

# **The Foundation for a Comprehensive University Marketing Strategy: Segmenting Beyond Demographics and GPA**

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## ABSTRACT

### **The Foundation for a Comprehensive University Marketing Strategy: Segmenting Beyond Demographics and GPA**

Segmentation is a marketing concept which can be applied in a post-secondary context. This article describes a university's application of this concept to enable a better understanding of its undergraduate students. Segmentation is one way of helping a university to focus. Segmentation can be used to better understand the needs, motivations and defining characteristics of any group. There are several benefits of segmentation. It helps an organization focus its energy on those segments of the market it can serve most effectively. Most post-secondary institutions segment their learners in traditional ways based on demographic characteristics such as age, year of program, gender, special needs, and grade point average (GPA). The establishment of identifiable learner segment groups based on needs and motivations—not demographics or GPA—is a critical step which is of powerful informational benefit to universities. This type of segmentation information underpins recruitment and marketing strategies and academic programs in attempting to differentially serve the needs of their unique mix of learners.

# **The Foundation for a Comprehensive University Marketing Strategy: Segmenting Beyond Demographics and GPA**

## **Introduction**

Segmentation is a marketing concept which can be applied in a post-secondary context. This article describes a university's application of this concept to enable a better understanding of its undergraduate students. The reason why segmentation is important and timely is that universities can no longer be 'all things to all people' in the face of declining financial resources, increasing competition and more discerning students. A scan of strategic development plans from 125 Canadian and American post-secondary institutions and ten 'best-in-class' universities world-wide, found no institution explicitly pursuing an undergraduate segmentation such as described here.

Two studies were undertaken to generate, from a bottom-up approach, an understanding of the different segments of undergraduate learners that exist at a large urban university. Study 1 was designed to develop a segmentation hypothesis through survey and focus group methods. Study 2 was designed to confirm the existence of identifiable learner segments by quantifying the qualitative findings of Study 1. The paper makes reference to these findings in order to uniquely position an institution and evolve its comprehensive marketing strategy.

## **Purpose of Segmentation**

Segmentation is one way of helping a university to focus. The premise behind this analysis is that not all students have the same needs, but those with similar characteristics can be grouped, yielding definable segments. Segmentation provides a framework for decision making about which groups of learners can be best served, based upon 'fit' with the institution's capabilities and its longer term goals.

Segmentation divides a "market" into groups of people who perceive and respond in similar ways. For example, mature continuous learners who are in the workplace by day require programs and services delivered on evenings and weekends, while younger full-time students direct from high school seek a full campus life. Segmentation can be used to better understand the needs, motivations and defining characteristics of any group. This method of analysis provides insightful information for a university or college such that it can focus its resources and ultimately achieve a competitive advantage in the post-secondary market.

There are several benefits of segmentation. It helps an organization focus its energy on those segments of the market it can serve most effectively. The process of identifying the segments assists an organization in understanding the needs and opportunities not currently being addressed. This can further guide the design and development of products, services and processes to meet specific needs. Given that segmentation allows an organization to know who it serves more specifically, it can then monitor the evolving nature of the various segments it serves and make informed decisions. Most notably, the act of dividing a market into distinct segments allows an organization to selectively communicate specific messages to particular audiences in order to maximize its impact on selected segments.

## **Segmenting Learners**

Most post-secondary institutions segment their learners in traditional ways based on demographic characteristics such as age, year of program, gender, special needs, and grade point average (GPA). However, these methods of classifying students are no longer a sufficient means for designing programs and services as they make assumptions about people based on simplistic attributes. For example, a popular recruitment tool is to target prospective students solely on the basis of GPA, while not paying attention to any of their underlying motivations. Students are increasingly knowledgeable and demanding consumers who are less willing to accept declining program and service quality at higher and higher costs (Yeager, Rogers & Finley, 1997). Today, students face many more post-secondary options and they are more astute.

Rowley, Lujan and Dolence (1997) believe it is important to “have a handle on the nature of the student population on campus as well as the nature of the population on its way in order to better assess the fit between student needs and academic programs” (pp. 219). It is surprising to Bank, Biddle and Slavings (1992) how little attention is given to what students expect upon entering university or to how universities should respond to students. It is clear that many universities have little understanding of the types and population mixes that are emerging on campuses across North America (Levine & Associates, 1989).

