

COURSE MKTM003 MARKETING: PRINCIPALS &
MANAGEMENT

MARKETING ORIENTATION

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MARKETING ORIENTATION AND HIGHER EDUCATIONAL INSTITUTIONS - AN ACADEMIC RESEARCH REPORT

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Executive Summary

OVERVIEW

As we have seen here in the Faculty of Education at the University of Calgary (UCalgary), our brand and competitive advantage have become increasingly elusive in an external environment beset with sweeping changes. Decreased funding, pressure to tighten budgets, technological advancements, heightened stakeholder expectations - all this, paralleling massification, professionalization, internationalization and a continuing economic recession in Alberta. Since the early 90s brand orientation has been an inherent part of the way the UCalgary relates to the market (which includes students, parents, government agencies, funders, foundations, alumni, media, staff, faculty and local communities). However, emerging bodies of research suggest that adopting marketing orientation (MO) can significantly impact the university's ability to remain relevant in the market (Webster, Hammond, and Rothwell, 2013; Webster, Hammond, and Harmon, 2006; Flavian and Lozano, 2006; Smith, 2003; Kenely and Hellier, 2002). "Any university that has achieved a greater focus on students, other stakeholders and competitors, should accordingly achieve higher levels of performance" (Mokoena and

Dhurup, 2016). Algarni and Talib (2014) cite "market orientation provides a unifying focus for the efforts and projects of individuals and departments within HEI's to create superior value for customers, thus leading to superior performance." How does adopting a brand market orientation in a public university make sense, and is there sufficient research to substantiate this idea?

This report will assess and critically evaluate MO and alternative orientations as potential management strategies for UCalgary and the Werklund School of Education. It will identify shortcomings of applying a primarily commercial concept and its components: customer and competitor orientation; inter-functional co-ordination; organizational culture; and long-term creation of shareholder value (Hooley, Piercy, Nicolaud, Rudd, 2017) to publicly funded HEIs. In addition, it will consider alternative synergistic orientations such as brand/market or market/brand, as proposed by Urde, Baumgarth, Merrilees (2013). This paper supports MO in a more refined and dynamic form, as a relevant management strategy which can help with on-going challenges faced by the university in understanding the multiplicity of stakeholders and their needs as well

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Source: Mokoena and Dhurup, 2016

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as brand/market or market/brand, as proposed by Urde, Baumgarth, Merrilees (2013). This paper supports MO in a more refined and dynamic form, as a relevant management strategy which can help with ongoing challenges faced by the university in understanding the multiplicity of stakeholders and their needs as well addressing the issue of relevance. It will consult a cross-section of relevant academic literature with the goal of providing evidence-based recommendations.

MARKETING AS AN EXCHANGE

There is an observable allergy, and perhaps a misconception found within the UCalgary that “marketing” signifies advertising, profit, markets or specifically recruitment. There seems to be a distaste for the term “marketing” as a management or strategic style, and it is rather considered as a tactical tool, supporting communications and often times outsourced to agencies. UCalgary is not alone in its ignorance as marketing has suffered for centuries with misrepresentation and even hostility (Gamble, Gilmore, McCartan-Quinn and Durkan, 2011).

Let's consider why organizations exist in the first place in order to understand the marketing concept. Organizations of any

type - be they private, public or non-profit are tools that society has created whereby some of its needs are met through a process of exchange (Hooley, Piercy, Nicoulaud and Rudd, 2017). Organizations are not ends in themselves but are rather tools created by society to meet their needs. Therefore, it follows that the aim of organizations should be the creation of value and long-term satisfaction for its customers or stakeholders. Without them, there is no organization, and there is no point for the organization to exist. The marketing concept, therefore, is a process of exchange between organizations and members of societies where the value created by the organization is paid for as an exchange (Hooley et al., 2017).

Seminal work by Kohli and Jaworski (1990), defined MO as “the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it”. Narver and Slater (1990) defined MO as “the organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business”. Components included in

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their MO measure are customer orientation, competitor orientation, inter-functional coordination and organizational culture.

