



CUSTOMER SATISFACTION AS A MARKETING CONCEPT IN HIGHER EDUCATION

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Abstract

Measuring customer satisfaction is a very important aspect of marketing strategy. For the organizational's survival in the long run it is indisputable to have the ability to retain the customers. Retaining customers is more profitable than attracting new ones because it is easier to sell a product or service to a someone who has already used it, rather than someone to whom is product or service completely unknown. In order to measure customer satisfaction primary datas were collected using a test method on a sample of students, by a questionnaire in a physical form, analyzing the basic elements of educational process. Also, by researching relevant national and international professional and scientific literature the test method was described, and all of its models. Finally, in the conclusion, the basic thoughts about the paper are revealed through the presentation of practical advantages and disadvantages of marketing concept of satisfaction, and reviewing recent trends in communication with students.

Keywords: marketing strategy, customer satisfaction, education, students

JEL classification: A20, M31.

1. INTRODUCTION

Customer satisfaction can serve as an indicator of firms' success in the past, present, and in the future. Customers are the greatest value of the company and they shouldn't be considered only as a objective of strategic marketing activities, but as a marketing element and a guideline of marketing management, or a part of marketing mix (Andrlic, 2010, p.211).

Customer satisfaction is the best predictor of future business through indicators of loyalty and willingness of spreading positive publicity. However, overall customer satisfaction is dictated by the fulfillment measure of their expectations according to the received value. Analyzing and monitoring the data of satisfaction, organization reveal guidelines for improvement activities over the time. In a situation when it is possible, in order to provide customers higher value than expected, all at least the one it is in accordance with their expectations, organization must always improve critical activities. This work analyses importance and application of test method in order to determine students' satisfaction with the quality of educational services.

Today, in order to achieve optimum customer satisfaction, companies must provide total product that includes service and support. Marketing literature often discusses how corporations shouldn't only pay attention to the needs and desires of its own customers, but also to the needs of customer's customers. This is often called the marketing concept. The aim is to vivify the concept of marketing above the traditional levels of manufacturers, wholesalers, retailers and consumers in marketing channels (Svensson, 2005 ,p.5). Retailers who have a higher level of customer participation, greater level of innovations and orientation towards creation of brand will probably have greater advantage in creation of brand. On the other hand, they will have more loyal customers and superior financial performance of the brand (Huang and Huddleston, 2009, p.975).

2. TERMINOLOGY OF CUSTOMER SATISFACTION MANAGEMENT

The key of the successful products is in their adaptability to changes in customers attitudes and habits. In order to successfully adjust to market changes company need to establish and accept the ways of customer's products or services valuing. Certain products or services have different values, and all of those values in combination make cognitive value and set customer's expectations. Cognitive value shouldn't be isolated, it must be supported by all the elements of the marketing mix and modern marketing which contains all the elements of traditional marketing, in which people devise, monitor and manage the process in order of achieving continuous progress in all activities (Budic, 2010, p.79).

According to that there are certain universal dimensions of value of customer satisfaction: dimensions related with the product (interrelation of price to quality, product quality, product benefits, product features, product dimensions, durability and reliability of the product, range of product or services), dimensions related to the service (warranties or insurances, delivery, complaints management, problem solving), dimensions related to the purchasing (courtesy, communicativity, simplicity and availability, firm's reputation, firm's competence). Also, many authors mention other various dimensions that products or services should have. Some authors mention generic, expected, extended or potential product, while others mention basic, competitive and exciting features of product. Combination and coordination within each factor individually, and the combination and the coordination of their independence creates preconditions of quality achievement.

Today, quality is not assumed only as a technical quality of the product, but must have some other features. Quality is not assigned in advance, it is a dynamic category, and it is not based, in any case, only on its or service's quality or their tangible characteristics. The quality of today confirms at the market and the optimum measurement instruments are customers. Quality which is appropriate is only the one which is in accordance with the customer's expectations. Market-perceived quality implies customer's attitudes about

product's or service's quality in relation to the competition. Higher quality leads to higher market share because we have more satisfied and more loyal consumers who repeat their purchasing and in that way sales and profit increases (Renko, 2005, p.84). According to that there are some basic assumptions of the quality process improving:

- quality must be experienced by clients - work on quality is based on client's needs and perceptions. To ensure customers seeing of high quality products manufacturers must incorporate the opinion of clients in design, projecting, production and distribution (Hauser and Clausing, 1988, p.63).

