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**SHARPENING YOUR STRATEGIC FOCUS
BY TALKING AND LISTENING TO THE STUDENT CUSTOMER**

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ABSTRACT

The goal of every institute should be to become the “educational partner” for every student, developing a relationship that lasts a lifetime. Customer service is at the centre of that goal. We all have ways and means of measuring customer service, but do we measure what matters? Do our customers feel they are being heard? And is the customer’s voice heard by the right people? Best practice from other sectors suggests tertiary education has much to learn. Research provides some novel and effective ways of uncovering just what students want to tell us. This paper explores the issues and shares the results of a recent pilot study in customer feedback.

SHARPENING YOUR STRATEGIC FOCUS BY TALKING AND LISTENING TO THE STUDENT CUSTOMER

For any business, the interface of three dynamics - Corporate Strategy, Staff Motivation and Customer Satisfaction - determine organisational energy and success. In tertiary education we tend to have given responsibility for the first dynamic to our senior management teams, and the second, staff motivation, to our HR area along with our departmental managers. In most institutions, customer satisfaction belongs to no one in particular. All three connect powerfully to strategic marketing and communications but the one our institutions pay the least attention to is customer satisfaction.

However, we all endeavour to measure customer satisfaction in some way or another (student satisfaction surveys are everywhere,) but in most cases we have not examined the forces behind customer satisfaction nor strategised campus-wide programmes to integrate a customer focus into our formula for success. It is time to re-examine the role of the customer in our institutions and the impact of effective customer communication on our future.

WHO IS THE CUSTOMER?

We've used the word 'stakeholder' comfortably for some years now, attempting to capture the wide range of parties who, for perhaps very diverse reasons, are interested in our operations and activities. Customers and stakeholders are not the same. Customers are the people who purchase our products and services. The most obvious group consists of our current students, but increasingly there are groups who contract services from us, (WINZ, ITOs and professional groups, MoE, schools, and national businesses and corporations for example,) and they are therefore becoming a very significant customer group.

Customers of tertiary education providers differ from the customers that Telecom, Steinlager and McDonalds have. Firstly, the purchase decision has been a high-involvement decision, requiring a very significant upfront investment with no immediate or long-term tangible return - just a fees receipt, a promise, and a hope for the future. How many other organisations can you think of that ask their customers for thousands of dollars in advance, coupled with thousands of hours of significant personal effort, all with no sure knowledge of how they are going to benefit at some unknown stage in the future?

Secondly, our customers are with us for a long period of time. (In an architecture degree it may be five years full-time). The nature of the way we teach, the level of staff-student interaction, and small classes, means that the relationship levels are on-going and interaction frequently occurring. The passage of time, coupled with the high level of ongoing customer involvement, results in a dynamic relationship where satisfaction levels are constantly changing. An annual student satisfaction survey can hardly yield an accurate result.

There is also a high level of risk relating to the purchase of our products (a programme leading to a qualification, for example). Reaching the specified goal (or an unstated and most likely changing aspiration) is the result not only of what we offer and provide, but also very dependent on the customer's input - attending class, completing assignments and so on. Our customers are also very involved in our daily work. Perhaps we should adapt the Unisys model and have on our payslips "*brought to you with the compliments of your students*".

For the purpose of this paper, the customers whom we call *students* are those on which we wish to centre our attention.

Education has developed a stance that is distant from the customer by the very nature of the traditional development of curriculum. Educationalists have known better than those they teach just what should be taught. In the tertiary sector however, it was the polytechnics, who through their vocational training

niche, developed strong links with industry and determined with industry, the ultimate customer, what was wanted. As changes occurred in the workplace, programmes were modified. Where there existed rigid regimes of policies and controls, it was relatively easy to impose this on student customer. In other words, if you wanted to become a nurse, a welder, a typist or a butcher, this is what you had to do.

THE DYNAMICS OF CUSTOMER DECISION-MAKING

The shift to a market-model of education has changed much of this, as has the realisation that first-level qualifications and skills will no longer last the length of a working life. Customers are now free to select their educational provider from an expansive range of offerings, and to make a choice which matches their own goals and aspirations, and customers expectations are extending.

Their decision-making is complex, but tends to be impacted by three influences: individual goals and aspirations, the information available to the prospective customer, and the reputation of institution under consideration. Although the timing of these phases may be hugely variable, a prospective customer generally follows through a browsing phase, a searching phase, and then finally, an applying/deciding phase. In the browsing and information gathering phase of this process a wide range of factors influences the potential customer. Advertising is but one of these and has only recently become of importance. The reason for this is two-fold. Firstly, potential customers need to be aware of the choices they have. Advertising plays a key role in drawing a potential customer's attention to the offerings in the marketplace. Secondly a customer's desire to find the right fit means that advertising communicating the brand personality of an organisation will assist a customer in the matching process - choosing an institute that matches the way they perceive themselves or how they might wish to be perceived. It can also influence perceptions of an institute's reputation.