MO and its components are concerned with long-term satisfaction and value creation for stakeholders or “customers”. To operationalize marketing there needs to be a marketing orientation (deep understanding of stakeholders needs and wants) and a strategic orientation (focus on future needs). Marketing is neither advertising or selling, nor the luxury of multi-billion-dollar brands. Marketing is not experts and specialists in the marketing department. Marketing is a management orientation, a business philosophy and a business function (Hooley et al., 2017). There should be little disagreement that creating value for stakeholders is more than just a marketing function; it is a job for the whole organisation. Every organizational function is concerned with the sharing of information which is necessary to improve stakeholder value and satisfaction; and every organizational member should adopt the behaviours that are positively linked to higher stakeholder value (Bugandwa and Akonkwa, 2009). Where the stakeholders

have a choice of who provides them with services, either private or public, they will choose the organization which tends to their needs the best (Harris, 2002). This is a fundamental marketing concept that cannot be ignored even if there is a multiplicity of stakeholders, as is the case in HEIs. Public universities need to have a significant understanding of the stakeholders’ needs and a strategy for their future needs - as relevance and quality are at stake. It is at this juncture that brand orientation (BO) and MO seem to be at odds. BO being the fundamental orientation of UCalgary, is exclusively concerned with brand identity and brand image as its approach to the marketplace. Perhaps BO and MO can work synergistically as opposed to being considered totally separate paradigms (Urde et al., 2013)?

MO & Performance

MO & INCREASED PERFORMANCE

MO has long been considered and correlated with increased performance in terms of “return on asset” and a source of competitive advantage (Kirca, Jayachandran, and Bearden, 2005; Jaworski and Kohli, 1993; Kohli et al., 1990; Narver et al., 1990;). It must be noted that while performance and competitive advantage are linked to MO there is little understanding on how MO is deployed to achieve competitive advantage (Morgan, Vorhies, and Mason, 2009). Marketing orientation is not new. It has been studied by academic scholars since the 1980s (Kohli et al., 1990; Narver et al., 1990; Shapiro, 1988). The past ten years have seen a resurgence in its popularity. Increasingly, organizations are seeking better knowledge and understanding of markets and customers, which can thereby translate into competitive advantage. Businesses and organizations in the private sector have pursued both marketing orientation and strategic orientation practices in order to gain competitive advantage and increase performance - the link between the two is well established in academic literature (Kirca et al., 2005).

APPLYING MO & HEI's

The idea that HEIs should implement marketing strategies to improve quality and performance has appeared in the literature as early as the 1960s. Kotler and Levy (1969) were pioneers in arguing for widening the scope of marketing (and the marketing concept) to include higher education (HE). Empirical studies on HEIs have used MO developed in commercial settings without any adaptation (Mokoena and Dhurup, 2016; Hemsley-Brown and Oplatka, 2010; Küster and Aviles-Valenzuela, 2010; Bugandwa et al., 2009; Webster, Hammond, and Harmon, 2006; Keneley et al., 2002). The fashionable trend toward importing the MO concept to non-profit and public organizations, including HEIs (Webster, Hammond, and Harmon, 2006; Keneley et al., 2002; Bugandwa et al., 2009; Küster and Aviles-Valenzuela, 2010; Hemsley-Brown and Oplatka, 2010) has relied on a simplifying assumption that the model developed by either Kohli and Jaworski or Narver and Slater can be directly transposed to HEIs. This has led to confusing and misleading results because of the lack of theoretical context. There are seemingly good reasons for the MO strategy to be properly applied to HEIs, but research is limited.

Implementing MO in HEIs

Researchers Slaughter and Leslie (1999) in their masterpiece on academic capitalism applied to Australia, Canada, the UK and the USA have attempted to understand the changes that are happening in HE (massification, increased demand for HE, professionalization, budget constraints, the need to diversify resources, the rise of stakeholders' requirements, technological change) and the way institutions are responding to them (Bugandwa, 2009). As HEIs have faced immense pressures to stay competitive, efficient and relevant they have sought ways to change and attempted to adopt MO strategies in a variety of ways.

STUDIES ON MO & HEI'S

Other studies done on MO and HEIs include (Caruana, Ramaseshan, Ewing, 1998; Kenely et al., 2001; Smith, 2003; Flavian et al., 2006; Webster et al., 2006). The assumption being that MO is likely to improve HEIs' performance. While results are mixed and generalizability challenging, most of the studies do demonstrate positive impacts on performance and organization culture as a whole (Webster et al., 2006).

However, there are many contentions suggesting that the straightforward transposition of MO to the peculiarities of HE is yielding distorted and misleading conclusions (Bugandwa et al., 2009; Gromark and Melin, 2013). For example, it has been found that contextual factors such as customer orientation are resistant to the transposition of MO to HE (Bugandwa et al., 2009). Various empirical studies on MO in HE have considered the student as the sole customer. However, other literature insists on the multiplicity of customers and the contradictions which are likely to characterise their needs. This suggests that the key stakeholders of HE and the way to respond to their expectations should be defined before their inclusion in the MO conceptualization. Their missions, values, culture and structure (Smith, 2003; Bugandwa et al., 2009) require a different treatment for strategy implementation. As recommended by the American Marketing Association, and Darroch, Miles, Jardine, Cook (2004), the marketing concept relies on conceptualization of MO and evolves according to the prevailing context. In other words, MO importation needs to be context-specific.

