

ENROLMENT CHALLENGES IN HUNGARIAN HIGHER EDUCATION MARKETING – A CASE OF A BUSINESS AND ECONOMICS FACULTY

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Abstract

In today's Hungarian higher education market, more and more Universities, especially Faculties of Business and Economics are challenged by the fact that previously applied enrolment methods do not generate sufficient level of applications among secondary school students. Due to the new education policy of the Hungarian government they are facing a drop in demand and financial risks. This paper identifies various factors that influence secondary school student's University application and selection decisions. Their preferences have been basically re-ordered because of the new external conditions. As a result, based on an empirical research, we highlight new directions for marketing communication initiatives aiming at achieving and recruiting students more effectively.

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1. Introduction, higher education marketing

In recent decades, the intention of using marketing orientation has spread, after many, in the field of higher education as well. Marketing usually begins to be essen-

tial when an organization plans strategic changes or faces serious threats regarding the diminishing resources, uncertainty of the demand or high competition. These factors highly characterize today's Hungarian higher education system. Now it is unambiguous that the subsistence and development of institutions are depending on adaptation to the outside requirements, the forces of micro and macro environment and their changes. (Pavluska; 2010) Now, in response to these, the value, effectiveness and potential benefits of using marketing, being effective in the business world, are applied by many universities: with a view to gaining competitive edge, a larger share, winning the potential students and keeping the existing ones.

According to Hayes (2007), the higher education marketing emerged in the mid-1980s as an offshoot of the field of health care marketing. At that time, many marketers of higher education were focusing on its being a physical product, but gradually they came to understanding that it is a service (Rekettye; 2010), as the education is people based and there is a high importance of relationships with all the stakeholders. Kotler and Fox were the first ones defining higher education marketing in 1985, stating that it is "the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with a target market to achieve organizational objectives." (Kotler & Fox; 1995, 6) Marketing in this term involves designing offers that meet the given needs, using effective prices, communication and distribution to inform, motivate and serve these markets. (Hemsley-Brown & Oplatka; 2006, Filip; 2012)

By applying specific research marketing tools, the University is able to identify the real needs of all stakeholders, that are, according to Kotler and Fox (1995), current and prospective students, faculty, parents of students, administration and staff, alumni, suppliers, competitors, government agencies, business community, mass media, foundations, trustees, accreditation organizations, local community and general public. Research marketing tools can provide indispensable information in some cases, as the behavioral changes of students, for example, have to be considered not only during its functioning but also in the phase of developing an identity of the institution. For that, the behavior, reactions, motivations and role (and changes of all listed) of the numerous stakeholders have to be monitored continuously. (Törőcsik, 2010) Besides that, researches can be useful in case of a possible goal of having a sustainably good reputation of the University, or improvement of its current, possibly harmed image, gaining quality information regarding its offers, programs, tutors, or the opportunities of getting a better appeal, higher loyalty of ex-students or even their support. (Kuráth, 2010)

After a long way of adaptation, today's Universities are both forced and willing to highly accept and practice principles of marketing.

2. Research objective and methodology

The conducted exploratory empirical research consists of three main parts. Firstly we focused on secondary research with the aim to reveal main challenges (e.g.: unpredictable demand) due to the new education policy of the Hungarian government. The other goal was to briefly present currently applied enrolment methods of a well-known Business and Economics Faculty. On the basis of the secondary research we conducted a primary research that consists of two main parts: a qualitative and a quantitative method. As qualitative technique we used 10 in-depth interviews with parents whose children are 11th or 12th class students (before last or last year students) and think of applying to a higher education institute. Another 6 in-depth interviews were conducted with secondary grammar school form masters and further education consultants. Beyond in-depth interviews we conducted two psychodrama groups with 7-7 first year students, who made decisions in similar circumstances a year before. The objective of these interviews and psychodrama groups was to discover main decision habits and questions arising for the quantitative research. We focused primarily on insights in the decision-making process as well as on parents' and first year students' different initiatives. Based on the results of these qualitative parts an online questionnaire (CAWI) was compiled. The objective of this quantitative research was to reveal secondary school students opinions and habits in connection with higher education, University selection methods and decision-making process. Main topics of the survey covered the following fields: demographics, including study related information; information gathering habits; ways of spending time; higher education expectations; main stations of their decision-making process and interest towards current enrolment initiatives. We reached 262 respondents with a judgement based sampling method considering strategic potential target audiences of students. This implies that our quantitative part of research is not representative for the given population and can only be regarded as an exploratory survey. We used SPSS statistics software to analyse data.

