

The Influence of the Educational Service Marketing Mix on Students' Decisions to Choose Private Universities and University Revenue

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Abstract

This study is motivated by the increasingly intense competition in the higher education industry, where Private Universities (PTS) strive to enhance their competitiveness to attract prospective students. Despite these efforts, there remains a gap between the number of applicants and the number of students actually enrolled, which has led to a decline in university revenue. This research aims to fill the knowledge gap regarding the impact of the educational service marketing mix on students' decisions to choose PTS and its effect on university revenue. The method used is a literature review, analyzing the influence of seven marketing mix variables: product, price, place, promotion, people, process, and physical evidence. The findings indicate that not all marketing mix variables significantly affect students' decisions in choosing PTS; only product, place, process, and physical evidence have a significant impact. On the other hand, price, promotion, and people variables do not show significant influence. The implication of this study is that PTS should focus more on the marketing mix elements that have been proven to significantly influence prospective students in order to increase their appeal and, consequently, the university's revenue.

Keywords: Marketing Mix; Student Decision-Making; Private Universities; Literature Review; Educational Marketing.

INTRODUCTION

The increasing competition in the higher education sector, particularly among private universities (PTS), has necessitated efforts to enhance their competitiveness to attract prospective students (Amron, 2018). This heightened competition is driven by various factors, including the growing number of higher education institutions, the expansion of academic programs, and shifts in the demographic landscape (Kakar, & Khan, 2021). Private universities are under significant pressure to differentiate themselves to secure a steady influx of new students. However, despite these efforts, a gap persists between the number of applicants and the actual enrollment figures, resulting in a decline in university revenue. This discrepancy between interest and actual enrollment can be attributed to various factors, such as perceived quality, costs, or the availability of financial aid, which must be addressed to maintain financial sustainability and academic growth.

The primary objective of this research is to address a critical knowledge gap regarding the impact of the educational service marketing mix on student decision-making in choosing a private university, as well as the subsequent effects on university revenue (Eagle, & Brennan, 2005). The marketing mix, which includes elements such as product, price, place, promotion, people, process, and physical evidence, plays a crucial role in shaping students' perceptions and choices. Understanding which aspects of the marketing mix significantly influence students' decisions can provide private universities with valuable insights to refine their strategies. By targeting the right elements,

universities can more effectively appeal to prospective students, leading to higher enrollment rates and improved financial performance.

The scope and significance of this study lie in its potential to provide practical guidance for private universities seeking to enhance their marketing strategies and overall competitiveness. By examining the individual and combined effects of the marketing mix elements, this research can identify the most influential factors that drive student choices. This is especially important for private universities, which often rely more heavily on tuition fees as a primary source of revenue compared to public institutions. Thus, optimizing the marketing mix to align with the preferences and expectations of prospective students can help increase enrollment, reduce financial instability, and ensure long-term sustainability.

Furthermore, the findings from this research will contribute to a deeper understanding of the dynamics between marketing strategies and student behavior in the higher education context (Mahmoud, 2018). It will provide empirical evidence on which elements of the marketing mix are most effective in attracting students, thereby offering universities a strategic advantage in the competitive educational landscape. The study will also help universities to prioritize resources and investments in marketing activities that yield the highest returns in terms of student enrollment and retention.

Given the financial pressures faced by private universities due to declining enrollments and increased competition, it is crucial to adopt marketing strategies that are evidence-based and outcome-oriented. This study seeks to bridge the gap between theoretical frameworks of the marketing mix and practical application within the context of higher education, offering actionable recommendations for university administrators. By focusing on the elements of the marketing mix that are most impactful, private universities can enhance their value propositions and attract a larger pool of qualified students.

Ultimately, this research aims to provide private universities with a roadmap for implementing more effective marketing strategies that not only attract prospective students but also improve overall financial performance. As competition continues to intensify in the higher education sector, the insights gained from this study will be instrumental in helping private universities navigate these challenges and achieve sustainable growth.