MO & HEIs

CONSIDERING CONTEXTUALIZATION

Some scholars maintain the importance of acknowledging that public HEIs are widely different to commercial businesses and should not be treated as such when considering marketing (Bugandwa et al., 2009; Gromark et al., 2013). The transposition of MO to the peculiarities of HE has been somewhat like putting a square peg into a round hole. An outside-in customer approach to HE is "diminishing the risk of too much focus on customers, which leads to myopia"(Gromark et al., 2013). HEIs do not share the same culture as private sector businesses, the common language around "customers", "markets", and "profits" are typically unknown (and are considered somewhat distasteful) inside public universities. While MO may have some relevance to HEIs, a direct import of its concepts, models and activities is considered irrelevant and useless, as universities behave and exist quite differently from commercial enterprises (Bugandwa et al., 2009).

It is critical and necessary to consider contextualization with MO operationalizations (AMA, 2004; Darroch, Miles, Jardine, Cooke, 2004). More research and knowledge generation needs to be done

to develop a relevant theoretical framework to suit HEIs.

Many agree that publicly funded HEIs need a framework and conceptualization better suited to their particular environment, that takes into account the idea that orientations are not static and can change over time. More recently, Urde et al., (2013) have proposed a synergistic theoretical model that demonstrates two dynamic orientations - brand orientation (BO) and MO and how they can be applied to organizations. The model takes into account orientations as being able to change and shift depending on the needs of the organization and its surrounding environment, including customers and stakeholders. It also makes considerations for obstacles that organizations face when attempting to change (Gromark et al., 2013). Urde et al.'s (2013) new alternative orientation model and conceptualization of the marketing concept proposes a more evolved orientation and lends itself well to HEIs - a hybrid between marketing and brand orientations. They highlight a crucial point that affects HEIs' challenges of moving from BO to MO: "How can management square the general principle that the customer is king with the specific belief that our brands are our greatest assets?"

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BO & MO

A NEW WAY OF SEEING SEEMINGLY DIFFERING ORIENTATIONS

Typically, BO and MO are seen as two completely different strategic orientations with BO being an inside-out approach and MO an outside-in focus. Urde et al., (2013) propose a unique brand and MO matrix with four alternatives: brand and market, brand, market and brand and market. This matrix holds substantial promise for organizations wishing to move away from either extreme of the brand-market continuum.



Fig. 2. The brand and market orientation matrix.

Many Canadian public universities continue to espouse an extreme BO and exist in their silos, lacking intelligence around their customers and stakeholders' needs, to the detriment of performance and relevance. Is it possible that this is a case of "we have always done it this way"? We have seen that universities - primarily in Europe - adopting MO (in some form) makes sense, despite gaps in the research on context-specific models and conceptualizations specific to the peculiarities, structure and embedded culture within HEIs. Based on the above synthesis of knowledge and research the following recommendations are outlined below.

Recommendations

This report has several implications for university management. To meet the challenges of a fast-changing, evolving environment, plus massification, professionalization, technological advancement and increased competition on the international market, the university needs to be aware and understand marketing in the broader sense as a strategic management framework that guides the entire organization. It is clear, for our university to be successful over the long term, we need to consider responding to the massive external, environmental changes and paradigm shifts, or risk losing our relevance. While research is lacking on specific contextual models and frameworks for introducing marketing orientation into HEIs, there is substantial evidence to support a transition toward a more brand/market orientated strategy will improve quality, performance and relevance.

