

An investigation of how three private schools in the Midlands of KwaZulu-Natal position and market themselves within the private school market.

By

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Declaration

Hereby I, Hans Christopher von Maltzahn, declare that this dissertation is my own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.

A handwritten signature in black ink, appearing to read 'Hans Christopher von Maltzahn', written in a cursive style.

H. C. von Maltzahn

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Executive summary

Exploratory research was conducted in an attempt to understand how three schools in the Midlands of KwaZulu-Natal market themselves. The marketing of schools is a relatively new concept both in South Africa and internationally. Not only is the marketing of schools vital, in that it allows schools to use their resources in the most efficient and effective way in satisfying the needs of the customer, but associated with this, is that it allows for a meaningful and relevant education.

The schools chosen for this research were Cowan House, Epworth and Hilton College. These schools represent a wide cross-section of schools including a primary school, two senior schools, a monastic boys' boarding school and a monastic girls' school with day scholars and boarders. All of the schools had a marketing function within the school.

All three schools applied the basic marketing concept. They were customer focused, were orientated towards achieving long term goals, tried to integrate activities within the school and strongly believed in societal aspects of marketing. Of particular interest was the strong focus on the customer by some of the schools. None of the schools had been exposed to the seven Ps of service marketing, and so did not structure their marketing mix based on the service marketing model. All the schools felt that their staff were a differentiating factor (people) and had impressive grounds and facilities (physical evidence).

The major problem that all three schools experienced was developing a differentiated service that separated themselves from competitors within the market. They were not aware of the unique position that they occupied in the mind of the customer, although all the schools felt that they were unique. The result of this was that their marketing mix was not able to support and enhance the differentiated service and proposed market position. A possible reason for the schools not developing a unique position in the market is that they may not analyse the external environment in enough detail. This meant they were not able to capitalise on, or develop,

unique internal strengths to satisfy needs that their customers considered important, valuable and were willing to pay for.

It is recommended that a more structured approach to strategic marketing be used. This should allow the schools to implement each of the steps required in strategy formulation. If this is done effectively they will be able to match internal strengths with opportunities in the external environment and so develop a differentiated product that is required by the target market. The schools should also adopt a service marketing strategy as education is a service. Adopting the seven Ps of service marketing would allow the schools to implement a marketing mix that is suitable for a service institution.

It is hoped that this dissertation will contribute to a better understanding of marketing of schools, allow them to be more focused in their strategy and ultimately result in a better education for their learners.

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Chapter 1

Introduction

1.1 Background and motivation

This study was motivated to some extent from a personal point of view, as in 1994 we immigrated to KwaZulu-Natal (KZN) from Malawi. We were looking for a private senior school for my daughter and a private junior school for my son. What was surprising, in an area with many private schools, was that the schools did not really appear to have a unique position. When asked about competitive schools, there was no comment on how the schools were different. Such factors as how the school “felt” when visiting the various institutions were suggested as a possible basis for choosing a school. The schools were very wary of pointing out distinct needs that a particular school satisfied, which would set it apart from its competitors. It appeared as though there was no active effort to differentiate the schools. The schools had no idea of how their product was positioned, or as Kotler (2003, p.308) states, there was no “successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product”.

The KZN Midlands is recognised as being an educational centre in South Africa (Midlands, no date). The schools selected for this research were Cowan House, Epworth High School and Hilton College. Private schools were chosen as there is less government interference and the market is very competitive.

Cowan House is a private junior school and “one of the oldest and most respected junior boarding schools in the midlands” (The Natal Witness, 1997, cited in Cowan House, no date). It is a co-educational, boarding and day school, situated just outside Hilton. This school is particularly interesting as it was a boys' school until 1999 when it admitted girls for the first time, “in order to follow international trends and a demand in the community”. The school currently has 166 boys

and 117 girls (Cowan House, no date). The change to a co-educational school would have required a major change in the positioning of the school.

Epworth School comprises a senior school, which is a monastic girls' school with both day scholars and boarders, and a junior school that is co-educational. The school recently decided not to become co-educational in the senior school, although it has been co-educational in the primary school since 1994. Only the marketing strategy of the senior school was studied in this dissertation. "By 2006 Epworth will become the leading independent school offering relevant and more affordable education" (Epworth, no date). What is meant by the leading school and how it has marketed itself to obtain this position should be of interest. It is interesting to note that Epworth is the fullest it has ever been (Epworth, no date).

Hilton College is a senior boys' school and only accepts boarders. It is the most expensive school in South Africa with a basic cost of R97 160 per annum. It positions itself as the leading boys' boarding school in Africa and would like to be ranked amongst the best in the world (Hilton College, no date). To be the most expensive school in the country (and be completely full) and aim to be amongst the best boys' boarding schools in the world, would strongly suggest a very focused and positive marketing strategy.

The mix of schools selected gave different perspectives on how marketing is undertaken at private schools. All the schools chosen have an active marketing department and were willing to take part in this study as they felt they may learn from it.

1.2 The research question, purpose and objectives of the study

"The aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself" (Drucker, 1973, cited in Kotler, 2003, p.9). Market management is "the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering, and communicating superior customer value" (Kotler, 2003, p.9). The private schools in this

dissertation are substantially more expensive than ex Model-C Schools. How do these private schools ensure that their product “sells itself” and “create, deliver and communicate superior customer value to their target markets”?

In essence, what marketing strategy is used by these three private schools in this high-priced niche segment of the market?

This question is especially interesting if, as seems to be the case in the U.K., “adjusted differences between schools are very small and that the majority of schools cannot be distinguished from one another” (Ouston, 1999, p.169). This is further supported by the work of Gray and Wilcox (1995, cited in Ouston, 1999, p.169) in the U.K., which found that “school factors might be seen to account for four grade points between the average student in the ‘best’ and ‘worst’ schools”. Apart from the Matric results and sporting fixtures, very little in regard to the performance of learners in different schools in South Africa is published. There seem to be no results that are adjusted to take into account the social, economic, historic and other factors that may be the main determinants of individual results. Many private schools in the Midlands of KZN are full even though there appear to be good, but less expensive government schools in the area. Like the private schools, these government schools are also achieving excellent Matric and sports’ results.

Why is this situation being perpetuated and how are the private schools positioning themselves to maintain this situation?

Are the customers making their decisions on perceived value, based on such items as “*price (where price connotes quality), attractive packaging, extensive ad campaigns (i.e. how well known the product is), ad content and image, the quality of brochures and sales presentations, the seller’s facilities, the seller’s list of customers, the firm’s market share, the length of time the firm has been in business, and the professionalism, appearance, and personality of the firm’s employees.* Such signals of value may be as important as actual value” (Thompson and Strickland, 2003, p.166). The italicised items are especially important to schools and the marketing of services.

In order for differentiation strategies to be successful “a company has to study buyers’ needs and behaviour carefully to learn what buyers consider most important, what they think has value, and what they are willing to pay for. Then the company has to incorporate buyer desired attributes into its product or service offering that will set it visibly and distinctively apart from rivals” (Thompson and Strickland, 2003, p.163).

This study determined how the schools in question applied the marketing concept, differentiated their service, segmented the market and identified their target market.

Education is identified as a service as opposed to a product. Service industries tend to be characterised by the fact that customers usually derive value from services without obtaining ownership of any tangible attributes. Few services are without tangible elements (Lovelock, 1996, p.4). However, teaching is one of the less tangible services provided (Sasser *et al*, 1978, cited in Lovelock, 1996, p.4). Again the question arises as to how do expensive private schools market themselves within a service industry, with all the relevant problems associated with service marketing.

There has been a movement towards more self-management of schools in South Africa (Bisschoff *et al*, 2004, p.2). This movement towards self-management is not only a characteristic of South Africa, but is also apparent in Australia, Hong Kong, New Zealand, the United Kingdom and the United States (Bush, 1999, p.1). The motivation for more autonomy in schools is the belief that teachers and governing bodies are more able to assess the specific needs of the schools and their pupils. “For heads to market their schools, therefore, they need to have a strategy which, it is argued, should include a concern for the Seven Ps of Marketing” (James and Phillips, 1995, cited in Bell, 1999, p.65). Research in the United Kingdom has indicated that often headmasters had a good idea of the main selling points of their school. However, this was based on their own decision as to what the school should offer, rather than an analysis of parental choice and preference (Bell, 1999, p.65) and in fact, market forces and market values would be inimical to educational and professional values (Grace, 1995, cited in Bell, 1999, p.69).

How do the selected schools use the seven Ps in their application of the marketing mix?

Recently many factors impinging on education in South Africa have undergone major changes, including the abolishing of apartheid in the schooling system, a movement towards O.B.E. and a major shift in the earning power of different population groups. In this dynamic environment it is essential for schooling to keep pace with the changes. The market for the more expensive private schools has traditionally been the “White” sector of the population. However, since 1994, the macro and task environment have changed substantially.

How did the marketing strategies of these private schools respond to the substantial changes that have occurred in the environment?

In summary the objectives of undertaking the research were:

- a) To gain a clear understanding of the marketing strategy of three private schools, in an environment that is undergoing substantial change.
- b) To determine how the three schools apply the marketing concept in their marketing.
- c) To establish how the schools segment the market, identify their target market, differentiate their service and position themselves within the market.
- d) To determine the use of the different elements of the marketing mix in the marketing strategy of the schools concerned.

If the above are established, it is hoped that the main research question can be answered. That is, “What marketing strategy is used by three private schools in the Midlands of KZN”? The aim of the research was to identify general strategies used by the three private schools, however, if situations were unique to a particular school, these were discussed in regard to that school.

1.3 Research approach

This research was exploratory in nature, as there is not much published information available on the marketing of private schools in South Africa. Qualitative research was used as the aim of this study is to increase understanding, expand knowledge and clarify the real issues involved (Webb, 2002, p.112). “We want to understand, and also explain in argument, by using evidence from the data and from the literature, what the phenomenon or the phenomena we are studying are about. We do not want to place this understanding within boundaries...” (Henning *et al*, 2004, p.3). Although there are good reasons for undertaking quantitative research in the marketing of schools (e.g. for setting benchmarks for marketing budgets etc.), as Hair *et al*, (2000, p.216) state “qualitative data have important uses in understanding and resolving business problems and opportunities, especially in the areas of initial discovery and preliminary explanation of marketplace or consumer behaviour and decision processes”. This is what this dissertation achieved in regard to marketing of private schools in the Midlands of KZN.

This study relied on in-depth interviews with the marketing managers of the three schools (in the Cowan House interview the headmaster was also present). By interviewing it was hoped “to bring to our attention what individuals (in this study the marketing managers) think, feel, and do and what they have to say about it in an interview, giving us their *subjective* reality in a formatted discussion” (Henning *et al*, 2004 p.54). Information that was obtained from the interviews together with the secondary information available provided a good initial understanding of the marketing of schools in the Midlands of KZN.

It is hoped that this study will:

- Help develop a greater understanding of the marketing of schools in general. This is especially important as the marketing of schools is a relatively new field, both locally and internationally.

- Help develop an understanding of the marketing of schools in the South African context. This is important as the South African educational environment has changed substantially since 1994 and is still undergoing change.
- Act as a useful reference to many involved in schools, who do not have an understanding of marketing.
- Give a different perspective to the marketing of schools, as this research was strongly linked to the philosophies of service marketing.
- Change the understanding of marketing in schools. Often marketing of schools is thought to be a public relations or publicity campaign. It is hoped that this dissertation allows people to realise that marketing is a strategy in which “everyone is playing the same tune in unison” and there is “a coherent marketing direction” (Trout and Rivkin , 1999, p.123).

1.4 Overview of the dissertation

The purpose of this dissertation was to investigate how three private schools in the Midlands of KZN position and market themselves within the private school market. As education is a service it was important to understand the marketing concept in regard to service institutions (Chapter 2). Once a clear understanding was obtained on how services are marketed, it was necessary to examine the literature to establish how schools formulate their strategy, position themselves within a market and develop their marketing mix (Chapter 3). Prior to undertaking the research it was important to examine the South African macro environment, the situation in regard to school marketing in South Africa, the task environment of the three schools and the secondary information already available on the marketing of the three schools (Chapter 4).

Once the theoretical background had been established and secondary information collected, it was possible to formulate the appropriate research methodology (Chapter 5). The research was conducted and the results are reported in Chapter 6. The research question was then answered (Chapter 7). Once it was established how the three schools marketed themselves it was possible to make recommendations, and suggest areas for future research (Chapter 8).

Chapter 2

The Marketing Concept in regard to Service Institutions

2.1 Introduction

Marketing thinking initially developed in connection with the selling of physical products (Kotler, 1991, p.454). Marketing of physical goods is considered by some to be the simplest form of marketing (Fisk *et al*, 2000, p.11), while others feel “there are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service” (Levitt, no date, cited in Kotler, 1991, p.453).

“Service industries have typically lagged behind manufacturing firms in adopting and using the marketing concepts, but this is now changing” (Kotler 1991, p.471). Prior to understanding the marketing of schools it is important to understand the marketing concept in regard to service institutions. This theoretical background should serve the basis of how schools (which are service institutions) market themselves. This chapter develops the theoretical background to the marketing concept in service intuitions.

2.2 The marketing concept

Several different concepts were embraced by organisations during the twentieth century. These included (Kotler, 1991, p.12):

- The production concept, where the organisation focused on production. The emphasis was on production management to increase profits.

- The product concept, where the firm believed that consumers want the products that give the best quality or performance. However the quality was not that perceived by the customer, but that perceived by the firm.
- The selling concept, where the main emphasis was on sales. Profits would increase due to increases in sales volume.
- The marketing concept, where the organisation is focused on identifying and meeting customer needs, and by doing so, ensuring a profit to the organisation.

The marketing concept not only describes the techniques and strategies an organisation may use to be successful but it should be the basic philosophy that an organisation adopts “that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business” (Narver and Slater, 1990, cited in Hooley *et al*, 2004, p.9). Core to the marketing philosophy is that the customer is the focus of the organisation’s considerations (McColl *et al*, 1998, p.11).

Hooley *et al*, (2004, p.23) suggest six principles that are fundamental to marketing. These are:

- Focus on the customer. The quality of a good or service is determined by that good or service being able to satisfy the need of the customer. Quality is determined by the customer and not by the organisation. As different customers have different needs, it is important to segment the market so that the organisation’s efforts can be directed at a group of customers who are seeking similar benefits from the product or service.
- Only compete in markets where you can establish a competitive advantage. Does an organisation have the skills and resources to compete in the market? In regard to this, the areas in which an organisation is likely to have a competitive advantage are those identified by the mission statement. As the mission statement may be too generalised, an internal audit may reveal where the firm is strong and areas in which it may have to focus more attention. This combined with a SWOT analysis and competitor analysis should identify areas where an organisation may have a competitive advantage.
- Customers do not buy products or services. They buy what products or services can do for them, or expressed differently, what benefits they obtain from buying the product. It

is essential to look at the market from the perspective of the customer and ensure that the benefits identified with products or services are not those that the organisation identifies as benefits, but are the actual benefits that the customer values.

- Marketing is too important to leave to the marketing department. If marketing becomes a philosophy within the organisation, all the members of the organisation should be focused on customer satisfaction. As Greyser (1977, cited in Hooley *et al*, 2004, p.25) states “While the marketing function (‘doing marketing’) belongs to the marketing department, becoming and being marketing minded is *everybody’s* job”.
- Markets are heterogeneous. Most markets are made up of sub-markets. Standardised products or services are likely to be vulnerable to competition, as a competitor may focus more directly on one of the sub-markets. Different benefit requirements are “the real reason for the existence of segments in the first place” (Hooley *et al*, 2004, p.26).
- Markets and customers are constantly changing. There is a need for constant product and service improvement, either through innovation or through continuous improvement.

Although the above covers the major elements of the marketing concept, the marketing concept is dynamic. More recent factors that are becoming important in the marketing concept include: societal marketing, which calls on companies to incorporate social and ethical considerations into marketing; customer retention strategies; relationship marketing and the concept of lifetime value (Kotler, 2003, p.27).

This is well summed up by Thompson and Strickland (2003, p.163) “...a company has to study buyers’ needs and behaviours carefully to learn what buyers consider important, what they think has value, and what they are willing to pay for. Then the company has to incorporate buyer desired attributes into its product or service offering that will set it visibly and distinctively apart from its rivals”.

As McDonald and Payne (1997, p.7) state “at one level the theory of marketing has universal application – the same underlying concerns and principles apply whatever the nature of the business. However, since the nature of some types of services may dictate a need to place more

emphasis on certain marketing elements, which in turn could lead to different approaches...”. As education is considered a service (Lovelock, 1996; Zeithaml and Bitner, 2000) and service marketing is considered essential to education (McColl *et al*, 1998, p.47), it is necessary to understand certain factors that make service marketing different to marketing a product.

2.3 Marketing services

Worldwide there is a growing market for services. During 1996 the service sector of the USA economy represented 76% of the gross domestic product (Zeithaml and Bitner, 2000, p.6). Until recently, service institutions lagged behind manufacturing firms in their use of marketing. This may have been due to some firms believing that marketing was unprofessional, some firms having so much demand that they believed that there was no need for marketing, and service industries were more difficult to manage using the traditional marketing approach (Kotler, 1991, p.459). These difficulties largely arose due to the differences between products and services.

Some of these differences include (Lovelock and Wright, 2002; Fisk *et al*, 2000; Zeithaml and Bitner, 2000; Bateson, 1995):

- Products are tangible while services are intangible. Although both products and services have certain degrees of tangibility, products are much more tangible than services. Lovelock (1996, p.16) explains this difference when he states that “marketing a performance is very different from marketing a physical object itself”. A service is described as a deed, whereas a product is described as “an object, a device, a thing”. Teaching is one of the most intangible of the services (Shostack, 1997, cited in Zeithaml and Bitner, 2000, p.5). This means that it is difficult to evaluate competition, there is a high level of risk associated with the service, personal information sources are important and price may indicate quality to the consumer.
- A product is standardised and quality can be controlled fairly effectively (poor quality can often be seen or measured). Services are essentially heterogeneous as they are delivered by an employee or employees and no employee will deliver exactly the same service on different occasions. This is further complicated by different employees trying to deliver

the same service. “There is no sure knowledge that the service delivered matches what was planned and promoted” (Zeithaml and Bitner, 2000, p.12). In teaching, the service may vary to a large extent, as different ways of teaching are more or less effective on different individuals, different subjects are taught in different ways, different teachers will teach in different ways and the maturity of students dictates to some extent how the service is delivered.

- In the manufacture of goods, production is separated from consumption, whereas in the delivery of services, production is simultaneous with consumption. This again has the potential to cause problems with quality, as the service has been delivered by the time quality problems are noticed. People are involved in the production process of a service, and managing service encounters in high contact services is a challenging task (Lovelock, 1996, p.17). Education is inseparable from consumption and the students are often co-producers of the service. As learners are co-consumers of the service, the influence of others receiving the service may be substantial, especially where group dynamics are involved. As Lovelock (1996, p.30) states one “must be prepared to spend time actively co-operating with the service operation” and “receiving such services requires an investment in time on the customers’ part”. Because of the inseparability of education students have to travel to the service factory (the school).
- Services cannot be stored and exist only at the time of their production. This means that demand forecasting and planning becomes more important in the service industry and methods of trying to create a constant demand must be examined. A poor service cannot be returned and exchanged. The perishability of a service impacts on schools in two ways. Firstly, from the side of the school, it is important that it delivers the service to enough people so that it does not make a loss on the service delivery. Class size may become an important issue, from both the school side and that of the parent. Secondly, from the side of the student, if he or she is absent, the service benefits are lost.

Services possess the above characteristics to various degrees. Education requires extensive customer involvement in its production and possibly a high degree of variation of delivery within an institution, whereas a bank may be more automated and so have little variation in the delivery

of the service. The degree to which the services possess the above factors have led to several service classification bases. Some of these classification bases include (McColl *et al.*, 1998, p.56):

- The role of the service in the product offering. This depends on whether the service is a pure service, where there is little or no evidence of tangible goods, whether the service exists in order to add value to a tangible good (e.g. after sales warranties), or whether the service is fundamental to making the product available in the first place (e.g. a mortgage). Education itself may be considered a pure service, but there are tangible goods associated with the delivery of education (facilities, food etc.).
- The degree of tangibility of a service. This depends on three principal sources. These include (McColl *et al.*, 1998, p.59):
 1. “tangible goods which are included in the service offer and consumed by the consumer;
 2. the physical environment in which the service production/consumption process takes place;
 3. tangible evidence of service performance” (e.g. the Matric pass rate, provincial sports representation etc).
- The extent of customer involvement. Some services require the complete involvement of the customer, whereas others do not require the customer to be fully involved. Customer involvement is generally higher when the service is performed on the mind or the body directly (as is the case in education).
- The degree of variability and service automation. This variability can be due to two reasons. Firstly, production standards may vary in both outcomes and processes (often the case where customers are highly involved in the service delivery) and secondly, the service may be varied deliberately to accommodate the specific needs of individuals. Schooling has a high degree of variability.
- The pattern of service delivery and ongoing relationship. This depends on whether the service is a continuous or a discrete transaction and whether there is a casual or ongoing relationship between supplier and customer. Education is a continuous process and

ongoing relationships are formed. These are manifested even after school, in such things as old boys'/girls' associations.