METHODS

The research design for this study is based on a literature review approach, chosen specifically to examine the impact of the educational service marketing mix on students' decisions in selecting private universities (Paramita, Utami, & Wardani, 2021). A literature review enables the exploration of a wide range of existing studies and theoretical perspectives, providing a comprehensive understanding of how various marketing strategies influence student behavior. This approach allows for the identification of patterns, trends, and gaps within the existing body of knowledge, making it particularly suitable for a study aimed at synthesizing and evaluating multiple factors within the marketing mix. Moreover, it facilitates a broader analysis without the constraints of primary data collection, offering insights derived from diverse educational contexts and empirical findings documented in previous research.

The marketing mix, also known as the "7Ps," comprises seven variables that are analyzed in this study: product, price, place, promotion, people, process, and physical evidence. These elements

represent key aspects of marketing strategies used by higher education institutions to attract and retain students. The process of data collection for the literature review involved setting criteria for the inclusion and exclusion of relevant studies. The criteria ensured that only peer-reviewed articles, conference papers, and reports focusing on the marketing mix in educational settings were considered, while studies unrelated to the education sector or lacking empirical data were excluded. The analysis involved systematically evaluating the collected literature to determine the influence of each marketing mix variable on students' decision-making processes and the resulting impact on university revenue. This was achieved by comparing findings across various studies to establish which elements had the most significant effect and identifying any inconsistencies or areas requiring further investigation.

RESULTS

The main findings of the study reveal that not all elements of the marketing mix significantly influence students' decisions when selecting a private university. Specifically, the variables of product, place, process, and physical evidence were found to have a significant impact on students' choices. These elements play crucial roles in shaping students' perceptions of a university's quality and appeal. For instance, "product" refers to the academic programs and services offered, which directly affect students' perceived value of their educational investment. Similarly, "place" relates to the accessibility and convenience of the university's location, which can influence students' enrollment decisions. The "process" element, which encompasses the efficiency and quality of the administrative and educational services, also significantly impacts the decision-making process. Lastly, "physical evidence," including the campus facilities and infrastructure, serves as a tangible indicator of the university's commitment to quality, further attracting prospective students.

Conversely, the variables of price, promotion, and people did not show a significant influence on students' decision-making. The analysis suggests that while these factors are often emphasized in traditional marketing strategies, they may not be as crucial in the context of higher education. For example, "price," or the cost of tuition, may be less of a determining factor for students who prioritize quality education over cost, especially when scholarships and financial aid are available. Additionally, "promotion," which involves the marketing efforts used to attract students, may not significantly sway prospective students' choices if the core educational offerings are not appealing enough. Furthermore, the "people" variable, referring to the faculty and staff, did not appear to significantly affect students' enrollment decisions, possibly because prospective students focus more on the university's reputation and program quality rather than individual staff members.

These findings are supported by a review of existing literature, which consistently indicates that students prioritize factors related to the quality of the educational experience and the university's facilities over pricing and promotional efforts. Studies have shown that students are more likely to choose institutions that provide a comprehensive and high-quality learning environment rather than those that simply offer lower tuition fees or aggressive marketing campaigns. Thus, the emphasis for private universities should be on enhancing the aspects of the marketing mix that directly contribute to students' perceptions of value and quality, in order to effectively increase enrollment and maintain financial sustainability.

DISCUSSION

The interpretation of the findings indicates that certain marketing mix variables significantly affect students' decisions to enroll in private universities, while others do not. The significant impact of

