Using the Value Discipline Strategy Typology to Describe Services Marketing Strategies

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Abstract

A qualitative study is undertaken where the Value Discipline Strategy typology (Treacy and Wiersema, 1995) is used to describe international student recruitment (ISR) marketing strategies used by educational institutions. Interview respondents could easily identify with the typology and this suggests applicability for use in the services industry. No clear differences in types of strategy used are found between different education sectors although there is some evidence to indicate that the length of institutional recruitment experience may be a factor in determining strategic orientation. Findings presented are from a sample of secondary schools and universities in Australia and New Zealand.

Introduction

Strategy has been defined as the operationalisation of a pattern of organisational decisions (Mintzberg, 1991, Snow and Hambrick, 1980) and as such, critically impacts on the operation and performance of any organization (Hambrick, 1980). Much research into strategy has focussed on physical goods rather than services (Gronroos, 1980). This study addresses this imbalance by investigating marketing strategies within a service environment, specifically international student recruitment (ISR) marketing strategies used by educational institutions. In this study the Value Discipline Strategy typology (Treacy and Wiersema, 1995) is tested in relationship to its applicability in describing international marketing strategies used by educational institutions. The aim of this study is to describe the ISR marketing strategy evident in educational institutions. We are not aware of the prior use of this typology in educational environments. Additionally, the self-typing paragraph method is used by respondents to identify the specific strategies. Self-typing methodology has been previously used in strategy identification but not with the Value Discipline typology.

Education Marketing Strategy Research

Despite sustained growth in international education (Bohm, et al., 2003, UNESCO, 2006) investigation into the marketing of international education remains limited and is largely based around international student choice [e.g. Joseph and Joseph (2000); Lawley (1998)] and student perception [e.g. Gatfield, Barker and Graham (1999); Patterson, Romm and Hill (1998)]. In the early 1980s, Kotler and Murphy (1981) called for the development of marketing strategy within the university sector. Yet by the late 1980s Pokarier and Ridings (1998) found institutional strategic planning regarding international student recruitment still to be at a low standard. More recently, Maringe (2004) calls for the adoption of marketing principles by university managers while in a review of marketing within the higher education sector, Hemsley-Brown and Oplatka (2006) find research of marketing within higher education remaining at a “relatively pioneer stage” (p. 334).
Within the small body of extant studies, marketing tactics of universities in the United Kingdom are investigated by Naudé and Ivy (1999) who find tactic operationalisation differences based on institutional age. Mazzarol and Hosie (1996) find no evidence of consistent international education marketing strategy in Australian universities and Maringe and Foskett (2002) recommend that marketing should become an integral part of institutional operations. Mazzarol (1998), using student recruitment as a measure for market success, identifies factors considered to have a critical impact on market success and then subsequently develops a model of competitive advantage for education institutions recruiting internationally (Mazzarol and Soutar, 1999). The positioning of university brands in Asian markets is considered by Gray, Fam and Llanes (2003). To date, no studies with a secondary school focus have been identified. This brings about the fundamental need to investigate marketing strategies from an educational institution point of view.

**Value Discipline Strategy Typology**

The Value Discipline Strategy typology (Treacy and Wiersema, 1993, 1995) is based around the construct of *value*. The typology comprises three strategies, known as Value Disciplines: *operational excellence*, *customer intimacy* and *product leadership* with the aim of each Value Discipline being to achieve superior value for the consumer. *Operational excellence* focuses on providing value by offering the best total cost for a service, with an emphasis on a combination of quality, price and delivery systems. Organisations focusing on this strategy typically aim to lead their industry in price and convenience (Treacy and Wiersema, 1993). *Customer intimacy* focuses on providing value by developing the best total solution for a consumer. Organisations focusing on this strategy typically attempt to achieve long-term customer loyalty through constantly refining products and services (Treacy and Wiersema, 1993). *Product leadership* focuses on providing value by developing the best product or service. Organisations focusing on this strategy often display an emphasis on creativity and innovation and typically produce a continuous stream of state-of-the-art products and services (Treacy and Wiersema, 1993).

Strategy typologies developed by Miles and Snow (1978) and Porter (1980, 1985) dominate much strategy research (Slater and Olson, 2001), however, these typologies tend to focus on growth and market share. For some educational institutions growth and market share are not determinants of their ISR marketing strategy. Some institutions simply seek to maintain international student enrolments from year to year. Other institutions recruit international students for reasons such as diversity or personal growth. Value, rather than market share, may be a more inclusive construct in this instance and therefore the Value Discipline typology may be more appropriate.