3. Secondary research results

In order to realize macro-environmental effects we conducted a brief STEEP analysis. Along major social trends in Hungary the South Danube region faces as

well a decline in the number of population. In this manner the number of youngsters in their 18th year was altogether 5 578 women and 5 886 men in the region and in the city of the given Faculty this means respectively 811 and 895 in 2011. Simultaneously the number of the population of 15-17 year old men and women decreased between 14-15% compared to 2006 (KSH 2012). Altogether 15 136 students handed in first ordered application to bachelor level degree programs in the field of Business and Economics studies in 2012, which is 10 166 less than a year before. The given University Faculty received 544 applications in 2012, which means approximately a 46% drop. Considering the most important technological trends we have to highlight the rapidly increasing penetration rates of the Internet and IT devices, services between the younger generations. Along with this e-learning opportunities and new technology driven solutions emerge in higher education as well as new challenges rise addressing enrolment marketing communication methods. Out of major economic trends net income and price levels play a vital role. Although statistical data shows an average increase in net income by 2% (in Baranya County only 1,7%), inflation reached a 5,7% average growth rate in 2012. Student loan opportunities have been expanded and two major offers exist. One is a general purpose credit (6% interest rate), the other can be spent only for tuition fees (2% interest rate), and both have to be paid back after getting a job out of the salary. Ecological effects have an indirect influence, basically as new regulations arise towards every institution. The given Faculty means a leading-edge due to the adaption of blue economy values and approaches. Political and legal measures have the most important direct effects in today's higher education market. Actions of the education reform indicated major changes in the funding system of Universities (the state is decreasing available sources), and the introduction of tuition fees instead of state financed studies means a real market shock. In this regard volatility (overwriting of previous political decisions in 1-2 weeks) is enormous, and created an unpredictable future for student expectations. Demonstrations against reforms took place on a daily basis. As a result students applying to Business and Economics BA degree programs reaching more than 460 points out of 500¹ do not need to pay a tuition fee, but everyone else has to, which is approximately an amount of at least one and a half of the current monthly Hungarian average net income in a semester (half year time). Beside this, students receiving state funding have to sign a contract in which they agree to work only in Hungary after getting a degree for twice as long

¹ 200 points depend on previous studies, 200 points on graduation degree and 100 points on extra activities, extraordinary sport performances, language certificates, etc.

as the duration of their studies. As well as, if students are not able to finish their studies within 1.5 times more than it is stated in the educational requirements, they have to pay back 50% of the received public funds raised by a certain interest rate.

Beside macro-economic effects we have to sum up previous marketing communication efforts of the given Faculty. These can be addressed as a 360° communication strategy, building on the advantages of both ATL and BTL media. It is timed to the application period starting from November ending in February or early March. It is partly dependent on the success of the communication campaign initiatives for the University level and not just for the Faculty level. Print advertisements appear in a Hungarian weekly economic journal. Daily local and regional newspapers are used as well for image communication purposes. Main messages focus on scholarship opportunities, high quality of education and international study possibilities. Compared to ATL, BTL mediums in previous campaigns have been diverse. One of the main “drivers” is a “roadshow” which takes place in every targeted secondary school in the catchment area. Brochures are handed out, personal conversations can take place at a well organised display stand and specialties can be won when someone fills out a questionnaire. Direct emails are sent to head of schools, form masters and further education consultants. An important and well attended event is the open day at the Faculty. Banners can be found on major educational portals. Beside this the web page is the main information provider for interested high school students and their parents. As well as a Facebook profile has been created to enhance conversation opportunities between potential students, their influencers and the Faculty.