A segmentation approach based on ‘students’ needs (rather than demographics and GPA), is an attractive alternative to the traditional method. Such an approach, known as benefits-based segmentation, examines the student body from different perspectives such as educational outcome, expected benefits, and types of needs (Pascarella & Terenzini, 1991). This method links a student’s primary motivation for seeking post-secondary education with the services, curricula and recruitment efforts specifically designed to meet their needs and add value to their educational experience both of which impact revenue (Rowley, Lujan & Dolence, 1997). Benefits-based segmentation allows a university to focus energy and resources on the learner segments it can serve most effectively. The results of this understanding provides valuable information about the study body to academic departments and services. Focused or differentiated institutions recognize and respond to the evolving needs of its selected student segments (Yeager, Rogers & Finley, 1997). This new and perhaps more valuable approach is explored directly in these two studies.

### **Learner Segment Hypothesis**

A benefits-based segmentation begins with a hypothesis of how learners can be divided based on a clustering of primary needs. The research team developed a benefits-based approach to understanding learners. The existence of five learner segments were hypothesized by drawing on the expertise of selected educational leaders, student services personnel, academic administrators, student leaders and the literature. The proposed segments were continuously refined through an iterative cycle of discussion until a consensus was reached forming the initial hypothesis. The five hypothesized segments were described as:

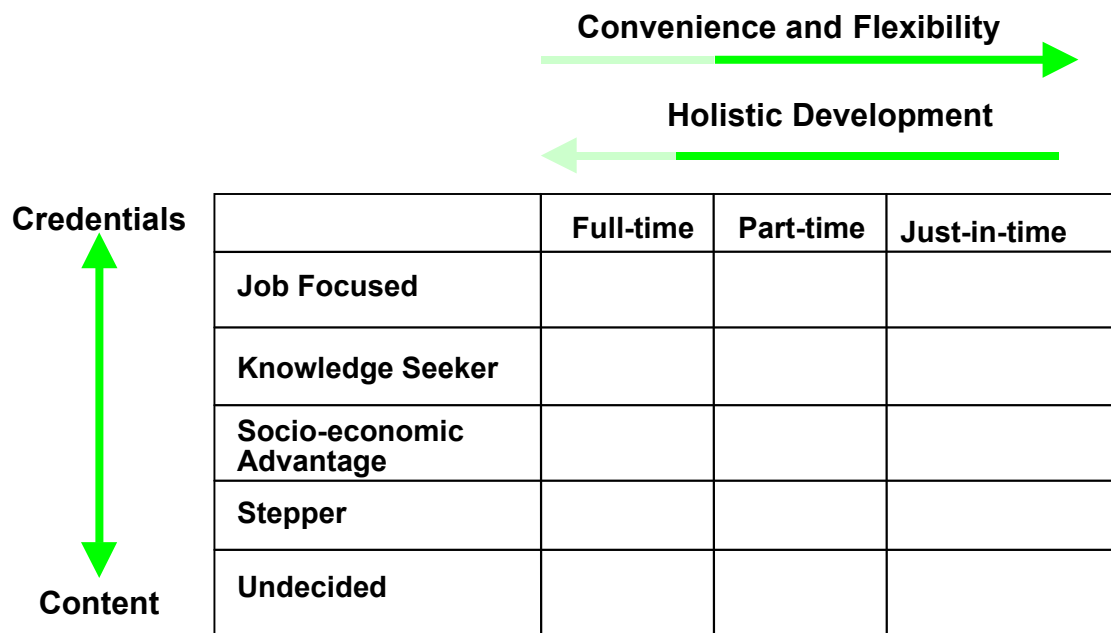
- Job Focused - individuals attending post-secondary education primarily because of the future employment benefits that are obtained.

- Knowledge Seeker - individuals who are interested in a university education for the sake of knowledge - for the personal gratification and satisfaction of their own curiosity.
- Socio-economic Advantage - those learners who seek the current or future status of attending a university or obtaining a degree.
- Stepper - learners who intend to build on their first degree with more education (e.g., a post-diploma or a graduate degree).
- Undecided - individuals who do not know specifically why they are attending university. Undecided learners are often motivated by external pressure from family or peers.

Students' primary needs were viewed as ranging, on one hand, from holistic development to convenience and flexibility, and, on the other hand, from a desire for credentials to an emphasis on content (see Figure 1). As one moves down the column there is increased emphasis on content and less emphasis on credentials.