- People based services as opposed to equipment based services. Services that are equipment based have less variability than people based services. People based services can also be classified on the degree of skills that the service requires. The understanding of learners and the subject, as well as the one on one nature of the relationship, makes education a people based service with a high degree of skill.
- The significance of the service to the purchaser. Some services are seldom purchased and are long lasting, whereas others are purchased frequently, are of low value and consumed rapidly. With the former there is a high level of customer involvement and risk associated with the purchase, as is the situation in education.
- More complicated multi-dimensional classification systems also exist in which clusters of similar services can be identified. The multidimensional nature of education is obvious.

In contrast to the above, Fisk and Tansuhaj (1985, cited in Fisk *et al*, 2000, p.8) suggest a classification system based on ten broad service fields e.g. financial services, health care services etc., whereas Kasper *et al*, (1999, p.67) classify services into nine categories based on the strategic nature of the different categories. Each of these nine categories in turn can be further sub-divided. As Fisk *et al* (2000, p.8) state, “the almost infinite variety of forms makes classification quite difficult”.

The many different ways services can be classified have led to different approaches to the marketing of services.

2.4 Service differentiation

Because services are intangible it is difficult to compare services directly, so supplementary services become more important in the service offering. This is especially true in mature

industries, where the value creating supplementary services differentiate the service and allow it to escape from price based competition (Lovelock, 1996, p.359).

In this regard Lovelock (1996, p.341) has developed the “Flower of Service”. There is a core service that is surrounded by petals that are the supplementary services. “In a well designed and well managed service organisation, the petals and core are fresh and well-formed. They compliment each other (Lovelock, 1996, p.341). In general people processing services and high-contact services are surrounded by more supplementary services, so one would expect education to have many supplementary services associated with it. A strategy aimed at gaining a competitive advantage may require more supplementary services to differentiate the service. An important question in regard to the flower of service is should the pricing include the supplementary services, or should they be charged separately? (Lovelock, 1996, p.356). “The important managerial issue is not how many petals the flower has, but ensuring that each petal is perfectly formed and adds lustre to the core product in the eyes of the target customer” (Lovelock, 1996, p.359). The determination of supplementary services will largely depend on the positioning strategy the business wants to pursue. However, “most successful products...are based on one or, at most, two determinant attributes” (Walker *et al*, 2003, p.185). The focus should be on the benefits that the user of the service will obtain, rather than the service itself.

Once the service has been differentiated, the marketer must develop the marketing mix so as to support and enhance the differentiated service and proposed market position.

Instead of the four Ps typically associated with the marketing of goods, service industries have seven Ps. These are: the product, price, promotion, place, people, physical evidence and the process. Christopher *et al* (1991, cited in McColl *et al*, 1998, p.18) also suggests customer service as the eighth element of the marketing mix. The elements of the marketing mix for services will be analysed and applied to schooling in Chapter 3. However before discussing the marketing of schools, there are some aspects that are relevant to the marketing of education.

2.5 The marketing of education

Many of the factors discussed above are directly relevant to the marketing of educational institutions. As with service marketing, the marketing of educational institutions is often difficult to manage as the benefits of services often cannot be clearly defined. They may be determined by customer subjectivity and are identified as the “psychological benefits of the service purchase bundle” (Sasser *et al*, cited in McColl *et al*, 1998, p.55). Two further aspects that make it difficult to market services (and educational institutions) include (McColl *et al*, 1998, p.70):

- The presence of many public sector suppliers. In the case of school marketing this would be government schools, which are largely sponsored by the state.
- There are many more regulations. The intangible nature of services increases the risk to the customer, so there are many statutory (e.g. the South African Schools Act) and voluntary regulations, especially in the highly intangible services.

2.6 Conclusion

Service marketing developed during the 1980’s out of the debate that challenged whether services could be marketed using the marketing concepts and strategies used for the marketing of products (Fisk *et al*, 2000, p.11). Marketing of schools is evolving from the service marketing concept. Effective marketing of schools is essential. As Davies and Ellison (1994, cited in Bisschoff *et al*, 2004, p.8) state, “economic realities translate school marketing into a necessity for future survival”. Chapter three presents the information available on the marketing of schools.

Chapter 3

The Marketing of Schools

3.1 Introduction

Marketing in schools is a relatively young field and the need for schools to market themselves has no doubt been given a sense of urgency with the move towards greater self management. This movement is not only apparent in South Africa (Bisschoff *et al*, 2004, p.2), but is also evident in Australia, Hong Kong, New Zealand, the United Kingdom and the United States (Bush, 1999, p.1). The fact that this is a relatively new field of study has meant that the marketing concept is new (and often not understood) by many schools. Research conducted with head teachers in a selection of schools in the U.K. indicated that none of those interviewed saw the organisation's activities in terms of the customers and they all were "perpetuating a quality service provision that is totally provider/producer led" (Bagley *et al*, 1998, p.287). Research has indicated that often headmasters have a good idea of the main selling points of their school, however this was based on their own decision as to what the school should offer, rather than an analysis of parental choice and preference (Bell, 1999, p.65) and in fact market forces and market values would be inimical to educational and professional values (Grace, 1995, cited in Bell, 1999, p.69). Not only is marketing new to many schools, but it does meet with some resistance.

"In the future, educational marketing is certain to be an important aspect of educational management. ...much of the literature in the field of educational marketing is characterised by ideas, suggestions, guidance and strategies which are founded on marketing models taken from non-educational settings" (James and Phillips, 1998, p.271).

As Bagley *et al*, (1998, p.258) state "For marketing to be effective, schools need to have a clear view of what parents think, how they make decisions, and what they look for in a school. It also requires schools to have effective means of acting on this knowledge and understanding".

Bisschoff *et al* (2004, p.32) state, “Schools have always been primarily concerned with the needs of their learners. The introduction of marketing does not change this focus, it enhances it”. “Marketing oriented schools are becoming more efficient and customer friendly” (Vining, 2000, p.8) and “economic realities translate school marketing into a necessity for future survival” (Davies and Ellison, 1994, cited in Bisschoff *et al*, 2004, p.8).

The organisation cannot be successful if it is “not in step with its environment” (Ehlers and Lazenby, 2004, p.83). An analysis of the external environment combined with knowledge about the internal environment will enable managers to formulate effective strategies.

3.2 Environmental analysis

“Judgements about what strategy to pursue need to flow directly from *solid analysis* of a company’s external environment and internal situation” (Thompson and Strickland, 2003, p.73). The environment consists of the macro environment, the task environment and the internal environment of an organisation.

3.2.1 Macro environmental analysis

This consists of different dimensions including: political and legal; economic forces; social, cultural and demographic forces; technological forces; ecological pressures and international forces (Ehlers and Lazenby, 2004, p.88). Although the organisation is unable to influence the macro environment the forces “are important enough to have a bearing on the decisions a company ultimately makes about its business model and strategy” (Thompson and Strickland, 2003, p.73).

A detailed analysis of how the macro environment influences international schooling is beyond the scope of this dissertation, however some items to consider are:

- The political and legal aspects influence the laws that exist in every country. These laws have a major influence on how schools operate in different countries and may influence the syllabus that is taught.
- Economic forces influence such items as the cost of education, price stability within a system, how attractive schools are to foreigners etc.
- Social systems and demographics are important when considering earning ability of people, skills level, beliefs, cultures, population growth rates etc.
- Technology has a major influence on all organisations and no organisation “is insulated against emerging technological developments...no organisation can afford to stay behind in technological developments” (Ehlers and Lazenby, 2004, p.93).
- International forces include the mobility of students to study anywhere in the world and the ability of schools to attract students from the global market.

The macro environmental factors together with factors in the task environment represent the opportunities and threats to an organisation.

3.2.2 Task environmental analysis

The task or market environment contains all the variables that revolve around competition (Cronje *et al*, 2003, p.89). The major elements of the task environment include the market (people with needs to satisfy, the customers), the suppliers, the intermediaries and the competitors.

The customers are the focus of an effective marketing strategy. Within the school context there is some debate as to who is the customer. According to Tomlinson, (1989, p.66) the pupil is the main client and marketing efforts should be focused more on the pupil. Bisschoff *et al*, (2004, p.5) suggest that the parent is the client when the learners are too young to make choices, however when learners are old enough to choose the school, they become the client. In the school context both the parents’ and learners’ needs require to be taken into consideration and both are important in the formulation of policy.

The suppliers provide the inputs that school needs to function. These inputs include labour, capital and materials (Cronje *et al*, 2003, p.91). The pivotal role played by teachers in education cannot be overemphasised, as Vining (2000, p.27) states “It is the people in your organisation who provide your greatest competitive advantage”.

As schools generally combine the service factory, the retail outlet, and the point of consumption into one (Lovelock, 1996, p.19), intermediaries do not appear to play an important role in schooling.

“Competition between firms to serve customers is the very essence of modern, market led economies” (Hooley *et al*, 2004, p.117). “It is often competitors who determine how much can be sold, and what price can be charged...Continuous monitoring of competition provides the basis for the development of a strategy” (Cronje *et al*, 2004, p.93). It is the customers who keep the school open and the customers who pay the salary (Vining, 2000, p.28). Schools are in a competitive environment and it is important that they understand their competitive position and that of their competitors.

3.2.3 Internal analysis

It is important for an organisation to identify its strengths and weaknesses objectively so that it can identify what it should do. The results of an internal analysis are unique to each organisation, so cannot be discussed in regard to schooling in general.

“The success of a new strategy for the organisation depends on the strategic fit between the internal situation of the organisation and the external conditions” (Ehlers and Lazenby, 2004, p.93). The environments are constantly changing and as Darwin (no date, cited in Thompson and Strickland, 2003, p.72) states “It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change”. The environments in which a school

functions constantly change, so the strategy employed by the school must also adapt to the changes.

3.3 Strategic Marketing

“Strategy is the matching of the activities of an organisation to the environment in which it operates and to its own resource capabilities” (Johnson and Scholes, 1998, cited in Hooley *et al*, 2004, p.33). For an organisation to have an effective strategy it needs to be tuned to both the needs and requirements of its customers and its own resources and capabilities (Hooley *et al*, 2004, p.33). “Strategic planning is a key management process, drawing together institutional values and goals, and providing a framework for the development of quality of provision and the deployment of resources” (Preedy *et al*, 1998, p.5). It should be proactive and look at the medium to long term direction of the organisation.

Preedy *et al* (1998, p.6) consider three additional aspects that are important to strategic planning:

- “Strategic planning is concerned with negotiation of consent as well as establishing future direction”.
- Staff involvement in the formulation of the strategic plan and mission statement may help to establish staff ownership of the plan. This means that the process of strategic planning can, in itself, be a valuable exercise.
- The rapid changes in education make strategic planning more difficult and more urgent.

However before the strategy can be implemented an organisation must ask itself two questions (Levitt, 1960, cited in Hooley *et al*, 2004, p.35):

- What business is the organisation in?
- What business does the organisation want to be in?

The answers of these two questions form the basis of the mission statement.

3.4 Mission

“A clearly stated mission can help instil shared sense of direction, relevance, and achievement among employees, as well as a positive image of the firm among customers, investors, and other stakeholders” (Walker *et al*, 2003, p.35). Hooley *et al*, (1992, cited in Hooley *et al*, 2004, p.36) state that an effective mission statement needs to include:

- A “vision of where the organisation wants to be in the foreseeable future”.
- “The values of the organisation should be spelled out to set the ethical and moral tone”.
- “The distinctive competencies of the organisation should be articulated, clearly stating what differentiates the organisation from others of its kind”.
- “Market definition, in terms of customer targets that the organisation seeks to serve and the functions or needs of those customers”.
- “Where the organisation is, or intends to be, **positioned** in the marketplace”.

“We should remember that the mission statement is central to the school’s purpose and function as well as being central to the marketing plan” (Greenwood and Gaunt, 1994, p.41). “The whole point is to develop an ‘outward’ rather than an inward looking school which is responsive to the needs/requirements of its customers, and which takes a positive approach to the constant monitoring of changes in those needs/requirements” (Greenwood and Gaunt, 1994, p.34).

“In order to provide more specific direction with regard to each element of the mission statement, long term goals have to be formulated. ...they are the focus points when strategies are developed for the organisation, because they describe what should be achieved by the strategies” (Ehlers and Lazenby, 2004, p.120).

3.5 Strategy formulation

Once the purpose of the organisation has been identified a strategy can be formulated to achieve the purpose. This is the core strategy and requires a detailed analysis of the resources available and the market (Hooley *et al*, 2004, p.40). Many schools used the SWOT analysis to identify internal strengths and weaknesses as well as opportunities and threats in the external environment (Greenwood and Gaunt, 1994, p.39). Once strengths have been identified, strategies should be developed to take advantage of competencies, while weaknesses may have to be improved on, or the organisation may decide to avoid the weakness in its strategy (Hooley *et al*, 2004, p.40).

The market analysis is an important part of the strategy development. By a detailed analysis of customers and competitors the opportunities and threats facing the organisation can be revealed. Treacy and Wierseman (1995, cited in McColl *et al*, 1998, p.124) suggest an organisation has three paths to market leadership. These are:

- Operational excellence, where customers are provided with competitively priced reliable services.
- Customer intimacy, where an organisation continually monitors the needs of the customer and tailors its offering to meet that need.
- Product leadership, where an organisation focuses on innovation.

All three of the above require a clear understanding of target market needs.

Although many schools may well consider much of the above too commercial, much of the literature on schools emphasise the needs of the customer, for example:

- “What will be truly professional will be when we handle this process in the interest of the pupils” (Tomlinson, 1989, p.67).
- Schools need a focused number of specific goals (Reynolds *et al*, 2002, p.282) and must basically answer the question “what does society want?”
- There are shared values as to what should happen in a classroom or a school (Reynolds *et al*, 2002, p.289).

- The creation of world-class schools clearly requires agreement upon goals amongst educationalists. However for schools to become world class it is essential to have societal support (Reynolds *et al*, 2002, p.291).

Some schools do try to monitor the needs of their customers, however often feedback will be *ad hoc*. and an over-reliance on *ad hoc*. feedback can have its limitations e.g. lack of purpose (difficult to interpret), lack of credibility (gossip?), irrelevance, bias, inequalities (only certain parents contribute) (Bagley *et al*, 1998, p.266). Once a clear understanding of customer needs is obtained the market can be segmented.

Combining current or future strengths with opportunities in market that are attractive to the organisation, gives the organisation the potential to develop a differential advantage. However, essential to the creation of a differential advantage, is that this advantage must be of value to the customer. If this is achieved the organisation can now position the service within the market.

3.6 Positioning

“Competitive positioning is about making choices that ensure a fit between chosen market targets and the competencies and assets the firm can deploy to serve those target markets more effectively than competitors” (Hooley *et al*, 2004, p.567). “It is used by an organisation in an attempt to distinguish its offerings from those of its competitors in order to give it a competitive advantage within the market. Positioning is on the basis of features of the product offer that are designed to appeal to the target market” (McCull *et al*, 1998, p.117). Vital to successful positioning is that it must be desired and valued by the target market (Hawkins *et al*, 2001, p.347). “The ultimate marketing battleground is the mind, and the better you understand how the mind works, the better you’ll understand how positioning works” (Trout and Rivkin, 1996 p.ix). “Positioning is what you do with the mind of the prospect...what really matters is the perceptions that exist in the mind” (Ries and Trout, 2001, p.3). Effective positioning is achieved by “focusing on the prospect rather than the product” (Ries and Trout, 2001, p.10).

In the case of schools there are possibly many segments in the education market and it is vital that these segments are identified, competencies within the school are matched with the needs and values of a particular segment or segments of the market, so that the organisation can maximise its differential advantage. Research in the U.K. indicated that some (largely private) schools had a unique selling proposition, but this was largely intuitive (James and Phillips, 1997, p.283). Failure to select a desired position in the marketplace and to develop an action plan to hold this position will result in one of four possibilities (Lamb *et al*, 2003, p.154):

- They will face head on competition from possibly stronger competitors.
- They will occupy a position that nobody else wants.
- Their position will be so “fuzzy” that they do not know what their distinctive features are.
- They will have no position in the market.

The lack of active positioning in many schools most probably means that they suffer from one or more of the above.

As education is essentially a service, it is likely that several tools associated with service marketing may be used to position the service. These include (Lamb *et al*, 2003, p.166):

- A focus on the physical evidence, which is an important “tangible cue”.
- Because education is delivered by various teachers the quality may vary accordingly. To overcome these differences they may try to employ “better people - meaning staff who are recruited, trained, remunerated and motivated to render a particular quality of service” (Lamb *et al*, 2003, p.166) as an active positioning strategy.

Five dimensions of service quality that are important include; reliability, responsiveness, assurance, empathy and tangibles (Lamb *et al*, 2003, p.167). Within a school situation these five dimensions of service quality are very important to both the parent and the learner and may well offer a means by which an institution could differentiate itself. Kotler and Armstrong (1994, cited in Lamb *et al*, 2003, p.170) state, a differentiating factor is worthy of use as a positioning factor when:

- It delivers a valued benefit to the target market.

- It is distinctive to the organisation.
- It is superior to other ways in which the customer may obtain the same benefit.
- It must be able to be communicated to the customers.
- It must be visible to the customers.
- It must not be easily copied.
- It must be affordable to the target market.
- It must be able to be introduced profitably.

Lovelock (1996, p.171) outlines three steps to identifying a suitable market position and developing a strategy to achieve it. These are:

1. Analyse the market. Research may be required to obtain greater insight into customer needs, market segments, competitors and the possible demand in the different segments.
2. Internal analysis. In this an understanding of the resources available, areas of expertise, and possible problems within the organisation are identified. This should help to identify segments of the market that the firm may be able to serve effectively.
3. Competitor analysis. This involves identifying the competitors, the market segments which they serve, and their strengths and weaknesses. The result of this could be the identification of opportunities which would allow the organisation to differentiate itself.

“The outcome of integrating these three forms of analysis is a *positioning statement* that articulates the planned position of the organisation in the marketplace” (Lovelock, 1996, p.171).

“Once the core strategy and the competitive positioning have been selected the task of marketing management is to implement those decisions through marketing effort. The three basic elements of implementation – marketing mix, organisation and control...” (McColl *et al*, 2004, p.52). As Kotler (1991, p.68) states the “marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market”.

In the literature on schools various approaches to the marketing mix have been adopted, Greenwood and Gaunt (1994, p.40) adopt the four Ps, while Grey 1991 (cited in James and

Phillips, 1998, p.273) suggests five Ps, but James and Phillips (1998, p.273) suggest the seven P model as it “offers the most detailed tool for the analysis of the marketing mix in educational settings” (James and Phillips, 1998, p.273). Interestingly the last P in the seven P model given by James and Phillips (1998, p.273) is “proof”, and the appearance of the school is largely covered in “place”. The more conventional seven Ps adopted in service literature will be used.

3.7 The marketing mix

3.7.1 Product

The service offering is very different to the goods market. In regard to goods Kotler (2003, p.207) suggests five levels, which constitute a customer value hierarchy. There is the core benefit (the benefit that the customer is buying), the basic product (the product itself), the expected product (the attributes buyers expect when buying a product), the augmented product (including advice, guarantees, financing) and the potential product “which encompasses all the possible augmentations and transformations the product or offering might undergo in the future” (Kotler, 2003, p.209).

In regard to services McColl *et al.* (1998, p.176) suggest two components, the core service and the secondary service level. The core service level is the essential function of the service, the need that the service is fulfilling. However, the service is itself intangible, so the customers do not take title of the service, they experience the service (Lovelock, 1996, p.312). In that it is satisfying a need, it is similar to the core product of a material good and highlights the need for qualitative research in regard to consumer’s perceptions, beliefs and attitudes (McColl *et al.*, 1998, p.176). The characteristic that the service is intangible also allows it to be given through electronic media in the *marketspace* (Lovelock, 1996, p.320). Although the service is intangible, it can in some cases be stored using goods (e.g. videos, books, compact discs etc.), which then overcomes the time bound nature of services.