New frameworks and models such as Urde et al.'s, brand/marketing and marketing/brand hold great promise as alterative dynamic orientations. Based on Urde's theoretical construct, the UofC, firmly embodies an inside-out, identity-driven, brand-orientation

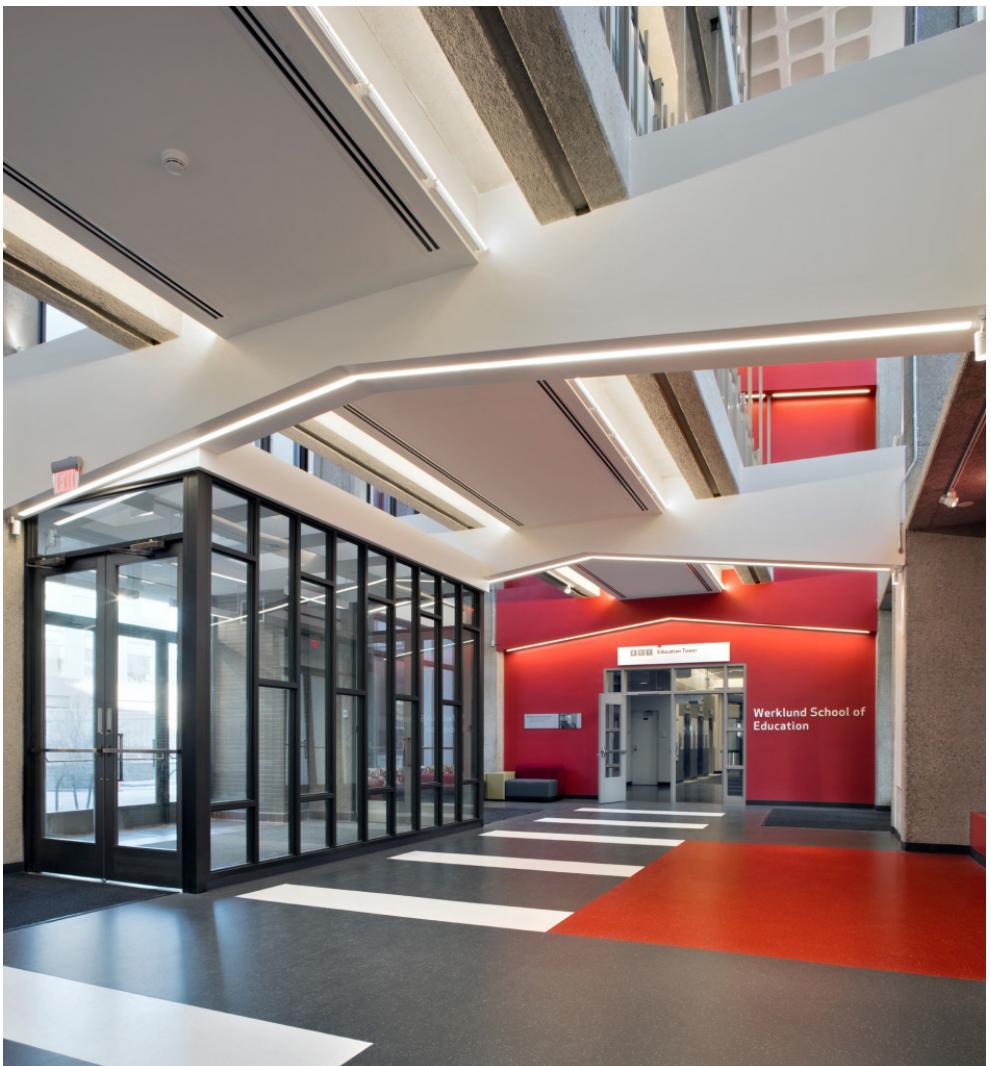
that is market-driving as opposed to market-driven. The university has long subscribed to a brand orientation that emphasizes the significance of the brand identity (mission, vision, and values) as a guiding light for organizational culture, behaviour, and strategy. If our strong brand-orientated organization were not beset with sweeping external changes this report would be unnecessary. In that light, it is recommended that a more dynamic view (orientations can change over time) of both BO and MO be considered and that our strategic orientation "... the guiding principles that influence a firm's marketing and strategy-making activities" (Noble, Sinha, & Kumar, 2002) be evaluated and assessed. Urde (inventor of brand orientation) on MO and BO cites "It can no longer be an either-or proposition: there are now two additional major-minor approaches to consider".

Recommendations

As discussed, the issue of relevance is of primary concern to the UofC as we move through the 3rd millennium. Brand-orientated organizations can evolve to embrace a marketing focus and thus become brand/market orientated as seen in Urde's matrix. Urde (2013) states the major reason for that addition being the ability to maintain relevance of the brand to the customers, resulting in a stronger brand now coupled with greater attention to stakeholder needs.

A change in this direction would be a shift in our entire operations as a university, but a very necessary one. It would impact the management, employees, the faculty, and the support staff as well as the culture as a whole. Altering our strategic orientation as a university would be a transformation of huge proportions changing the mindset of the way we, as an

organization engage the market. However massive it may seem, our relevance and existence as a brand depends on it.



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