**Figure 1**

Benefits-based Segmentation Hypothesis  
(Coordination Task Force, 1996)



The next step in undertaking an undergraduate learner segmentation analysis was to test for the existence of learner segments within the current undergraduate population of a large urban university (n=23,000) by conducting two studies that collected and analyzed various types of information. An in-class survey, focus groups, high school surveys, telephone interviews with out-of-town learners and a follow-up survey yielded a richness of data gathered from over 2,400 learners and other groups.

## Study One

### *Initial In-class Undergraduate Survey*

Over 1,400 undergraduate students participated in a short in-class survey. Students were asked the relevance of five statements related to the five hypothesized learner segments. For example, *"You are attending university primarily to gain skills relevant to a specific field of employment"* (Job Focused) or *"You are intending to pursue a graduate or professional degree or post-degree diploma in a specific field, or you are currently enrolled in this type of program"* (Stepper).

Students were then asked to select the one reason for attending university that currently best applied to them, and to answer a number of questions related to demographics, grades, and financing. They were also asked if they would be prepared to participate in a focus group. Results from this survey provided information regarding the size of segments and assisted the research team in populating relatively homogeneous focus groups where learner needs could be explored in some depth.

Eighteen focus group sessions were held over a two month period, attended by approximately 140 current undergraduates, potential undergraduates, as well as individuals who influence undergraduate choices regarding post-secondary education (a group the research team named *"proxy"*). An attempt was made to populate current undergraduate focus groups according to their self-classification in the initial survey. Thus, there were at least five homogeneous focus groups, one for each of the five hypothesized learner segments: Job Focused; Socio-economic Advantage; Undecided; Stepper, and Knowledge Seeker, as well as four focus groups composed of a combination of the hypothesized learner segments.

As part of the exploration of learner needs, the remaining nine focus groups consulted a variety of other types of learners and "proxies" including: guidance counsellors, employers, grade 12 students, prospective adult learners considering university, learners attending other post-secondary institutions, parents, recent graduates, first year advisors and campus advisors. The views of these groups were very useful in terms of rounding out the perspective on current learners and in understanding the outside influences that affect the decisions and choices made by learners.

Participants were asked questions specifically designed to reveal their motivations and needs in seeking a post-secondary education. Their responses were documented by two note takers and each focus group session was audio-recorded. Questions asked included:

- *"Why choose this university over other institutions?"*
- *"What is core to a university education?"*
- *"What are your primary reasons for pursuing a post-secondary education?"*

Approximately ninety members of the university community, drawn from department heads, faculty, staff, students, and members of the major governance bodies, observed the focus groups from behind one-way glass. Notes were taken at debriefing sessions following each focus group as observers reflected upon what they had heard, observed and learned while watching and listening.

### **Expressed and Inferred Needs**

The data collected from focus group participants and observers were distilled by the research team to identify specific stated or inferred needs. In total, over 900 needs were extracted. Needs expressed by current learners were kept separate from those expressed by learners' proxies.

The needs expressed by current learners were analyzed by clustering them under summary headings. For example, there were headings such as "need for just-in-time advising", "need for professor contact", "need for a clear link between university courses and programs and job market requirements", "need for courses that offer hands-on experiences and teach specific skills", "need for program flexibility in preparation for future academic or professional plans", and "need for an opportunity to learn from respected research oriented faculty". The extracted clusters of needs were then analyzed to identify those needs which appeared to be unique to specific segments and those which are common to all learners.

## **Study Two**

In an attempt to quantify the Study 1 findings, a follow-up survey was undertaken. The intention of the survey was to validate segments, learner needs within segments, and size segments within the current undergraduate population. 776 undergraduates from a broad cross section of Faculties, and representing a range of ages (18 - 74), year of study and including both genders, took part in a telephone survey. The size of the sample provided a confidence level of 99% in the validation of learner segments.

The participants were asked questions derived from the needs expressed in the focus groups in order to identify motivations and needs for attending university. Statistical analysis of the results clustered needs and grouped students according to their response to the importance of needs.

## **Measure**

The Learner Segments Questionnaire (LSQ) was developed explicitly for the purpose of conducting these interviews (see Appendix 2). The LSQ is a 92-item questionnaire containing 30 items which were specifically written for each of the six learner segments. Specifically, 5 items assessing needs were written for each of the six segments. Six questions assessing needs which are potentially relevant to respondents who are part-time students were added as well.

