketing concepts have been applied to HE, further research is needed to explore their success. HEIs are continually facing new issues and, to succeed, must focus on recruitment and retention. Excluding the student from the role of customer has implications on student satisfaction and retention, so instead of continuing to deny that students are customers, we should be exploring how to respond to students as customers.

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No potential conflict of interest was reported by the author.

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