As the core service is intangible, monitoring the service becomes more difficult and ensuring a consistent and reliable service is given, often by different employees with different customers, at different sites becomes a challenge (Lovelock, 1996, p.330). As McColl *et al* (1998, p.181) state it is more difficult to monitor and maintain a high standard in services due to difficulties with quantification of standards and the subjective nature of evaluating the performance that has been received. To try and overcome the difference between what the customer expects from a service and what is received from the service provider Zeithaml and Bitner (2000, p.26) have introduced the “gaps model of service quality”.

The secondary service level is very important in services especially as the core service is not able to be patented and can often be copied, “the search for competitive advantages in a mature industry often emphasises supplementary service elements that are bundled with the core” (Lovelock, 1996, p.337). As Levitt (1974) stated “It is not the basic, generic thing we are selling that counts, but the whole cluster of satisfaction with which we surround it” (cited in Lovelock, 1996, p.338).

Because education is essentially a service and services contain many different supplementary services, there is some difficulty in identifying what the product actually is. Bisschoff *et al*, (2004, p.7) state “the most important part of a school’s product is the education provided by educators”. Although schools tend to have a good understanding of what they offer their customer, they do not necessarily identify this as their product, or range of products (James and Phillips, 1998, p.276). Vining (2000, p.125) however states that the former students are the “school’s finished product...their best advertisement and their strongest supporters”.

In interviews conducted with head teachers in the U.K., schools highlighted aspects that were particular to the school, that made it appealing to the market (James and Phillips, 1998, p.276), but this was not seen as an active effort to differentiate the service, or create a unique position within a market. Most schools surveyed were curriculum led and none were market driven. The idea that courses may have a finite life was not recognised (James and Phillips, 1998, p.276). Product quality as seen through the recipients requirements did not figure. No literature was

found in which schools differentiated themselves on the basis of the subjects offered, however there are specialised schools (e.g. The Drakensberg Boys' Choir School).

3.7.2 Price

As a service is intangible, the price charged indicates information about the quality of the service and also (as the service cannot be stored) allows service providers to charge premium prices when demand is high (McDonald and Payne, 1997, p.171). Price discrimination in regard to when the service is required, may be used to manage variations in demand that occur at different times (McColl *et al*, 1998, p.340). Pricing becomes difficult as it is hard to assess quality before receiving the service. As it is difficult to evaluate the service in advance, there is a greater risk for the customer.

Zeithaml and Bitner (2000, p.430) state that there are three ways in which the pricing of services is different:

Firstly, there is likely to be a high degree of price flexibility between service providers because:

- The reference price that a customer has in regard to a service is not as accurate as that for a good.
- The service provider is often unwilling or unable to give a price in advance as it is difficult to estimate the full extent of the service that will be required until the service has started to be administered.
- Individual customer needs vary in regard to the services required.
- The information in regard to the price of a service (which in itself is heterogeneous) is often difficult to obtain. Similar services cannot be compared on the shelf of a supermarket.
- Many customers only realise the price of a service after they have received the service.

Secondly, the non-monetary costs of services are also important. These non-monetary costs may include:

- Time costs. If the service requires the consumer to participate directly this takes up the consumer's time. Not only does this entail waiting time, but it also involves the actual time that it takes for the consumer to receive the service.
- Search costs. This involves the time, effort and perhaps monetary cost involved in identifying the correct service provider. In the case of goods they can often be directly compared with each other in the supermarket, showroom or literature.
- Convenience costs. Often customers have to travel to receive a service. As services cannot be stored, they may have to interrupt other plans because the service is being given at a certain time.
- Psychic costs. Customers often fear or feel uncomfortable receiving a service. This has emotional costs (that could be positive or negative).
- Sensory costs. Lovelock (1996, p.361) also indicates that customers may have to put up with uncomfortable seating, unappealing environment, noise etc.

If these non-monetary costs can be reduced by a service provider, it could allow them to increase charges, or give them a differential advantage.

Thirdly, price may be an attractant or repellent variable. If service cues for quality are available, consumers may not rely as much on price as a quality cue. However, when quality is hard to detect, price may play an important role in indicating quality.

Price (or fees) does not appear to be an active part of the marketing mix strategy of schools, and was not mentioned in several books aimed at marketing of schools. Covering costs however was important, as were fundraising activities.

Interestingly all the private schools included in a study of marketing in U.K. schools indicated that they would not be able to survive on fees alone. The fee income only met the running costs of the schools, while capital expenditure was financed from donations and fund raising projects (James and Phillips, 1998, p.280). The same study indicated private schools were under constant threat of losing pupils to good and less expensive government schools. It was also stated that

boarding facilities placed a large administrative cost on the schools and that boarding was becoming less popular.

James and Phillips (1998, p.279) outline some innovative pricing ideas including a 10% discount to parents if they introduced new students, free boarding for a week in order to see if boarding suited the students and offering “occasional boarding facilities”. The dominant concern in private schools was to make a profit (James and Phillips, 1998, p.279).

3.7.3 Place (distribution)

The perishability of services results in different distribution channels to those used in the distribution of goods. This may mean combining the service factory, the retail outlet, and the point of consumption into one (Lovelock, 1996, p.19).

Production and consumption are inseparable in service industries, so providers of services must either present the services themselves, or involve others in the delivery of the service. The latter may be problematic due to quality control problems associated with service delivery (Zeithaml and Bitner, 2000, p.343). “Because services can’t be produced, warehoused, and then retailed as goods can, many channels available to goods producers are not feasible to the service firms” (Zeithaml and Bitner, 2000, p.344). Distribution options are normally limited to franchisees, agents, brokers, electronic media and direct distribution.

As services are time bound they are often delivered directly by the service provider. This may hold several advantages for the service provider including (McCull *et al*, 1998, p.307):

- Due to the regular contact with the service provider there is direct feedback that can result in improving services or developing new ones. Associated with this is the ability to collect information about the customer and build databases.
- The service provider can develop relationships with the customers.
- The service provider can retain the profit margin that otherwise would have to be shared with the intermediary.

Technology may play an important role in service distribution. An example of this is the use of ATM's in the delivery of money and on-line degrees, taught by making use of the Internet (Lovelock, 1996, p.316).

No references in regard to distribution in the context of schooling could be found in the literature. James and Philips (1997, p.280) refer to appearance and condition under place; however these two items are discussed under physical evidence in this dissertation. Although several schools in South Africa have relocated to be better positioned (e.g. Graham College in Grahamstown), it is very costly and place as such is very difficult to change once the structures have been built. However, in services place also involves making the services available or accessible to the target market (Kasper *et al*, 1999, p.620). Items such as school transport, are important in making the service available to learners living in different areas.

3.7.4 Promotion (marketing communication)

Lovelock (1996, p.382) states that the most relevant differences between services and goods in regard to marketing communication are:

- The absence of inventories in regard to services. This means that marketing communication in services can play an important role in ensuring that demand matches the capacity available. Discounts and incentives are common tools used to achieve this.
- Reduced role of intermediates. The distribution channel tends to be longer for goods than services. This means that money used to advertise goods through the intermediaries can often be used in other areas.
- The importance of contact personnel. When intermediaries are absent the contact between the consumer and the service personnel becomes very important and in high contact services the employees often play a vital role and are crucial to customer satisfaction.
- Customers are involved in the production of the service. Customers are often slow to change and adapt to the possibility of using technology to replace the customer-service personnel interface.

Because of the intangibility of services they are considered high risk. This has led to a greater emphasis on word of mouth sources in regard to quality and also the active seeking of information by the consumer (McColl *et al*, 1998 p.369). Part of the information given by a service provider must be to outline what the consumer can expect from the service, so that a gap does not exist between consumer expectations and service delivery.

The service personnel become an important element of the promotional mix as they interact directly with the customer. The services must match promises that the company makes in regard to the service. For this to occur effectively it is vital for service organisations to have:

- An effective internal marketing communications across departments within the firm.
- A unified external marketing communications message.
- Contact personnel that give the same message to the customer as the organisation does.

This is described as the service triangle in Zeithaml and Bitner (2000, p.403).

Some techniques that may be used as part of the promotion of services include: free samples (e.g. a free month's trial) so that the credibility of the service can be established, gifts, which may represent tangible elements of the quality to be expected, and price - quantity promotions (e.g. voyager miles) that may also act as a customer retention strategy (Lovelock, 1996, p.385).

In a survey on primary school headmasters in the UK it was found that almost all the school heads "confused the term marketing with promotional activities, much of which took the form of public relations exercises" (Bell, 1999, p.67). In the literature there seems to be a lot more references available on school communication and promotion than on the marketing of schools. In studies in England (Woods *et al*, 1996, cited in Bagley *et al*, 1998, p.265) identifying parental needs received much lower priority than promotional activities, indicating that customer orientation was less important than promoting the school (how promotion can be effective if the needs of the customer are not fully understood may also be questioned). Promotion was the dominant element of the marketing mix, although none of the schools surveyed evaluated how

effective promotions were and none were aware of such factors as AIDA. The prospectus was thought of as the most valuable promotional tool (James and Phillips, 1998, p.283).

Vining (2000, p.6) clearly identifies all the aspects of marketing communication (public relations, promotion, advertising and person selling) as being of importance to the school. “Through the use of words and photographs you can shape the way people see your school” (Vining, 2000, p.74).

3.7.5 Physical evidence

Physical evidence is “the environment in which the service is delivered and where the firm and customer interact, and any tangible commodities that facilitate performance or communication of the service” (Zeithaml and Bitner, 2000, p.20). Physical evidence is especially important in services because services are intangible and associated with a high level of risk. Customers may rely on physical evidence to gain an impression of the service. The physical evidence is important before purchase, during consumption of the service and after consumption (Zeithaml and Bitner, 2000, p.253). Types of physical evidence may include (McColl *et al*, 1998, p.183):

- The physical facility of the organisation (the servicescape). This may include factors such as exterior design, parking, landscape, interior design, seating, equipment etc.
- Communications from the firm to the customers. Such factors as the brochures, advertisements, statements, websites, reports, business cards etc.
- The price of the service, as consumers are likely to use price as a guide to quality for more intangible services.

Shostack (1977, cited in Lovelock, 1996, p.340) suggests the more intangible a service is, the more important it is to supply tangible cues as to the features and quality of the service. “Put simply, IMAGE is the picture that other people have of you. It is the picture you have of yourself” (Vining, 2000, p.17). Important areas include:

- The entrance of the school.
- Reception area and buildings.
- The school hall.

- External fences.
- Signs and notice boards.
- Fields, gardens, seating, parking and direction signs.

In addition the corporate image is important in such items as; letterheads, crests and standardised printed material. The Internet website of the school plays an important role, especially as it may be the first contact prospective customers have with the school. As Vining (2000, p. 27) states “schools without an impressive Internet site don’t even make it to the shortlist of many contemporary prospects”. A quality look suggests a quality school (Vining, 2000, p.23). “The way in which educators package themselves speaks volumes about how they value themselves, about their sense of quality, level of ability and degree of professionalism” (Vining, 2000, p.95).

James and Phillips (1998, p.280) emphasise the importance and the potential value of the first contact. This is often the reception area of a school or the website.

3.7.6 Process

The process is defined as “the actual procedures, mechanisms, and flows of activities by which the service is delivered - the service delivery and operating systems” (Zeithaml and Bitner, 2000, p.20). Lovelock (1996, p.49) identifies four types of core service processes. These are:

- People processing, in which tangible actions are directed at the person, and therefore requires the person to be present during the service delivery.
- Possession processing, when a service organisation applies a process to some possession.
- Mental stimulus processing, when intangible actions are applied to a customer’s mind and so require their mental participation through out the delivery.
- Information processing consists of tangible actions to customers possessions.

Processes are very important especially in regard to the production of services that have a high contact with the customer. The operations management becomes part of the marketing function,

as the service delivery is what the customer is paying for. Technology can have an important impact on the process of service delivery.

Shostack (1987, p.233) states the core to positioning is the product itself. However, services are not things they are processes. She suggests looking at processes as structural elements and determine how these elements can be engineered to differentiate the service. Processes can be broken down to logical steps and sequences. These can be described in regard to the complexity of the process. Each of these steps and sequences has some degree of executional latitude or variability. The variability may be able to be decreased to form more standardised services, or increased to form customerised services. By identifying all the process steps and points of divergence, as well as establishing the degree of complexity of each step, a blueprint of the service delivery can be obtained. These blueprints not only help the service provider break down the service into visible sequences, showing complexity and divergence, they can also provide more visible evidence to the consumer. Possibly, the most important use of blueprints is that they allow the service provider the chance to analyse the service (and those of competitors) and create within these processes differential advantages. This is achieved by either increasing or decreasing complexity or divergence within different steps and sequences of the service provided.

The first recommendation by Reynolds *et al*, (2002, p.288) in their conclusions regarding the creation of world class schools, is that they require strong systems, not just strong people. In their study of schools in nine different countries strong systems minimise the variance in the quality of education provided and gave the societies concerned “enormous advantage”. This is especially important as “the occupational role of the teacher is constantly being increased in quantity and difficulty” (Reynolds *et al*, 2002, p.289).

The potential to develop new processes with the advancement of technology seems enormous. As Sheth (1994, cited in Hooley *et al*, 2004, p.111) states “new technology will underpin every aspect of the marketing process, even the product itself, in ways that may seem outlandish”. Cravens (1997, cited in Hooley *et al*, 2004, p.112) stated that there will be a move from functions to processes.

Advancement in processes could change our current methods of education (e.g. T.V. schooling), but could also offer many ways of allowing schools to differentiate themselves as superior service providers.

3.7.7 People

These are “all human actors who play a part in service delivery and thus influence the buyer’s perceptions; namely, the firm’s personnel, the customer, and other customers in the service environment” (Zeithaml and Bitner, 2000, p.19). The production of services cannot normally be separated from their consumption, this means that the interaction - especially as the service is to some extent intangible - is “the moment of truth” (Carlzon, 1987, cited in McColl *et al*, 1998, p.212). There are a number of important implications in high contact services where the customer and service provider physically meet. These implications include (McColl *et al*, p.213):

- Quality control becomes a major problem. However, this is not only dependant on the person delivering the service, but also on the person receiving the service. This is further complicated by the fact that the same service may be delivered by different people, or different types of service may be delivered by the same person.
- Because the customer has to be present at the service delivery, the location becomes important.
- Time and the ability of the service provider to manage demand becomes an important factor.
- “Problem customers” can cause problems for the other customers receiving the service. Often customers are involved in creating the service and “managing these service encounters - especially those between customers and service providers - to create a satisfactory experience is a challenging task” (Lovelock, 1996, p.17). The production process is important in the service industry as the customer is often involved in the production.

The firm’s personnel interface directly with the customer and in many cases deliver the service, or are intimately involved in the process of service delivery. It is vital for these personnel to be able

to market the firm. The aims of employees must be congruent with those of the firm. Because of the importance of the employees to firms involved in services “it has recently been recognised – especially within the service sector – that many of the marketing processes applied to the external relationships are of equal value to internal relationships. Much effort is often placed on selling the values and objectives of an organisation to its employees” (McColl *et al*, 1998, p.31). This process of “selling the values and objectives of an organisation to its employees” is called internal marketing.

It has been described by Berry (1980, cited in McColl *et al*, 1998, p.270) as “the means of applying the philosophy and practices of marketing to people who serve the external customers”. The aim is to ensure “communications from the company to the employee are accurate, complete and consistent with what the customer is hearing or seeing” (Zeithaml and Bitner, 2000, p.404). This not only entails vertical communication (between management and employees), but also horizontal communication (across functional boundaries of a firm).

With the more customer focused companies, effort is also being made to expose back-office and support staff to customers and their needs (Zeithaml and Bitner, 2000, p.420) and internal marketing is becoming a core business philosophy (McColl *et al*, 1998, p.271). The importance of the service provider is emphasised. This is illustrated in an article by Heskett *et al*, (1994, p.582) in which it is stated “in the new economies of service, frontline workers and customers need to be the centre of management concern”. This is further emphasised in the same article (p.582) as:

- Customer loyalty drives profitability and growth.
- Customer satisfaction drives customer loyalty.
- Value drives customer satisfaction.
- *Employee* productivity drives value.
- *Employee* loyalty drives productivity.
- *Employee* satisfaction drives loyalty.
- Internal quality drives *employee* satisfaction.
- Leadership underlines the chain’s success.

From the above it is apparent that staff, staff satisfaction and the continuous training of staff are vital for successful service marketing. In services where the staff has a direct interaction with the customers it is “essential for service organisations to clearly specify what is expected from personnel in their interaction with customers and maintaining morale and retaining staff. To achieve the quality service methods of recruiting, training, motivating and rewarding staff cannot be regarded as purely personnel decisions - they are important marketing-mix decisions” (McCull *et al*, 1998, p.2).

If customers have mandatory production roles (like in education) and other customers are present in the service delivery they can enhance or detract from satisfaction and quality. If the customers have incompatible needs, they may affect each other in a negative manner (Zeithaml and Bitner, 1998, p.321).

The variation in customer needs may be complicated by the culture of the customers involved. Zeithaml and Bitner (2000, p.41) emphasise the importance of culture in service delivery, especially in multicultural countries. “Culture is important in every stage of the decision making process for services - and is likely to become more so in the future”. As Hofstede (1991, cited in Zeithaml and Bitner, 2000, p.41) states “everybody looks at the world from behind the windows of a cultural home...home is normal. Unfortunately there is no normal position in cultural matters”. These cultural differences affect values, attitudes, manners, customs, material culture and aesthetics to mention a few. The cultural diversity in the “rainbow nation” is enormous. This is accentuated in private schools that may accept a large contingent of foreign students. The importance of people in the school is evident; however it would appear that the vital importance of those interfacing with the customers and delivering the service is not fully appreciated.

In a survey of a sample of schools in the U.K. most headmasters realised the importance of marketing the school to their staff, who in turn should also market the school, but problems such as the staff feeling a lack of ownership prevented this. There was little evidence to support a

change in the culture of the schools and the adoption of the marketing philosophy (James and Phillips, 1998, p.285).

As Vining (2000, p.27) states “It is the people in your organisation who provide your greatest competitive advantage” and in order to establish this culture of co-operation within a school there needs to be a forum to discuss dissatisfaction. Vital to developing “a successful policy of marketing the school to itself therefore also means consistently and continually finding ways of recognising and acknowledging the worth of all those who work there” (Bowles, 1989, p.47).

The important role played by staff in marketing a school is emphasised in several articles:

- “Everybody associated with the school will act, to some extent, as an ambassador for the school. Therefore commitment towards a marketing approach must be obtained from all... however the establishment of the marketing culture is probably the most difficult part of marketing a school” (Greenwood and Gaunt, 1994, p.33).
- “Every member of a school has a role to play in promoting their school... success in education is measured by the satisfaction of the community it serves” (Vining, 2000, p.14). Teachers are the main interface between the school and its clients and as such have a vital message to convey. Good communication with teachers can be the basis for relationship marketing. The importance of the administrative staff, as the first contact that outsiders have with the school is also emphasised by Vining.
- Leaders should work with staff to foster the “development of a school culture in which staff find meaning in their work and are motivated to learn and solve problems with a greater degree of collaboration” (Hallinger and Heck, 1999, p.185).
- “However the most important part of a school’s product is the education provided by educators” (Bisschoff *et al*, 2004, p.7).

Considering the importance of people in service industries and the special importance of people in education, schools must question if they follow the example of best companies, as outlined in Thompson and Strickland (2003, p.363). Do the schools:

- “Spend considerable effort in screening and evaluating job applicants, selecting only those with suitable skill sets”.
- “Put employees through training programmes that continue not just through their early years but usually throughout their careers”.
- “Give them challenging, interesting, and skills-stretching assignments”.
- Rotate them through jobs so that people can experience a variety of functions in different work settings.
- Encourage innovation, creativity and a philosophy of challenging existing ways, where there is an environment “where ideas and suggestions bubble up from below....where employees are made to feel their opinion counts”.
- Make employees feel that the school is “a great place to work”.
- Make special efforts to retain employees with high potential or performance.

Closely associated with achieving the above should be an effective performance management system that not only provides direction and focus to the employees, incorporates various motivational principles and has a strong development and training component (Hunter, 2002, p.143).

3.8 Conclusion

The literature review in this chapter discusses the marketing of schools and offered a theoretical base against which the marketing of the three schools in this dissertation were evaluated. Before conducting the research it was important to understand the environments (both macro and task environments) in which the schools operated, and evaluate how the schools were being marketed (by reviewing secondary data). These topics are discussed in chapter four.

Chapter 4

Situation Analysis

4.1 Introduction

Cowan House, Epworth and Hilton College operate within open systems and they cannot be successful if they are not in step with their environment. They constantly interact with their environment and it is important for the schools to adjust to the complex and challenging environments in which they operate (Ehlers and Lazenby, 2004, p.83).

