“Customer Satisfaction: Relationship Marketing in Higher Education E-Learning”

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ARTICLE INFO

RELEASED ON
Friday, 01 September 2006

JOURNAL
"Innovative Marketing "

FOUNDER
LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES
0

NUMBER OF FIGURES
0

NUMBER OF TABLES
0

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CUSTOMER SATISFACTION:  
RELATIONSHIP MARKETING  
IN HIGHER EDUCATION E-LEARNING  

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Abstract

Due to globalisation, advancement in ICT and increase in competition the emphasis for organisations now is not so much on single transactions and share of the market but rather on lifelong relationships with customers and share of their mind. This concept is known as Relationship Marketing.

The British Government is promoting widening participation and encouraging universities to develop their student intake of 18-30 years old by 50 percent by 2010. One way of increasing student numbers would be to develop e-learning courses as an extension or even replacement of existing courses. However in the possible absence of a physical interactive environment student retention and loyalty will be a key concern for many universities. It is widely accepted that relationship marketing enhances loyalty and the internet is a key relationship building tool. While several authors have supported the notion of higher education institutions as service organisations, there has been little research carried out on how to develop e-relationship with students.

Using literature review this paper will propose a conceptual model of e-relationship in higher education and make hypothesis about the relationship between the various e-relational drivers in the model.

Key words: E-learning, Higher Education, Internet, Relational Drivers, Relationship Marketing.

Introduction

The British Government is promoting widening participation and encouraging universities to develop their student intake of 18-30 years old by 50 percent by 2010 (Brookes, 2003). The financing of these changes is encouraging aggressive marketing emphasis (Comm and LaBay, 1996; Licata and Frankwick, 1996) in which students are the “customers” and education is the “product”.

Furthermore, in light of the financial constraints imposed on higher education institutions, the UK Minister for Lifelong Learning and higher Education, Margaret Hodge MP, stated that students who benefit from higher education should contribute to the cost of that Higher Education (Epolotix, 2002). Universities will be able to charge up to £3000 tuition fees per year for new students enrolling in September 2006. Universities have also been encouraged to recruit more international students for revenue sourcing. Year on year growth has increased from 2.5 per cent between 1998/1999 and 1999/2000 and 5 per cent between 2000/2001 and 2001/2002. In June 1999, the UK Government launched an initiative to attract additional 50,000 international students to UK higher education by 2005 and to win market share from its competitors, the US and Australia (Russell, 2005).

In a climate of increased competition, reduced funding, possible drop in university applications, one way of increasing student numbers would be to develop e-learning courses as an extension or even replacement of existing courses. However, in the possible absence of a physical environment student loyalty will be a key objective for many universities. It is widely accepted that relationship marketing enhances loyalty and the Internet is a key relationship building tool. Following on from the conference paper presented by Rashid and Robinson (2005) at the European Conference on e-Learning, the main aim of this paper is to conceptualise an e-relationship marketing model and
make hypothesis that will assist in the development of relationship between a university and its students in an e-learning context.

**Methodology**

Exploratory studies are a valuable means of finding out “what is happening; to seek new insights; to ask questions and to assess phenomena in new light” (Robson, 1993: 42). According to Saunders, Lewis and Thornhill (2000) there are three principle ways of conducting exploratory research: a search of the literature, talking to experts on the subject and conducting interviews.

Due to the exploratory nature of this research to develop an HE e-relational model in an e-learning context literature review was carried out on the following key words: service quality, customer orientation, trust, commitment, communication, shared values, loyalty, changing nature of higher education in the UK, e-learning, relationship marketing and relational drivers on the internet. This was supported by the researcher’s own observations and experiences of higher education as an academic.

**Changing Nature of Higher Education in the UK**

The expansion in UK HE provision has greatly increased over recent years, to such an extent that projected Government figures identify an increase in participation rates. Such patterns of growth are themselves in part fuelled by Government support, for the development of an experiential FE/HE culture, which advocates the merits of education and vocationalism to all, irrespective of social class and ethnic origin. According to UCAS figures for 2004 there has been a sustained demand for HE places (see Figure 1).

