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Competition and marketing practices: a study of business management institutes

Iftikar M Naikwadi¹, N.M .Makandar² and Palanvelu³

¹Karpagam University Coimbtore, 29/4 Rasulpur, Main Cross, Dharwad 58000, Karnataka, India

²Anjuman Degree College, Near Bus stand, Dharwad 58000, Karnataka, India

³Controller of Examination, Karpagam University, Coimbatore, TamilNadu, India.

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ABSTRACT

The paper attempts to determine impact of competition on marketing practices. Specifically the research paper attempts to find out whether institutions providing business management education today should be marketing oriented? How does marketing efforts of institutions providing business management education have undergone a change in terms of spending on Advertising, Spending on Public Relation activities, Spending on Faculty Development and Training, Brand building Activities over last 5 years. Finally the research paper makes an attempt towards finding out the level of marketing activities being practiced by the institute

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Introduction

Philip Kotler and Sydney (1969) in their article questioned the thinking that marketing is merely a business activity. They are of the opinion that politician seeking vote, colleges seeking placement of students, an NGO raising fund all these are examples of practicing marketing. As claimed by Kotler and Levy, (1969 a, b) the scope of marketing was successfully broadened to include universities and other non-business organizations and many other marketing academics have since then kept on highlighting and discussing the benefits of applying marketing to services in general.

With world becoming global village on account of Liberalization, Globalization and Privatization phenomenon markets for almost all products and services are growing smaller and education services are no exception. Competition from the hundreds of private educational institutions that have come about in the last 10 years or so. With increasing competition, educational institutions would apply all the marketing principles feels Najmuddin Shaik, "the advertising we will see will be more focused on addressing the needs of the students"⁴. To survive in this competitive environment, educational institutions need to consider implementing relationship marketing strategies to promote student retention, encourage recruitment and enrollment of new students, and build long-term relationships with students. To survive in this competitive environment, educational institutions need to consider implementing relationship marketing strategies to promote student retention, encourage recruitment and enrollment of new students, and build long-term relationships with students. Mass marketing alone may not be useful in building and maintaining a long-term relationship with the students. Strategies based on transactional marketing result in low student retention rate. Mass marketing could prove ineffective in developing long-term relationship.

A review of literature

There is little doubt that business education is big business across the world. It is estimated that the global corporate

education and training market is around US \$ 65 Bn (Friga, Bettis and Sullivan 2003). It is growing at about 10-12% per annum. Since the market is lucrative and entry costs are relatively low, there is continuous growth and new entry. As competition is increasing the reputed schools are globalizing and branding their products. There are more than 2000 B-schools in India where students pay a huge sum hoping to find their dream career. Unfortunately, most of these schools (beyond the Top 100) are actually running with just 20 to 40 per cent placements. Remaining students leave the campus either without a job or end up working on some low skill base job.

Most college owners complain of not being able to fill their capacity despite investing on college infrastructure and startup costs. And those that are able to fill capacity often have to start admitting almost anyone who applies, starting a vicious cycle of poor input leading to poor placements, leading to still poorer inputs in future years.

As phenomenon of Liberalization, Globalization and Privatization has resulted into increased competition in virtually every sector of economy, discussing the role of marketing in the era of rising competition (Gibbs, 2002) noted that "most educational institutions now recognize that they need to market themselves in a climate of competition". Marketing is increasingly essential to business management institutions (B-Schools) as they are striving to survive and compete in a crowded marketplace, where new education providers with deep pockets are constantly entering the scene. Skilful marketing strategies can help maintain and increase market share, change or improve a program's image, and create public awareness Beesley and Doyle (2002) recorded.

According to the National Sample Survey for 2003, per capita expenditure on education rose from 1.2% in 1983 to 2.4% in 1993, 2.8% in 1999 and 4.4% in 2003. The growing spending by higher education institutions has provided an opportunities for media, as print media launched special vehicles to capture this ad spending, today most English language dailies have

supplements and some language papers have also jumped on to the bandwagon.

Research objectives

This study intends to look into impact of competition on marketing practices of business management institutes located at Dharwad, Gadag and Belguam districts in Karnataka state. Further the study aims to determine whether institutions providing business management education today should be marketing oriented? In order to achieve these objective following workable objectives have been set.

1. To study impact of competition on marketing orientation of business management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.
2. To find out how does marketing efforts of institutions providing business management education have undergone a change in terms of spending on Advertising and Public Relation activities, over last 5 years among management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.
3. To find out how does marketing efforts of institutions providing business management education have undergone a change in terms of Spendings on Faculty Development & Training and Brand building Activities over last 5 years among management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.
4. To measure the level of marketing activities being practiced by the institutions providing business management education.

