Engaging first-year students through relationship marketing

Dr Maria Raciti, Faculty of Business, University of the Sunshine Coast
Ms Maxine Mitchell, Office of Learning and Teaching, University of the Sunshine Coast

Abstract

Engaging first-year students through relationships is a plausible strategy to minimise attrition with both education and marketing literature noting the important role of relationships in retention. This research examined relationship marketing (RM) focusing upon five themes, being relationship definition, relationship propensity, relationship formation, switching costs and retention intentions. The findings of a qualitative exploratory study and quantitative main study of first-year student perceptions across three regional universities generated meaningful insights that may assist institutions in their relational endeavours. It was found that students could articulate a definition of relationships, most desired a relationship with their lecturer/tutor and that these relationships were best initiated by the instructor. There are five switching costs that prevented students transferring to other institutions and the minority of students who intended to transfer to another university cited course inadequacy, a desire to live elsewhere, ‘stepping stone’ experience and other circumstantial factors as influencing their decision.

Introduction

Regional universities in today’s higher education service sector are particularly vulnerable to student loss due to increasing competition. The purpose of this research is to investigate the engagement of first-year students through relationship marketing as a possible strategy to stem attrition in regional universities in Australia. The study focused upon five relationship marketing (RM) themes, namely relationship definition, relationship propensity, relationship formation, switching costs and retention intentions. The findings of a qualitative exploratory study (n = 26) and a quantitative main study (n = 334) across three regional universities revealed useful insights into the effective implementation of relationship strategy.

Background

While factors such as the globalisation, the shift away from elitist to mass education, advances in communication and information technology, and the contemporary need for lifelong learning have contributed to changed character of today’s university (Nelson, 2003) it was the wide sweeping government reforms in 1987 that transformed the nature of universities (Marginson, 1997). The Dawkins’ reforms of 1987 set in motion the deregulation of Australian tertiary education sector, introducing domestic competition between institutions and compelling Australian universities to move toward becoming customer driven enterprises selling a newly “marketised” (Marginson, 1997), high involvement service product. The part commercialization and corporatisation of institutions today has meant that the academic enterprise is fast becoming an accomplished fact (Symes, 1996). Today, a user-pay culture prevails in an effort to share the financial burden of the provision of university education and this in turn has required universities to be more transparent, accountable, quality assured and performance oriented (Parker, 2004).
Larger class sizes that are diverse in terms of student ability, motivation and cultural background, increasing staff-student ratios and student cohorts that demand more time and answerability, clarity and justification within the assessment process have become the norm in Australian universities (Griggs, 2005). For these reasons, excellence in teaching is crucial and, indeed, teaching quality has become a valuable marketing tool for universities (Biggs, 2003) especially regional institutions that are prone to high first-year student attrition (Sharpham, 1997).

Regional (or new) universities were granted university status post-1986. Founded in regional locations such institutions are faced with the additional challenge of comparatively lower university participation (Stevenson, Maclachlan & Karmel, 1999), attracting large numbers of mature-age students, fewer school leavers and more first generation higher education families (Marginson & Considine, 2000). Unable to compete in size, large-scale employability and research, regional universities emphasise access, customer friendliness, regional factors and teaching quality (Marginson & Considine, 2000). With a junior standing, they market themselves harder to enhance their status (Marginson, 1997) and, importantly, to retain their students (Sharpham, 1997).

The importance of retaining first-year students has been investigated in the higher education literature from a number of different perspectives including sociological, educational, psychological and psychoanalytical slants (Lawrence, 1971). First-year student retention remains a complex issue that has long been a concern for universities worldwide. Student drop out, or attrition, is greatest in the first year of study with up to 30% of students considering withdrawal during this time. Within the first year there are two critical times, around HECS census dates, that students’ assessment of their continuation is heightened. If students are retained beyond their first year, their subsequent dropout is low (Blunden, 2002).

A focus upon engaging first-year students through relationships with their lecturer/tutors is a plausible strategy for regional institutions to embrace in the current higher education sector. Both the education literature and marketing literature address relationships. Within the higher education literature, good teaching is best defined in terms of helping students to learn (Prosser & Trigwell, 2002). A key aspect of good teaching is the forging of relationships between students and their lecturer/tutor. From the student perspective, the importance of a relationship connection with their teacher is considered advantageous to their academic success (Parker, 2004). Engaging students in a relational learning experience can be achieved where the lecturer/tutors perceptions and understanding of learning and teaching allies the students’ perception and experiences of their learning environment (Prosser & Trigwell, 2002). The quality of the relationship between the student and teacher is important. Interest in the students, help with difficulties in understanding, using teaching devices that encourage students to make sense of the content, creating a climate of trust, a proper balance between structure and freedom, and conscientious, frequent and extensive feedback on assignments and other learning tasks are the aspects of teaching that builds a connectedness between the student and teacher (Ramsden, 2003). Overall, good teaching includes engaging students in a relational learning environment with curriculum and pedagogy that has been conscientiously shaped by the teacher to align with the perspective of the student (Marton, Hounsell & Entwistle, 1997; Parker, 2004; Prosser & Trigwell, 2002; Ramsden, 2003).