![Summary statistics](http://www.ucas.com/figures/ucasdata/summary/index.html)

**Fig. 1. Summary statistics**

Whilst participation rates in HE are themselves predicted to rise, user makeup and consumption patterns are themselves fundamentally different from students of the early 1960 and 1970s. Such differences include the increased propensity for students to study closer to home and the utilisation of part time attendance modes, all of which combine to create a new breed of students fundamentally different from the past. In addition to the above the student fraternity is becoming increasingly more demanding in terms of quality of provision and expectations; this it-self is in part due to the direct costs associated with study placed upon the student.

Indeed, whilst many HE providers have raised teaching and learning provision in terms of ICT support and educational infrastructure, so to have prospective students who are more educationally astute when differentiating between HE providers. These newly created and increasingly educated user types, have themselves accelerated demand to such an extent that HE providers are having to
continually benchmark their own provision with competitor institutions, with increasing impor-
tance being placed upon providing an innovation and rewarding educational experience and at the 
same time attracting student numbers, in sufficiently large numbers.

E-Learning

Electronic learning is a generic term for all mechanisms employed to aid learning and disseminate 
information through an electronic medium. The term e-learning within this paper involves using 
the Internet as a communication medium. Such a tool has been used extensively with the HE sector 
as a means to assist in the learning process and at the same time assist with geographic differences 
associated with distance learning. Whilst not intended to be a replacement for traditional classroom 
methods, electronic learning does offer alternative teaching methods which must not be dis-
regarded and treated as futuristic, non operational and inappropriate. Throughout the HE sector it 
is clear that electronic learning does offer all educational stakeholders opportunities, to not only 
engage with HE environment, but also offers potential resource and cost savings which themselves 
can be passed on to the student community. In addition to the aforementioned savings, electronic 
learning does enable HE institutions the potential to further facilitate student retention and there-
fore impact positively upon student development.

Common e-learning tools used via the internet include discussion boards, e-mail, chat rooms, video 
streaming and document transfer. In fact, Bonk (2004) lists thirty different technologies currently 
used to disseminate e-learning. But whatever e-learning strategy is employed to facilitate student 
learning they need to be employed in such a way that all students are fully embracing of such an ap-
proach and that e-learning is not simply employed to replace traditional teaching methods.

Relationship Marketing

According to Berry and Parasuraman (1991: 25) “relationship marketing concerns attracting, de-
veloping and retaining customer relationships”. Managing customer relationships focuses on cus-
tomer retention, and customer retention is deemed to be more profitable than customer acquisition. 
Some have also calculated the degree of profitability and it has been found that it is between five 
and ten times more expensive to acquire a new customer rather than retaining an existing one 
(Reichheld, 1996).

Information technology has had major effects on the nature of interaction between partners. Information rich exchanges can be made at the touch of a button and each core relationship variable has been, in some way, affected by technology. It is suggested by O’Toole (2003: 115) that the growth of e-relationships is being forced by companies’ adoption of the Internet and e-mail into their business processes. Highlighting the advantages of e-relationships the author further proposes that e-relationships can be considered a further layer of interaction that partners can “wrap around” each others to create walls of competitive advantage.

Value creation in a relationship can be seen as a strategic option or in the case of close relation-
ship, as a strategic imperative (O’Toole, 2003: 116). E-relationship components can add an extra 
layer of value in a relationship that is difficult to imitate. Value can be added in information ex-
changed that allows knowledge to be pooled for joint advantage, in close and dense communica-
tion patterns, in integrated businesses processes, through new products and services that are cre-
ated or developed electronically and in bonding with consumers that create extra value in brands 
(O’Toole, 2003:116).

Relational Drivers

The identification of the key dimensions of relationship marketing is important because it is 
through understanding these dimensions that relationships could be developed and made success-
ful. From the literature research the following key relational drivers in an e-learning context have 
been identified:
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Customer Orientation

The debate of regarding students as customers (or consumers) has been evident in the education and marketing literature for several years (Driscoll and Wicks, 1998; Comm and Labay, 1996; Licata and Frankwick, 1996; Conway et al., 1994). Over three decades ago Kotler (1971, 1972) and later Kotler and Andreassen (1987) believed that when universities face falling demand they should focus on the customer (i.e. the student) and remarket the product (i.e. education). Conway et al. (1994) from their literature review on the role of students in HE concluded that the student is perceived as the customer and the product is seen as the course/programme. However, from their own exploratory research of eighty-three HE institutions mission statements they discovered that only half the institutions implied a customer orientation in their planning and only one institution clearly identified the dual role of the student as a product and as a customer. As a result the authors warned that many UK HE institutions were ill-prepared to respond to the increasingly competitive environment in which they have been placed.