- quality must be included in all activities of the company - it is not necessary to consider only the quality of the product, but also the quality of advertising, services, literature about the product, delivery, after sales support, etc (Leonard, 1984, p.62).

- quality requires commitment of all employees - in order to achieve quality all employees must be motivated, dedicated and trained for its provision. It is very important assumption, and the team work also.

- quality requires high-quality partners - quality can be achieved only by those companies whose partners are dedicated to quality in the value chain.

- quality can always be improved.

- quality improving sometimes requires great leaps - big improvements require new solutions through more innovative work.

- quality does not cost more - quality is free. Actually, quality is a continuous improvement using the learning in order to do things correctly first time. When the product is made correctly for the first time, adjustments, replacements and repairs costs are reduced.

- quality is essential, but not necessarily enough - improving the quality is essential for the company, but it isn't enough for the winning advantage on the market.

- stimulation of quality can't save weak product.

3. MARKETING STRATEGY IN EDUCATION SECTOR

Priority objective of education system is developing logical and creative abilities of the individual and its ability for changing and innovating current situation. Also, one of the main objectives is adopting a part of general and specialized contents needed for inclusion in the work process. In education it is necessary to develop qualitative detrimental quantitative component. The basic characteristics of education:

- it expands the cultural horizon of the individual and it provides him better life opportunities,

- it contributes to the elastic adaptation to changes which is brought by technological progress,

- it provides active participation in the process of making different decisions at the operational, tactical and strategic level depending on the characteristics of socio-economic relations,

- it increases interest for social cohesion, and it facilitates realization of broader social objectives,

- it provides rational utilization of free time.

Higher education in the Republic of Croatia includes colleges. Higher education institutions are universities, polytechnics and colleges with all its components. In the Republic of Croatia there are approximately 130 higher education institutions. The

establishment of institutions of higher education in the Republic of Croatia is based on the Law on Scientific Activity and Higher Education (Official Gazette of Republic of Croatia (OG), No. 123/03, 198/03, 105/04, 174/04, 46/07), on the Regulations of standards and criterias for establishment higher education institutions (OG, No. 9/05, 58/08), and on the Law of Institutions (OG, No. 76/93, 29/97, 47/99). Higher education is conducted through university and professional studies. University studies conducts at universities, professionals at polytechnics. University studies prepare students for doing business in science, higher education, business world, public sector and society in general, and it gives them qualification for development and application scientific and professional achievements. It implies three levels (undergraduate, graduate and postgraduate studies). Professional study includes two levels (professional studies and specialist professional graduate study).

Today, higher education in Croatia is under influence of Bologna Process. The Bologna Process is the name for the reform of higher education in Europe which basic objective is promotion of students' and teachers' mobility by establishment so-called European Higher Education Area by 2010. Bologna system provides creation of common European Higher Education Area which assure mobility and transparency of education and establishment of quality assurance system of higher education. Such system puts the student in its center, and it offers transparency and quality, and simultaneously provides the conversion of society into the knowledge society. The Bologna Declaration was signed on 19 June 1999. by the vast majority of European countries and it has national and international character. The guidelines are posted on the international level by the consensus of Ministers, representatives of higher education institutions, students' representatives, the Council of Europe and European Commission. Nationally, the process is implemented by the Ministries which are responsible for higher education, universities, polytechnics, professors and students. 2005th the decision on the introduction of three levels of education was made (bachelor/master/doctorate), which is from 2006/2007. applied in almost all countries. It is very important and ECTS system (European Credit Transfer System), which includes the recognition of diplomas and free movement of students within the European Union.

Today, the traditional role of higher education and its institutions is considerably expanded. Higher education today requires accumulation and transfer of knowledge and active involvement in research and other creative activities that push the boundaries of knowledge. Higher education process should be based on scientific knowledge and its main objective is the knowledge transfer in everyday economic usage. The development level of higher education system is in a direct dependence on general economic development, in dependence on qualitative value of socio-economic relationship within one country, and in dependence on economic development of the region, and they combine and coordinate with each other. These three variables are in an interactive relationship with the higher education system development. Knowledge transfer to the economy is taking place on the basis of cooperative agreements through the research tasks that contribute to solving economic problems. For this purpose, science and technology parks opens, reserach and innovation centers, patent offices and similar institutions. Transferring knowledge, higher education system actively participates in economic, social and cultural spheres of life. Knowledge-based economy, and significant expansion of service sector makes human knowledge exactly the one critical mass needed to increase employment, productivity and economic growth. The educational system of the country is one of the most important determinants of