Regarding marketing communication another important information source is the result of the annual standard PAPI questionnaire of the central marketing department of the University. We briefly summarize some important results of this survey. 56,2% of the 1 674 respondents plan to apply to a BA degree program, 24,4% to vocational education programs at universities and 18,8% to traditional (5-6 year long, ungraded) programs. But 39,7% of the respondents will not apply in this year, they are awaiting the results of the educational policy reforms. Among this survey the most popular information sources (measured on a scale of 1 to 5) are the followings: ‘Felvi.hu’ (one of the major educational portals) (4,05), ‘Friends and acquaintances’ opinions’ (3,87), ‘Faculties’ websites’ (3,73) and the ‘printed preliminary brochure’ (3,70). The open days at the different Faculties are still popular (3,58), and it was ranked on the 2nd place, when answering the question which information source is the most important. However social media sites only got a

value of 3,01 and it was ranked on the 11th place in connection with importance, which is bit surprising. The most influential personal sources are the students of the University (current and graduated students with values 3,47 and 3,67) which is followed by the parents (3,41). Analysing preferences in students' decision making, the result indicate that the most important factor is "own interest fields" (4,66) and "the degree provides good job expectations" comes next with 4,42. On the 3rd place stand the "good reputation of the University or Faculty" (4,31). Money has also great importance in decisions, because "state funding opportunities" finished on the 4th place with 4,19.

Considering these implications, macro-economic effects and potential promotion activities the main strategic goals for the Faculty can be formed in the following points:

- Reach the enrolment level of the break-even point in 2013.
- Position the Faculty with the expected tuition-fee at a higher price level among big regional Universities in Hungary.
- Reach out for secondary grammar schools that serve as main sources of potential students and tie relationships even closer.
- Conduct general changes in the organizational operations and focus more on other potential markets (e.g.: R&D, consultancy) beside education.

4. Primary research results

4.1. Psychodrama results

Two psychodramas with 7-7 members took place among first year Faculty students.

Participants first of all have been asked to describe as top-of-mind associations, how they feel about being and studying at the Faculty. Most of them shared words in connection with their previous "big decisions" (where to continue their studies) about responsibility and fear but they agreed to feel reassured, safe and relaxed thanks to the companionship at the Faculty. As results show major expectations are touchable towards the younger generations to get a higher education degree. Participants had to shed light over their way to the Faculty and they mainly started at their child years, in elementary school. Those, who are grown up in a family where parents have higher education degrees take it as self-evident to continue their stud-

ies. Those who experience differences between graduates and non-graduates feel motivated and rise to the challenges. However in secondary school years they get confused and do not feel usually confident enough to know where to head next. In their 11th and 12th years they prepare for the matriculation and study some subjects in advanced levels. Their first decision about the direction of their future studies is about these subjects. Although they do not always stick to that, make changes or apply to other fields of interest in their 12th year, when University application deadlines are getting closer. Basically their first grown-up decision is about what to do, where to continue their studies. They feel the risks and their future rests on their shoulders, so they become information seekers and try to find trusted advisors (parents, friends, etc.).

4.2. In depth interview results

10 parents and 6 secondary grammar school form masters and further education consultants have been interviewed. Parents verified that choosing a secondary grammar school was basically their conscious decision, with respect to further educational goals of their children. However, choosing the advanced subjects to learn from 11th year was based upon interest and abilities of the youngsters, who could now fill the role of decision-makers at that time. In parents' eyes a higher education degree is regarded as "expected" nowadays in order to make a living although they state, that none of them forced their kids to further studies against their wills. Nevertheless major concerns rise due to the funding requirements of higher education studies. Respondents confirm previous results that decisions upon further studies rest in elementary school, but final "directions" are traced out only just before application deadlines. These are however basically in connection with advanced subjects, but the exact University (City) or Faculty or major isn't really clear until the 12th year of studies. The city of the probable Universities is preferred when it is geographically closer to their homes. It is based upon emotional factors (attachment, familiarity to the city, etc.) and rational factors (cheaper living costs, etc.) as well. The given Faculty is recognized by them as a high quality education institution and most of them do not prefer to apply to other Universities in Hungary just because of better "quality expectations". However on an international basis, institutions from other countries (mainly Germany, England) rise as new competitors due to the new government regulations. Out of 22 elements, the five most important factors influencing further education decisions had to be chosen. For parents the most important 5 included: prospective job opportunities, the reputation of the institu-

tion, abilities in connection with studies (which subject is one good at), entrance difficulties (minimum points level) and the tuition fee rates. It is spectacular, that none of them choose the factors: student life in the given institution or offered gifts to new students into the 5 most important ones.

4.3. Quantitative results

Demographics of the sample are listed in the following table with respect to the 262 respondents.