In an apposing view Driscoll and Wicks (1998: 59) argue against the use of marketing oriented practices in HE and the use of customer to refer to students. A customer orientation assumes that customers are aware of their needs, and can communicate them to producers or use them as a basis for selecting among competing products. Students do not necessarily possess self-serving tendencies and university faculties are not always best able to know students educational needs. On a similar point Brookes (2003) stated that the marriage of the ideas of consumerism and education seems strange for many academics for they believe that ideas are priceless and that they are free. Thus to make ideas buyable is a new concept and, for most academics theoretically uncomfortable.

To conclude it can be argued that students can not be treated as consumers in the truest sense as in a commercial meaning, for example, in a restaurant a new meal could be given if you are not entirely happy with the one already served but it would be inappropriate to alter grades just because the students may not be satisfied with the grade awarded. However, as students are contributing to their fees resulting in a financial transaction taking place then universities may have to consider adopting some consumer oriented practices to enhance their learning experience. For example, designing courses with student job prospects in mind, improving communication with the students and being sympathetic to their individual needs. E-learning can offer students the flexibility to learn in their own time, the availability of notes and assessment in electronic format to be downloaded at their own convenience, and a platform to communicate with staff and colleagues in real time. All in all, providing a level of service which meets the needs of the customer and produces customer satisfaction. Therefore, we hypothesize that in order to develop relationship with the students in an e-learning environment a customer oriented approach is needed which positively impacts the service quality provided.

Service Quality

For a full understanding of service quality the characteristics of services – intangibility, heterogeneity and inseparability – must be understood (Grönroos 2000).

Most services are intangible. Services are not possible to taste, feel, see, hear or smell before they are purchased. Because they are performances rather than objects, precise manufacturing specification concerning uniform quality cannot often be set. Most services cannot be counted, measured,
tested, verified and inventoried in advance of sale to assure quality. The intangibility characteristic may make it difficult for firms to understand how consumers perceive their services and evaluate service quality.

Also services, especially those with a high labour content are heterogeneous: their performance often varies from producer to producer, from customer to customer, and from day to day. Booms and Bitner (1981) argue that consistency of behaviour from service personnel (i.e. uniform quality) is difficult to assure because what the firm intends to deliver may be entirely be different from what the consumer receives.

Finally, production and consumption of many services are inseparable. As a result quality in services is not engineered at the manufacturing plant, and then delivered intact to the consumer.

A simple definition of service quality is the ability of the organisation to meet or exceed customer expectations. In this context customer expectations may be defined as the desire or wants of consumers, i.e. what they feel a service provider should offer rather than would offer. In service organizations, as customer expectations are highly dynamic and complex in nature, service providers need to think different about their business in contrast to their manufacturing counterparts who produce tangible goods.

Higher education is a service industry and therefore that would make the students as the customers or consumers. Students now demand service levels that wouldn’t have been the case twenty years ago. They expect a certain standard of equipment, high quality teaching, student support, communication via text messaging and email and they expect to get a response quickly. The university needs to provide these services to enable them to build their potential. As the focus of this paper is e-learning, we hypothesize that these services must be effectively communicated via the internet, during and after the student’s course, in order for them to be satisfied.

Experience

Parties involved in a relationship must have positive experiences in order to reach the required overall level of satisfaction over a period of time and develop the relationship further. Negative experiences may, of course, hinder the relationship, or even lead to customer defection. Furthermore, one tends to remember best the last experience. Thus one positive experience may be sufficient to alter perceptions of more than one preceding negative experience, and vice versa. This suggests the important influence experience can have on customer satisfaction and, the more satisfied the customer, the more durable the relationship. Storbacka et al. (1994) believe that customer satisfaction can be experienced at both an episodic and at a more general relationship level.

Therefore it follows that e-learning students must have positive episodic experiences during their course of study in order to develop the relationship with the university. Unfortunately, according to Bonk (2004) currently most online learning tools focus on recording and facilitating student enrolments and reporting progress and completions, not on engaging learners in rich, interactive experiences. Bonk and Dennen (2003) state that there is a need for motivationally engaging content. They continue by pointing out that there is a need to know how to build effective interaction, collaboration, and engagement with online technologies.

