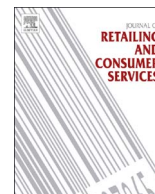


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Students as customers in higher education: The (controversial) debate needs to end

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ABSTRACT

Even though marketing in higher education is well established there is a continued (controversial and at times emotional) debate about who the customer is with many still unaccepting that students should be viewed as a customer in higher education. The paper examines this debate using the framework of market orientation, customer orientation and service and relationship marketing. The paper includes recommendations about ways to resolve the dispute and concludes that students must be considered customers in the development of marketing strategy.

1. Introduction

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. Marketing in higher education is well established and it would reason that this means that there is a customer focus. However there is a continued debate over who the customer is; there is not universal agreement that the student is a customer in higher education. In fact the question is quite controversial and at times emotional. If you ask faculty and university staff this question you might get responses ranging from, "students are NOT customers by any definition of the word. The sooner institutions of higher learning disregard a "customer service" model the better" (coming from faculty), to students should have an excellent customer experience. Students however would most likely view themselves as customers. The controversy may be based in the view of what being a customer means and a seeming contradiction between academic integrity and providing high quality customer service.

If students are not viewed as customers this could indicate a lack of customer orientation and does have implications that should be explored. The perception that students are not customers is important since "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 examines the debate using the framework of market and customer orientation and services and relationship marketing, with the

aim and objective to clarify the issue, of whether students are actually customers, to end the debate. The paper does this by exploring market and customer orientation, the use of marketing in higher education, discussion about students as customers and then provides a recommendation.

2. Market and customer orientation

Research has shown 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 and Kohli, 1993; Kohli and Jaworski, 1990; Narver and 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 and Kohli, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990). Developing a marketing culture within an organization requires all employees at all levels and functions have the ability and information to think of customers as important thereby developing a customer mind-set (Allen, McQuarrie, and Barr, 1998; Kennedy, Lassk, and 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, and Tietje, 1998; Peters and Austin, 1985; Peters and Waterman, 1982).

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In the specific case of higher education market (and customer) orientation is an important issue. [Conway, Mackay and Yorke \(1994\)](#) indicate that higher education institutions should include a market orientation in their strategic planning. Higher education is a growing and competitive business and retention is a growing and costly issue at most colleges and universities. Higher education institutions 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 higher education institutions to recruit and retain students. Many schools are recognizing the need to implement marketing concepts other industries have recognized as necessary for success. One of these marketing concepts (states that) is it is less expensive to keep a customer than to find a new one. Higher education institutions seem to now understand this holds true for them as well, highlighting the need for a market (and customer) orientation ([Koris and Nokelainen, 2015](#); [Morest and Bailey, 2005](#)). It appears logical then that higher education institutions 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.

3. Marketing in higher education

The use of marketing in higher education is well established ([Hemsley-Brown and Oplatka, 2006](#)). For example, higher education engages in advertising to students and other groups and in branding ([Chapleo and Reader, 2014](#); [Khanna, Jacob, Yadav, 2014](#); [Williams and Omar, 2014](#); [Lowrie, 2007](#)). These marketing activities are in support of a higher education institutions' recruiting and retention efforts (recruiting and retention relate to the purpose of a business being to obtain and retain a customer per Drucker). 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. So students should be viewed as customers.

Marketing of higher education institutions is common in the United States (and the UK). Marketing of any product requires an understanding of the customer. This is also true in higher education. Research in the area of marketing and customer satisfaction in higher education highlights the question of who is the customer. Whether the student is a customer is a long-standing debate ([Alford, 2002](#); [Hom, 2002](#); [Olshavsky and Spreng, 1995](#); [Pitman, 2000](#)). Research in this area highlights the differing opinions; however higher education 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. Since who is viewed as the customer influences policies and practices. If students are not viewed as customers this could indicate a lack of customer orientation and does have implications that should be explored. So who the customer is matters.

[Maguad \(2007\)](#) addressed the issue of higher education institutions adopting a customer-centric focus. The notion that students are customers is not easily accepted by some in the traditional education community. Maguad discussed the nature of a customer and differentiates students from the stereotypical definition of a customer. However, if students are not customers conducting surveys on their satisfaction would not be needed but in many US higher education institutions end of course surveys, National Survey of Student Engagement (NSSE), Student Satisfaction Inventory (SSI) or other student satisfaction surveys are conducted. In the UK the National Student Satisfaction Survey and Student Satisfaction Approach are two methods that have

been used to get opinions and student satisfaction ratings ([Williams and Cappuccini-Ansfield, 2007](#)).

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

Faculty attitudes do matter ([Kuh and Hu, 2001](#); [Levitz and Noel, 2000](#); [Umbach and Wawrzynski, 2005](#)) and [Bean and Bradley \(1986\)](#) found that satisfaction had a significant influence on students' performance. [Guilbault \(2010\)](#) found that faculty had the lowest customer mindset of the higher education employees surveyed (with one responder saying I wanted to let you know what I tell my students, they are NOT my customer).

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, and Razak, 2008](#); [Wallace, 1999](#)). These detriments indicate 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 Selrige in 1909 and even in industries other than education the model that the customer is always right is no longer universal.

4. Students as customers

Higher education is a service ([Mazzarol, 1998](#); [Ostrom et al., 2011](#)). Although it is acknowledged higher education has many customers and stakeholders (future employers, government, society), [Ostrom et al. \(2011\)](#) state that students are the core customers. [Ostrom et al. \(2011\)](#) view education as a service system and borrow the concept of service blueprinting. The use of blueprinting by [Ostrom et al.](#) "highlights the steps in the process, the points of contact that take place, and the physical evidence that exists from the customer's point of view" (p. 2). [Cuthbert \(2010\)](#) states that thinking of students as customers is a natural consequence of taking marketing in higher education seriously. [Mazzarol \(1998\)](#) emphasizes the importance of relationships in education and research supports applying the relationship marketing approach to higher education ([Hemsley-Brown and Oplatka, 2006](#)). [Hanover Research \(2015\)](#) states that "universities are recognizing that students are also customers and the need to provide an excellent customer experience across the student lifecycle" (p. 3). And [Caru and Cova \(2003\)](#) state that where there is a financial exchange a consumer experience is produced. Using this view indicates higher education should be driven by focusing on students as customers.

Students certainly view themselves as customers. But 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 et al., 2009](#)). However studies have not proven this to be the case ([Koris and Nokelainen, 2015](#); [Mark, 2013](#)). [Koris and Nokelainen \(2015\)](#) validated a student-customer orientation questionnaire (SCOQ) that allows higher education institutions "to identify the categories of educational experience in which students expect higher educational institutions (HEI) to be student-customer oriented" ([Koris and 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

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