Before an analysis of how the schools market themselves can be undertaken, it is important to have some understanding of the macro, task and internal environments that exist. The external environment will indicate possible opportunities and threats, whereas the internal environment should indicate the strengths and weaknesses of the schools. A detailed analysis of these environments is beyond the scope of this research, but some understanding is important as it is the basis on which the schools designed their strategy.

4.2 The macro environment

Forces in the macro environment represent uncontrollable factors that the organisation must monitor (Ehlers and Lazenby, 2004, p.86). Only aspects that are likely to have a direct influence on the marketing of the schools in this dissertation will be examined. These include:

4.2.1 The demographic environment

The primary sector of independent education accounts for 61,7% of all learners, while the secondary sector accounts for 38,3% of learners (du Toit, 2004, p.20). This may mean that there will be a greater demand for independent secondary education if the primary school learners do attend independent secondary education.

The redistribution of income may have an influence on the target market of expensive private schools. “In South Africa, affirmative action policies have helped contribute to the rise in the number of black households earning as much as, or more than, the average white household, from an original figure of less than 1000, to 1,2 million” (I.L.O. fact sheet, no date). This increase in earning power is also reported in the Amps survey (no date, cited in Schlemmer, 2005, p.16) which states that in 1994 less than 10% of the top 10% of household income earners were Blacks. By 2002 Blacks accounted for 23% of the top 10% of income earners.

There has been a substantial growth in the independent school sector, from 590 registered independent schools in 1990, to 1287 registered independent schools in 2002 (du Toit, 2004, p.8). This increase is largely due to a demand from Black communities for differentiated education resulting from an increase in economic and social mobility of this sector of the population (du Toit, 2004, p.3). The independent school sector was originally considered to be “White affluent and exclusive” but now comprises of seventy percent Black learners. “There appears to be a specific group of elite, predominantly African schools, on the rise in the top-fee category...This finding has important implications for new forms of social class formation in the future arising from school and socio-economic background” (du Toit, 2004, p.14).

4.2.2 The political-legal environment

South Africa became a democracy in 1994. “This brought about radical changes that affected both the constitution of the country and the educational system” (Bisschoff *et al*, 2004, p.2).

There has been substantial turbulence in South African government schooling, with three different national ministers of education, several delays and revisions of the school curriculum, criticism of the proposed National Senior Certificate, and recently moves to give the education department the ability to appoint teachers in government schools. This instability in government schooling could undermine the confidence both parents and learners have in the system.

The demand for independent education in South Africa could also be increased if private schools in Zimbabwe are forced to close, due to government regulations setting the fee structure. This possible legislation is threatening schools that charge high fees (Sapa, 2005). The learners from these Zimbabwe schools could be a possible market the schools being investigated.

4.2.3 Economic environment

A substantial number of boarders at private schools come from other, mainly African, countries. The appreciation of the Rand versus the US dollar (and other currencies) since 2002 makes education in South Africa substantially more expensive in dollar terms (see Table 1).

Table1. The Rand – US Dollar exchange rate at the beginning of the school year (25th January) for the period from 2002 to 2005.

Year	Rand / US\$
2002	11,37
2003	8,37
2004	7,15
2005	5,97

(Information obtained from www.xe.com)

4.2.4 Social environment

The HSRC survey revealed that 81,3% of teachers in the top fee paying (R18 000 plus per annum) schools were females with 18,7% males (du Toit, 2004, p.20). The supply of teachers to independent schools could cause problems as 55% of teachers in public schools intend to leave the profession. “The likeliest to leave, the study found, are non-Africans, men, secondary-school teachers, those aged 25 to 49 years, the best qualified teachers, those in the medium to high income group and teachers of technology, economics and management, and natural sciences. HIV negative teachers are more likely than HIV positive employees to want to leave” (The Education Labour Relations Council Study, cited in Macfarlane, 2005, no page number).

4.2.5 Technology

The potential for the use of technology in education is enormous. This could include; teaching aids, the development of systems within the school, communication with the target market (via websites and the Internet) and giving the school the ability to become truly international.

4.3 School marketing in South Africa

There is little information regarding marketing of schools in South Africa, although recently Bisschoff *et al*, (2004) published a book entitled “Effective School Marketing”. The book is a “custom-made text for the South African public school” (Bisschoff *et al*, 2004, p.v). From this text it would appear some work is being undertaken on school marketing at the Faculty of Education at The Rand Afrikaans University.

The Independent Schools Association of South Africa (ISASA) has a marketing sub-committee, but only three of the provinces are represented on this sub-committee (ISASA, no date).

The need for more information on school marketing was apparent from a recent workshop on school marketing that was held by a private marketing contractor. At this conference only two of

the schools attending had marketing departments for more than eight years, and more than half the people that were responsible for marketing the schools did so on a part time basis, as they were actually teachers.

4.4 Marketing of three private schools in the Midlands of KZN

Prior to conducting research on how the private schools in this study market themselves it is important to understand the task environment in which these schools operate in as well as the present marketing message that the schools appear to give their target market.

4.4.1 The task environment

The task environment of each school was not studied in detail, as this is beyond the scope of this dissertation. However, the fee structures for 2005 and basic competitive information (obtained from ISASA, and school web sites) in regard to each of the three schools is presented below:

4.4.1.1 Cowan House

Table 2. Cowan House Competition

Name of school	Type	Grades	Tuition fees Rand p.a.		Plus Board	Boys		Girls	
			Lowest	Highest	Highest	Day	Board	Day	Board
Cordwalles	Boys	00 - 7	8300	36000	59000	215	40	n.a.*	n.a.
Cowan House	Co-Ed	00 - 7	12000	32828	55228	166	32	117	5
Clifton Nottingham Road	Co-Ed	00 - 7	10000	33000	51600	97	67	87	44
Epworth Primary School	Co-Ed	1 - 7	15800	26900	51650	80	3	160	16
St. Charles' Primary	Boys	0 - 7	10200	23600	55300	179	4	n.a.	n.a.
St. John's Primary	Girls	00 - 7	12100	29450	58000	n.a.	n.a.	167	19
Wykeham Collegiate	Girls	0 - 7	9200	27820	58140	n.a.	n.a.	333	23
Ladsworth	Co-ed	1 - 7	6770	6770	n.a.	254	n.a.	221	n.a.

*not applicable

As a private, co-educational, boarding school, Cowan House competes directly with Epworth Primary and Clifton Nottingham Road, which are also private, primary, co-educational schools that offer both day scholar and boarding facilities. To a lesser extent it competes with The Wykeham Collegiate and St. John's Primary schools for girls and with St. Charles Primary school for boys. Ladsworth (a government junior school) is also co-educational and in the same geographic area as Cowan House. It is interesting that of the 62 Ladsworth grade 7 leavers in 2005, 36 went to private senior schools (19 to Grace College). This may imply that financially some of the parents sending their children to Ladsworth, could afford Cowan House.

4.4.1.2 Epworth

Table 3. Epworth Competition

Name of school	Type	Fees R p.a. (Matric)		Boys	Girls	
		Day	Board	Day	Day	Board
Epworth High School	Girls	29900	57150	n.a.	175	84
Grace College	Co-Ed	15000	n.a.	130	123	n.a.
St Anne's Diocesan College	Girls	36000	66000	n.a.	65	320
St John's Diocesan School for Girls	Girls	29600	58000	n.a.	145	118
The Wykeham Collegiate	Girls	29800	60120	n.a.	186	174
Pietermaritzburg Girls' High School	Girls	7800	19600	n.a.	950	220
Carter High School	Co-ed	7140	n.a.	521	522	n.a.

Epworth High School competes directly with The Wykeham Collegiate, St. Anne's, and St John's all being private monastic girls' school offering both day and boarding facilities. The positioning of Epworth in this competitive environment is important. Grace College occupies a unique sector of the market as it is substantially cheaper than the other private girls' schools and it is co-educational.

4.4.1.3 Hilton College

Table 4. Hilton Competition

Name of school	Type	Province	Highest Grade	Fees R p.a. (Matric)		Number Boys	
				Day	+Board	Day	Board
Hilton College	Boys	KZN	12	n.a.	97160	n.a.	548
Bishops	Boys	WC	Ps*	43980	76780	512	208
Kearsney College	Boys	KZN	Ps	53000	78300	182	357
Michaelhouse	Boys	KZN	12	n.a.	86750	n.a.	535
St Andrew's College	Boys	EC	Ps	49725	79200	41	343
St John's College	Boys	G	Ps	47700	82650	626	111
St Stithian's Boys' College	Co-ord	G	12	46600	n.a.	793	105

* Post secondary

Hilton College competes directly with Michaelhouse as they are both monastic, boys' schools offering only boarding. They are amongst the most expensive schools in the country. Other private schools that compete to a lesser extent with Hilton are; Kearsney College, St. John's College, St. Andrew's College, Bishops, and St Stithian's Boys' College. Within this market Hilton's aim is to be Africa's leading secondary boarding school for boys, providing a world class education. It is of interest that only Hilton and Michaelhouse do not offer a post-Matric year (St Stithian's introduced post - Matric in 2006).

4.4.2 The marketing information presented by the three schools

Prior to undertaking the research it was important to gather secondary data as to how the schools appeared to market themselves. The website and the prospectus of each school were investigated to establish what appears to be the current marketing effort of the schools. A summary of this information is presented.

4.4.2.1 Cowan House

Mission

No mission statement was found on their web site, in their prospectus or in their magazine. Their values are, based on the Christian ethos, be yourself, be reasonable, be caring and be your best.

Product.

If the product of a school is the education that it provides then Cowan House provides “the broadest education for both girls and boys in a stimulating and happy environment. It encourages the all round development of each child and so ensures they all leave school confident and well equipped ...provides an all-encompassing education, which stimulates independent thought and open, inquiring minds” (Cowan House Prospectus, no date).

Price.

The price of attending Cowan House in 2005 ranged from R 20 020 p.a. in grade 1 to R 32 828 in grade 7. Boarding did cost an additional R 22 400 p.a.

Promotion.

Professionally designed prospectus and magazine gave a good impression of what the school had to offer. The website was easy to find and contributed interesting information.

Physical evidence.

The initial image of the school was positive. The buildings are impressive but not ostentatious. The grounds and gardens are well kept.

Positioning.

Comparing the product with the Clifton Nottingham Road (Clifton Nottingham Road, no date) web page, no differences are seen. No obvious differentiation is apparent.

4.4.2.2 Epworth

Mission

“Epworth is a unified, Christian school with a Methodist heritage, providing pre-primary, primary and secondary education through the medium of English. Epworth seeks to provide an education which will enable its pupils to become well integrated, confident and independent adults able to evaluate, contribute positively to, and realise their full potential in our changing society. The climate Epworth creates provides a nurturing, stimulating environment where the pursuit of excellence, development of self discipline and life-skills, individuality and divergent thinking are honoured as essential components of a co-operative community” (Epworth, no date).

Product.

“Epworth is a Christian school with a Methodist ethos. We prepare pupils to take their place in an ever-changing world as well-integrated, confident, independent individuals, who are enabled to realise their full potential” (Epworth, no date).

Price.

The fees in 2005 were R 29 900 p.a. for a Matric day scholar and R 57 150 for a Matric boarder.

Promotion.

Epworth has an effective red (Epworth’s colour) folder which profiles the main aspects of education at Epworth and includes a school magazine.

Physical evidence.

The information received was well compiled. The school has many features such as an indoor centre, squash courts and a chapel that are all attractive.

Positioning.

When compared with St. Anne’s web site (St. Anne’s, no date), Epworth appeared to offer no unique position.

4.4.2.3 Hilton College

Mission

“Hilton College strives to be Africa’s leading secondary boarding school for boys, providing a world-class education by cultivating a culture that embraces holistic educational practises and the best lessons of South Africa’s unique multi-ethnic democracy, while upholding the Christian values which have been the essence of the school’s 130 year old tradition. This will be achieved through excellent governance, leadership and management; highly qualified and experienced staff; effective pupil teacher ratios; proactive communication and collaboration with parents and other stakeholders; comfortable accommodation; exceptional sporting and cultural facilities and the natural beauty of a large peri-urban estate” (Hilton College, no date).

Product.

“Situated on a pristine estate in the KwaZulu-Natal Midlands, Hilton College is one of the world’s leading boys’ secondary schools, catering exclusively for some 525 boarders, encouraging the pursuit of personal growth and the development of character and sound Christian values, through the provision of a multi-faceted, holistic education, ground in a multicultural society and aided by exceptional technological, sporting, adventure and cultural resources” (Hilton College, 2004).

Price.

The fees for 2005 were R 97 160 p.a. On acceptance a charge of R24 290 is levied as a contribution towards the school’s development programme.

Promotion.

An excellent hand out comprising of a C.D., a magazine, recent copies of the Fleur de Lys as well as other promotional literature. This was designed by a leading South African advertising agency.

Physical evidence.

Apart from the promotional handout, the gardens and the college itself are very neatly kept and cannot fail to impress when entering the school.

Positioning.

All the key elements of the product are also included in the Michaelhouse web site(Michaelhouse, no date), even the phrase “acknowledged as one of the world’s finest independent boarding schools for boys”. However, Hilton is more expensive.

4.5 Conclusion

This chapter described the environment in which the three schools operate and presented some secondary information in regard to the present marketing strategy of the schools. With the theoretical background, information on the environments in which the schools function and some information on the present marketing strategy of the schools, research can now be undertaken to establish how three private schools in the Midlands of KwaZulu-Natal position and market themselves within the private school market.. However, before conducting the research it is important to establish the research methodology. This is covered in chapter five.

Chapter 5

Research Methodology

5.1 Introduction

Market research is the “process of designing, gathering, analysing, and reporting information that may be of use to solve a specific marketing problem” (Burns and Bush, 2001, p.7). The specific marketing problem in this research is to determine how three private schools in the Midlands of KZN market themselves. “The choice of the most appropriate design depends largely on the objectives of the research” (Burns and Bush, 2001, p.129).

5.2 Research objectives

The research question is, “what marketing strategy is used by three private schools in the Midlands of KwaZulu-Natal”?

The objectives of undertaking the research are:

- a) To gain a clear understanding of the marketing strategy of three private schools, in an environment that is undergoing substantial change.
- b) To determine how they apply the marketing concept in their marketing.
- c) To establish how the schools segment the market, identify the target market, differentiate *their service and position themselves within the market.*
- d) To determine the use of the different elements of the marketing mix in the marketing strategy of the schools concerned.

5.3 Research type

This research was exploratory in nature. Exploratory research is used “when little is known about the problem...exploratory research may be used to gain much needed background information. There is far too much to be gained to ignore exploratory information” (Burns and Bush, 2000, p.131). Little is known about the marketing of private schools in South Africa. This research aimed at gaining information in regard to the marketing of three private schools in the Midlands of KZN.

Qualitative primary research was used as the aim of this study was to increase understanding, expand knowledge and clarify the real issues involved (Webb, 2002, p.112). “We want to understand, and also explain in argument, by using evidence from the data and from the literature, what the phenomenon or the phenomena we are studying are about. We do not want to place this understanding within boundaries” (Henning *et al*, 2004, p.3). As Hair *et al*, (2000, p216) state “qualitative data have important uses in understanding and resolving business problems and opportunities, especially in the areas of initial discovery and preliminary explanation of marketplace or consumer behaviour and decision processes”. This is what this dissertation planned to achieve regarding the marketing of three private schools in the Midlands of KZN.

Secondary data from sources such as school websites, the Independent Schools Association of South Africa, web based newspapers and published literature on marketing, service marketing and school marketing was also used.

5.4 Research design

This study relied on in-depth interviews with the marketing managers (and possibly their associates) of the three schools. By interviewing it was hoped “to bring to our attention what individuals (in this study, the marketing managers) think, feel and do, and what they have to say

about it in an interview, giving us their *subjective* reality in a “formatted” discussion” (Henning *et al*, 2004, p.54). These interviews were recorded and transcribed for reference purposes.

Prior to the interview, a questionnaire (see Appendix) was sent to the marketing manager of each school so that information that may be required could be collected. The transcripts of the interview (see Appendix) were sent to the schools concerned to ensure that they reflected accurately what was said.

By combining the information obtained from the interview with the theoretical background and examining secondary data sources, a good initial understanding of the marketing of the three schools in the Midlands of KZN was obtained.

5.5 Sample frame

The sample size of three schools was small. However, it did cover: monastic boys’ and girls’ schools, co-educational schools, schools where there are boarders and day scholars, schools where there are only boarders and both senior and junior schools.

There are about 15 private schools in the Midlands (depending how the Midlands and private schools are defined), many of which do not have marketing functions (they may have a public relations function). The sample size accounts for a reasonable representation of schools with marketing departments in the Midlands. It must also be remembered that this research was exploratory in nature, and did not aim to give a detailed analysis of the current marketing of private schools in the Midlands of KZN.

5.6 Interview design

The three interviews (one with each school) covered the same questions, except for one question which referred to that particular school (see appendix, question 23). The interviews were semi-structured in that some of the questions were open ended to help develop a greater understanding of the situation (Page and Meyer, 2003, p.111). The interviews did not cover areas where there was secondary information already available (e.g. vision and mission statements). Many of the questions were inter-related (e.g. questions on the marketing concept covered customer orientation, but similar questions were also included to establish customer needs in the market segmentation process).

The purpose of the interviews was to fulfil the research objectives. These are stated on page 53.

Prior to asking any marketing questions it was necessary for the interviewee to be asked if they objected to the interview being taped or the school name being mentioned in the dissertation.

“Marketing strategy refers to the activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets based on the firm’s competitive advantage and proposed position” (Lamb *et al.*, 2000, p.410). This was the basis for the dissertation. All the questions in the questionnaire were aimed at achieving the objectives. The questions that were asked are italicised in the text. The sub-headings below correspond to the different elements of the objectives (see page 54).

a) Strategy formation

Organisations should have a vision and mission statement to guide the organisation into the future. It is impossible to formulate an effective strategy without an environmental analysis (Ehlers and Lazenby, 2004, p.5). This involves the macro environment, the task environment and the internal environment. Although a detailed analysis of how each school perceived the

environments in which they operated was beyond the scope of this dissertation, some questions were posed to establish if the schools were aware of changes within the environments. Questions that covered this aspect in the interview included:

- *How has the racial mix changed over the last 10 years? Has this changed who your target market is?*
- *Has your school any programmes to sensitise learners to cultural differences?*
- *Does the new education system pose a threat to your school?*
- *How much does your school rely on pupils from outside SA? What factors are affecting them?*
- *Who are your main competitors and how often do you analyse them?*

Questions referring to the customer are dealt with under customer orientation and people (see below) although the customer is an important element in the task environment.

Based on information about the environments in which an organisation operates, it is able to formulate goals which give the organisation specific direction. "To survive, grow and prosper an organisation has to distinguish itself from its competitors" (Ehlers and Lazenby, 2004, p.120).

Questions based on identifying goals and competitive advantages were:

- *Does your school have long term goals?*
- *What is unique about your school?*
- *Your school has several strengths. How does it capitalise on these strengths?*

b) The marketing concept

The marketing concept is based on customer satisfaction, integration of activities, achievement of long term goals and more recently to preserve and enhance individuals and society's long term best interests (Lamb *et al*, 2003, p.9). The questions that determined if the schools followed the basic principles of the marketing concept and customer orientation were:

- *The marketing concept is based on; a) customer orientation, b) integration of activities, c) long term goals, d) societal responsibility. Does your school operate according to these criteria?*
- *Once you have a learner, what do you do to retain the learner, or to attract siblings?*
- *Education is largely considered a service and so is intangible. How do you gauge customer satisfaction and ensure parental and learner expectations are in line with what the school can deliver?*
- *Have you introduced any form of communication that allows you to understand parental concerns or learner needs more accurately?*
- *Have there been any innovations over the last few years? Why did these occur? This question was included to determine if changes were customer driven.*

c) Market segmentation, target market selection, product differentiation and positioning.

Market segmentation, target marketing and positioning “are probably the most important and fundamental tools in the marketer’s toolkit” (Walker *et al*, 2003, p.150). “The concept of positioning involves establishing a distinctive place in the minds of the target customers relative to competing products” (Lovelock and Wright, 2002, p.219). Questions relating to the above included:

- *Who are your customers and is it fair to say they are the focus of your school’s marketing?*
- *How do you establish customer needs?*
- *Do you segment the market and on what basis do you segment the market?*
- *How do you determine which market segment your school will target?*
- *How does your school position itself within the market?*
- *What is unique about your school?*
- *Your school has several strengths. How does it capitalise on these strengths?*
- *Is your school full and how do you expect it to grow in the future?*

d) The different elements of the service marketing mix.