Bonk and Dennen further note that in traditional classrooms, effective instructors create a supportive but challenging environment, project enthusiasm and intensity, provide choice, create short-term goals and offer immediate feedback on performance. Instructors may also create a positive and psychologically safe learning environment. In order to enhance the student’s online-learning experience Bonk (2004: 4) suggests that instructors might emulate off-line strategies by having students use or manipulate real world content. Using a problem based learning approach, they may create final products for a real-world entity or solve real world problems. During such a project students could interact with experts and community leaders online or engage in online conflict with their peers in debate or role-activities. Their completed assignments might be displayed in
online-gallery or studio. The hope is that students will receive immediate, genuine, and specific feedback on their work from their peers, instructors, and external examiners.

We hypothesize that positive e-learning experiences will lead to the development of trust and commitment which in turn will lead to loyalty.

**Trust**

Trust as a concept crosses several disciplines including ideas from economics, marketing, sociology, psychology, organisation behaviour, strategy, information systems and decision sciences (Mukherjee and Nath, 2003).

Trust is generally ill defined (Egan, 2004), but is often taken to mean “an acceptance of vulnerability to another’s possible, but not expected, ill will or lack of good will” (Blois, 1997: 58). Trust is therefore, a psychological state comprising of an intention to accept this vulnerability based upon the positive expectations of the intentions or behaviour of others or confidence in exchange partner’s reliability and integrity. This implies that it is generally expected that the word of another can be relied upon. Trust is built upon experience, satisfaction and empathy. A high level of trust is likely to engender a more positive attitude, which in turn is likely to increase the level of customer orientation (Conway and Swift, 2000).

In this paper two main antecedents to trust have been identified:

- shared values; and
- communication

### Shared Values

Shared value is the extent to which partners have beliefs in common about what behaviours, goals and policies which are important or unimportant, appropriate or inappropriate, and right or wrong (Morgan and Hunt, 1994). In the context of e-learning shared values symbolise the extent to which the university and students share common beliefs on values such as ethics, security and privacy.

Ethics in e-learning is an important part of shared values. Ethical values determine the chances of university providing incomplete course information or divulging confidential personal information about students or selling student information to other organisations. Ethical values also determine that students do not use university’s ICT systems to download or view material which is inappropriate and obscene. Mechanism such as the Data Protection Act and the university’s own rules and regulations can build trust by addressing security and privacy concerns.

In order to build trust with students in an e-learning context measures such as quoting the data protection act on the website, establishing secure links, password checks and providing accurate and up-to-date information could be employed.

We hypothesise that in e-learning, where there is a perception of shared values, such perception will lead to increased trust.

### Communication

Communication is a vital component in the establishment of relationships, yet it is a variable that is often assumed or taken for granted and consequently overlooked as a component of relationship development. This is unfortunate, as all other components are experienced through the medium of communication (Conway and Swift, 2000).

Selnes (1998) agrees that communication is not only an important element in its own right, but also has the propensity to influence levels of trust between buyer and seller. Similarly, Sin et al. (2002) assert that communication, especially timely communication, fosters trust by assisting in solving disputes and aligning perceptions and expectations.
In this paper communication is considered as a multidimensional construct. The variables that constitute communication are openness, speed of response, and quality of information.

Trust is negotiated through openness in communication and is specific to the individual students and their relationship with the university. Research conducted by Gefen and Straub (2001) discovered that man-machine communication, or at least the belief that the electronic systems has characteristics of social presence, is critical to building online customer trust. The extent to which a Web site can enhance social communication in terms of openness, speed of response, and quality of information will influence the ability of the site to address needs for online customers who in turn will respond to it. Methods to increase a website’s social presence include real-time interaction on web-forums and chat rooms, fast online response using email and personalisation of messages. Thus we hypothesize that the higher the degree of social communication displayed by a university website the greater the influence on student’s trust and increased likelihood of them engaging in online interaction maintaining loyalty.

Commitment

Various researchers have elaborated upon the dependence of commitment on a successful relationship. Egan (2004, 2000) suggested that commitment is central to relationship marketing. Hocutt (1998) views commitment as an intention to continue a course of action or activity or the desire to maintain a relationship. This is often indicated by an ongoing investment into activities which are expected to maintain the relationship (Blois, 1998).