The most powerful and yet most overlooked factor is word-of-mouth. Few would argue that this is the first action a customer takes in expressing either a state of satisfaction, or more vigorously if a state of dissatisfaction is felt. In both small and large communities, word-of-mouth recommendations are the most significant driver for choice of product or service - and that includes choosing a tertiary provider and a tertiary programme. Active, institution-wide strategies to build advocacy through positive word of mouth, expressions of loyalty and referrals would seem a sensible strategy for any tertiary institution. Yet how many of us can claim success in this field?

Our contractual customers (WINZ, ITOs etc) are bound by more formal tender processes, but when the differentiators (price, delivery modes, effectiveness etc) are deemed to be similar, the reputation of the provider becomes highly significant. And how is that reputation moulded? Word-of-mouth marketing once again is largely responsible.

CUSTOMER PERCEPTIONS

Current customers experience, observe, perceive, assume, evaluate, and judge. Behavioural psychologists¹ note that this is but a private world within a common world - a "cage in the ocean" - which is influenced by a myriad of factors. Nevertheless, the student customers' experiences and interpretation of those experiences will influence what they say to others and whether or not they will return for further business. So what a *current* student of design might say to a *potential* design student informally at a party will provide a piece for someone's decision-making jigsaw. That current design student's views of the institute, formed during their time with us, will also be highly influential in their decision to further or extend their studies with us as their career develops.

What our current customers think and feel is therefore highly influential on the role they play in promoting us. They may be a *pacifist*, an *advocate*, a *terrorist* or even a *strategist*.² Most of our formal student evaluations could not hope to uncover which of these roles a student may adopt. In

terms of our strategic direction, it is time we paused and paid more attention to the customer's role in all of this and how we can better utilise the opportunities this presents.

RESEARCHING CUSTOMER ISSUES

There is a wealth of information about customer behaviour in retailing and in services such as banking and insurance, but published research on customers in an education context is currently limited. The opportunity therefore lies in extracting the key concepts from other industries' experience and applying it where it may add value to our organisations.

Take the summary (Fig 1) overleaf from a recent article in the *American Salesman*³ The list also fits us well. It suggests that if we are to serve our customers well we must provide plenty of benefits that add value for them. Student customers are not that interested in institutional features simply because we believe they are significant. They want to be talked with, not to. They want choices and flexibility, not a one-size-fits-all approach. They want solid information and honesty, and they want us to make it easy for them to be our customer, not create walls, hoops or hurdles.

Figure 1

So what are customers looking for?

1. ***Customers expect solid information.***
Our organisations earn the respect of the customer if we provide **accurate** information that assists in their understanding.
2. ***Customers expect options***
One-size fits all has long gone. Options create dialogue and interaction. Dialogue develops relationships. Relationships build your customer base.
3. ***Customers expect single-source service***
Bundled services with a one-contact point to "close the sale" assists time-pressured customers.
4. ***Customers expect cutting-edge technology.***
Using presentation tools beyond the OH projector, using voicemail and email efficiently mean you don't find yourself behind the curve.
5. ***Customers expect superior communication.***
While our customers may not be the best communicators, they expect us to be. It's called responsiveness, feedback, updating or status reporting and it all amounts to the same thing: communication excellence. This is one instance where overkill may be appropriate.
6. ***Customers expect flexibility.***
They don't want to wait for answers and they want answers that match their needs.
7. ***Customers expect consulting***
Working with the customer before the sale to understand their needs means they'll be satisfied after the sale.
8. ***Customers expect a seamless relationship.***
They need to have a complete knowledge of your capabilities. They may currently only be involved with one facet of your organisation. You don't want them purchasing something else you could provide from others.
9. ***Customers expect new ideas.***
They gravitate toward new ideas. They want substance not puffery. And they want new ideas that benefit them. Improving your own operation with a new piece of equipment might excite your organisation but unless it provides direct and obvious customer benefit, it won't be a new idea for them.
10. ***Customers expect candour.***
Inadequate solutions to problems will come back to haunt you. You don't just sell the customer you have to win the customer too.