The “marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market” (Kotler, 1991, p.68). Questions relating to the marketing mix were:

- *Are the seven Ps of service marketing used in your school’s marketing strategy?*
- *What is your product?*
- *Do you use the fee structure as a differentiating strategy?*
- *Do you use your staff as a differentiating factor? If so how?*
- *As education is largely intangible, how does your school convey the quality that it offers.*
- *Do you involve staff in marketing, and if so how?*
- *Do you gauge staff attitudes on a regular basis and how do you do this?*
- *Is there a system of encouraging staff/learners/parents to submit suggestions and how do you follow up on these?*
- *How often does staff attend formal training? Are the needs for this determined by the staff or the head/managers?*
- *Do you use technology to give your school advantages over competitors?*

Because many of the questions asked were open ended and discussion was encouraged, more information was obtained than the questions above may indicate.

5.7 Data collection

All the questions asked in the interview were sent to the people concerned at least three days before the interview. Interviews were conducted:

- On the 12th October at Cowan House with Mr. M. Emmerson (headmaster) and Ms. L. Hill (marketing manager).
- On the 7th October at Epworth High School with Ms. A. Fincham (marketing manager).
- On the 11th October at Hilton College with Mr. I. McMillan (development manager).

All interviews were taped and then transcribed. The transcriptions are recorded in the appendix.

5.8 Data analysis

The transcripts were analysed individually. General tendencies were then identified within the three schools and exceptions were noted. This formed the basis for the findings of the research (Chapter six).

5.9 Limitations

There are several limitations in regard to this research. Some of these include:

- The success of this type of research depends to a large degree on the ability of the interviewer and the non-bias response of the interviewee. It is also important to be aware that this type of research is very difficult to analyse objectively, “given that the data represents subjective perceptions of respondents, which are then interpreted according to the subjective perceptions of the researcher” (Page and Meyer, 2000, p.123). Efforts to minimise this limitation included the interviewer being aware of possible subjectivity prior to the interview. Responses given could also be checked with other responses in the interview covering the same, or similar subject matter, as well as being compared with secondary information that had been collected before the interview. The general findings were based on collective data from three interviews. This would minimise the effect of one interview being biased in a certain direction.
- The sample size is small. Variations within the sample may limit the ability to accurately project the findings to the population and because the subjectivity of each interview, it could be difficult to compare the results of different interviews (Webb, 2002, p.125). While this is a limitation, the research was exploratory in nature and as Burns and Bush (2000, p.131) state “... exploratory research may be used to gain much needed background information. There is far too much to be gained to ignore exploratory information”. Although three schools is a small sample size, it does represent a fair proportion of the private schools in the Midlands of KZN that have marketing departments.

- Ideally some form of quantitative analytical framework should be used, however as this study was purely exploratory “purely qualitative data may be quite adequate for this purpose” (Page and Meyer, 2000, p.125). As Page and Meyer (2000, p.125) indicate the ideal would be to substantiate the qualitative data with quantitative data. As this research was purely qualitative in nature and based on a small sample size, the results should not be used to give a general picture of the marketing of schools in South Africa.
- Only schools with active marketing departments were interviewed. This means the results of this research are biased to some degree, as information in regard to private schools with no marketing departments or only public relations departments was not obtained.

5.10 Conclusion

Although this dissertation aims to critically analyse the marketing of schools in the Midlands of KZN, it was not the purpose of the research to be critical of the schools concerned. Their co-operation is appreciated and it is realised that marketing of schools is in its infancy both in South Africa and internationally. The findings of this research are given in Chapter six.

Chapter 6

Findings of the Research

6.1 Introduction

The questionnaire and the transcripts of the interviews can be found in the appendix.

This chapter indicates the question that were asked (italicised in the text), followed by a summary of the answers that were given. This posed some problems as answers to questions did in some cases overlap (e.g. question 3 was on customer orientation in the marketing concept, whereas question 5 was on establishing customer needs. The answer for question 5 may have been covered in the answer to question 3).

All schools interviewed had a marketing function on the board of governors or governing body, as well as a marketing department within the school. None of the schools objected to the interview being recorded, nor did they object to their name being mentioned in the dissertation. Some schools requested that they see comments made in regard to their school.

6.2 Application of the marketing concept

- *The marketing concept is based on: a) customer orientation, b) integration of activities, c) long term goals, d) social responsibility. Does your school operate according to the above criteria?*

6.2.1 Customer orientation

All the schools were fully aware of the importance of the customers to the school. They felt there was very good informal communication with parents. There were formal structures in place to ensure parental feedback (such as parent associations in the case of Epworth and Cowan House). Hilton College tried to visit the areas from which most of their learners came (e.g. the Hilton headmaster and marketing manager would go to Johannesburg and neighbouring countries to communicate with parents). Parental surveys were conducted by all the schools, but the frequency of these varied from annual surveys, to once off surveys, or fairly irregular surveys. Epworth conducts a survey of new parents after one and a half terms. The idea of establishing focus groups was also tried, but time was a limiting factor for a one man/woman department.

One school felt that, although customer needs were important, they must not necessarily pander to their needs, as the customers are not professional educationalists.

6.2.2 Integration of activities

This section of the marketing concept was not as well understood by the respondents. This may imply it is not an actively pursued concept. All the schools thought they communicated well with both the external and internal publics. There was some evidence that on occasions the marketing manager was not aware of what the headmaster/ headmistress was planning or the board seemed to function without the full inclusion of the marketing manager. However, marketing managers were involved in board meetings when marketing was to be discussed.

With regard to internal marketing of the school, all marketing departments tried to communicate with the staff and make them fully aware of why marketing was important and what was being done. Staffs were also briefed on handling of difficult situations. The extent in which staff participated in determining the marketing direction varied between the schools. In all the schools the staffs were fully involved in internal marketing training sessions where their suggestions and questions would be answered. Staffs were directly involved in marketing in all schools to various

degrees. They were are involved in new boys/girls weekends (where it is up to the staff to show prospective parents around the school) and were available to discuss the school and teaching with prospective parents and pupils. For this to be done effectively it is important that the staffs are fully aware of how the school is marketed. At Cowan House the learners were often asked to show prospective parents around the school. Each class had the Cowan House arrow in it. This arrow shows the vision and values by which the school functions.

6.2.3 Long term orientation

All the school had some form of strategic planning and key performance areas or critical success factors by which progress would be measured and reviewed. In some cases the strategic direction was determined by the board, or outside consultants were involved in determining the strategic orientation.

6.2.4 Societal responsibility

All schools were extremely committed to this within certain limitations (e.g. the safety of the learners). Two of the schools twin with disadvantaged schools and supply books, furniture, food parcels and spend some time at the twin school. Cowan House specifically mentioned that the gifts to the less privileged must be from the learners, so that they actually lose some personal possessions for the less privileged. Hilton College run the Vula Programme which is specifically aimed at improving the quality of education in the Midlands. The impact of this programme is enormous with 76 500 pupils indirectly benefiting from it. The commitment all these schools made to the less advantaged was very positive.

6.2.5 The customer

As the customer plays a central role in marketing it was important to develop a greater understanding of the customer and their vital role in the functioning of the school. Several questions were posed to establish this including:

- *Who are your customers and is it fair to say they are the focus of your marketing activity?*

The schools recognised that both the parents and the learners were the customer. It was also mentioned having both parents and learners as customers often meant dealing with two different sets of views. In some cases this question was interpreted as being the target market of the school and geographic areas from which the customers came and also the values that they have, defined who the customers were. Customers were described as, down to earth types of people, and also people with good family values, by some of the schools.

- *How do you establish customer needs?*

This was covered to some extent in earlier questions. All the schools conducted exit surveys of the learners leaving the school. These surveys varied from formal questionnaires to informal discussions with the school leaving class. Apart from surveying the school leavers, Cowan House also surveyed all the learners at the school. The more senior classes fill in questionnaires, whereas the junior classes do this by means of drawings. The senior schools felt there were certain structures in place to ensure the needs of pupils were taken into account (e.g. tutor and mentor groups, housemasters etc.). Hilton felt that additional information was also obtained from pupils when they formally assess their teachers (as part of the formal staff appraisal system).

- *Have there been any major innovations over the last few years? Why did these occur?*
(The aim of this question was to see if innovations were customer driven).

Many innovations were mentioned including new facilities to keep up with competitors, to innovations in the syllabus etc. Customer driven policies included:

- The introduction of accountancy at Hilton.

- The move by Cowan House to change to a co-educational school (although the financial and educational implications were also attractive to the school).
- The decision by Epworth not to go co-educational in the senior school.

Although not specifically mentioned in this part of the interview, it was apparent that the school boards consisted of parents, so their needs would be taken cognisance of at board meetings.

- *Once you have a learner what do you do to retain the learner, or to attract siblings?*

All the schools emphasised the importance of communication with parents and learners and that they are aware of the important role played by word of mouth. Epworth go to substantial effort to encourage communication between the school and parents and will host such events as trips to the Barnyard Theatre. The importance of learners being happy at the school was apparent. Some of the schools offered discounts to siblings.

6.3 Market segmentation, product differentiation and positioning

6.3.1 Market segmentation and targeting

- *Do you segment the market and what basis do you use to segment the market?*

How do you determine which market segment your school will target?

In all cases some form of financial market segmentation is conducted. In the case of the senior schools, the junior feeder-schools (independent primary schools) are identified and targeted. These schools have the learners that are most likely to go to private senior schools. In the case of Cowan House, they would target the pre-primary junior schools.

Geographic segmentation was done by all schools. The segmentation depended to some extent on the size of the boarding establishment. If the boarding section of the school was large, marketing would occur in neighbouring countries (Hilton recruits in neighbouring countries and to a lesser extent overseas). Cowan House has a smaller boarding establishment and the main market segments were Hilton, Howick and Pietermaritzburg. Cowan House also mapped where

children came from and investigated why numbers may have changed. Epworth sees its target market largely within the borders of KZN. Johannesburg formed an important market segment for Hilton College. Cowan House and Epworth deliberately do not market in certain areas as they are afraid the type of learner may not support the ethos of the school.

6.3.2 Product differentiation and positioning

- *How does your school position itself within the market? What is unique to your school?*

The schools all thought of themselves as unique. Such features as the feel of the school, the caring environment, and the warmth and friendliness were mentioned. All three schools said the best way to market the school is to arrange a visit to the school for the prospective parents and learners. Comments such as “developing a unique position was difficult”, “all schools are vying for the same thing”, “we often ask why we are different”, and “different things appeal to different parents”, indicated the difficulty experienced in differentiating the schools.

Cowan House felt that they were a truly family school. Epworth indicated that they were becoming known as a sporting school and the adventure sports section also made them different. Hilton College was very aware of the estate making them unique. Other factors that differentiate Hilton are the enlightened social system (juniors were not allowed to do tasks for the seniors and a Matric leadership system) and being solely a boarding school.

6.4 Service marketing

- *Are the seven Ps of service marketing used in your marketing strategy?*

None of the schools surveyed were aware of the seven Ps of service marketing and consequently did not actively use the seven Ps in their marketing.

6.4.1 Product

- *What is your product?*

This was fairly hard to define and answers ranged from a holistic education to the boys or girls that the school produces. Such items as the success rate of children later in life, to producing learners with their egos in tact and self confidence were mentioned.

6.4.2 Product quality

- *As education is largely intangible, how does your school convey the quality has to offer?*

All the schools mentioned how important the successes were for the school. This varied from Hilton stating that every level of the school must reflect excellence, to Epworth stating that their successes speak for themselves in regard to academic results and sporting representation at national level. Cowan House also felt quality is reflected in the results it achieves. Important items that can measure academic successes include scholarships and Olympiad results. They also benchmark against other institutions and invite examiners to visit and comment on the school.

Communication from both the parent and school perspectives was important in conveying quality.

- *Education is largely considered a service and so is intangible. How do you gauge customer satisfaction and ensure parental and learner expectations are in line with what the school can deliver? Have you introduced any form of communication that allows you to understand parental concerns or learner needs more accurately?*

All three schools mentioned that they possibly undersell their school in regard to what they offer. Effective communication was the most reliable means of gauging satisfaction. All the schools mentioned that they thought themselves as having a very open door policy and were very approachable. This communication may be incidental or highly organised in the form of parent teacher forums, surveys etc. It was mentioned by one school that they felt too many formal

attempts at obtaining feedback could lead to a sense of insecurity by the parents. Formal communications to help understand parental or student concerns include:

- A tutor system at Hilton where one teacher is in charge of a small group of boys. They meet regularly and any problems being experienced are aired. Some of these groups function better than others, but it does allow for alternative way of airing problems, as opposed to approaching the housemaster.
- Epworth has the “round table” where parents, learners and teachers can discuss any problems they may have.
- Cowan House has various representative bodies and the structure of the board is largely composed of present parents so problems are identified early. Cowan House surveys the learners, parents and teachers on a regular basis.

- *How do you capitalise on your strengths?*

All the schools examined their strengths and tried to make people aware of them. Hilton mentioned that they attract applicants through their profile.

6.4.3 Price

- *Do you see the fee structure as a differentiating factor?*

None of the schools tried to differentiate themselves on price. They were all aware of the cost to the parents and the cost of competitive schools.

Hilton is the most expensive school in South Africa and they are not proud of that fact, however, they were aware that some parents may obtain some kudos from sending their children to the most expensive school. They also felt that their reputation was suitable for the price and the fact is that some things make Hilton expensive (e.g. the estate, teacher pupil ratios etc.).

Epworth initially had wanted to position themselves as an affordable private school. However, to do this they found that they would have to cut back on too many services, so they decided “to stay

with the pack”. They were also aware that if the fees were decreased some people may perceive them to be inferior.

Cowan House indicated that being a co-educational school meant that they were in an awkward position as private boys’ primary schools cost more than the private girls’ primary schools. So, in effect, every girl was paying a premium to be at Cowan House. They aimed at keeping themselves competitive regarding fees.

6.4.4 People

- *Does your school use staff as a differentiating factor? If yes, how?*

Cowan House identified their staff as a critical success factor. All schools felt that their staff were a differentiating factor to a certain degree. Some felt that they only employed the best staff, while others felt that they had a number of outstanding staff at the school. These outstanding staff made the difference.

- *Do you gauge staff attitudes on a regular basis and how do you do this?*

Most schools felt that they had a flat reporting structure and that communication between management and staff was effective. Negative attitudes would be quickly identified. Cowan House surveyed their staff on a regular basis and at the end of each year asked them how they would do things differently.

- *Is there a system of encouraging staff, learners and parents to submit suggestions and how do you follow up on these?*

The schools felt they had effective communication with the relevant role players and they were open to suggestions. Epworth indicated that they followed up on all the surveys and analysed all functions with those who were present at the function. Both Epworth and Cowan House have a parents’ committee. Cowan House also has a suggestion box.

6.4.5 Process

- *Do you use technology to give your school an advantage over competitors?*

None of the schools used technology to give themselves an advantage over other schools, but they all were all using technology as a tool in education. Cowan House, although having a dedicated I.T. specialist, mentioned the library was more important. It also had a technology centre, which made it unique.

6.5 Internal environment

- *Is your school full? Where do you see growth coming from?*

Hilton and Epworth are full, except that Epworth does have some space in the boarding facility. Cowan House is full in the lower end of the school, but they have spaces available in the more senior classes due to having recently doubled the number of classes per grade. Growth for Cowan House is coming from the government schools, whereas Epworth see growth coming from the boarding establishment (they are having a marketing drive in KZN). All the schools do not want to expand beyond their present capacity.

- *Are there any programmes to sensitise learners to cultural differences?*

Epworth introduced a programme to sensitise learners to different cultures last year. This programme was met with a lot of resistance from all the cultures. They now celebrate different cultures by having different evenings (e.g. a Zulu evening) and on different cultural days the students talk about the culture concerned. Cowan House discuss the different cultures in their life skills programme, whereas Hilton have a transformation committee, differences were be discussed by the counsellors and boys talked about their cultures at house prayers. It was mentioned that prior to discussing different cultures it is important to establish an environment in which there is trust.

There were some situations that were unique to each of the schools. Questions in regard to these situations are posed below:

- *Cowan House changed from a boy's school to co-educational. Why did it do this? How did the marketing strategy change in regard to this?*

This was a special challenge and they tried to market it. Everything was changed to include boys and girls. They still have people thinking they are boys only school. At present Cowan House is 41% girls and 59% boys. Convenience of having both sexes at one school is an advantage, especially as it regards itself as a family school. Before going co-ed they surveyed the existing customer as their loyalty was to their existing customers because they had bought into an all boys' school. They marketed the reasons why they were going co-educational to all the parents. Only three sets of parents disagreed to the change to co-education. The headmaster then discussed the change with each set of parents. Eventually everyone, including old boys, bought into it.

- *Epworth states that it wants to become a leading school. What do you mean by that?*

Epworth wants to be known as trying to provide excellence in whatever they do. They want to be innovative. They consider themselves a leading school in regard to sport.

- *Hilton College states it wants to become "Africa's leading secondary boarding school for boys". What is meant by this and how do you measure it?*

It is a very big statement. It is not that hard, as there are only a few boarding schools for boys in sub-Saharan Africa. They want to be outstanding and excellent in everything they do. It is very difficult to measure as it depends on the customer. It is not only about competition, but it is more about delivering the quality, so that the boys are comfortable when they leave.

6.6 Task environment

- *Who are your main competitors and how often do you analyse them?*

All the schools were very aware of who their main competitors were. The schools were conscious of the fee structure of their competitors. It was also mentioned that the growth of new local private schools within South Africa had an effect on intake of the more traditional private schools.

The amount of competitive analysis undertaken was limited, although websites, magazines and the prospectus of competitive schools were examined. To some extent it appeared that competitive analysis was almost considered unethical by some schools.

6.7 Macro environment

- *How has the racial mix changed over the last 10 years? Has this changed who your target market is?*

Two of the schools mentioned that once government schools became multi-racial there was a net outflow of non-white students from their school.

In the case of Epworth, the senior school is about 24% non-white. The number of non-white learners has decreased at Epworth. There was some resistance to the number of non-white learners from the more conservative members of the school. In the case of Epworth and Cowan House the boarding establishment has a greater proportion of non-whites.

Hilton is 10% non-white. This number has grown over the last couple of years. People from the north (neighbouring countries) would like more non-whites at the school, as this would be a truer reflection of Africa, while some more conservative people do not want change. Hilton as a school wants to attract more non-whites and they realise that they may have to spend money on this, as many non-whites at primary schools are on scholarships.

- *Does the new education system pose a threat?*

The new education system did not seem to pose a threat to any of the schools concerned. Comments in regard to education in South Africa included:

- They were already doing OBE to a certain extent, and now they are in a position to take the best of both worlds.
- From the senior school side the universities are likely to introduce their own entrance exams.

- Hilton mentioned that the Independent Examining Board exam is internationally recognised and that recently they had a learner accepted to Oxford University straight out of school.
- As Epworth's target market are pupils that reside inside South Africa, their main concern is that their students have the education required to attend South African universities. They must write exams recognised by the local universities.

- *How much does your school rely on pupils from outside South Africa? What factors are affecting them?*

The major factor affecting foreign students was the exchange rate, however South African private schools were still competitively priced when compared with private schools in other parts of Africa and internationally. All the schools had foreign students; however Hilton had the highest number (about 85) and marketed actively in the neighbouring states.

6.8 Conclusion

The findings of the research have been presented as well as the secondary information regarding the three schools. This information, combined with the theoretical background on school marketing allows some conclusions to be drawn regarding the marketing of the three schools. This is done in Chapter 7.

Chapter 7

Conclusions

7.1 Introduction

This chapter examines and discusses the objectives of the research in the light of the research findings. The objectives of the research were:

- a) To determine how the three schools apply the marketing concept.
- b) To establish how the schools segment the market, identify the target market, differentiate their service and position themselves within the market.
- c) To determine the use of the different elements of the marketing mix in the marketing strategy of the schools concerned.
- d) To gain a clear understanding of the marketing strategy of three private schools, in an environment that is undergoing substantial change.

The above should give a clear understanding of how three private schools in the Midlands of KZN market themselves. However, when interpreting the findings of this research, the limitations of conducting exploratory research must not be overlooked. Especially important in this regard is that “the data represents subjective perceptions of the respondents, which are interpreted according to the subjective perceptions of the researcher” (Page and Meyer, 2000, p.123).

7.2 How do the three schools apply the marketing concept?

7.2.1 Customer orientation

McCull *et al*, (2004, p.11) state, that core to the marketing philosophy is that the organisation focuses on the customer. As Bagley *et al*, (1998, p.258) state “For marketing to be effective, schools need to have a clear view of what parents think, how they make decisions, and what they look for in a school. It also requires schools to have effective means of acting on this knowledge and understanding”.