As discussed previously, the aim of this study is to describe the ISR marketing strategy evident in educational institutions. Based on the preceding literature and in addressing this aim, three research questions (RQ) are proposed:

**RQ 1.** Can the Treacy and Wiersema Value Discipline Strategy typology be used to identify ISR marketing strategies used by educational institutions?

**RQ2.** Do ISR marketing strategies in secondary schools differ from those strategies used by universities?

**RQ3.** Using the self-typing paragraph approach, are informants able to identify the specific Value Discipline Strategy used by their institution?
Methodology

The study was conducted using in-depth interviews with international education marketing practitioners. Ten in-depth interviews were undertaken with international marketing practitioners from Australian and New Zealand universities and secondary schools (see Table I for coding). Practitioners and educational institutions were selected so as to represent a broad range of institutions.

Table I. Coding of Educational Institutions

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>New Zealand</th>
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<tbody>
<tr>
<td>Secondary Schools</td>
<td>A B C</td>
<td>D E</td>
</tr>
<tr>
<td>Universities</td>
<td>F G H</td>
<td>I J</td>
</tr>
</tbody>
</table>

The university sector is the largest and fastest growing of the international education sectors (UNESCO, 2006) while the secondary school sector has been described as immature and largely undeveloped (Kenyon and Koshy, 2003). It is hoped that comparisons between a developed and an undeveloped sector will provide useful insights. Additionally, investigating ISR marketing strategies in only universities and secondary schools limits potential mitigating variables.

A single informant was interviewed from each institution. In each case the informant was actively involved in the development and implementation of the institution’s ISR marketing strategy. This approach has been justified by previous strategy research (Conant, Mokwa and Varadarajan, 1990, Morgan, Strong and McGuinness, 2003). Additionally the guidelines developed by Huber and Power (1985) were considered when selecting key informants. At one stage during the interview informants were asked to read a description of each Value Discipline Strategy and then to classify their own institution’s strategy in accordance with one of the three strategies. The self typing paragraph approach has been used previously (Conant, Mokwa and Varadarajan, 1990, McDaniel and Kolari, 1987, McKee, Varadarajan and Pride, 1989, Snow and Hrebiniak, 1980) and has been established as valid (James and Hatten, 1995, Shortell and Zajac, 1990).

Results and Findings

Five informants identified Product Leadership as the ISR marketing strategy used at their institution. Three informants identified Customer Intimacy as the ISR marketing strategy at their institution and two informants identified Operational Excellence. A mix of educational institutions is found in each strategy type with at least one university and one secondary school in each. Customer Intimacy has a larger proportion of secondary schools than universities (two secondary schools & one university) while Product Leadership has a larger proportion of universities than secondary schools (three universities & two secondary schools). Both New Zealand secondary schools (Institutions D & E) self-classified as Product Leadership while no Australian secondary schools selected this. No New Zealand institutions self-classified as Customer Intimacy. Results of the self-classification made by informants during interview are summarized in Table II.
During the interview process each informant was asked to use the Value Discipline Strategy typology to self-identify their institution’s ISR marketing strategy. All informants were able to use the Value Discipline typology to self-identify the ISR marketing strategy within their own institution. Additionally informants were able to complete this task without difficulty. The ISR marketing strategy at educational institutions could be described using the Value Discipline Strategy typology. This finding supports RQ1 and RQ3.

Table II. Results of Strategy Self-Classification using Value Discipline typology

<table>
<thead>
<tr>
<th>Value discipline</th>
<th>Customer Intimacy</th>
<th>Operational Excellence</th>
<th>Product Leadership</th>
</tr>
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<tbody>
<tr>
<td>Institution</td>
<td>A, B, G</td>
<td>C, I</td>
<td>D, E, F, H, J</td>
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Analysing the results of self-classification, we found a mixture of secondary schools and universities within each strategy type. Half of the institutions in the sample self-classified themselves as Product Leadership (secondary schools D & E and universities F, H & J) while three institutions classified themselves as Customer Intimacy (secondary schools A & B and university G) and two classified themselves as Operational Excellence (secondary school C and university I). RQ2 is not supported as there is no clear distinction between the ISR marketing strategy adopted by secondary schools and universities.