Research methodology

For the purpose of the study, institutes offering business management programmes (MBA / PGDBM) were selected. The 20 management institutes were selected for the purpose of the study which are in existence for more than 5 years. Data was collected by distribution of questionnaire randomly to 20 people heading the business management institutes and who are known with designations as varied as administrators/ deans/ head of department/ director/ principal/coordinator etc. additionally interviewing was also carried out to solicit verbal feedback from selected sample units. These management institutes are located in Dharwad, Gadag and Belguam districts in Karnataka state.

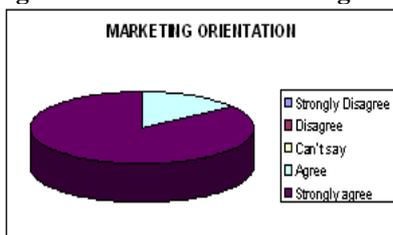
Data analysis

Objective 1: To study impact of competition on marketing orientation of business management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.

Question: Institutions providing business management education today should be marketing oriented in the light of growing competition?

- a. Strongly Disagree
- b. Disagree
- c. Can't say
- d. Agree
- e. Strongly agree

Figure 1- : Need for marketing orientation



From the analysis it is visible that 85% of respondents are of the view that institutions providing business management education today should be marketing oriented in the light of growing competition. Which indicate that the level of competition is growing among Institutions providing business management education. This has resulted into increased feeling among these institution to become marketing oriented.

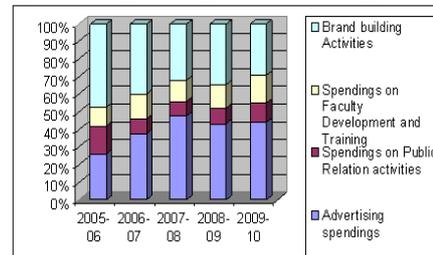
Objective 2 : To find out how does marketing efforts of institutions providing business management education have undergone a change in terms of spending on Advertising spending and Spending on Public Relation activities, over last 5 years among management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.

Objective 3 : Find out how does marketing efforts of institutions providing business management education have undergone a change in terms of Spending on Faculty Development and Training, Brand building Activities over last 5 years among management institutes located at Dharwad, Gadag and Belguam districts in Karnataka.

Question for objective 2 and 3 : Kindly mention how does your marketing efforts have undergone a change (if any) in terms of spending on following areas of marketing (please provide in terms of % increase or decrease if exact numbers are not available assuming 2004-05 as base year)

Analysis

Figure-2: Spending on marketing efforts



From the above analysis it is evident that the marketing spending in terms of advertising, faculty development, public relation activities and brand building activities is on rise among institutions providing business management education. The average spending on advertising has been increased by 22.8% over last 5 years. And the average spending on public relations related activities has been increased by 5.3% over last 5 years. Similarly the average spending on faculty development and training has been increased by 7.4% for the same period and the average spending on brand building activities has been increased by 18.4% over last 5 years. This reflects advertising and brand building are the key areas of focus for the business management institutes to face competition effectively.

Objective 4: To measure the level of marketing activities being practiced by the institutions providing business management education.

Question : Please specify the level of marketing activities being practiced by the institute. Please indicate (Tick) the appropriate answer and then elaborate on that below.

- a. Little or No Marketing: (Institute do not know purpose of marketing activity in context of their Institute)
- b. Implicit or simple marketing: (Institute do undertake marketing activities but it is fragmented)
- c. Explicit and Sophisticated marketing: (Coordinated, integrated program of marketing with clear purpose and objective)

Figure-3: Level of marketing activities practiced



As far as level of marketing being practiced among business management institutes it was found that the whopping number that is 74% of the institutes are quite sophisticated in terms of level of marketing being practiced. Where as 6% feels they do little or no marketing. This indicates that there is growing trend among majority of business management institutes towards adopting sophisticated marketing practices.

Conclusion

From the data analysis it is evident that the level of competition is growing among Institutions providing business management education. This has resulted into increased feeling among these institution to become marketing oriented. The average spending on advertising has been increased by 22.8% over last 5 years. And the average spending on public relations related activities has been increased by 5.3% over last 5 years. Similarly the average spending on faculty development and training has been increased by 7.4% for the same period and the average spending on brand building activities has been increased by 18.4% over last 5 years. This reflects advertising and brand

building are the key areas of focus for the business management institutes to face competition effectively. There is growing trend among majority of business management institutes towards adopting sophisticated marketing practices.

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Table-1: Need for Marketing Orientation

Strongly Disagree	Disagree	Can't say	Agree	Strongly agree
-	-	-	15%	85%

Table-2: Spending On Marketing Efforts

	2005-06	2006-07	2007-08	2008-09	2009-10
Advertising spending	5	16	28	29	36
Spending on Public Relation activities	3	3.5	5	6	9
Spending on Faculty Development and Training	2	6	7	9	13
Brand building Activities	9	17	19	23	24
Any other (please Specify)	-	-	-	-	-

Table-3: Level of Marketing Activities Practiced

Little or No Marketing	Implicit or simple marketing	Explicit and Sophisticated marketing
6%	20%	74%