It would appear that unlike a selection of schools that were surveyed in the United Kingdom (Bagley *et al*, 1998, p.287), the selected private schools were aware of the customer and each had recently implemented at least one major policy that was based on what the parents or learners wanted. In contrast to previous research (Bell, 1999, p.65) there was evidence from this study that the parents’ and the learners’ attitudes were surveyed by all the schools, to varying degrees. Changes were not only based on what the school thought was important, but the customers’ attitudes were also gauged. All the schools felt that there was effective communication between customers (parents and learners) and the school.

There was a feeling that trying to gauge customer attitudes too regularly may indicate some signs of uncertainty on the part of the school and that education is a professional discipline, and in some cases, educationalists knew best. However, as Hooley *et al*, (2004, p.23) state, markets and customers are constantly changing and it is essential to look at the market from the perspective of the customer. Although education may be a professional discipline, it is important that decisions based on sound educational reasons should be explained to the customer, as it is their needs that schools are trying to satisfy.

A method of obtaining customer attitudes on an ongoing basis helps a service organisation to establish if the customers needs are being satisfied as “there is no sure knowledge that the service delivered matches what was planned and promoted” (Zeithaml and Bitner, 2000, p.12). Too

much reliance on *ad hoc* feedback has its limitations (Bagley *et al*, 1998, p.266) as it may be: difficult to interpret, biased, lack credibility and may not be representative of the customers. Factors such as a flat structure, open communication etc. although giving some important information about customer (and teacher) attitudes, they are actually *ad hoc* forms of collecting data and although being relevant, should not replace other forms of information collection (e.g. surveys, interviews, focus groups etc.).

7.2.2 Integration of activities

As Hooley *et al*, (2004, p.23) states marketing is too important to leave to the marketing department. In all the schools staff were directly involved in marketing the schools to the parents and a substantial effort was made to inform the staff about marketing. It would appear that the link between the staff and marketing department was strong and well integrated. In some instances it would appear that the communication between the school board and the staff in regard to marketing could be better.

Although a detailed analysis of the internal environment was not the purpose of this dissertation, it is important “to ensure a fit between chosen market targets and the competencies and assets the firm can deploy” (Hooley *et al*, 2004, p.567). However, such aspects as boarding facilities not being full would suggest that in some instances the assets of the school are not needed by the chosen target markets. Possibly other target markets would need these facilities.

7.2.3 Long term goals

The three schools had long term goals and strategies to achieve these goals. These were often discussed at board level, so the staff, in some cases, may not have been involved in their formulation. This may have the effect of staff feeling that they did not have ownership of the plan (Preedy *et al*, 1998, p.6).

7.2.4 Societal responsibility

The schools had very impressive societal involvement. Apart from this being an important educational exercise (it is vital for privileged children to realise the needs and living conditions of society as a whole), societal support is vital to creating world class schools (Reynolds *et al*, 2002, p.291).

From the above it would appear that all the schools did grasp and apply the marketing concept. Factors such as to how, and how often customer's needs should be monitored did vary among schools.

7.3 Market segmentation, product differentiation and positioning

Market segmentation and product differentiation are vital steps in strategy formulation. "Strategy is the matching of the activities of an organisation to the environment in which it operates and to its own resource capabilities" (Johnson and Scholes, 1998, cited in Hooley *et al*, 2004, p.33). As the schools do not compete on the basis of cost leadership or lowest cost, they have to rely on a differentiation strategy, the aim of which is "to distinguish themselves from competitors by providing consumers with a product or service that is considered unique" (Ehlers and Lazenby, 2004, p.126). As Thompson and Strickland (2003, p.163) state "a company has to study buyers' needs and behaviours carefully to learn what buyers consider important, what they think has value, and what they are willing to pay for. Then the company has to incorporate buyer desired attributes into its product or service offering that will set it visibly and distinctively apart from its rivals".

All schools segmented the market according to financial and geographic criteria. The basis for financial segmentation is driven by the schools being expensive and so only affordable to the wealthy. In the case of the senior schools, they targeted the private primary schools which are considered feeder schools. The primary school targeted the pre-primary schools and also analysed historical data to determine where learners came from.

Both Cowan House and Epworth's geographic segmentation was largely based on attracting customers from the immediate surrounding area as well as boarders from largely within KZN. Hilton College on the other hand, being only a boarding school, needed to target potential boarders. Although some learners do come from areas in close proximity to Hilton, many learners are attracted from other provinces in South Africa, to a lesser extent from Africa and some from other parts of the world. This may be driven to some extent by the fees being very high in South African terms, and also by the school positioning itself as a truly world class school.

It is likely that all expensive private schools in South Africa segment the market on financial and geographic criteria, so this type of segmentation most probably means all the private schools within a certain area are competing directly with each other, as they are targeting the same market. It is important that the three schools develop a unique position within the market, so that they are able to differentiate themselves from other private schools.

Research may be required to obtain greater insight into customer needs, market segments, competitors and the possible demand in the different segments. One of the fundamental principles of marketing is that customers do not buy products or services. They buy what products or services can do for them, or expressed differently, what benefits they obtain from buying the product or service (Hooley *et al*, 2004, p.23). It is essential to look at the market from the perspective of the customer and ensure that the benefits identified with products or services are not those that the organisation identifies as benefits, but "what buyers consider important, what they think has value, and what they are willing to pay for" (Thompson and Strickland, 2003, p.163). What benefits are the customers wanting when sending their children to expensive private schools?

If this information is obtained it may be possible for the schools to target that segment of the market where their internal strengths can be focused on complimenting the unique needs of a

particular segment of the market. This would allow the schools to differentiate their product and develop a competitive position in the market.

As Lamb *et al*, (2003, p.154) point out, failure to select a desired position in the marketplace and to develop an action plan to hold this position will result in one of four possibilities:

- They will face head on competition from possibly stronger competitors.
- They will occupy a position that nobody else wants.
- Their position will be so “fuzzy” that they do not know what their distinctive features are.
- They will have no position in the market.

From the study it would appear that the schools face head on competition and their position in the market is “fuzzy”. The fact that their competitors may not effectively differentiate themselves means that the schools in this dissertation do not occupy a position nobody else wants and they do have a position in the market even if it is not unique.

The difficulty the schools experienced in differentiating themselves was indicated by comments such as “developing a unique position was difficult”, “all schools are vying for the same thing”, “we often ask why we are different”, and “different things appeal to different parents”. The difficulty in managing services is well recognised (Kotler, 1991, p.459) and differentiating them is more difficult than differentiating a product as services are essentially “deeds”, whereas products are “objects, devices or things” (Zeithaml and Bitner, 2000, p.12). The intangibility of services makes it difficult to compare services directly (Lovelock, 1996, p.359). However, it is important that the schools differentiate themselves as it allows them to satisfy a unique need in the market. This not only leads to customer loyalty and customer retention, but also helps to insulate the school from price competition in an environment that is becoming more competitive (Ehlers and Lazenby, 2004, p.127).

The positioning statement of Hilton College (Hilton College, no date, b) states:

“Situated on a pristine estate in the KwaZulu-Natal Midlands, Hilton College is one of the world’s leading boys’ secondary schools, catering exclusively for some 525 boarders,

encouraging the pursuit of personal growth and the development of character and sound Christian values, through the provision of a multi-faceted, holistic education, grounded in a multicultural society and aided by exceptional technology, sporting, adventure and cultural resources”

Although the above statement may differentiate the school from its competitors in urban areas, it does not differentiate Hilton from its main competitor, which is Michaelhouse. The front page of the Michaelhouse website states (Michaelhouse, no date):

“Founded in 1896, Michaelhouse is acknowledged as one of the world's finest independent senior boarding schools for boys. Our estate is situated in the midlands of KwaZulu-Natal, South Africa, amid rolling green hills, natural bush, forests and sparkling clear streams”.

Because services are intangible it is difficult to compare services directly and also to differentiate the services. This is especially true in mature industries, where the value creating supplementary services differentiate the service and allows it to escape from price based competition (Lovelock, 1996, p.359). In general, people processing services and high-contact services are surrounded by more supplementary services, so one would expect a school to have many supplementary services associated with it. A strategy aimed at gaining a competitive advantage may require additional supplementary services to differentiate the school. As Kotler and Armstrong (1994, cited in Lamb *et al*, 2003, p.170) state a differentiating factor is worthy of being used as a positioning factor when:

- It delivers a valued benefit to the target market.
- It is distinctive to the organisation.
- It must be able to be communicated to the customers.
- It must be visible to the customers.
- It must be difficult to copy.
- It must be affordable to the target market.

The schools must ensure that the factor or factors that they use for positioning have the above characteristics and are based on “features of the product offer that are designed to appeal to the target market” (McCull *et al*, 1998, p.117).

It would appear that all three schools have unique factors that may be valued by certain segments of the market. If this is the case it would allow them to “add another petal to their flower of service” and so differentiate their offering. From this differentiated offering they can establish a positioning statement or a value proposition. “Both should reflect a unique selling proposition that the product embodies. In this sense, they reflect the basis on which the marketer intends to win sustainable competitive advantage by differentiating the product from others in its competitive space” (Walker *et al*, 2003, p.186). The benefits to the user should be emphasised, rather than the features of the product.

All the schools interviewed had a distinct idea of what made their school different, but found it difficult to express this in a way that separated the schools from their strongest competitors. They often would suggest that the best way to “see or feel” the difference was to visit the school.

Although not formally analysed it would appear that there is a certain amount of perceptual positioning of different schools by the Pietermaritzburg public. This perception is evident when speaking to the public as they have fairly strong views on the different schools. These are perceptual differences held by the public regarding the schools. To develop an understanding if there is a common perception in regard to a school and why the public perceive it, could be of value to the school. If the perception was negative, action may be taken to alter that perception.

Lovelock (1996, p.171) outlines three steps to identifying a suitable market position and developing a strategy to achieve it. These are: market analysis, internal analysis and competitor analysis. It may be that the three schools do not analyse their task environment (and possibly the macro environment) in enough detail to differentiate their service effectively. All the schools were conscious of and analysed their internal environment. As Ehlers and Lazenby, (2004, p.83) state, the organisation cannot be successful if it is “not in step with its environment”.

None of the schools effectively differentiate their service from competitors. The marketing mix is “the means by which the company translates its strategy from a statement of intent to effort in the marketplace. Each of the elements of the mix should be designed to add up to the positioning required” (Hooley *et al*, 2004, p.52). As the schools have not taken a definite position within the market, the marketing mix of the schools cannot effectively be used to compliment a position in the market.

7.4 The elements of the marketing mix

For the purpose of this discussion the seven Ps of the service marketing mix will be discussed. In some instances information obtained from the prospectus and school magazines will be used to supplement the information obtained in the interviews.

7.3.1 Product

In most cases the products or service offered by the schools were not differentiated from their closest competitor. All the schools felt their product was unique and encouraged any prospective parent or learner to visit the school so that they could perceive the difference.

McCull *et al*, (1998, p.176) suggest two components to the service, the core service and the secondary service level (or supplementary services). There was no indication that performance of the core service was used as a comparative tool to promote the schools as teaching is a service and as such is very difficult to measure. As Lamb *et al*, (2003, p.166) indicate, there is likely to be a focus on the physical evidence, as this supplies a tangible cue. In education this physical evidence is often the results that the learners obtain. On an individual school basis, the schools did benchmark results. Such items as Matric results, the number of pupils in the top 50 Matric results, Olympiad results and the number receiving scholarships when leaving the institution, were used to benchmark performance. There seems to be no information to show that there is a major difference in academic results between the schools in question and other private schools, or

good model C schools, especially when the differences are adjusted to take into consideration such items as socio-economic background, as reported by Ouston (1999, p.169) in the U.K.. The difficulty in conducting this type of research is complicated by such factors as scholarships (in which top performers are encouraged to go to a particular school and should presumably perform well in exams) and there being two different examination systems in South Africa.

The senior schools were curriculum led and not market driven, as was the case in the U.K. (James and Phillips, 1998, p.276). Cowan House was more market driven and parents had some input into what was taught. Although it could be argued that what is taught should be market driven, the fact is that at present Matric results are important for further studies. The fault would appear to lie with the examination system and not the schools concerned.

As is the case in many services “the search for competitive advantages in a mature industry often emphasises supplementary service elements that are bundled with the core” (Lovelock, 1996, p337). Hilton and Michaelhouse are the only two boys’ boarding schools that offer only boarding in the country. So even if the schools do not appear to be differentiated from each other, they collectively occupy a niche in the market. However, as Hawkins *et al*, (2001, p.347) point out, vital to successful positioning is that the differentiator must be desired and valued by the target market.

The schools were aware of aspects that were particular to the school (even if these were intangible), that made it appealing to the market, but there appeared to be no active effort to differentiate the service, or create a unique position within a market. This is similar to the findings of the research done by James and Phillips (1998, p.276) in the U.K.

7.3.2 Price

As Lovelock (1996, p.356) indicates pricing of services can become a problem, as how does an organisation charge for supplementary services. Most private schools seem to have many extra charges associated with the schooling, so a direct comparison of fees alone does not represent an

accurate cost of sending a child to school. Such items as an extra charge for: certain subjects, certain extra-mural activities, an entry fee, an information technology fee, a book fee etc. complicate the pricing of schools. Some of these extra charges can be substantial once off charges, or substantial charges made every term.

Both Cowan House and Epworth are priced in the same range as their main competitors, however, Hilton appears to be substantially more expensive than its competitors. Although not intentionally used as a differentiating factor it may be that “given the difficulty of evaluating the benefits of a service, customers often use price as a surrogate indicator of service excellence” (Fisk *et al*, 2000, p.137). Although there was no evidence to indicate the private schools were under constant threat of losing pupils to good and less expensive government schools (in fact the government schools were where Cowan House saw growth coming from), as is the case in the U.K. (James and Phillips, 1998, p.280), there is no doubt that many potential customers are going to good government schools, instead of attending the more expensive private schools in the study.

Unlike the UK (James and Phillips, 1998, p.280) capital projects in the three schools were not solely financed by donations and fund raising, but charges such as development levies, covered these costs.

All schools offered scholarships and bursaries, and some of the schools also gave siblings a discount.

7.3.3 Place (distribution)

In all cases the schools distribute their service from the school. As education is perishable, so the service factory and the point of consumption are combined into one (Lovelock, 1996, p.19), which is the school. The initial choice of where the school would be built is an important strategic decision. Once this choice has been made the production of the service at the school is simultaneous with consumption. There appears to be no flexibility in the distribution, as it occurs at the school. Place, as in distribution, does not appear to be an important element in the

conventional school. However, place in service marketing also refers to making the service accessible or available to the customer. In this regard all schools have school buses that transport learners to and from airports at the start and end of term. Cowan House and Epworth (Hilton College is a boarding school) run daily bus services to transport learners to and from school.

Schools delivering the service themselves hold several possible advantages (McColl *et al*, 1998, p.307) including:

- Due to the regular contact with the teachers there is direct feedback that can result in improving services or developing new ones. Associated with this is the ability to collect information about the customers and build databases.
- The school can develop relationships with the customers, which is the basis for the advantages associated with relationship marketing.

7.3.4 Promotion

The schools had similar promotional literature and gave prospective parents a prospectus and school magazine. They also had user friendly and easy to find websites. In all cases the schools offered new learners to the school some time to stay at the school (a day or two of going to lessons with other learners in the case of day scholars, to spending a night or two in the boarding establishment for prospective boarders) to experience and get a feel of the school.

The schools all felt word of mouth was the most effective way of promoting the school. This is a characteristic of services, as they are intangible and so considered high risk. This leads to a greater emphasis of word of mouth sources in regard to quality (McColl, *et al*, p.369). Families with children at the school often promoted the school in outlying areas and foreign countries.

The promotional material is often the first contact a customer has with the school, it is important that it is of high quality as it “can shape the way people see your school” (Vining, 2000, p.74). Shostack (1977, cited in Lovelock, 1996, p.340) suggests the more intangible a service is, the more important it is to supply tangible cues as to the features and quality of the service. As

education is intangible, the marketing communication material plays an important role as tangible physical evidence of quality.

7.3.5 Physical evidence

The importance of physical evidence has already been emphasised in several sections of the marketing mix (e.g. product, price and promotion). All schools emphasise physical evidence in their promotional material. Such items as:

- “The award-winning gardens of Cowan House” (Cowan House, no date).
- “Sixteen hectares of immaculate sports-fields and tree-shaded lawns of Epworth” (Epworth, no date).
- “One of the most beautiful estates in the world, and remains one of the school’s greatest assets” (Hilton College, no date).

The above bear evidence to the importance of the physical facility of the different schools. As Vining (2000, p.27) emphasises a quality look suggests a quality school. In addition to the above all the schools use a range of other criteria as proof of the quality of the service provided. This proof includes:

- For senior schools the Matric pass rate and the number of students with university entrance.
- For primary schools the number of students who gain scholarships to senior schools.
- For all schools the number of national and provincial sports representatives.

All the above are supposed to act as proof as to the quality of the intangible service offered by the different institutions.

7.3.6 Process

The schools interviewed indicated that the processes used within the school, whether it is teaching or administration, had to be effective and efficient. Where technology could add value it was used, but processes were not seen as giving an institution any specific advantage over similar competitors.

The term process was too narrowly defined in the interview, as the question was phrased as “do you use technology to give your school an advantage over competitors?” However the process actually is “the actual procedures, mechanisms, and flows of activities by which the service is delivered” (Zeithaml and Bitner, 2000, p.20) and has a much wider scope than technology. This became apparent when discussing the teaching of abstract concepts in mathematics at Cowan House. Mr. Emmerson mentioned they try as far as possible to support the abstract concepts with more concrete evidence – this can be regarded as a process, although it may not be related to technology.

7.3.7 People

As Dow (no date, cited in Kotler, 1991, p.453) states the four Ps of service marketing are “people, people, people and people”. These are “all human actors who play a part in service delivery and thus influence the buyer’s perceptions; namely, the firm’s personnel, the customer, and other customers in the service environment” (Zeithaml and Bitner, 2000, p.19). The interaction between the learner and staff is the core service that is being offered by a school and is “the moment of truth” (Carlzon, 1987, cited in McColl *et al*, 1998, p.212).

As McColl *et al*, (1998, p.213) state quality control may become a problem as it is not only dependant on the person delivering the service (the teacher), but also on the person receiving the service (the learner). Lovelock (1996, p.17) states “managing these service encounters - especially those between customers and service providers - to create a satisfactory experience is a

challenging task”, but a vital one in a service industry. Although not asked in the interview, it would be interesting to know how the schools in question control the quality of education. Hilton College do have the learners assessing teachers as part of the appraisal system while Epworth and Cowan House appear to have feedback from parents. As Hunter (2002, p.144) states a “performance management helps managers to focus on the tasks or aspects of their job which is critical for them to achieve high levels of performance, provides a systemic basis for identifying and solving related problems and encourages the development of people in the organisation”. An effective performance management system would be important for all the schools to obtain the performance that is vital in service organisations.

The three schools involved the staff in marketing the schools, and in this regard “much effort is often placed on selling the values and objectives of an organisation to its employees” (McCull *et al*, p.31). All the schools spent time training and selling the values and objectives of the school to its staff. The aim is to ensure “communications from the company (school) to the employee (teacher) are accurate, complete and consistent with what the customer is hearing or seeing” (Zeithaml and Bitner, 2000, p. 404).

All the schools thought that the staff were a differentiating factor. This ranged from some of the staff being truly exceptional, to some schools indicating that they only employ the best staff. Only one of the schools concerned monitors staff attitudes on a regular basis. As Vining (2000, p. 27) emphasises “it is the people in your organisation who provide you with your greatest competitive advantage ... there needs to be a forum within a school to discuss dissatisfaction”. As “in the new economies of service, frontline workers and customers need to be the centre of management concern” (Heskett *et al*, 1994, p.582) it is essential that staff attitudes are established and the staff are motivated. This is especially important as “the occupational role of the teacher is constantly being increased in quantity and difficulty” (Reynolds *et al*, 2002, p. 289).

From the interviews it became apparent that the type of customer a school had was important to the school. This did not only relate to the ability of the customer to perform (and thus provide physical evidence if the success of the institution), but also to the perceived characteristics of

customers from certain geographical areas. Two of the schools would not actively recruit from certain areas, as they thought that the learners from these areas would not adapt to the ethos of the school. However, the customer cannot really be thought of as part of the marketing mix, as essentially the customer is not controlled by the school.