We may argue that tertiary education is different and some of these things aren't possible and don't work. But for those of our customers whose points of reference (the experience of families, friends) does not include a tertiary education, their only measures of customer experience come from such things as Telecom, McDonalds, and the banks they visit. By contrast, we may recall the university enrolment experiences of the sixties when enrolment days meant taking a novel and waiting in long queues. We know how much this has improved and how far we've come, but our current customers don't know these things. Their expectations of us are formed from the customer experiences they have with other service providers, the promises we promote in our advertising, and what others have told them.

STRATEGY AND CUSTOMERS

Signposts to the future are not found with current customers. The customer can comment, and often does, on *what* we are offering, *when* it is on offer, *where* we make that offer available, and *how* we offer it. But the *why* must be left to us. As Prahalad and Hamel⁴ comment, customers are notoriously lacking in foresight. Letting customers determine your future direction can therefore be downright dangerous. Seeing the future first is the strategic challenge for the leadership of your institution; it does not belong with the customer. Customer-focused does not necessarily mean customer-led.

One significant fact impacts on the link between current customers and strategy. With rapid change in every career group, upskilling will be a basic need for every economically-active New Zealander. With property no longer providing the investment opportunities it did a decade or so ago, inflation under control, and automatic salary increments a thing of the past, the trigger to an individual improving his/her financial position will come from career advancement. That will fuel the upgrading of qualifications and the acquiring of specific skills. This means that current customers may become *lifelong* customers, providing our programme offerings meet the needs of their career aspirations. This phenomenon offers a significant opportunity for tertiary institutions, as customers often may not know what career move could benefit them most, and are often confused and intimidated by the complexity and speed of change in the workplace. If our performance is such that these customers come to see us as their *education consultant* and *partner*, then we have a significant and valued customer base from which to hold our market position. In simple terms, easy EFTS.

Customer satisfaction, by its very nature is difficult and slow to change. The "heroic-effort" mentality to customer service activity might even be an obstacle to a continuous improvement programme. In general terms, satisfaction with an organisation's services and products is built by repeated customer services. In strategic terms it is a lagging indicator, not a leading one.

BUILDING AND ENHANCING RELATIONSHIPS WITH CUSTOMERS

Customerise is the word coined by Unisys⁵ to articulate their organisation's approach to customers. It begins with a prerequisite - without it everything else fails. The key Unisys has identified is **obtaining top management commitment**. It leads with a the purpose centred on customers, with a vision communicated constantly, organisational practices aligned with the vision, and role models of customer service from top management.

From there are six steps:

1. Understanding customers - *find ways to include how they think and feel*
2. Setting customer-centred strategies - *make it easy for them*
3. Cultivating pro-customer employees and strategies - *we should all have advocacy objectives*
4. Retaining existing customers - *satisfaction levels are important*
5. Gaining new customers - *include referral strategies to encourage word of mouth*
6. Using technology and measurement systems - *be seen as "leading edge"*

All of these emphasise a *relationship* with customers built on their “total student experience”. This cannot happen by chance. Relationships grow out of value, trust and dialogue.⁶ In the form of an equation, relationship dynamics look like this:

$$R = V + T + D$$

Previous research has identified that customers determine value as product quality and service quality undermined by price and customer cost (the customer effort required to do business with you.)⁷. Trust is a component that builds on the shared norms of behaviour, the rules of the organisation and system, the consistency of experience with an institution's processes and the trust which develops through experiences with specific individuals⁸. Dialogue is the communicative interaction with the customer.

CUSTOMER DIALOGUE

Communication research offers two models: monological and dialogical communication⁹. *Monological* communication focuses on the communicator's message, not on the audience's real needs. By contrast, *dialogical* communication is characterised by a relationship in which both parties have genuine concern for each other, rather than merely seeking to fulfill their own needs. The latter provides a partnership approach in which both parties feel valued, and the levels of trust are high. In other words, an effective relationship enhanced by the communicative links.

MEASURING SATISFACTION

Within our institutes we currently use a range of tools and techniques to attain customer feedback and encourage communication so we can determine levels of customer satisfaction. Measurement is useless without customer involvement. Measurement only provides numbers (valid or otherwise) but provides little clue as to why the customers are satisfied and what might be done to improve things. The potential research approaches available¹⁰ include service surveys, mystery shopping, focus group interviews, customer complaint and inquiry capture, and employee field surveys.

Researchers confirm that measuring customer satisfaction is highly subjective. Rosenberg¹¹ comments that there are many factors contributing to satisfaction that need to be measured separately to get a combined picture. Unlike other components of the business, customer satisfaction is not measured effectively by numbers although it is often presented in that way. It is not a physical fact, rather a psychological attitude which can only be observed indirectly. That makes it difficult to get a handle on. The most widely used models explain satisfaction as the degree to which the customer's experience of a product matches their expectations. This means that measurements will record a mediocre experience where there are low expectations as having the same level of satisfaction as an outstanding experience where there are extremely high expectations.