human knowledge (Baric and Jelec Raguz, 2008, p.35). Today, there are still many problems in cooperation with economic sector, and institutions of higher education are turning to collaboration with local and regional authorities, which is also in Republic of Croatia still poorly expressed. Higher education should optimally prepare members of society for social changes which are on the course, or upcoming ones. By education, individual acquires knowledges about inevitability of social changes and actively participates in them. Education has a task of satisfying anticipative, future changes, changes which are in the function of technical-technological and structural transformations.

Higher education institutions must have maximum respect to the current and future needs of the society in order to educate professionals of certain profiles. For this purpose, the elements of the educational process must be set at a level which will achieve this objective.

Higher education institutions have three basic tasks:

- scientific-teaching (studying, implementing and promoting the latest scientific and educational achievements),
- commercial (meeting the needs of the economy for the human resources),
- social (accomplished through the synthesis of two previously mentioned items).

Facing a downfall in the enrollment of new participants, facing increased costs of functioning, many private colleges use marketing to attract students and funds. Now they define better their target markets, wherewith improving communication and promotion and appropriately meeting the needs and desires of students. Marketing in education has appropriate characteristics that result from the following:

- product must be looked as a total product (it is in the form of intellectual service),
- cost of product/service is mostly paid indirectly,
- word of mouth is the best way of promotion,
- determination for consumption a product/service is influenced by rational rather than emotional motives,
- gained loyalty to the educational institution is rarely leaved in a horizontal direction, and it is very solid in the vertical direction.

The process of marketing on the higher education institutions begins with the research. Research should be conducted in accordance with society and economy needs for appropriate knowledges, and in accordance with the newest scientific achievements in the country and abroad and its transfer into the teaching plans and programs. Research results are the base for making decisions about directions and about the aims' definition and creation.

Marketing mix for services of higher education includes the following elements:

- product/service (subjects, directions, additional services),
- price (registration fee, school fee, other costs),
- promotion (publicity, public relations, advertising, personal selling),
- place/distribution (location of space, layout),
- people (contactibility),
- process (logistics of services delivery).

Product/service - the main product of higher education institutions is educational service. The product of higher education institutions is built into its customers, in the narrow sense in students, and in the broader sense in the economy. The product is offered through variety of educational contents and educational process, and on the other hand it is offered

through the individuals, student who adopt these services. On the one hand, it is presented by studies, plans, programs, staff, space, process and equipment, and on the other, by graduated students as a final product, and with level of their professional knowledge which will be usable in economic and professional practice. Finally, it seems that the general opinion of institutions of higher education system is that current and future labour market demands highly professional individuals with wide range of abilities. They should be able to demonstrate basic skills in addition to their academic success (Raybould and Sheedy, 2005, pp.259-263). Seemingly is a product /service of higher education institution performance of the educational process. The core elements of the educational process are:

1. Teaching (plan and program, directions, organization and regime of study).
2. Educational technology (lectures, seminars, exercises, seminars and graduate works, professional practice, preliminary exams, exams, optional classes, etc.).
3. Teaching staff and equipment and funding opportunities).

The product can be diversified and expanded.

Price - education price should be an instrument for channeling a funds into the field of education. Introduction of market relation in higher education assumes and participation of costs by the participant in the educational process. On the one hand, a participant in the process of education is an input, and on the other hand it is an output. Each participant independently decide whether to invest in themselves, and thus at least temporarily waive certain other goods that meets his secondary needs. Part of the cost of the educational process is sometimes paid on the basis of a direct contracts between higher education institutions and the beneficiary of the educational process (in Croatia there are studies for personal needs that are studied by proper fee paid by a lower evaluated on classification exams, studies with work, etc.). Besides school fee, as a basic cost of education, there are many additional implicit costs (costs of accommodation, meals, travel costs for those who educate outside the residence, costs of literature, etc.).