In the marketing literature, RM is defined as the proactive identification, creation, maintenance and enhancement of interactive, desired, satisfactory, mutually beneficial and
strong relationship-based exchanges over time (Harker, 1999; Morgan & Hunt, 1994). RM is concerned with customer retention through collaborative and cooperative relationships with existing and potential customers (Berry, 2002; Grönroos, 1990; Gummesson, 1987; Jackson, 1985). RM is a plausible strategy for higher education services to embrace for the following reasons:

- RM is most useful in contexts where intangibility and inseparability create a necessary interpersonal aspect (Barnes, 2001).
- RM is suited to service organisations vulnerable to customer loss due to intensifying competition where the customer controls the selection of the supplier (Berry, 2002).
- RM is thought to be effective for personal, high involvement services in which the customer participates in frequent face-to-face contact and two-way communication with the organisation itself and/or contact persons representing the organisation (Barnes, 2001; Crosby & Stephens, 1987).

The focus of this research is to investigate the engagement of first-year students through relationship marketing as a possible strategy to stem attrition in regional universities in Australia. The following five RM themes are of interest.

Theme 1 is defining relationships. No commonly accepted definition of RM exists. RM remains a somewhat ambiguous, non-specific and ill-defined phenomenon and as a result, there is some confusion about what RM represents (Bagozzi, 1995). Relationships between customers and an organisation remain multi-faceted and context dependent (Holmlund & Törnroos, 1997). This being the case, the subjective nature of relationships deems the customers’ perspective paramount in defining relationships (Barnes, 2001; Fournier, Dobscha & Mick, 1998). For this reason, this research aims to generate a definition of relationship with the first-year students sampled in the exploratory study, and this definition will underpin the quantitative main study.

Theme 2 is relationship propensity and theme 3 is relationship formation. Relationship desire is the customer’s relational propensity to engage in relationships with organisations and that these relationships with organisations are wanted, appealing and desired by the customer (Arnold & Bianchi, 2001; Noble & Phillips, 2004; Sheth & Parvatiyar, 2000). Some customers are more likely than others to desire a relationship with an organisation, even when the necessary conditions to facilitate a relationship are in place (Sheth & Parvatiyar, 2000). Amongst those who desire a relationship there is considerable variation as to the type, or intensity, of relationship that they seek with a particular organisation and some may not want a relationship at all (Arnold & Bianchi, 2001; Barnes, 2001; Levitt, 1991).

For a relationship to exist, it must be acknowledged by both parties, with the mutual recognition of the relationship implying that it is perceived to be of value (Fournier, Dobsha & Mick, 1998; Zolkiewski, 2004). The length of patronage not necessarily indicative of relationship desire (Petrof, 1999). Customers may desire a relationship in certain service situations. Where services are of a high involvement, continuing and personal nature, are characterised by heterogeneity, high perceived risk and product complexity, customers may desire a relationship of greater magnitude (Levitt, 1991; Sheth & Parvatiyar, 1995), such as Australian higher education services. To date, there is limited research on relationship propensity and relationship formulation (Beatty et al., 1996).

Theme 4 is switching costs. Switching costs are barriers that make it difficult for customers to enter into or exit from a relationship with an organisation (Pels, 1992). Genuine relationships,
however, are voluntary relationships and therefore, the creation of switching costs by way of locking in customers is misguided (Roberts, Varki & Brodie, 2003). Customers may resent the organisation for constructing such exit barriers and are unlikely to generate the benefits accrued to a true relationship proposition (Barnes, 2001). As organisationally constructed switching costs are not apparent in a higher education setting, relationships are voluntary and genuine in nature. As such, switching costs that do prevail are unknown and possibly relate to personal circumstances.