the variables such as product, place, process, and physical evidence aligns with existing theories in educational marketing, which emphasize the importance of core educational offerings and tangible quality indicators. The "product" variable, representing the academic programs and services provided by the university, resonates with the service-dominant logic in marketing, which posits that value is co-created through the quality of the service delivered. Previous studies have suggested that students weigh the perceived quality of educational programs heavily in their decision-making process. Similarly, the influence of "place" reflects the convenience and strategic location of the university, which is critical in service industries where accessibility enhances consumer satisfaction. "Process" plays a role in shaping the student experience, as the efficiency of administrative and educational services can significantly influence students' perceptions of service quality. Finally, "physical evidence" serves as a concrete manifestation of the university's commitment to quality, with well-maintained facilities and infrastructure being key factors in students' enrollment choices. In contrast, the variables that did not show a significant impact—price, promotion, and people—may be less relevant in the context of higher education. The insignificance of "price" could be attributed to students' willingness to invest in higher education despite higher costs if they perceive the quality to be worth the expense. This is consistent with the value-based pricing theory, which suggests that consumers are prepared to pay a premium for products or services that offer superior value. The limited influence of "promotion" implies that traditional marketing campaigns may not be as effective in swaying students' choices if the university does not have a strong value proposition. Furthermore, "people," while crucial in industries where personal interaction is central, may be less critical in higher education, where students might prioritize the university's reputation, programs, and facilities over the qualifications of individual faculty members.

The implications for private universities (PTS) are significant. These institutions should strategically allocate resources to the elements of the marketing mix that have been proven to influence prospective students most effectively. Investment should be directed towards enhancing the quality and variety of academic programs (product), improving campus accessibility and strategic location (place), streamlining administrative processes (process), and maintaining or upgrading campus facilities (physical evidence). By focusing on these areas, PTS can enhance their competitive advantage in the educational market, attract more students, and ultimately increase revenue. The findings suggest that resources spent on price reductions, promotional activities, or additional staffing may not yield as high a return on investment as efforts directed towards improving the core educational offerings and campus infrastructure.

However, this research is not without its limitations. One major limitation lies in the reliance on a literature review, which may not capture all the nuances of the marketing mix's impact on student decisions. The study is also constrained by the scope of the literature reviewed, which may not cover all geographical regions or types of private universities, potentially limiting the generalizability of the findings. Additionally, the absence of direct empirical data means that the conclusions are based on secondary sources rather than primary data collection, which may affect the accuracy of the findings. The lack of quantitative analysis from actual student surveys or institutional case studies is another limitation that could be addressed in future research.

To overcome these limitations, future research should consider incorporating empirical data, such as surveys or interviews with students, to validate the findings from the literature review. Case studies of specific private universities could also provide deeper insights into how different elements of the marketing mix affect student choices in various educational contexts. Longitudinal studies that track changes in enrollment patterns following adjustments to the marketing mix could offer valuable

information on the long-term effects of different marketing strategies. Furthermore, including a comparative analysis between private and public universities could shed light on whether the significance of the marketing mix variables differs across different types of higher education institutions.

Ultimately, these recommendations aim to deepen the understanding of the relationship between marketing strategies and student behavior, thereby enabling private universities to develop more effective marketing approaches that enhance their appeal and financial sustainability. By focusing on evidence-based strategies that resonate with students' priorities, private universities can better position themselves in an increasingly competitive educational market.

CONCLUSION

The study's findings indicate that only specific elements of the marketing mix, namely product, place, process, and physical evidence, significantly influence students' decisions when choosing private universities. These findings contribute to the existing literature by highlighting the aspects of marketing strategies that have the most substantial impact on enrollment decisions in the context of higher education. The results suggest that while traditional marketing variables like price and promotion may be effective in other industries, they do not carry the same weight in the decision-making process for prospective university students. This research adds a nuanced understanding to the field by showing that students prioritize factors related to the quality of educational programs, the convenience of location, the efficiency of administrative services, and the quality of campus facilities. These insights underscore the need for private universities to focus on delivering tangible and high-quality educational experiences to appeal to prospective students.

Based on these findings, private universities should prioritize their marketing strategies on the variables shown to significantly affect student decisions. Investing in the development and diversification of academic programs (product) and ensuring that the campus is located in a convenient and accessible area (place) would make the university more attractive to potential students. Additionally, improving the administrative processes to enhance student experiences (process) and maintaining modern and well-equipped facilities (physical evidence) can further increase the institution's appeal. Conversely, resources might be better spent on these impactful areas rather than on aggressive promotional campaigns or price reductions, which do not significantly influence student choice. By strategically focusing on these elements, private universities can better differentiate themselves in a competitive market and boost enrollment rates while optimizing the allocation of marketing resources.

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