Respondents were asked to indicate whether and the extent to which each item is an important learner need for the respondent. Responses were provided using a 5-point Likert-type scale ranging from "completely disagree" (1) to "completely agree" (5). Moreover, for each item, if a respondent indicated either a response of "4" (agree somewhat) or "5" (completely agree), the interviewer asked the respondent to indicate whether and the extent to which the need in question has been met (using the same scaling format). In addition to the need-related items, various demographic and general information questions were included as well.

The research team also included six statements concerning primary reasons for attending university, asking the respondent to indicate their level of agreement (using the same 5-point scale) for each statement. The interviewer asked the respondent "to what extent do you agree that the following statements are primary reasons why you currently attend university". Each statement was designed to capture the primary reason for

attending university - with each statement corresponding to a different learner segment group.

Lastly, two items were included to identify the single primary current, and single primary initial reason for attending university. First, the interviewer read out loud, all of the six statements just described. Before reading the statements, the respondent was asked to choose which one statement is the primary reason for currently attending university. Similarly, the respondent was asked to choose which one statement was the primary reason for initially attending university and the statements were read once again.

### **Summary of Study 2 Findings**

1. Some evidence supports the learner segment groupings. The learner segments appear to represent distinct homogeneous groupings of students.
2. Segment membership varied as a function of Faculty affiliation, year of study, and method of educational financing.
3. Many respondents could not be unambiguously classified into only one of the segments based upon their responses to the various need items.
4. For those respondents who were classified into a single segment, identifiable need sets emerged within each segment.
5. In general, respondents indicated modest levels of agreement when questioned whether and the extent to which their needs were being met.
6. No clear demographically defined differences across segments were uncovered.
7. Part-time students rated some part-time related needs as significantly more important compared to full-time students.
8. The majority of those not classified in a single segment were classified into three of the segments. No one combination of three segments clearly emerged as the most popular combination.

*For detailed reports of results see Rogers, Finley & Kline (publication pending)*

### **Discussion**

The research team concluded that an institution attempting to meet all of the needs of all its undergraduate learners is likely to not meet anyone's needs very well. However, it is possible for a university to work toward meeting the needs and evolving needs of *selected* learner segments. The establishment of identifiable learner segment groups is a critical step which is of powerful informational benefit to universities as they develop recruitment and marketing strategies and academic programs in attempting to differentially serve the needs of their unique mix of learners. Based on all of the information gathered through both studies, clusters of undergraduate learner needs were identified. From these needs, two of the original five hypothesized segments were modified and two additional segments emerged (see Figure 2).

### **Modified Segments**

Career Oriented - this segment evolved from the original "Job Focused" segment. It recognizes that learners who are attending university in order to acquire knowledge

relating to a career (as opposed to a technical school) are looking for much more than job training. They are looking for the type of learning which will prepare them to navigate a number of career changes and to accept the challenges presented by the need for continuous learning.

Curiosity Driven - this segment evolved from the original “Knowledge Seeker” segment. It was determined that essentially all learners attending university are knowledge seekers. What in fact distinguishes this segment from the other segments is the quest for knowledge which is not necessarily directed toward a particular outcome or goal. The acquisition of knowledge is an end in itself for these learners.

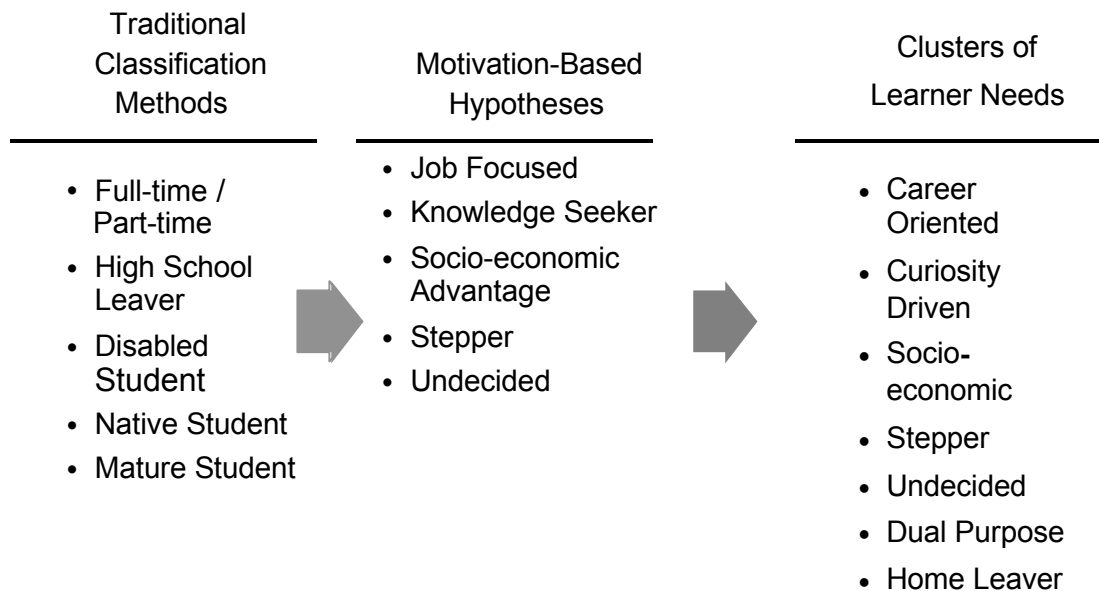
*Additional Segments and Sub-segments Identified*