Theme 5 is retention intentions. Customer retention is the foundation of RM (Jackson, 1985). The principle focus of RM is to enhance customer retention by advocating a shift in focus from attracting new customers and taking existing customers for granted, to retaining current customers and fostering repeat business (Barnes, 2001). Relationships represent an important asset to the organisation (Levitt, 1983; Roberts, Varki & Brodie, 2003) and are thought to be created through a series of accumulating episodes and ongoing exchanges (Gummesson, 1987; Wong & Sohal, 2002). As such, the development and maintenance of long-term collaborative and cooperative relationships with existing and potential customers represents a proactive customer retention strategy (Berry, 2002; Gummesson, 1987; Jackson, 1985; Parvatiyar & Sheth, 2000). As retention behaviour is difficult to measure, customers stated retention intentions can be used as a measure of their retention behaviour (Fishbein & Ajzen, 1975). This being the case, this research is concerned with the retention intentions of students to remain at their current institution at two points in time, a) the commencement, and b) the conclusion of their first year of study.

Method

Data collection was from first-year students at regional Australian universities. Specifically, this research investigated the relationships that Business students formed with their lecturers/tutors during their first year of study at three regional Australian universities. A two-stage methodology was applied. The Stage 1 exploratory study employed interview and focus group methods. This exploratory study comprised of six in-depth interviews and three focus groups. The interview research was undertaken prior to the focus group research and consisted of three male and three female full-time, internal, undergraduate, first-year, Australian Business students enrolled at a regional university. They were of a variety of ages and backgrounds including direct school leavers and mature aged students who gained entry to university via a variety of methods including standard high school QTAC entry, bridging courses and mature aged entry.

The focus group research followed the interview research and served to confirm the interview research findings and identify additional relational constructs. Focus group participants were recruited through lectures. Once screened for eligibility, a total of 26 eligible participants were recruited for three focus group sessions with 20 presenting on the day for the actual focus groups. Eight male and 12 female respondents participated in the focus groups with a broad range of age groups represented. The findings of the exploratory study are included in the discussion of the results of the research.

Next, the Stage 2 main study was the administration of a quantitative questionnaire. Using a two-stage sampling process, the questionnaire was administered at three regional universities. Due to privacy concerns of the participating universities, the questionnaire was administered in a lecture or tutorial component of a first-year course. Screening questions at the beginning of the questionnaire ensured that only those students in the required sample frame completed
the questionnaire. Business students sampled were Australian, full-time, undergraduate and first-year students. Furthermore, only internally enrolled students – students who are on-campus and participate in face-to-face teaching – were sampled. A useable sample of 334 responses was collected, representing a response rate of 80.3%.

**Measures** had to be developed specifically for this research, using guidelines recommended by Churchill (1979). The definition and domain of the constructs, and their dimensions were specified through a literature review with a list of items generated from both the literature and qualitative research (Stage 1 exploratory study). Multiple item measures were used and a pilot study allowed for refinement with the main study data was deemed reliable and valid following assessment. Items were measured on five-point scales where 1 = strongly disagree and 5 = strongly agree.

**Findings and conclusions**

For **Theme 1, defining relationships**, the exploratory study participants developed a definition of relationship that was included in the main study questionnaire.

A relationship is a connection or a bond between two or more people. Relationships are not only romantic. There are many different types of relationships, such as business or professional relationships and relationships based upon respect. Relationships are subjective, can change over time and they can be good (harmony), bad (conflict) or absent (no perceived relationship). Good relationships require the willingness (or effort) of both participants and should provide benefit(s) to both parties.

Relationships involve trust, honesty, respect, rapport, supportiveness, loyalty, shared experiences and common interests. These factors are usually present in good relationships and usually absent in bad relationships.

The conclusion drawn about **Theme 1** was that with the absence of a context-specific definition of relationships in the literature, it was of heightened importance to articulate the parameters of how first-year students viewed relationships. The ill-definition of relationships has been considered a factor in the poor operationalisation of RM (Fournier, Dobsha & Mick, 1998). In addition to this theoretical implication, the definition developed from the exploratory study of this research provides a practical framework for regional universities to design an effective student-centred RM program.

For **Theme 2, relationship propensity**, it was found that, with the exception of one participant (3.8%), in the exploratory study, first-year students were willing to participate in a relationship with their lecturer/tutor. In the main study, students who felt that they had not formed any relationships with lecturers/tutors (n = 18, 5.4%) were identified and profiled as:

- **Demographics.** Predominantly female (n = 11, 61.1%) between the ages of 18 – 23 years (n = 13, 72.2%); they largely lived at home (n = 12, 66.7%) and were attending university for the first time (n = 15, 83.3%). They were currently enrolled in their first preference university (n = 14, 77.8%) with most reporting an OP Score between 11 and 15. Upon commencement of their current degree, they had planned to complete their degree at their current institution (n = 15, 83.3%).
- **Institutional integration.** Non-relationship respondents considered the difficulty of the degree to be as expected (n = 15, 83.3%). The degree had met their expectations (n = 7, 38%) or was slightly better than they had expected (n = 6, 33%) it would be. Administrative difficulties were very few (n = 5, 27.8%) or none at all (n = 5, 27.8%).
- **Social integration.** The majority lived at home during their first year of study indicating that they were locals of the institution prior to their enrolment. Upon commencement, most
did not know anyone else who was in the same degree as they were (n = 10, 55.6%). Most made friends at their current university (n = 8, 44.4%), however they tended to maintain friendships outside of the people whom they attended university with. Five respondents (27.8%) indicated that they had few friends at university and six respondents (33.3%) indicated that most of their friends attended the same university. A cross tabulation of the living arrangements and proportion of friends attending the current university did not indicate that those who lived at home had a greater tendency to have few friends at university (due to less social interaction after class).

- **Relationship desire.** Non-relationship respondents were indifferent or unsure of forming relationships with their lecturers/tutors with the median and mode of three (on a five-point scale) for desire (n = 11, 61.1%), want (n = 10, 55.6%) and appeal (n = 11, 61.1%) of forming relationships with their lecturers/tutors. Only one respondent indicated no desire to form a relationship.

The conclusion of Theme 2 was that while most students desire a relationship with their lecturers/tutors, there are a few who do not desire such relationships. With no studies of non-relational customers in the marketing literature, this finding represents an important contribution to RM knowledge. For this study, the small group of non-relationship students were predominantly female, between the ages of 18-23, living at home, attending their first preference university and attending university for the first time. Non-relationship students were indifferent about forming relationships with lecturers/tutors. Practically, this profile is advantageous to regional universities embarking on a RM program as they will be able to identify those students who are not as prone to relational engagement.

Regarding Theme 3, relationship formation, the exploratory study found respondents relationship with the university was reflective of the people they interacted with, which included administration staff, friends/students and lecturers/tutors. However, lecturer/tutor relationships have the greatest impact upon students’ perception of their university relationship as a whole, as 1) students have greater day-to-day contact with lecturers/tutors; 2) the lecturers/tutors assessed the students; and 3) the lecturers/tutors deliver the courses. Respondents reported lecturer/tutor relationships were considered one-way (with the lecturer/tutor showing an initial willingness to form relationships) until the student reciprocated, thus making a two-way relationship. Lecturer/tutor relationships were formed through class interaction, including asking for help or constant attendance to classes. One-to-one consultations were considered a more personal interaction that built a stronger relationship.

In the main study, relationship formation was tested using two measures. The first question asked ‘how do the majority of your relationships with lecturers/tutors seem to form’ (mean = 2.37, StDv = 0.95) indicating that respondents felt relationships ‘happened’ with only a minor effort on their behalf to consciously pursue the relationship. The second question asked, ‘do you introduce yourself to your lecturers/tutors at the beginning of the semester in order to form a relationship with them?’ (mean = 2.03, StDv = 1.00). Results indicated respondents tended not to introduce themselves to their lecturers/tutors at the beginning of the semester in order to form a relationship with them.

It was concluded for Theme 3 that this research provides an improved understanding of first-year student’s relationships with their lecturers/tutors as little is known about relationship formation (Beatty et al., 1996). From a practical, classroom perspective, students’ relationship with their lecturers/tutors best reflects their relationships with the university as a whole and
most students desire a relationship with their lecturers/tutors. Relationships are best initiated by the lecturer/tutor, and students regard class attendance, class participation and one-to-one consultation respectively as relationship building interactions. An awareness of such nuances will allow for more effective relational engagement strategies to be enacted.

Examining Theme 4, switching costs, the exploratory study found five groups:

- **Grades**: students were inclined to remain at the same institution as they were receiving good grades.
- **Closer to home**: the institution was in their home town or close to their home town and as such it was convenient, familiar, safe, and they had friends there.
- **Cost of living**: it was less expensive than of that perceived in a larger city and some students were able to stay at home, thus making higher education affordable.
- **Inertia**: there was no reason to change having already commenced their degree.
- **Current employment**: some respondents had jobs that held future potential for them.