Discussion

The type of education sector does not appear to be an important factor in determining the international marketing strategy for educational institutions. Secondary schools and universities do not appear to have different ISR marketing strategies based on the education sector in which they operate. Both secondary schools and universities self-classified themselves into each of the three Value Discipline strategies. There is, however, some evidence of a relationship between the percentage of international students within the total student cohort at an institution and the ISR marketing strategy at that institution. International students comprised less than 10% of the total student cohort at institutions that self-identified as Customer Intimacy (A, B & G) but were around 15% at institutions that self-classified as Product Leadership (F & H). Also, evidence was found of a relationship between international marketing strategy and the length of an institution’s international recruiting experience. Institutions who had actively recruited international students for shorter periods of time (up to 5 years) all self-classified as Product Leadership (D, F & J).

It was found that educational institutions do utilise different ISR marketing strategies and are able to identify their current strategy using the Value Discipline typology through the self-typing paragraph approach. The use of the Value Discipline typology presented no difficulty for informants, had meaning for informants and was relevant for the operating environments of educational institutions. This method appears useful for strategy identification within educational institutions.

Managerial Implications and Contribution

The implications are discussed specifically based on the sample of institutions used. This means that the findings are not highly generalisable to all institutions; however, a number of useful managerial implications can be discussed. For example, when self-classifying the ISR
marketing strategy at their respective institutions, informants did not all use the same Value Discipline to identify their strategy. This indicates that when these institutions were recruiting international students, there was no single strategy that was used by all educational institutions. Also, within education sectors neither secondary schools nor universities were all grouped under one strategy; therefore, in this study, Value Discipline Strategies are not educational sector specific. During interviews more informants self-classified their institution as \textit{Product Leadership} than \textit{Customer Intimacy} or \textit{Operational Excellence}. This does not necessarily indicate that institutions adopting this strategy type will be more successful when recruiting international students. It is simply more prevalent. As this is a cross-sectional study, the effect of strategic choice on institutional performance over time was not investigated. Educational managers should make their own assessment regarding whether a strategy is appropriate for their own institution and operating environment.

A number of important contributions can be suggested by this study. Firstly, the findings show that universities and secondary schools do use marketing strategies and that education marketing practitioners are able to identify the type of marketing strategy operating within their institution. Secondly, it is clear that different strategies are operating in different institutions. In other words, there is no single strategy used by education institutions and nor is there one strategy for secondary schools and another strategy for universities. A diverse range of strategy types is evident across and within education sectors. Thirdly, this study is focused around a service industry (i.e. education) and as such shows support for the use of the Value Discipline typology for strategy investigation within services. Additionally, the study extends the methodological approach of the self-typing paragraph to the Value Discipline strategy typology.

\textbf{Limitations and Future Research Implications}

The findings in this study are limited to two education sectors in Australia and New Zealand and are based on a sample of ten informants. In order to develop generalisable findings the study needs to be repeated in a variety of different settings. Also in our study we only investigated the use of Value Discipline strategies and the self-typing paragraph method for international marketing strategies.

Further research is required to identify the factors that have contributed to the strategy choices made in educational institutions. This study provides a conceptualisation of the current ISR marketing strategy in educational institutions; however, the decisions that led to the implementation of a particular strategy remain to be investigated. Additionally, the extent of institutional performance success based on strategic choices made is not investigated as part of this study.

A relationship between education sector and the adoption of a particular international marketing strategy was not found. However, there is some indication of a relationship between the international marketing strategy adopted and institutional factors such as length of recruiting experience and percentage of international students within the total cohort. These findings present an interesting direction for future research.

\textbf{Conclusion}

This study used the Value Discipline strategy typology (Treacy and Wiersema, 1995) to investigate the ISR marketing strategy used by Australian and New Zealand secondary schools and universities. It was found that the Value Discipline strategy typology was
pertinent when describing the particular ISR marketing strategy adopted by institutions. Informants used the self-typing paragraph method to identify the Value Discipline strategy that best described the extant ISR marketing strategy within their institution.

A mixture of secondary schools and universities were found in each strategy type. No strategy differences were found based on education sector, however, there is some indication that other institutional factors such as length of recruitment experience or percentage of international students within the total student cohort may impact on strategy choices for international marketing. It is recommended that further research be undertaken in order for educational institutions to better understand the strategic decisions they are making within a rapidly growing international market.
References


Treacy, M., Wiersema, F., 1995. The discipline of market leaders: choose your customers, narrow your focus, dominate your market, Addison-Wesley, Reading, MA.