Table 1: Demographics of the sample

| | | | | | |
|--|---|-------------------------------------|---------------------------------|-------------------------------|------------------------------|
| Gender | 33,6% male | | 59,5% female | | |
| Age | 17,25 year (average) (2,95 year standard deviation) | | | | |
| Year of study | 48,9% (11 th) | | 44,3% (12 th) | | |
| Higher education degree ratio of mothers | 28,6% | | | | |
| Higher education degree ratio of fathers | 25,2% | | | | |
| Family's financial state | 48,1% average | 17,9% little above average | 9,2% little below average | 3,1% well above average | 0,8 well below average |

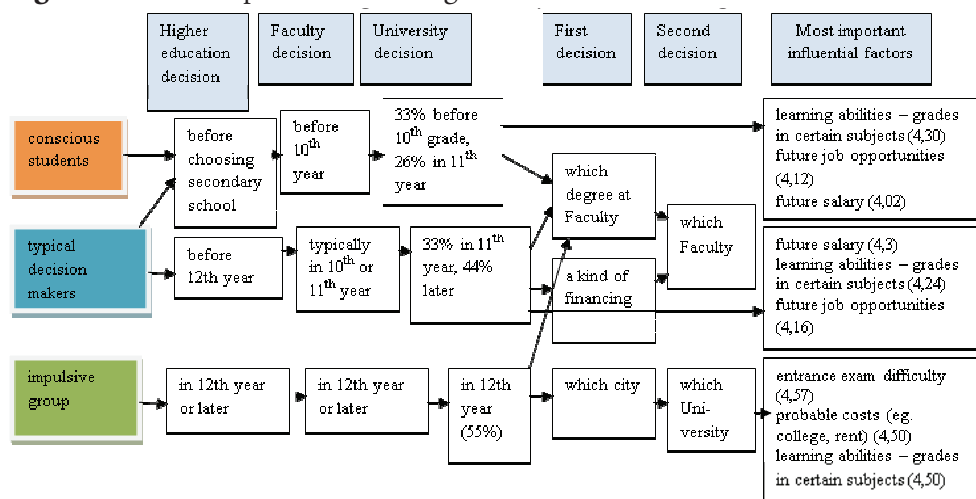
Source: Authors' calculations

We asked all participants to answer several questions about their decision making procedure and focused on three main milestones: applying for higher education, choosing a Faculty and choosing a University. Altogether 67,2% of respondents applied for higher education in this year (12th grade) or are planning to apply next year (11th grade). Out of them, 64% have already decided about further studies by the application to secondary school, 19,5% knew it before the 10th year, 10% in the 10th year and 6% in the 11th year. These results indicate that secondary school students are generally conscious about their willingness to continue studies in higher education. However different approaches exist in the decision about the Faculty. 50,5% of the respondents knew which Faculty to choose before selecting advanced classes, so before the 10th year and 17,5% decided about it in the 10th year. 32% of the potential students made up their minds later (in the 11th year: 22%, in the 12th year: 7%) and 3% still does not think about the possible Institution. The participants are less conscious in connection with Universities. Only 16,25% of the prospect students decided about the University or Universities before the 10th year

and 11,75% knew it in the 10th year. Most of the respondents will choose it later (in 11th grade: 33%, in 12th grade: 21%) and many of them (18%) do not even think of a University.

On the basis of these results, we created three different groups. The first group is called ‘conscious students’. 33% of the respondents, who are willing to continue their studies, belong to them. They make a decision on studying in higher education and on the exact Faculty very early (before secondary school and before the 10th year). 33% of them choose the University also very early (before the 10th year). The second group is the group of ‘typical decision makers’. Most participants belong to this group (55%). This group makes a decision on the Faculty and University in their 10th or 11th year, and many of them knew earlier to continue with higher education. The last cluster is called the ‘impulsive group’, because they decide in the last moments, typically in the 12th grade, mainly on an impulsive basis. However this is a small group, the proportion of ‘impulsive’ decision makers is only 6%. Analysing other answers of these three groups we can set up the following decision tree and with it we are able to model major routes to higher education institutes:

Figure 1: Decision process modelling



Source: Authors' calculations

5. Conclusions

Results of the quantitative research indicate that Universities need different communication strategies for each group, especially in connection with timing

and messages. The “conscious group” needs early and continuous communication, while the “impulsive group” needs a latter and intensive communication with a different message. Probably the typical decision makers need continuous communication as well as intensive marketing campaigns.

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