7.5 Environmental analysis

The environmental analysis is vital to the schools as “judgements about what strategy to pursue need to flow directly from *solid analysis* of a company’s external environment and internal situation” (Thompson and Strickland, 2003, p.73). “Strategy is the matching of the activities of an organisation to the environment in which it operates and to its own resource capabilities” (Johnson and Scholes, 1998, cited in Hooley *et al*, 2004, p.33). Without an effective environmental analysis it is not possible for the schools to develop a strategy as the opportunities and threats in the external environment will not be identified, neither will the strengths and weaknesses within the school.

7.5.1 The macro environment

All the schools were aware of the effect of the appreciation of the Rand on the cost of sending children to a South African school. It was apparent that the cost of education in South Africa was, in most cases, still lower than sending the children to similar private schools in neighbouring countries. Hilton College is the only school in this research with substantial numbers of learners from neighbouring countries.

Schools were aware of the changing earning ability of the different race groups within South Africa. This has not had a major impact on the intake of different racial groups into the schools. When model C schools first opened to different racial groups there was a net outflow of Africans from private schools to the model C schools. It is important to be aware that the private school sector is now seventy percent Black (du Toit, 2004, p.14). There definitely appears to be a growing market of Blacks wanting to attend private schools.

All the schools have some forum to try to develop an understanding of the different cultures at the school, however this needs to be done carefully as there is the possibility of an adverse reaction if this is pushed too much.

None of the schools interviewed saw the changes in education within South Africa as being a threat to the private schools. The senior schools write the Independent Examining Board exams, which are apparently recognised overseas. Both Hilton College and Epworth mentioned that most of the learners will attend local universities and that the universities are likely to set their own entrance exams. Although not mentioned in the section on the change of schooling systems in South Africa, Cowan House did mention that their growth was coming from the government schools. This presumably indicates that the learners or parents are not happy with the current education in some of the government schools.

7.5.2 The task environment

All the schools were fully aware of their competitors and the pricing of competitive schools. What is apparent is that a more detailed competitive analysis should be done by the schools. How do competitors compete against each other and how does the public perceive the different schools - "what really matters is the perceptions that exist in the mind" (Ries and Trout, 2001, p.10). Although the competitive analysis was not a major element of the dissertation, it does form an important step in the strategy formation and the positioning of a school. Without a detailed competitive analysis how can the schools develop a unique position in the mind of the customer?

All of the schools do face competition from good government schools (that are state sponsored) in Pietermaritzburg.

Details regarding the customer are included in the section on customer orientation. A detailed customer analysis is beyond the scope of this dissertation.

7.5.3 The internal environment

All the schools were aware that there is an increase in the number of independent schools that are competing with the more traditional independent schools. In regard to intake:

- Hilton has built a new boarding establishment but it does not want to expand more as this would involve a substantial capital investment and it felt its size was ideal.
- Cowan House has grown substantially, but it does not want to grow beyond two classes per grade. All its junior classes are full.
- Epworth senior school is full, although it does have some space in its boarding facility.

There is no doubt that the schools understood their internal environment very well. It would appear that more emphasis could be placed on developing a better understanding of their external (both macro and task) environments.

7.6 Conclusion

The interviews and an examination of some promotional material helped answer the research question, “What marketing strategy is used by three private schools in the Midlands of KwaZulu-Natal”?

Unlike schools surveyed in the U.K. the schools did not “perpetuate a quality service provision that is totally provider/producer led” (Bagley et al, 1998, p.287). The schools appear to be well managed, with a genuine concern for customer needs and supplying excellent education. They all have marketing departments and are committed to the effective marketing of their schools. However, it would appear that they do not effectively differentiate their school. This results in the school not occupying a definite position in the market. If the schools occupy no definite position in the market it is almost impossible to apply the marketing mix effectively as the aim of the marketing mix “is essentially the working out of the tactical details of the positioning strategy” (Kotler, 1991. p.303). It is possible that a more detailed understanding of the external environments would allow the schools to differentiate themselves more effectively.

Recommendations as to what the schools may do to improve their marketing as well as areas in which future research may be conducted are included in Chapter 8.

Chapter 8

Recommendations

8.1 Introduction

Substantial information was obtained regarding the marketing effort of each of the three schools. This information was obtained from conducting research and from secondary information. On examining this information several recommendations have been made to improve the marketing strategies employed by the schools.

8.2 Recommendations

8.2.1 Strategic process

A more structured approach to developing, implementing and controlling the strategic process should be adopted. This would start with establishing the strategic direction, formulating strategies and then implementing the strategies (Ehlers and Lazenby, 2004, p.6). At present some steps appear to be missing including a detailed analysis of the macro and task environments. This makes it impossible to position the school effectively within the market and so the marketing effort is not maximised. As Hooley (2004, p.4) indicates marketing is a process and when marketing fails, it is often caused by the process not being properly understood or effectively implemented. However, this is complicated in the education setting as “much of the literature in the field of educational marketing is characterised by ideas, suggestions, guidance and strategies which are founded on marketing models taken from non-educational settings” (James and Phillips, 1998, p.271).

8.2.2 Need identification

At present all the schools in this research segment the market according to income and geographic criteria. This results in the schools competing directly with other expensive private schools in the same geographic area. If the schools understood the customers' needs in detail they would be in a better position to segment the market effectively. By understanding the different market segments the schools could choose which segment or segments of the market they want to target. This may entail adding supplementary services to their present "flower of service". Using this as a basis they could differentiate their service.

8.2.3 Service differentiation

The schools need to create a differentiated offering for their customers. None of the schools had a defined competitive position within the market to "set it visibly and distinctly apart from its rivals" (Thompson and Strickland, 2003, p.4) and occupy a unique place in the mind of their customers. Differentiating themselves would distinguish the schools from their competitors. When this is successfully achieved the marketing mix can be developed to support and enhance the differentiated service and market position. However, the position adopted should be of value to the customer and allow for the school to capitalise on internal strengths and resources so that they can be competitive. "It is used by an organisation in an attempt to distinguish its offerings from those of its competitors in order to give it a competitive advantage within the market. Positioning is on the basis of features of the product offer that are designed to appeal to the target market" (McCull *et al*, 1998, p.117). To effectively position themselves they must investigate the needs within the market, segment the market based on these needs and then choose to satisfy a particular need, or needs. "The ultimate marketing battleground is the mind, and the better you understand how the mind works, the better you'll understand how positioning works" (Trout and Rivkin, 1996 p.ix). All the schools feel they offer something special, or have a special feeling. If the schools do not differentiate themselves effectively, price will be more important when customers choose a school.

8.2.4 Competitive analysis

It is important to establish what perceptions the market has of the schools and their competition. An ongoing and detailed investigation of the task environment is important. Although the three schools are aware of competitive schools, their fees, and they may examine the websites, much more information in regard to competitors is required. It is important to establish on what basis a school will compete against other schools, how the competition positions themselves in the market, what the strengths and weaknesses of competitive schools are, and why learners are sent to competitive schools. Only with this sort of information can an effective strategy be designed and implemented. It would appear that certain government schools in Pietermaritzburg may be major competitors to the schools interviewed. Schools such as Ladsworth, Merchiston, Pietermaritzburg Girls High and Maritzburg College may be much more important competitors than realised, especially if the private schools have not positioned themselves effectively in the market.

8.2.5 Service marketing

Education possess all the characteristics that Zeithaml and Bitner (2000, p.12) use to differentiate services from products. Services are; intangible, they are heterogeneous and not standardised, consumption and production are simultaneous and they are unable to be stored. These characteristics make it important for education to be marketed as a service. This should help the schools to market themselves more effectively within a service industry. It should also allow them the opportunity to position their service more effectively within their market, especially if the seven Ps of the service marketing mix are used to enhance the desired position of the school. The importance of people as an element of service marketing must not be overlooked.

8.2.6 People

As Dow (no date, cited in Kotler, 1991, p.453) states the four Ps of service marketing are “people, people, people and people”. People are a vital element of the service marketing mix. Although

one school surveyed customers on a regular basis, it is recommended that the learners and parents should be surveyed on a regular basis by all schools to ensure a free flow of information. If these surveys are done on a regular basis, benchmarks can be established and serve as a basis for goal setting. In addition these surveys would also help management to track changes in customer expectations and ensure the service that the school offers is still valued. Staff play a vital role in the perceived value that customers obtain from a service.

Although private schools tend to pay teachers well, it does not mean that the employees are satisfied or motivated. As Vining (2000, p.27) mentions “misplaced criticism by staff can undermine the school or a program at lightning speed”. A regular survey of staff (conducted by one of the schools interviewed) could expose areas of discontent and highlight areas in which the school may improve. The pivotal role of staff in education must not be overlooked. Because of this and the widespread discontent in government schools it would seem feasible to conduct research on staff satisfaction in private education. Management thinking that staff is satisfied and motivated is not adequate.

8.2.7 Opportunities

It appeared that some of the schools had established a competitive advantage but were not taking the opportunity to market this advantage. It is recommended that the schools concerned investigate these opportunities:

- Cowan House has a technology centre, which competitors do not. They could possibly differentiate the school by focusing on the development of their learners’ creative thinking. Mr. Emmerson mentioned that this was the reason for developing the technology centre. This could be supplemented by their specialised information technology department, to give them a unique position in the market.
- Epworth is not in the same financial situation as some of its competitors and so cannot offer the same number of scholarships. However, it still produces a large number of successes (both on the sports field, in the arts and academically). This must imply that the school helps to develop the potential of the individual girls. Epworth could also focus on

its artistic or adventure sports aspects. Both of these are already well established and could be used as a means of differentiating the school.

- Hilton College has a unique estate. Although Michaelhouse also has an estate it does not have the animals and the Umgeni River. This may offer the potential for boys to undertake detailed scientific work (and publications) on the estate. The potential for leadership/adventure sports to be developed using the assets of the estate also exists. There must be a reason for Hilton being more than ten percent more expensive than Michaelhouse (both are non-profit organisations). Hilton should identify why this is the case and establish what benefit the target market is obtaining from this additional cost.

The above recommendations, if adopted, should allow the schools to develop a more effective marketing strategy. Further research could identify other areas in which the schools may improve their marketing strategy. Areas where additional research may be conducted are given below.

8.3 Future research

There are several areas in which more research could be conducted in order to further clarify how private schools market themselves. These include:

- Customer research. Establishing what customers actually want from education and how the market can be segmented on the basis of customer needs. If this is effectively done target markets become more apparent and a more focussed strategy can be adopted in satisfying the needs of a particular target market. The earning ability of Blacks is growing at a substantial rate and must form an important market. It is important to establish what their needs are in regard to schooling and the supplementary services associated with schooling.
- Staff research. There is substantial evidence that staff is vital for the effective delivery of a service. More information is needed in regard to staff satisfaction in private schools, especially as there is large scale dissatisfaction at government schools (The Education Labour Relations Council Study, no date, cited in Macfarlane, 2005, no page number). This is especially important as many teachers are leaving the profession, are emigrating,

or are dying of AIDS related diseases. Research should determine if staff has “challenging, interesting and skills-stretching assignments... where ideas bubble from below... where employees are made to feel that their opinion counts” and that the school is a great place to work (Thompson and Strickland, 2003, p.363). This research could help schools to differentiate themselves on the basis of their staff and the service they offer. Associated with this is establishing what performance management systems are used by schools to ensure objectives are met, problems are identified and staff are trained to help them reach their full potential within the school.

- Competitor research. It is essential that schools have a clear idea of the competition: what position the competitors have in the market and how they compete. Only when schools have this information will they be able to differentiate themselves effectively and offer a unique product to the target market.
- Much importance is attached to results achieved at different schools as this is seen as tangible evidence of the quality offered by the schools. However, this may have led to a situation where schools “buy” results by awarding scholarships and bursaries to talented learners. Work was conducted in the U.K. showing the impact of socio-economic conditions and prior achievements on final results (Ouston, 1999, p.169). Similar studies are required in South Africa.

8.4 Conclusion

The limitations of this research (as mentioned in chapter 5) must be born in mind when interpreting the findings. The potential for conducting similar research from the perspective of the parents, staff and learners also exists and would throw a different light on the marketing of the three schools, as would more quantitative research.

School marketing is a new field in South Africa. However, the schools in this research seemed to appreciate the importance of marketing. It is an area in which there is still much to learn, especially with the wide range of cultures whose educational needs have to be satisfied by

schooling in South Africa. It may well be time for all universities undertaking teacher training, to include a course on marketing.

“In the future, educational marketing is certain to be an important aspect of educational management. ...much of the literature in the field of educational marketing is characterised by ideas, suggestions, guidance and strategies which are founded on marketing models taken from non-educational settings” (James and Phillips, 1998, p.271). The importance of effective marketing of schools cannot be overemphasised. It gives the school direction, allows the school to use its limited resources to maximise satisfaction within its target market, and ultimately allows for a better education for its learners.

It is hoped that this research has clarified some issues in regard to the marketing of three private schools in the Midlands of KZN.

Chapter 9

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Chapter 10

Appendix

Transcripts

10.1 Cowan House Transcript

(Italics indicates question)

Meeting on 12-10 - 2005 at 11,30 a.m. with Mr. M. Emmerson (headmaster) and Ms. L. Hill (marketing manager)

General issues

*1. I plan to record the interview so that I can refer to it during the writing up of my dissertation.
Do you object to this?*

No

2. Do you object to Cowan House being mentioned in the dissertation, or would you prefer the name to be coded?

No problem with that, but I would like to see what you say about Cowan House.

The marketing concept

3. The marketing concept is based on:

a) customer orientation, b) integration of activities, c) long term goals, d) societal responsibility. Does your school operate according to the above criteria?

a) customer orientation

The transition to becoming a co-ed was essentially customer led and economic. We constantly had questions from parents as to why we did not accept girls. We believed there was a need in

the Hilton, Howick and Pietermaritzburg areas for a co-ed independent school. There was space after part of the school burnt down. Much of the boarding was done away with as farming areas were developing there own smaller private schools and they would only send their children to boarding schools later. We do parent surveys. We survey pupils, staff and parents separately. We have simple open-ended surveys. We get a lot more information with this type of survey. Lower grades (below grade 3) do drawings to convey information.

b) integration of activities

Marketing is a big team effort. We believe strongly in marketing – it feeds through all the different layers of the school. We have a marketing committee that comprises board members, parents, learners and staff. The marketing committee was established by a number of mothers and we have grown it from there. Our board have children at the school so they are very involved. The parent body is the most effective tool in marketing. Parents host house parties where parents and staff speak to prospective parents. We find the best marketers are the kids. We have the caps programme (the Cowan House arrow), which is all over the school. It indicates our values and our direction. It is compiled by parents, staff and children, so all buy into it.

c) long term goals

We have long-term strategies and key performance areas for all the different departments. The caps programme is applied to all the different departments of the school.

d) social responsibility.

We must be careful with young children from a safety view point. We run the Cindi programme, which is aimed at children in distress. Children are asked to donate towards the needy, but it is important that the children make their own donation and do not ask their parents. Boarders will donate part of their pocket money towards it. They collect party gifts and pack party packs for less privileged. They have civics day. We twin with a couple of schools (e.g. children go out to Beauty Preschool and help look after the kids). We also go to Mountain Home in Sweetwaters where the kids help on an ongoing basis. At Christmas the children make things and give items to the less privileged. Also one offs like collecting for the tsunami victims.

4. *Who are your customers and is it fair to say they are the focus of marketing at Cowan House?*

This has been covered to some extent already. However we plot where our customers come from and any changes in the numbers coming from different areas are identified and we then try to identify why these changes are occurring. Our customers are people who value family values.

5. How do you establish customer needs?

In a formal survey once a year and also by communicating effectively with customers. We have a very active parents' association, we meet twice a term, and we have staff, and learners from every class on that. We have parent teacher interviews every second term as well as formal interviews with new parents and children to make sure we realise each others expectations. Also I have newsletters to help communication.

6. Do you segment the market and what basis do you use to segment the market?

The local pre-schools. Our major market is still Hilton, but Howick is also important. We also have day scholars coming from outlying areas such as Dargle. We have drawn a map and tried to work out where all the children in the school come from. We have boarders from Zambia, Malawi, Zimbabwe, and recently Botswana. We may go up to visit them, but parents within those countries often will market the school for us. We also try to identify traditional areas and question why we no longer get kids from a certain of these. This may require us to investigate certain situations in more detail. A third of our kids come from Maritzburg. We run a kombi from Maritzburg and Howick.

Boarding is a need by which we have segmented the market and recently we have started a girls' boarding facility as this is a need for some of our customers. We deliberately don't market in certain areas, because it may destroy the ethos of the school. The smaller size classes as well as the pupil teacher ratios are attractive. The pre-primary level is also a need. We have specialist teachers in computers, science, art and French, which is not common at primary schools.

7. How do you determine which market segment Cowan House will target?

We map where the children come from (as described earlier).

8. Have there been any major innovations at Cowan House over the last few years? Why did these occur?

Both going co-ed and establishing a girls' boarding facility are major changes that are customer led. As children's needs are also important we try to identify what the children will need. It is a mixture of customer led changes and changes introduced by us because that is what we feel the

children will need. Dads will suggest what we should do in regard to the working environment (e.g. the children play the stock exchange).

9. *Once you have a learner, what do you do to retain the learner, or to attract siblings?*

Communicate.

Service marketing

10. *Education is largely considered a service, and so is intangible. How do you gauge customer satisfaction and ensure parental and learner expectations are in line with what the school can deliver?*

Done through communication. We must be up front in regard as to what Cowan House is about and what it delivers. This is covered at the prospective parents' interview, where the parents must buy into the ethos of the school in regard to values and discipline. Feedback at a number of forums e.g. at the start of the year. We believe parental expectations can lead to a crisis, we must match expectations to what we can deliver. We listen to parental expectations. Surveys also help to ensure that. Parental expectations have changed a lot in the last seven years. Parents must buy into our expectations in regard to values and discipline – these are non-negotiable.

11. *Does Cowan House use staff as a differentiating factor? If yes, how?*

Staff is a critical success factor. We attract top staff because of the environment in which they work and they know the kids are good kids. We run staff courses regarding time management, curriculum management and planning, we sponsor staff on courses that will benefit the school. We also will get educational psychologists to talk to the staff. Schools are about people and our staff is passionate about the kids.

12. *Are the seven Ps of service marketing used in the marketing strategy of Cowan House?*

No. We are aware of the four Ps. We have been working on branding. Indirectly we have been working on the other three Ps. Some of our best marketers are not necessarily a member of the Cowan House community. We believe that image is important and well turned out children are important.

13. *What is your product?*

The children we produce at the end of the day. At open day the grade 7 children take prospective parents around. The success rate of our children later on says a lot for our product. Such items as scholarships and leadership positions after they leave are important to us.

14. Do you use the fee structure as a differentiating strategy?

Yes. Unfortunately many people cannot afford to send their children here. We are trying to keep fees competitive. Boys prep. schools are more expensive than girls prep. schools. Every girl at Cowan House is paying a premium to come here. We would like to be competitive for the girls, but not be seen as “cheap” for the boys. We give a limited number of bursaries to kids who will benefit from Cowan House and from whom Cowan House will benefit. The fees determine to whom we target our advertising.

15. Have you introduced any form of communication that allows you to understand parental concerns or learner needs more accurately (e.g. tutor groups where one teacher will be in charge of the well being of say 10 students)?

We strongly believe in transparency. Surveys, communication, the structure of the board and various representative bodies allow us to communicate effectively.

16. As education is largely intangible, how does Cowan House convey the quality that the school has to offer?

This is often done by parents. The kids must compete favourably in terms of open scholarships. We also benchmark according to Olympiad results. We get outside examiners to visit and comment. It is difficult and sometimes frustrating. We develop confidence and rely a lot on word of mouth as well. We won the PINSA science gold medal.

17. Do you involve your staff in marketing, and if so how?

Answered under integration.

18. Do you gauge staff attitudes on a regular basis and how do you do this?

Answered already.

19. Is there a system of encouraging staff/learners/parents to submit suggestions and how do you follow up on these?

We have a suggestion box and also have parents’ association meetings where parents come with comments from the different grades. We take grade 7 on a trip and have an exit survey to discuss

what is good, or not so good, with the school. Also have a staff survey at the end of a year to see how they would have done things differently.

20. How often does staff attend formal training? Are the needs for this determined by the staff or the head/managers?

Training is based on staff and managerial needs. At the end of the year the staff stay for four days where we review the year and identify what is required.

21. How does Cowan House position itself within the market? What is unique to Cowan House?

The only way to position us as unique in the market is to get people to physically visit the school and “feel” Cowan House. No other way of them realising that the school is unique. We often ask why we are different.

22. Cowan House has several strengths. How does it capitalise on these strengths?

We examine this all the time.

23. Cowan House changed from a boys’ school to co-educational. Why did it do this? How did the marketing strategy change in regard to this?