Reputation can also be a significant influence on a customer's satisfaction response as performance expectations are greater for those organisations with a high reputation.

When the results of customer satisfaction are presented to senior management the comment is often "Interesting." But the information that results from these must be more than interesting. It must be specific enough that executives take action, make decisions, set priorities, launch programmes, and cancel projects. The experts¹² say that the best service-quality information systems are built with qualitative and quantitative databases, rather than strictly the latter. Combining customer words with their numbers has synergy. The combination "produces a high level of realism that not only informs but educates, not only guides but motivates."¹³

A POSSIBLE SOLUTION: “CAPTURING THE CUSTOMER VOICE”

During October 1999, a small number of students at UNITEC and EIT were involved in a pilot project to explore different ways of receiving customer feedback, one that is more *dialogical* in its approach. In contrast to the formal Student Satisfaction surveys, which specify the items the students are to offer

feedback on, this method is open-ended.

The technique used comes from social anthropology and is coined *reflexive photography*. Several US universities have used this technique to good effect to extend the depth and insights of issues being researched.¹⁴ Reflexive photography involves providing participants with a disposable camera, a reporter's notebook and a brief. In this instance it was to capture on film things that the student really enjoyed about their experience as a student and things that they found disappointing in their experience. The notebook was to record the reason behind taking the photo and any supporting information they wished to include. The record remained anonymous

The photographs that resulted fell easily into groupings and common themes developed. The visual nature of the items was very powerful and created far greater impact with senior staff than the percentages that resulted from the quantitative Student Satisfaction Survey. The students who participated in the pilot recorded their enthusiasm for the technique. This was partly the novelty value, but also because of the way it enabled them to personalise their response. They felt empowered in their feedback and more able to focus on the positive aspects of campus life than previous surveys had allowed.

WHERE DOES IT ALL LEAD?

Understanding the drivers for customer satisfaction and what makes up "the total student experience" will significantly influence our ability to capture the potential power of word-of-mouth marketing. In doing so, we must first establish effective dialogue with our customers so that our communication builds and enhances the relationship.

Customer satisfaction is a constantly changing process; not a static goal and it cannot be achieved without a sharp customer focus. For the customer to become a focal point of institutional culture we need to follow seven steps¹⁵:

The steps are:

1. **Identify who the customer is.**

The growing number of customers in the "not-a-student" category suggests we need to pay careful attention to extending this.

2. **Talk to customers to identify major issues in satisfaction and dissatisfaction.**

In-depth, dialogical communication, which uses a variety of tools and techniques.

3. **Ascertain how widespread the issues are.**

Qualitative techniques are time intensive and so sampling is generally small. Therefore quantitative tools, such as surveys, are needed to complement the depth methods used.

4. **Investigate root causes and initiate improvements.**

This is where customers can become partners and can assist in evaluating whether or not the proposed remedies are what they are actually looking for. Causes of dissatisfaction may often be relatively minor and able to be cost effectively improved.

5. **Evaluate the results**

Steps 2 and 3 may need repeating to determine this.

6. **Institutionalise customer involvement and the measurement of satisfaction.**

This is every staff member's job. Every interaction with a customer influences his or her overall impression of us. Every body DOES have a part to play.

7. **Develop an action plan that focuses on areas that customers consider critical.**

This is not a one-time process. The flow of customer information needs to be continuous - a part of the culture. In a competitive environment, it is not only the ability to keep abreast of changing customer needs that is important, but also increasingly it is the speed with which institutions are able to adapt and respond. This will be the hallmark of the sector's leaders. Customers then become part of the

thinking in each and every organisation decision, and ultimately the source of sustainable competitive advantage and success.

With a sector as dynamic as tertiary education, our current and potential customers will vote with their feet unless we harness the potential of the customer satisfaction dynamic.

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¹¹ Rosenberg, Jarrett Five Myths about Customer Satisfaction *Quality Progress* December 1996

¹² Berry, Leonard L. and Parasuman, A.; Listening to the Customer - the Concept of a Service-Quality Information System. *Sloan Management Review* Spring 1997

¹³ p 73 *ibid*

¹⁴ Harrington, Charles, and Lindy, Ingrid *The Use of Reflexive Photography in the Study of the Freshman Year Experience*, Paper presented to AIR Forum, Seattle, June 1999.

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