Dual Purpose - this segment emerged from the focus groups. These are learners who wish to pursue their primary interest in athletics or performing arts, while obtaining a university degree at the same time. They are attracted to the university because of its world-class facilities, reputation of teams, performance opportunities and the amenities in the geographic region.

Home Leaver - this group emerged from a series of telephone interviews conducted with learners who opted to attend universities outside the city. These learners require an “away from home” opportunity as part of their post-secondary educational experience with a secondary need for reputation, location or quality of program. Home Leavers were determined not to be a segment with distinct educational needs, but a sub-segment that is represented in any of the other six segments.

**Figure 2**

The Refinement of Segmentation



The research team was able to describe the highest priority needs identified with each undergraduate segment found in this particular institution (see Figure 3).

**Figure 3**

Learner Needs by Segment

Career Oriented	Clear link between university work and job market requirements; programs that link students with the external community.
Knowledge Seeker	Opportunities to demonstrate knowledge through various means; challenging assignments.
Socio-economic	Maintain multiple career options as long as possible.
Stepper	Minimize financial costs of undergraduate education; require a clear understanding of the utility of a university degree.
Undecided	Systematic and comprehensive orientation to the university.
Dual Purpose	High performance coaches, trainers, professionals; access to high level competition.

Furthermore, a set of common needs specific to all learners was found:

- Personal touch - Strong feelings were expressed by students about the lack of personal contact, marginalization and loss of individual identity throughout their university experience.
- Advisement - Both prospective and current students expressed that guidance counsellors were not consistently providing the support or information required.
- Quality learning and learning environment - Participants expressed a need for smaller classes and greater interaction with professors. A need for more study areas, computer labs and library facilities with flexible hours was also expressed.

## **Implications for a Comprehensive Marketing Strategy**

Once selected segments have been chosen by the institution, programs, services and processes such as recruitment, admission, registration and counselling can be designed with the specific needs of the targeted learners in mind. External and internal communications, corporate partnering and fundraising, and marketing efforts can be aligned with and tailored to the chosen segments. These actions are designed to advance the university's goal of developing a distinctive, global position among post-secondary research-based institutions (Yeager, Rogers & Finley, 1997a).

### **Further Research is Required**

The research team suspects that learners' needs evolve over time as students progress through university similar to and parallel with the stages of student development as described by Patterson (1998). Future research is needed to examine this and the role the university plays in influencing those changes and the speed at which those changes occur.

Segmentation data are time-dated and need to be routinely updated to ensure that the information is current, and reflects the reality in which the university is operating. For example, the institution may become more aggressive in recruiting and retaining a particular segment as the university gains knowledge about the population of students it best serves. The actual implementation of strategies and action plans would provide tangible ways of measuring the success of the institution's marketing perspective.

It is possible to design and implement specific performance indicators that are sensitive to each distinct learner segment. In a state-wide system individual post-secondary institutions can be evaluated and held accountable to how well they are serving the learner segments they have targeted. Gone are the days when the same institutions are held to the same performance indicators.

It is recognized that this research is a first step and needs to continue in order to define and evolve an in-depth understanding of learner segments. For example, further research may help to identify more evolved groupings of needs which would help to further explain the 58% of learners who aligned with more than one segment. Establishing which needs are seen as most critical or salient for each learner segment would be a logical follow-up to the research reported in this report. This greater emphasis on knowing undergraduates beyond their demographics and grade point average is only one dimension of a comprehensive marketing strategy and academic program development strategy that can help the institution achieve distinctiveness and global reputation.

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