This was a special challenge and we tried to market it. We changed everything to include boys and girls. We still have people thinking we are boys only and it is an ongoing effort. At present we are 41% girls and 59% boys. Convenience of having both sexes at one school is an advantage. Initially we put out a survey as our loyalty was to our existing customers who had bought into an all boys’ school. We marketed the reasons why we were doing it to all the parents. Only three sets of parents disagreed to it. I then discussed this with each set of parents. Eventually everyone including old boys bought into it.

24. Is Cowan House full? Where do you see growth coming from?

The bottom end is full. We have doubled our classes (from one class per grade to two). We have some gaps in some of the more senior levels. We have taken a decision not to get bigger than two classes in each set. Growth is coming from state schools – children move all the time from the state system. The state schools are losing good educators and they are being given teachers who may not be ideal.

The macro/task environment

25. How has the racial mix changed over the last 10 years? Has this changed who your target market is?

Because of the good model C schools (especially when compared with apartheid schooling) many different races tend to go to them. The racial composition hasn't changed as much as people thought it would.

26. Has Cowan House any programmes to sensitise learners to cultural differences?

Yes, in our life skills programme. We also try to sensitise them to different religions. They mix well and learn within the school.

27. Does the new education system pose a threat to Cowan House?

Not at all. Private schools do not get involved in all the red tape. Some teachers have had to question what they are doing, which is good. We take the best from both worlds in this regard.

28. How much does Cowan House rely on pupils from outside S.A.? What factors are affecting them?

The exchange rate is very important. The schools are more expensive in dollar terms, but still relatively inexpensive compared with the local private schools in places like Zambia. Transport is also an additional cost factor.

29. Do you use technology to give your school advantages over competitors?

We are up there with the best of the prep. schools in regards to technology. To us the library is more important in a prep. school environment. But we do have a specialist in the computer side. We have a technology centre, because we strongly believe in the creativity that it generates. Processes are not seen as differentiating factors, but we keep up with the rest.

30. Who are your main competitors and how often do you analyse them?

Our main competitor is Clifton Nottingham Road as they are co-ed and boarding. From the boys side St. Charles' and Cordwalles and from the girls side Wykeham, to some extent St. John's. We do formal analysis of fee structure and will examine the different websites as a marketing committee.

10.2 Epworth transcript

Meeting on 7-10-2005 at 14.00 with Ms. A. Finchham (marketing manager)

General issues

1. *I plan to record the interview so that I can refer to it during the writing up of my dissertation.*

Do you object to this?

No.

2. *Do you object to Epworth being mentioned in the dissertation, or would you prefer the name to be coded?*

No.

The marketing concept

3. *The marketing concept is based on:*

a) customer orientation, b) integration of activities, c) long term goals, d) societal responsibility. Does your school operate according to the above criteria?

a) customer orientation

Yes, very much so. We look at wants and needs and do more market research. We direct questionnaires to various role players, prospective parents and parents of the intake years (after a term or term and a half). We do an exit survey of grade 12 and also survey the high school parents. We want to do more in regard to focus groups – what are their expectations. They are very time consuming, especially for a one man department. I give feedback to the relevant groups.

b) integration of activities

We conduct external and internal marketing and target old girls.

c) long term goals

Five year strategic plans are formulated by the board, marketing is involved. Last one ends in 2006. Some of the work is crisis management. Critical success factors are set – sometimes not sure if all are carried out.

d) social responsibility.

Not really my department. Very socially aware. Not done by the marketing department. Twin with Nichol School (Edenvale), we have a long association with them. Excess books and furniture are given to them. Students collect food parcels and help distribute them, play sport and spend time at the school. The primary school spends time at crèches. Our latest project is to supply artwork to brighten lives at about 20 hospitals. We took children from a crèche down to the beach. Many needy apply for scholarships, but these are not specifically meant for the disadvantaged.

4. *Who are your customers and is it fair to say they are the focus of marketing at Epworth?*

Down to earth type of people with good family values. We are not considered an elite, snob school, so often we do not appeal to certain types, unless they enjoy family values. Do a lot of work on good values. Often people who value education, who may not be able to afford the school.

5. *How do you establish customer needs?*

Covered earlier.

6. *Do you segment the market and what basis do you use to segment the market?*

We have to, poor schools not really considered when marketing. We will always market to other independent private schools. Don't think we do enough target marketing and it is surprising that we often pick up children from unexpected areas, which we would have missed if we would have target marketed. Primarily we market on a financial basis.

7. *How do you determine which market segment Epworth will target?*

Answered.

8. *Have there been any major innovations at Epworth over the last few years? Why did these occur?*

Lots of curriculum work is done, but marketing is not involved in it. Always looking in terms of the kind of people that we are attracting. Often people who need a lot of academic help are attracted to Epworth. Often we will only keep them up to grade 10. Have thought of setting up a

remedial section, but don't want to be considered a remedial school. Had a psychologist on our staff, but she has left. We replaced her by a psychology major that will do the school counselling. Actively looking at different niches. We see our sport most probably as a differentiating factor.

Why did you build your sports centre?

The in thing to do and a very functional thing to do. Looking at building a theatre as Epworth is very strong in the Arts.

9. Once you have a learner, what do you do to retain the learner, or to attract siblings?

We put a lot of effort in customer care. Our customers (both staff and pupils) are most important. We communicate to staff the importance of customer care all the time. I have just written to parents regarding the power they have in regard to word of mouth. Word of mouth is very important. Parents are encouraged to convey problems to the school. We will never be able to satisfy everyone. There is a lot of interaction with the learners. We always try to have an educational talk once a term, but also have two or three fun events to try and get the different groups together. We go on trips such as to Barnyard Theatre etc. to encourage communication with parents. There is a discount for siblings and on the application we enquire if other siblings are likely to come in the future. We have no communication with other private schools (private boys schools), to see if there are other siblings that may come to Epworth.

Service marketing

10. Education is largely considered a service, and so is intangible. How do you gauge customer satisfaction and ensure parental and learner expectations are in line with what the school can deliver?

Feedback is extremely important. We have exit surveys, although it is possibly too late. Commitment is very important at Epworth – tries to promote it through guest speakers e.g. Errol Stewart. We deal with parental expectations all the time. Have a system of round tables (parents, learners and teachers sit around the table to discuss items) to get parents, teachers, and learners to understand each other's expectations better. Good feedback from parents so feel we hear of parental dissatisfaction very quickly. We try to under-promise and over deliver. There is a

change of attitude by staff regarding what is expected from them. The way you handle staff and children has to change.

11. Does Epworth use staff as a differentiating factor? If yes how?

Some are e.g. Sally White, A. Beck, A. Immerman, E. Leigh (art teacher), Les Willows (adventure sports club) and Lyn Allen (sports).

12. Are the seven Ps of service marketing used in the marketing strategy of Epworth?

Not aware of the seven Ps.

13. What is your product?

Hard to define. What is produced by the girls we send out from school, or the service (teaching etc), and to have girls' egos intact, self confident and happy to move on into the next stage of their lives. We affirm individuals and I think we are successful in many instances – you can just be an ordinary person who can communicate with people. All the competitors offer excellent education.

14. Do you use the fee structure as a differentiating strategy?

Often attract people who struggle to finance education. We could not cut back on services, so we have had to stay with the pack. Although we intended to be an affordable school in our mission statement, we cannot really cut back. Will always be aligned with Wykeham and St John's. St Anne's is the most expensive. Many fees are not a true reflection of what you end up paying. If you are cheaper many people will say there is something wrong with the product.

15. Have you introduced any form of communication that allows you to understand parental concerns or learner needs more accurately (e.g. tutor groups where one teacher will be in charge of the well being of say 10 students)?

Easier for an all boarding school to do. We have the "round table", however we have a very open door policy and the principal is always willing to see parents and learners. Because we are so small no formal channels are really required. The grade co-ordinator is also very important in looking after learners' needs. Communication is very easy at Epworth. We have a Matric mentor system, which mentor the grade 8 intake. We are hoping to link new parents up with present parents.

16. As education is largely intangible, how does Epworth convey the quality that the school has to offer?

Some schools only take the academic elite. We do not. Teachers are really concerned about the less capable. We convey the quality through talking a lot! Our successes speak for themselves – but the holistic approach is important.

17. Do you involve your staff in marketing, and if so how?

A great deal. The high school sees the need for marketing. Staff is involved in promotions and open days. Training in marketing is done, with small workshops giving skills e.g. mixing with parents and handling customer complaints.

18. Do you gauge staff attitudes on a regular basis and how do you do this?

No, but we rely on the grapevine. Have just had a workshop on branding. We soon hear about disgruntled staff. It is important that staff buy into our brand.

19. Is there a system of encouraging staff/learners/parents to submit suggestions and how do you follow up on these?

There is no formal system in regard to this, but we follow up on surveys. All functions are followed by an analysis. These are very open and frank discussions. I am not too sure what the situation is with learners. We have a parents' committee that are represented through the parents' association.

20. How often does staff attend formal training? Are the needs for this determined by the staff or the head/managers?

We do have staff development, but this depends on the needs of the staff. All staff belong to IEB user groups. Staff development courses are given by various experts and SETAs. The staff is encouraged to attend courses.

21. How does Epworth position itself within the market? What is unique to Epworth?

It is an independent school. We are a caring school. We really mean it and we think everyone knows it. We are also becoming known as a sports school, because of our good sporting results. Epworth emphasises values. There is an intangible feeling of warmth, friendliness, and openness. We have unique features like an adventure sports club, however, we are a mixed ability school. Being different is difficult as all schools are vying for the same thing. I imagine all the girls' schools are slightly different.

22. Epworth has several strengths. How does it capitalise on these strengths?

By celebrating the successes for the year, e.g. debating league, hockey leagues, a girl in the top 50 in the English Olympiad, 13 S.A. representatives (out of 250) in five disciplines in the school. Our strengths are not only in sport, they are academic and artistic (5 in the Tateham exhibition). We do ballet and music for Matric.

23. Epworth states that it wants to become a leading school. What do you mean by that?

We want to be known as trying to provide excellence in whatever we do. We must really innovate. Teachers must give of their best. We are a leader in sports.

24. Is Epworth full? Where do you see growth coming from?

Yes. We are turning away applications at the moment. Boarding is not full and is a major burden on the school. We are having a major marketing drive in this area. We see growth coming from boarding. This will be coming from KZN, because lack of time and resources to actively market in other areas. I think there is potential in KZN. We are careful in regard to which learners we want. We are getting more enquires from Jo'burg. Botswana still has some potential. Not worth going into Malawi, although we are aware that Tanzania has opened up. Swaziland learners are tending to go more to Mpumalanga.

The macro/task environment

25. How has the racial mix changed over the last 10 years? Has this changed who your target market is?

Our racial mix is getting less Black. We went multi-racial in 1979 (one of the first to do this). This did not meet with acceptance from the more conservative market. When model C opened there was an influx of Whites, and outflow of Blacks (42-46% boarders are Black in the senior school). Overall about 24-25% are Black in the senior school.

26. Does Epworth have any programmes to sensitise learners to cultural differences?

We tried last year and people got very angry about it, both Blacks and Whites. We have no programmes in place at present because it was very badly received last year. We celebrate different cultures in that they have different evenings (e.g. Zulu evening) and on different cultural days the culture concerned will speak about their culture.

27. Does the new education system pose a threat to Epworth?

Not sure. We are already doing it in our own way, so I don't believe it does. A lot of research is being done by A. Beck on the different systems.

28. How much does Epworth rely on pupils from outside SA? What factors are affecting them?

No idea. No, I don't know what factors are affecting foreign students. We don't really market to those outside S.A. We have some from Swaziland and some from Lesotho. All our children are likely to go to university in South Africa.

29. Do you use technology to give your school advantages over competitors?

We use current technology, but nothing that would give us an advantage over competitors.

30. Who are your main competitors and how often do you analyse them?

This depends where we are marketing. All new private schools have drawn learners away from the more traditional private schools. Grantleigh, Durban Girls' College, and Crawford also if marketing in Durban. St. Anne's, Wykeham and St John's are our main competitors.

I never analyse competitors. However, I will examine the magazine and prospectus etc, but we do listen out for trends. I believe we are all different and parents should go to the different schools and find out which is most suitable for their child.

10.3 Hilton College transcript

Meeting on 11-10-2005 at 14.00 with Mr. I. McMillan (development manager)

General Issues.

1. *I plan to record the interview so that I can refer to it during the writing up of my dissertation.*

Do you object to this?

No.

2. *Do you object to Hilton College being mentioned in the dissertation, or would you prefer the name to be coded?*

No.

The marketing concept

3. *The marketing concept is based on a) customer orientation, b) integration of activities c) long term goals, d) social responsibility. Does Hilton operate according to the above criteria?*

a) customer orientation

I think we are customer orientated. All these are important to us. We take a strategic point of view. We are entirely reliant on people sending their children to Hilton. For them to do so we must provide what they want. We are preoccupied with communication e.g. headmaster's news letters, we encourage communication with teachers and parents. There are formal surveys to a certain extent; we also have an exit questionnaire and sometimes survey new parents. We want parents to feel that it is their school. We see parents in all major centres (e.g. a trip is planned to Kenya) to discuss how their children are doing. We don't necessarily pander to customer needs, we also see our responsibility to guide the parents from a professional viewpoint. The general level of customer contentment is very high, so we must be satisfying their needs. We aim to give the best possible education.

b) integration of activities.

Everybody is marketing.

c) long term goals

We have long term goals and strategic plans.

d) social responsibility

This includes the Vula programme – financed by outsiders and is of no cost to the school. This programme helped 220 schools and 510 teachers in KZN last year.

4. *Who are your customers and is it fair to say they are the focus of Hilton College's marketing?*

The boys and their parents – their views are not necessarily the same

5. *How do you establish customer needs?*

Surveys are done fairly irregularly, except for an exit survey. In the performance management survey all teachers are evaluated by learners.

6. *Do you segment the market and what basis do you use to segment the market?*

We break it up in geographic areas and establish what primary schools learners are most likely to come from. Our annual intake will come from 40 to 45 schools, which are mainly independent. We try to establish a relationship with our major feeder schools. Johannesburg has become more important. Those that are likely to come to us will already be at private schools. There is a big problem in trying to target the Black market. We have done several surveys on Black attitudes. This pond is very small and many may not have the will to go to Hilton.

7. *How do you determine which market segment Hilton College will target?*

Some screening is done. We target feeder primary schools.

8. *Have there been any major innovations at Hilton College over the last few years? Why did these occur?*

The biggest innovation is the change in the prefect system, to give the experience of leadership to everyone. We did not survey parents or learners in this regard, but did include some boys in the planning exercise. Once we were committed to change, we used Smith and Black to help us devise strategies on how the new system was going to be implemented and introduced to parents and boys. We have had very good feedback, especially from parents. The introduction of accounting was customer led, although this was not really supported by all the staff. We are absolutely determined that we are a boarding school, although we would attract more local people if we were not. From the larger perspective full time boarders prefer to be full time.

9. *Once you have a learner, what do you do to retain the learner, or to attract siblings?*

By providing a happy environment for learners, we feel siblings will want to come to Hilton. Learners enjoy the sense of belonging to the school. We don't lose siblings.

Service marketing

10. Education is largely considered a service and so is intangible. How do you gauge customer satisfaction and ensure parental and learner expectations are in line with what the school can deliver?

We must be upfront when we talk about the school. We probably undersell. Gauging customer satisfaction it is more incidental, rather than formal gauging of satisfaction. This can convey a sense of insecurity. We tried to have focus groups in this regard, but without much success.

11. Does Hilton College use staff as a differentiating factor? If yes, how?

I think so. We are very proud of our staff and encourage interaction between staff and parents. Not actively promoted in this regard, but supported by the school.

12. Are the seven Ps of service marketing used in Hilton College's marketing strategy?

We don't know what the seven Ps are. People, relationships, staff are all vitally important to Hilton. We are very proud of our physical evidence – our brand image, grounds etc. Our processes are not necessarily leading the field, but they are up to date. We are often told how efficient the system is (e.g. application system).

13. What is your product?

To provide holistic education to boys.

14. Do you use the fee structure as a differentiating strategy?

Not proud of having South Africa's highest fees, but it costs a lot to be what we are. We believe people will pay for value. Some things make Hilton expensive – the 1700 ha estate, the maintenance, the white paint, the pupil-teacher ratios. Our reputation is adequate for the price. Sometimes people seem to get a certain amount of kudos from sending their child to the most expensive school.

15. Have you introduced any form of communication that allows you to understand parental concerns or learner needs more accurately?

The tutor system allows for learners to communicate with a teacher for about half an hour a week. This helps us to understand the needs and feelings of the boys more accurately. It encourages and opens up communication. Parental concerns are expressed when we meet parents in the different regions.

16. As education is largely intangible, how does Hilton College convey the quality that the school has to offer?

We try to make sure that people's experience of the school, at every level, reflects excellence. There is no other way we can do it.

17. Do you involve your staff in marketing, and if so how?

Our biggest marketing effort is our new boy weekend, when the whole full time staff shows parents around the school. The next day the staff and the parents walk around the estate. There is much intermingling and it gives the parents and staff a good chance to communicate. Staff also attends house parties.

18. Do you gauge staff attitudes on a regular basis and how do you do this?

No, but we have good communication. Hilton tries to maintain a flat structure.

19. Is there a system of encouraging staff/learners/parents to submit suggestions and how do you follow up on these?

No formal process, but we hope we have an open attitude. I would hope there is a willingness to receive suggestions.

20. How often does staff attend formal training? Are the needs for this determined by the staff or the head/managers?

We have a marketing forum every couple of years, but have staff training a couple of times a term. The ideas come from both staff and management.

21. How does Hilton College position itself within the market? What is unique about Hilton College?

We have an understanding of what makes us different. What makes us unique is the physical setting and the fact that we are all boarding. The estate is very valued by the parents on the way in, but probably less valued by the boys when they are here, but it is a fantastic selling point – in the long run it is what they value. Being all boarding makes us unique, it is what I will talk to parents about – it defines Hilton. In the UK there is a move back to boarding. The social system

also makes us different, with no fagging etc.–the enlightened school and also the leadership system. We want to be seen a school of Southern Africa. The education is world class. Different things are of value to different parents.

22. Hilton College has several strengths. How does it capitalise on these strengths?

By making sure people are aware of them. We capitalize on them by being who we are. We have brained stormed the staff etc. We have to attract applicants through Hilton's profile.

23. Hilton College states it wants to become "Africa's leading secondary boarding school for boys". What is meant by this and how do you measure it?

It is a very big statement. It is not that hard, as there are only a few boarding schools for boys in sub-Saharan Africa. We want to be outstanding and excellent. It is very difficult to measure as it depends on your customer. It is not only about competition, but it is more about delivering the quality. Our boys are comfortable when they leave.

24. Is Hilton College full, and how do you expect to grow in the future?

Yes. We are the size we want to be. We are constrained by infrastructure and the capital requirements of expansion are great. We believe between 500-600 is the ideal size. To grow could be short sighted.

The macro/task environment

25. How has the racial mix changed over the last 10 years? Has this changed who your target market is?

The school is about 10% Black. It has grown over the last couple of years. Many of the customers do not want the school to be transformed. People want a better racial mix, especially people from the north of us. It hasn't changed the market a lot. The Black market is a very hard one to fish. Often Blacks at independent schools are on scholarships and so want a scholarship at Hilton. The school knows that it will have to put money into this. We have sponsored research into this.

26. Has Hilton College any programmes to sensitise learners to cultural differences?

We have a transformation committee. It works on the environment. Boys will talk on this at house prayers, the counsellor will discuss this and we have asked academic departments to focus on it. As trust levels increase, they are happy talk openly about their culture.

27. Does the new education system pose a threat to Hilton College?

No. We must be comfortable that we are offering our boys a world class, portable education. Our exam system is only one part of what we are doing. The universities are going to introduce their own university tests. The IEB is internationally accepted and we have recently had a boy accepted to Oxford, straight out of school.

28. How much does Hilton College rely on pupils from outside SA? What factors are affecting them?

About 85 come from outside. The strong Rand has a major influence. We have lost one or two boys due to the strong Rand, but we are still relatively cheap internationally. Not having a girls school nearby means some of the parents go to the Eastern Cape.

29. Do you use technology to give your school advantages over competitors?

The idea of having good I.T. is to assist good education.

30. Who are your main competitors and how often do you analyse them?

Our main competitors are Michaelhouse and Kearsney in KZN, in Johannesburg St John's, and St. Stithians and to a lesser extent St. Albans and some of the Eastern Cape schools (St Andrew's). We analyse them constantly, but only put pen to paper every couple of years. Locally Maritzburg College and St Charles. Good state schools, but to a shrinking extent. Highbury is one of our main feeder schools and we get about 11 boys per year from them, whereas Kearsney get about 60.