Mukherjee and Nath (2003) proposed that the degree and length of association and sense of belonging are the dimensions of commitment. The length and degree of belonging as well as sense of belonging in an HE e-learning context are dependent on the length of the course, the students overall experience during the course of study and their emotional attachment to the university. Thus we hypothesize that as trust increases, commitment will also increase.

Loyalty

Customers remain loyal, not because of promotions and marketing programs, but because of the value they receive. Value is driven by positive experiences through high level of service quality, trust and commitment.

The HE environment has experienced much change and development over recent years, with issues surrounding recruitment and student retention becoming key to the development of fully functioning and competent HE sector. Whilst many HE providers go to great lengths to ensure that recruitment strategies are central to the institutions widening participation policies, a key and often un-discussed area is that of student retention.

Central to this debate is the recognition by HE managers, that poor retention impacts the economics and financial viability of each course and ultimately the institution itself, as well as sending out negative signals to new students and undergraduates. Not only does this prospective scenario create internal problems for the establishment, it has the potential to further tarnish the image and reputation of the whole HE sector, an image which has over recent years, been greatly improved and developed. Furthermore, if left to go unchecked, such an approach can damage the infrastructure of an institution and create a culture of neglect and non conformity, eventually resulting in additional student withdrawals. This scenario whilst not endemic throughout the HE sector does require a certain level of attention, so as to ensure that all funds and resources are used in an appropriate manner. According to research carried out in late 90s (Yorke, 1999) costs associated with early student departure from an HE course, costs the UK tax payer in excess of 100 million pounds. This figure is now considerably more, but acts as an indication of the costs incurred by students dropping out of the HE system.

In the search for new and innovative ways of enhancing the student experience and in an attempt to facilitate retention, the HE sector needs to ensure that stronger relationships are made between
educational host provider and students. Such links need to be cemented early on in the student’s academic life, and need to be maintained long after graduation, so as to ensure that a cradle to grave relationship is maintained. This is equally important both in traditional and e-learning HE contexts.

As a retention tool, electronic learning needs to be employed with a raft of alternative measures to ensure that retention in facilitated. Any institution that employs electronic learning needs to ensure that additional support systems are in place to aid attendance; these include bespoke induction programmes, regular tutorials and accessible support services (student learning & library, etc). Used alone electronic learning offers the gifted and committed student a multitude of advantages, but we need to ensure that other members of the student community are encouraged to use such a system and that weaker students do not become disenfranchised with such an approach. This would be a terrible waste, with those students who need little in the way of pastoral support, benefiting at the expense of those students whose IT literacy rates may be less well developed, than their more experienced peers.

E-relationship marketing model for HE

Following extensive literature research the author proposes the following E-Relationship Marketing model and hypotheses for HE that will assist in the development of relationship between a university and its students in an e-learning context.

![Fig. 2. E-Relationship Marketing Model for Higher Education](image)

**Hypotheses**

1. There is a positive relationship between customer orientation and service quality.
2. There is a positive relationship between service quality and experience.
3. There is a positive relationship between experience and trust.
4. There is a positive relationship between shared values and trust.
5. There is a positive relationship between communication and trust.
6. There is a positive relationship between trust and commitment.
7. There is a positive relationship between trust and loyalty.
8. There is a positive relationship between commitment and loyalty.

Further Research

The model proposed above needs to be tested using empirical research. In the next stage of the research process a detail analysis of Leeds Metropolitan University website will be carried out to determine the relational strategies utilised in an e-learning context and review the model. The hypothesis will be tested using quantitative questionnaires on students in the school of Tourism, Hospitality and Events Management at Leeds Metropolitan University and qualitative interviews will be conducted with the academic staff of the school.

Conclusion

The paper has conceptualised a model and proposes that in order to develop relationship with students in an e-learning context service quality, customer orientation, experience, trust, shared values, communication, commitment and loyalty are important variables. When a community of people will meet together regularly by participating in newsgroups, chat forums at the university web site, a type of social bond that builds relationship between the university and its students can be expected. Furthermore, the availability of chat rooms, bulletin board system as well as voice and video conferencing facilities on the Internet will also provide the chance for universities to have online meetings or conferences with their students, no matter geographically where they are. As a result, understanding and implementation of these variables will enable universities to enhance student loyalty during and after their course.

References