Based upon the exploratory study, five questions in the main study quantitative survey probed perceived switching costs. ‘Closer to home’ (mean = 4.14, StDv = 1.27) reported the greatest impact upon retention intentions, followed by ‘grades’ (mean = 3.91, StDv = 1.11); ‘current employment’ (mean = 3.40, StDv = 1.67); ‘cost of living’ (mean = 3.38, StDv = 1.43) and ‘inertia’ (mean = 3.30, StDv = 1.36) respectively. A one-way ANOVA was performed to determine the statistical significance of the difference between the switching costs’ means of the three institutions finding that the means for ‘grades received’ (p = 0.170), ‘close to home’ (p = 0.722), ‘cost of living’ (p = 0.635), ‘inertia having commenced’ (p = 0.175), and ‘current employment’ (p = 0.817) were not statistically different at p<0.05.

From the findings, it was concluded that for Theme 4 there were five key switching costs that encourage student retention. For the voluntary and genuine student-lecturer/tutor relationships that prevail, barriers to exit were unknown prior to this study. As such, the findings of this research contribute to RM theory. Switching costs represent barriers to exit (Pels, 1992) for first-year students and this research found that: 1) staying in their hometown; 2) achieving good grades; 3) the cost of living; 4) inertia having commenced; and 5) current employment in a good job influenced students’ decision to remain at their current university. Importantly, these switching costs were not statistically different across the three regional universities, thus they represent barriers common to first-year students regardless of institutional idiosyncrasies.

For the final Theme 5, retention intentions, the exploratory study found that although not necessarily in their first preference degree, the university was the first preference for the vast majority of participants. The majority planned to complete their degree at the university, and those who had considered transferring to another institution cited better career opportunities, including employment while studying. A small group of respondents had intended to transfer to another institution upon commencement and as such, their current degree represented a ‘stepping stone’ experience that would allow participants to enhance their OP Score and permit them entry to their preferred university. Additionally, it allowed them to save money to enable them to move to a new location, and this was a trial university experience that would better prepare them for attending a larger institution.

In the main study, respondents intentions to transfer at the commencement of their course was investigated with 290 (86.8%) intending to complete their degree at their current university with 44 (13.2%) intending to transfer. Next, respondents were asked of their present retention intentions, at conclusion of their first year. It was found that the majority (n = 241, 72.2%)
had decided to remain with their current university, while 30 (9.0%) were intending on transferring to another institution. The remaining 63 (18.9%) were undecided.

A third measure of retention intentions was an open-ended question in the test instrument that aimed to identify ‘stepping stone’ students who had consciously planned to transfer at the end of their first year. The question stated: When you first began your current degree did you plan to complete it at your current university? On a dichotomous scale, 44 respondents who indicated ‘no’ and were asked to explain why, with 43 providing a reason in the open-ended section. Analysis of the statements were categorised into four major themes:
- Course inadequacy (n = 7, 16.27%) in that the current course did not offer the major desired, campuses only provided the first year of a degree and there was limited subject choice.
- The desire to live elsewhere (n = 14, 32.55%) including to live closer to home, to move away from home, to move to a preferred city or as the family were moving were cited.
- For 15 (34.88%) respondents there was a stepping-stone intention. Additionally, to these respondents, their current circumstances were perceived as a transition period to save money and better prepare them for attending another institution.
- Other reasons included (n = 7, 16.27%) the ambition to grow and move on to ‘bigger and better things’, a changes in circumstances and an uncertainty in their degree choice.

The conclusion drawn for Theme 5 was that most students had planned to complete their degree at their current university upon commencement of their degree and had no intention to transfer at the end of their first year of study. This perhaps reflects that most students were attending their first preference university. For the small number of students who were intending to transfer they cited course inadequacy and a desire to live elsewhere as reasons. Many of the reasons appeared circumstantial and not institutionally based which indicates that a natural attrition rate of first-year students is to be expected by regional universities. This expectation of natural attrition was not prominent in the education literature.

Limitations and directions for future research

This research was limited to a cross-sectional study of the perspectives of a specific student segment at three Queensland based regional, publicly funded universities using a self-administered questionnaire. Fruitful areas of future research include exploring other student segments at private universities and from the perspective of lecturer/tutors.

Summary

Despite the acknowledged limitations, this research provides some useful and meaningful insights for engaging first-year students through relationship marketing at regional universities. It was found that students could articulate a definition of relationships, most desired a relationship with their lecturer/tutor and that these relationships were best initiated by the instructor. There are five switching costs that prevented students transferring to other institutions and the minority of students who intended to transfer to another university cited course inadequacy, a desire to live elsewhere, ‘stepping stone’ experience and other circumstantial factors as influencing their decision. The understanding of students’ perceptions of their relationships with their lecturer/tutors generated by this study is an important step toward the implementation of an effective relationship marketing strategy as a sustainable mechanism to stem the attrition of first-year students at regional universities.
References