Promotion - great significance in promotion higher education institutions have personal sources of informations (friends, acquaintances, parents, relatives...). In the United Kingdom, over 50% of students reported personal contacts as a basic source of informations that influenced on the selection of their education institutions. Also, a very important factor in promoting is the image of the faculty. Image of each faculty largely depends on the degree of rigorosity of classification test, which again can be reflected in the ratio of applied and admitted students. However, only a concentration of quality and interdisciplinary teaching staff can achieve a higher rating of faculty, and thus higher level of its image (Meler, 2003, p.289). The initial marketing efforts in higher education were, and are now, directed towards the promotion of individual faculties among potential freshmen. This simultaneously means that faculties must understand the information needs of prospective students and its broadcast time. For this purpose, advertising by mail and telephone were used in the past, and today the use of information technology is highly emphasized. Regarding to promotion it is necessary to emphasize the impact of personal selling. It is reflected in visits to potential customers, or in calling potential customers in their own facilities (eg. Open Days Faculty, etc.). The publicity is very important also, which can be achieved through various types of radio programs of contact type and press conferences. In order to promote services of higher education it is best to concentrate on the tangible elements associated with the service.

Place/Distribution - the issue of distribution of higher education services implies place and form of providing service. It affects on user's perception, and thus it becomes one of the

factors of perceived service value. Distribution is actually presented by a spatial proximity of the institution in relation to the potential users of the educational process, and in relation to the diverse faculties. Development of technology has greatly facilitated the distribution of services and enabled the creation of new distribution channels, such as distance learning.

Process - the process of services provision includes service delivery system, behavior of individuals within the distribution system, and the interaction between those who deliver service to users. The process of services provision is actually the procedures, tasks, mechanisms, methods, activities and steps. The entire course of the schedule and implementation process must be organized appropriately. The process usually consists of logical steps and sequences. In the process of providing services it is necessary to reduce costs, increase productivity and distribution. Processes are a component that can be controlled in order to achieve the desired position of a service on the market.

People - a picture of an institution towards the public is mostly created by an employees because they are most often in a contact with service users. People, professors on higher education institutions, and other employees, are important source of service differentiation over the competition. Employees must be familiar with their roles and act responsibly within the assigned rights and responsibilities. Employees profiles should be matched with duty. Macro and micro environment of higher education institution is very important also, because it directly affects its functioning. Mentioned environment consist of the following subjects:

1. State authorities (Ministry of Science, Education and Sports, National Science Council, National Council for Higher Education),
2. University (there are the Rectors' Conference, Rector, Senate, University Committee, University Council) and Polytechnic,
3. Scientific - the Academic Committee,
4. Dean,
5. Administration,
6. Students,
7. Donors and sponsors,
8. Narrower and general public (local and regional governments, other economic and social subjects).

The main marketing objectives of higher education institutions are:

- creating a favorable image and positive public image,
- introducing potential users with products/services,
- diversification production-servicable programme,
- improving quality,
- creation of better production/servicable conditions,
- promotion,
- publishing,
- creation of conditions for scientific-research work.

In order to achieve its marketing objectives the higher education institution should continuously conduct tactical and strategic marketing planning. For this purpose, the programme of higher education institution should be considered, its active and commercial structure, development opportunities, etc. All these elements must be considered on long-term basis. Also, it is necessary to continuously adapt in relation to the macroeconomic trends in cooperation with all relevant institutions.

4. METHODOLOGY AND RESULTS

This testing was focused on researching student's satisfaction with the quality of educational services on Polytechnic School of Pozega, Croatia (at 2 study departments, 4 study directions, and all 3 enrolled years of study). The research was conducted in order to accept, or reject three assumed hypothesis, and one of them will be sawn further on. To test the satisfaction we set up a group of specific questions related to the 4 main elements of educational process (program and process of study, teaching staff, non-teaching staff, infrastructure), as well as other general questions. For this purpose, structured questionnaire was conducted. According to the form of communication with respondents personal test was conducted on a sample of 180 respodents. According to the structuring degree of questions, dichotomous questions and questions with multiple choices were used. Dichotomous questions were used in order to clasiffy subjects (the first and the second question in the group of general questions) and to faciliate the testing due to various settings of the assumed hypothesis. Questions with multiple choice were formulated to give a several possible answers to the question (the third and the fourth question in the group of general questions, and all questions in the group of specific questions). Questions in the group of specific questions were asked in a way of easily getting to the desired target of the research. All answers were coded in advance, so therefore data processing was facilitated. According to the clandestinity of researches goals structured questions with undisguised goals were used because it was assumed that respodents are willing to give an answers. It is necessary to mention that the pilot test (pretest) was conducted on a smaller part of respodents in order to see whether the questionnaire is appropriate and understandable (in order to increase the transparency of the questionnaire before each group of questions was a legend which facilitated its fulfillment) and whether there is any problems related to its fulfillment. Afterwards, the questionnaire was ready for data collection. Methods of induction, deduction, analysis, synthesis, generalization and specialization were used also. Comparative methods also were used. Hypotheses were proven using the statistical methods In the Figure 1. we can see the part of the questionnaire which is related to this research.

On Figure 1. we can see how we set up dichotomous question (in group of general questions) in order to classify respodents into the two basic groups according to the assumed hypothesis: *The level of student's satisfaction with the quality of educational service on Polytechnic School of Pozega depends on enrolled study department.* Also we can see how we set up questions in order to determine satisfaction with one of the four basic elements of educational process, which is the case of teaching staff. Based on asked questions we could use mentioned methodology to determine student's satisfaction with the elements of educational process. In Table 1. we can see that the overall level of student's satisfaction is equal on both study department, and it is 3.59. However, looking at each individual element of the educational process we come to the conclusion that marks are not equal for each element individually, on both departments, so it is in the case of teaching staff. The level of satisfaction with the teaching staff is higher at Agriculture Department, and it is 4.11 (located in the category between 4 and 5, between satisfied and extremely satisfied), while it is smaller at Social Department, and it is 3.73.

<u>Guidelines for fulfillment the questionnaire:</u>					
<i>General:</i>					
1. Are you study with the support of Ministry of Education and Sport, or for personal needs?					
●MES		●Personal needs			
2. Which study department do you attend?					
●Social department		●Agricultural department			
3. Which study direction do you attend?					
●Accountancy	●Market	●Administrative study	●Viticulture, fruit growing and wine		
4. Year student enrolled?					
●first		●second	●third		
PLEASE RATE VARIABLES ACCORDING TO THE PROPOSED ASSESSMENTS! Legend: Satisfaction measurement of these variables: (5-extremely satisfied; 4-satisfied; 3-neither satisfied nor dissatisfied; 2-dissatisfied; 1-extremely dissatisfied).					
<i>Teaching staff:</i>					
1.Expertise of teaching staff?	●1	●2	●3	●4	●5
2.Using modern teaching methods?	●1	●2	●3	●4	●5
3.Methodological and teaching abilities?	●1	●2	●3	●4	●5
4.Availability and timeliness?	●1	●2	●3	●4	●5

Source: [Researching student's satisfaction with the quality of educational services: Master's thesis, Budic, H., Faculty of Economics Zagreb, 2010]

Figure no. 1 Part of the questionnaire for determining the level of student's satisfaction with the quality of educational services

Table no. 1 Student's satisfaction with the quality of educational services on Polytechnic School of Pozega according to the enrolled study department.

Elements of educational process		
Program and process of the study		
<i>Social</i>	<i>Agricultural</i>	<i>Total</i>
3,56	3,14	3,35
Teaching staff		
<i>Social</i>	<i>Agricultural</i>	<i>Total</i>
3,73	4,11	3,92
Non-teaching staff		
<i>Social</i>	<i>Agricultural</i>	<i>Total</i>
3,50	3,42	3,46
Infrastructure		
<i>Social</i>	<i>Agricultural</i>	<i>Total</i>
3,55	3,70	3,63
<u>Average mark</u>		
3,59	3,59	3,59

Source: [Researching student's satisfaction with the quality of educational services: Master's thesis, Budic, H., Faculty of Economics Zagreb, 2010]

5. CONCLUSIONS

Marketing test method has a great possibilities of application. It is used to discover facts, events, behavior, habits, prejudices, opinions, judgments, attitudes, motives, desires, and other numerous quantitative and qualitative characteristics. Its main advantages are in the versatility of application possibilities, in the speed of data collection, and in the lower costs than the method of observation has. Also, it is not limited only to the present, but it reveals quantitative and qualitative features in the future and in the past. Possible disadvantages of the method can be seen in the incompetence of the people who conduct the research process, as well as their bias and subjectivity, and negligence during the process of implementation. All advantages of test method are shown in this research, and thus it contributed to the achieving of the research objectives. Regarding to the student's satisfaction with the individual elements of educational process it can simply be said that it is very good, but it could be some improvement.

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